



*FASAB News*  
*Federal Accounting Standards*  
*Advisory Board*

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## [FASAB Bids Farewell to Richard Wascak](#)

FASAB Assistant Director Richard Wascak retired March 1, 2008. Mr. Wascak joined FASAB staff in 1991; he was one of the original staff members. He is retiring after 27 years of service to the taxpayers through work in the federal financial management community.

Mr. Wascak was instrumental in establishing the core set of accounting standards that preceded FASAB's recognition as the GAAP standard setting body for the federal government. He led the team that established standards for inventory and related property, property, plant and equipment and national defense PP&E. In addition, he was instrumental in the development of stewardship reporting requirements.

Most recently, Mr. Wascak led the project on natural resource accounting and coordinated input from many technical experts. His effective outreach to the

community and willingness to assist practitioners were invaluable. His contributions were many and he will be missed.

## FASAB Staff Member Earns CGFM Designation

Julia Ranagan, a FASAB staff member since March 2004, recently earned the designation of Certified Government Financial Manager (CGFM) by successfully completing all three CGFM examinations administered by the Association of Government Accountants (AGA). Ms. Ranagan took advantage of the two-day CGFM Intensive Review Course offered by AGA prior to the 2008 National Leadership Conference. Following the two-day course, Ms. Ranagan immediately sat for all three examinations.

“I have been working in the federal government arena for almost 15 years and had kept putting off achieving CGFM status. Actually signing up for the review course gave me the incentive I needed to finally make it a priority. The intensive review course is an excellent, low-cost option for achieving the CGFM designation,” Ms. Ranagan stated. “I am so glad I finally took the time to do it. The CGFM is a wonderful complement to my CPA as it covers national, state and local government

financial management more in-depth. In studying the materials, I gained a better understanding of the similarities and differences between the different levels of government and really put together the whole picture. I would recommend it to anyone in government, regardless of experience.”

### **Disclaimer**

The staff of the Federal Accounting Standards Advisory Board publishes FASAB News following Board meetings to provide highlights of recent Board actions and issues. When an article refers to a Board decision, it should be understood that Board decisions are tentative until FASAB issues a Statement of Federal Financial Accounting Concepts (SFFAC) or Statement of Federal Financial Accounting Standards (SFFAS).

Please direct newsletter editorial questions to Melissa Loughan, 202-512-5976, [loughanm@fasab.gov](mailto:loughanm@fasab.gov).

Please direct AAPC technical questions to Monica Valentine, 202-512-7362, [valentinem@fasab.gov](mailto:valentinem@fasab.gov).

Please direct FASAB and AAPC administrative questions to Charles Jackson, 202-512-7352, [jacksoncw1@fasab.gov](mailto:jacksoncw1@fasab.gov).

## Current Board Projects

### **Natural Resources**

The Board received eight comment letters on its recent exposure draft regarding oil and gas resources. These letters are available at <http://www.fasab.gov/commentletteroil.html>.

At the February meeting, the Board decided that a public hearing was not necessary. With the departure of Mr. Wascak, Julia Ranagan will assume responsibility for continuing the project. Her contact information is presented below.

**Point of Contact:** Julia Ranagan, 202 512-7377, [ranaganj@fasab.gov](mailto:ranaganj@fasab.gov)

# Concepts Project

## Entity Phase

FASAB formed the Federal Entity Task Force to assist in developing the proposed standards on the boundaries of the reporting entity and consolidation. The task force has approximately 20 members with representatives from various CFO and OIG organizations as well as OMB, GAO, and Treasury. The task force also has representatives from agencies that deal with hybrid organizations (such as FFRDCs) and intelligence agencies because of their unique nature. The first task force meeting is February 20, 2008. Staff will report back to the Board after meeting with the task force.

**Point of Contact:** Melissa Loughan, 202 512-5976, [loughanm@fasab.gov](mailto:loughanm@fasab.gov)

## The Financial Report Phase: MD&A, Statements, Notes, RSI and OAI

At the February 14, 2008 meeting, members discussed revisions to the pre-ballot draft concepts statement, *Distinguishing Basic Information, Required Supplementary Information, and Other Accompanying Information*. The Statement is the product of the first phase of the Financial Reporting Model project and it proposes amendments to SFFAC 2, Entity and Display. As the Financial Reporting Model project progresses to later phases, additional amendments to SFFAC 2 may be presented.

