

Federal Accounting Standards Advisory Board

FOR MORE INFORMATION:

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NEWS RELEASE

FASAB Issues an Exposure Draft Entitled *Reporting Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates*

The Chairman of the Federal Accounting Standards Advisory Board (FASAB), Tom Allen, announced today that the FASAB is seeking input on the Exposure Draft (ED), *Reporting Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates*. This ED proposes new financial statement display for the gains and losses from changes in assumptions. Such gains and losses will now be shown as individual items on the statement of net cost. In addition, the ED proposes guidance for selecting discount rates and valuation dates for present value measurements.

Displaying gains and losses from changes in assumptions as discrete line items will enhance the usefulness of the information provided on the statement of net cost. Separate display will highlight the effects of changes in assumptions, which can be significant, and distinguish them from other expenses. Thus, the user will be better able to understand the operating performance of the entity as well as the role of gains and losses from changes in assumptions.

In addition to the display issue, there has been uncertainty in practice regarding which U.S. Treasury rates should be used for discount rates for present value measurements of expense and liability amounts. The ED proposes guidance for selecting discount rates for liability measurement. In addition, the ED proposes to codify the guidance for selecting the valuation dates.

“The proposed standards would result in more transparent and useful information prepared in a more consistent manner. This will help users to assess operating performance and stewardship,” according to Chairman Allen.

The exposure draft requests comments by November 30, 2007. Respondents are encouraged to provide the reasons for their positions. 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.html>).

ABOUT FASAB

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. The FASAB issues federal accounting standards after following a due process consistent with the Memorandum of Understanding under which it operates. Due process includes consideration of the financial and budgetary information needs of citizens, congressional oversight groups, executive agencies, and the needs of other users of federal financial information.

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