



FASAB News
Federal Accounting Standards
Advisory Board

AUGUST/SEPTEMBER 2008

TABLE OF CONTENTS

FASAB Mourns the Passing of CBO Member Robert P. Murphy 1

Seeking Candidates for Board Membership..... 2

Current Board Projects..... 3

 Concepts Projects 3

 Federal Entity..... 3

 The Financial Report: MD&A, Statements, Notes, RSI and OAI 3

 Fiscal Sustainability Reporting..... 4

 Natural Resources..... 4

 Reporting the Gains and Losses from Changes in Assumptions and Other

 Requirements for Accounting for Post-Employment Benefits 4

 Social Insurance 5

 Appropriate Source of GAAP 5

 General PP&E Valuation 5

FASAB Current Technical Agenda and Status of Projects..... 7

Accounting and Auditing Policy Committee..... 8

FASAB Meeting Schedule..... 9

AAPC Meeting Schedule..... 9

Security Notice 10

FASAB Mourns the Passing of CBO Member
Robert P. Murphy

Robert Paul Murphy passed away August 12, 2008, in Washington, D.C., after a series of medical difficulties. Mr. Murphy was General Counsel of the Congressional Budget Office and served as CBO’s representative on FASAB.



Mr. Murphy was an active participant in FASAB deliberations during his tenure on the Board. He provided helpful insight regarding CBO’s long-term projections that advanced the Board’s work on fiscal sustainability. More importantly, Mr. Murphy exhibited a quality of leadership that brought people together, a spirit of caring for others, and a commitment to the

service rendered by the Board to the American people. He will be missed by the members and staff of the Board.

Seeking Candidates for Board Membership

FASAB maintains a registry of individuals interested in serving a five year term as a member of the Board. Currently, we are updating the registry to identify candidates for two vacancies occurring on July 1, 2009 when Board members James Patton and John Farrell will have completed their service.

We are particularly interested in candidates who have experience as:

- analysts of financial information,
- economists or forecasters,
- academics,
- auditors,
- preparers of financial information, or
- those otherwise knowledgeable regarding the use of financial information in decision making.

The registry is open to those not currently employed by the federal government. If you are interested in serving but need more information, the FASAB website includes a "Statement of Board Members' Responsibilities," a list of current members and a fact sheet (see <http://www.fasab.gov/aboutfasab.html>). The nonfederal members serve as part-time Special Government Employees and are compensated at an hourly rate for attendance at Board meetings and an equivalent amount of time for preparation (typically 200 hours per year).

The registry will be provided to the Appointments Panel in January 2009. The Panel—comprising three federal members, the FASAB chairman, and three individuals representing the American Institute of CPAs, the Financial Accounting Foundation and the Accounting Research Association—advises the FASAB Sponsors on appointments and re-appointments for the six nonfederal members of the Board. The Sponsors—the Secretary of the Treasury, the Director of the Office of Management and Budget, and the Comptroller General—make the final appointment.

Individuals wishing to be added to the registry should submit a resume by addressing it before **December 19, 2008** to:

Ms. Wendy M. Payne, Executive Director
Federal Accounting Standards Advisory Board
441 G Street NW, Mailstop 6K17V, Washington, DC 20548

or

fasab@fasab.gov.

Current Board Projects

(For more information on any of the current projects, click on the title of the project below to be directed to the related active project page.)

Concepts Projects

Federal Entity

Staff continued to analyze responses received on the Survey on Boundaries of the Federal Reporting Entities and the Federally Funded Research and Development Centers (FFRDC) Survey. Staff summarized the results of the surveys for consideration by the Federal Entity Task Force. The Federal Entity Task Force will meet on September 17, 2008 to discuss the results and next steps in the project. Staff will brief the Board at the next Board meeting.

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.

Please direct AAPC technical questions to Monica Valentine, 202-512-7362, valentinem@fasab.gov.

Please direct FASAB and AAPC administrative questions to Charles Jackson, 202-512-7352, jacksoncw1@fasab.gov.

Point of Contact: Melissa Loughan, 202-512-5976, loughanm@fasab.gov

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

At the August 2008 meeting, the FASAB discussed comments received in response to the exposure draft (ED) *Distinguishing Basic Information, Required Supplementary Information, and Other Accompanying Information*. The ED proposed amendments to SFFAC 2, *Entity and Display*, that provide concepts for guiding the Board in distinguishing basic information, required supplementary information, and other accompanying information. While respondents generally agreed with the proposed conceptual guidance, some indicated a need to clarify some of the factors for distinguishing basic information and RSI.

