January 9, 2012

Robert Atmore, Chairman
Government Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Dear Mr. Atmore:

On behalf of the Washington State Auditor’s Office, I am communicating the Washington State Auditor’s Office support for the NASACT response to the Governmental Accounting Standards Board’s Preliminary Views Document, Recognition of Elements of Financial Statements and Measurement Approaches and the testimony given by David McDermott on behalf of NASACT.

As we communicated to you in November 2009, we recommend the Board specifically consider the costs and benefits of financial reporting differences between standards for state and local government compared to U.S. standards for businesses (FASB ASC 205-10-45), nonprofits (FASB ASC 958-205-45) and the federal government (SFFAC 2), and international standards for businesses (IAS-1) and governments (IPSAS 1). We continue to be concerned about the direction of GASB standards toward increasing complexity of the basic financial statements, well beyond that of other accounting frameworks. We believe the costs of this complexity for preparers, auditors, students, citizens, investors, managers and governing bodies far outweigh the benefits.

We strongly urge the Board to consider the many PV comments that call for re-evaluation of the purpose of fund level financial statements and move to a budgetary, cash, or economic resources measurement focus. We believe that doing so would enhance reporting and would reduce the complexity of basic financial statements. We recommend the Board consider such changes with this in mind.

Reducing needless complexity in financial reporting is more important than ever, as the current economic crisis, the goal of faster financial reporting and greater demands for transparency by the public require basic financial statements that are more straightforward, comparable and understandable.

Sincerely,

[Signature]

BRIAN SONNTAG, CGFM
STATE AUDITOR