Federal Accounting Standards Advisory Board

February 10, 2010

Memorandum

To: Members of the Board

From: Melissa Loughan, Assistant Director

Through: Wendy M. Payne, Executive Director

Subj: Federal Entity-TAB C[1]

MEETING OBJECTIVE

The primary objective for the February Board meeting is to discuss issue areas related to the federal entity conclusive principle and staff recommendations. At the end of the paper, there is proposed language for the conclusive principle for your consideration that would be included in the Draft ED. Staff will seek Board member's comments on the questions listed in the Staff Paper.

BRIEFING MATERIAL

This transmittal memorandum includes a Staff Paper which includes a discussion of the conclusive principle issues and recommendations beginning on page 3. Questions for the Board are on pages 3, 4, 10, and 11. In addition, proposed language for the conclusive principle begins on page 12. Staff would like to note the Staff Paper (including recommendations and proposed language for the Draft ED) was provided to the Federal Entity Task Force for their comments and concurrence. Although staff had input from certain members throughout drafting the paper, comments on the final paper were due COB Monday, February 8th. However, the blizzard conditions and the fact federal agencies were closed for a majority of the comment period; staff has only received comments from a few task force members. Staff will provide an update (if necessary) based on additional comments received.

[1] The staff prepares Board meeting materials to facilitate discussion of issues at the Board meeting. This material is presented for discussion purposes only; it is not intended to reflect authoritative views of the FASAB or its staff. Official positions of the FASAB are determined only after extensive due process and deliberations

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BACKGROUND

At the December 2009 meeting, staff provided a list of issues that remain to be addressed or resolved in the federal entity project. Staff explained each of those issue areas would be resolved at future meetings as we develop an exposure draft for the project.

At the February 2010 meeting, we will focus on issues related to the conclusive principle. Staff believes once these issues have been addressed, the conclusive principle portion of the proposed standard will be near final. Staff is presenting the following specific issues for discussion:

- ***Issue 1: Conclusive really just means in the Budget***
- ***Issue 2: Exceptions when applying the conclusive principle***
- ***Issue 3: Entities partially on budget***
- ***Issue 4: Basis for Conclusions language related to the Conclusive Principle***

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If you have any questions or comments prior to the meeting or would like to provide feedback prior to the meeting, please contact me by telephone at 202-512-5976 or by e-mail at loughanm@fasab.gov.

Staff Issue Paper—Conclusive Principle

Issue 1: Conclusive really just means in the Budget

In a previous staff draft, the principles had been revised to include the Conclusive Principle for directly financially accountable: "Federal reporting entities include all entities that the federal government is directly financially accountable for. This includes entities in the program and financing schedules of the *Budget of the United States Government* (the President's budget) as well as those entities the federal government has an ownership interest of 100%." However, members expressed concern over using the terminology "directly financially accountable" and also with including the notion of ownership in the conclusive principle.

Therefore, in the most recent draft, staff revised the language to remove the discussion of directly financially accountable for. Staff also removed all language related to ownership; as a result, the notion of ownership will be included in the indicative principles.

Staff moved certain language to the Basis for Conclusions. With the revisions, much of the detail and explanatory language has been placed in the Basis for Conclusions. Staff believes these revisions result in a much more concise Conclusive Principle.

The draft proposed language for the Conclusive Principle begins on page 12.

QUESTION for the Board-

Does the Board agree with the revised language?

Issue 2: Exceptions when applying the conclusive principle

As drafted, if an entity meets the conclusive principle, no further assessment is required; and the entity is considered within the boundaries of the federal reporting entity (U.S. Government Reporting Entity and the component reporting entity with which it appears in the budget).

The principle as written is definitive and does not provide for exceptions. Are there possible situations or any extreme circumstance where inclusion of an entity that meets the conclusive principle would not result in fair presentation? Are there instances where an entity meeting the conclusive principle should not be included in the component entity reporting entity with which it appears in the budget?

