



FASAB News *Federal Accounting Standards* *Advisory Board*

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FASAB Bids Farewell to Robert N. Reid

FASAB Member Bob Reid, Deputy Assistant Secretary for Accounting Operations at the United States Department of the Treasury, retired on January 3, 2009. Mr. Reid represented Treasury from July 1999 to December 2008.



Mr. Reid made substantial contributions to improving federal financial reporting during his tenure at Treasury and on the Board. He served at Treasury as the senior official on accounting policy and provided policy oversight of government-wide accounting and the preparation of the annual government-wide consolidated financial statements. As a FASAB member he was committed to improving the clarity of the consolidated financial statements and influenced heavily the development of many standards.

Pronouncements as Amended

An updated volume of pronouncements issued by the Federal Accounting Standards Advisory Board (FASAB) is now available on the website at <http://www.fasab.gov/codifica.html>

The volume is entitled *Pronouncements as Amended* and replaces the previous volume entitled *Original Pronouncements as Amended*. The change in title is intended to clarify that each pronouncement is presented in its current form inclusive of any amendments. Staff encourages use of this volume for official references to ensure that amendments are not overlooked.

The update includes all pronouncements issued as of June 30, 2008. Pronouncements issued after that date are available as individual PDF files at the above link as well.

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.)

Federal Entity

The primary objective for the December Board meeting was to provide an educational session on the Federal Reserve and other English speaking nations' central bank systems so that Board members could determine if whether to address the Federal Reserve explicitly in the federal reporting entity project. The briefing materials contained a staff paper with information on the Federal Reserve with appendices of Board of Governors Financial Statements and the Combined Financials Statements for the Federal Reserve Banks as well as brief summary of other Central Banks.

Staff presented the ownership of the Federal Reserve is much different when compared to other central banks researched. All of the other central banks were owned 100% by the respective government. In addition, treatment of the central banks in the consolidated government-wide financial statements differs among the countries, with two countries fully consolidating the central bank activities.

Staff also noted the difference in ownership and structure with the Federal Reserve Banks could lead to looking at the issue of whether the Federal Reserve System in its entirety (including both the Board of Governors and the Federal Reserve Banks) should be part of the federal reporting entity or alternatively looking at each individually may be more appropriate. Staff also explained that explicit consideration does not necessarily mean the Federal Reserve would be consolidated in the Federal Entity; it may lead to determining there should be some other specific disclosures.

The Board agreed that staff will continue working toward finalizing an Exposure Draft in the Federal Entity project and the Federal Reserve would be considered as part of the Federal Entity project once the criteria are finalized.

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

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

Staff is planning to conduct a series of focus group discussions and interviews regarding the federal financial reporting model. The focus groups and interviews will involve financial report preparers, citizen intermediaries, congressional staff, program managers, executives, auditors, and experts in federal financial reporting. The discussion topics will include issues such as: (1) what information participants believe users expect from the federal government to assist them in assessing its accountability and in making decisions with respect to the federal government; and (2) possible improvements to the existing federal financial reporting model. Staff conducted a field test focus group in December 2008. Actual discussions are scheduled to begin in February 2009.

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

Fiscal Sustainability Reporting

Comments on the exposure draft (ED), *Reporting Comprehensive Long-Term Fiscal Projections for the U.S. Government*, were requested by January 5, 2009. A public hearing is scheduled for February 25, 2009. If you plan to participate in the hearing, please contact Ms. Parlow as soon as possible. The ED is posted on the FASAB website at http://www.fasab.gov/pdffiles/fsr_edfinal.pdf.

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

Natural Resources

At the December meeting, the members unanimously supported continuing efforts to issue an exposure draft (ED) on accounting for federal oil and gas resources. Based on the board members' views expressed at the December meeting, staff will retain the scope of the ED as oil and gas only, preserve the level of detail in the draft ED except for par. 27, modify par. 27 to move away from the formula in the previously exposed ED (quantity X price X royalty rate), and keep the effective date as drafted (three year phase-in from RSI to basic with a date certain).

In addition, as time permits, staff will address the following:

- Provide additional information on the fiduciary reporting requirement to enable the board to reach consensus on whether to retain the recognition requirements as an integral part of the fiduciary activities Schedules of Fiduciary Activity and Net Assets;
- Provide additional information on the classification of short-term vs. long-term liabilities as it would apply to revenues to be distributed to others to enable the board to reach consensus on how to treat the oil and gas liabilities;
- Provide additional information on the ability of DOI to provide the component entity RSI as currently proposed to enable the board to reach consensus on whether to retain the RSI requirements from the original ED;
- Provide additional information on how to treat custodial reporting for other commodities (including other proved reserves that are not included in the estimate because they are not statutorily available for lease) to enable the board to reach consensus on how the other commodities should be addressed. Provide two or three options for reporting for other natural resources (e.g., custodial, disclosure, RSI, etc) and indicate whether the options would be in anticipation of or in lieu of another standard on natural resources.
- Provide additional information on showing the gains and losses on the component entity statement of net cost to enable the board to reconfirm its decision to show the gains and losses on the statement of net cost of the component entity responsible for collecting royalties.
- Provide additional information related to reporting changes in assumptions to enable the board to reach consensus on how to display the changes in long-term oil and gas assumptions.

Staff will work towards a pre-ballot re-exposure draft for the April 2009 meeting.

