

From: Joyce Dillard [mailto:dillardjoyce@yahoo.com]
Sent: Monday, September 30, 2013 4:52 PM
To: GASB Scope
Subject: Comments to GASB SCOPE OF AUTHORITY: CONSULTATION PROCESS REVISED PROPOSAL due 9.30.2013

The underlying mission should be designed around Purpose not Process.

You state:

Trustees have the oversight responsibility to determine the boundaries of information that lie within the context of financial accounting and reporting.

These Boundaries of Information are fluid and need to be incorporated in the Purpose in the present day context. Are the Trustees up to par in the current context to oversee with purpose?

Public money and Public Benefit need accountability to the Public. That is your bottom line stakeholder, not any special interest involved in the process.

The burden of proof should not be on the shoulders of the taxpayer, but of the governments. That is not the case today, in our experience. GASB should guide those governments not only of accountability through transparency but for presentation and accuracy. Interpretation should be at levels of the average middle class citizens' interpretation and of the sophisticated investors' interpretation.

It is on the basis of disclosure that decisions are made. Debt is such a concern and burden on the taxpayer, that without guidance and accounting principles, the interpretive process used by the governments may not protect that Public Interest and may be prone to fraud. We cannot afford to burden the remaining middle class with unnecessary taxation due to debt and/or mismanagement.

Financial statements and their audits are used politically to reassure Voters to pass Ballot Measures and Charter Amendments.

City of Los Angeles Ballot Measure samples include:

Ballot Question-

***Measure O
Clean Water, Ocean, River, Beach, Bay Storm Water Cleanup Measure***

To protect public health by cleaning up polluted storm water; keeping pollution, trash, toxic chemicals, dangerous bacteria from rivers, beaches; preserving clean drinking water by protecting groundwater quality; reducing flooding; increasing water conservation; protecting bays, rivers, lakes from storm water contamination; shall the

City of Los Angeles incur bonded indebtedness totaling \$500,000,000 for storm water projects, with independent financial audits, citizen oversight?

Charter Amendment Language

Department of Water and Power; Submission of Preliminary Budget to the City Council for Informational Purposes; Procedures for Making Surplus Transfers from the Power Revenue Fund to the City Reserve Fund. Charter Amendment J.

Sec. 2. Charter § 344 shall be amended to read:

Sec. 344. Transfer of Surplus to Reserve Fund.

(b) The Council may, by ordinance, direct that a transfer be made to the Reserve Fund from surplus money in the Water Revenue Fund or Power Revenue Fund with the consent of the Board of Water and Power Commissioners (the "Board"), as provided in this section.

(1) For purposes of this section, surplus in the Water Revenue Fund or Power Revenue Fund shall be defined as the amount remaining in the Water Revenue Fund or Power Revenue Fund, less outstanding demands and liabilities payable out of the fund, at the end of the fiscal year prior to the fiscal year in which the transfer is to be made, as shown by audited financial statements.

and the related Ballot Argument:

VOTE YES ON J: CREATE GREATER FISCAL RESPONSIBILITY AT DWP

Measure J reforms the Los Angeles Department of Water and Power ("DWP") budgeting process to better serve L.A. residents and businesses. Measure J makes a simple, common-sense change to DWP's fiscal calendar to align it with the City's fiscal calendar. This will allow the city's financial analysts to gain a clearer understanding of the DWP's finances, and DWP will have greater accountability for its budget and operations.

Measure J also requires that the DWP Board be presented with annual audited financial statements to provide greater transparency.

and the

IMPARTIAL SUMMARY

BY GERRY F. MILLER, CHIEF LEGISLATIVE ANALYST

This measure requires that, by November 30 of each year, the Board be presented with audited financial statements for the prior fiscal year. Based on these financial statements and current fiscal year information, the Board must notify the Council and Mayor by December 31 that it has consented to the transfer in full, or intends to withhold its consent to make all or part of the transfer.

Ballot Question and the Issue:

**PUBLIC LIBRARY FUNDING
CHARTER AMENDMENT L**

Shall the Charter be amended to incrementally increase the amount th City is required to dedicate annually from its General Fund to the Library Department to an amount equal to .0300% of the assessed value of all property in the City, and incrementally increase the Library Department's responsibility for its direct and indirect costs until it pays for all of its direct and indirect costs, in order to provide Los Angeles neighborhood public libraries with additional funding to help restore library service hours, purchase books and support library programs, subject to audits, using existing funds with no new taxes?

THE ISSUE:

Shall the Charter be amended to incrementally increase the amount the City is required to dedicate annually from its General Fund to the Library Department to an amount equal to .0300% of the assessed value of all City property, and incrementally increase the Library Department's responsibility for its direct and indirect costs until it pays for all of its direct and indirect costs, in order to provide Los Angeles neighborhood public libraries with additional funding to help restore library service hours, purchase books and support library programs, subject to audits, using existing funds with no new taxes?

Pilot testing standards is difficult as governance is regional and under State law jurisdiction. Pilot testing would not be significant if the information is not applicable.

It is those state law differences that should be addressed which would widen the GASB preliminary work.

Timeliness of disclosure may be more politically related, than time related. We see CAFRs released after the ballot measure election period. Voters have no reference to current information.

The use of charts and visuals should be introduced into the financial statement process and product especially with the high use of smart phones. This could be a user-friendly aspect of content that could reach those Citizens who do need that assistance to make elections on political races and ballot measures. It would also assist those bond buyers to interpret the stability of the institution behind the issues.

The changing demographics alone should be embraced to explore the types of presentations that incorporate their interests in light of their contributions to the economy and future leadership.

Governments can divert debt through non-profit institutions (legislated by the governments) for short-term borrowing. Only narrative disclosure is made, with the underlying asset, not even on the books. The Public Benefit of those non-profits is questionable, and their financial statements are not easily available.

Operations and maintenance budgeting each year is diminished by the lack of recognition of the assets as these assets now look like leases.

Now Public Private Partnerships are skewing the clear cut responsibilities of government. There is no historical content or general purpose on this relationship.

Debt is hidden, especially of pension debt, because of hiring manipulations. An employee retires, yet is hired as a consultant and whose retirement liability is delayed until that period is completed. Vacation and sick leave time accrued also plays into this debt disclosure understatement.

Economic Impact Analysis is rarely done before decision-making in our experience. The State of California is in the process of enacting SB 617 for Standardized Regulatory Impact Assessments before approving regulations, but the City of Los Angeles rarely, if ever, does any economic impacts for their Motions and Ordinances passed.

Bankruptcies are the issue at hand along with the lack of services delivered and reduction of quality of life.

Non-profit corporations need to be brought to the forefront. Charter Schools, incorporated as non-profits in California, are considered Local Education Agencies LEAs, the State term for receiving funding, and are part of the State School System. Charter Schools are not private.

Other non-profit corporations are Project Managers (Construction) for Government capital projects. This is more a for-profit function not a Public Benefit function.

You need to expand your interpretation of stakeholder to more than insiders, but to the Public-at-Large.

The task is difficult in a world looking solely for global investment advantage.

Joyce Dillard
P.O. Box 31377
Los Angeles, CA 90031