For example, staff considered the Office of Management and Budget (OMB) has granted the U.S. Department of Labor (DOL) a waiver from consolidating the Pension Benefit Guaranty Corporation (PBGC). Based on discussions, it appears this waiver was approved due to the nature of the relationship between PBGC and DOL. Based on discussion, it was conveyed that DOL is basically just a pass-through for the money in the PBGC budget process. It was suggested that this may be a case where an entity meeting the conclusive principle would not meet the indicative principles as the relationship is administrative in nature versus control. [However, staff notes PBGC is headed by a Director who reports to a Board of Directors consisting of the Secretaries of Labor, Commerce, and Treasury, with the Secretary of Labor as Chairman.] It was also expressed that DOL believed it would be misleading to include PBGC liabilities on DOL's balance sheet. Another consideration was the fact that PBGC applies generally accepted accounting principles (GAAP) issued by the Financial Accounting Standards Board to its stand-alone statements and there may be confusion if PBGC is required to prepare financial statements using FASAB GAAP to be consolidated into DOL statements.[2]

The waiver was also granted because the PBGC and DOL had an established practice of issuing separate financial statements for over 10 years and both provide necessary information for the government-wide financial report. Although a waiver had been previously provided, OMB granted a waiver without limit in 2007.

Considering there is already at least one example where an exception to applying the conclusive principle has been established, the proposed standard should address the potential for exceptions to occur at the component entity level. Staff notes the purpose of this analysis is not for staff to take a position on whether the exception is based on merit, as the waiver has been granted by OMB based on an analysis of the facts. Staff is suggesting that the proposed standard should address that exceptions may occur. Staff proposes the following language (see complete draft language on page 12):

> An entity may be excluded from the component reporting entity with which it might otherwise appear in the extreme and rare circumstance when inclusion of the entity would not result in fair presentation. [FN1] However, the entity should be assessed against the indicative principles to ensure all factors have been considered and to determine if other reporting or disclosures are required. Such an entity must provide the necessary information for inclusion in the government-wide financial report.
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> [FN 1] For example, the Office of Management and Budget (OMB) granted the U.S. Department of Labor (DOL) a waiver from consolidating the Pension Benefit Guaranty Corporation (PBGC). PBGC prepares stand-alone financial statements and provides the necessary information for the government-wide financial report.

Alternatively, the proposed standard could be silent regarding exceptions to the conclusive principle because it would be a rare situation, but staff believes it would be more appropriate to address the issue.

QUESTION for the Board-

Does the Board agree with the staff proposed language?

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[2] See SFFAS 34, *The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board*, for further background on the use of a different source of GAAP.

Issue 3: Entities partially on budget

Certain entities, such as the Smithsonian, are partially on budget--meaning a substantial portion of their funding is from federal appropriations included in the budget and the entity receives private support (such as donations) not included in the budget. Examples of these types of entities include the following:

Smithsonian Institution

*National Gallery of Art

*JFK Center for the Performing Art

*Woodrow Wilson International Center for Scholars

(*These were established by Congress within the Smithsonian, but are governed by independent boards of trustees. They also prepare separate stand-alone financial statements.)

US Holocaust Memorial Museum

Currently, these entities present the budgeted portion as 'federal' or 'appropriated funds' and present the other funding as 'private,' 'non-appropriated,' or 'trust funds' in their stand-alone reports. However, only the budgeted or federal portion is included in the US Government-wide financial statements.

Staff believes this issue should be clarified and the standard should be explicit on this issue. Should entity assessments be fragmented in such a way where certain funds for an entity would be considered part of the federal reporting entity and others would not? Is it the Board's intent that portions of entities--only the budgeted portion of these types of entities--should be included in the US Government-wide financial statements?

Looking at our current Concepts statement, par. 42 of SFFAC 2 states

> "Appearance in the Federal budget section currently entitled "Federal Programs by Agency and Account" is a conclusive criterion. Any organization, program, or budget account, including off-budget accounts and government corporations, included in that section should be considered part of the U.S. Federal Government...."

Staff notes it includes 'off-budget accounts' and followed up on this with individuals that were directly involved in the drafting of SFFAC 2 as well as researching other literature.

OMB Circular A-11 and Budget 2010 Analytical Perspectives provides the following definition:

> **Off-budget** refers to transactions of the Federal Government that would be treated as budgetary had Congress not designated them by statute as "off-budget." Currently, transactions of the Social Security trust fund and the Postal Service fund are the only transactions that are so designated. The term is sometimes used more broadly to refer to the transactions of private enterprises that were established and sponsored by the Government, most especially "Government sponsored enterprises" such as the Federal Home Loan Banks.

