



FASAB News
Federal Accounting Standards
Advisory Board

October/November 2015
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Call for Board Member Candidates

FASAB is seeking candidates to serve as non-federal members of the FASAB. Candidates must not be federal employees. Non-federal Board members are selected from the general financial community, the accounting and auditing community, or the academic community. Specifically, FASAB is particularly interested in candidates who have experience as:

- Analysts of financial information,
- Economists or forecasters,
- Academics,
- Auditors,
- Preparers of financial information, or
- Those otherwise knowledgeable regarding the use of financial information in decision-making.

The FASAB meets in Washington, DC, for two days every other month. Members are compensated based on current federal executive salaries. Members are typically compensated for 24 days per year. Travel expenses are reimbursed in accordance with federal travel regulations.

Responses may be submitted by email to paynew@fasab.gov or by fax to (202) 512-7366. Responses may also be sent to:

Ms. Wendy Payne, Executive Director
Federal Accounting Standards Advisory Board
441 G Street NW. (Mailstop 6H19)
Washington, DC 20548.

Please submit your resume by January 6, 2016. Additional information about the FASAB can be obtained from its Web site at <http://www.fasab.gov>.

Website User Survey

The FASAB website will be getting a facelift to provide navigation tools that are compatible with current industry standards. Your feedback on the current website would help us make these improvements. Please provide any suggestions for improvement to Robin Gilliam at gilliamr@fasab.gov by Thursday, December 31, 2015.

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.

Please direct AAPC technical questions to Grace Wu, 202-512-7377, wug@fasab.gov.

Please direct FASAB and AAPC administrative questions to Terri Pinkney at 202-512-7350, pinkneyt@fasab.gov.

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

The Board approved Statement of Federal Financial Accounting Standards 48, *Opening Balances for Inventory, Operating Materials and Supplies, and Stockpile Materials*. It was submitted to the sponsors for the 90-day review period. After successful completion of the review, it will be issued on January 27, 2016.

The Board considered the draft exposure draft, *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*. The Board agreed to:

- The general approach to provide implementation guidance in SFFAS 6 to allow a reporting entity to apply alternative valuation methods in establishing opening balances for general PP&E.
- For internal use software, to provide two opening balance alternatives (an alternative valuation method consistent with that provided for all general PP&E or prospective application) and related disclosures.

- Propose rescinding SFFAS 35, *Estimating the Historical Cost of General Property, Plant and Equipment: Amending Statements of Federal Accounting Standards 6 and 23*, because the proposed Statement would incorporate the relevant portions and would provide comprehensive guidance in SFFAS 6 for establishing opening balances.

While the Board did not make a final decision regarding land, they agreed staff should focus efforts on further developing recommendations that would allow for a zero balance or an assigned value per acre. Staff was directed to research available reports to determine if there is information available by state or for the country. In conjunction with this, staff should provide analysis to assist the Board in determining if this approach should be applied government-wide. Alternatively, it could be deferred for a broader government-wide land project.

The Board did not make a decision regarding government property in the hands of contactors. Instead, they requested that staff consider other options (such as prospective treatment) and rationale based on information DoD may make available.

Point of Contact: Melissa L. Batchelor, 202-512-5976, batchelorm@fasab.gov

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

FASAB discussed concepts for an ideal reporting model. The Board continued its deliberations on a draft ideal reporting model concepts statement and members noted that the draft appeared to repeat existing concepts. Rather than determine whether to focus on new concepts and amend the existing concepts as needed, the Board decided to first ensure that they have identified all the concepts that would help them develop standards for an ideal reporting model.

The Board agreed that the ideal reporting model concepts statement should discuss: GAAP-based reporting and its relationship to other information being reported; the need for financial reports to explain the relationship among financial statements; the need for program level information and the attributes of a program for financial reporting purposes; an updated definition of financial condition; and budgetary information, including budget to actual comparisons, the role of the Board with respect to budgetary information, and an explanation of budgetary resources. Board members will review an outline of the concepts determined to date and suggest changes.

