



FASAB *NEWS*

FEDERAL ACCOUNTING STANDARDS ADVISORY BOARD

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Board Tentatively Decides to Issue Another Exposure Draft on Property, Plant, & Equipment

The Board received 13 comments in response to its recent exposure draft, *Accounting for National Defense PP&E and Associated Cleanup Costs: Amending SFFAS 11, Amendments to Property, Plant, and Equipment - Definitional Changes, Amending SFFAS 8, Supplementary Stewardship Reporting, Amending SFFAS 6, Accounting for Property, Plant, and Equipment*. Many respondents believe that the Department of Defense's property, plant, and equipment (PP&E) should be capitalized and depreciated as is general PP&E. Included among them is the Department of Defense (DoD). DoD requests that the Board reconsider the proposed approach to accounting for military equipment or National Defense PP&E. DoD recommended that SFFAS 6, *Accounting for Property, Plant, and Equipment*, be modified to classify military equipment – or National Defense PP&E – as general PP&E. DoD further requests that FASAB formally recognize the use of group and composite depreciation methods.

See Exposure Draft, Page 2

Stewardship Responsibilities

The Board reviewed a pre-ballot draft of an exposure draft to reclassify information about stewardship responsibilities, currently classified as "required supplementary stewardship information." As reported earlier, the "risk assumed" information required by SFFAS 5, *Liabilities of the Federal Government*, and the "current services assessment" (CSA) required by SFFAS 8, *Supplementary Stewardship Reporting*, would become required supplementary information (RSI). Information about social insurance, required by SFFAS 17, *Accounting for Social Insurance*, would become an integral part of the basic financial statements, essential to fair presentation in conformity with generally accepted accounting principles (GAAP). The proposed standard would be effective for periods that begin after September 30, 2002.

Specific changes were provided and a ballot draft will be presented to the Board before the next meeting in February 2002. Publication of the exposure draft for public comment is expected early next year. Point of Contact: Robert Bramlett, 202-512-7355, bramlett@fasab.gov.

Assigning Legal Costs

Staff is preparing a proposed technical bulletin, *Assigning Costs and Liabilities to Agencies that Result from Legal Claims against the Federal Government*. The technical bulletin would provide guidance to Federal entities on accounting and reporting costs and liabilities assigned as a result of legal claims against the Federal government. The Staff expects to post an exposure draft of the technical bulletin on the FASAB web site for comment by the latter part of January 2002. Point of Contact: Monica Valentine, 202-512-7362, valentinem@fasab.gov.



The Board tentatively agreed to develop guidance that would result in eliminating the category “National Defense PP&E.” Some members requested more information about composite and group depreciation as well. Staff was asked to research the changes needed, identify issues, and develop an exposure draft for the Board’s consideration. Because of the ongoing systems changes at DoD, the Board plans to make resolving this issue a top priority. Point of Contact: Rick Wascak, 202-512-7363, wascakr@fasab.gov.



Board Continues Discussion on Consolidated Financial Report

Objectives for the CFR. The Board continued its discussion of guidance for governmentwide or consolidated level reporting. It reviewed a draft exposure draft of concepts for Consolidated Financial Reporting of the US Government (CFR). After agreeing that the primary audience of the CFR is external users, particularly citizens and their intermediaries, the Board asked staff to expand the discussion of users and make some minor changes. Staff will revise the draft and provide a final draft for Board pre-balloting by the end of January. The Board expects to have an exposure draft issued in late winter. Point of contact: Lucy Lomax, 202-512-7359, lomaxm@fasab.gov.

New Governmentwide Financial Statements. The Board discussed alternatives for the first of two statements of additional information that would be reported in the Consolidated Financial Report (CFR) The information would relate the government’s net operating revenue (or cost) from the proprietary accounting system to the surplus (or deficit) from the budgetary accounting system.

In February, the Board will discuss the second statement of information that would compare the surplus (or deficit) with the change in operating cash or, alternatively, with the change in debt held by the public. This information would illustrate why the budget surplus (or deficit) doesn’t result in an equal increase (or decrease) in the government’s cash balance or, alternatively, in the debt held by the public.

After Board approval, the two statements of information will be exposed for comment in a proposed standards document that would apply only to the governmentwide entity. Point of Contact: Rich Fontenrose, 202-512-7358, fontenrosr@fasab.gov.



Board 2002 Calendar

All meetings will be held in the General Accounting Office Building, 441 G Street, NW, Washington, DC 20548, from 9:00 a.m. until 4:00 p.m. Room numbers will be available before each meeting. The meeting agenda is released approximately one week before the meeting. The agenda is available via the electronic mailing list, the FASAB website or by calling, 202-512-7350.

Meeting dates:

February 27 and 28
April 23 and 24
June 18 and 19
August 7 and 8
October 9 and 10
December 11 and 12

AAPC 2002 Calendar

All Accounting and Auditing Policy Committee meetings will be held from 1:30 to 4:00 p.m. in room 6N30 of the GAO Building (441 G Street NW).

Meeting dates:

January 9
March 13
May 9
July 17
September 4
November 6

Agendas will be posted to the FASAB web page one week prior to meetings. Point of contact: Monica R. Valentine, 202-512-7362, ValentineM@fasab.gov

Disclaimer

NOTE: 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 Lucy Lomax, 202-512-7359, lomaxm@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.

Meeting Attendance Security Reminder

If you wish to attend a FASAB or an AAPC meeting, please provide your name, organization, and phone number to Marian Nicholson, 202-512-7350, or email, nicholsonm@fasab.gov at least one day prior to the meeting. The General Accounting Office has increased its security procedures and your name must be provided to the security force before you can enter the building. Thank you.

Federal Government Earmarked Funds

The Board discussed potential issues to be addressed by a project on federal government earmarked funds. Statement of Federal Financial Accounting Standards 7 (SFFAS 7), *Accounting for Revenue and Other Financing Sources*, provides the most extensive guidance on earmarked funds under the standard for dedicated collections. The Board acknowledged the general public's apparent difficulty understanding the nature of earmarked funds. The Board concluded that the project should focus on disclosure requirements. A working group will meet in early January and staff will report on progress at Board's February meeting. Point of Contact: Andrea Palmer, 202-512-7360, palmera@fasab.gov.



Reminder: FASAB's Web Site has Moved!

Effective December 1, 2001, FASAB's new web address became:

www.fasab.gov

Please watch for instructions on maintaining your subscription to the electronic version of the *FASAB News*.

AAPC Update

On November 20, 2001 the Steering Committee of the Federal Accounting Standards Advisory Board selected Joseph F. Moraglio to fill the at-large seat on the Accounting and Auditing Policy Committee (AAPC). The at-large seat was vacated in May by an original member of the Committee, F. Jay Lane.

Mr. Moraglio has been appointed to a three-year term on the Committee. He brings a wealth of accounting and auditing experience to the Committee. Mr. Moraglio currently is a full time instructor of accounting at George Mason University. For nearly twenty years, Mr. Moraglio served as Vice President of the Federal Government Division of the American Institute of Certified Public Accountants (AICPA). While at the AICPA, Mr. Moraglio participated in the development of AICPA professional accounting and auditing guidance used by thousands of Certified Public Accountants (CPA's) working in government and other sectors. The Board welcomes Mr. Moraglio and looks forward to working with him. Point of Contact: Monica Valentine, 202-512-7362, valentinem@fasab.gov.



Change of Address or Cancellation?

Forward this form to FASAB at:
441 G Street, NW, Room 6K17V
Washington, DC 20548

or

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