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Economic Condition Reporting: Financial Projections

I'm Denise Juvenal this is pleased to have the opportunity to comment on this consultation, Proposed Statement Economic Condition Reporting of the Governmental Accounting Standards Board - GASB, this is my individual commentary for GASB and I agree with these considerations discuss in this paper.

Questions for Respondents

1. The Board's preliminary view is that there are five components of information that are necessary to assist users in assessing a governmental entity's fiscal sustainability (Chapter 3, paragraph 2):

- Component 1—Projections of the total cash inflows and major individual cash inflows, in dollars and as a percentage of total cash inflows, with explanations of the known causes of fluctuations in cash inflows (Chapter 3, paragraphs 4–9)**
- Component 2—Projections of the total cash outflows and major individual cash outflows, in dollars and as a percentage of total cash**

outflows, with explanations of the known causes of fluctuations in cash outflows (Chapter 3, paragraphs 10–14)

Component 3—Projections of the total financial obligations and major individual financial obligations, including bonds, pensions, other postemployment benefits, and long-term contracts, with explanations of the known causes of fluctuations in financial obligations (Chapter 3, paragraphs 15–20)

Component 4—Projections of annual debt service payments (principal and interest) (Chapter 3, paragraphs 21–23)

Component 5—Narrative discussion of the major intergovernmental service interdependencies that exist and the nature of those service interdependencies (Chapter 3, paragraphs 24–26).

Do you agree with this view? Why or why not?

Yes, I agree with these five components of information that are necessary to assist users in assessing a governmental entity's fiscal sustainability and the idea of projections of cash for governments. I think that this proposal is very important for integrated the idea of policy public interest for Public Sector elaborated for International Federation on Accountants – IFAC and the aspects related with Integrated Reporting about sustainability.

2. The Board's preliminary view is that financial projections should be (a) based on current policy, (b) informed by historical information, and (c) adjusted for known events and conditions that affect the projection periods. Current policy includes policy changes that have been formally adopted by the end of the reporting period but that will not be effective until future periods (Chapter 4, paragraphs 2–7). Do you agree with this view? Why or why not?

I think that for make financial projections is need to study historical information integrated with rules applied in this actual method considering the impacts (tax) that can be occur in relation past informations with risks for have results clear, I agree with this method.

3. The Board's preliminary view is that inflows and outflows should be projected on a cash basis of accounting, and financial obligations should be projected on an accrual basis of accounting (Chapter 4, paragraphs 8–12). Do you agree with this view? Why or why not?

I don't know if this method for basis of accounting in this moment is adequate, I don't know if structure of governments for make this is integrated with systems, I suggest for the GASB, observed if the systems support this projection, I think that is complex your implementation, but I agree with this idea.

4. The Board's preliminary view is that the identification and development of assumptions for making financial projections should be guided by a principles-based approach. Such an approach would set forth principles that require assumptions to be based on relevant historical information, as well as events and conditions that have occurred and affect the projection periods. Furthermore, these assumptions should be (a) consistent with each other (where appropriate) and with the information used as the basis for the assumptions and (b) comprehensive by considering significant trends, events, and conditions (Chapter 4, paragraphs 13–16). Do you agree with this view? Why or why not?

I think that this view point is very important, but I observe the complexity for elaborated, principal with related with programs and actions that government used all year. The historical information is fundamental in this procedure, but I understand that can be occurring projects and programs that are specify for single event and the consistent and others facts could be not clear for this method when applied in the system.

5. The Board's preliminary view is that annual financial projections should be made for a minimum of five individual years beyond the reporting period for the purpose of ix external reporting (Chapter 4, paragraphs 19–23). Do you agree with this view? Why or why not?

I think that five years is a good period for this purpose, financial projections with long time is very difficult for understand and applied the idea of method.

6. The Board's preliminary view is that all of the components of fiscal sustainability information are essential for placing the basic financial statements and notes to the basic financial statements in an operational or economic context and therefore should be required and communicated as required supplementary information (Chapter 5, paragraphs 7–12). Do you agree with this view? Why or why not?

Yes, The components of fiscal sustainability is adequate with new rules of regulators, is very important the GASB include these ideas for don't modify after conclusion of this project.

7. The Board's preliminary view is that all governmental entities should be required to report financial projections and related narrative discussions (Chapter 5, paragraphs 13 and 14). Do you agree with this view? Why or why not?

Initially, I observed that can be difficult implementation for all governmental entities, I suggest the GASB observed or consult for to know the structure about this project and proposal, in the future I agree that all governmental entities should be required to report.

8. Do you believe that a phase-in period for implementing the reporting requirements for financial projections and related narrative discussions would be appropriate (for example, requiring governmental entities over certain dollar thresholds to implement first)? If so, what phase-in criteria would you recommend (Chapter 5, paragraph 14)?

Firstly, I think that is very important observed the structure of the government, if the conditions for implementation is related only as prepare the professionals for use the systems, I think that don't have problems, but I understand that this phase is very important for be clear and effectiveness of this project.

Thank you for opportunity for comments this proposal, if you have questions don't hesitate contact to me, rio1042370@terra.com.br.

Best Regards,

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