



*FASAB News*  
*Federal Accounting Standards*  
*Advisory Board*

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**December 2015/January 2016**  
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## Member News

### FASAB Bids Farewell to Chairman Tom Allen and Member Harold Steinberg and Welcomes Gila Bronner and George Scott

Tom Allen and Harold Steinberg completed their service to the Board on December 31<sup>st</sup>.

Under Mr. Allen’s leadership, the Board made significant improvements to federal financial accounting. Most importantly, Mr. Allen’s focus on outreach and collaboration ensured members heard from experts on issues and had an open forum to raise new ideas. He led the Board in resolving challenging issues regarding the fiscal sustainability of the federal government, the boundaries of the federal reporting entity, and many other complex topics.

Mr. Steinberg generously shared his expertise in federal financial management with the Board in many capacities. In the early 1990s, he served as a member representing the Office of Management and Budget for two and a half years. He returned as a non-federal member in 2007. In the interim years, he frequently responded to proposed

accounting standards and often assisted the staff in researching issues. His knowledge of the federal environment and financial management practices is unmatched, and he will be sorely missed.

Chairman Showalter commented, "FASAB has benefitted from Tom's leadership and direction and from Hal's significant knowledge of federal operations and accounting. We will miss their contribution, which garnered FASAB significant results, while looking forward to working with our two new board members – Gila Bronner and George Scott."

See [Member Bios](#) and [News Release](#) for more information regarding Ms. Bronner and Mr. Scott.

### FASAB Member Sam McCall

Sam M. McCall recently announced that he has decided not to seek a second term. The Board extends its thanks to Mr. McCall for his valuable service on the Board. His service began on January 1, 2011 and will end on December 31, 2016.

#### **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 Leigha Kiger at 202-512-7358 or [KigerL@fasab.gov](mailto:KigerL@fasab.gov).

Please direct AAPC technical questions to Grace Wu at 202-512-7377 or [wug@fasab.gov](mailto:wug@fasab.gov).

Please direct FASAB and AAPC administrative questions to Terri Pinkney at 202-512-7350 or [pinkneyt@fasab.gov](mailto:pinkneyt@fasab.gov).

FASAB Chairman D. Scott Showalter said, "Sam provides a valuable perspective for our deliberations – his keen insights regarding information useful for assessing operating performance provide a valuable user perspective. He has challenged his fellow members to consider the citizen's perspective on many topics, with his efforts reflected in the final Statements. I look forward to having his input during the next year and will miss him greatly when he completes his term."

The FASAB Appointments Panel is preparing to consider candidates for the vacancy that will result. Potential candidates may be brought to the panel's attention by submitting an email to [fasab@fasab.gov](mailto:fasab@fasab.gov) by February 6th.

## Current Board Projects

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

### [DoD Implementation Guidance Request Project](#)

On December 22, 2015, FASAB requested comments on a proposed Statement of Federal Financial Accounting Standards entitled *Establishing Opening Balances for General Property, Plant, and Equipment: Amending*

*Statement of Federal Financial Accounting Standards (SFFAS) 6, SFFAS 10, SFFAS 23, and Rescinding SFFAS 35. Comments are due by February 4, 2016.*

The proposal is in response to a Department of Defense (DoD) request for guidance on establishing opening balances for general property, plant, and equipment (PP&E). The proposal would allow a reporting entity to apply alternative methods in establishing opening balances for general PP&E. The alternative methods include:

- (1) use of deemed cost to establish opening balances of general PP&E,
- (2) selecting between deemed cost and prospective treatment of internal use software, and
- (3) exclusion of land from opening balances with disclosure of acreage information.

The alternative methods are available only when presenting information following generally accepted accounting principles (GAAP) either (1) for the first-time or (2) after a period during which existing systems could not provide the information necessary for producing such GAAP-based financial statements without use of the alternative valuation method. The application of this Statement based on the second condition is available to each reporting entity only once per line item addressed in this Statement.

The exposure draft also solicits input regarding a new FASAB project to review existing standards on the reporting of land and to consider a consistent approach for all component reporting entities. Suggestions from respondents regarding options for improving current reporting on land are encouraged as we deliberate this topic.

