

Government Finance Officers Association

September 28, 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 are writing to you on behalf of the Government Finance Officers Association (GFOA) in response to the Governmental Accounting Standards Board's (GASB) exposure draft on *Accounting and Financial Reporting for Nonexchange Financial Guarantee Transactions*. This response was prepared by the GFOA's standing Committee on Accounting, Auditing, and Financial Reporting, all of whose members are active government finance officers.

We believe that the use of the *probable* criterion for recognizing liabilities has worked well in practice and that its consistent application is facilitated by decades of experience gained in both the private and public sectors. Moreover, we see no persuasive, much less compelling, reason for establishing a different criterion solely for liabilities arising in connection with financial guarantees. Consequently, we support the alternative view in opposition to the introduction of a *more likely than not* criterion to replace the traditional *probable* criterion.

We also believe that it would be helpful to indicate explicitly that federal guarantees are encompassed by the guidance provided to beneficiaries of guarantees.

If you have any questions regarding our position, please contact the GFOA's Director of Technical Services, Stephen J. Gauthier (312/917-6101; FAX 312/977-4806; e-mail: sgauthier@gfoa.org).

Sincerely yours,

Steven Solomon, chair
Committee on Accounting, Auditing,
and Financial Reporting

Charles Elliott, vice chair
Committee on Accounting, Auditing,
and Financial Reporting