



FASAB News
Federal Accounting Standards
Advisory Board

April/May 2011

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Coming Soon - FASAB.GOV is changing!

New Web Site Design and Functionality

Ten years ago, in early 2001, with support from the Government Accountability Office (GAO, then General Accounting Office), FASAB acquired the rights to the domain name www.fasab.gov.¹ Transitioning the first host site at financenet.gov took some time, but the new www.fasab.gov site was up and running on December 1, 2001. Times have changed plenty since then and there are several best practices regarding Web site navigation that FASAB staff, with support from a GAO information technology team, has been working to integrate into our newly designed Web site. The site is presently undergoing an internal quality review and will be available by mid-June.

Our newly designed Web site will require new hyperlinks so please plan to update your bookmarked pages, as needed.

¹ FASAB News, Issue 66 • February 2001/March 2001, pg 4.

New Name for FASAB's Pronouncements, As Amended

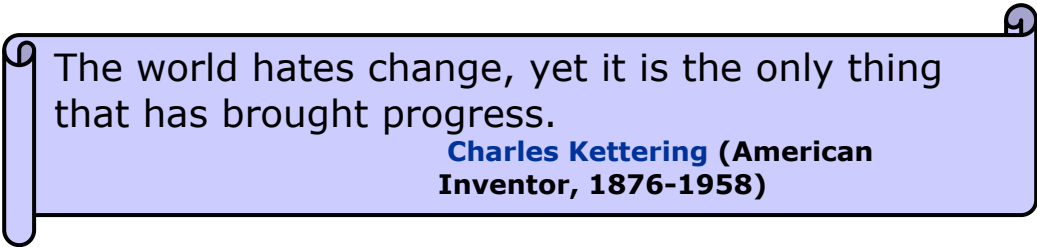
In reviewing the most commonly visited Web pages on FASAB's existing Web site, we found that visitors to our Web site are regularly viewing less authoritative sources of information (i.e., original pronouncements that do not include subsequent amendments) rather than the most authoritative source of information: the "Pronouncements as Amended" volume.

Therefore, as approved by the board at its February meeting, when the newly designed www.fasab.gov is launched, the "Pronouncements as Amended" volume will be referred to as the "***FASAB Handbook of Federal Accounting Standards and Other Pronouncements, As Amended (FASAB Handbook)***." In addition, the newly designed Web site will use the term "Standards" as the navigational key phrase for FASAB Web site users to access the page presenting all pronouncements issued by FASAB.

USFASAB on Twitter

Our first move into the social media was to establish an account on Twitter. Please follow us at <http://twitter.com/#!/usfasab> and we will keep you updated on when the new Web site will be up and running. If you follow us on Twitter, you will receive FASAB's first tweet announcing the availability of our new website! After the launch, we plan to Tweet regarding member and staff speaking engagements, links to articles, and other news not routinely covered in our news releases or FASAB News.

If you have any comments on the new Web site once it is launched, please send them to fasab@fasab.gov and we will work to incorporate them into the next update.



The world hates change, yet it is the only thing that has brought progress.

Charles Kettering (American Inventor, 1876-1958)

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.)

Measurement

The Board approved Statement of Federal Financial Accounting Concepts 7, *Measurement of Elements of Accrual-Basis Financial Statements in Periods After Initial Recording*, at its April meeting. The concept statement was submitted to the Board sponsors for a 90-day review period and will be issued on August 16th if an objection is not received from the Director of the Office of Management and Budget or the Comptroller General of the United States before that date.

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.

Federal Entity

At the April meeting, the Board reviewed the staff proposed factors to consider for disclosures regarding non-core accountable entities (e.g., those included but not consolidated in the U.S. government financial statements). Flexibility in disclosure of non-core accountable entities is provided because the range of non-core accountable entities is broad and different disclosures may be required to meet the reporting objectives for different non-core entities. Providing this flexibility allows the preparer to present information necessary to meet reporting objectives while also providing an understanding of the potential effect of the relationship on the core entity's financial statements.

The factors approved by the Board to assist the preparer in making the determination include: *relevance to reporting objectives, nature of the potential benefits or risks/exposures associated with the relationship, organization views/perspective, complexity of the relationship, extent to which the information interests (or may be expected to interest) a wide audience, and extent to which there are not alternative sources of reliable information*. The Board agreed with the rest of the proposed factors to consider for non-core disclosures for entities that are not consolidated.

The Board agreed the broad classes of non-core entities in the ED are presented primarily as a way to help identify non-core entities and assist preparers. The Board generally agreed with the staff proposed disclosures for non-core

entities. The Board requested staff clarify the flexibility intended in the disclosure requirements such as that information may be presented aggregated for a class of non-core entities, by individual non-core entity, or in various notes regarding investments in non-core entities.