During the meeting, the FASAB discussed the staff's recommendations for a final draft concepts statement in light of the responses to the ED. The Board discussed language to clarify some of the factors and provided comments to staff. Staff will incorporate the Board's comments and present a

ballot draft concepts statement at the October 2008 meeting.

Point of Contact: Ross Simms, 202-512-2512, simmsr@fasab.gov,

Fiscal Sustainability Reporting

At the August Board meeting, the members reviewed a preballot draft exposure draft (ED) *Reporting Comprehensive Long-Term Fiscal Projections for the U.S. Government*, and discussed a proposal from one of the members that the ED should include proposed reporting requirements regarding foreign holdings of U.S. Treasury debt. The Board declined to propose a reporting requirement but agreed that the issue should be discussed in the Basis for Conclusions of the ED and that the Questions for Respondents should include a question designed to elicit public comment on the issue of foreign holdings of U.S. Treasury debt.

Subsequent to the August meeting, the Board voted to approve the ED, which was issued on September 2, 2008. Comments are requested by January 5, 2009. A public hearing will be held on February 25, 2009 in conjunction with the February 2009 Board meeting.

Since the objective of the proposed reporting is not only to provide information that is useful and necessary in assessing fiscal sustainability but also to effectively communicate the information in a way that is meaningful and understandable to readers, FASAB is particularly interested in receiving comments from the general public.

Point of Contact: Eileen Parlow, 202-512-7356, parlowe@fasab.gov

Natural Resources

Representatives from the Department of Interior have been invited to the October 2008 board meeting to discuss issues raised by Interior in its comment letter on the May 2007 exposure draft and related field test questionnaires.

Point of Contact: Julia Ranagan, 202-512-7377, ranaganj@fasab.gov

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

The Board has completed its deliberation on this statement. The statement was approved for issuance by all members of the Board in June 2008 and submitted to the sponsors and the Director of the Congressional Budget Office on July 16, 2008 for the sponsors' 90-day review period. The Board is planning to release this statement, numbered Statement of Federal Financial Accounting Standards 33, as a final statement October 14, 2008, effective for fiscal years beginning after September 30, 2009.

Point of Contact: Richard Fontenrose, 202-512-7358, fontenroser@fasab.gov

Social Insurance

At its August 2008 meeting, the Board voted for the closed group measure to be the focus of new social insurance information to be proposed in an exposure draft coming soon. The measure will be highlighted in the management's discussion and analysis (MD&A), along with other key measures from the entity's financial statements; it will be reported separately on the balance sheet below assets, liabilities, and net position and not part of the totals for those categories; it will be a line item in a proposed new summary section of the statement of social insurance (SOSI); and, it will be the subject of a proposed new "statement of changes in social insurance amounts." The SOSI will display both the closed and open group measures.

In addition, the Board voted in favor of focusing on Statement of Federal Financial Accounting Standards (SFFAS) 17, *Accounting for Social Insurance*, for the proposed standard. SFFAS 17 will be amended to require the additional information, from social insurance entities only, including an analysis of key financial statement amounts in the MD&A. SFFAS 15, *Management's Discussion and Analysis*, will not be amended to apply the social insurance MD&A requirements generally to other federal entities.

With respect to the upcoming exposure draft, the Board decided to add questions for respondents about the relative merits of the closed and open group measures, and about sensitivity analysis.

Point of Contact: Richard Fontenrose, 202-512-7358, fontenroser@fasab.gov

Appropriate Source of GAAP

The Appropriate Source of GAAP project was elevated to the number one priority new project by the board at its August agenda-setting session. Staff will begin more in-depth research into the differences between FASAB and FASB GAAP as reported by federal entities. This research will be used to determine if additional reporting should be required of federal entities that are currently applying FASB accounting principles.

