

February 24, 2021

David R. Bean
Director of Research and Technical Activities
Governmental Accounting Standards Board

Sent via email: director@gasb.org

Re: Projects 3-20 and 3-25

Dear Director Bean:

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

It is imperative that the Government Accounting Standards Board take the lead in requiring accurate reporting of long-term costs incurred by state and local governments.

According to a trusted commentator on state budgetary practices, Truth in Accounting, Inc., the proposed standard and accompanying concept statement will establish a basis for financial statements that will continue to mislead citizens and taxpayers. It is thought that governmental funds statements will continue to exclude some of their largest liabilities, and thereby show inflated net positions that can be advertised as "surpluses." It is further thought that governments may choose to make their funds statements look better in the short run simply by underfunding necessary pension and other retirement benefit contributions.

The proposals could paint incomplete pictures of government finances. It further appears that the proposals could allow state legislators and local government officials to validate budgets that include loan proceeds as revenue and exclude costs that were not paid in the respective year. Incomplete and misleading information could then also allow policymakers to continue to make ill-advised financial decisions that will impose dire consequences on current and future generations of our citizens.

If I am incorrect, please correct me.

Very truly yours,

Guy N. Maras
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