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September 30, 2013

Mr. David Bean
Director of Research
Governmental Accounting Standards Board
401 Merritt 7
Norwalk, CT 06856-5116

Dear Mr. Bean:

On behalf of the National Association of State Auditors, Comptrollers and Treasurers, we appreciate the opportunity to respond to the Governmental Accounting Standards Board's Exposure Draft (ED), *Measurement of Elements of Financial Statements*.

We support the need for a concepts statement addressing measurement approaches and measurement attributes that would be considered by the GASB when developing standards for measurement of elements of financial statements. However, we have the following specific comments that we believe the board should consider as it finalizes this statement.

Paragraph 18

The paragraph asserts that remeasured amounts would provide better information about the remaining service potential of assets at the reporting date and for assets that will be used in providing services. In support of this position, the paragraph references the fluctuation of interest rates and prices; however, we do not believe this is an objective measuring tool. Based on the justification cited in the paragraph, the valuation would be valid for only one day. The next day after the reporting period, the remeasured amount is no longer applicable because it is dated by the fluctuation of interest rates and prices.

Paragraph 20

Monetary gains and losses are not normally the primary focus of management's performance in a governmental environment. Other factors such as the effectiveness of the delivery of a service or program are also key considerations in the evaluation of management's performance.

Paragraph 27

The paragraph indicates that concerns regarding the potential effect of remeasurement on the timeliness of financial reporting generally can be addressed through sufficient planning. While we agree that advance planning when remeasuring an asset or liability as of the fiscal year end can help alleviate delays in calculating a remeasured amount, we would like to note that the "sufficient planning" comment is not necessarily a solution to the ability to provide timely information because the remeasurement date is the fiscal year end.

Paragraph 29

We believe the assertion regarding remeasured amounts providing greater comparability than initial amounts for information reported in the statement of financial position fails to identify the complexity and potential variations of the remeasurement methods, which may reduce comparability. Further, we believe that some remeasurement methods could result in manipulation of amounts.

Paragraph 30

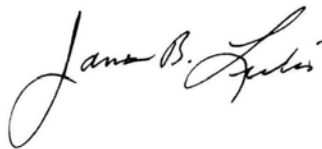
The paragraph states that "the cost of determining a remeasured amount is low when there are active markets for the asset. .." States have thousands of assets that are used in operations that, even with readily available remeasurement information, would be onerous to remeasure at replacement cost. The benefit of such an approach is questionable given the level of effort required to report on this basis, and would compromise a state's ability to report timely. However, we do agree that failure to remeasure liabilities associated with significant uncertainties (e.g., pollution remediation) could result in incomplete or misleading information. Accordingly, we believe careful consideration will be needed to issue/revise standards that will not unnecessarily require certain asset classifications or circumstances to be remeasured.

Paragraph 35

The paragraph states "For nonfinancial assets, the price should represent the value of the asset at its highest and best use as determined by market participants. The highest and best use notion takes into account uses that are physically possible, legally permissible, and financially feasible." The term "highest and best use" could potentially lead to overstating assets on the financial statements. Further, it can be difficult to calculate the fair value of an asset that is currently owned by a government because governments are not in the business of re-selling their assets. Therefore, there are not always comparable transactions in the market. Accordingly, we believe the final statement should provide enhanced discussion of the term highest and best use and its application.

We appreciate the opportunity to provide our comments. Should you have any questions or need additional information regarding our response, please contact Kim O'Ryan of NASACT at (859) 276-1147 or me at (505) 955-1120.

Sincerely,

A handwritten signature in cursive script that reads "James B. Lewis". The signature is written in black ink and is positioned above the printed name and title.

James B. Lewis
NASACT President