The exposure draft can be found at <http://www.fasab.gov/board-activities/documents-for-comment/exposure-drafts-and-documents-for-comment/index.html>.

Point of Contact: Melissa L. Batchelor, 202-512-5976, [batchelorm@fasab.gov](mailto:batchelorm@fasab.gov)

### [The Financial Report: MD&A, Statements, Notes, RSI, and OAI](#)

During its December 2015 meeting, FASAB held a panel discussion to help determine what information is needed for reporting on the government's financial condition. Experts informed FASAB that long-term projections of debt held by the public are important for reporting on the government's financial condition. The discussion panel included:

- Barry Anderson, Independent Consultant on U.S. and International Budget Issues, and former FASAB member; and
- Julie Topoleski, Chief, Long-Term Analysis Unit, Congressional Budget Office (CBO).

The panel emphasized the need for long-term projections when assessing the government's financial condition. Mandatory spending is two-thirds of the federal budget and growing; consequently, the nation is facing significant intergenerational demographic issues.

Panel members noted the CBO graph of *Federal Debt Held by the Public* is an effective tool for communicating the government's financial condition with the public. It provides a long-term projection of debt as a percentage of gross domestic product (GDP) and helps users consider historical aspects, as well as the future direction of the debt. To ensure that the public understands the information, panel members discussed the need for simplicity and using pictorial representations of data.

Following the panel discussion, the Board discussed the existing concept of financial condition and selected a framework to guide development of an Ideal Reporting Model Concepts Statement. The Board determined the concept of financial position was important for reporting on the government's financial condition and that this concept applied to both the financial report of the U.S. government (FR) and component reporting entities. However, financial position for a component has a different meaning. Components generally receive appropriations rather than direct revenues and use the funding to provide programs and services rather than to accumulate assets. The Board also determined that the role of the Board, with respect to the concepts of financial position discussed in SFFAC 1, may need to be refreshed in light of more recent conceptual guidance.

In addition, the Board agreed that long-term information is important for reporting on the government's financial condition, and members acknowledged that the Board has already issued standards that require long-term projections. Also, although SFFAC 1 discusses the need for information about the national economy and society, the Board did not believe this discussion would significantly affect their efforts to develop an ideal reporting model.

Regarding a framework to guide development of an Ideal Reporting Model Concepts Statement, the Board concluded a comprehensive framework is needed. As the Statement is developed, the Board can then deliberate specific concepts and decide what to revise or to remove and the order of the topics. Accordingly, the Board selected a framework developed by Mr. Steinberg, which included new and existing concepts and topics that members had suggested over time.

Point of Contact: Ross Simms, 202-512-2512, [simmsr@fasab.gov](mailto:simmsr@fasab.gov)

## Leases

The objective for the December 2015 lease discussion was to update the Board on the progress of the lease project, including the status of the Governmental Accounting Standards Board (GASB) lease project. The Board had previously directed staff to use the GASB lease proposal as a platform for developing the FASAB standards on non-intragovernmental leases.

GASB is in the final stages of finalizing its exposure draft (ED) and expects to release the ED for comment by the end of the first quarter of 2016. GASB plans to release its final lease standard in early 2016 with an effective date of 2019.

Staff's goal is to have the FASAB lease ED available for comment by mid-2016. Staff also plans to hold a lease task force meeting on February 2, 2016.

There was also a brief discussion on the accounting for lease holdovers, in light of a recent Government Accountability Office (GAO) report. Holdovers occur when the tenant continues to occupy the premises after the lease has expired. The Board will consider the need for guidance on holdovers at a future meeting.

Staff will continue to work with the task force to further develop the lease standards and will continue to follow the progress of the GASB lease discussions.

Point of Contact: Monica Valentine, 202-512-7362, [valentinem@fasab.gov](mailto:valentinem@fasab.gov)

### Risk Assumed-Insurance Programs

The Insurance Programs exposure draft was published for comment on December 30, 2015. To provide concise, meaningful, and transparent information regarding insurance program costs and liabilities, the exposure draft proposes to establish three categories of insurance and related guidance: exchange transaction insurance programs other than life insurance, nonexchange transaction insurance programs, and life insurance programs. The proposal would rescind existing standards for insurance and guarantee programs in SFFAS 5, *Accounting for Liabilities of The Federal Government*, paragraphs 97-121. The requirements for this Statement would be effective for reporting periods beginning after September 30, 2017.

