

From: Dan Luscher
To: GASB Director <director@gasb.org>
Subject: Project Nos. 3-20 and 3-25

To the Director of Research and Technical Activities:

Thank you for the opportunity to comment on Project Nos. 3-20 and 3-25. I am an engaged citizen with a Master in Public Policy from the Harvard Kennedy School, and I have been a Chief Financial Officer for a variety of for-profit and nonprofit companies. With this background, it should not be surprising that I've followed GASB's recent proposals with keen interest.

It is critical that GASB take the lead and shine a light on the long-term obligations incurred by state and local governments, which are often obscured from public view. Unfortunately, GASB's 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.

The COVID-19 pandemic is upending municipal and state budgets, so now is an especially vital time for state and local governments to provide reliable and fully transparent financial reporting. But GASB's 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.

Dan Luscher