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

***Technical Plan***

*No. 309D / December 2010*

*(The GASB Report No. 271)*

***GASB Calendar***

The GASB has scheduled the following public meeting dates:

***January 18–20***

***March 1–3***

The GASB also is scheduled to meet via **teleconference** on **February 8** and **March 22.** 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 meet with the Governmental Accounting Standards Advisory Council on March 3 and 4 in Norwalk, and the Financial Accounting Foundation Trustees will be meeting on February 15 in New York City.

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 the Norwalk meetings are required to go to www.gasb.org to register at least 24 hours before each meeting they are planning to attend.

***GASB Approves Statement 62 Codifying FASB and AICPA Pronouncements Applicable to State and Local Governments***

In December, the GASB unanimously voted to approve the issuance of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.*

The Statement incorporates guidance into the GASB codification that previously could only be found in certain Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements. By incorporating and maintaining this guidance in a single source, the complexity associated with locating and using the authoritative literature needed to prepare state and local government financial reports is significantly reduced. In addition, Statement 62 greatly reduces the need to rely on sources outside of the GASB’s literature to locate the necessary accounting guidance.

Statement 62 specifically identifies the applicable provisions in FASB and AICPA pronouncements and incorporates them into the GASB’s literature. It draws from FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA’s Committee on Accounting Procedure issued before November 30, 1989.

November 30, 1989 is the date on which the trustees of the Financial Accounting Foundation reaffirmed the GASB’s status as the standards setter for all state and local governmental entities, including governmental business-type activities.

Regarding the hierarchy of generally accepted accounting principles, the Statement unites the top category of authoritative accounting and financial reporting literature—Level A literature—in a single publication. While the guidance it includes has largely been taken “as is” from the original FASB and AICPA pronouncements, this guidance has been modified when appropriate to relate specifically to the governmental environment.

The need for Statement 62 became more pressing with the 2009 launch of the *FASB Accounting Standards Codification*™, which supersedes all previous FASB pronouncements as the official authoritative literature for nongovernmental entities. Consequently, the pre-November 30, 1989 standards are no longer readily available to many GASB constituents. Because identification of provisions applicable to governments within the restructured FASB authoritative literature was no longer practical, the guidance contained in the Statement is of significant value to those in the governmental accounting environment.

The Statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting,* thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements.

***The Statement’s Organization and Structure***

Statement 62 addresses more than 120 FASB and AICPA pronouncements that date back several decades and covers 30 accounting and financial reporting topic areas. Each topic area contains provisions derived from FASB and AICPA pronouncements addressing that subject matter. Topics are presented in an order corresponding to the order of the primary locations within the GASB *Codification of Governmental Accounting and Financial Reporting Standards.*

***Effective Date***

The provisions of the Statement are effective for financial statements for periods beginning after December 15, 2011, with earlier application encouraged.

***How to Order Copies***

Statement 62 (product code GS62) may be obtained through the GASB Order Department by telephoning (800) 748-0659 or through the GASB Store on the GASB website at www.gasb.org.

***Who to Contact***

Questions or comments regarding Statement 62 should be addressed to Todd Webster, GASB project manager, via email at tawebster@gasb.org or by telephone at (203) 956-5441.

***Board Meeting Summary***

The GASB met on December 7–9 to discuss issues associated with codification of pre-November 30, 1989 FASB and AICPA pronouncements, derivative instruments, pension accounting and financial reporting, fiscal sustainability as it relates to economic condition reporting, and the technical plan for the first-third of 2011.

The Board also met via teleconference on December 29 to discuss issues associated with its project on pension accounting and financial reporting and the *Comprehensive Implementation Guide.* Due to publication deadlines, details of those deliberations are not described in this issue of *The GASB Report,* but they will be discussed in the next issue.

***Codification of Pre-November 30, 1989 FASB and AICPA Pronouncements***

The Board reviewed a ballot draft of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* After making minor clarifying changes, the Board voted unanimously to issue the final Statement. (Please see the related article on page 1.)

