

From: Barrett Peterson, C.P.A.  
To: Mr. David R. Bean  
Director of Technical Research and Technical Activities, Project No, 3-20  
[director@gasb.org](mailto:director@gasb.org)

February 25, 2021

Dear Director Bean:

Thank you for the opportunity to comment on the *Proposed Statement of the Governmental Accounting Standards Board (GASB), on concepts related to Recognition of Element of Financial Statements*, issued on June 17, 2020.

I am an interested citizen in Illinois, a taxpayer, an individual with experience auditing the financial reporting for public schools in Chicago and Evanston with Arthur Andersen, and a former School Board for more than 12 years in an Elementary School District with a current tax supported budget of approximately \$100 million. My fifty-three-year career in private industry has included large company audits and public and private entity financial reporting, including accounting and financial reporting for pensions and OPEB by sponsoring entities, as well as financial reporting by Pension Plans, among many other aspects. I speak periodically to interested groups on the topic of pension and OPEB plans and financial reporting by public entities.

The goal, and responsibility of the GASB is to establish high quality standards for accounting and financial reporting. The best practices are needed to provide the information basis for making responsible decisions on government policy, and to avoid misleading legislators, governmental employees, bond holders, and taxpayers, Full accrual accounting for all economic activities of any entity is well established as the crucial basis for the development of the optimum guidance on accounting and financial reporting, This standard is critical for governmental entities, as it already is for profit seeking, and not for profit entities whose accounting and financial reporting is addressed by the Financial Accounting Standards Board (FASB).

In established practice, the GASB's proposed conceptual standard continues the practice of "modified" cash basis budgeting, accounting, and financial reporting for the most publicized and viewed element of governmental activity that has brought many entities, and their retirement benefit plans to the brink of failure, a few of which have already occurred. Full accrual accounting for all economic activity, regardless of time horizons, is the ONLY acceptable standard that is not chosen primarily for its capacity to sustain misleading and disastrous decisions. There is no reality to a "short-term measurement focus". That concept permits, and encourages, failure to recognize appropriate actuarial current costs of pension and OPEB benefit plans and permits and encourages failure to currently contribute actuarially established requirements to fund

such plans' current benefit costs. These failed results imperil plan benefits for employees, imperil bonded debt repayment, and implicitly assume imposition of future increased taxes on taxpayers which may not be sustainable or achievable. Worst of all, legislators and other decision makers can arrive at disastrous decisions without being aware of the consequences of their decisions.

The Board's Proposed conceptual standard continues today's essentially cash basis financial reporting practices, which are seriously misleading and need significant improvement. The proposal not only fails to improve financial reporting, but lends credence to defective, misleading, and incomplete financial reporting. I encourage the Board to produce a proposal with actual improvements outlined above before adopting and statement.

I encourage the Board to adopt an economic resources measurement focus with full accrual-based guidance for accounting and financial reporting for all levels of Governmental Reporting.

Thank you,

Barrett Peterson, C.P.A.  
Principal, Antikythera Consulting L.L.C