September 6, 2013

Director of Research and Technical Activities  
Project No. 3-20E  
Governmental Accounting Standards Board  
401 Merritt 7, PO Box 5116  
Norwalk, CT 06856-5116

Dear Mr. Bean:

This letter is the Colorado Office of the State Controller’s response to the Exposure Draft titled Measurement of Elements in Financial Statements. Thank you for the opportunity to participate in this important due process.

We believe the classifications developed by the Board are generally beneficial from a conceptual standpoint. However, as presented in the previously issued preliminary views document, we feel that a classification system supporting initial value for assets used directly in operations and remeasurement value for those converted to cash prior to use is appropriate. We disagree with the change in paragraph 37 that indicates that replacement cost is a suitable measurement attribute for assets used in operations. Our underlying concern is based on the assertion in paragraph 30 that “the cost of a remeasured amount is low when there are active markets for the asset...”. As a State, we 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 approach is questionable given the level of effort required to report on this basis, and would compromise our ability to report timely.

In conclusion, we believe the concepts to be sound, but in instances find the practical application onerous relative to benefits derived.

Sincerely,

Robert Jaros, CPA, MBA, JD  
Colorado State Controller