

**FINANCIAL ACCOUNTING FOUNDATION**

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ROBERTE E. DENHAM  
Chairman and President

June 5, 2007

***VIA FACSIMILE AND  
OVERNIGHT COURIER***

Mr. Jeffrey Esser  
Executive Director and  
Chief Executive Officer  
Government Finance Officers Association  
203 North LaSalle Street, Suite 2700  
Chicago, IL 60601

Dear Mr. Esser:

On April 20, 2007, several members of the Board of Trustees of the Financial Accounting Foundation ("FAF"), Robert Attmore, Chairman of the Governmental Accounting Standards Board ("GASB"), FAF President Robert DeSantis and I met with you, Ms. Carla Sledge and Messrs. Charles Cox, Thomas Glaser and Stephen Gauthier to discuss the public statements of the Government Finance Officers Association ("GFOA") calling for the elimination of the GASB and the transition of GASB's functions to the Financial Accounting Standards Board ("FASB").

At the April 20<sup>th</sup> meeting, during which we solicited and heard the various concerns of the GFOA, we shared with you that, under the FAF Charter, the GASB is an independent board of the FAF and that pursuant and subject to the FAF Charter and By-Laws, the Board of Trustees of the FAF has the sole responsibility and authority to address and determine the respective jurisdictions of the GASB and FASB.

At its May 22, 2007 meeting, the Board of Trustees of the FAF considered and deliberated upon whether the functions of the GASB should be consolidated with the functions of, and assumed by, the FASB. Following such deliberations, the FAF Board of Trustees adopted unanimously a resolution affirming the continued role of the GASB, separate from FASB, as the independent standard setting body for financial accounting and reporting for state and local governmental entities. In so doing, the FAF recognized

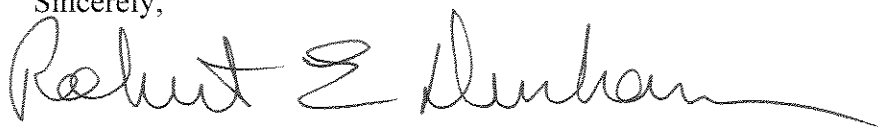
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that there are fundamental differences between private entities and governmental entities that require specialized accounting and reporting standards to address and serve their respective needs and the needs of their respective investors and users, and that the GASB possesses the specialized expertise to set such standards for governmental entities.

The FAF Board of Trustees, having made its determination that GASB shall continue in its mission, now requests that GFOA recognize the continued authority and important role that the GASB performs in setting and improving financial accounting reporting standards for state and local governmental entities and invites GFOA to recommit to its long-standing and important collegial working relationship with, and support for, the GASB.

In addition, the FAF believes that the GFOA has a responsibility to cooperate with and support the fundraising efforts that are necessary for GASB to fulfill its important role. We thus call upon the GFOA to reaffirm its long history of supporting the mission and financial viability of the GASB.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert E. Dunbar", with a long horizontal flourish extending to the right.

cc:

Robert H. Attmore, GASB Chairman  
Charles J. Cox, GFOA President Elect  
Robert J. DeSantis, FAF President  
Thomas J. Glaser, GFOA President  
Carla E. Sledge, GFOA Past President  
FAF Trustees