

From: Elliot Carter
To: GASB Director <director@gasb.org>
Subject: Comment on Project No. 3-25

Hi Director Bean,

I understand that GASB is soliciting comments on Project No. 3-25, and would like to offer an opinion. I live in Maryland, am a taxpayer and a concerned voter. I've worked in both the public and the private sector, and am concerned about one of the proposals in the preliminary views document.

While I believe that the "Statement of Short-Term Financial Resources Flows" is valuable and a step in the right direction, it will be incomplete and misleading without a full-accrual approach. As it stands, this proposal would not paint a complete picture of a state's general fund finances because it does not include the largest expenses: the compensation costs associated with pension and other post-employment benefits. Without knowing the full scope of these costs and accruing long-term liabilities, it's impossible to determine whether a state's general fund is balanced without pushing current costs onto future taxpayers. Such accounting makes it impossible for me to hold my elected officials accountable.

It also allows legislators to validate a budget that includes loan proceeds as revenue and excludes costs that weren't paid in the respective year. With incomplete and misleading information, policymakers will continue to make ill-advised financial decisions that have major repercussions for those who ultimately will be responsible for the bill when it comes due: the taxpayers, including future generations of taxpayers.

I strongly believe that in addition to the "Statement Short-Term Financial Resources Flows", a general fund balance sheet and income statement prepared on a full accrual basis are essential.

Elliot Carter