



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

---

**August/September 2015**  
**TABLE OF CONTENTS**

Twenty-Fifth Anniversary - October 10, 2015..... 1  
Current Board Projects.....2  
    DoD Implementation Guidance Request Project ..... 2  
    The Financial Report: MD&A, Statements, Notes, RSI and OAI..... 3  
    Leases ..... 3  
    Risk Assumed..... 4  
    Public-Private Partnerships (P3)..... 4  
FASAB Meeting Schedule.....6  
AAPC Meeting Schedule.....6  
Security Notice ..... 6

[Twenty-Fifth Anniversary - October 10, 2015](#)

On October 10, 1990, then Secretary of the Treasury Nicholas Brady, Director of OMB Richard Darman, and Comptroller General Charles Bowsher jointly agreed to create and sponsor the Federal Accounting Standards Advisory Board (FASAB) by signing a “Memorandum of Understanding (MOU) Among the General Accounting Office, the Department of the Treasury, and the Office of Management and Budget on Federal Government Accounting Standards and a Federal Accounting Standards Advisory Board.” Since the first members were named in early 1991, more than 40 extraordinary individuals have served as members of the Board and 25 have served as members of the staff. Countless more have volunteered to serve as detailed staff, members of task forces, and informal advisors. In addition, the federal financial management community and other stakeholders have consistently responded to requests for formal comment on proposals.

Thank you to all those engaged in making the federal government’s finances more transparent and ensuring the government is accountable to its citizens.

Check out the history pages on our website for lists of members and staff:  
[Board Members–Past and Present](http://www.fasab.gov/about/our-history/board-memberspast-and-present/) <http://www.fasab.gov/about/our-history/board-memberspast-and-present/>  
[Staff Members–Past and Present](http://www.fasab.gov/about/our-history/staff-memberspast-and-present/) <http://www.fasab.gov/about/our-history/staff-memberspast-and-present/>

# Current Board Projects

## 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 Melissa Batchelor, 202-512-5976, [batchelorm@fasab.gov](mailto:batchelorm@fasab.gov).

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

Please direct FASAB and AAPC administrative questions to Charles Jackson, 202-512-7352, [jacksoncw1@fasab.gov](mailto:jacksoncw1@fasab.gov).

(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

At the August Board meeting, the Board made decisions on issues regarding the Draft Statement, *Opening Balances for Inventory, Operating Materials and Supplies and Stockpile Materials*. The Board considered the comment letters received in response to the exposure draft, a summary of the issues, and recommendations proposed by FASAB staff. In addition, the Board discussed and agreed to several changes to the Draft Statement, *Opening Balances for Inventory, Operating Materials and Supplies and Stockpile Materials*. The Board will review editorial changes and expects to vote on the Statement before the next meeting.

In a separate request from DoD, the Board considered options regarding baseline estimates for all categories of general property, plant, and equipment (GPP&E). After considering the options regarding baseline estimates prepared by FASAB staff and also submitted by DoD, the Board tentatively agreed to the following:

- Allow deemed cost (estimated historical cost, fair value, or replacement cost) for all GPP&E.
- Provide prospective treatment for internal use software and land.
- Acres of land would be disclosed.

The Board directed staff to develop standards based on these tentative decisions for consideration at the October Board meeting. The Board also requested staff research the broader issue of land and potential implications for future standards.

**NOTE:** The FASAB staff member for this project has updated contact information due to a name change. (Her name was previously Melissa L. Loughan.) Please update your address books and other contact listings accordingly.

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](#)

The Board discussed an ideal reporting model draft concepts statement and agreed to include several enhancements. The Board acknowledged that the draft included guidance from earlier concepts statements and agreed that it should include introductory statements discussing what the Board intends to accomplish and how the concepts presented relate to the Board's earlier conceptual guidance. Also, the Board discussed the issues that the concepts statement should include regarding performance and cost information, primarily the timing differences in reporting performance, budgetary, and financial information.

In addition, the Board appeared to support the idea of clarifying FASAB's role in relation to the objectives of financial reporting. The concepts statement should include a discussion regarding the reporting objectives for which the Board, as a GAAP standards-setter, might have a direct versus supportive role. Board members also agreed that the concepts statement should include a diagram or picture depicting the relationship between financial reports, including financial statements, disclosures, and required supplementary information, and other financial reporting sources. However, the Board determined that it is not necessary to add illustrative financial statements to the concepts statement and will pursue issuing an exposure draft concepts statement before the December 2015 meeting.

