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

***No. 316 / July 2011***

*(The GASB Report No. 278)*

***GASB Calendar***

The GASB has scheduled the following public meeting dates:

***August 17–19***

***October 5–6***

The GASB also is scheduled to meet via **teleconference** on **September 8** and **October 18.** 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 FAF Trustees will meet on August 23 in New York City.

Finally, the GASB will be holding public hearings and user forums on the pension Exposure Drafts on October 3 and 4, respectively, in East Elmhurst, New York (LaGuardia Plaza Hotel); October 13 and 14, respectively, in San Francisco, California (Sir Francis Drake Hotel); and October 20 and 21, respectively, in Chicago, Illinois (Renaissance Chicago O’Hare Hotel).

The GASB also will be holding public hearings on the concepts Preliminary Views at the above hotels in the morning on October 4, October 14, and October 21.

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 Proposes Improvements to Pension Standards***

The GASB recently issued two Exposure Drafts proposing major changes to accounting and financial reporting of pensions by state and local governments: *Accounting and Financial Reporting for Pensions,* and *Financial Reporting for Pension Plans.* The documents propose amendments to the existing pension standards to improve how the costs and obligations associated with the pensions that governments provide to their employees are calculated and reported.

*Accounting and Financial Reporting for Pensions* primarily relates to reporting by governments that provide pensions to their employees. *Financial Reporting for Pension Plans* relates to the pension plans that administer those benefits.

The proposals would lead to significant improvements in the consistency, comparability, and transparency of pension information reported by employers, which would greatly enhance its usefulness for making decisions and assessing accountability. The documents arise from the GASB’s comprehensive review of the effectiveness of its current pension standards, which is a part of the GASB’s broader effort to periodically examine the effectiveness of its existing standards.

The GASB is proposing a pronounced shift from the current *funding-based* approach to an *accounting-based* approach. The most significant change that the proposals put forward in this regard is that governments would be required to report their net pension liability in their statement of financial position.

***Measuring the Total Pension Liability***

The proposals also would change how governments would measure the total pension liability. The measurement involves three traditional steps employed by actuaries:

1. Projecting future benefit payments

2. Discounting those payments to their actuarial present value

3. Attributing the present value of the projected benefit payments to past and future years during which employees have worked or are expected to work.

The proposals would carry forward the general current practice of incorporating expectations of future employment-related events into projections of pension benefit payments (for example, projected salary increases and projected service credits). Provisions for automatic cost-of-living adjustments (COLAs), which generally are part of an employment agreement, statute, or ordinance, would continue to be included in projections as well. Ad hoc COLAs, which are made at the discretion of the government, would be included only if they occur with such regularity that they are substantively automatic.

Discounting projected pension benefit payments to their present value requires the assumption of an interest rate *(discount rate).* Current standards require governments to apply a discount rate equal to the expected future rate of return on the investments of the pension plan over the long term. Net assets held by a pension plan over time associated with current and past employees, however, may not be expected to fully cover projected benefit payments for those individuals. At the point at which net assets are not expected be available to be invested for the long term to make benefit payments—the so-called “crossover point”—governments would begin discounting using a tax-exempt, high-quality (rated AA or higher, including equivalent ratings) 30-year municipal bond index rate. This proposal reflects that those future benefit payments are not expected to be made with the pension plan’s long-term investments.

Next, the benefit payments—discounted to their present value—are allocated over a period related to the working years when the employees earn benefits. Under the proposal, all governments would use the entry age normal actuarial cost method to allocate present value, and would do so as a level percentage of payroll. Under this method, projected benefits are discounted to their present value when employees first begin to earn benefits and attributed to employees’ expected periods of employment until they leave.

***Measuring Pension Expense***

A government’s net pension liability changes from year to year for a variety of reasons. A key issue is when to recognize these period-to-period changes as a cost of a government’s operations—as expenses in the accrual-based financial statements.

