Sept. 5, 2017

Via electronic mail
Governmental Accounting Standards Board
401 Merritt 7
PO Box 5116
Norwalk, CT 06856-5116

RE: Certain Disclosures Related to Debt: Project 3-30

On behalf of the more than 22,000 members of the Pennsylvania Institute of Certified Public
Accountants (PICPA) and its Committee on Local Government Accounting and Auditing,
thank you for the opportunity to review and comment on GASB’s certain disclosures related
to Debt Exposure Draft - Project 3-30. Founded in 1897, the PICPA is the fourth-
largest CPA organization in the country with membership comprised of CPAs in public accounting,
business and industry, government, and education. PICPA members are trusted advisors to
thousands of Pennsylvania’s leading businesses and industries, as well as individual
taxpayers.

Within the Commonwealth of Pennsylvania, we have seen in recent years an increase in debt
issuance of governments from sources other than the bond market. We agree that certain
additional disclosures are useful in assessing the risks associated with these types of
borrowings, especially as it relates to the pledging of collateral and potential for default.

We suggest some additional clarity as it relates to the following:

- Please provide additional examples of direct placements. This may be a term
  more familiar to other governments, but in Pennsylvania we are not accustomed
to “direct placement” debt, and we are not certain that all debt would be
appropriately captured if the term is not better defined. In searching through
existing literature (GASB statements, GFOA (Government Finance Officers
Association) information, and AICPA (American Institute of Certified Public
Accountants) technical assistance aids), this did not appear to be a regularly used

term.

- Where do continuing disclosure issues fall within the finance-related events?
  Perhaps providing some examples of finance-related events would be helpful. In
more recent years, we have seen an increase in attention given to continuing
disclosure requirements related to bond issuances, which has resulted in a
significant increase in the types of information required and the consequences for
failing to maintain adequate continuing disclosure. We can envision difficulties in
determining which events of default within the continuing disclosure
requirements of an issuer might result in finance-related consequences. In
practice, historically, if an issuer is in default of continuing disclosure, the bond holder has the right to call the debt — clearly a finance-related consequence. However, in practice, we do not typically see this happening.

In the Appendix, paragraph B14, we noted some disclosures that were considered but not included in the required disclosures instituted. We find that excluding disclosures for one category of debt when the disclosures are required for another category of debt to be inconsistent. We would suggest that any disclosures (i.e., interest rates) presently required for debt disclosures be included in this statement to provide for consistency and ease of application of standards.

Once again, thank you for the opportunity to have a voice in GASB’s standard-setting process. Please do not hesitate to contact me at (215) 343-2727 or cbergvall@bbco-cpa.com or Peter Calcara, PICPA vice president – government relations, at pcalcara@picpa.org or (717) 231-1821 with questions.

Respectfully submitted,

Cynthia Bergvall, CPA, Chair
GASB Subcommittee of the PICPA Local Government Accounting and Auditing Committee