*THE* ***GASB*** *REPORT*

***Technical Plan***

*No. 329 / August 2012*

*(The GASB Report No. 291)*

***GASB Calendar***

The GASB has scheduled the following public meeting dates:

***October 2–4***

***November 28–30***

The GASB also is scheduled to meet via **teleconference** on **September 10** and **October 19.** The precise time, as well as the agenda, will be announced approximately two weeks before each meeting. Unless otherwise indicated, all meetings are held at the Financial Accounting Foundation (FAF) offices in Norwalk, Connecticut.

In addition, the GASB will be holding a task force meeting on the other postemployment benefits project on October 5 in Flushing, New York (Sheraton LaGuardia East Hotel).

Also, the FAF Board of Trustees will meet on November 13 in Norwalk.

Finally, the GASB will be meeting with the Governmental Accounting Standards Advisory Council on November 27–28 in East Elmhurst, New York (LaGuardia Marriott near LaGuardia Airport).

Please check the GASB website at www.gasb.org three working days prior to meetings to verify the final agenda.

If you plan to attend *any* meetings, please notify Ragan Vincent at (203) 956-5372 or via email at rpvincent@gasb.org. In addition, due to the FAF’s security procedures, visitors to *all* meetings are required to go to www.gasb.org to register at least 24 hours before each meeting they are planning to attend.

***Project to Provide Implementation Guidance on New Pension Statements Added to Current Technical Agenda***

In August, after considering input from other members of the Board, GASB Chairman Robert Attmore added a project to the current technical agenda that is expected to result in the publication of guidance to assist in the implementation of the recently issued pension Statements.

More specifically, the project would result in the publication of implementation guides to assist pension plans, employers, and governmental nonemployer contributing entities as they prepare to implement Statement No. 67, *Financial Reporting for Pension Plans,* or Statement No. 68, *Accounting and Financial Reporting for Pensions.*

The new pension Statements were approved in June 2012 and published in early August. Statement 67 is effective for plans for fiscal years beginning after June 15, 2013. Statement 68 is effective for employers and governmental nonemployer contributing entities for fiscal years beginning after June 15, 2014.

The project work plan anticipates the issuance of two Implementation Guides—the first focused on plan implementation issues, including the calculation of the net pension liability, and the second focused on additional issues related to employer-specific requirements in Statement 68.

Staff development of material for both the plan and employer guides will begin in September and continue into the following spring. During that time, the project advisory committee will review proposals for the plan guide and provide feedback. The plan guide is scheduled for issuance in June 2013.

Development of additional material for the employer guide is scheduled to conclude in December 2013. The project advisory committee will review proposals for the employer guide and provide feedback before the guide is scheduled to be cleared by the Board. The employer guide is expected to be issued in January 2014.

***Board Meeting Summary***

The Board held a public meeting on August 22–24 in Norwalk, Connecticut, to discuss issues associated with a number of projects, including those on recognition and measurement approaches under the conceptual framework, government combinations, measurement and application of fair value, financial projections as they relate to economic condition reporting, other postemployment benefits, the hierarchy of generally accepted accounting principles, and the technical plan for the final third of 2012.

Due to publication deadlines, with the exception of the technical plan, details of those deliberations are not described in this issue of *The GASB Report,* but they will be discussed in the next issue.

***Technical Plan***

After reviewing the proposed technical plan for the final third of 2012 and considering Governmental Accounting Standards Advisory Council member feedback, the GASB chairman approved the final plan, which includes the addition of a current technical agenda project intended to provide implementation guidance for the GASB’s recently issued pension accounting and financial reporting Statements. (Please see the related article on page 1.)