***Derivatives—Application of Termination Provisions***

The Board reviewed the ballot draft of a proposed Technical Bulletin, *Derivative Instruments: Application of Hedge Accounting Termination Provisions When a Swap Counterparty Has Entered into Bankruptcy.* The Board discussed expanding the scope of the proposed Technical Bulletin to include other counterparty default events such as credit downgrades and directed the staff to conduct further research on default events and to propose changes to the ballot draft in the context of those events.

***Pension Accounting and Financial Reporting***

At the November teleconference meeting, after further consideration of the definitions of notes and required supplementary information in Concepts Statement No. 3, *Communication Methods in General Purpose External Financial Reports That Contain Basic Financial Statements,* the Board reconsidered and revised a previous tentative decision related to the reporting of information about the net pension liability of the employer(s) in the financial reports of single-employer and cost-sharing multiple-employer defined benefit pension plans.

Previously, the Board tentatively had decided to require that those plans present as required supplementary information 10-year schedules of information about the net pension liabilities of the employer(s) and changes in those liabilities. The Board revised its earlier tentative decision by tentatively agreeing to also require that information about the employer(s) current-period net pension liability be disclosed in the notes to the plan’s financial statements.

The disclosure tentatively would require presentation of the total pension liability of the employer(s), the amount of plan net assets held in trust for pension benefits, the net pension liability of the employer(s), and the ratio of plan net assets held in trust for pension benefits to the total pension liability of the employer(s). Consequently, information about assumptions used in the calculation of the current-period net pension liability of the employer(s) will be required to be presented in notes to the plan financial statements.

In December, the Board began redeliberations of issues addressed in the Preliminary Views, *Pension Accounting and Financial Reporting by Employers,* that relate to the recognition and measurement of a sole or agent employer’s obligation for pension benefits. The Board’s redeliberations took into consideration comments and testimony received in response to the Preliminary Views.

The Board tentatively reaffirmed its decision that accounting and financial reporting by sole and agent employers for defined pension benefits should be separate from the process of funding those benefits. The Board also tentatively agreed that its previous tentative decision to require a sole or agent employer to present a 10-year schedule that includes information on actuarially determined employer contributions and actual contributions is responsive to many of the concerns expressed by some of the respondents regarding a loss of funding information.

Next, the Board tentatively reaffirmed that for accounting and financial reporting purposes, an employer has an obligation to its employees for pension benefits by virtue of the employment exchange between the employer and employees of salaries and benefits for employee services, and this obligation is not satisfied until the defined pension benefits have been paid to the employees or their beneficiaries when due. In the Board’s view, an employer remains primarily responsible for the portion of its benefit obligation to employees in excess of the plan net assets available for pension benefits and secondarily responsible to the extent that plan net assets have been accumulated. In addition, the Board noted that this reaffirmation should be considered in the context of the following related tentative decisions: (1) an employer should disclose changes in the total pension liability, plan net assets held in trust for pension benefits, and the net pension liability and (2) the liability of the pension plan in regard to benefits should be limited to benefits that currently are due and payable. The Board also tentatively decided to clarify its intent with regard to usage of the terms *primary responsibility* and *secondary responsibility,* and variants of those terms, through the drafting process.

With respect to the net pension liability of a sole or agent employer, the Board tentatively reaffirmed its view that the net pension liability meets the definition of a liability in Concepts Statement 4, and it is measurable with sufficient reliability for recognition. The Board also tentatively agreed that any excess of plan net assets over the total pension liability should be reported as an asset and that unpaid contributions pursuant to contractual or statutory provisions should be reported as a liability in addition to the net pension liability.

The Board tentatively reaffirmed its decision that the projection of benefit payments should include the following future changes to the extent discussed: (a) automatic cost-of-living adjustments (COLAs), (b) projected future ad hoc COLAs *to the extent that they are considered to be substantively automatic,* (c) projected future salary increases in circumstances in which the pension benefit formula is based on future compensation levels, and (d) projected future service credits, both in determining an employee’s probable eligibility for benefits and in the projection of benefit payments in circumstances in which the pension benefit formula is based on years of service.