The Board agreed the Illustrative guide accompanying the proposal should present a mix of examples including some that are not debatable and some are because they fall in the center between core and non-core. It was agreed the logic and decisions should be explained with caution of avoiding instances that might be applied in the wrong situations.

Staff will do the following:

- Develop a revised related party section
- Additional research and outreach, including inquiring of the audit community and the task force as necessary regarding the auditor's responsibility for condensed information for information presented on non-core entities (particularly where there is a different basis of accounting or different year ends)
- Review the control indicators to ensure they are clear and consistent

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

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

During the April 2011 meeting, the FASAB discussed a staff proposal to develop a new basic financial statement that would articulate (link) information in the existing financial statements. The Board had initiated work to develop this statement as part of its Social Insurance project and staff suggested continuing this work while concurrently enhancing the conceptual framework. The conceptual framework segment would address voids and concerns that Board members raised during their deliberations on social insurance and other topics.

Upon discussing the proposal, the Board determined that adding a new basic financial statement to articulate existing information would not be beneficial to readers. The reporting model already includes a number of financial statements, including the new statement on sustainability (Long-Term Fiscal Projections for the U.S. Government) which is being widely used to inform fiscal discussions. Instead, the focus should be on better presenting or communicating the existing information.

Also, the Board believed that it would be premature to revisit the conceptual framework at this time. The Board acknowledged that the financial reporting community has a number of initiatives ongoing that may inform an analysis of the conceptual guidance.

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

Natural Resources

FASAB continued deliberations on the following two different draft pronouncements:

1. Proposed Standard – Deferral of SFFAS 38 for One Year

Prior to the April board meeting, the board members unanimously approved Proposed Statement of Federal Financial Accounting Standards (SFFAS) 41, *Deferral of the Effective Date of SFFAS 38, Accounting for Federal Oil and Gas Resources*. The proposed standard was transmitted to FASAB's sponsors for a 90-day review period beginning on April 6, 2011. Staff anticipates that SFFAS 41 will be issued as final in early July 2011.

2. Proposed Technical Bulletin – Applying SFFAS 38 to Other Types of Natural Resources

At the April 28, 2011, board meeting, members discussed the revised comment letter received from the Department of the Interior (DOI) on the exposure draft of Technical Bulletin 2011-1, *Accounting for Federal Natural Resources Other than Oil and Gas*. In addition, two representatives from DOI met with the board to answer questions about its revised comment letter and discuss plans for implementing the requirements of the proposed Technical Bulletin. In DOI's revised comment letter, DOI requested that the effective date of the proposed Technical Bulletin be extended by one year to fiscal year 2014, because the same staff that would be devoted to developing the estimate for SFFAS 38 would also be the ones determining what needs to be done to comply with the proposed technical bulletin.

A majority of the members approved the one-year extension and directed staff to continue with issuance of the proposed Technical Bulletin. Staff anticipates that the technical bulletin will be issued in early July 2011.

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

FASB Reporting by Federal Entities (Appropriate Source of GAAP)

Staff is continuing research to determine whether additional reporting should be required for any of the entities that primarily apply FASB GAAP in order to meet users' needs and federal financial reporting objectives. **Staff plans to present a revised project plan to the board at the June board meeting.**

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

Deferred Maintenance & Asset Impairment

At the April meeting the Board reviewed a draft Exposure Draft regarding measurement and reporting issues related to Deferred Maintenance and Repairs and provided staff with additional guidance. Three major topical areas drew most of the Board's attention: (1) the concept of preferred practices and/or methods, (2) condition reporting and additional information, and (3) DM&R estimates. Related highlights from the Board deliberations include:

1. Preferred practices and/or methods. Some members were concerned that requiring agencies to follow a preferred method or practice concept would cause

implementation difficulties (e.g., audit related) especially since setting boundaries could prove challenging. Also, some members were concerned that a preferred method or practice would impede management's ability to exercise judgment regarding efficient methods. On the other hand it was noted that providing management with flexibility is diametrically opposed to consistency and comparability issues. As a result, the Board decided to delete any references to "preferred" in the body of the draft Exposure Draft and bolster discussions in the basis for conclusions where benefits of diverse methods could be explained and the factors or criteria management could consider in making selection decisions could be shown.

2. Condition reporting & additional information. The Board reaffirmed its position to no longer require condition reporting. However, as one member emphasized it must be clear that the Board's decision to no longer require such reporting, should not be interpreted to mean that condition information not be reported at all. A point was made that condition reporting is a function that drives the deferred maintenance and repairs estimate and many on the Board believe it is this estimate which is most germane for reporting purposes. Members generally agreed that agencies have flexibility and are free to discuss this matter, as well as others, within the reporting model.
3. DM&R estimates. Members generally agreed for simplification in reporting the DM&R estimate. As a minimum, the members believed that beginning and ending balances for material DM&R amounts should be broken-out by category (i.e., general PP&E, heritage assets and stewardship land). As one member stated, the level of detail presumably would be selected based upon user needs. Therefore, the above categories represent minimal reporting requirements and further disaggregating by asset class could be appropriate.

