SUMMARY OF THE MEASUREMENT ATTRIBUTES PROJECT

Project objective: The Measurement Attributes project is part of the FASAB's commitment to reexamine and expand its conceptual framework. A measurement attribute is a property, feature, or aspect of an item that is measured for financial reporting—for example, the item's historical cost, fair value, or replacement cost. The FASAB has no underlying concepts that justify the use of different attributes or that examine the decision-usefulness of information prepared using one attribute vs. another. Without guiding concepts, Board decisions about which measurement attributes should be required in future standards will likely continue to be "ad hoc" as in the past. Such an approach is unlikely to result in consistency and continuity in Board decisions, despite the Board's commitment to the qualitative characteristics of financial information and related Objectives in SFFAC1. The project is expected to result in a concepts statement for the future guidance of, primarily, the Board itself.

Scope of the project: At the December 2007 meeting, the Board decided that the project should focus initially on defining the measurement attributes of items that are candidates for recognition in the financial statements or disclosure in the notes. This decision does not preclude consideration later in the project of the measurement attributes of items reported as required or other supplementary information, and consideration of measurement methods, such as inflation-adjusted and nominal-dollar methods, if these additions become advisable.

Tentative adoption of FASB/IASB's conclusions in Milestone I of their joint project on measurement: At the February 2008 meeting, the Board discussed a Report prepared by FASB staff. The Report and its appendixes summarized the decisions made by the FASB and the IASB at their April 2007 meeting in Milestone I of their joint project on measurement. The decisions included the tentative adoption of nine primary candidates and several variants for measurement attributes (referred to in the Report as "measurement bases"). At the time, the FASB and IASB intended to examine the primary candidates further and assess their decision-usefulness by comparing them with the qualitative characteristics of accounting information adopted by each Board. The FASAB decided to adopt the same measurement attributes for the time being, pending further discussion of their applicability to federal government activities and pending information on subsequent conclusions of the FASB and IASB as their project unfolded.

Concepts of measurement and of "price" vs. "value," and alternatives for proceeding with the project: At the April 2008 meeting the Board reviewed concepts developed by FASB/IASB staff concerning (a) measurement and how measurement should be defined and (b) the difference between "price" and "value." These concepts contributed to the identification and definition of the candidates for measurement attributes proposed in the FASB/IASB Report of July 2007.

The Board discussed what the next steps in the project should be, given that changes were under discussion for the course of the FASB/IASB project. The possibility existed of an extension in the projected completion dates for the second and third stages of that project. FASAB staff identified three alternatives for FASAB action: (1) Look at federal transactions and consider whether the FASB/IASB's candidates for attributes are appropriate for them. (2) Delay the project, pending further progress by the FASB and IASB. (3) Modify the February decision. That is, the FASAB could build on the work already completed by the FASB/IASB and use it as a foundation for its own research. The Board still could consider the FASB and IASB's future work, as and when they made progress. After briefly discussing the advantages and disadvantages of each alternative, the Board requested the staff to elaborate on them for the next meeting, with a timeline or estimate of the amount of staff and Board time that would be required for each alternative.

At the June 2008 meeting, the Board directed staff to research FASAB standards to determine which measurement attributes are required in federal financial statements and why, if the reason is given. Staff also should begin preparations for a task force meeting at the staff level.

At the August meeting the Board met in a joint session with the members of the Governmental Accounting Standards Board. The Boards discussed their respective measurement projects and their views on the appropriateness of measuring historical cost or fair value in various transactions.

At the October 2008 meeting, the Board reviewed the results of a staff analysis which found twenty-two measurement attributes required for assets or liabilities under SFFAS 2, 3, and 6. The Board concluded that some of the attributes identified appeared to duplicate concepts under different names, and some might not be attributes. The Board asked the staff to identify and remove the duplications from the list.

Also in October, the staff presented three alternatives for moving the project forward in light of the delay in the FASB/IASB joint measurement project. All members preferred some variation of the second alternative: Staff should develop an outline of the scope and content of a concepts statement on measurement attributes. Research would include the FASB/IASB Milestone I measurement attributes as well as certain attributes required by FASAB standards. The Board would review the outline before deciding whether to seek input from a task force. Staff also would look at the feasibility and usefulness of developing classifications of assets and liabilities that might be of assistance in identifying more than one useful measurement attribute, depending on the asset and liability classifications.

The project was not on the agenda for the December 2008, February 2009, or April 2009 FASAB meetings.

At the June 2009 meeting, the Board reviewed the project objectives, the approach taken, and the progress and decisions made. The Board also discussed the new approach adopted by the FASB and IASB in their joint project as well as the approaches being taken in the GASB's and the IPSASB's measurement projects. Board members discussed their preferences for the future direction of the project, including looking at candidates for measurement attributes in the context of federal transactions and resulting assets and liabilities as well as considering the pros and cons of different attributes in relation to the reporting objectives and qualitative characteristics identified in SFFAC 1.

