



STATE OF MICHIGAN  
OFFICE OF THE AUDITOR GENERAL  
201 N. WASHINGTON SQUARE  
LANSING, MICHIGAN 48913  
(517) 334-8050  
FAX (517) 334-8079

Letter of Comment No. 17  
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THOMAS H. MCTAVISH, C.P.A.  
AUDITOR GENERAL

September 27, 2012

Mr. David R. Bean  
Director of Research and Technical Activities, Project No. 19-18  
Governmental Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

Dear Mr. Bean:

We have read the Governmental Accounting Standards Board's (Board) Exposure Draft (ED) of a proposed statement titled *Accounting and Financial Reporting for Nonexchange Financial Guarantee Transactions* and agree with the Board that a standard regarding nonexchange financial guarantee transactions is necessary and appropriate. We agree with many of the ED's provisions, including the proposed definition of a financial guarantee and the Board's qualitative factors to consider when assessing the likelihood that the guarantor will make a payment in relation to the guarantee. However, we agree with the alternative viewpoint expressed in paragraph 53 that the proposed "more likely than not" recognition threshold is not preferable to the existing "probable" threshold found in GASB 62. We share the alternative view that the Board should not create another criteria for just this type of contingent liability and that the existing threshold of "probable" is appropriate for financial statement presentation.

We appreciate the opportunity to provide feedback on this exposure draft. If you have any questions regarding our comments, please contact me or Craig M. Murray, C.P.A., Director of Professional Practice.

Sincerely,

Thomas H. McTavish, C.P.A.  
Auditor General

Via e-mail