Under the GASB’s proposal, several causes of changes in the net pension liability would be factored into the calculation of pension expense immediately in the period the change occurs, including:

• Benefits earned each year

• Interest on the total pension liability

• Changes in benefit terms

• Projected earnings on plan investments

• Changes in plan net position from other than investments

• The effects on the total pension liability of changes in assumptions and differences between assumed and actual experience related to economic and demographic factors, as they relate to *inactive* employees (including retirees and their beneficiaries).

As they relate to *active* employees, the effects on the total pension liability of changes in assumptions and differences between assumed and actual experience related to economic and demographic factors would be recognized in the net pension liability and initially as deferred outflows of resources or deferred inflows of resources and then introduced into the expense calculation systematically over the remaining years of employment of active employees.

The effect of differences between the expected long-term return on plan investments and actual experience would be recognized in the net pension liability and as deferred outflows of resources or deferred inflows of resources and included in expense in a systematic and rational manner over five years.

***Cost-Sharing Multiple-Employer Plans***

Governments participating in cost-sharing multiple-employer plans currently are not required to present actuarial information about the plan. Instead, information is required to be presented in the pension plan’s

own financial statements for all of the participating governments combined.

Because the needs of the users of financial statement information about cost-sharing plans and their participating governments are no different from the needs of people interested in governments participating in single-employer and agent multiple-employer pension plans, the GASB is proposing that cost-sharing governments report a net pension liability in the statement of financial position based on each individual government’s proportionate share of the *collective* net pension liability of all of the governments participating in the cost-sharing plan.

***Note Disclosures and Required Supplementary Information***

The GASB’s proposed standards contain requirements for disclosing information in the notes to the financial statements and presenting required supplementary information (RSI) following the notes. All governments participating in a defined benefit pension plan would include the following information in their note disclosures:

• Descriptions of the plan and benefits provided

• Numbers of retirees and beneficiaries, and active and inactive employees

• Significant assumptions employed in the measurement of the net pension liability

• Descriptions of benefit changes and changes in assumptions

• Assumptions related to the discount rate and the impact on the total liability of a 1 percent change in the discount rate

• Net pension liability, deferred outflows of resources and deferred inflows of resources, and pension expense.

Governments participating in single-employer and agent multiple-employer pension plans also would disclose:

• For the current period, the beginning and ending balances of the total pension liability, assets held for pension benefits, and the net pension liability

• Components of the current-period pension expense

• Reconciliation of the beginning and ending balances of deferred outflows of resources and deferred inflows of resources.

Governments would present RSI schedules with the following information for each of the past 10 years:

• The beginning and ending balances of and change in the total pension liability, the plan trust’s net position, and the net pension liability

• (1) Total pension liability, (2) the plan trust’s net position, (3) the net pension liability, (4) 2 divided by 1, (5) covered-employee payroll, and (6) 3 divided by 5.

A government participating in a cost-sharing multiple-employer plan would present both of these RSI schedules *for the plan as a whole.* It also would present the latter schedule with information *for its proportionate share of the plan.*

If a government has an actuarially calculated annual pension contribution, it also would present an RSI schedule with the following information for each of the past 10 years: (1) the actuarially calculated employer contribution, (2) amount of employer contribution made, (3) the difference between 1 and 2, (4) covered payroll, and (5) 2 divided by 4. A government participating in a cost-sharing multiple-employer plan would present this schedule for its individual plan and for the plan as a whole.

Governments also would present notes to the RSI schedules regarding significant assumptions underlying the actuarially calculated contributions (if not disclosed in the notes), and factors that significantly affect the trends in the schedules.

***Special Funding Situations***

In some pension plans, an entity other than the employer is legally responsible for making contributions to the plan. The legal responsibility to contribute is either conditional or unconditional.

Under a conditional special funding situation, which resembles a grant in many respects, the nonemployer government recognizes the contribution to the employer government as an expense, but not as a pension expense.

Under an unconditional special funding arrangement, the nonemployer government legally responsible for contributing has essentially assumed a portion of the employer government’s pension obligation as its own. Consequently, the nonemployer government would recognize its proportionate share of the net pension liability, deferred inflows of resources, deferred outflows of resources, and pension expense.

