



# FASAB Newsletter Federal Accounting Standards Advisory Board

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### 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).

## Staff News

### [Grace Wu Promoted](#)

Ms. Grace Wu joined the Federal Accounting Standards Advisory Board (FASAB or “the Board”) staff in January 2015 as a project manager. She quickly became an integral part of the FASAB team, producing quality work and contributing to cornerstone projects. In late February of this year, she was promoted to assistant director based on these significant contributions to the Board’s work. Ms. Wu currently manages the Accounting and Auditing Policy Committee and led its development of implementation guidance for internal use software. In addition, she organized a task force to develop and test a new format for reconciling budget to accrual information.

Ms. Wu has been an effective member of the staff and we look forward to her continued success in standards-setting.

# 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 reviewed constituent comments regarding the *Federal Financial Reporting* exposure draft (ED). The *Federal Financial Reporting* ED proposes concepts to (1) assist the Board in developing reporting models for the federal government and its component reporting entities and (2) provide a platform for addressing current and evolving federal financial reporting needs. The Board received comments from 16 constituents who generally agreed with the proposed Statement. In addition to providing comments or suggested edits to help clarify concepts discussed in this ED, respondents also provided comments that will be helpful for future standards setting. Given the constituents' level of agreement, the Board determined a public hearing would be unnecessary. The Board discussed revisions to the ED, and FASAB staff is in the process of preparing a revised ED for the April meeting.

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

## Leases

At the February Board meeting, staff provided to the Board the 25 comment letters received on the *Leases* ED, several tables that summarized the comment letters, an initial staff analysis of issues identified by respondents, and questions for Board discussion.

Members agreed to extend an invitation to all respondents of the ED to address the Board and provide further clarification on their responses to the *Leases* ED at the April meeting.

The Board agreed with staff that implementation guidance would be necessary to assist entities to effectively implement the amendments to the *Leases* standards.

The Board discussed issues raised in the responses to the *Leases* ED. There were no Board decisions based on staff's recommendations because members wanted additional feedback from the respondents on the following issues:

- The addition of the notion of control to the lease definition as well as language connecting the definition to that of an asset in Statement of Federal Financial Accounting Concepts 5, *Definitions of Elements and Basic Recognition Criteria for Accrual-Basis Financial Statements*
- The change of the term "nonfinancial asset" to "nonmonetary asset" in the final amended *Leases* Statement
- The method used in determining the lease term, including what is considered the "noncancelable period" proposed in the ED

- The probability threshold used when assessing whether renewal and termination options will be exercised
- The initial lessee recognition proposed in the ED
- The recognition and measurement of the lease liability by the lessee proposed in the ED
- The interest rate used to calculate the lease liability proposed in the ED
- The circumstances when the lessee must remeasure the lease liability proposed in the ED
- The recognition and measurement of the lease asset by the lessee proposed in the ED
- The lease term of 24 months or less for a short-term lease proposed in the ED
- The change of the definition of short-term lease from “a lease that, at the beginning of the lease, has a maximum possible term under the contract/agreement of 24 months or less, including any options to extend, regardless of its probability of being exercised” to “a lease with a lease term (as defined in paragraph 14) of 24 months or less”
- The change of the effective date of the amended leases standards to fiscal year 2020

**Next Steps:** Staff will extend an invitation to all 25 respondents of the *Leases* ED to allow them to speak before the Board to provide clarification on their responses to the ED and for the members to ask questions of the respondents. The clarifying discussion will take place on April 26, the first day of the next FASAB meeting. Staff will also prepare a package for the Board with materials to facilitate the discussion. Additionally, staff will continue with an analysis of the comments for Board consideration.

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

### [Tax Expenditures](#)

At the February meeting, the Board approved Statement of Federal Financial Accounting Standards 52, *Tax Expenditures*, with seven affirmative votes and two abstentions. The Statement will be issued on May 31, 2017, pending the sponsor review period.

