



LETTER OF COMMENT NO. 5

Technical Director—File Reference No. 1530-100  
Financial Accounting Standards Board

Technical Director,

I support the recommendations of the Financial Accounting Standards Board.

Louisville is a growing city, yet as more people decide to relocate to our community, the need to expand our infrastructure increases. For Louisville, this means relying on the bonds backed by the financial guaranty industry.

The problem is that allowing the financial guaranty industry to continue with its current accounting practices places the continued funding of Louisville's infrastructure projects at risk. If investors are wary of investing in the financial guaranty industry, these same guaranty companies will be less likely to offer Louisville the funding it needs.

The only solution is to encourage the financial guaranty industry to adopt more secure, transparent accounting measures that hold little risk and much reward.

On the risk side, Moody's has suggested that some guarantors would see a "deceleration of the earnings pattern typically seen among guarantors under existing accounting policies." While this is unfortunate, it is an unavoidable consequence of some industry members using unique accounting methodology in order to manipulate their revenue forecasts.

On the reward side, investors can expect to see statistics and data that fairly judge and compare the accomplishments of each guarantor. In this way, they can truly discover which company holds the best value for their money. The companies themselves might benefit from such an accounting change too, because these recommendations will make accounting more credible and transparent.

It is my hope that the FASB fully utilizes the recommendations made in the exposure draft.

Please respond if you have any questions about my testimony.

Ellen Call

Louisville Metro Councilwoman, District #26