

**From:** Lennie Jarratt  
**To:** GASB Director <director@gasb.org>  
**Subject:** GASB Project No. 3-25 Comment

Dear Director Bean:

Thank you and to GASB members for their efforts to improve the financial transparency and accountability of government finances at the state and local levels. I appreciate the opportunity to comment on Project No. 3-25, Recognition of Elements of Financial Statements.

I have advocated for taxpayers for decades, so I hope I can provide their point of view.

Despite Illinois' balanced budget requirement our governors and legislators have created a \$216 billion financial hole including \$138 billion of unfunded pensions. While I have followed the state budget process carefully, I was not aware the full magnitude of this mounting debt, until recently. I commend GASB for helping in my awareness by requiring the state to report its net pension liability on Illinois' statement of net position.

The Comprehensive Annual Financial Report should convey the results of the financial decisions made by elected officials during the year. The budget process arguably is the most significant financial decision-making process our elected officials encounter. The state and local governments I have worked with have balanced budget requirements for very good reasons, the most important being accountability. We need to be able to see if our elected officials have required current taxpayers to pay for current services and benefits. To determine this, we need to know whether the payment of current costs has been deferred.

The government wide basis financial statements are prepared on the full accrual basis and provides comprehensive information how decisions have affected the government's financial position. But legislative bodies don't budget on a government wide basis. Budget decisions are made at the fund level and the general fund is the largest and most significant fund of most governments. Taxpayers need to know if my government is meeting the objectives of its balance budget requirement with the major objective being accountability. Unfortunately, the current way in which the general fund statements are prepared makes it impossible to determine the costs elected officials have been deferred. A short term view would also not provide us with this critical information.

For cash management purposes I understand the value in providing a "Statement of Short-Term Financial Resources Flows," but if the information in this statement is not supplemented by information prepared using a long-term perspective, the short term

perspective would be misleading. I urge GASB to provide taxpayers with a long-term, full-accrual perspective balance sheet and statement of activities.

Taxpayers need to know amounts that will need to be expended from the general fund in the future to satisfy pension and retiree health care benefits promised, earned and incurred in the past. A general fund full accrual balance sheet with unfunded pension and retiree health care liabilities is needed to provide such information.

A general fund full accrual statement of activities will provide taxpayers with the amount of retirement benefits earned during the budget period and the amount of those benefits deferred.

To provide financial information that is decision useful for the arguably the most important stakeholders, the taxpayers, I urge GASB to decide to require the preparation of these full accrual financial statements for the general fund and other governmental funds.

Thank you.

Sincerely,

Lennie Jarratt

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