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STATE COMPTROLLER



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STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

September 27, 2013

Mr. David Bean  
GASB Director of Research and Technical Activities  
Governmental Accounting Standards Board  
Project No. 26-5P  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

Dear Mr. Bean:

On behalf of the Office of the State Comptroller, I am pleased to respond to the Governmental Accounting Standards Board Preliminary Views on concepts related to "*Fair Value Measurement and Applications*".

Below are our responses to the Board's five Questions for Respondents.

*Question 1*

**Definition of Fair Value:** *It is the Board's preliminary view that the definition of fair value should be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (See Chapter 2, paragraphs 3-6.) Do you agree with this view? Why or why not?*

We agree with the Board's definition of fair value. To report an asset or liability for an amount other than what could be received in an open market transaction at the measurement date would be misleading to users of the financial statements.

*Question 2*

**Transaction Costs:** *It is the Board's preliminary view that transaction costs to sell an investment should be treated as period costs. That is, transaction costs would not be a reduction of an investment's fair value in the statement of financial position. Transaction costs would be reported as expenses or expenditures in the period an investment is sold. (See Chapter 2, paragraphs 21 and 22.) Do you agree with this view? Why or why not?*

We agree with the Board's view to record transaction costs as period costs, expensing them in the period that the transaction occurs. In addition, including these entity-specific costs may impede comparability with other entities.

*Question 3*

**Definition of an Investment:** *It is the Board's preliminary view that the definition of an investment should be a security or other asset that a government holds primarily for the purpose of income or profit, and its present service capacity is based solely on its ability to*

*generate cash, to be sold to generate cash, or to procure services for the citizenry. (See Chapter 3, paragraphs 2-4.) Do you agree with this view? Why or why not?*

We agree with the Board's definition of an investment. Holding investments for any purpose other than to realize income to further the government's purpose would not be in the best interest of the State.

*Question 4*

*Measurement of Investments: It is the Board's preliminary view that investments generally should be measured at fair value on a recurring basis. (See Chapter 3, paragraphs 14-16.) Unless specifically excluded from a fair value measurement, investments would no longer be valued using amortized cost or other measures. (See Chapter 3, paragraph 19.) Do you agree with this view? Why or why not?*

We agree with the Board's view that investments should generally be measured at fair value. Measuring investments, other than those excluded from this preliminary view, at anything other than fair value would be misleading to users of the financial statements. This would also enable financial statement users to compare the value of investments from one year to the next, as well as to other entities.

*Question 5*

*Disclosures: a. It is the Board's preliminary view that the disclosures discussed in Chapter 4 should be required. Are any of the proposed disclosures not essential to a financial statement user's understanding of financial position or inflows and outflows of resources? Why or why not?*

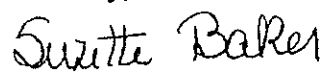
We generally agree with the Board's view on the disclosures. The State incorporates several individual entities when compiling its government-wide statements and believes that leveraging the individual entities audited financial statement disclosures is the most efficient use of resources regarding disclosures of Level 2 and 3 assets and liabilities. The State also believes that detailed disclosures for assets and liabilities identified as Level 1 would not be necessary, as they would be sufficiently explained when defining each level as part of the narrative.

*b. What other disclosures related to fair value should the Board consider? Why?*

We do not believe that there are any other disclosures for the Board to consider at this time.

Thank you for providing the opportunity to comment on this PV. If you have any questions or require further details concerning my comments, please feel free to contact me at (518) 474-3277.

Sincerely,



Suzette Baker, CPA, CGFM  
Executive Director  
Bureau of Financial Reporting and  
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