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GASB Issues Invitation to Comment in Project Designed to Improve Financial Reporting Model.

Norwalk, CT, January 4, 2017 — The Governmental Accounting Standards Board (GASB) has issued an Invitation to Comment (ITC) on potential improvements to the governmental funds portion of the financial reporting model.

The ITC, *Financial Reporting Model Improvements—Governmental Funds*, is intended to obtain feedback from stakeholders at an early stage of the Board's financial reporting model reexamination project. Interested parties are asked to review and provide input on the ITC by March 31, 2017.

The ITC addresses potential improvements that were initially identified during the research the GASB conducted to evaluate the effectiveness of the existing standards. These potential improvements include:

- Recognition approaches (measurement focus and basis of accounting)
- Format of the governmental funds statement of resource flows
- Specific terminology
- Reconciliation to the government-wide statements
- For certain recognition approaches, a statement of cash flows.

Importantly, the ITC introduces three alternative recognition approaches for governmental fund financial statements:

- Near-term financial resources
- Short-term financial resources, and
- Long-term financial resources.

These three approaches fall on a continuum—from a closer-to-cash approach at one end of the spectrum to a closer-to-economic resources approach on the other. The alternatives were developed to make governmental funds information more useful for financial statement users for making decisions and assessing government accountability.

The project is intended to consider improvements to only selected aspects of the existing financial reporting model. Improvements to other parts of the model are expected to be considered in future due process documents.

"This initial document in the reexamination of the financial reporting model lays out what two years of research indicated were the prime areas for improvement for governmental funds" said David A. Vaudt, GASB chairman. "This is a key opportunity for stakeholders to influence the direction of the Board's deliberations on the fundamental issues related to governmental funds."

Written comments should be addressed to the Director of Research and Technical Activities, Project No. 3-25I, and either emailed to director@gasb.org or mailed to the GASB, 401 Merritt 7, PO Box 5116, Norwalk, CT 06856-5116.

A series of public hearings and user forums on the ITC are scheduled as follows:

Public Hearings

- April 28, 2017, Atlanta, GA
- May 3, 2017, Dallas, TX
- May 11, 2017, San Francisco, CA
- May 21, 2017, Denver, CO (in conjunction with the annual conference of the Government Finance Officers Association)
- May 24, 2017, at 401 Merritt 7, Norwalk, CT

User Forums

- April 27, 2017, New York, NY
- May 12, 2017, San Francisco, CA
- May 18, 2017, Washington, DC (in conjunction with the annual conference of the National Federation of Municipal Analysts)

The deadline for written notice of intent to participate is March 31, 2017. Additional information is available in the ITC.

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