Staff was asked to incorporate these as well as other recommendations into a revised draft document for the Board's consideration in June.

Staff invites interested parties to feel free and share input or observations at any time.

Board briefing materials are found at <http://www.fasab.gov/meeting.html>; select Tab C.

Should you have any questions, input or observations that you would like to share, please contact Mr. Domenic N. Savini at 202-512-6841 or email at savinid@fasab.gov.

Point of Contact: Domenic Savini, 202-512-6841, SaviniD@fasab.gov

Review of Existing Standards: Earmarked Funds

At the April meeting, the Board decided that the exposure draft (ED), *Revisions to Identifying and Reporting Earmarked Funds: Amending Statement of Federal Financial Accounting Standards 27*, should provide for reporting on the face of the component entity Balance Sheet and Statement of Changes in Net Position either (a) in accordance with existing reporting requirements (breakout of net position on the face of the Balance

Sheet and breakout of numerous line items on the face of Statement of Changes in Net Position) or (b) amounts for earmarked funds could be displayed parenthetically for certain key line items, and all breakouts not displayed on the face of the SCNP should be provided in a note. The Board decided that the ED should include illustrative pro formas for both options.

The Board also decided that there should be an explicit requirement that the component entities' note disclosures should be in sufficient detail to support the required government-wide reporting on earmarked funds. The Board also approved edits to clarify the language of the exposure draft.

Next steps: Staff will work on finalizing the draft ED so that a ballot draft ED can be presented to the Board at or before the June 2011 meeting.

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

FASAB Current Technical Agenda and Status of Projects

Project	Key Milestones	Quarter 1 CY2011	Quarter 2 CY2011	Quarter 3 CY2011	Quarter 4 CY2011	Staff Contact
Natural Resources	Oil & Gas Final – April 2010	Technical Bulletin & SFFAS ED/DP	SFFAS UR	Final SFFAS Final Technical Bulletin		Julia Ranagan, 202-512-7377
The Federal Entity		Research	Research	Research	ED	Melissa Loughan, 202-512-5976
FASB Reporting by Federal Entities		Research	Research	Research	ED	Julia Ranagan, 202-512-7377
Deferred Maintenance & Asset Impairment		Research DP - Definition	Research Final - Definition	Research on measurement and reporting	ED on measurement and reporting	Domenic N. Savini, 202-512-6841
Earmarked Funds		Research	ED	DP	UR	Eileen Parlow, 202-512-7356
Conceptual Framework Project:						
Measurement Attributes		ED	DP	UR		Penny Wardlow, 202-512-7350
Financial Reporting Model		Research	Research	Research	Research	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

At its March meeting the AAPC reviewed the draft technical release (TR), *Implementation Guide for Estimating the Historical Cost of G-PP&E*. The TR was issued as an exposure draft on December 10, 2010, responses were requested by February 11, 2011, and fifteen comment letters were received. The Committee discussed the responses received and recommended several edits. Subsequent to the meeting the AAPC approved the final release of Technical Release 13, *Implementation Guide for Estimating the Historical Cost of G-PP&E*. The TR is currently under the 45-day required FASAB review and is expected to be issued as final in early June 2011.

Technical Release Exposure Draft, *Implementation Guidance on the Accounting for the Disposal of G-PP&E*, also issued as an exposure draft on December 10, 2010 has received eighteen comment letters that will be discussed at the May AAPC meeting.

The AAPC also reviewed a draft "management's discussion and analysis" ("MD&A") best practices report. An AAPC task group ("TG") was formed in March 2010 to review FY 2009 MD&As based on criteria developed from the Office of Management and Budget's Circular A-136. Circular A-136 MD&A guidance is essentially the same as Statement of Federal Financial Accounting Concepts (SFFAC) 3, *Management's Discussion and Analysis*, and Statement of Federal Financial Accounting Standards (SFFAS) 15, *Management's Discussion and Analysis*, and therefore also reflects the Association of Government Accountants' Certification of Excellence in Accountability Reporting (CEAR) review guidance, which cites Circular A-136 almost paragraph-by-paragraph.

MD&A best practices guide would be issued as a report from the AAPC and will not go through the public comment process. As a best practices guide it has no GAAP authority.

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

FASAB Meeting Schedule

Schedule for 2011 Meetings:

Wednesday, June 22nd and Thursday, June 23rd
Wednesday, August, 24th and Thursday, August 25th
Wednesday, October 26th and Thursday, October 27th
Monday, December 19th and Tuesday, December 20th

Unless otherwise noted, FASAB meetings begin at 9 AM and conclude before 5 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 2011 Meetings:

Thursday, July 21st
Thursday, September 15th
Thursday, November 17th

Unless otherwise noted, AAPC 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.