Some presentations in the budget distinguish between "on-budget" and "off-budget" totals. "On-budget" totals reflect the transactions of all government entities except those excluded from the unified budget totals by law. Likewise, "off-budget" totals reflect the transactions of government entities that are excluded from the unified budget totals by law. Currently excluded are the

Social Security trust funds and the Postal Service Fund. The on- and off-budget totals are combined to derive unified or consolidated totals for federal activity.

Staff also notes that certain reports use the term ‘off-budget’ more broadly and in a general sense. In discussing this with individuals that participated in the drafting of SFFAC 2, it appears the language may have been a general statement as well as specific to incorporate the 'official' off-budget accounts (social security trust fund and the Postal Service Fund). Based on discussion, the term "off-budget" may have been used loosely as a catch-all to make sure "off-budget" would not be used as an excuse to exclude entities that were considered by most people to be part of the federal government.

It appears ‘off-budget’ provides a legal distinction, but there is no conceptual difference in being on-budget or off-budget entities. Both engage in federal activities, but off-budget is excluded from on-budget totals by law. Based on staff’s discussion and research, it appears ‘off-budget’ federal entities should be included in the government-wide financial report.

Staff notes the Analytical Perspectives of the budget provides a discussion of **‘non-budgetary’** activities with off-budget entities and offers a distinction between the two. It explains that federal government activities that do not involve the direct allocation of resources in a measurable way are characterized as ‘non-budgetary’ and classified outside the budget; which is different from being off-budget. However, the chapter notes non-budgetary activities are important instruments of federal policy but are not part of the budget because they do not involve the direct allocation of resources by the federal government. Some of the major non-budgetary activities are discussed in Chapter 22 of the Analytical Perspectives which include federal credit programs, deposit funds, government sponsored enterprises, monetary policy, indirect macroeconomic effects of federal activity and credit market stabilization activity. The chapter notes that many of these types of activities affect budget outlays or receipts even though they have components that are non-budgetary.

Based on staff’s understanding and consultation with others, the Smithsonian Trust Fund is considered non-budgetary. Non-budgetary trust funds are considered to be similar to traditional private sector trust funds and are either held in a deposit account with Treasury or a commercial bank. Another example of a non-budgetary trust fund is the Indian Tribal Fund. GAO Report 01-199SP *Federal Trust and Other Earmarked Funds* explained that Indian Tribal Funds were reclassified to non-budgetary deposit funds in 2000. However, it is important to note the explanation provided states “they are trusts in the private sector meaning of the term.” The report further provides “Appropriate application of current federal budget concepts dictates that most of the Indian tribal funds should not have been included in the budget or been subject to budgetary constraints, and accordingly they have been reclassified as non-budgetary deposit funds.” However the report adds “This reclassification affects only the budget coverage, not the operation of the funds or ownership of the funds’ assets. The funds will continue to be managed by the federal government according to present law, with the same rights and responsibilities that existed prior to the reclassification.”

Staff notes there are various terms used in the budget and other literature related to the budget that may cause some confusion when considering that the conclusive principle is based on appearance in the budget. However, staff believes the budget document itself provides ample explanation that can be referenced and the proposed standard does not need to address these terminology issues.

In summary, one can conclude that entities and activities may be excluded from the budget if they are:

- Excluded by law;
- Don't meet OMB criteria for inclusion (established by the 1967 Commission); or
- Excluded by OMB policy decisions.

<u>Points of Consideration for assessing an example of this type of entity--Smithsonian:</u>

- Smithsonian Trust and other similar "trust funds" are viewed as traditional private sector trust funds. Within the budget, there is the general principle that traditional private sector trust funds should not be subjected to the budgetary constraints inherent in being included in the budget. However, the funds continue to be managed by the federal government.

- Looking at the Smithsonian Financial Statements, the organization is described in Note 1 as follows:

  > The Smithsonian Institution (Smithsonian) was created by act of Congress in 1846 in accordance with the terms of the will of James Smithson of England, who in 1826 bequeathed property to the United States of America "to found at Washington, under the name of the Smithsonian Institution, an establishment for the increase and diffusion of knowledge among men." Congress established the Smithsonian as a trust of the United States and vested responsibility for its administration in the Smithsonian Board of Regents.

