



National Association of State Auditors, Comptrollers and Treasurers

March 30, 2007

Robert E. Denham, Chairman, Board of Trustees
Financial Accounting Foundation
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

EXECUTIVE COMMITTEE OFFICERS

President
JAN I. SYLVIS
Chief of Accounts
Tennessee

First Vice President
VERN LARSON
State Treasurer
South Dakota

Second Vice President
THOMAS H. McTAVISH
Auditor General
Michigan

Secretary
GLEN B. GAINER, III
State Auditor
West Virginia

Treasurer
NANCY KOPP
State Treasurer
Maryland

EXECUTIVE DIRECTOR

R. KINNEY POYNTER
Lexington, Kentucky

CONTACT INFORMATION

Headquarters Office
449 Lewis Hargett Circle
Suite 290
Lexington, KY 40503-3590
(859) 276-1147
Fax (859) 278-0507

Washington Office
444 N. Capitol Street, NW
Suite 234
Washington, DC 20001
(202) 624-5451
Fax (202) 624-5473

www.nasact.org

Dear Chairman Denham:

On behalf of the members of the National Association of State Auditors, Comptrollers, and Treasurers, I would like to reaffirm our support for the Governmental Accounting Standards Board as the independent standards-setting body for state and local governments. Our members, representing the principal financial officials in the fifty states, the District of Columbia, and the U.S. territories, believe that GASB is the proper body to address the unique aspects of government accounting. We do not favor moving the GASB function into the Financial Accounting Standards Board.

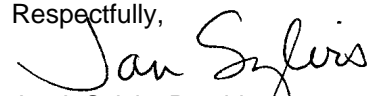
As you are aware, the government environment is significantly different from that of the private sector. The government financial reporting model should reflect those differences and the unique challenges of government. GASB and its staff have the experience and expertise to understand these differences, and have done an admirable job throughout the GASB's history to establish and improve financial reporting for state and local governments.

This is not to imply that every member of NASACT has agreed with every GASB statement – that has not been the case. However, we have actively participated in GASB's due process, which we believe is critical in an independent standards-setting process, and we will continue to do so in the future to ensure that our voice is heard. As either elected or appointed public officials, our members respect and expect a well-developed, open due process for setting standards.

Also, we are very concerned with the recent recommendations from the U.S. Securities and Exchange Commission requesting that the 1984 structural agreement be renegotiated. It is our understanding that the SEC is concerned about the appointment and reappointment of the three FAF trustees representing state and local government. As you know, the structural agreement was the understanding that NASACT and the Government Finance Officers Association entered into with the FAF to create the GASB in 1984. This agreement was critical to the initial creation of GASB and it remains so today. The government trustee appointment process was at the core of our agreement with the FAF and was intended to ensure that state and local governments were adequately represented on the FAF board of trustees. NASACT will not support any arrangement that allows influence by the SEC over the selection of the three state and local government trustees.

We look forward to discussing these and other important issues with you in the near future. Should you have any questions or desire additional information, please contact Kinney Poynter, NASACT's Executive Director, at (859) 276-1147, or me at (615) 741-2382.

Respectfully,


Jan I. Sylvis, President

cc: Robert J. DeSantis, President and Chief Operating Officer, FAF
Robert H. Attmore, Chair, GASB
Douglas R. Ellsworth, Trustee, FAF
William H. Hansell, Trustee, FAF
John J. Radford, Trustee, FAF
Jeffrey Esser, CEO, GFOA