



# FASAB Newsletter Federal Accounting Standards Advisory Board

## April/May 2017 TABLE OF CONTENTS

Member News .....	1
Graylin Smith Reappointed to FASAB.....	1
Current Board Projects .....	2
Financial Reporting Model .....	2
Leases .....	2
Accounting and Reporting of Government Land.....	4
Risk Assumed.....	4
DoD Implementation Guidance Request.....	5
Budget to Accrual Reconciliation.....	5
Accounting and Auditing Policy Committee.....	6
FASAB Meeting Schedule .....	7
AAPC Meeting Schedule .....	7
Security Notice .....	7

### Disclaimer

The staff of the Federal Accounting Standards Advisory Board publishes the FASAB newsletter following Board meetings to provide highlights of recent Board actions and issues. When an article refers to a Board decision, it should be understood that this is tentative until FASAB issues a Statement of Federal Financial Accounting Concepts (SFFAC) or Statement of Federal Financial Accounting Standards (SFFAS).

Please direct newsletter editorial questions to Leigha Kiger at 202-512-7358 or [kigerl@fasab.gov](mailto:kigerl@fasab.gov).

Please direct AAPC technical questions to Grace Wu at 202-512-7377 or [wug@fasab.gov](mailto:wug@fasab.gov).

Please direct FASAB and AAPC administrative questions to Romona Parker at 202-512-7350 or [parkerr1@fasab.gov](mailto:parkerr1@fasab.gov).

## Member News

### Graylin Smith Reappointed to FASAB

Mr. Graylin Smith has been reappointed to the Federal Accounting Standards Advisory Board (FASAB or “the Board”). Mr. Smith’s second five-year term begins on July 1, 2017, and will conclude on June 30, 2022.

Mr. Smith’s service on the Board began July 1, 2012. Mr. Smith is one of the founding partners and the managing partner of SB & Company, LLC, a CPA firm in Maryland. His firm serves small business, middle market companies, state and local governmental entities, colleges and universities, and nonprofit organizations.

An Appointments Panel—composed of the FASAB chairman, the three federal FASAB members, and three individuals representing the American Institute of Certified Public Accountants (AICPA) and the Financial Accounting Foundation—advises the FASAB sponsors

on appointments and reappointments for the six nonfederal members of the Board. The sponsors—Steven Mnuchin, the Secretary of the Treasury; Mick Mulvaney, the Director of the Office of Management and Budget; and Gene Dodaro, the Comptroller General of the United States—made the final appointments.

## Current Board Projects

*(For more information, click on the title of the project to be directed to the related active project page.)*

### Financial Reporting Model

FASAB will be conducting roundtable discussions on streamlining federal financial reporting standards and note disclosures. During its April 2017 meeting, Board members discussed the need to review existing standards and determine 1) how to reduce the burden on preparers, 2) what FASAB requirements may require clarification, and 3) what reporting matters should be considered in developing an ideal model over the long term. Board members noted that agency resources are increasingly constrained and financial reports have grown in size. Lengthy reports may appear too voluminous to be useful. In addition, management's discussion and analysis (MD&A) is intended to be a brief overview. However, in practice, MD&A is often an extensive presentation. Board members also noted financial reports may present redundant information, and there may be information that is not being presented as the Board intended.

In addition, during its February 2017 meeting, the Board approved a project to review and streamline existing note disclosures. To streamline note disclosures, the Board intends to review the materiality guidance and identify and develop a set of principles for note disclosures. Consequently, FASAB staff has engaged the federal financial management community in roundtable discussions regarding the Board's concerns. At the June 2017 meeting, staff will present to the Board standards that may need improvement.

Point of Contact: Ross Simms, 202-512-2512, [simmsr@fasab.gov](mailto:simmsr@fasab.gov)

### Leases

At the February 2017 meeting, the Board directed staff to extend an invitation to the respondents of the September 26, 2016, *Leases* exposure draft (ED) to discuss with the Board their comments on the ED and provide further clarification on their responses. Those respondents who wanted to further elaborate on their written comments were given the opportunity to address the Board.

At the April 2017 meeting, five federal entities addressed the Board; each entity was given 40 minutes for opening remarks and questions from Board members.

