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January 23, 2013

Ms. Stephanie Fox  
Technical Director  
International Public Sector Accounting Standards Board  
International Federation of Accountants  
277 Wellington Street West, 6<sup>th</sup> Floor  
Toronto, Ontario M5V 3H2 CANADA

Dear Ms. Fox:

On behalf of the Association of Government Accountants (AGA), the Financial Management Standards Board (FMSB) appreciates the opportunity to provide comments to the International Public Sector Accounting Standards Board (IPSASB) on its November 2012 Exposure Draft 3 - *Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities: Measurement of Assets and Liabilities in Financial Statements* (ED). The FMSB is comprised of 25 members (list attached) with accounting and auditing backgrounds in federal, state and local government, as well as academia and public accounting. The FMSB reviews and responds to proposed standards and regulations of interest to AGA members. Local AGA chapters and individual members are also encouraged to comment separately.

The FMSB has reviewed the ED as well as the additional sections entitled Basis for Conclusions and Alternative View. The FMSB supports the IPSASB's conclusions and the proposed framework. We concur with the IPSASB's approach to this matter that the conceptual framework should not identify a single measurement basis (or combination of bases) for all circumstances. Rather the Conceptual Framework shall provide the relevant factors that will be considered by the IPSASB when reaching a decision regarding the measurement basis for assets and liabilities.

As shown by the recent work of the Government Accounting Standards Board and Federal Accounting Standards Advisory Board the issues being deliberated are growing more complex and the users of financial statements are asking for more information, measured in diverse ways. Therefore, a single basis of measurement is not always feasible or relevant. We support the IPSASB's approach and believe it will assist the IPSASB in their deliberations and development of solutions to the issues it will face. Our comments to the specific matters for comment in the ED follow.



**Specific Matter for Comment 1**

Do you agree that the selection of a measurement basis should be based on the extent to which a particular measurement basis meets the objectives of financial reporting? If you think that there should be a measurement objective please indicate what this measurement objective should be and give your reasons.

**FMSB Response** -We agree that the selection of a measurement basis should be based on the extent to which a particular measurement basis meets the objective of financial reporting. We do not believe that a measurement objective should be developed at this time.

**Specific Matter for Comment 2**

Do you agree with the current value measurement bases for assets that have been identified in Section 3? If not, please indicate which additional measurement bases should be included or which measurement bases should not be included in the Framework?

**FMSB Response** - The FMSB agrees with the current value measurement bases identified in Section 3 of the ED.

**Specific Matters for Comment 3**

Do you agree with the approaches proposed in Section 4 for application of:

- (a) The fair value measurement model to estimate the price at which a transaction to sell an asset would take place in an active, open and orderly market at the measurement date under current market conditions. If not, please give your reasons; and
- (b) The deprival value model to select or confirm the use of a current measurement basis for operational assets. If not please give your reasons.

**FMSB Response** - The FMSB agrees with the fair value measurement model proposed in Section 4. We also agree with the IPSASB's decision to include the deprival model in the Concept Framework. This may assist in the determination of an appropriate measurement basis.

**Specific Matter for Comment 4**

Do you agree with the proposed measurement bases for liabilities in Section 5? If not, please indicate which additional measurement bases should be included or which measurement bases should not be included in the Framework?

**FMSB Response** -We agree with the proposed measurement bases for liabilities in Section 5 of the ED.

We would like to thank you for allowing us to submit our comments to the exposure draft. Should there be any questions regarding our comments, please contact Steven Sossei at [ssossei@agacgfm.org](mailto:ssossei@agacgfm.org).

Sincerely,



Eric S. Berman, CPA, Chair  
AGA Financial Management Standards Board

cc: Evelyn A. Brown, CGFM-Retired  
AGA National President

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