Excerpts from Governmental Accounting Standards Board (GASB), Concepts Statement No. 1, “Objectives of Financial Reporting” (May 1987), Paragraphs 56 to 61 (paragraph numbers are omitted).

ACCOUNTATILITY （受托责任） AND INTERPERIOD EQUITY （期际公平）

Accountability

Accountability is the cornerstone of all financial reporting in government, and the term *accountability* is used throughout this Statement. The dictionary defines *accountable* as “being obliged to explain one’s actions, to justify what one does.” Accountability requires governments to answer to the citizenry – to justify the raising of public resources and the purposes for which they are used. Governmental accountability is based on the belief that the citizenry has a “right to know,” a right to receive openly declared facts that may lead to public debate by the citizens and their elected representatives. Financial reporting plays a major role in fulfilling government’s duty to be publicly accountable in a democratic society.

The Board is aware that applying the broad concept of public accountability to financial reporting by state and local governments creates the potential to extend reporting beyond current practice. If being accountable means being obliged to explain one’s actions, what are the limits of disclosure? How does one balance the cost of providing information against the value of the public’s “right to know”? The need to be accountable for resources provided involuntarily by taxpayers makes cost-benefit analysis particularly difficult in setting standards. In addition, the benefits of financial information are usually difficult or impossible to measure objectively, particularly in a governmental environment.

The Board believes that, at a minimum, demonstrating accountability through financial reporting includes providing information to assist in evaluating whether the government was operated within the legal constraints imposed by the citizenry. The structure of government, the nature of the resource providers, and the political process are characteristics of the environment that underscore the need for accountability.

Interperiod Equity

The laws of most governments require balanced budgets. The intent of these laws is to require financing and spending practices that enable governmental entities to avoid financial difficulty and to “live within their means.” Similarly, the laws of many states require governmental debt to be repaid over a period no greater than the period of probable usefulness of the capital asset acquired with the debt. Balanced budget and debt limitation statutes are examples of laws designed to achieve fairness from one year, one term of office, or one generation to another. In practice, however, partly because of the lack of precision in defining what constitutes resource inflows and outflows, fairness is not always achieved. In fact, the appearance of balance may be misleading in some cases.

The Board believes the intent of balance budget laws is that the current generation of citizens should not be able to shift the burden of paying for current-year services to future-year taxpayers. Recently, the term *intergenerational equity* has been used to express this concept. However, because a generation is defined as approximately 30 years and because the term *intergenerational equity* has implications that go beyond financial reporting, the Board believes the term *interperiod equity* may be more appropriate, expressing the concept of yearly balance.

The Board believes that interperiod equity is a significant part of accountability and is fundamental to public administration. It therefore needs to be considered when establishing financial reporting objectives. In short, financial reporting should help users assess whether current-year revenues are sufficient to pay for the services provided that year and whether future taxpayers will be required to assume burdens for services previously provided.