

Director Bean:

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

I believe it is imperative that the Government Accounting Standards Board require accurate reporting of long-term costs incurred by state and local governments—costs often obscured from public view.

Unfortunately, your proposed standard and accompanying concept statement will establish a basis for financial statements that will do the opposite, and thus continue to mislead citizens and taxpayers. Government fund statements will continue to exclude some of the largest liabilities, thereby showing inflated net positions. Governments may choose to make their funds statements look better in the short run by underfunding required pension contributions. They can advertise a “surplus,” when in fact no such thing exists.

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. This in complete and misleading information will allow policymakers to continue to make ill-advised financial decisions that will have dire consequences on current and future generations.

Sincerely,
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