



# FASAB *NEWS*

FEDERAL ACCOUNTING STANDARDS ADVISORY BOARD

## Highlights of FASAB's December 8, 2000 Meeting

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### KPMG Briefing on National Defense PP&E Study

KPMG briefed the Board on the results of its study under contract with the Department of Defense, "Report on the Evaluation of National PP&E Defense Reporting Approaches." In the report, KPMG recommends: capitalizing major end items (e.g., aircraft, ships, and combat vehicles) without depreciating them; capitalizing and depreciating other national defense property, plant, & equipment (e.g., command and control systems, intelligence and communication systems, and specific support equipment); and reporting the units and condition of major end items. The Board will take this report and associated comments under consideration in developing its exposure draft on reporting on national defense PP&E. Point of Contact: Rick Wascak, 202-512-7363, [wascakr.fasab@gao.gov](mailto:wascakr.fasab@gao.gov).

## Board Issues Preliminary Views on RSSI

The Federal Accounting Standards Advisory Board (FASAB) seeks comments on its preliminary views on eliminating Required Supplementary Stewardship Information (RSSI) as a category of information in federal financial reports. (Note: RSSI is a category unique to federal financial reporting; for background information on RSSI please see the last several issues of the *FASAB News*.) Board Chairman David Mosso explained that this document is a step toward one or more exposure drafts of a Statement of Federal Financial Accounting Standards, but it is not an exposure draft of a proposed standard. The Board would proceed to a final Statement of Standards on this subject only after considering comments on this document and on one or more subsequent exposure drafts issued pursuant to it.

Comments are due to FASAB offices by March 15, 2001. Copies of the Preliminary Views document are available at FASAB's website at [www.financenet.gov/financenet/fed/fasab/concepts.htm](http://www.financenet.gov/financenet/fed/fasab/concepts.htm). Printed copies will be sent to those on FASAB's mailing list. If the Board decides that public interest justifies a public hearing on these issues, it will announce such in the *Federal Register* and in the *FASAB News*. Point of Contact: Robert Bramlett, 202-512-7355, [bramlett.r.fasab@gao.gov](mailto:bramlett.r.fasab@gao.gov).

### Board Considers Prior Period Adjustments

Staff presented the Board with a draft exposure draft on an issue that the Board had not previously considered. Chairman Mosso said that the draft proposes resolving an issue that affects financial statement presentation and audit.

Statement of Federal Financial Accounting Standards (SFFAS) 7, *Accounting for Revenue and Other Financing Sources*, does not permit restatement of prior period adjustments in the financial statements. The Board believed that financial statements should remain as originally issued to ensure historical accuracy and budget reconciliation. Further, the Board believed that requiring agencies to restate prior period adjustments might be burdensome. An unforeseen consequence of the SFFAS 7 prohibition, however, is that entities making corrections for a prior period error encounter presentation and audit difficulties in their comparative financial statements. That is, if agencies don't restate prior year

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statements and a known error is not corrected, auditors would qualify their opinion. On the other hand, if agencies restate prior year statements to reflect corrected balances, auditors also would qualify their opinion since restating corrected balances is not in accordance with SFFAS 7.

After discussing the issue, the Board generally agreed with the intent of the draft exposure draft. Staff will incorporate Board changes and send the revised draft to Board Members for pre-ballot comments. Point of Contact: Andrea Palmer, 202-512-7360, [palmera.fasab@gao.gov](mailto:palmera.fasab@gao.gov).



## Board Approves SFFAS No. 19

With a vote of 8 to 1, the Board approved SFFAS 19, *Technical Amendments to Accounting Standards for Direct Loans and Loan Guarantees*. The amendments clarify (a) the cash flow discount method, (b) the use of effective interest rates, and (c) the measurement principle for default costs of direct loans and loan guarantees. (For background on this issue, see recent issues of the *FASAB News*.) The SFFAS will be submitted to FASAB principals for a 90-day review; if there is no objection, the statement will be issued as a final SFFAS. Point of Contact: Richard Mayo, 202-512-7356, [mayor.fasab@gao.gov](mailto:mayor.fasab@gao.gov).