Point of Contact: Ross Simms, 202-512-2512, simmsr@fasab.gov

[Leases](#)

The objective for the October 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 excerpts from the tentative GASB Board meeting minutes from their September 1, 2015 lease discussion. The following GASB lease topics were presented to the Board.

- Airport Leases and Related Issues
- Lessee Disclosures
- Lessor Disclosures
- Short-Term Lease Exception
- Lease Terminations and Modifications
- Subleases and Leaseback Transactions

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

Risk Assumed-Insurance Programs

At the October 2015 Board meeting, the Board reviewed the following sections of the Risk Assumed-Insurance Program Exposure Draft:

Exchange Transaction Insurance Programs Other Than Life Insurance

- Liability for Losses on Remaining Coverage:

The Board reviewed the standard for how to measure the estimated losses for the liability for losses on remaining coverage. The Board confirmed that expected value (EV) is the first approach an agency should consider for estimating losses. If EV is not feasible or appropriate to use then an agency can choose an alternative method. There was a significant discussion about when EV is not feasible or appropriate and which option (presented in the October 2015 Board memorandum) allows an alternative method without adding an extra burden to financial statement preparers. The Board approved option (c), with minor changes by staff, to provide agencies with the most flexibility.

- Streamlined Disclosures:

1. Staff presented Factors for Determining Disclosures, a new section that includes guidance about materiality and referencing other disclosures. The Board approved this section and requested staff to make minor changes.
2. The Board discussed the detailed cost and revenue schedule in par. 38. The Board requested that staff update this disclosure by providing a narrative alternative to the schedule.

3. The Board discussed the liability balance for unpaid insurance claims schedule in par. 39. The Board approved keeping the schedule, yet requested staff to consolidate the current and prior year lines.

Life Insurance Programs

The Board discussed the liability for future benefits. They approved adding “including contract duration” (par. 52) to allow agencies to segregate out short-duration portfolios if they exist. In addition, the Board discussed whether life insurance has unearned premiums. The Board accepted the explanation that life insurance does not recognize unearned premiums because future net premiums are an adjustment against the liability and not separated out on the balance sheet.

Point of Contact: Robin Gilliam, 202-512-7356, gilliamr@fasab.gov

Public-Private Partnerships (P3)

At the October 22nd meeting the Board considered a ballot draft of SFFAS 49, *Public-Private Partnerships: Disclosure Requirements*.

Members discussed whether due process was sufficient regarding references to the expected term of P3 arrangements or transactions in connection to the contractual period or the expected longer-term relationship involved in P3s. After a review of the Exposure Draft and related due process procedures, the members generally concluded that the revision noted at footnote 10 at paragraph 16 was further clarification of the definition and would not be considered a substantive revision. Although the majority of the members present favored going forward with the ballot draft as shown at TAB I, in order to get broader member satisfaction with the guidance, they generally agreed to adding language to footnote 10 at paragraph 16 to provide preparers with things to consider when assessing the expected life of a P3 (that is, clarifying the expected life concept). Members generally agreed to conduct this process via email wherein the Board will be provided language for the footnote and re-ballot accordingly.

Point of Contact: Domenic Savini, 202-512-6841, SaviniD@fasab.gov

Accounting and Auditing Policy Committee

The Accounting and Auditing Policy Committee approved the Implementation Guidance on Internal Use Software Exposure Draft (ED) for public comment. On November 19, 2015's AAPC quarterly meeting, the AAPC considered the comment letters received in response to the ED, a summary of the issues, and recommendations proposed by FASAB staff. The members generally approved the revisions and expects to vote on the final by early December.

Point of Contact: Grace Wu, 202-512-7377, WuG@fasab.gov

FASAB Meeting Schedule

Schedule for 2015 Meetings:

December 16th and 17th

Schedule for 2016 Meetings:

February 24th and 25th

April 27th and 28th

June 29th and 30th

August 24th and 25th

October 19th and 20th

December 19th and 20th

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 19th

Schedule for 2016 Meetings:

February 18th

May 12th

August 18th

November 17th

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.