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February 23, 2021

David R. Bean
Director of Research and Technical Activities
Governmental Accounting Standards Board
Post Office Box 5116
Norwalk, Connecticut 06856-5116

Dear Director Bean,

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

As a concerned citizen I believe it is imperative that GASB take the lead and help taxpayers better understand the long-term costs incurred by their state and local governments, in their name. All public financial obligations should be in the public view, as transparent as possible.

Today, public funds statements exclude some of the largest liabilities, artificially inflating net positions to look like surpluses. This gives politicians and state budgeters an incentive to underfund critical pension systems in order to have better-looking short term statements.

At a time when it is vital 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.

This is why I am urging you to instead consider the standard of accrual accounting. Accrual accounting is superior to cash-based accounting because it calls for the recognition of revenue when it is earned, instead of when it is merely received or borrowed. Cash-based accounting allows state budgeters to count borrowing proceeds as revenue, instead of being held accountable for the true liability they have incurred on taxpayers. By contrast, accrual accounting calls for the recognition of debt as it is incurred, not only when "payments are due."

Please reject this proposed concept statement. I urge you to help solidify the public trust by bringing honesty and transparency to government financial reporting. Thank you.

Respectfully,

Nick Murray

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