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**ROBERT F. WAGNER GRADUATE  
SCHOOL OF PUBLIC SERVICE**

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February 7, 2019

David Bean  
GASB Research Director

Re: Projects 3-20 and 3-25

Dear David –

I write to express my disagreement with the model proposed by the GASB on financial reporting for governmental funds. I am a user of government financial statements and data, and have perhaps a different view of the matter compared to a preparer. Nevertheless, the current GASB model for financial reporting on the governmental funds ignores what I believe are the key financial challenges facing the public sector: the financing of infrastructure and employee benefits (specifically, defined benefit pensions and OPEBs). These are long-term transactions and events that current financial reporting does not adequately address.

The proposed change to the model does nothing to improve on these long-term issues, and is unlikely worth the costs of the transition. Frankly, there is little benefit to making this change from a user perspective since there will be still be no long-term transactions and events reported in the governmental funds. From the user perspective, then, this proposed model change seems mostly a matter of semantics rather than improved disclosure. One set of financial statements that ignores the long-term and one that includes the long-term, as is the current standard, does nothing to improve governmental disclosure, and the proposed change does not rectify this concern.

Fundamentally, users of the financial statements need to be able to analyze the general fund to assess the financial health of a government. Including long-term assets and liabilities in the governmental funds balance sheet would enable such an analysis, especially since these liabilities will be funded by future general fund resources. Further, including unfunded expense data in the governmental funds operating statement would reveal the amount of deferred costs that will have to come from future general fund resources. If the GASB pursued such a change, I would whole heartedly support it.

Sincerely,

Thad Calabrese  
Current Member of the Governmental Accounting Standards Advisory Council

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