The employer government would calculate its net pension liability and related financial statement elements, prior to the other government’s support, but would recognize amounts net of the other government’s proportionate share. The employer government would recognize “on behalf” revenue equal to the portion of the nonemployer government’s pension expense related to the government’s employees.

***Defined Contribution Plans***

Defined benefit plans specify the *amount of benefits* to be provided to the employees after the end of their employment. Participating governments make contributions to the plan in order to accumulate assets, which will be available in the future to make the promised benefit payments. *Defined contribution* plans, however, stipulate only the *amounts to be contributed to an employee’s account* each year, and not the amount of benefits employees will receive after the end of their employment.

The GASB’s proposed standards would essentially carry forward the existing requirements regarding defined contribution plans. Participating governments would report an expense equal to the amount they are required to contribute for employee service each year and a liability equal to the difference between that required contribution and what the government actually contributes. These governments also would make descriptive disclosures about the plan and its terms, and the method by which contributions to the plan are determined.

***The Plan Proposal***

The Exposure Draft addressing plan reporting proposes standards for financial reporting by *defined benefit pension plans* administered through qualified trusts. The proposal outlines the basic framework for the separately issued financial reports of defined benefit pension plans. The Exposure Draft also details proposed note disclosure requirements for *defined contribution pension plans* administered through qualified trusts.

***Proposed Effective Date***

An employer that participates in a single-employer defined benefit pension plan, and a single employer pension plan itself, that has plan net position of $1 billion or more in the first fiscal year ending after June 15, 2010, would generally be required to implement the requirements of the proposed Statement in periods beginning after June 15, 2012.

For all other employers and for governmental nonemployer contributing entities and other pension plans, this proposed Statement would be effective for periods beginning after June 15, 2013. Earlier application would be encouraged.

***How to Obtain Copies of the Exposure Drafts***

Copies of the Exposure Drafts, as well as a Pain-Language Supplement to the proposals intended for users of financial statements, may be downloaded free of charge from www.gasb.org. The comment deadline is September 30, 2011.

Additional details on how to provide comments and participate in the series of public hearings and user forums scheduled for October 2011 are available in the Exposure Drafts.

***Board Meeting Summary***

The GASB held a public meeting on June 27–29 at its office in Norwalk, Connecticut, to discuss issues associated with its projects on pension accounting and financial reporting, recognition and measurement approaches under its conceptual framework, derivatives, the 2011–2012 edition of the *Comprehensive Implementation Guide,* government combinations, the user guide series, reporting balances previously recognized as assets and liabilities, and fiscal sustainability as it relates to economic condition reporting.

***Pension Accounting and Financial Reporting***

By a 6-1 vote, the Board approved the issuance of the Exposure Draft, *Accounting and Financial Reporting for Pensions.* Also, the Board unanimously approved the issuance of the Exposure Draft, *Financial Reporting for Pension Plans.* In addition, the Board reviewed and did not object to the issuance of the accompanying Plain-Language Supplement to the Exposure Drafts. Please see the related story on page 1.

***Recognition and Measurement Approaches under the Conceptual Framework***

By a 5-2 vote, the Board approved the issuance of the Preliminary Views, *Recognition of Elements of Financial Statements and Measurement Approaches.* Please see the related story on page 3.

***Derivatives***

The Board unanimously approved the issuance of Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions.* Please see the related story on page 2.

***Comprehensive Implementation Guide***

The Board reviewed and provided comments on the ballot draft of the *Comprehensive Implementation Guide,* 2011–2012 edition. Many of the proposed changes, additions, and deletions to questions and answers for the 2011–2012 guide were a result of the implementation of Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* No. 59, *Financial Instruments Omnibus,* No. 61, *The Financial Reporting Entity: Omnibus,* and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.*

New questions also were proposed related to the reporting of component units, capitalization of interest, restricted net assets, and derivative instruments. After reviewing the proposed changes, the Board unanimously cleared the updated guide for issuance.

