September 24, 2013

Mr. David R. Bean
Director of Research and Technical Activities
Governmental Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: Exposure Draft, Measurement of Elements of Financial Statements

Dear Mr. Bean:

On behalf of the Washington State Office of Financial Management (OFM), I am pleased to offer the following comments on the Governmental Accounting Standards Board’s (GASB) Exposure Draft (ED) on Measurement of Elements of Financial Statements. OFM serves as the state’s controller, issuing all state accounting and reporting policies as well as the state’s Comprehensive Annual Financial Report (CAFR).

We are supportive of the effort to establish concepts for measurement of elements of financial statements and the two measurement approaches established in the proposed statement. We are also supportive of the four measurement attributes. We have reservations with settlement amount from an audit perspective, but concur that conceptually it is an option.

Paragraph 48 of the ED states that while the Board proposed certain specific views on measurement focuses in 2011, the Board opted not to formalize these preliminary views as concepts. The views included: initial amounts are more appropriate for assets that are used directly in providing services (such as capital assets), remeasurement amounts are more appropriate for assets that will be converted to cash (for example investments), and remeasured amounts are appropriate for variable payment liabilities such as compensated absences or pollution remediation obligations. We understand that a concepts statement by definition involves theoretical ideas and universal concepts, but feel that inclusion of these views would provide a framework for evaluating the proposed concepts.

Paragraph 4 provides that the proposed statement is intended to provide fundamental concepts that can be used as a basis for establishing consistent traditional financial statements. We note that Paragraph 20 mentions “to demonstrate management’s accountability...” and “when management is being evaluated on its decisions...” We would consider these objectives measured more by management reports than traditional financial statements.
Paragraph 35 discusses fair value for assets and liabilities and states “For liabilities, the price should take into consideration the credit standing of the entity.” We understand this is a conceptual statement – but without a framework, or example to show how it might be applied, we are unable to offer any feedback.

We feel that practical issues such as timeliness, understandability and cost-benefit (Paragraphs 21, 27 and 30) are not relevant at the conceptual level.

We appreciate the opportunity to participate in the Board's due process and thank the Board for considering our views. If you have any questions regarding this response, please contact me at (360) 725-0185.

Sincerely,

[Signature]

Wendy Jarrett
Assistant Director
Accounting Division