

February 21, 2003

Director of Research
Project No. 9-3E
Government Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

RE: Comments on Exposure Draft No. 213-B "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries"

The Illinois Government Finance Officers Association (IGFOA) is pleased to provide its comments on the proposed GASB statement on Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries. The Illinois GFOA is a professional association of public finance officials in the state of Illinois.

We would like to express some concern over the use of estimated replacement cost as the valuation to derive the carrying value of the asset as shown in Appendix C, Illustration #1. Our concern lies in the reliance that can be placed upon such estimates. Specifically, will auditors find such valuations reasonable? The question arose in our discussion as to whether they would find such a source something that they could rely upon in issuing an opinion on whether the statements are presented in conformity with GAAP. The point made was that, unlike a pension calculation where the auditor can look to a calculation provided by a certified actuary there is not a similar certification for appraisers, therefore what reliance can or will auditors be willing to place upon these valuations?

Sincerely,

Illinois Government Finance Officers Association
Technical Accounting Review Committee