***Government Combinations***

In considering the government combinations project, the Board discussed other arrangements, without the presence of financial consideration, including annexations, “redistricting” of school districts, and shared service arrangements. The Board considered a variety of circumstances for each of these arrangements and tentatively decided that the following transactions should be included within the scope of the project:

• Annexations that include transfers of assets and liabilities between two or more legally separate governments

• School district reorganizations that result in the consolidation of two or more legally separate entities or that include transfers of assets and liabilities between two or more legally separate entities

• Shared service arrangements in circumstances in which governments jointly agree to provide discontinued services and create new legally separate entities or contribute resources to existing legally separate entities in order to provide those services.

The Board also discussed measurement approaches for each of the circumstances described above and tentatively agreed to use the same measurement method that was determined for *government consolidations* in this project, which is based upon the use of existing carrying values of assets and liabilities.

***User Guide Series***

The Board discussed a draft of an updated and revised version of the GASB User Guide, *What You Should Know about Your School District’s Finances: A Guide to Financial Statements.* The Board commented on the appropriateness of the level of discussion in the guide, which is intended for laypersons with no prior knowledge of governmental accounting, and on the content covered by the guide.

***Reporting Balances Previously Recognized as Assets and Liabilities***

Continuing deliberations on the reporting balances previously recognized as assets and liabilities project, the Board reviewed staff research on the notion of a performance obligation in the context of the joint Financial Accounting Standards Board/International Accounting Standards Board project on revenue recognition. The Board then reviewed a staff analysis of resources received in advance of an exchange transaction, which considers the notion of a performance obligation.

The Board tentatively determined that, from a conceptual standpoint, resources received in advance of an exchange transaction create a performance obligation and, therefore, the resources associated with the performance obligation should be classified as a liability. The Board also concluded that, due to the various types of exchange transactions that a governmental entity could be engaged in and the volume of those transactions under consideration in this project, the performance obligation should be measured at the original transaction price, as it is the most practical measurement approach for governments.

The Board then decided that the focus of the project should be on those transactions specifically identified in GASB pronouncements that the Board has discussed throughout deliberations. In conjunction with this decision, the Board reconfirmed the position taken in Concepts Statement No. 4, *Elements of Financial Statements,* determining that only those items that the Board has specifically identified in this project as deferrals should be reclassified as such.

Finally, the Board reviewed previous decisions made on balances that may have warranted reclassification due to the Board’s recent decision about the treatment of a performance obligation. The Board tentatively determined that fees received for arranging a commitment directly between a permanent investor and a borrower create a performance obligation and, therefore, should be reclassified from a deferred inflow of resources to a liability.

***Fiscal Sustainability as It Relates to Economic Condition Reporting***

After deliberation, the Board reached a tentative agreement on a working definition of an intergovernmental service interdependency for the purpose of reporting fiscal sustainability information. The working definition holds that “an intergovernmental service interdependency exists when one governmental entity provides a service on behalf of another governmental entity or together with one or more governmental entities.”

The Board also tentatively agreed that determining which intergovernmental service interdependencies are “major” when reporting the measure—*narrative discussion of the major intergovernmental service interdependencies that exist and the nature of those service interdependencies*—is a matter of professional judgment and should not be subject to identification through specific criteria.

***GASB Issues Statement 64 on Derivative Instruments***

The GASB recently issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions,* an amendment of GASB Statement No. 53. This Statement clarifies the application of requirements in Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments,* that address the termination of hedge accounting.

The Statement is designed to improve financial reporting and enhance the comparability of information related to derivative instruments that state and local governments report. For accounting and financial reporting purposes, the Statement clarifies the existing requirements for the termination of hedge accounting and the circumstances in which hedge accounting should continue to be applied.

Statement 53 provides guidance on the application of hedge accounting for derivative instruments that are effective hedges. When hedge accounting is applied, changes in fair values of a hedging derivative instrument are reported as either deferred outflows of resources or deferred inflows of resources, rather than being recognized in current period investment income. When hedge accounting is terminated, Statement 53 requires the accumulated deferred changes in fair value of the hedging derivative instrument to be recognized in investment income in the current period.

The additional clarity provided in Statement 64 is necessary because questions have been raised regarding whether, under the provisions in Statement 53, hedge accounting should be terminated when a swap counterparty, or a swap counterparty’s credit support provider, is replaced. These questions arose when a swap counterparty, or the swap counterparty’s credit support provider, experienced or committed an act of default or termination event, and thereby failed to comply with a swap agreement’s specific terms.