**The Board requests exposure draft comments by March 29, 2016.** To assist the Board with its deliberations, respondents are encouraged to provide the reasons for their positions. Both the exposure draft in PDF format and the specific questions raised in Microsoft Word format are available at the FASAB website <http://fasab.gov/board-activities/documents-for-comment/exposure-drafts-and-documents-for-comment/>.

Point of Contact: Robin Gilliam, 202-512-7356, [gilliamr@fasab.gov](mailto:gilliamr@fasab.gov)

### Public-Private Partnerships (P3)

As a follow-up to the October Board meeting, staff added language to the Public-Private Partnership (P3) standards to provide preparers with conditions to consider when assessing the expected life of a P3. As a result of this additional language, the Board reballoted the Statement at the December 2015 Board meeting, and it was approved with a vote of eight members in favor of its issuance and one member dissenting. The Statement is expected to be issued in late April, following successful completion of the 90-day review period.

Point of Contact: Domenic Savini, 202-512-6841, [SaviniD@fasab.gov](mailto:SaviniD@fasab.gov)

# Accounting and Auditing Policy Committee

## Technical Release 16 Implementation Guide for Internal Use Software (IUS)

Statement of Federal Financial Accounting Technical Release 16 (TR 16), *Implementation Guidance for Internal Use Software*, was issued on January 19, 2016. The guide was developed by the IUS working group, which comprises representatives from 10 agencies and two private firms. The group worked collaboratively to share lessons learned and to identify opportunities for guidance.

The implementation guidance in TR 16 will assist reporting entities in implementing SFFAS 10, *Accounting for Internal Use Software*. Since FASAB issued SFFAS 10 in 1998, software development practices have changed dramatically and reporting entities have experienced challenges applying the standards given the new terminology and techniques that have evolved.

The TR provides:

- a. definitions and guidance regarding recognition, measurement, and disclosure requirements;
- b. new challenges brought by changes in IUS development practices since the issuance of SFFAS 10; and
- c. management's role in applying SFFAS 10.

The technical release is available at <http://www.fasab.gov/about/aapc/technical-releases/>.

Point of Contact: Grace Wu, 202-512-7377, [WuG@fasab.gov](mailto:WuG@fasab.gov)

# FASAB Meeting Schedule

## Schedule for 2016 Meetings:

February 24<sup>th</sup> and 25<sup>th</sup>  
April 27<sup>th</sup> and 28<sup>th</sup>  
June 29<sup>th</sup> and 30<sup>th</sup>  
August 24<sup>th</sup> and 25<sup>th</sup>  
October 19<sup>th</sup> and 20<sup>th</sup>  
December 19<sup>th</sup> and 20<sup>th</sup>

Unless otherwise noted, FASAB meetings begin at 9 a.m. and conclude before 5 p.m. Meetings are held at 441 G Street, NW in room 7C13. Agendas and briefing materials are available at <http://www.fasab.gov/board-activities/meeting/briefing-materials/> approximately one week before the meetings.

# AAPC Meeting Schedule

## Schedule for 2016 Meetings:

February 18<sup>th</sup> - Canceled  
May 12<sup>th</sup>  
August 18<sup>th</sup>  
November 17<sup>th</sup>

Unless otherwise noted, AAPC meetings begin at 1 p.m. and conclude at 3 p.m. Meetings are held at 441 G Street, NW in room 7C13. Agendas are available at <http://www.fasab.gov/about/aapc/meetings/> approximately one week before the meetings.

# Security Notice

If you wish to attend a FASAB or an AAPC meeting, please pre-register on our website at <http://www.fasab.gov/board-activities/meeting/information-for-observers/pre-registration/> **no later than 8 a.m. the Tuesday before the meeting to be observed.** GAO, which provides space for our meetings, has increased its security procedures, and your name must be provided in advance to the GAO security force before you can enter the building. **When you arrive, please advise the security officer that you are attending either a FASAB or AAPC meeting. Doing so will assist the officer in locating the correct security list.** Thank you.