GOVERNMENT FINANCE OFFICERS ASSOCIATION OF TEXAS

March 2, 2015

Director of Technical and Research Activities
Governmental Accounting Standards Board
RE: Project No. 3-24P
Via email to director@gasb.org

The Financial Reporting and Regulatory Response Committee of the Government Finance Officers Association of Texas (“GFOAT”) would like to take this opportunity to respond to GASB’s Preliminary Views on concepts related to “Leases.” The GFOAT is an affiliate of the national Government Finance Officers Association (“GFOA”) and the Texas Municipal League. The GFOAT’s over 1,000 members represent all levels of state and local government in Texas. Additionally, GFOAT membership represents associates from the audit profession, the investment community, the underwriting community, and a variety of other private-sector finance professionals.

The GFOAT believes that the Preliminary Views document is well laid out and easy to understand. However, we note that the current approach to accounting for lessees allows for two methods – operating leases and capital leases. The proposed approach only changes the accounting for leases that do not involve transfer of ownership (generally what used to be operating leases), again resulting in two methods. As such, we believe that the proposal misses the opportunity to provide a single approach for lease contracts, regardless of whether an ultimate ownership change is contemplated as part of the transaction. We would encourage the GASB to further deliberate this issue in a way that would provide unified guidance for all lease transactions, which the GFOAT believes would be easier to implement for prepares and also easy for the readers of financial statements to understand.

Again, GFOAT thanks you for the opportunity to provide feedback on these important accounting issues.

Respectfully:
(submitted via email)

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