

Director of Research and Technical Activities,

Thank you for the opportunity to comment on Project Nos. 3-20 and 3-25.

For many years, formally and informally I have been following this issue of how public entities are required to account for their financial condition. As result, I appreciate the distinction between public accounting and accounting in the private or non-government sector. The GASB has made some progress in addressing the challenges that these differences present. It is imperative, however, that GASB continue to progress in the right direction, and not retreat from the initial progress it has been making. Public sector accounting must assure that public entities candidly reflect the long-term costs incurred by state and local governments, in their financial reporting.

By all accounts, your proposed standard and accompanying concept statement will establish a basis for financial statements that will continue to mislead citizens and taxpayers. Governmental funds 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 funds statements look better in the short run simply by underfunding necessary pension and other retirement benefit contributions.

At a time when it is more vital than ever that state and local governments provide reliable financial reporting, GASB’s proposals will paint incomplete 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. 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: constituents like me, as well as future generations.

For these reasons we urge you to not adopt these proposals.

Thank you.

Kevin White

kwhite@kevinedwardwhiteassociates.com

155 North Wacker Drive, Suite 4250

Chicago, Illinois 60606-1750