

# Federal Accounting Standards Advisory Board

FOR MORE INFORMATION:  
Melissa Batchelor  
(202) 512-5976  
batchelorm@fasab.gov

August 4, 2016

## NEWS RELEASE

### **FASAB Issues Statement of Federal Financial Accounting Standards 50, *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 chairman of the Federal Accounting Standards Advisory Board (FASAB or “the Board”), Scott Showalter, announced today that FASAB has issued Statement of Federal Financial Accounting Standards (SFFAS) 50, *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 is committed to providing the Department of Defense (DoD) with a cost-effective means to adopt generally accepted accounting principles (GAAP),” according to Chairman Showalter. “The Board believes assisting DoD with establishing a baseline for beginning balances will benefit all parties and allow DoD to focus on needed improvements to its systems and controls.”

SFFAS 50 amends SFFAS 6, *Accounting for Property, Plant, and Equipment*, SFFAS 10, *Accounting for Internal Use Software*, and SFFAS 23, *Eliminating the Category National Defense Property, Plant, and Equipment*, and rescinds SFFAS 35, *Estimating the Historical Cost of General Property, Plant, and Equipment: Amending Statements of Federal Financial Accounting Standards 6 and 23* by providing implementation guidance to allow a reporting entity, under specific conditions, to apply alternative methods in establishing opening balances for general property, plant, and equipment (PP&E).

The alternative methods include (1) using deemed cost to establish opening balances of general PP&E, (2) selecting between deemed cost and prospective capitalization of internal use software, and (3) allowing an exclusion of land and land rights from opening balances with disclosure of acreage information and expensing of future acquisitions.

The alternative methods are permitted when presenting financial statements, or one or

more line items addressed by SFFAS 50, following GAAP promulgated by FASAB 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 methods. The application of SFFAS 50 based on the second condition is available to each reporting entity only once per line item addressed in SFFAS 50.

SFFAS 50 is available at <http://www.fasab.gov/document-by-chapter/>.

## **ABOUT FASAB**

*FASAB serves the public interest by improving federal financial reporting through issuing federal financial accounting standards and providing guidance after considering the needs of external and internal users of federal financial information.*

Financial reports, which include financial statements prepared in conformity with GAAP, are essential for public accountability and for an efficient and effective functioning of our democratic system of government. Thus, the Board plays a major role in fulfilling the government's responsibility to be publicly accountable. Federal financial reports should be useful in assessing (1) the government's accountability and its efficiency and effectiveness and (2) the economic, political, and social consequences, whether positive or negative, of the allocation and various uses of federal resources.

FASAB issues federal accounting standards after following a due process consistent with the Memorandum of Understanding under which it operates. Due process includes consideration of the financial and budgetary information needs of citizens, congressional oversight groups, executive agencies, and the needs of other users of federal financial information.

For more information on FASAB, please visit our website: <http://www.fasab.gov/>.