<b>AGENCY</b>	<b>PRESENTERS' NAMES</b>
<b>Department of Agriculture</b>	<b>Michael Moore</b>
<b>Department of Energy</b>	<b>William Truitt, John Wall, and Tynesha Douglass</b>
<b>Department of the Interior</b>	<b>Terri Windlan and Sherry Lee</b>
<b>Department of Defense</b>	<b>Alaleh Jenkins, Edwin Oshiba, Jim Omans, Michael Walsh, and Steven Hurwitz</b>
<b>General Services Administration</b>	<b>Robert (Bob) Smalskas and Edward Gramp</b>

Mr. Showalter began the clarification discussion by informing the Board that the objective of the session was to listen to the presenters, ask questions of the presenters, and give staff direction on the next steps of the project.

During the discussion several points were made by the presenters, including some of the following:

- The lease proposal will require additional cost to entities by way of added personnel and system upgrades, both during the implementation period and ongoing periods. Most of the presenters were not prepared to give specific estimates of those additional costs.
- Implementation guidance with specific examples will be helpful in the application of the revised lease standards, including related U.S. Standard General Ledger (USSGL) accounts.
- Departments will need to assess the remeasurement of the lease liability quarterly.
- The proposed lease definition should be clearer and more narrowly scoped.
- Clarification is needed for contracts for services when an asset is involved; for example, how a department should unbundle the contracts.

The Board asked staff to address some of the issues raised by the presenters.

- Staff should develop a list of possible items to be scoped out, including intangibles.
- Staff should get a clearer understanding of the benefits associated with revising the leases standards.

- Staff should explore options to ease the anticipated burden and cost of the lease revisions to federal preparers.

**Next Steps:** Staff will reach out to the presenters as well as other members of the lease task force to address the issues identified by the Board and return with recommendations.

Point of Contact: Monica Valentine, 202-512-7362, [valentinem@fasab.gov](mailto:valentinem@fasab.gov)

### [Accounting and Reporting of Government Land](#)

At the April 27, 2017, Board meeting, members reviewed February's broad options A and B and the incorporation of non-financial information (NFI) into the financial report. Specifically, members discussed the following major topics: (1) potential suspension of the land project, (2) balance sheet reporting, (3) land held-for-disposal, and (4) NFI presentation.

After considering reasons for and against the suspension of the land project, members unanimously agreed that the land project should continue as scheduled. Members noted that budget uncertainties are insufficient reasons to suspend a project, and concerns over preparer burden are separate matters that can be addressed as the Board develops its standards.

Members generally agreed to adopt a modified broad option A: no balance sheet reporting of land (to include not valuing land held-for-disposal). Members noted the importance of having consistent accounting standards to improve financial reporting of land. Any conceptual limitations can be addressed via the incorporation of NFI. As such, members believe a modified option A best addresses consistency while maintaining, if not improving, reporting objectives.

Concerning NFI, members generally agreed with the five NFI data points contained in tab D but did not agree on their placement. Some members felt all data points should be presented as Required Supplementary Information, whereas others preferred broad acreage and unit-count information be reported as basic information. Members generally agreed with the three land use reporting categories and noted that predominant use would be reflected in the three categories. The revenue-generating data point could, in essence, be folded into the commercial use category.

The Board tasked staff with developing a draft ED for the next meeting.

Point of Contact: Domenic Savini, 202-512-6841, [savinid@fasab.gov](mailto:savinid@fasab.gov)

### [Risk Assumed](#)

The Board did not discuss the risk assumed project at the April 2017 Board meeting. However, staff did hold two focus groups, one with Government Accountability Office

experts and one with non-federal experts, to gauge understanding of the current risk assumed information provided in the government-wide financial reports. Staff thanks participants for sharing their insights. This information will be consolidated and presented to the Board as part of the gap analysis.

Point of Contact: Robin Gilliam, 202-512-7356, [gilliamr@fasab.gov](mailto:gilliamr@fasab.gov)

### DoD Implementation Guidance Request

FASAB staff stands ready to assist the Department of Defense (DoD) by providing practical guidance to resolve longstanding issues identified by DoD. FASAB and DoD continue to achieve their objective of resolving DoD's reporting issues within the framework of existing accounting standards. Where necessary, FASAB is providing the appropriate guidance to address remaining issues. Currently, most of the efforts are at the Accounting and Auditing Policy Committee (AAPC) level.

