

February 26, 2021

To: Mr. David R. Bean, Director of Research and Technical Activities

Governmental Accounting Standards Board

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.

As a concerned citizen, taxpayer, and small business law firm owner, I believe 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, which are often obscured from public view.

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 their 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. I

In Illinois where I live, our local radio station reported today (February 26, 2021) that Governor Pritzker has announced that our Illinois budget for FY 2021-2022 has a \$120 million dollar surplus. The only way Illinois could be in surplus is through use of flawed accounting rules. Governor Pritzker should know better than to claim we are in budget surplus and his ability to assert that with superficial credibility misleads the public.

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. The Illinois legislature has used this loophole for the past several decades, claiming they've passed balanced budgets while spending the state into bankruptcy. This incomplete and misleading information will allow policymakers to continue to make ill-advised financial decisions that will impose dire consequences on current and future generations of our citizens.

I urge you to require accurate reporting of long term obligations.

Sincerely,
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