Bond Case Briefs

Municipal Finance Law Since 1971

GASB Proposes Concepts for Recognition of Financial Statement Elements.

Norwalk, CT, June 30, 2020 — The Governmental Accounting Standards Board (GASB) today issued a proposed Concepts Statement addressing concepts for recognition of assets, liabilities, and other elements of state and local government financial statements.

The Exposure Draft, *Recognition of Elements of Financial Statements*, proposes a framework of interrelated objectives and fundamental principles that can be used by the Board to establish consistent accounting and financial reporting principles for recognition of elements of financial statements.

Recognition concepts encompass two aspects of financial statements:

- The measurement focus determines what items should be reported in a financial statement.
- The related basis of accounting determines when those items should be reported in a financial statement.

The Exposure Draft proposes a recognition framework for both (1) the economic resources measurement focus and accrual basis of accounting and (2) the short-term financial resources measurement focus and accrual basis of accounting. The proposed Concepts Statement also contains a recognition hierarchy that would be followed when evaluating an item for recognition in financial statements.

Although primarily intended to guide the Board in establishing standards, Concepts Statements may be used by preparers and auditors when applying the generally accepted accounting principles hierarchy in assessing transactions and other events for which the GASB does not provide authoritative guidance. Concepts Statements also may help stakeholders to better understand the fundamental concepts underlying future GASB standards.

The Exposure Draft is available for download at no charge on the GASB website, www.gasb.org. Stakeholders are encouraged to review and provide comments by February 26, 2021.

The Board tentatively has scheduled a series of public hearings and user forums to enable stakeholders to share their views directly with the Board on this Exposure Draft as well as two related proposals: a forthcoming Exposure Draft, Financial Reporting Model Improvements (approved by the Board on June 30) and a Preliminary Views, Revenue and Expense Recognition. Additional information is available in the Exposure Draft. The deadline for providing written notice of intent to participate is February 26, 2021.

Copyright © 2026 Bond Case Briefs | bondcasebriefs.com