An overview of the GASB’s current technical agenda

***GASB Current Technical Agenda: Overview*** (As of 8/24/12)

  **Issued**  **To Be Issued Staff/Consultant Phone\***

**Project ITC/PV ED DPD/PV ED Final Assigned Extension**

Conceptual Framework—Recognition 6/11 — — 2Q13 2Q14 Roberta Reese 324

 and Measurement Approaches Ken Schermann 206

 Paul Nabhan 303

Economic Condition Reporting— 12/11 — — TBD TBD Lisa Parker 351

 Financial Projections Dean Mead 294

 Theodore Minch 228

 Jay Fountain (consultant)

Fair Value Measurement and — — — 1Q13 1Q14 Randy Finden 240

 Application Meagan Weyland 227

 Ashley Weller 309

Financial Guarantees — 6/12 — — 1Q13 Scott Reeser 448

 Randy Finden 240

 Ken Schermann 206

 Meagan Weyland 227

Government Combinations — 3/12 — — 1Q13 Jeff Bridgens 210

 Ken Schermann 206

 Joseph Ammon 216

Postemployment Benefit Accounting

 and Financial Reporting:

 Other Postemployment Benefit — — — 2Q14 2Q15 Scott Reeser 448

 Accounting and Financial Roberta Reese 324

 Reporting Michelle Czerkawski 293

 Ben Berryman 308

*\*(203) 847-0700*

*ED: Exposure Draft Final: Statement, unless otherwise noted*

*DPD: Due Process Document PV: Preliminary Views*

*ITC: Invitation to Comment*

***GASB Current Technical Agenda: Overview*** (As of 8/24/12)

  **Issued**  **To Be Issued Staff/Consultant Phone\***

**Project ITC/PV ED ITC/PV ED Final Assigned Extension**

**Practice Issues:**

Comprehensive Implementation Guide— Jeff Bridgens 210

 Annual Update — — — — 3Q12 Michelle Czerkawski 293

 Mid-Year Supplement — — — — 1Q13 Ken Schermann 206

 Randy Finden 240

 Dean Mead 294

 Roberta Reese 324

 Scott Reeser 448

 Paul Nabhan 303

GAAP Hierarchy — — — 1Q14 2Q15 Blake Rodgers 253

 Michelle Czerkawski 293

 Ken Schermann 206

 Ben Berryman 308

Implementation Guide—

 Pension Accounting and Financial Reporting

 Plan Reporting — — — — 2Q13 Michelle Czerkawski 293

 Roberta Reese 324

 Employer Reporting — — — — 1Q14 Ben Berryman 308

User Guide—Update — — — — 4Q12 Dean Mead 294

 Kip Betz 201

*\*(203) 847-0700*

*ED: Exposure Draft Final: Statement, unless otherwise noted*

*ITC: Invitation to Comment PV: Preliminary Views*

***Technical Plan for the Final Four Months of 2012***

In August, the Board reviewed its final third 2012 technical plan and provided input to the GASB chairman. After considering other Board members’ views and the views previously stated by the Governmental Accounting Standards Advisory Council members, the chairman approved the following technical plan.

***Project on Pension Implementation Guides Added to Current Agenda***

A project intended to provide implementation guidance for the GASB’s recently issued pension accounting and financial reporting Statements was added to the current technical agenda. (Please see the related article on page 1.)

The technical plan anticipates, in addition to the continued deliberation of projects on the GASB’s current technical agenda, the issuance of the 2012–2013 edition of the *Comprehensive Implementation Guide* and a new edition in the User Guide series.

A summary of the objectives and status of each of the projects on the Board’s current technical agenda, as well as summary information about projects that comprise the research portion of its technical plan, is presented below. Additional information about all of the Board’s projects, as well as about issues identified as potential future projects, is included in the GASB’s technical plan for the final third of 2012, which can be viewed or downloaded at the GASB website at www.gasb.org.

***Current Agenda Projects***

***Conceptual Framework—Recognition and Measurement Approaches***

***Primary Objectives:*** This project has two primary objectives. The first objective is to develop recognition criteria for *whether* information should be reported in state and local governmental financial statements and *when* that information should be reported. The second objective is to consider the measurement approach or measurement approaches that conceptually should be used in governmental financial statements. This project ultimately will lead to a Concepts Statement.