Point of Contact: Julia Ranagan, 202-512-7377, ranaganj@fasab.gov

General PP&E Valuation

At the August 20, 2008 meeting, staff presented a revised draft exposure draft (ED) to the Board. The ED proposes amendments to SFFAS 6 and 23 to provide guidance for (1) estimating the original transaction data historical cost and accumulated depreciation of G-PP&E upon initial capitalization and (2) estimating the historical cost of existing G-PP&E. The revised draft included the following changes:

- The phrase "cost effective" should be removed as the parenthetical explanation of "not practical" as it relates to entities using reasonable estimates to valuing the historical cost of G-PP&E. Both "cost effective" and "inadequate documentation" should be better explained in the standard so that the phrases are not subjective.
- The ED basis for conclusions should include a discussion on the Board's reasons for including Q3 in the ED. [Q3. Do you believe that allowing the use of reasonable

estimates to value existing G-PP&E assets should be open-ended or subject to a definitive end date (date-certain)? Please explain your preference.]

One member submitted an alternative view that will be included in the basis for conclusions along with a question in the questions to respondents related to the alternative view. The alternative view disagrees with the open-ended time period allowed for the use of reasonable estimates and the lack of objective basis upon which to compare the estimates made by an agency.

The Board agreed to remove the terms “not practical”, “not cost effective”, or any other qualifiers to define when estimates can be used in place of historical cost transaction data and that a date-certain not be imposed.

Point of Contact: Monica Valentine, 202-512-7362, ValentineM@fasab.gov

FASAB Current Technical Agenda and Status of Projects

Project	Key Milestones	Quarter 3 2008	Quarter 4 2008	Quarter 1 2009	Quarter 2 2009	Staff Contact
Natural Resources	ED – May 2007	Oil & Gas DP	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		ED	DP	DP	UR	Eileen Parlow, 202-512-7356
The Federal Entity		Research	Research	Research	ED	Melissa Loughan, 202-512-5976
Social Insurance Liabilities	PV -- October 2006	DP	ED	DP	DP	Richard Fontenrose, 202-512-7358
Reporting Gains & Losses from Changes in Assumptions	ED – August 2007	UR	Final			Richard Fontenrose, 202-512-7358
Appropriate Source of GAAP		Research	Research	Research	Research	Julia Ranagan, 202-512-7377
General PP&E Valuation		Research	ED	DP	Final	Monica Valentine, 202-512.7362
Conceptual Framework Project:						
Measurement Attributes		Research	Research	Research	Research	Penny Wardlow, 202-512-7350
Financial Reporting Communications Methods		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 July 17th scheduled meeting of the AAPC was canceled. However, the AAPC G-PP&E task force is continuing its work.

The task force was formed to assist in developing implementation guidance for federal G-PP&E as it relates to SFFAS 6, *Accounting for PP&E*, SFFAS 23, *Eliminating the Category National Defense Property Plant, & Equipment*, and other related G-PP&E guidance developed by the FASAB. The task force meets monthly and has separated into four sub-groups that are named for the group of issues to be addressed by each sub-group. The G-PP&E sub-groups are Acquisition, Use, Disposal, and Records Retention and meet monthly separate from the full task meetings. The task force also has setup a web page on the FASAB website under the AAPC task forces link. The web page includes specific information about the task force as a whole, as well as each of the sub-groups, such as the list of members, list of potential issues to be addressed, and scope information for each sub-group.

The task force has over sixty members and is represented by over 20 federal entities and continues to welcome additional members to participate. Broad participation is important to ensuring that the guidance developed is appropriate for all impacted. If interested please contact FASAB Project Director Monica Valentine by email at valentinem@fasab.gov, with your information (email, phone number, etc.). Additional information on the work of the task, a list of issues being address, meetings, and other contact information can be found at the AAPC G-PP&E Task Force web portal at <http://fasab.gov/aapc/genproptaskforce.html> .

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

FASAB Meeting Schedule

Schedule for 2008 Meetings:

Wednesday, October 22nd and Thursday, October 23rd
Wednesday, December 17th and Thursday, December 18th

Schedule for 2009 Meetings:

Wednesday, February 25th and Thursday, February 26th
Wednesday, April 22nd and Thursday, April 23rd
Wednesday, June 17th and Thursday, June 18th
Wednesday, August 26th and Thursday, August 27th
Wednesday, October 21st and Thursday, October 22nd
Wednesday, December 16th and Thursday, December 17th

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, September 18th
Thursday, November 20th

Schedule for 2009 Meetings:

Thursday, January 15th
Thursday, March 19th
Thursday, May 21st
Thursday, July 16th
Thursday, September 17th
Thursday, November 19th

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 **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.