



FASAB News *Federal Accounting Standards* *Advisory Board*

December 2011/January 2012

TABLE OF CONTENTS

Report to Stakeholders.....	1
FASAB Welcomes Intern from Kent State.....	2
Current Board Projects.....	2
Federal Entity	2
The Financial Report: MD&A, Statements, Notes, RSI and OAI.....	3
Deferred Maintenance & Asset Impairment.....	3
Earmarked Funds (Evaluating Existing Standards)	4
Investments and Other Equity Interests in Non-Federal Entities	4
Leases	4
Risk Assumed.....	4
FASAB Current Technical Agenda and Status of Projects	5
Accounting and Auditing Policy Committee.....	6
FASAB Meeting Schedule.....	6
AAPC Meeting Schedule.....	6
Security Notice	7

[Report to Stakeholders](#)

The Chairman of the Federal Accounting Standards Advisory Board (FASAB), Tom Allen, provided a *Report to Stakeholders: FASAB Three-Year Plan* on January 11, 2012. According to Mr. Allen, “publishing this report makes board activities more transparent so that stakeholders have greater opportunities to engage the board. One of the most important decisions we make is where to focus our efforts. Stakeholder input on our plans would provide an essential ingredient to standards-setting and I encourage readers to submit their ideas.”

The report provides information about current projects as well as projects considered by the board in past agenda setting discussions. Readers are encouraged to submit their ideas and comments by February 7, 2012. Comments should be directed to Wendy Payne, FASAB executive director, at fasab@fasab.gov. The report is available at <http://www.fasab.gov/about/our-annual-reports/> under “2012.”

FASAB Welcomes Intern from Kent State

Taylor Kopunovitz is a participant in Kent State University's Washington Program in National Issues and will intern at FASAB through mid-April 2012. During her time with the board, she will provide research support and analyze information related to several ongoing projects. The internship provides her an opportunity for first-hand experience in standards-setting as well as exposure to federal government financial management issues. Taylor anticipates receiving her degree next December with a major in accounting and a minor in political science.

Current Board Projects

(For more information on any of the current projects, click on the title of the project below to be directed to the related active project page.)

Federal Entity

At the December 2011 meeting, there were discussions on the government-wide portion of the federal entity project as well as the component entity phase. The updated exposure draft (ED), reviewed by members reflected decisions from the October Meeting and other changes suggested by board members and staff. These changes included the following

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 Loughan, 202-512-5976, loughanm@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.

- Revised Language for the Consolidation of Financial Accounting Standards Board (FASB)-based Information without Conversion as well as the additional language in the basis for conclusions
- Revised Language for Addressing the Federal Reserve System
- Editorial changes to streamline several sections

The following resulted regarding issues specific to the government-wide portion of the ED:

- The Board agreed the title will change to "Identifying and Reporting upon Organizations to Include in the General Purpose Federal Financial Reports"
- The Board approved draft language for recognizing core entities are federal entities for GAAP purposes.
- The Board voted to maintain paragraph 19 (In the Budget) with one minor edit.
- The Board generally agreed to the other changes and revisions to the ED.

In discussing the component entity phase of the project, the Board considered issues relating to adapting the first inclusion principle—*In the Budget—for application by component entities*. The Board also discussed the notion of the complete economic entity as it relates to component entities because there was concern about whether the

financial statements provide a complete representation of the component entity's operations.

The following major decisions were made:

- The Board agreed that the basis for conclusions should discuss the reasons for the limitation that “the statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity.”
- The Board agreed the exclusion or exception for federal financial assistance should also apply at the component entity level.
- The Board decided staff should not attempt to develop additional principles for instances where an organization identified in the budget should not be considered part of the larger organization under which it is identified. Members noted they remain open to considering suggested wording if offered by one of the members supporting the development of such principles.

Point of Contact: Melissa Loughan, 202-512-5976, loughanm@fasab.gov

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

The reporting model project was not discussed during the December 2011 Board meeting. Staff is conducting roundtable discussions with Chief Financial Officers to determine their views on the changes needed in light of the current environment. Also, staff is interviewing agency managers and financial experts in the international arena to determine their information needs.

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

[Deferred Maintenance & Asset Impairment](#)

At the December 19, 2011 Board meeting the members (1) pre-balloted the draft standards entitled, *Deferred Maintenance and Repairs; Amending Statements of Federal Financial Accounting Standards 6, 14, 29 and 32* and (2) reviewed a draft Exposure Draft (ED) document entitled, *Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use*.

Deferred maintenance and repairs - After reviewing the draft standards and discussing mostly editorial changes, the Board acknowledged satisfaction with the document and the Chairman asked staff to commence balloting procedures. The standard was approved in early January and will be subject to review both by Congress and the board's sponsors. The review period is expected to extend into late spring 2012.

