

Federal Accounting Standards Advisory Board

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NEWS RELEASE

FASAB STAFF PUBLISHES TECHNICAL BULLETIN 2006-1, *Recognition and Measurement of Asbestos-Related Cleanup Costs*

The Executive Director of the Federal Accounting Standards Advisory Board (FASAB), Wendy Comes, announced today that the FASAB staff has issued Technical Bulletin 2006-1, *Recognition and Measurement of Asbestos-Related Cleanup Costs*.

This technical bulletin clarifies the required reporting of liabilities and related expenses arising from asbestos-related cleanup costs. Prior to this technical bulletin, most federal entities had recognized liabilities for the removal of asbestos that posed an immediate health threat (i.e., friable asbestos), but many federal entities had not prepared an estimate of cleanup costs for the future removal of asbestos that did not pose an immediate health threat (i.e., nonfriable asbestos). Therefore, it was determined that additional guidance was needed to clarify that entities need to estimate all asbestos-related cleanup costs and not just those costs related to asbestos that requires immediate cleanup.

The primary effects of this technical bulletin are that::

- a. Federal entities will (1) estimate both friable and nonfriable asbestos-related cleanup costs and (2) recognize a liability and related expense for those costs that are both probable and reasonably estimable, consistent with the current guidance in Statement of Federal Financial Accounting Standards (SFFAS) 5, *Accounting for Liabilities of the Federal Government*; SFFAS 6, *Accounting for Property, Plant, and Equipment*, Chapter 4: Cleanup Costs; and Technical Release (TR) 2, *Determining Probable and Reasonably Estimable for Environmental Liabilities in the Federal Government*.
- b. Federal entities will disclose information related to friable and nonfriable asbestos-related cleanup costs that are probable but not reasonably estimable in a note to the financial statements, consistent with SFFAS 5, SFFAS 6, and TR 2.

The technical bulletin is available at the FASAB website at <http://www.fasab.gov/tchbl.html>.

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.