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**Sent:** Thursday, February 25, 2021 3:18 PM  
**To:** GASB Director <director@gasb.org>  
**Cc:** B Daley <DRP@att.net>; SWeinberg@truthinaccounting.org  
**Subject:** Comment in opposition to Project 3-20

David R. Bean  
Director of Research and Technical Activities  
Governmental Accounting Standards Board ("GASB")

If I read the Project 3-20 Exposure Draft ("the Draft") correctly, it advocates use of the cash basis of accounting for recording short-term financial resources and long-term financial resources. Using the cash basis of accounting has been found by the AICPA to be false and misleading when material liabilities are present. Advocating this form of accounting may open up the GASB to significant liability through its advocacy of misleading the public.

Consider a young person who is thinking of becoming a police officer, fire fighter or paramedic. They may consider the pension offered by the municipality as an inducement to employment. If, in fact, the pension plan is severely underfunded and the municipality hides this fact using the GASB pronouncement as its shield, and the municipality cannot meet its pension obligations in the future, and its pensions are unpaid, I believe the GASB would be complicit in covering-up the financial distress and allowing the default to occur.

I am specifically referring to the following language in the Draft that states, "*Balances, outflows of resources, and inflows of resources from short-term transactions and other events would be recognized as the underlying transaction or other event occurs. Balances, outflows of resources, and inflows of resources from long-term transactions and other events would be recognized when payments are due.*"

The justification contained in the Draft is clearly untrue in the case where a prospective employee is evaluating the likelihood that a pension earned would be a pension paid upon that employee's retirement. The untruthful justification I am referring to is as follows, "*For example, the financial statements presented applying the short-term financial resources measurement focus and accrual basis of accounting would reflect the amount of fund balance at period-end that is available for spending in the next period...*" Although it may be true that pension obligations that have already been incurred, may not be due in the next reporting period, they will become due and this accounting method hides this material fact.

It is patently dishonest. It makes me embarrassed to hold a CPA certificate.

If consistency is a goal then actuarial valuations of the governmental pension obligations could be established. If consistency is required, the GASB could publish suggested discount rates, life expectancy tables, attrition formulas, and other significant common inputs to an actuarial valuation to make the actuarial valuations consistent over the various governmental bodies.

The underfunded pension liabilities of our municipalities is a serious problem that this Project would exacerbate. No employee would be told the truth and when the inevitable happens, and pension plans fail, people will wonder how we let it get this bad.

In conclusion, it seems that people who favor a bigger and bigger role for government in people's lives think a taxpayer bailout of failing governments would be the answer. This notion depends on the belief that there is unlimited taxpayer funding available, which there is not. Proper disclosure may force us to face the problem while there is still time to fix the problem. This is a dangerous, dishonest, and inappropriate proposal and should not be adopted.

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