Dear Director Dean:

Thank you for the opportunity to comment on Project Nos. 3-20 and 3-25. As a concerned citizen, a taxpayer and a government watchdog, I believe it is imperative that the Governmental Accounting Standards Board (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.

Unfortunately, the proposed standard and accompanying concept statement will establish a basis for financial statements that will continue masking how poorly local and state government officials are budgeting. Under the proposal, governmental funds’ statements will still exclude some of the largest liabilities, and thereby show inflated net positions that can be advertised as “surpluses.” California and her many municipalities have perfected the illusion of making their financial statements look better in the short run simply by underfunding necessary pension and other retirement benefit contributions that will have devastating budget impacts in the coming years.

At a time when it is vital that state and local governments provide their constituents with reliable financial reporting, GASB has the opportunity to establish policies to better hold state and local elected officials accountable. A more comprehensive proposal would also prevent elected officials and otherwise earnest policymakers from making ill-advised financial decisions and reduce liabilities for current and future taxpayers. As such, I encourage GASB to go back to the drawing board and find a better way to capture a more complete picture of governments’ assets and liabilities for honest policy and budgetary decisions.

Sincerely,

Lance Christensen
Chief Operations Officer
California Policy Center