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GFOA is Rethinking Financial Reporting.

Local governments are in an era characterized by declining trust, increasing resource constraints, and increased risk. For these reasons GFOA has launched the Rethinking Revenue and Rethinking Budgeting initiatives. Part of the "rethinking" process is to ask questions and discover what is actually driving these processes and what provides value. Over time, status quo can stagnate while needs change. Similarly, we should be asking questions about financial reporting to determine if current practices are still meeting needs. For example, in a time of decreasing trust in government, we should ask if lengthy, technical financial reports that are published many months in arrears are the most effective way to build trust with government's most important constituency: citizens. In a time of declining resources, we should ask if the finance officer's time is well spent producing these reports, if, in fact, these reports are not the best way to provide accountability to the public. Government finance officers face substantial opportunity costs with their time. Time spent on general purpose external financial reports is time not spent on other forms of decision support and public engagement. For these reasons, we are now launching "Rethinking Financial Reporting."

GFOA's next steps will follow the dictum "a problem well stated is a problem half solved." This means we will conduct rigorous research on questions like: To what extent do financial reports inform decisions and policy making? What is the cost of compliance with GAAP accounting and reporting standards? What do citizens/taxpayers want to know about local government finance? How do they define accountability for the use of their tax dollars?

GFOA's commitment to generally accepted accounting principles (GAAP) remains iron clad, as the consistency and comparability GAAP reporting offers is the best way for governments to meet their obligations to be accountable for the public resources they use to fulfill their public service missions. GFOA also supports financial reporting that is efficient and addresses the information needs of citizens, elected officials and other community stakeholders, and recognizes that current GAAP may not be the best way to achieve these objectives.

Now, we'd like to hear from the GFOA community. A fundamental question of Rethinking Financial Reporting is: "what are the benefits versus the costs of financial reporting?" In this spirit, we'd like to pose a few questions to members as a way to begin the conversation about Rethinking Financial Reporting.

JOIN THE DISCUSSION

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