With regard to the criteria used to establish whether ad hoc COLAs are not substantively different from automatic COLAs, the Board tentatively agreed that no specific criteria should be included in the Exposure Draft on this issue. Instead, the Board tentatively agreed that certain examples of possible considerations in making a judgment regarding the substance of the ad hoc COLAs should be included. The Board also tentatively agreed that its tentative decisions regarding automatic and ad hoc COLAs should be applied to all other types of retroactive benefit changes for purposes of projecting pension benefit payments for accounting and financial reporting purposes.

In addressing the discount rate used for accounting and financial reporting purposes, the Board tentatively reaffirmed that it should be a single rate that produces a present value of total projected benefit payments equivalent to that obtained by discounting projected benefit payments using (1) the long-term expected rate of return on plan investments to the extent that current and expected future plan net assets available for pension benefits are projected to be sufficient to make benefit payments and (2) a high-quality municipal bond index rate for those payments that are projected to be made beyond the point at which plan net assets available for pension benefits are projected to be depleted.

With respect to the high-quality municipal bond index rate, the Board tentatively agreed that it should be a tax-exempt rate based on a 30-year AA or higher bond index rate as of the employer’s year-end.

Finally, the Board tentatively reaffirmed that:

• The present value of projected benefit payments for an employee should be attributed to that employee’s expected periods of service as a level percentage of payroll using the method described in the current standards as the entry age actuarial cost method.

• The plan net assets held in trust for the pension benefits component of the employer’s net pension liability should be measured in the same way that it is measured in the statement of plan net assets, including measurement of investments at fair value.

***Economic Condition Reporting—Fiscal Sustainability***

Continuing deliberations of potential specific measures necessary from a conceptual standpoint for users to assess types of forward-looking information, the Board examined three final broad categories agreed upon at a previous meeting: effects of fiscal interdependencies between governmental entities, potential effects of the underlying environment within which a governmental entity operates, and ability and willingness of a governmental entity to make decisions that will keep it fiscally sound.

The Board tentatively agreed that only a narrative discussion of the major intergovernmental service interdependencies is a specific measure necessary from a conceptual standpoint for users to make an assessment of the effects of fiscal interdependencies between governmental entities.

Board members supported further exploration of the specific measure of the percentage of major outflows of resources that are mandatory rather than discretionary. The Board requested feedback from the task force on how to define and measure the concept of government mandates. The staff will bring the issue before the task force and discuss feedback obtained at the January Board meeting.

***Technical Plan***

After reviewing the proposed technical plan for the first-third of 2010 with the Board and considering Governmental Accounting Standards Advisory Council (GASAC) member feedback, the chairman approved the final plan, which includes new current technical agenda projects addressing government combinations and deferred inflows of resources and deferred outflows of resources. (Please see the related article on page 4.)

An overview of the GASB’s current technical agenda

***GASB Current Technical Agenda: Overview*** (As of 12/31/10)

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

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

Conceptual Framework—Recognition — — 2Q11 2Q12 1Q13 Roberta Reese 324

and Measurement Attributes Ken Schermann 206

Kathryn Price 303

Economic Condition Reporting— — — 4Q11 TBD TBD Lisa Parker 351

Fiscal Sustainability Dean Mead 294

Dan Brown 308

Jay Fountain (consultant)

Government Combinations — — — 2Q12 2Q13 Jeff Bridgens 210

Roberta Reese 324

Kathryn Price 303

Ken Schermann 206

Postemployment Benefits Accounting 3/09 — — 2Q11 2Q12 Michelle Czerkawski 293

and Financial Reporting: Scott Reeser 448

Pension Accounting and 6/10 Jeff Bridgens 210

Financial Reporting Roberta Reese 324

Todd Webster 441

Shelby Dover 216

*\*(203) 847-0700*

*DM: Discussion Memorandum ED: Exposure Draft Final: Statement, unless otherwise noted*