Members discussed the structure of generally accepted accounting principles (GAAP) which includes basic information and required supplementary information (RSI). However, other accompanying information (OAI) is not required by a body that establishes GAAP. Members also discussed RSI and OAI and the role of the Office of Management and Budget (OMB). The OMB has the legal authority to define form and content and prescribe the auditing procedures that auditors should apply. Auditors must apply the OMB audit requirements in addition to the American Institute of Certified Public Accountants' (AICPA) auditing standards. The Statement allows for the OMB's role.

Members are currently voting on ballot draft statement that incorporated their comments at the February meeting. An exposure draft will be issued before the end of March.

**Point of Contact:** Ross Simms, 202-512-2512, [simmsr@fasab.gov](mailto:simmsr@fasab.gov),

## Fiscal Sustainability Reporting

At the February 2008 Board, the members discussed the following:

1. Proposed format(s) for a primary summary display, including:
  - a. Time horizon for projections

- b. Disaggregation of inflows and outflows, especially “other”
  - c. Options A, B, C, D and E
- 2. Proposed requirements for additional specific graphics and narrative for:
  - a. Major drivers, such as trends in cost of health care and demographic trends
  - b. Trends in deficit spending/debt
  - c. Additional information necessary to help readers understand the nature and relevance of the primary summary display
- 3. Initial placement and audit status of the proposed summary display and the additional graphics and narrative within the CFR.
- 4. Proposed reporting requirements for significant changes in economic, demographic, or policy assumptions.
- 5. Proposed guidance on the selection of discount rates and/or valuation dates.

The members did not reach a consensus on a specific time horizon for the primary summary display. The members agreed to a compromise, that the ED will require that either the primary summary display or a secondary display will reflect a projection period that is consistent with the SoSI, so that amounts displayed for Social Security and Medicare are consistent with the SoSI.<sup>1</sup>

The members also agreed that the bottom-line summary figure(s) should be provided for both a finite and an infinite projection period, with only one projection period for the primary summary display; the other would be in a secondary display or narrative.

A majority of members- Messrs. Farrell, Jackson, Murphy, Schumacher, Steinberg and Allen - agreed that disaggregation beyond Social Security, Medicare and Medicaid be left to the discretion of the preparer.

The members indicated that (a) through (g) below should be included as requirements for the primary summary display, with the format of the elements left to the discretion of the preparer. The ED will provide an illustrative pro forma in the Appendix.

- (a) Total Projected Receipts/Inflows/Resources
- (b) Total Projected Costs/Outflows/Responsibilities
- (c) “Bottom Line”
- (d) Amounts Displayed as both (present value) dollars and percent of Gross Domestic Product (GDP)
- (e) Fiscal Imbalance as a percent of projected inflows and total projected outflows
- (f) Year-to-Year (e.g., Side-by-Side) Comparison with Prior Year
- (g) “Net Change” Column

A majority of the Board decided that the ED should propose that the reporting should be RSI for three years, and then be required as basic information.

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<sup>1</sup> Currently, the time horizon requirement for the SoSI is that it is “sufficient to illustrate long-term sustainability (e.g., traditionally the “Social Security,” or OASDI program has used a projection period of 10 years for relatively short-term and 75 years for long-term projections, and the UI program has used a projection period of 10 years for its projections).” (SFFAS 17, paragraph 27) Accordingly, the SoSI could be prepared with either a finite or an infinite horizon projection period.

During March, staff will prepare a revised exposure draft and meet with the task force. At the April meeting, the Board may consider a pre-ballot draft with the objective of issuing an exposure draft before June 2008.

**Point of Contact:** Eileen Parlow, 202-512-7356, [parlowe@fasab.gov](mailto:parlowe@fasab.gov)

## Reporting the Gains and Losses from Changes in Assumptions and Other Requirements for Accounting for Post-Employment Benefits

At its meeting on February 14, 2008, the Board discussed the comments relative to assumptions and activities that would be within the scope of the standard. The consensus of the Board was in favor of limiting the scope of the standard to the activities involving employee benefits, including military and veterans' benefits.

**Point of Contact:** Richard Fontenrose, 202-512-7358, [fontenroser@fasab.gov](mailto:fontenroser@fasab.gov)

## Appropriate Source of GAAP<sup>2</sup>

At the February 14, 2008, meeting, staff presented an issue paper that contained an analysis of federal financial statement user needs; a structure developed by staff to distinguish between the different activities of the federal government (governmental-type activities, business-type activities, and fiduciary activities); three options for members to consider; and a draft survey that would be used to solicit feedback from the federal financial management community on each of the three options. The paper is available on the Appropriate Source of GAAP [Generally Accepted Accounting Principles] project page at <http://www.fasab.gov/projectsgaap.html>.