***Looking Ahead:*** During the final third of 2012, the Board will review the project history leading up to the near-term resources measurement focus and identify options for proceeding with the development of the recognition conceptual framework. After the options have been evaluated, the Board will select a proposed approach.

***Economic Condition Reporting—Financial Projections***

***Primary Objective:*** The objective of this project is to consider whether guidance or guidelines should be provided for additional information about economic condition, particularly financial projections, as part of general purpose external financial reporting. This project also will include consideration of the information financial statement users identified as necessary to assess the risks associated with a government’s intergovernmental financial dependencies.

***Looking Ahead:*** During the final third of 2012, the Board will redeliberate issues raised by respondents and other due process participants to the Preliminary Views. The staff will conduct additional outreach to financial statement users and other constituents to obtain feedback on the Board’s tentative decisions.

***Fair Value Measurement and Application***

***Primary Objective:*** The objective of this project is to review and consider alternatives for the further development of the definition of fair value, the methods used to measure fair value, and potential disclosures about fair value measurements. Within this review, issues including fair value measurement of alternative investments are to be addressed.

***Looking Ahead:*** During the final third of 2012, the Board is scheduled to complete deliberations on the application of fair value measurement to specific issues.

***Financial Guarantees***

***Primary Objective:*** The objective of this project is to establish additional guidance regarding the recognition and disclosure of financial guarantees made and received by state and local governments.

***Looking Ahead:*** The comment period on the Exposure Draft will conclude in September. Redeliberation of issues raised by respondents is due to carry through the end of 2012 and into early 2013.

***Government Combinations***

***Primary Objective:*** The objective of this project is to consider the financial reporting requirements for government combinations that are accomplished through mergers and acquisitions. This project includes the analysis of government combinations that have taken place in both the general governmental and the business-type activities areas. In addition, the project addresses certain spin-off issues; for example, accounting for a library district that was formerly a department in a primary government.

***Looking Ahead:*** During the final third of 2012, redeliberation of issues raised by respondents to the Exposure Draft is expected to address issues related to disposals of government operations, government acquisitions, and disclosures and governmental fund financial statements.

***Postemployment Benefit Accounting and Financial Reporting: Other Postemployment Benefit Accounting and Financial Reporting***

***Primary Objective:*** The Board will consider the possibility of improvements to the existing standards of accounting and financial reporting for postemployment benefits—including other postemployment benefits (OPEB)—by state and local governmental employers and by the trustees, administrators, or sponsors of OPEB plans. One objective of this project is to improve the *accountability* and transparency of financial reporting in regard to the financial effects of employers’ commitments and actions related to OPEB. This objective would include improving the information provided to help financial report users assess the degree to which *interperiod equity* has been achieved. The other objective of this project is to improve the *usefulness* of information for decisions or judgments of relevance to the various users of the general purpose external financial reports of governmental employers and OPEB plans.

***Looking Ahead:*** During the final third of 2012, the Board is scheduled to deliberate issues related to the measurement of the liability, beginning with the projection of benefits. A task force meeting on the other postemployment benefits project is scheduled for October 5 in Flushing, New York.

***Practice Issues***

***Comprehensive Implementation Guide—Update:*** The objective of this project is to update the *Comprehensive Implementation Guide* for the effects of new pronouncements and for additional issues that have come to the attention of the staff. Issuance of the 2012–2013 guide is scheduled to take place in late September. The staff will develop materials for the 2012–2013 mid-year supplement and review proposals by the advisory committee. The mid-year supplement, if determined by the Board to be necessary, is slated for issuance in January 2013.

***GAAP Hierarchy:*** The objective of this project is to consider possible modifications to the GAAP hierarchy, as set forth in Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* During the final third of 2012, the Board will develop its approach to proposing modifications to the hierarchy.

***Implementation Guide—Pension Accounting and Financial Reporting:*** The objective of this project is to publish guidance to assist pension plans, employers, and governmental nonemployer contributing entities as they prepare to implement Statement No. 67, *Financial Reporting for Pension Plans,* or Statement No. 68, *Accounting and Financial Reporting for Pensions.* During the final third of 2012, the staff will develop guide materials.

