

# **Bond Case Briefs**

*Municipal Finance Law Since 1971*

---

## **Financial Reporting Model Invitation to Comment Coming Soon.**

In the coming days, we'll be issuing the first document for public comment in the project reexamining the financial reporting model. The document is titled *Invitation to Comment, Financial Reporting Model Improvements—Governmental Funds*. The Board believes this project will have significant impact on the foundation of state and local governments' accounting and financial reporting.

This phase of the project addresses the following potential improvements to governmental fund reporting:

- 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, and
- For certain recognition approaches, a statement of cash flows.

Input from you and other stakeholders on these specific areas will inform the proposals the Board issues in the future of this project. Your feedback and ideas will be critical factors in both shaping the future of this project and ensuring that the GASB heads down the best path toward making improvements in the model.

The following additional topics will be considered for inclusion in a Preliminary Views in the next phase of the project:

1. *Government-Wide Statement of Activities* — The Board will consider alternatives for the format of the statement of activities.
2. *Proprietary Fund Financial Statements* — The Board will consider reporting alternatives related to the existing requirement to separately present operating and nonoperating revenues and expenses.
3. *Budgetary Comparisons* — The Board will consider the appropriate method of communication (as a basic financial statement or required supplementary information) for budgetary comparison information and which budget variances, if any, should be required to be presented.
4. *Permanent Funds* — The Board will consider alternatives for reporting information about permanent funds.

The following additional topics will be considered for inclusion in an Exposure Draft in a future phase of the project:

1. *Management's Discussion and Analysis* — The Board will consider alternatives for enhancing the financial statement analysis component of management's discussion and analysis (MD&A), eliminating components of MD&A that are boilerplate and no longer necessary for understanding the financial reporting model, and clarifying guidance for presenting the section of MD&A on currently known facts, decisions, or conditions that are expected to have a significant effect on

financial position or results of operations.

2. *Debt Service Fund Presentation* — The Board will consider alternatives for providing additional information about debt service funds, either individually or in aggregate, in the basic financial statements.
3. *Extraordinary and Special Items* — The Board will consider alternatives to improve the consistency of application of the guidance for reporting extraordinary and special items.
4. *Other Issues* — As appropriate and in conjunction with other topics, the Board will consider alternatives that could permit more timely financial reporting or that could reduce complexity overall.