

Federal Accounting Standards Advisory Board

FOR MORE INFORMATION:

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NEWS RELEASE

FASAB Issues a Concepts Statement Exposure Draft entitled *Definition and Recognition of Elements of Accrual-Basis Financial Statements*

The Chairman of the Federal Accounting Standards Advisory Board (FASAB), David Mosso, announced today that the FASAB is seeking input on concepts defining the five elements of accrual-basis financial statements. Elements of financial statements are the “building blocks” of financial statements--the broad classes of items from which the statements are constructed. The elements for which definitions are proposed are assets, liabilities, net position, revenue and expense.

“Currently, certain element definitions are presented in accounting standards but a complete set of definitions was never developed by FASAB. This proposed concepts statement will fill that void and address certain controversial aspects of our existing elements” according to Chairman Mosso.

The exposure draft poses questions for respondents on issues such as the essential characteristics of assets and liabilities, deriving the definitions of revenue and expense from the definitions of assets and liabilities, the government’s ability to change laws in the future, uncertainty related to existence and measurement, and recognition criteria. In addition, some members are offering alternative views on the proposed concepts and request input on these views as well. Resolution of these and other conceptual issues will guide federal accounting standard setting in the future.

Respondents are encouraged to provide the reasons for their positions. The exposure draft requests comments by August 5th. The exposure draft in PDF format and the specific questions raised in Word format are available at the FASAB website (<http://www.fasab.gov/exposure.htm>). In addition, the Board plans to hold a public hearing on the exposure draft at its September 2006 meeting.

ABOUT FASAB

The mission of the FASAB is to promulgate federal accounting standards after

considering the financial and budgetary information needs of citizens, congressional oversight groups, executive agencies, and the needs of other users of federal financial information.

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.

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