*ITC: Invitation to Comment PV: Preliminary Views TBD: To be determined*

***GASB Current Technical Agenda: Overview*** (As of 12/31/10)

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

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

**Practice Issues:**

Comprehensive Implementation Guide— Jeff Bridgens 210

Mid-Year Supplement — — — — 1Q11 Michelle Czerkawski 293

Annual Update — — — — 3Q11 Ken Schermann 206

Randy Finden 240

Wesley Galloway 272

Dean Mead 294

Roberta Reese 324

Scott Reeser 448

Todd Webster 441

Shelby Dover 216

Deferred Inflows of Resources and — — — 3Q11 1Q12 Todd Webster 441

Deferred Outflows of Resources: Scott Reeser 448

Omnibus Matthew Pelton 228

Derivatives: Application of Termination — — — 1Q11 2Q11 Randy Finden 240

Provisions (TB) Scott Reeser 448

Kathryn Price 303

Statement of Net Position — 4Q10 — — 2Q11 Ken Schermann 206

Shelby Dover 216

User Guide Series — — — — 2Q11 Dean Mead 294 Kip Betz 201

*\*(203) 847-0700*

*DM: Discussion Memorandum ED: Exposure Draft Final: Statement, unless otherwise noted*

*ITC: Invitation to Comment PV: Preliminary Views TB: Technical Bulletin*

***Technical Plan for the First Four Months of 2011***

In December, the Board reviewed its first-third 2011 technical plan and provided input to the GASB chairman. After considering Board members’ views and the views previously stated by the GASAC members, the chairman approved the technical plan.

***Two Current Agenda Projects Added to First-Third Technical Plan for 2011***

The technical plan for the first-third of 2011 includes new current agenda projects on government combinations and an omnibus project on deferred outflows of resources and deferred inflows of resources. (Please see the related article on page 6.)

The technical plan anticipates, in addition to the continued deliberation of projects on the GASB’s current technical agenda, the issuance an Exposure Draft on a proposed Technical Bulletin relating to derivative instruments and the mid-year supplement to the *Comprehensive Implementation Guide.*

A summary of the objectives and status of each of the projects on the Board’s current 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 first-third of 2011, which can be viewed or downloaded at the GASB website at www.gasb.org.

***Current Agenda Projects***

***Conceptual Framework—Recognition and Measurement Attributes***

***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 attribute or measurement attributes (for example, historical cost or fair value) that conceptually should be used in governmental financial statements. This project ultimately will lead to a Concepts Statement.

***Looking Ahead:*** During the first-third of 2011, Board activities are expected to include further consideration of recognition concepts for current financial resources and development of a Preliminary Views to be released in mid-2011.

***Economic Condition Reporting—Fiscal Sustainability***

***Primary Objective:*** The objective of this project is to consider whether guidance or guidelines should be provided for additional information about economic condition, particularly fiscal sustainability, 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 first-third of 2011, the Board will deliberate potential bases, methodologies, and periods for projecting forward-looking information. Considering task force feedback, the Board also will deliberate potential alternatives for how and where to communicate forward-looking information.

***Government Combinations***

***Primary Objective:*** The objective of this project is to consider the financial reporting requirements for government combinations that are accomplished through annexation, consolidation, acquisition, or other means. 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:*** A task force will be selected and confirmed early in the first-third of 2011. Subsequently, an initial set of issues—including addressing general purpose government combinations—will be developed for presentation to and discussion with the Board.

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

***Primary Objective:*** In the overall project, the Board will consider the possibility of improvements to the existing standards of accounting and financial reporting for postemployment benefits—including pension benefits and other postemployment benefits (OPEB)—by state and local governmental employers and by the trustees, administrators, or sponsors of pension or OPEB plans. One objective of this project is to improve accountability and the transparency of financial reporting in regard to the financial effects of employers’ commitments and actions related to pension benefits and 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 pension or OPEB plans. The Board currently is redeliberating issues associated with employer accounting and financial reporting for pensions that were addressed in the June 2010 Preliminary Views.