**NOTE:** *Because of the holidays, this is an abbreviated newsletter. To learn more about the reported topics and other FASAB standards and documents, log onto FASAB's website, [www.fnancenet.gov/fasab.htm](http://www.fnancenet.gov/fasab.htm). Happy Holidays!*

### FASAB's Roster of Board and Staff Members

#### Original Board Members

##### Chair

Elmer B. Staats, 1991-1997  
*Department of the Treasury*  
Gerald Murphy, 1991-1998  
*Office of Management and Budget*  
Susan Gaffney, 1991  
*General Accounting Office*  
Donald Chapin, 1991-1997  
*Congressional Budget Office*  
James L. Blum, 1991-1998  
*Defense & International Agencies*  
Alvin Tucker, 1991-1997  
*Non-defense Agencies*  
William L. Kendig, 1991-1994  
*Non-federal Representative*  
Martin Ives, 1991-1997  
*Non-federal Representative*  
Cornelius E. Tierney, 1991-1997

#### Subsequent Board Members

##### Chair

David Mosso, 1997-present  
*Department of the Treasury*  
Donald V. Hammond, 1998-1999  
*Department of the Treasury*  
Robert Reid, 1999-present  
*Office of Management and Budget*  
Edward J. Mazur, 1991-1993  
*Office of Management and Budget*  
Harold I. Steinberg, 1993-1994  
*Office of Management and Budget*  
Norwood Jackson, 1995-1999  
*Office of Management and Budget*  
Joseph L. Kull, 2000-present  
*General Accounting Office*  
Philip T. Calder, 1997-present  
*Congressional Budget Office*  
Barry B. Anderson, 1999-present  
*Defense & International Agencies*  
Nelson Toye, 1997-present  
*Non-defense Agencies*  
James E. Reid, 1994-1998  
*Non-defense Agencies*  
Kenneth J. Winter, 1999-present  
*Non-federal Representative*  
Donald H. Chapin, 1997-present  
*Non-federal Representative*  
Linda J. Blessing, 1997-1999  
*Non-federal Representative*  
James M. Patton, 1999-present

#### Original Staff Members

##### Executive Director

Ronald S. Young, 1990-1996  
*Deputy Executive Director*  
Jimmie D. Brown, 1990-1993  
Robert W. Bramlett, 1991-present  
Wendy M. Comes, 1991-1996  
Richard L. Fontenrose, 1991-present  
M. Lucy Lomax, 1991-present  
Richard C. Mayo, 1991-present  
Frank Rexford, 1991-1993 (deceased)  
Monica R. Valentine, 1991-present  
Richard Wascak, 1991-present  
Richard S. Tingley, 1991-present  
Marian Nicholson, 1991-present  
Alice Keels, 1991-1993  
Allison Powell, 1993-1997

#### Subsequent Staff Members

##### Executive Director

Wendy M. Comes, 1996-present  
Andrea Palmer, 1997-present

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## Upcoming Meeting Dates

### 2001

FASAB — February 21 & 22

AAPC — January 11 (Room 6846)

### Location

General Accounting Office, 441 G Street, NW, Washington, DC 20548.

When available, the room number is listed next to the meeting date.

Agendas are posted to the FASAB web page one week prior to meetings.



## FASAB's Web Page:

[www.financenet.gov/fasab.htm](http://www.financenet.gov/fasab.htm)

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**NOTE:** *FASAB News* is published by the staff of the Federal Accounting Standards Advisory Board. This newsletter, highlighting recent Board actions, is issued after Board meetings to provide the public with an understanding of issues that the Board is considering. 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 Lucy Lomax, 202-512-7359, [lomaxm.fasab@gao.gov](mailto:lomaxm.fasab@gao.gov)

Please direct FASAB and AAPC administrative questions to Dick Tingley, 202-512-7361, [tingleyr.fasab@gao.gov](mailto:tingleyr.fasab@gao.gov)

## Change of Address or Cancellation?

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