

BOONE COUNTY
Family
RESOURCES

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Director of Research and Technical Activities, Project No. 13-3
Governmental Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Dear Director of Research and Technical Activities:

This is in reference to the recent Preliminary View affecting government entities. Most government agencies are funded by public dollars, such as tax revenues and government program funding. Tax revenues and government program funding are affected by many various factors, especially the economy. The state may cut our funding due to the reduction in tax revenues it receives or because of state appropriations. As a local political subdivision we have no warning from our governmental funding sources if we will get an increase or a deduction in our funding from year to year. Generally we do not know of what funding we will receive from the state until the beginning of each fiscal year. It is very difficult to plan accordingly and requires us to plan very conservatively.

Changes in State and Federal regulations also can have a dramatic effect on the income and expenses of governmental entities. These changes in regulations can dramatically increase our costs that are totally out of our control. The State may make a change that makes more people eligible for the services we provide that we are expected to support. It would be extremely difficult to predict cash flows as well as revenue and expense projections since so many factors can drastically change funding at any time (new state or federal regulations, tax cuts, program funding cuts).

Thank you for allowing our comments.

Sincerely,

Julie Elsbury
Finance Director