Under the first two of the proposed options (separate accounting and reporting by line item and separate accounting and reporting using the modified equity method), entities that engage primarily in governmental-type activities would be required to convert to FASAB GAAP while entities that engage primarily in activities that meet all of the characteristics of business-type activities would be permitted to report under FASB GAAP. No additional reporting would be required by component reporting entities unless they engage in a material amount of both governmental-type and business-type activities. Consolidating entities (and component entities that engage in both types of activities) would modify the display (either on the face of the financial statements or in

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<sup>2</sup> [The "appropriate source of GAAP" is a shorthand reference. The AICPA established that FASAB is the source of GAAP for federal government entities (as defined in SFFAC 2). The outcome of this project will be a provision in FASAB GAAP that addresses whether, and if so when, a federal entity may apply FASB GAAP. In addition, the project may address added requirements if FASB GAAP is applied by a federal entity. For convenience and clarity, this summary refers to options simply as application of FASB GAAP or FASAB GAAP.]

the notes) to present the amounts of governmental-type activities separately from business-type activities. Under the first option (separate accounting and reporting by line item), consolidating entities would further distinguish business-type activities by the source of GAAP under which they are reported – FASB or FASAB.

Under the third proposed option (an audited note reconciliation), none of the entities would be required to convert to FASAB GAAP; however, component reporting entities would be required to present a detailed audited note that reconciles the differences between FASB GAAP and FASAB GAAP and supports the amounts submitted to Treasury for the consolidated financial report of the U.S. Government.

All three options would propose to revoke the “grandfather authority” that allowed entities to comply with FASAB GAAP by continuing to apply FASB GAAP with no additional reporting requirements.

Subsequent deliberations revealed that the sense of the Board is that no entities will be required to convert to full FASAB GAAP at this time. The Board is also comfortable with including two sources of GAAP in the consolidated financial statements except where it affects intragovernmental eliminations. Members did not vote to adopt the governmental-type and business-type structure developed by staff. The Board requested that staff meet with the sponsor workgroup to determine which line items are significant in the FASB vs. FASAB intragovernmental reconciliation and develop an exposure draft that proposes a note disclosure for those significant reconciling items only. The other options considered would be included in the basis for conclusions. The issue of budgetary reporting for entities reporting under FASB GAAP will be deferred until the matter is resolved at the governmentwide level.

**Point of Contact:** Julia Ranagan, 202-512-7377, [ranaganj@fasab.gov](mailto:ranaganj@fasab.gov)

# FASAB Current Technical Agenda &

## Status of Projects

Project	Key Milestones	Quarter 1 2008	Quarter 2 2008	Quarter 3 2008	Quarter 4 2008	Staff Contact
Natural Resources	ED – May 2007	Oil & Gas DP	Oil & Gas DP	UR		Julia Ranagan, 202-512-7377
Fiduciary Activity	SFFAS 31 Issued – October 2006	Develop Q&As		Implementation Guidance Finalized		Eileen Parlow, 202-512-7356
Fiscal Sustainability		Research	ED	DP	DP	Eileen Parlow, 202-512-7356
The Federal Entity		Research	Research	Research	ED	Melissa Loughan, 202-512-5976
Social Insurance Liabilities	PV -- October 2006	DP	DP	DP	ED	Richard Fontenrose, 202-512-7358
Reporting Gains & Losses from Changes in Assumptions	ED – August 2007	DP	DP	UR		Richard Fontenrose, 202-512-7358
Appropriate Source of GAAP		Research	Research	Research	ED	Julia Ranagan, 202-512-7377
Conceptual Framework Project:						
Measurement Attributes		Research	Research	Research	Research	Penny Wardlow, 202-512-7350
Financial Reporting Communications Methods		ED	DP	DP	UR	Ross Simms, 202-512-2512

### Key Activities or Status

Note that all estimates of progress assume that exposure drafts are finalized as statements without re-exposure due to significant changes.

Research—Staff Research Phase of Project & Board Deliberations

ED—Exposure Draft Issued

DP—Board Due Process, including review of comment letters, etc.

PH—Public Hearing

PV—Preliminary Views Issued

UR—Under Review, document approved by FASAB and sent to sponsors for 90-day review

Final—Final Standard, Concept, Interpretation, etc. issued final.