Asset impairment - After reviewing the draft Exposure Draft document the Board asked staff to commence pre-balloting procedures. Members paid particular attention to the following topics: (1) the costs versus benefits of implementing the standards, (2) applicability of the standards to diverse asset classes, (3) measuring the magnitude of the decline in service utility, (4) composition of operational and maintenance costs used when measuring the magnitude of the decline in service utility, and (5) the recognition of G-PP&E that do not meet the impairment test.

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

Earmarked Funds (Evaluating Existing Standards)

The Board continued to develop a draft Statement of Federal Financial Accounting Standards. The agenda session at the December 2011 meeting resulted in the following action items:

1. Staff will draft language to require reporting on the face of the statement of changes in net position for certain component entities, for example when dedicated collections are the predominant source of a component entity's revenue and other financing sources.
2. Staff will draft a revised requirement for a reference to the earmarked funds note on the face of the statement of changes in net position for agencies that do not report on the face of the statement.
3. Staff will revise the document in accordance with staff recommendation to omit mention of the alternative display format in the standards, because it is already permitted under existing standards, and to retain the illustrations in the Appendix.
4. Staff will contact the agencies most likely to be impacted by the new standards and ask for comments on the implementation burden to implement in FY 2012 if the new standard is not issued until June 2012 or a subsequent date.

Point of Contact: Eileen Parlow, 202-512-7356, parlowe@fasab.gov

Investments and Other Equity Interests in Non-Federal Entities

This project was not discussed at the December 2011 board meeting. Background research and planning for task force efforts will begin shortly.

Point of Contact: Eileen Parlow, 202-512-7356, parlowe@fasab.gov

Leases

The Lease Project was not discussed at the December board meeting. Staff is continuing preliminary research on the project by following the developments of the FASB/IASB lease project, gathering information from federal entities on their leasing activities, developing a detailed task force plan, and a list of potential task force members.

Point of Contact: Monica Valentine, 202-512-7362, valentinem@fasab.gov

Risk Assumed

The Risk Assumed Project was not discussed during the December 2011 Board meeting. Staff is continuing research on the types of risks assumed by the federal government.

Point of Contact: Julia Ranagan, 202-512-7377, ranaganj@fasab.gov

FASAB Current Technical Agenda and Status of Projects

Project	Key Milestones	Quarter 1 CY2012	Quarter 2 CY2012	Quarter 3 CY2012	Quarter 4 CY2012	Staff Contact
The Federal Entity				ED	DP	Melissa Loughan (202-512-5976)
Deferred Maintenance & Asset Impairment	SFFAS: Definition ED: Measurement	Final: Measurement ED: Impairment	DP: Impairment	UR: Impairment		Domenic N. Savini (202-512-6841)
Earmarked Funds	ED		UR	Final		Eileen Parlow (202-512-7356)
Risk Assumed		Research	Research	Research	Research	Julia Ranagan (202-512-7377), Ross Simms (202-512-2512)
Investments and Other Equity Interests in Non-Federal Entities		Research	Research	Research	Research	Eileen Parlow (202-512-7356)
Leases		Research	Research	Research	Research	Monica Valentine (202-512-7362)
Financial Reporting Model		Research	Research	Research	Research	Ross Simms (202-512-2512)

Key Activities or Status - Note that all estimates of progress assume that exposure drafts are finalized as statements without re-exposure due to significant changes.

Research—Staff Research Phase of Project & Board Deliberations

ED—Exposure Draft Issued

DP—Board Due Process, including review of comment letters, etc.

PH—Public Hearing

PV—Preliminary Views Issued

UR—Under Review, document approved by FASAB and sent to sponsors for 90-day review

Final—Final Standard, Concept, Interpretation, etc. issued final.

Accounting and Auditing Policy Committee

The November 17th scheduled meeting of the AAPC was canceled. However, the AAPC G-PP&E task force is continuing its work. The next meeting of the AAPC is scheduled for Thursday March 15th, 2012 at 1:00 pm.

Point of Contact: Monica Valentine, 202-512-7362, valentinem@fasab.gov

FASAB Meeting Schedule

Schedule for 2012 Meetings:

Wednesday and Thursday, February 22nd and 23rd
Wednesday and Thursday, April 25th and 26th
Wednesday and Thursday, June 27th and 28th
Wednesday and Thursday, August 29th and 30th
Wednesday and Thursday, October 24th and 25th
Monday and Tuesday, 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 2012 Meetings:

Thursday, January 19 (**Cancelled**)
Thursday, March 15
Thursday, May 17
Thursday, July 19
Thursday, September 13
Thursday, November 15

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](#) 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. Thank you.