Statement 64 clarifies that when certain conditions are met, hedge accounting should continue to be applied for financial accounting and reporting purposes. When an interest rate swap or commodity swap is an effective hedging derivative instrument, as defined in Statement 53, and all of the following conditions are met, the GASB believes an effective hedging relationship continues to exist:

• Collectability of swap payments is considered to be probable.

• The swap counterparty, or the swap counterparty’s credit support provider, is replaced by an assignment or an in-substance assignment.

• The government enters into the assignment or in-substance assignment in response to the swap counterparty, or the swap counterparty’s credit support provider, either committing or experiencing an act of default or a termination event as both are described in the swap agreement.

Under Statement 64, when a government replaces a swap counterparty, or the swap counterparty’s credit support provider, the replacement must be done by an assignment or an in-substance assignment. This means that only the swap counterparty, or the swap counterparty’s credit support provider, may change and not the key terms of the swap agreement. For a replacement swap to be considered an in-substance assignment, the original swap and the replacement swap agreements must be entered into on the same date. If there is a difference between the original swap agreement’s exit price and the replacement swap’s entry price, that difference must be attributable to the original swap agreement’s exit price that is based on a computation specifically permitted under the original swap agreement. In addition, the terms that affect changes in fair values and cash flows must be identical between the original and replacement swap agreements.

***Effective Date***

The provisions of Statement 64 are effective for financial statements for periods beginning after June 15, 2011, with earlier application encouraged.

***How to Order Copies***

Statement 64 (product code GS64) may be obtained through the GASB Order Department by calling (800) 748-0659 or through the GASB Store on the GASB website at [www.gasb.org](http://www.gasb.org).

***GASB Seeks Comments on Preliminary Views on Recognition and Measurement of Elements of Financial Statements***

The GASB recently issued a Preliminary Views related to recognition of elements of financial statements and measurement approaches. The document, *Recognition of Elements of Financial Statements and Measurement Approaches,* is designed to convey and solicit comments on the Board’s views at an early project stage on the manner in which and timing of when an item should be reported or recognized on state and local government financial statements and how the amount of the item reported on those statements should be determined.

The GASB is seeking public comment on the views described in the document prior to developing more detailed proposals. The deadline for comment is September 30, 2011.

This project is ultimately expected to result in the issuance of a Concepts Statement. Concepts Statements are intended to provide a framework of interrelated objectives and fundamental concepts that can be used as a basis for establishing consistent financial reporting standards that can be applied to solve numerous financial accounting and reporting issues.

***Recognition of Elements of Financial Statements***

Recognition concepts encompass two aspects of state and local financial statements. The measurement focus of a specific financial statement determines *what* items should be reported as elements of that financial statement. The related basis of accounting determines *when* those items should be reported.

The Preliminary Views proposes a recognition framework for both the economic resources measurement focus and the near-term financial resources measurement focus. One component of this framework is that an item, on a conceptual basis, should be recognized, and therefore reported as an element of financial statements prepared using the economic resources measurement focus, if the item both meets the definition of an element and is measurable with a sufficient degree of reliability.

Because of certain inconsistencies in the current financial resources measurement focus model, the framework being proposed would include a component that, on a conceptual basis, would replace that model with the near-term financial resources measurement focus, which recognizes balances from a near-term perspective and flows of financial resources for the reporting period.

Near-term refers to the period after the end of the reporting period during which financial resources at period-end can be converted to cash to satisfy obligations for spending for the reporting period. Consistent with the objective of developing a conceptually sound model, the near-term financial resources measurement focus is based on a symmetrical concept: assets include resources that are normally *receivable at period-end and due* to convert to cash within the near term (as well as cash and financial resources that are available to be converted to cash within the near term), and liabilities include those normally *payable at period-end and due* within the near term.