Point of Contact: Wendy Payne, 202-512-7350, [paynew@fasab.gov](mailto:paynew@fasab.gov)

## Accounting and Reporting of Government Land

At the February 22, 2017, Board meeting, members reviewed survey results addressing specific user opinions and information requirements needed by the user community regarding federal land. The Board also identified broad options to improve reporting on land so that they can be considered in detail at the next meeting. Some significant discussion points from the session include the following:

- It is clear that historical cost information is not useful to the majority of users, who believe that the reporting of land is currently deficient. Prior analyses of user needs reveal that financial statements are a starting point for users, wherein they often branch off into other venues to obtain information.
- Although it seems clear that historical cost information is of limited value, the use of non-financial information (NFI) does not seem supported by the survey.
- Members discussed performance reporting. Staff noted that citizens in particular want audited information, whereas internal managers prefer disaggregated information. For the latter group, reliance upon system internal controls is sufficient.
- The Board might be overestimating the importance of land information in financial statements to users.
- In regards to measuring economic gain, members noted that the entire area of property is an important issue for management. However, in most cases sale or disposal of land for economic gain/loss would probably be immaterial, and immediate recognition might suffice as appropriate guidance.
- Consistency and accountability seem to be the two principles in play, and these objectives can be achieved either from financial display or NFI perspectives.

Members seemed to gravitate towards focusing on NFI for land, questioning the need for fair value recognition. The Board requested staff have the task force identify the type of audit coverage, if any, it would recommend for each type of NFI that it believes should be disclosed, presented, or referenced in the financial report. The end result should assist members in better identifying appropriate placement of key NFI in the financial report.

If you have any questions, please contact Mr. Savini using the contact information below. Thank you.

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 February Board meeting. Staff is working on a gap analysis over the next several months and will present findings and recommendations to the Board upon completion.

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

## Three-Year Plan

At the February Board meeting, staff presented the three-year plan online survey results to the Board. The respondents generally agreed with the priorities that the Board had listed in the three-year plan. In terms of next steps, the respondents showed a high interest in projects that involved reviewing the existing standards and related note disclosures.

Staff then presented the research results on the note disclosure of the financial report to the Board. Both the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board are actively working on the financial reporting disclosure issue and have published several EDs and standards on the topic from 2009 to now. Members acknowledged that it would take a significant amount of work, even with building off of other accounting standard boards' work, because the federal government has such a unique reporting model and must consider the government-wide consolidation process. Overall, the Board agreed that it is a good time to look at the disclosure principles and materiality level concept. This is because FASAB's materiality level is associated with the FASB materiality definition, which was changed. In addition, agencies recently implemented the new Government-wide Treasury Account Symbol Adjusted Trial Balance System for financial reporting data collection methodology, which changed the way financial data are collected.

The Board also discussed the next steps for performance reporting and the reporting model. The Board members agreed on the approach to develop illustrations of the government-wide and component reporting entity financial statements and RSI. The illustrations would serve as a guide to determine what standards the Board should develop in next step.

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

## Accounting and Auditing Policy Committee

The ED, *Conforming Amendments to Technical Releases for SFFAS 50, Establishing Opening Balances for General Property, Plant, and Equipment*, was issued November 22, 2016, with comments requested by January 9, 2017. Staff presented the summary of comment letters to the ED to the Accounting and Auditing Policy Committee (AAPC or “the Committee”) at the February 9, 2017, AAPC meeting. The majority of respondents agreed with the proposals presented in the ED. Members approved the Technical Release (TR) during the meeting. The TR was submitted to FASAB for a 45-day review. The Technical release is expected to be issued in early April.

The Statement of Federal Financial Accounting Standards (SFFAS) 50 related Department of Defense (DoD) implementation guidance project’s task force and sub-groups have met regularly to discuss the issues, and this process is ongoing.

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

# FASAB Meeting Schedule

## Schedule for 2017 Meetings

April 26 and 27  
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

May 11  
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.