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

Social Insurance

Comments are requested by February 9th on the exposure draft, *Accounting for Social Insurance, Revised*. See http://www.fasab.gov/pdf/files/socialins_exposurefinal.pdf.

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

Appropriate Source of GAAP

The second phase of this project will commence after the board deliberates on the comments received on the ED, *The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board*. Comments were requested to be received by February 2, 2009.

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

General PP&E Valuation

Comments on the exposure draft (ED), *Estimating the Historical Cost of General Property, Plant, and Equipment -- Amending Statements of Federal Financial Accounting Standards 6 and 23*, are requested by January 30, 2009. The ED is posted on the FASAB website at http://www.fasab.gov/pdf/files/gppe_ed111408.pdf.

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

Fiduciary Activities

The public comment period for draft Staff Implementation Guidance (SIG) for the implementation of SFFAS 31, *Accounting for Fiduciary Activities*, ended on December 3, 2008. In January 2009 a revised final draft will be forwarded to the Board for a 15-day review period, after which, absent objections from a majority of the Board, the SIG would be issued.

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

GAAP Hierarchy

On December 2, 2008, the FASAB released the Exposure Draft (ED), *The Hierarchy of Generally Accepted Accounting Principles for Federal Entities, Including the Application of Standards Issued by the Financial Accounting Standards Board*. The ED proposes to incorporate the hierarchy of generally accepted accounting principles (GAAP) into the FASAB's authoritative literature. The "GAAP hierarchy" consists of the sources of accounting principles used in the preparation of financial statements of federal reporting entities that are presented in conformity with GAAP and the framework for selecting those principles. Currently, the hierarchy for selecting the principles used in the preparation of financial statements by federal reporting entities is set forth in auditing standards, rather than in the authoritative literature of the FASAB. The FASAB does not expect that simply incorporating the hierarchy into the accounting literature would require a change in current practice.

The ED also proposes to clarify GAAP for those federal entities that are currently applying financial accounting and reporting standards issued by the Financial Accounting Standards Board (FASB). The ED allows federal entities that have issued general purpose financial reports prior to October 19, 1999, in conformance with accounting and reporting principles issued by the FASB, to continue to do so. In addition, the ED provides interim guidance for federal entities that begin preparing GAAP-based financial statements for the first time. The ED poses questions to respondents regarding the GAAP Hierarchy and the application of standards issued by the FASB. Also, in the future, the FASAB plans to conduct deliberations on the reporting by federal entities that primarily apply standards issued by the FASB. The ED presents questions to aid in those discussions. The exposure draft requests comments by February 2, 2009, and respondents are encouraged to provide the reasons for their positions. The exposure draft in PDF format and the specific questions raised in Word format are available at the FASAB website (<http://www.fasab.gov/exposure.html>).

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

Deferred Maintenance & Asset Impairment

The FASAB has recently approved a Deferred Maintenance project whose goal shall be to expand existing guidance where appropriate, as well as consider certain relevant asset impairment accounting. Specifically, the project will develop guidance for reporting information about deferred maintenance and asset impairment with respect to property, plant and equipment (i.e., general PP&E, heritage assets, and stewardship land).

The Board will work with a task force comprising, but not limited to, representatives or members of the Federal Real Property Council, the Federal Facilities Council, agency engineering or facility management staff, financial statement preparers and users, and auditors. Task Force members will bring technical knowledge relevant to not only longstanding issues, but also timely advice concerning the latest advancements in asset portfolio management and new policy initiatives.

We are currently seeking candidates who would like to assist us with this project. If you or someone you know are interested in advising the staff or serving as a Task Force member, please contact the FASAB project manager identified below.

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

FASAB Current Technical Agenda and Status of Projects

Project	Key Milestones	Quarter 1 2009	Quarter 2 2009	Quarter 3 2009	Quarter 4 2009	Staff Contact
Natural Resources	ED – May 2007	Oil & Gas DP	Revised ED	Oil & Gas DP	Oil & Gas DP	Julia Ranagan, 202-512-7377
Fiduciary Activity	SFFAS 31 Issued – October 2006	Q&As Finalized				Eileen Parlow, 202-512-7356
Fiscal Sustainability	ED – Sept 2008	DP	DP	UR	Final	Eileen Parlow, 202-512-7356
The Federal Entity		Research	Research	Research	ED	Melissa Loughan, 202-512-5976
Social Insurance Liabilities	PV -- October 2006 ED – Nov. 2008	DP	DP	UR	Final	Richard Fontenrose, 202-512-7358
Appropriate Source of GAAP		Research	Research	Research	ED for Remaining Issues	Julia Ranagan, 202-512-7377
General PP&E Valuation	ED – Nov. 2008	DP	UR	Final		Monica Valentine, 202-512.7362
Deferred Maintenance & Asset Impairment		Research	Research	Research	Research	Domenic N. Savini, 202-512-6841
Conceptual Framework Project:						
Measurement Attributes		Research	Research	Research	Research	Penny Wardlow, 202-512-7350
Financial Reporting Communications Methods		Final				Ross Simms, 202-512-2512
Reporting Model		Research	Research	Research	Research	

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 September 18th scheduled meeting of the AAPC was canceled. However, the AAPC G-PP&E task force is continuing its work. The next meeting of the AAPC is scheduled for Wednesday, January 28, 2009 at 9:00 am.

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 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 2009 Meetings:

Thursday, January 28th
(9:00 – 11:00 am)
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.