

Federal Accounting Standards Advisory Board

FOR MORE INFORMATION:

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NEWS RELEASE

**AAPC PUBLISHES TWO NEW FEDERAL FINANCIAL ACCOUNTING
TECHNICAL RELEASE EXPOSURE DRAFTS ENTITLED
Implementation Guidance on the Accounting for the Disposal of G-PP&E
and
*Implementation Guide for Estimating the Historical Cost of G-PP&E***

The Chairperson of the Accounting and Auditing Policy Committee (AAPC), Wendy Payne, announced today that the AAPC has issued two new Federal Financial Accounting Technical Release exposure drafts entitled ***Implementation Guidance on the Accounting for the Disposal of G-PP&E*** and ***Implementation Guide for Estimating the Historical Cost of G-PP&E***. Both guides were developed by a task force chaired by AAPC member, Donjette L. Gilmore, Director - Accounting & Finance Policy, Office of the Under Secretary of Defense (Comptroller)/DCFO -- Department of Defense. Ms. Payne stated that, "The task force, with Ms. Gilmore's leadership, has drafted guidance to address long-standing and challenging issues in the area of accounting for property, plant and equipment. With input from the public and larger federal financial management community, I am hopeful that final guidance to help resolve these issues can be issued soon."

The ***Implementation Guidance on the Accounting for the Disposal of G-PP&E*** exposure draft addresses important implementation questions and will lead to consistent accounting treatment for the disposal, retirement, or removal from service of general property, plant, and equipment as well as related cleanup costs. The purpose of this proposed technical release is to provide implementation guidance that further clarifies existing SFFAS 6 requirements. The implementation guidance should help differentiate between permanent and temporary removal from service of G-PP&E assets. The implementation guidance also recognizes the many complexities involved in the disposal of G-PP&E, as well as delineates events that trigger discontinuation of depreciation and removal of G-PP&E from accounting records.

The ***Implementation Guide for Estimating the Historical Cost of G-PP&E*** exposure draft addresses the historical cost estimating of G-PP&E. The guide provides direction on types of estimating methodologies and the documentation to support the valuation estimates of G-PP&E. This guidance provides a foundation for preparers to exercise

judgment in formulating those estimates. The examples outlined illustrate the use of various estimating methodologies to derive the historical cost of G-PP&E in accordance with existing guidance permitting use of estimates.

Specific questions for respondents are included in the exposure draft and other comments are welcome. Responses are requested by February 11, 2011. The exposure drafts in PDF format and the specific questions for respondents in Word format are available on the FASAB website at <http://www.fasab.gov/exposure.html>.

ABOUT the AAPC

The Accounting and Auditing Policy Committee (AAPC) was organized in May 1997 by the Department of the Treasury, the Office of Management and Budget (OMB), the Government Accountability Office (GAO), the Chief Financial Officers' Council (CFOC), and the Council of the Inspectors General on Integrity and Efficiency (CIGIE) [formally the President's Council on Integrity and Efficiency (PCIE)], as a body to research accounting and auditing issues requiring guidance.

The AAPC serves as a permanent committee established by the Federal Accounting Standards Advisory Board (FASAB). The mission of the FASAB is to develop accounting standards after considering the financial and budgetary information needs of congressional oversight groups, executive agencies, and the needs of other users of Federal financial information. The mission of the AAPC is to assist the Federal government in improving financial reporting through the timely identification, discussion, and recommendation of solutions to accounting and auditing issues as they relate to the specific application of existing authoritative literature.

The AAPC is intended to address issues that arise in implementation, which are not specifically or fully discussed in Federal accounting and auditing standards. The AAPC's guidance is cleared by FASAB before being published.

For more information on AAPC and FASAB, please visit our website: www.fasab.gov.