Looking Ahead: During the first-third of 2011, the Board is expected to deliberate on comments received in response to the Preliminary Views, including expense recognition and measurement, and consider other related issues. It also will address additional issues including fund financial reporting and coordination with other standards, the timing and frequency of measurement and cost-sharing employer reporting, and proposed transition requirements.

***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. The mid-year guide supplement is scheduled for issuance in January 2011.

***Deferred Inflows of Resources and Deferred Outflows of Resources: Omnibus*** The objectives of this project are to (1) identify requirements in the existing authoritative literature to recognize balances that appear to meet the definitions of deferred outflows of resources or deferred inflows of resources and (2) determine whether those balances should continue to be recognized as assets or liabilities or reclassified as deferred outflows and deferred inflows, respectively, for financial reporting purposes. An Exposure Draft is planned for issuance in the second-third of 2011.

***Derivatives:*** Application of Termination Provisions: The objective of this project is to clarify when the termination provisions in Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments,* apply in situations where a default event under the terms of the swap agreement occurs related to the counterparty for an interest rate swap. An Exposure Draft is planned for release in January 2011.

***Statement of Net Position:*** The objectives of this project are to develop guidance for the display of deferred inflows and deferred outflows of resources in the financial statements, and to consider the effects of the related changes on other elements presented in a statement of financial position. The project would determine what amendments, if any, should be made to the requirements of Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments.* An Exposure Draft was issued in November 2010. A final Statement is expected in May 2011.

***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, which was several years ago in some cases. The first updated guide is scheduled for publication in mid-2011.

***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. 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 medium.

***Fair Value Measurements:*** The objective of this research 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 the potential disclosures about fair value measurements. Within this review, specific issues including fair value measurement of alternative investments, such as private placements and hedge funds, real estate investment trusts, and partnership interests are to be addressed.

***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 regarding the interpretation of governments’ fiduciary responsibility.

***Financial Guarantees:*** The objective of this research project is to assess whether additional guidance should be developed regarding the recognition and disclosure of financial guarantees made and received by state and local governments. Governments typically provide several types of financial guarantees, which are primarily associated with commitments related to debt issued by other entities. If the Board concludes that guidance is warranted, the project could potentially result in a Statement or an Interpretation.

***GASB Adds Two Projects to Current Technical Agenda***

In December, GASB Chairman Robert Attmore added projects to the GASB’s current technical agenda that address government combinations, and deferred inflows of resources and deferred outflows of resources.

Before adding these projects to the agenda, the chairman considered the views of the other Board members and input from the members of the Governmental Accounting Standards Advisory Council (GASAC) where the project was highly ranked in a recent survey.

***Government Combinations***

The project on government combinations and spin-offs was moved from the GASB’s research agenda to its current agenda. Projects on the current agenda are those for which active deliberation by the Board is expected to take place during the coming year.

The project will consider the financial reporting requirements for government combinations that occur when one government annexes another, when there is a consolidation of governments or of governmental functions, when an acquisition takes place, when shared services agreements between governments exist, and in certain other circumstances. The analysis will encompass general governmental combinations including, for example, city/county consolidations and consolidated school districts, as well as business-type activities, which could involve public utilities or healthcare organizations. The project also will consider devolution—or spin-off—issues, like accounting for a library district that was once a department in a primary government.

Though government combinations are becoming an increasingly popular means of reducing both duplication in the provision of services and in the associated costs, there is currently much uncertainty regarding how they should be accounted for and reported. While most states have statutes addressing general purpose government and school district combinations, fewer have guidance addressing business-type activities. In addition, the current authoritative literature does not address the accounting and financial reporting for the combination of assets and liabilities.

Considering these factors, the need for specific guidance is becoming increasingly necessary. Establishing authoritative guidance for government combinations and spin-offs would help reduce uncertainty in this area while increasing consistency and comparability across the governmental environment.