At the August 2009 meeting, the Board reviewed a staff paper comparing the measurement attributes "acquisition price" and "current prices" with the financial reporting objectives in Concepts Statement 1. The Board also received the GASB's August 2009 draft of a portion of a concepts statement addressing measurement attributes. The Board discussed at the FASAB meeting and at a joint meeting with the GASB whether the two projects could be combined. Members agreed to examine the possibilities, including the logistics. For the October meeting, FASAB staff would prepare a portion of a draft concepts statement on measurement attributes and GASB staff would provide a revised draft of their measurement attribute concepts.

At the October 2009 meeting, the Board reviewed a FASAB draft of major portions of a proposed concepts statement. The Board also received a GASB draft on measurement, which had been adopted at the GASB's October meeting for subsequent incorporation into a broader-scope concepts statement on recognition and measurement issues. Several FASAB members preferred the GASB document for its readability. The Board directed FASAB staff to prepare a draft for the December meeting that would be based on the GASB's October draft, but would adapt that draft as needed to fit the FASAB's conceptual framework and the federal financial reporting environment. The Board decided that material should be added to the draft to define and describe various measurement attributes. The Board also decided the draft should remain neutral in evaluations of the advantages and disadvantages of certain measurement approaches to avoid setting standards in a concepts statement. The draft would be in "track-changes format" so that members could compare the FASAB and GASB drafts in one document.

In December 2009, the Board discussed a revised draft of a proposed concepts statement and requested certain revisions. The Board also decided to provide the GASB with a draft FASAB concepts statement and request the GASB's views on the differences between the FASAB and GASB documents and on the possibilities for collaboration. In January 2010, chairman Allen discussed the issue with GASB chairman Bob Attmore. The GASB scheduled a discussion of

the differences between the FASAB and GASB drafts and the possibilities for collaboration for the GASB's February 18, 2010 meeting, which FASAB staff would attend.

At the February 2010 meeting, the Board discussed a revised draft and requested certain organizational as well as wording changes, and a general improvement to the readability of the draft. FASAB staff had attended the GASB's February 18 meeting on measurement attributes and provided a summary of it to the Board. The Board discussed the possibilities for the GASB and the FASAB to conform terminology and other aspects of their separate drafts. A joint FASAB/GASB session on measurement was tentatively planned for June.

At the April 2010 meeting, the Board discussed a revised draft and requested certain wording and organizational changes. The Board also requested a draft of a possible appendix showing, for the principal line items in the federal balance sheet, whether the amount is an initial amount or a remeasured amount under current standards.

In June 2010, the Board met with the GASB in a joint meeting to discuss the possibilities for conforming terminology used for similar concepts in each Board's draft. It was agreed that both Boards would refer to the three levels of measurement as "measurement approaches," "measurement attributes," and "measurement methods."

At the June FASAB meeting, the Board agreed to include in the draft concepts statement an appendix that would present an illustration of the current "mixed-attribute" model used in federal financial reporting. The illustration would show which amounts in the government-wide consolidated balance sheet are measured at initial amounts and which at remeasured amounts, based on financial reporting standards in effect in FY2010. The Board also reviewed revisions to the April draft and requested additional changes to be included in a revised draft for the August meeting.

At the August meeting, the Board approved a preballot draft of the concepts statement and agreed to vote on a ballot draft with a view to issuing an exposure draft (ED) of the concepts statement in September. Shortly after the meeting, the Board voted unanimously in favor of issuing the ED, which was released for public comment on September 13, with a comment deadline of November 30.

At the December meeting, the Board discussed the responses received to the ED. The Board directed staff to clarify the meaning of a "principal question" referred to in paragraph 2 and in the Executive Summary. Also, staff should expand the discussion of the attributes to clarify how the attributes might be used as well as the distinctions among attributes that appeared to be similar in

concept. The Board also decided that a public hearing on the ED would not be necessary.

At the February 2011 meeting, the Board reviewed a preballot draft of a final concepts statement (SFFAC 7). The Board modified the definition of the settlement amount of an asset or liability so that it is not restricted to financial assets and liabilities. The Board also made various editorial changes to the document and requested the addition of a basis for conclusions in compliance with the FASAB Rules of Procedure. The Board requested a revised preballot draft to be distributed in March so that members could provide any additional comments prior to preparation of a ballot draft for the April meeting. The revised preballot draft was circulated to members on March 22, with a request for comments by March 30. Members' comments were incorporated into a ballot draft distributed to members before the April meeting, with a request for the return of signed ballots by April 28.