

Federal Accounting Standards Advisory Board

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NEWS RELEASE

FASAB Issues Concepts Statement on Measurement of the Elements of Accrual-Basis Financial Statements in Periods After Initial Recording

The Chairman of the Federal Accounting Standards Advisory Board (FASAB), Tom Allen, announced today that the FASAB issued a Statement of Federal Financial Accounting Concepts, *Measurement of the Elements of Accrual-Basis Financial Statements in Periods After Initial Recording*. The Statement defines terms used in measuring assets, liabilities, and other elements and discusses areas for consideration by the Board when it deliberates measurement standards in the future. The concepts do not change existing standards. This is the seventh in the FASAB's series of concepts statements, which set forth objectives and other fundamental concepts on which financial accounting and reporting standards will be based.

"How amounts should be measured after initial recording is a significant financial reporting issue because differences in measurement, such as whether you continue to report an asset as initially recorded or whether you report it at its fair value or at some other current amount, affect the quality and relevance of financial information," according to Chairman Allen. "The FASAB benefited greatly from its joint meetings with the Governmental Accounting Standards Board during the development of these concepts. The discussion of measurement issues of mutual interest and the focus on using similar terms for concepts applicable to both the federal and the state and local government sectors were most helpful. I anticipate that this concepts statement will enhance users' and preparers' understanding of the financial statements as well as the FASAB's deliberations of future standards."

The Statement is available at <http://www.fasab.gov/accounting-standards/authoritative-source-of-gaap/accounting-standards/fasab-handbook/>.

ABOUT FASAB

Accounting and financial reporting standards are essential for public accountability and for an efficient and effective functioning of our democratic system of government. Thus, federal accounting standards and financial reporting play a major role in fulfilling the government's duty to be publicly accountable and can be used to assess (1) the government's accountability and

its efficiency and effectiveness, and (2) the economic, political, and social consequences of the allocation and various uses of federal resources. The FASAB issues federal accounting concepts and standards after following a due process consistent with the Memorandum of Understanding under which it operates. Due process includes consideration of the financial and budgetary information needs of citizens, congressional oversight groups, executive agencies, and the needs of other users of federal financial information.

For more information on FASAB, please visit our website: www.fasab.gov.