A project proposal on government combinations was first presented to the Board in late 2003, at which point, after review, the Board determined that it should be added to the research agenda.

At this early stage in the project, preparations are being made to select and confirm task force members, with whom an initial set of project issues will be discussed beginning early next year.

Looking ahead, the Board anticipates the issuance of an Exposure Draft by mid-2012. Issuance of a final Statement is projected for the following year.

***Deferred Inflows and Outflows of Resources***

Not all projects that reach GASB’s current agenda are the result of previous research efforts. The addition of the deferred inflows of resources and deferred outflows of resources omnibus project—a narrow-scope practice issue—to the current agenda arose from the recognition that governments report assets and liabilities in the statement of financial position that appear to meet the definitions of deferred inflows of resources and deferred outflows of resources as they appear in Concepts Statement No. 4, *Elements of Financial Statements.*

Because that Concepts Statement specifies that recognition of deferred inflows and deferred outflows should be limited to those instances identified in GASB authoritative pronouncements, a standard is needed to determine which, if any, of these balances—for example, deferred charges and deferred revenues—should be reported as deferred outflows or deferred inflows rather than as assets or liabilities. If it is determined that certain balances should be reported as deferred outflows or deferred inflows, then reclassification guidance for those balances would be necessary.

Currently, only Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments,* requires the recognition of deferred inflows of resources and deferred outflows of resources in certain cases. Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements,* which was issued in December but is not yet effective, also will require the recognition of deferred inflows of resources in specific situations.

A net position project, *Financial Reporting of Deferred Outflows and Deferred Inflows of Resources and Net Position,* is currently underway that will provide statement presentation guidance for these elements; however, it would only apply to balances that have been specifically identified thus far as deferred inflows or deferred outflows.

The Board’s current project addressing pension accounting and financial reporting also may incorporate requirements for reporting deferred inflows and deferred outflows.

In addition, in October, the GASAC ranked this project at the top of its list of potential projects for addition to the GASB agenda.

The combination of these factors demonstrate the growing need for a project addressing balances that appear to meet the definition of deferred inflows of resources and deferred outflows of resources but are not specifically identified as such throughout the GASB’s authoritative literature.

Accounting and financial reporting issues expected to be considered include not only the determination of whether balances currently recognized as assets or liabilities should be reclassified as deferred outflows or deferred inflows, but also the potential impact on these reclassifications to the major fund determination.

Initial project activities scheduled to take place in early 2011 include the development of a project overview and background document for Board review. The Board will begin to deliberate initial project issues in early spring.

Looking ahead, the Board anticipates the issuance of an Exposure Draft in summer 2011. Issuance of a final Statement is projected for early the following year.

***GASAC Chairman and Member Appointments***

The Financial Accounting Foundation (FAF) announced that Martin J. Benison has been appointed to a two-year term as chairman of the Governmental Accounting Standards Advisory Council (GASAC), effective January 1, 2011.

Mr. Benison, who was appointed to the GASAC in 2010, will succeed outgoing Chairman W. Daniel Ebersole, whose term on the GASAC expires on December 31, 2010. Mr. Ebersole was appointed chairman of the GASAC in 2007. The GASAC consults with the GASB on technical issues, project priorities, and other matters likely to concern the GASB.

Mr. Benison is comptroller of the Commonwealth of Massachusetts. He served as deputy comptroller where he managed the accounting and financial reporting operations of the Commonwealth for the six years prior to his 1999 appointment as comptroller.

As chairman of the GASAC, Mr. Benison will preside at meetings of the council, which consists of 30 members representing financial statement preparers, auditors, and users of governmental financial information. The GASAC provides input to the GASB on its mission to provide useful information for the diverse users of governmental financial reports. Mr. Benison will be responsible for implementing and directing the broad operating processes of the GASAC and for guiding discussion at GASAC meetings to assure the effective and timely communication of the comments and views of the GASAC’s members to the GASB.

Mr. Benison is also a past president of the National Association of State Comptrollers and serves on the Executive Committee of the National Association of State Auditors, Comptrollers and Treasurers.

