

September 14, 2017

Director of Research and Technical Activities  
Project No. 3-30

[director@gasb.org](mailto:director@gasb.org)

RE: Proposed Statement of the Governmental Accounting Standards Board, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*

To Whom It May Concern:

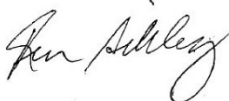
One of the expressed goals of the Texas Society of Certified Public Accountants (TSCPA) is to speak on behalf of its members when such action is in the best interest of its members and serves the cause of Certified Public Accountants in Texas, as well as the public interest. The TSCPA has established a Professional Standards Committee (PSC) to represent those interests on accounting and auditing matters. The views expressed herein are written on behalf of the PSC, which has been authorized by the TSCPA Board of Directors to submit comments on matters of interest to the committee membership. The views expressed in this letter have not been approved by the TSCPA Board of Directors or Executive Board and, therefore, should not be construed as representing the views or policy of the TSCPA.

Our committee is in agreement with this ED and we were happy to see the examples that were included in the document. We are proponents of examples in professional standards because they provide practitioners with guidance as they attempt to implement new standards.

The one question our committee had regarding this ED is whether or not conduit debt was going to be considered part of other debt in the definition or if it would remain in GASB Interpretation 2. We were confused by the concern in the ED over escalation events with no mention of conduit debt that is in the name of the governmental unit. Our concern is related to the potential that there is some agreement with another unit or nonprofit that may or may not be in existence throughout the term of the bond (i.e. lease or other note). Thus, the debt stays off the balance sheet of the government. This is being used by more and more governments, especially as residents have begun to vote down general obligation debt. This issue has not been addressed in the professional standards and we believe some guidance would be appropriate.

We appreciate the opportunity to participate in the standard-setting process.

Sincerely,



Ken Sibley, CPA  
Chair, Professional Standards Committee