- Generally there is an authorization for the endowments and there are federal officials that have oversight of the endowment. Congress vested responsibility for the administration of the Smithsonian in a Board of Regents consisting of the Chief Justice of the United States, the Vice President of the United States, three members of the United States Senate, three members of the United States House of Representatives, and nine Citizens that are nominated by the Board of Regents, appointed by Joint Resolution of Congress and signed by the President (7 federal and 9 citizen members).

- Based on discussions, there is a strong public policy argument against including the trust fund portion of the Smithsonian within the boundaries of the federal reporting entity. It is believed that characterizing donations as belonging to the federal government may inadvertently cause donations to decrease because people may chose not to contribute to the institution.

- Based on discussions, the endowment is not within the control of the federal government and the federal government can't direct how to use the funds.

- Based on discussions, donations are often provided for certain purposes and if the monies are not used for the stated purpose, funds would revert back to donors. Further, if the federal government included the donations, there would be an offsetting liability so in essence the majority would net each other out.

OPTIONS for Consideration:

Option 1--Require the entity as a whole to be included based on the Conclusive Principle.
Suggested Language for the Proposed Standard:

> Certain entities may be partially in the budget and receive funding from other sources (such as donations) that are not included in the budget. For example, certain funding or activities for a federal reporting entity may be excluded by law or may not meet OMB's criteria for inclusion in the budget. [FN 1] However, it is the authority provided by Congress that allows these financing activities to be undertaken by the entity. Accountability is required and the federal entity as a whole should be considered within the boundaries of the federal reporting entity based on this conclusive principle.
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> FN 1-For example, a museum may receive additional funding from non-federal sources (donations or endowment trust funds) that are not included in the budget because trust funds are considered 'non-budgetary' and not subjected to the budgetary constraints inherent in being included in the budget. Clearly, the museum is still accountable for the handling of appropriations as well as the non-budgetary trust funds for the intended purposes.

<u>Pros</u>

- Principles-based focus for the standard.
- Recognizes that law and OMB may exclude entities and activities from the budget for certain purposes, but this should not interfere with the assessment for financial reporting entity.
- Entities considered as a whole in the assessment instead of a fragmented approach to the assessment.

<u>Cons</u>

- A general rule that if a portion of the entity is federal then the whole entity is federal may not be appropriate because there may be restrictions on the other funds that should be considered.
- Not consistent with status quo, currently entities are only presenting amounts included in the budget.
- Public policy arguments—characterizing donations as belonging to the federal government may inadvertently cause donations to decrease because people may chose not to contribute to the institution.

Option 2--Require only 'federal' or budgeted amounts to be included.
Suggested Language for the Proposed Standard

> Certain entities may be partially in the budget and receive funding from other sources (such as donations) that are not included in the budget. For example, certain funding or activities for a federal reporting entity may be excluded by law or may not meet OMB's criteria for inclusion in the budget. [FN 1] Only funding included in the budget should be considered within the boundaries of the federal reporting entity based on this conclusive principle.

[FN 1]- For example, a museum may receive additional funding from non-federal sources (donations or endowment trust fund receipts) that are not included in the budget.

Pros

- Consistent with status quo, as this appears to be what entities partially on budget are presently doing.
- Consistent with public policy and would not inadvertently affect donations.
- Principles-based focus for the standard.

Cons

- Incomplete and fragmented assessment of entities, because other funding is not considered in the assessment.
- Partial entities included in the federal reporting entity.
- OMB policy and the way law is written may dictate what is considered within the federal reporting entity.

Option 3--Require budgeted amounts to be included based on the Conclusive Principle. Explicitly state other funds should be assessed against the Indicative Principles and Criteria for determining if within the boundaries of federal reporting entities.

Suggested Language for the Proposed Standard

> Certain entities may be partially in the budget and receive funding from other sources (such as donations) that are not included in the budget. For example, certain funding or activities for a federal reporting entity may be excluded by law or may not meet OMB's criteria for inclusion in the budget. [FN 1] Only funding included in the budget should be considered within the boundaries of the federal reporting entity based on this conclusive principle. However, the other funding for the entity should be assessed against the indicative principles to determine if the funding is within the boundaries of the U.S. Government Reporting Entity and/or the component reporting entity.
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> [FN 1] For example, a museum may receive additional funding from non-federal sources (donations or endowment trust fund receipts) that are not included in the budget.