In keeping with the concept of interperiod equity, another component of this proposed framework would include proposed concepts related to the recognition of deferred outflows of resources or deferred inflows of resources in financial statements prepared using the economic resources measurement focus when the following types of transactions occur:

• Outflows of resources that do not meet the definition of an asset and are inherently related to services that the government will provide in future periods

• Inflows of resources that do not meet the definition of a liability and can only be used in the future

• Inflows of resources related to items that were not previously recognized as assets in the financial statements (future resources)

• Outflows of resources and inflows of resources related to changes in the fair value of recognized assets and liabilities when the item is related to an outflow of resources or inflow of resources that will occur in the future.

This proposed framework provides that, on a conceptual basis, deferred outflows of resources or deferred inflows of resources would be recognized in financial statements prepared using the near-term financial resources measurement focus when the following transactions occur:

• Outflows of resources that do not meet the definition of an asset and are inherently related to future spending

• Inflows of resources that do not meet the definition of a liability and can only be used for spending in the future.

***Measurement Approaches***

A measurement approach is a broad concept focusing on whether an asset or liability presented in a financial statement should be reported at an amount that reflects the value when the asset was acquired or the liability incurred or whether the asset or liability should be remeasured and reported at an amount that reflects the value at the date of the financial statements.

The document proposes a framework for when each of two primary measurement approaches, on a conceptual basis, should be used. The primary measurement approaches are:

• ***Initial-Transaction-Date-Based Measurement (Initial Amount)—***The transaction price or amount assigned when an asset was acquired or a liability was incurred, including subsequent modifications to that price or amount, such as through amortization or depreciation.

• ***Current-Financial-Statement-Date-Based Measurement (Remeasured Amount)—***The amount assigned when an asset or liability is remeasured as of the financial statement date, including fair value; current acquisition, sales, and settlement price; replacement cost; and value-in-use.

On a conceptual basis, it is the Board’s preliminary view that initial amounts would be the more appropriate measure for assets that are used directly in providing services (for example, capital assets). This component of the proposed framework was developed after evaluating the effects of each of the measurement approaches on the objectives of financial reporting and recognizing that neither primary measurement approach is best for all objectives. Use of initial amounts would provide better information about the cost of current-year services. Use of remeasured amounts would provide better information about the remaining service potential of these assets. The Board believes that, from a conceptual standpoint, the information about cost of services would have greater relevance for these assets because of the importance of providing information that can be used to assess interperiod equity.

Another component of this proposed framework is that, on a conceptual basis, remeasured amounts would be the more appropriate measure for assets that will be converted to cash (for example, financial assets). The usefulness of financial assets is in their conversion to cash—whether that be through the sale of the asset or its collection in due course—which can then be used to acquire services or to meet existing obligations. A remeasured amount would be most relevant to the objective of assessing financial position and the ability to satisfy obligations as they become due because it presents financial assets using a consistent scale of measurement—that of values related to the date of the financial statements.

Another component of this proposed framework is that, on a conceptual basis, remeasured amounts would be the more appropriate measure for variable-payment liabilities, such as compensated absences. Remeasured amounts for these liabilities would be more relevant to all objectives of financial reporting because they are closer to the amount necessary to settle the liability than are initial amounts.

If ultimately issued as a Concepts Statement, the proposed concepts would improve financial reporting by bolstering the framework through which the Board can enhance consistency in future standards. These proposed concepts address recognition of elements of financial statements and measurement approaches that are necessary components of a complete framework for reporting in traditional financial statements. These proposed concepts, when finalized, also may benefit preparers and auditors when evaluating transactions for which there are no existing standards or in implementing existing standards.

The Preliminary Views, *Recognition of Elements of Financial Statements and Measurement Approaches,* may be downloaded at no charge from the GASB website, [www.gasb.org](http://www.gasb.org).

***GASAC Meeting—June 2011***

Members of the Governmental Accounting Standards Advisory Council (GASAC) met on June 29 and 30 at the Financial Accounting Foundation (FAF) offices in Norwalk, Connecticut. The Council’s agenda included updates on the activities of the FAF and on projects on the GASB’s current technical agenda.

GASAC members provided feedback on issues associated with several projects, addressed tentative decisions made by the GASB, and offered input on open questions that the Board will address in the future.