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

### [Leases](#)

The objective for the August 2015 Lease discussion was to update the Board on GASB's deliberations of their 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.

Staff provided the Board with eleven discussion items that staff compiled from the last three GASB lease discussions (April, June, and July 2015). The eleven issues represented those lease topics that GASB either changed its position from their November 2014 Lease Preliminary Views document or topics that FASAB will need to further discuss as the exposure draft is developed. The following discussion items were presented to the Board.

- Defining "nonfinancial asset"
- Intangible (lease) assets
- The role of "control" in determining whether a transaction qualifies as an asset
- Service concession agreements
- Bargain purchase options
- Month-to-month holdover periods
- Probability threshold
- Lessee renewal/termination options
- Fiscal funding clauses
- Lease liability remeasurement
- Allocation of consideration to multiple components

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

At the August 2015 Board meeting, the Board continued to review the proposed insurance standards. Proposed disclosures were discussed and a number of members were concerned with the volume of life insurance disclosures. They noted:

- the detail in some of the proposed standards may not be necessary even for material items;
- because this is a risk assumed standard, these disclosures should focus on the risk assumed elements of these programs and not everything about the program;
- agencies should be encouraged to disclose what is relevant with minimal required items,
- the financial statements should tell readers if the program has assumed more or less risk;
- disclosures should be streamlined for component level reporting, and even more so for the governmentwide report; and
- provide more flexibility using an if - then disclosure structure.

The Board also approved a minor change in the category titles.

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

### Public-Private Partnerships (P3)

The Board considered a revised draft Statement on *Public-Private Partnerships: Disclosure Requirements* located at Tab C.

One of the most substantial changes from the prior draft is to delete the word “contractual” from the P3 definition to avoid creating a loophole that would exclude the types of arrangements or transactions intended for disclosure.

Subject matter experts during a fatal-flaw review have advised that because the federal government can only enter into contracts no longer than 5 years (base year and up to 4 option year renewals), a literal or strict reading of the definition would therefore serve as a basis to exclude all contractual arrangements/transactions lasting longer than 5 years. Staff further noted that a subject matter expert overseeing a billion dollar parts sustainment program suggested substituting “long-term” for “contractual.” Members then noted how such a literal or strict reading of the term “contractual” would impact disclosures regarding the appropriate period for cash flow reporting. The Board generally agreed noting that adding language possibly in a footnote about

economic incentives and other evidence of the “expected term” of the arrangement or transaction will be needed.

The other significant issue discussed was whether to clarify language about disclosures of remote risks in paragraph 23d to make it clear that such risks are limited to those identified explicitly in the terms of the arrangement or transaction. The majority of the Board members agreed with this change.

The Board’s next step will be to pre-ballot a revised Statement in September.

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

## Accounting and Auditing Policy Committee

The Accounting and Auditing Policy Committee sought Board comments on its technical release exposure draft, *Implementation Guidance on Internal Use Software* at the August Board meeting. The draft implementation guidance highlights common issues identified across the federal agencies, helps clarify terminology, introduces new terms, and provides sample IUS practices across the federal government.

The implementation guidance Exposure Draft (ED) provides greater detail about applying existing guidance for determining the capitalization of software development costs and other challenging areas. It also addresses some of the new types of computing arrangements, such as cloud computing, shared services, agile software development, and spiral software development. Board members offered various minor suggestions to improve the draft. The exposure draft was released on September 16, 2015 and is available at <http://www.fasab.gov/board-activities/documents-for-comment/exposure-drafts-and-documents-for-comment/>

The AAPC will consider comments on the exposure draft at its November meeting.

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

# FASAB Meeting Schedule

## Schedule for 2015 Meetings:

October 21<sup>st</sup> and 22<sup>nd</sup>  
December 16<sup>th</sup> and 17<sup>th</sup>

## 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 AM and conclude before 5 PM. 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 2015 Meetings:

November 19<sup>th</sup>

Unless otherwise noted, AAPC 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://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](http://www.fasab.gov/board-activities/meeting/information-for-observers/pre-registration/) on our Web site 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.** The Government Accountability Office (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.