Point of Contact: Melissa Batchelor, 202-512-5976, [batchelorm@fasab.gov](mailto:batchelorm@fasab.gov)

### Budget to Accrual Reconciliation

At the April 27, 2017, Board meeting, members discussed responses to the ED titled *Budget and Accrual Reconciliation* (BAR), the suggested edits to the ED based upon comments received, and staff recommendations. Nearly all the respondents agreed with the proposal to replace the Statement of Finance with the BAR. The respondents generally agreed to present the BAR as a footnote with an accompanying narrative disclosure. However, a number of respondents raised concerns and suggested edits on the effective date, the early adoption of the standards, and the restatement of comparative prior period information. In addition, respondents were concerned about the breakdown of the Intragovernmental and With the Public in the proposed BAR format. The Board approved staff's recommendation to change the effective date to September 30, 2018, with early adoption permitted. The Board also approved staff's recommendation that only one year's worth of data be presented in the first year of implementation, with a two-year comparative presentation in the second year of implementation.

Representatives from the Department of Commerce and the Department of the Treasury's (Treasury) Bureau of Fiscal Service (Fiscal Service) presented their agency's view on the potential impacts of the breakdown of the Intragovernmental and With the Public in the proposed BAR format. Members considered both the agencies and Treasury's positions and the fact that the current Government-wide Treasury Account Symbol Adjusted Trial Balance System and USSGL do not support the Outlays' breakdown. Therefore, the Board is exploring a format without the breakdown for the budgetary net outlays number, keeping the remaining breakdown numbers above the net outlays line item where the numbers may come from the balance sheet and net cost statement directly. The Board requested Fiscal Service to update the BAR crosswalk instruction with a detailed breakdown and then bring the new format,

along the updated crosswalk, to the nine agencies who have concerns about the breakdown. These agencies can test the new format and provide feedback.

Based on this feedback and the comments from members during the Board meeting, staff will modify the ED and proceed to the pre-ballot stage.

Point of Contact: Grace Wu, 202-512-7377, [wug@fasab.gov](mailto:wug@fasab.gov)

## Accounting and Auditing Policy Committee

Technical Release (TR) 17: *Conforming Amendments to Technical Releases for SFFAS 50, Establishing Opening Balances for General Property, Plant, and Equipment* was issued in April 2017.

Statement of Federal Financial Accounting Standards (SFFAS) 50 amended SFFAS 6, *Accounting for Property, Plant, and Equipment*, and SFFAS 10, *Accounting for Internal Use Software*, and rescinded SFFAS 35, *Estimating the Historical Cost of General Property, Plant, and Equipment: Amending SFFAS 6 and 23*. TR 17 amends previously issued TRs to acknowledge the rescission of SFFAS 35. It also clarifies that all standards-level implementation guidance for general property, plant, and equipment (with the exception of certain provisions applicable to internal use software) resides in SFFAS 6, as amended.

Implementation guidance for establishing opening balances under acceptable deemed cost methods provided by SFFAS 50 is under development with an ED anticipated in June 2017.

The draft proposal will be discussed at the June 15, 2017, AAPC meeting.

Point of Contact: Melissa Batchelor, 202-512-5976, [batchelorm@fasab.gov](mailto:batchelorm@fasab.gov)

Point of Contact: Grace Wu, 202-512-7377, [wug@fasab.gov](mailto:wug@fasab.gov)

# FASAB Meeting Schedule

## Schedule for 2017 Meetings

June 21 and 22  
August 30 and 31  
October 25 and 26  
December 20 and 21

Unless otherwise noted, FASAB meetings begin at 9 a.m. and conclude before 5 p.m. Meetings are held at the Government Accountability Office (GAO) at 441 G Street, NW in room 7C13. Agendas and briefing materials are available at <http://www.fasab.gov/briefing-materials/> approximately one week before the meetings.

# AAPC Meeting Schedule

## Schedule for 2017 Meetings

June 15  
August 17  
November 16

Unless otherwise noted, AAPC meetings begin at 1 p.m. and conclude at 3 p.m. Meetings are held at GAO at 441 G Street, NW in room 7C13. Agendas are available at <http://www.fasab.gov/aapc-activities/> approximately one week before the meetings.

# Security Notice

If you wish to attend a FASAB or an AAPC meeting, please pre-register on our website at <http://www.fasab.gov/pre-registration/> **no later than 8 a.m. the Tuesday before the meeting to be observed.** GAO, which provides space for our meetings, has increased its security procedures, and your name must be provided in advance to the GAO security force before you can enter the building. **When you arrive, please advise the security officer that you are attending either a FASAB or an AAPC meeting. Doing so will assist the officer in locating the correct security list.** Thank you.