Pros

- Complete assessment of the entity by directing other funding sources to be assessed against the indicative principles.
- Assessment would recognize that control and the need for accountability may vary between the component entity level and the government-wide level for certain non-budgetary activities.
- Principles-based focus for the standard.
- Provides for a thorough assessment (versus a general rule as proposed in option 1) for determining if the other funding is included in the boundaries of the federal reporting entity.
- There is an ongoing relationship and ultimately those resources fulfill a public purpose, the question is what the best presentation of that relationship is. Assessing against the indicative principles may result in determining some other form of presentation or disclosure is appropriate.
- Recognizes that law and OMB may exclude activities and funding from budget for certain purposes, but this should not interfere with the assessment for financial reporting entity.

Cons

- May result in change in practice and is not consistent with status quo; currently entities are only presenting amounts included in the budget as "federal." While the component entities are reporting both types of activities in their report, the federal portion is consolidated in the U.S. Government Report and the non-federal is not.
- Current practice is to present FASAB based information for the federal funds and FASB based information for the non-federal funds. This issue is being explored through another project.
- Public policy arguments— characterizing donations as belonging to the federal government may inadvertently cause donations to decrease because people may chose not to contribute to the institution.

Staff recommends Option 3 because, in staff's opinion, it provides the best approach to addressing entities partially in the budget. Option 3 maintains a principles-based focus while ensuring a complete assessment of both the component entity and the government-wide entity.

QUESTION for the Board-

Does the Board agree with staff recommendation to incorporate Option 3 language in the proposed standard?

ALTERNATIVE APPROACH—Provide Specific Disclosures for these types of Entities

Another alternative approach might be to determine whether these types of entities are unique and should be classified as such--performing and visual arts organizations funded in part by the federal government and in part by contributions. In doing so, the Board may wish to conclude they are unique and should not be consolidated in the federal entity, but that the relationship should be explored further. The Board may wish to consider including a section in the proposed standard for relationships such as joint ventures and require specific disclosures for them.

However, staff notes that developing several classes of entities or relationship types would move somewhat away from a principles-based approach that was agreed upon. Staff would like the Board's views on whether this should be considered further.

QUESTION for the Board-

Does the Board wish to explore adding a section to the proposed standard on joint ventures and other types of relationships?

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Issue 4: Basis for Conclusions language related to the Conclusive Principle

The language for the Basis for Conclusions (BfC) supporting the Conclusive Principle is also included for the Board's consideration on pages 13 and 14. However, staff plans to add language to the BfC to support decisions made on areas presented in this paper.

QUESTION for the Board-

Does the Board have any comments on the proposed language of the Basis for Conclusions related to the conclusive principle?

As noted in the transmittal, staff believes resolution of the issues in this paper will finalize the conclusive principle.

Does the Board have any additional comments on the proposed language of the conclusive principle?

DRAFT PROPOSED LANGUAGE FOR ED

Conclusive Principle and Criteria

1. Entities included in the *Budget of the United States Government: Analytical Perspectives- Supplemental Materials* schedule entitled *Federal Programs by Agency and Account* are within the boundaries of the federal reporting entity[3] (U.S. Government Reporting Entity), as well as part of the component reporting entity in which it appears, if applicable.

2. If an entity meets this principle, no further assessment against the indicative principles is required; it is considered within the boundaries of the federal reporting entity (U.S. Government Reporting Entity and the component reporting entity with which it appears in the budget).

3. [STAFF PAPER INCLUDES ISSUE ON EXCEPTION TO CONCLUSIVE PRINCIPLE. STAFF RECOMMENDATION INCLUDED HERE.] An entity may be excluded from the component reporting entity with which it might otherwise appear in the extreme and rare circumstance when inclusion of the entity would not result in fair presentation.[4] However, the entity should be assessed against the indicative principles to ensure all factors have been considered and to determine if other reporting or disclosures are required. Such an entity must provide the necessary information for inclusion in the government-wide financial report if deemed part of the U.S. Government Reporting Entity.

4. An appropriation to a federal reporting entity that finances a subsidy to a separate entity would not alone necessitate inclusion of the recipient subsidized entity. Instead, the recipient entity should be assessed against the indicative principles of this standard to determine if it is within the boundaries of the federal reporting entity.

