

Director of Research and Technical Activities,

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

As a concerned citizen and taxpayer who is also a retired CPA I believe it is imperative that GASB take the lead and shine a light on the long-term costs incurred by state and local governments, which are often obscured from public view.

It is vital that government entities adopt proper accrual accounting so that they are comparable to business accounting and easily understood. The emphasis on the general fund versus the entire entity is very misleading as well, and it takes an expert to track numbers throughout the CAFR. Ordinary citizens or even Council members and other officials frequently have no idea how to interpret the results of the CAFRs they routinely approve. A City near me has a \$50 million unfunded pension liability. When I pointed this out to a Council member, he had no idea, as this huge liability (the city has only 65,000 people) was never disclosed or discussed in public. In fact, I had to read through 3 separate notes to the financial statements to figure out the extent of the unfunded liability. Today, when so many people have good reason to mistrust government officials it is imperative that GASB work harder than ever to ensure that basic financial information is clear, concise and understandable for the average leader. Even at the Congressional level, I suspect many if not most of our leaders understand the true amount of national debt. Most focus on the annual deficit and often don't even understand the difference between deficit and debt.

Unfortunately, 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 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. 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.

Thank you.

Toni Nelson

tonidn1@gmail.com

34605 Camino Capistrano

Capistrano Beach, California 92624