COMMONWEALTH of VIRGINIA

Auditor of Public Accounts

September 5, 2017

Director of Research and Technical Activities
Project No. 3-30
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To Whom It May Concern:

We appreciate the opportunity to respond to the exposure draft of the Governmental Accounting Standards Board (the Board) on Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. In general, we agree with the Board’s views on the proposed improvements to debt-related note disclosures to government financial statements. However, we have a few comments for consideration.

We believe that there are terms that need further clarification. Specifically, we identified “direct borrowings,” “direct placements,” “finance-related events,” and “finance-related consequences” as terms that could be left up to interpretation by the user. We suggest that the Board clarify these terms using additional details, definitions, or examples.

We suggest that further clarification be made in the “Definition of Debt” in paragraph 4 regarding the second characteristic of debt, “to pay cash in one or more payments.” Paragraph B6 indicates that payment “should be required either on demand or on fixed or determinable dates.” The statement in the Basis for Conclusions is significant in interpreting the characteristics of debt in that it further clarifies that the payments required by the second characteristic should be either on demand or on a fixed or determinable date; and therefore, we believe this information should be carried forward to the body of the standard.

We appreciate the efforts of the Governmental Accounting Standards Board and the opportunity to provide our comments. Should you have any questions or need additional information concerning our response, please contact Zach Borgerding or me at (804) 225-3350.

Sincerely,

Martha S. Mavredes
Auditor of Public Accounts

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