

Director of Research and Technical Activities,

As a citizen, taxpayer, and member of a US Military family, I appreciate the opportunity to comment on GASB Project Nos. 3-20 and 3-25. GASB must take the lead and shine a light on the long-term costs and liabilities incurred by state and local governments, which are often obscured from public view, and set modern standards for complete and transparent government accounting.

As they are currently written, the proposed standard and accompanying concept statement will establish a misleading basis for financial statements. Governmental fund statements will continue to exclude some of the largest liabilities, and thereby show inflated net positions that can be advertised as “surpluses.” Governments may choose to make their fund statements look better in the short run simply by underfunding other essential contributions such as pension or retirement benefits, critical infrastructure funding, or even educational, medical, or family leave programs.

Public infrastructure improvements such as roads and highways must be considered as liabilities (not assets!), especially those that are built by private industry and handed over for public management over the life of the infrastructure. These improvements are not assets in the sense that they cannot be bought or sold, and they have significant and measurable costs related to capital, operations, and maintenance activities over their lifetime. US cities have spent nearly a century building sprawling infrastructure that is rarely associated with sufficient new tax base to fund the ongoing maintenance of this infrastructure. This has left cities struggling to pay the bills and was a large part of the municipal insolvencies seen during the 2008 Recession through today. The domino effect is that cities are struggling to maintain crumbling infrastructure, whether that be fixing potholes, plowing snow from roads and sidewalks, maintaining safe traffic signals, or updating aging bridges. This creates safety hazards for the public, including those who drive cars, those who walk or roll on sidewalks, or those who ride buses, trains, bicycles, or scooters. It especially endangers children walking to school, as well as the elderly and those with disabilities who are trying to maintain independent lifestyles and mobility.

State and local governments must provide reliable financial reporting, and GASB's proposals in their current form will not provide complete pictures of government finances. Your proposals will allow state legislators and local government officials to validate budgets that include loan proceeds as revenue and exclude costs that weren't paid in the respective year while ignoring massive future liabilities. This will cause policymakers to make ill-advised financial decisions that have major repercussions for those who ultimately will be responsible for the bill when it comes due: constituents like me, as well as future generations.

Thank you for your time and attention to these important matters. I look forward to reading the revised standard and concept statement!

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