

Federal Accounting Standards Advisory Board

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NEWS RELEASE

AAPC Releases an Exposure Draft Technical Release: *Implementation Guidance for Establishing Opening Balances*

The Accounting and Auditing Policy Committee (AAPC) is seeking input on the exposure draft (ED) of a proposed Federal Financial Accounting Technical Release (TR) entitled *Implementation Guidance for Establishing Opening Balances*.

Statement of Federal Financial Accounting Standards (SFFAS) 50, *Establishing Opening Balances for General Property, Plant, and Equipment*, permits a reporting entity, under specific conditions, to apply alternative methods in establishing opening balances for general property, plant, and equipment (PP&E).

This TR would provide additional guidance to those reporting entities in applying the alternative methods. It would also explain the alternative valuation methods in greater detail and describe examples of the acceptable types of documentation that may support the valuation as outlined in SFFAS 6, *Accounting for Property, Plant, and Equipment*, as amended. This TR would not provide guidance on the validation of the existence and completeness of general PP&E.

The alternative methods provided in SFFAS 50 are meant to be less costly options to implement generally accepted accounting principles when establishing opening balances for general PP&E. This TR would acknowledge that the reporting entity may select any of the SFFAS 50 methods and that there is no preferred method. Management is not required to select the most precise or best method.

Wendy Payne, executive director of the Federal Accounting Standards Advisory Board and chair of the AAPC, stated, "A task force comprised subject matter experts from both inside and outside the federal government provided a valuable service and worked diligently with staff to propose the guidance in a timely manner."

The AAPC requests comments on the ED by July 21, 2017. Respondents are encouraged to provide the reasons for their positions. The ED in PDF format and the specific question raised in Word format are available at the FASAB website <http://fasab.gov/documents-for-comment/>.

ABOUT AAPC

The 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) 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). FASAB's mission 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 that are not specifically or fully discussed in federal accounting and auditing standards. The AAPC's guidance is cleared by FASAB before being published.

Additional background information on the AAPC is available from FASAB on its website:

- ◆ ["Charter of the Accounting and Auditing Policy Committee"](#)
- ◆ [Accounting and Auditing Policy Committee Operating Procedures](#)

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