5. [STAFF PAPER INCLUDES 3 OPTIONS FOR PARTIALLY ON BUDGET ISSUE. STAFF RECOMMENDATION INCLUDED HERE.]Certain entities may be partially in the budget and receive funding from other sources (such as donations) that are not included in the budget. For example, certain funding or activities for a federal reporting entity may be excluded by law or may not meet

[3] Even in cases where Congress defines an entity as off-budget, or not an agency or instrumentality of the federal government, an entity included in the Federal Programs by Agency and Account Schedule is part of the federal reporting entity for financial reporting purposes.

[4] For example, the Office of Management and Budget (OMB) granted the U.S. Department of Labor (DOL) a waiver from consolidating the Pension Benefit Guaranty Corporation (PBGC). PBGC prepares standalone financial statements and provides the necessary information for the government-wide financial report.

OMB's criteria for inclusion in the budget.[5] Only funding included in the budget should be considered within the boundaries of the federal reporting entity based on this conclusive principle. However, the other funding for the entity should be assessed against the indicative principles to determine if the funding is within the boundaries of the U.S. Government Reporting Entity and/or the component reporting entity.

6. Entities not meeting the conclusive principle should be assessed against the indicative principles and related criteria detailed below to assess if they are within the boundaries of the federal reporting entity.

Appendix A: Basis for Conclusions

This appendix discusses some factors considered significant by Board members in reaching the conclusions in this Statement. It includes the reasons for accepting certain approaches and rejecting others. Individual members gave greater weight to some factors than to others. The standards enunciated in this Statement–not the material in this appendix–should govern the accounting for specific transactions, events, or conditions.

Conclusive Principle

A1. SFFAC 1, *Objectives of Federal Financial Reporting*, includes the Budgetary Integrity Objective that states "Federal financial reporting should assist in fulfilling the government's duty to be publicly accountable for monies raised…" Federal reporting entities and officials responsible for executing the budget are accountable for their stewardship of public funds as well as to manage fiscal policy. This would include all entities that are included in the program and financing schedules of the President's budget.

A2. The Board believes first assessing entities against the conclusive principle of being in the budget will capture the majority of entities within the boundary of the federal reporting entity. This is also consistent with concepts in Statement of Federal Financial Accounting Concepts (SFFAC) 2, *Entity and Display*.

A3. The budget is a political document serving many purposes. The 1967 Report of the President's Commission on Budget Concepts indicates that "the budget must serve simultaneously as an aid in decisions about both the efficient allocation of resources among competing claims and economic stabilization and growth." On the topic of coverage of the budget, the Commission recommended that "the budget should, as a general rule, be comprehensive of the full range of Federal activities" and included specific recommendations on matters then considered controversial. The report further

[5] For example, a museum may receive additional funding from non-federal sources (donations or endowment trust fund receipts) that are not included in the budget.

states “borderline agencies and transactions should be included in the budget unless there are exceptionally persuasive reasons for exclusion.”

A4. The Board believes that a decision by the Office of Management and Budget or the Congress to include an entity in the budget settles the matter of the entity being “federal.” Inclusion in the budget means that allocation of resources to its activities is determined through federal legislation – making the entity itself financially accountable to Congress and OMB. Financial reporting objectives – budgetary integrity, operating performance, stewardship, and systems and controls – could not be met if entities included in the budget were not included in the financial reports.

A5. The conclusive principle represents a starting point in analysis but does not mean that entities not addressed in the budget should be excluded. Because the budget’s purposes differ from financial reporting objectives in many respects (such as the forward looking focus of the budget and decisions on the allocation of resource flows), it is possible that entities or activities might be excluded from the budget for reasons that do not justify exclusion from financial reports. For example, in addressing the recommendation that transactions with the International Monetary Fund reflecting net changes in the U.S. position with the fund be excluded from the budget, the Commission indicated that these transactions are essentially exchanges of one monetary asset for another.

A6. Since federal reporting objectives address management of assets and liabilities, the Board may reach a different conclusion than the Commission. The indicative principles (next step in assessment) are necessary to ensure completeness in the context of the federal financial reporting objectives.

ADDITIONAL LANGUAGE TO BE ADDED TO THE BFC BASED ON BOARD’S FINAL POSITION ON ISSUED PRESENTED IN STAFF PAPER