***The User Guide Series:*** The objective of this project is to update the GASB’s User Guide series to address accounting and financial reporting standards issued since the publication of the original guides in the early 2000s. The updated guide on local governments was published in December 2011, and the school district guide and the analyst’s guide were finalized for publication in the first half of 2012 and are now available. The new business-type activities guide is scheduled for publication in the fourth quarter of 2012.

***Research Projects***

***Electronic Financial Reporting:*** The objective of this research project is to monitor the effect of electronic media on information delivery and user needs. Extensive research into the evolving state of the art in electronic financial reporting by state and local governments will provide the Board with a basis for evaluating the need to develop standards for financial reports intended for this communication medium.

***Fiduciary Responsibilities:*** The objective of this research project is to assess whether additional guidance should be developed regarding the application of the *fiduciary responsibility* criterion in deciding whether and how governments should report fiduciary activities in their financial reports. Existing standards do not provide a basis for a clear answer to those questions, and thus there has been diversity in practice regarding the interpretation of governments’ fiduciary responsibilities.

***Lease Accounting:*** The objective of this research project is the reexamination of issues associated with lease accounting and consideration of improvements to existing guidance.

***Tax Abatement Disclosures:*** The objective of this research project is to provide disclosure guidance for governments that have granted tax abatements and subsidies.

***GASAC Meets in Seattle***

A meeting of the Governmental Accounting Standards Advisory Council (GASAC) was held on June 18 and 19 in Seattle, Washington, in conjunction with the American Public Power Association’s annual conference. The GASAC’s agenda included updates on the activities of the Financial Accounting Foundation and on projects on the GASB’s current technical agenda.

GASAC members provided feedback to the GASB on the fair value measurement and application project and on the fiduciary responsibilities project as well as on the GASB’s draft strategic plan and GASB research on the timeliness of financial reporting.

The fair value measurement and application project is examining how governments determine fair value for investments and other assets and when fair value measurements should be displayed in the financial statements. Members of the GASAC offered input on the major tentative decisions made in the project to date, including those related to valuation techniques, and the hierarchy of inputs to valuation. Separately, GASAC members provided feedback regarding attributes that may distinguish investments from capital assets, and assets and liabilities that are either now reported at fair value or could be reported at fair value. The GASB is expected to issue an Exposure Draft on this project in early 2013.

The objective of the fiduciary responsibilities research project is to assess whether additional guidance should be developed regarding whether and how governments should report fiduciary activities in their financial reports. Because existing standards do not provide a basis for a clear answer, there is diversity in practice regarding the interpretation of governments’ fiduciary responsibilities. Specifically, members of the GASAC provided the GASB with input regarding their views on the definition of the term *fiduciary* and what it means to possess a *fiduciary responsibility.*

The GASB’s current strategic plan covers 2008–2012. The Board and staff have gone through an extensive process of reviewing and updating the plan to extend it through 2014. Members of the GASAC offered recommendations for improving the GASAC-related portions of the draft plan, as well as the draft plan overall.

The GASB staff presented the results of its research on the timeliness of financial reporting and its relationship to the needs of financial statement users to the Board in March 2011. GASB staff briefed the GASAC on potential next steps in that research, specifically trying to understand the steps in the financial statement preparation process and how they related to the period between the fiscal year-end and the issuance date of the financial report. The GASAC members offered suggestions about how that research might be conducted.

The next GASAC meeting is scheduled for November 27 and 28 in New York.

***About the GASAC***

The GASAC is responsible for consulting with the GASB on technical issues on the Board’s agenda, project priorities, matters likely to require the attention of the GASB, and other such matters as may be requested by the GASB or its chairman. The GASAC’s 30 members (28 currently serve on the council) are appointed by the FAF Trustees primarily from nominations by GASB constituent groups and are broadly representative of the preparers, auditors, and users of state and local governmental financial information.

***The GASB Report***

The GASB welcomes feedback on *The GASB Report.*

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