## Accounting and Auditing Policy Committee

The AAPC welcomed the appointment of two new CFOC representatives to the AAPC to replace two retiring members. The two retiring members, James Campbell, Energy, and Pat Healy, USDA, retired from federal service in January. The two new AAPC members are Donjette Gilmore, Dept. of Defense, and John Brewer, Dept. of Agriculture. In addition, AAPC Member Mike McFadden announced that he was leaving his position at Labor for a position within NASA and therefore leaving his position on the Committee. Mr. McFadden was instrumental in the development of the technical release on inter-entity cost. We send well wishes to all of our departing AAPC members and welcome our new Committee members.

Also, at the January 2008 AAPC meeting the Agenda Committee recommended and the AAPC approved a new project plan that includes three PP&E issues that were identified by the FASAB. The AAPC is being asked by the FASAB to develop guidance regarding issues on group/composite depreciation, accounting for assets deployed to a war zone, and cost accounting (assignment of R&D, support and overhead to general PP&E). The new AAPC PP&E task force will be co-chaired by AAPC members Donjette Gilmore, and Dan Fletcher.

The PP&E project has the potential to impact a large number of federal entities and as such calls for broad participation from the federal community. The task force is currently seeking members to participate. If interested please contact FASAB Project Director Monica Valentine by email at [valentinem@fasab.gov](mailto:valentinem@fasab.gov), with your information (email, phone number, etc.). The task force held its kick off meeting on Tuesday, March 18, at 9:30 a.m., location to be sent out to the list of participants. Broad participation is important to ensuring that the guidance developed is appropriate for all impacted.

The AAPC has issued two Technical Releases (TR). TR 8 entitled, *Clarification of Standard Relating to Inter-Entity Costs*, is implementation guidance for SFFAS 30 *Inter-Entity Cost Implementation Amending SFFAS 4, Managerial Cost Accounting Standards and Concepts* and was developed by the Inter-Entity Cost (IEC) task force, chaired by Michael McFadden and Dorrice Roth, designee for D. James Sturgill. TR 9 entitled *Implementation Guide for Statement of FASAB 29: Heritage Assets and Stewardship Land* was developed by the Heritage Assets/Stewardship Land (HA/SL) task force is chaired by and Frank Synowiec, Jr and Carrie Hug. Both of these TRs have gone through the exposure draft phase and were approved by the AAPC to be released to the FASAB for final approval and issuance. The FASAB 45-day review period ended on February 20, 2008 with no objections and thus allowing the TRs to become issued as final guidance.

Note that the March 20<sup>th</sup> meeting has been cancelled.

Updates on all AAPC projects can be found on the AAPC website. The minutes for all meetings can be found on the FASAB/AAPC website at <http://fasab.gov/aapc/meeting.html>.

**Point of Contact:** Monica Valentine, 202-512-7362, [valentinem@fasab.gov](mailto:valentinem@fasab.gov)



# FASAB Meeting Schedule

## Schedule for 2008 Meetings:

Wednesday, April 16<sup>th</sup> and Thursday, April 17<sup>th</sup>  
Wednesday, June 18<sup>th</sup> and Thursday, June 19<sup>th</sup>  
Wednesday, August 20<sup>th</sup> and Thursday, August 21<sup>st</sup>  
Wednesday, October 22<sup>nd</sup> and Thursday, October 23<sup>rd</sup>  
Wednesday, December 17<sup>th</sup> and Thursday, December 18<sup>th</sup>

Unless otherwise noted, meetings begin at 9 AM and conclude at 4 PM. Meetings are held at 441 G Street NW in room 7C13. Agendas are available at <http://www.fasab.gov/meeting.html> approximately one week before the meetings.

# AAPC Meeting Schedule

## Schedule for 2008 Meetings:

Thursday, May 15<sup>th</sup>  
Thursday, July 17<sup>th</sup>  
Thursday, September 18<sup>th</sup>  
Thursday, November 20<sup>th</sup>

Unless otherwise noted, meetings begin at 1 PM and conclude at 3 PM. Meetings are held at 441 G Street NW in room 7C13. Agendas are available at <http://fasab.gov/aapc/meeting.html> approximately one week before the meetings.

# Security Notice

If you wish to attend a FASAB or an AAPC meeting, please provide your name, organization, and phone number to staff at 202-512-7350 or [fasab@fasab.gov](mailto:fasab@fasab.gov) **at least two days before the meeting**. The Government Accountability Office, which provides space for our meetings, has increased its security procedures and your name must be provided to the security force before you can enter the building. Thank you.