With respect to the project on reporting balances previously recognized as assets and liabilities (this project was formerly known as the omnibus project on deferred inflows and deferred outflows of resources), GASAC members provided input on tentative classification of items as assets, deferred outflows of resources, liabilities, deferred inflows of resources, inflows of resources (for example, revenues), and outflows of resources (for example, expenses). Also, the staff described the decision hierarchy used by the Board to determine the appropriate classification for items.

GASAC members also provided feedback on the financial guarantees project, including project scope issues related to the various types of financial guarantees that governments make or receive, and the forms of financial reporting display and disclosures that would best meet essential financial statement user needs.

Regarding the government combinations project, members of the GASAC offered input on project issues including how assets and liabilities should be measured and reported when they are obtained in a government combination that does not include financial consideration.

In discussing economic condition reporting as it relates to fiscal sustainability, members of the GASAC provided feedback on project issues including how to report fiscal sustainability information, where in the financial report the information should be reported, and which governments should report it.

Finally, members of the GASAC offered input regarding the GASB’s planned communication and outreach activities related to the issuance in July of two Exposure Drafts containing proposed new standards for pension accounting and financial reporting. In addition to the traditional outreach activities, the efforts related to the pension documents also will include educational webcasts, audio podcasts, and communications by social media.

The next GASAC meeting is scheduled for November 10 and 11 in East Elmhurst, New York (LaGuardia Airport area). Additional information about the projects referenced above is available at www.gasb.org.

***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 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.

***Who’s Who at the GASB***

*In July, the GASB welcomed three postgraduate technical assistants.*

***Carolynn Maria Cancro*** came to the GASB from Pennsylvania State University, University Park, Pennsylvania, where she received a master’s degree and a bachelor’s degree in accounting. Ms. Cancro’s project assignments include recognition and measurement approaches under the conceptual framework, accounting and financial reporting for other postemployment benefits, and leases.

***Emily Clark*** came to the GASB from the University of Texas at Austin, where she received a master’s degree in accounting and a bachelor’s degree in business administration, financial reporting, and assurance services. Ms. Clark’s project assignments include pension accounting and financial reporting, the *Comprehensive Implementation Guide,* and fair value measurement.

***Jaclyn Geary*** came to the GASB from Indiana University, Bloomington, Indiana, where she received a master’s degree in accounting and a bachelor’s degree in business administration, which focused on accounting and technology. Ms. Geary’s project assignments include government combinations, reporting balances previously recognized as assets and liabilities, and the GAAP hierarchy.

*Also in July, the GASB marked the departure of three postgraduate technical assistants who completed their terms and assumed new positions.*

***Shelby Dover*** joined the Center for Financial Research and Analysis in Rockville, Maryland, as an associate. She came to the GASB from the University of Texas at Austin, where she received a master’s degree in accounting and a bachelor’s degree in business administration. During her tenure at the GASB, Ms. Dover was a member of the pension accounting and financial reporting project team. She also worked on Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* and the 2011–2012 edition of the *Comprehensive Implementation Guide.*

***Matthew Pelton*** joined KPMG LLP as a senior associate in the accounting advisory services department within the firm’s San Francisco office. He came to the GASB from Augustana College, Rock Island, Illinois, where he received a bachelor’s degree in accounting, finance, and international business. During his tenure at the GASB, Mr. Pelton worked on Statements No. 60, *Accounting and Financial Reporting for Service Concession Arrangements,* and No. 61, *The Financial Reporting Entity: Omnibus.* He also was a member of the electronic financial reporting and reporting balances previously recognized as assets and liabilities project teams.

***Kathryn Price*** joined Ernst & Young as a senior associate within the firm’s financial accounting advisory services department in New York, New York. She came to the GASB from Michigan State University, East Lansing, Michigan, where she received a master’s degree in accounting, financial reporting, and assurance services and a bachelor’s degree in accounting. During her tenure at the GASB, Mrs. Price worked on Statements No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* and No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions.* She also was a member of the fair value measurements, government combinations, and financial guarantees project teams.

***The GASB Report***

The GASB welcomes feedback on *The GASB Report.*

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