Commenting on his appointment to the GASAC, GASB Chairman Robert H. Attmore said, “Marty Benison has brought a wealth of experience in public-sector financial reporting to the GASAC, and we are delighted that he has agreed to serve in the role of chairman. Under his leadership, we are confident that the GASAC will continue to provide the GASB with valuable feedback and insights that are important to the process of setting high-quality state and local government financial reporting standards.”

Mr. Attmore added, “I also extend our deepest thanks to Dan Ebersole, whose leadership was critical to the GASAC’s ability to provide timely input to the GASB during a period when many state and local governments were facing the challenges of a changing economy.”

***New GASAC Members Appointed***

The FAF has approved the appointment of seven new members, who will begin two-year terms on January 1, 2011. The new members are:

• Michael R. Long, treasurer, Klamath County, Oregon, representing the National Association of Counties

• Amanda Noble, deputy city auditor, city of Atlanta, Georgia, representing the Association of Local Government Auditors

• Cathy Provencher, treasurer, state of New Hampshire, representing the Council of State Governments

• Randy H. Riggs, council member, city of Waco, Texas, representing the National League of Cities

• Anne G. Ross, senior vice president, Roosevelt & Cross, Inc., representing the Securities Industry and Financial Markets Association

• Robert W. Scott, director of finance/treasurer, city of Brookfield, Wisconsin, representing the Government Finance Officers Association.

***Who’s Who at the GASB***

***Karl Johnson Retires from GASB Staff***

After nearly 15 years on the staff of the Governmental Accounting Standards Board, Project Manager Karl D. Johnson retired in December. Karl joined the GASB as a project manager in January 1996. During his tenure at the GASB, Karl worked on a number of projects of great significance to governmental accounting and financial reporting that have had a major impact in the government environment. The centerpiece of his service to the Board has been his work on postemployment benefits accounting and financial reporting issues. Karl led the GASB staff’s efforts on the pension implementation guide, the retiree healthcare benefits standards, and most recently, the reexamination of the pension accounting and financial reporting standards.

Prior to joining the staff of the GASB, Karl served the State Auditor’s Office in Austin, Texas for more than two decades. He began his career as an auditor in public accounting in Texas. Karl will reside in Georgetown, Texas near the homes of his two daughters.

Commenting on Karl’s departure, GASB Chairman Robert H. Attmore said, “Karl’s contributions to the GASB standards-setting process over a decade and a half have been invaluable, and we thank him for his outstanding service. We will miss his expertise and friendship and extend our best wishes for a rewarding and fulfilling retirement.”

*In December, the GASB also marked the departures of a staff member and a postgraduate technical assistant.*

***Cheryl Cochet*** completed a two-year engagement at the GASB in December and returned to her hometown, Williamsburg, Virginia. Ms. Cochet joined the GASB as a postgraduate technical assistant in January 2009, and was promoted in January 2010 to the position of GASB project research associate for a one-year term. She came to the GASB from the College of William and Mary, where she received a bachelor’s degree and a master’s degree in accounting. During her tenure at the GASB, Ms. Cochet worked extensively on the postemployment benefits accounting and financial reporting project. She also worked on other projects including the codification of pre-November 30, 1989 FASB and AICPA pronouncements, and other postemployment benefit implementation issues.

***Rebecca Herrman*** will join KPMG LLP as a senior associate in the firm’s transaction accounting services group in Chicago, Illinois. She came to the GASB in January 2010 from the University of Notre Dame in South Bend, Indiana, where she received a bachelor’s degree and a master’s degree in accounting. During her tenure at the GASB, Ms. Herrman worked on a number of technical projects including a forthcoming proposed Technical Bulletin on derivatives, codification of pre-November 30, 1989 FASB and AICPA pronouncements, fair value measurements, financial guarantees, and the 2010–2011 issue of the *Comprehensive Implementation Guide.*

***The GASB Report***

The GASB welcomes feedback on *The GASB Report.*

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