



Federal Accounting Standards Advisory Board – Hot Topics

Chris Beck
August 17, 2015

Topics

- New Standards for Fiscal Year (FY) 2015
- Standards effective in FY 2013 and 2014
- Standards effective in FY 2018
- Treasury's involvement on new/modified standards

Standards Effective FY 2015

- SFFAS No. 42 “Deferred Maintenance and Repairs (DM&R)”
- SFFAS No. 44 “ Accounting For Impairment Of General Property, Plant, And Equipment In Use (G-PP&E)”



NEED REPAIRS?

SFFAS No. 42

- What is DM&R?
 - Maintenance and repairs that were not performed when they should have been or were scheduled to be and which are put off or delayed for a future period.
- How do I Measure DM&R?
 - 3 Ways:
 1. Condition Assessment Surveys
 2. Life-Cycle Cost Forecasts
 3. Other Methods Similar to the two above

Component Entity Financial Statements

- Required Supplemental Information:
 1. DM&R beginning and ending balances for the reporting period
 2. Narrative information related to DM&R activities. Entities are required to present both qualitative and quantitative information

Financial Report of the U.S. Government

- Disclosure requirements (TFM 2-4700 Appendix 4, GFRS Module 7):
 1. A description of what constitutes DM&R and how it was measured
 2. Amounts of DM&R for each major category of PP&E
- What's Changed?
 - Rescinds optional amount range for deferred maintenance
 - Rescinds optional reporting of the stratification between critical and non-critical amounts

SFFAS No. 44

- Provides accounting and reporting requirements for partial impairments of G-PP&E remaining in use and construction work-in-process.
- The net loss from impairment should be recognized, and reported in the Statement of Net Cost if **SIGNIFICANT** and **PERMANENT**.

What is Impairment?

- Impairment is a significant and permanent decline in the service utility of G-PP&E, or expected service utility for construction work in process.
- The event or changes in circumstances that lead to the impairments are not considered normal and ordinary.

Identification of Potential Impairment Loss

- 2 Step Process

1. Identify Indicators of Potential Impairment

- Several Factors (Reduce in Demand should not be one)

2. Impairment Test

- Impairment is Significant and Permanent

Determining & Recognizing Impairment

- Loss should be estimated using a measurement method that reasonably reflects the diminished service utility of the G-PP&E.
- Impairment Loss recognized on Line 5 of Statement of Net Cost
- If future service utility has been effected, but impairment loss should not be recognized, a change in estimates used in depreciation should be considered

Looking Back at SFFAS No. 38 “Account for Federal Oil and Gas Resources



SFFAS No. 38

- Accounting for the federal government's royalty share of proved reserves as an asset and reporting information on that asset as required supplementary information (RSI)
- Financial Report Disclosure Requirements:
 - A concise statement explaining the nature and valuation of federal oil and gas resources.
 - Narrative describing and display showing; quantity, royalty rate, etc.

Technical Bulletin 2011-01

- Accounting for Federal Resources Other than Oil and Gas
- Federal entities should report the value of the federal government's estimated royalties and other revenue from nonrenewable resources that are:
 1. Under lease, contract, or other long-term agreement
 2. Reasonably Estimable

Required for the Financial Report

- A concise statement explaining the nature and valuation of federal natural resources.
- The asset value of federal natural resources

Why Are We Reviewing these Standards?

