



September 25, 2013

Mr. David R. Bean
Director of Research and Technical Activities
Project No. 3-20E
Governmental Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Dear Mr. Bean:

The American Institute of Certified Public Accountants (AICPA) has reviewed the Governmental Accounting Standards Board (GASB) Exposure Draft (ED), *Measurement of Elements of Financial Statements*, and is pleased to offer its comments. Overall, we support the concepts proposed in the ED and the GASB's efforts to provide a conceptual framework for measurement that can be used as a basis for establishing consistent financial reporting standards. In particular, we agree with the Board's proposed measurement approaches (i.e., initial amount and remeasured amount) and attributes (i.e., historical cost, fair value, replacement cost, and settlement amount). However, we do have one specific comment on the ED and one additional comment on the Board's separate project on recognition of elements of financial statements that are further discussed in the following section of this letter.

COMMENTS AND RECOMMENDATIONS

Timing of Measurement Concepts Statement and Fair Value Project. In light of the fact that one of the measurement attributes proposed in the ED is fair value, we are unclear about the interplay of the proposed concepts statement with the GASB's recent Preliminary Views (PV), *Fair Value Measurement and Application*. Paragraphs 35 and 36 of the ED include a definition of fair value and discuss other important aspects of the fair value attribute. According to the GASB's current technical agenda, the Board is planning to issue a final measurement Concepts Statement during the first quarter of 2014. However, a final standard on fair value measurement and attributes is not expected until the fourth quarter of 2014. The Board should consider altering the timing of issuing a final measurement Concepts Statement to more closely align it with the timing of the fair value project. This would help ensure that any relevant feedback received on the separate fair value project can be contemplated in finalizing the measurement Concept Statement.

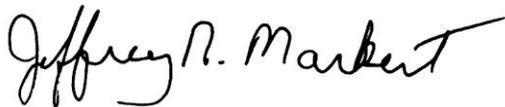
Future Concepts Statement ED on Recognition Should be Aligned with Statement 34 Reexamination Project. We would like to reiterate our comment made on the preceding PV, *Recognition of Elements of Financial Statements and Measurement Approaches*, relating to recognition of elements of financial statements. It is our understanding that the recognition

portion of the original PV is now a separate project and that a proposed recognition Concepts Statement will be issued for comment at a later date. In our comment letter on the original PV, we recommended that the Board align the issuance of the next due process document relating to recognition with a future due process document relating to the reexamination of the financial reporting model (i.e., the Statement 34 reexamination). We continue to believe that such an approach will greatly assist constituents in understanding how any proposed recognition concepts would be operationalized. Without such an approach, we continue to be concerned that those commenting on a future recognition ED will do so without truly understanding the Board's intent and the resulting changes in accounting and financial reporting that will have to occur after a Concepts Statement is issued.

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The AICPA appreciates the opportunity to comment on the ED. This comment letter was prepared by members of the AICPA's State and Local Government Expert Panel and was reviewed by representatives of the Financial Reporting Executive Committee who did not object to its issuance. Representatives of the AICPA would be pleased to discuss these comments with you at your convenience.

Sincerely,



Jeffrey N. Markert
Chair
AICPA State and Local Government
Expert Panel



Mary M. Foelster
Director
AICPA Governmental Auditing and
Accounting

cc: State and Local Government Expert Panel
Richard Paul
Dan Noll