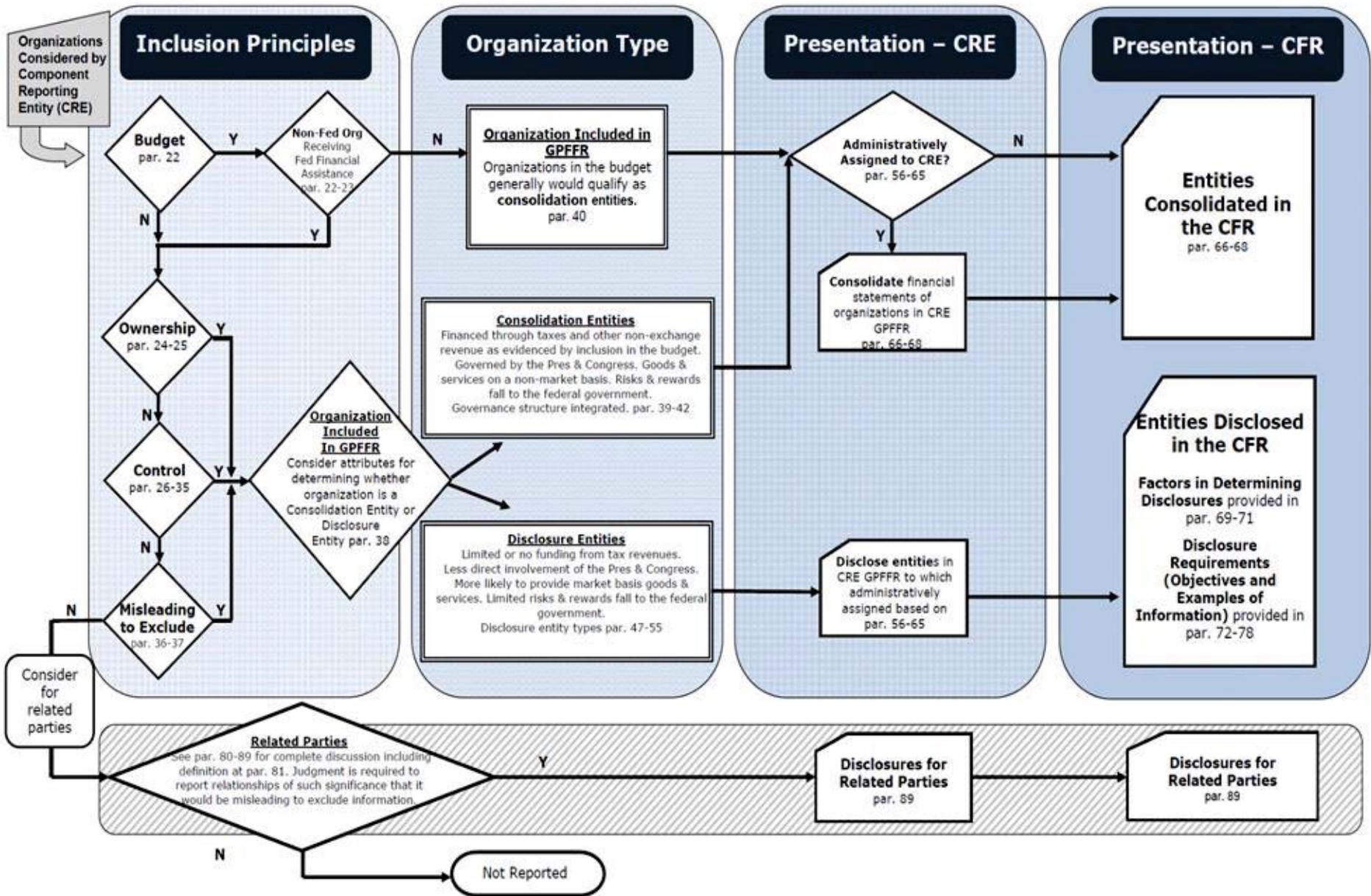
- DOI is the only current entity reporting
- GAO has raised concerns if all entities are reporting correctly
- Respond to recent survey sent out

Looking Ahead at SFFAS No. 47 “Reporting Entity”



SFFAS No. 47 “Reporting Entity”

- Statement guides preparers of GPFFRs in determining what organizations to report upon
- Organizations can be “Consolidated” or “Disclosure” Entities



SFFAS No. 47 “Reporting Entity”

- Treasury has formed a “Working Group”
 - Department of Homeland Security
 - Office of Management and Budget
 - Railroad Retirement Board
 - Securities and Exchange Commission
 - Smithsonian Institution
 - Department of Transportation
 - Department of the Treasury
- A survey was sent on August 3rd, due by August 31

Treasury Role in New/Modified Standards

- GAO Audit Finding
 - Treasury did not have a sufficient process to work with key federal entities prior to the end of the fiscal year to reasonably assure that new or substantially revised federal accounting standards were consistently implemented by the entities to allow appropriate consolidation at the governmentwide level.

Resolution for Audit Findings

- Form “Working Groups” for new/modified standards
 - Depending on impact and complexity
- Present and discuss standards in governmentwide forums (CRT, IRC, FMC)
- Have agencies collaborate with each other on the implementation and impact of standards

Contact Information



Primary Contact

Chris Beck

Lead Accountant

304-480-7122

Christopher.Beck@fiscal.treasury.gov