
Statement of Federal Financial Accounting Standards 57: Omnibus Amendments 2019

Status

Issued	September 27, 2019
Effective Date	Paragraphs 9 and 10 are effective upon issuance. Paragraph 2 is effective for reporting periods beginning after September 30, 2019. Early adoption is not permitted. Paragraphs 3 through 8, 11, and 12 are effective for reporting periods beginning after September 30, 2023. Early adoption is not permitted.
Affects	<ul style="list-style-type: none">• SFFAS 5, par. 15• SFFAS 6, par. 18, 26• SFFAS 8 is rescinded.• SFFAS 49, par. 15.b, footnote 7
Affected by	SFFAS 58 amends the effective date in par. 15.

Summary

The objective of this Statement is to address consistency issues and other improvements that have been identified during implementation and application of certain FASAB Statements. This Statement:

- eliminates the required supplementary stewardship information (RSSI) category by rescinding Statement of Federal Financial Accounting Standards (SFFAS) 8, *Supplementary Stewardship Reporting*,
- updates references to leases in SFFAS 5, *Accounting for Liabilities of the Federal Government*, SFFAS 6, *Accounting for Property, Plant, and Equipment*, and SFFAS 49, *Public-Private Partnerships: Disclosure Requirements*, and
- makes a minor change to SFFAS 6.

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Standards

Scope

1. This Statement applies to federal entities that present general purpose federal financial reports (GPFRRs), including the consolidated financial report of the U.S. Government (CFR), in conformance with generally accepted accounting principles (GAAP), as defined by paragraphs 5 through 8 of Statement of Federal Financial Accounting Standards (SFFAS) 34, *The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board*.

Eliminating the Required Supplementary Stewardship Information Category

2. This paragraph rescinds SFFAS 8, *Supplementary Stewardship Reporting*, in its entirety, including the requirement for reporting information in the required supplementary stewardship information (RSSI) category.

Amendments to SFFAS 5, 6, and SFFAS 49

[Paragraphs 3 - 12 below will become effective when SFFAS 54, Leases: An Amendment of Statement of Federal Financial Accounting Standards (SFFAS) 5, Accounting for Liabilities of the Federal Government, and SFFAS 6, Accounting for Property, Plant, and Equipment becomes effective for reporting periods beginning after September 30, 2023. Early adoption is not permitted.]

3. SFFAS 54, *Leases: An Amendment of Statement of Federal Financial Accounting Standards (SFFAS) 5, Accounting for Liabilities of the Federal Government, and SFFAS 6, Accounting for Property, Plant, and Equipment*, amended the lease standards in SFFAS 5 and 6. This Statement amends certain references to leases affected by SFFAS 54 as well as other minor changes to improve clarity of existing Statements.
4. Specifically, this Statement amends the following documents:
 - SFFAS 5, *Accounting for Liabilities of the Federal Government*
 - SFFAS 6, *Accounting for Property, Plant, and Equipment*
 - SFFAS 49, *Public-Private Partnerships: Disclosure Requirements*

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5. This paragraph amends paragraph 15 of SFFAS 5 to remove a reference to capital leases:

15. This section presents a definition and criteria for recognizing a liability and related disclosure requirements. It also provides specific standards for contingencies, ~~capital leases~~, federal debt, pensions, other postemployment and retirement benefits, and insurance (other than social insurance) and guarantees.

6. The revised paragraph 15 of SFFAS 5 is as follows:

15. This section presents a definition and criteria for recognizing a liability and related disclosure requirements. It also provides specific standards for contingencies, federal debt, pensions, other postemployment and retirement benefits, and insurance (other than social insurance) and guarantees.

7. This paragraph amends paragraph 18 of SFFAS 6 by revising the first bullet to remove a reference to capital leases:

18. Property, plant, and equipment also includes:

- ~~assets acquired through capital~~ recognized as a result of leases (see SFFAS 54: Leases, for guidance regarding leases and leasehold improvements to be recognized as PP&E assets) (See paragraph 20), including leasehold improvements;
- property owned by the reporting entity in the hands of others (e.g., state and local governments, colleges and universities, or Federal contractors); and
- land rights.^[footnote omitted]

8. The revised paragraph 18 of SFFAS 6 is as follows:

18. Property, plant, and equipment also includes:

- assets recognized as a result of leases (see SFFAS 54: *Leases*, for guidance regarding leases and leasehold improvements to be recognized as PP&E assets);
- property owned by the reporting entity in the hands of others (e.g., state and local governments, colleges and universities, or Federal contractors); and
- land rights.^[footnote omitted]

9. This paragraph amends paragraph 26 of SFFAS 6 by revising the final bullet to remove a reference to "material amounts"; materiality applies to all of the bulleted items

26. All general PP&E shall be recorded at cost. Although the measurement basis for valuing general PP&E remains historical cost, reasonable estimates may be used to establish the

historical cost of general PP&E, in accordance with the asset recognition and measurement provisions herein. Cost shall include all costs incurred to bring the PP&E to a form and location suitable for its intended use. For example, the cost of acquiring property, plant, and equipment may include:

- amounts paid to vendors;
- transportation charges to the point of initial use;
- handling and storage costs;
- labor and other direct or indirect production costs (for assets produced or constructed);
- engineering, architectural, and other outside services for designs, plans, specifications, and surveys;
- acquisition and preparation costs of buildings and other facilities;
- an appropriate share of the cost of the equipment and facilities used in construction work;
- fixed equipment and related installation costs required for activities in a building or facility;
- direct costs of inspection, supervision, and administration of construction contracts and construction work;
- legal and recording fees and damage claims;
- fair value of facilities and equipment donated to the government; and
- ~~material amounts~~ of interest costs paid.^[footnote omitted]

10. The revised paragraph 26 of SFFAS 6 is as follows:

26. All general PP&E shall be recorded at cost. Although the measurement basis for valuing general PP&E remains historical cost, reasonable estimates may be used to establish the historical cost of general PP&E, in accordance with the asset recognition and measurement provisions herein. Cost shall include all costs incurred to bring the PP&E to a form and location suitable for its intended use. For example, the cost of acquiring property, plant, and equipment may include:

- amounts paid to vendors;
- transportation charges to the point of initial use;
- handling and storage costs;
- labor and other direct or indirect production costs (for assets produced or constructed);
- engineering, architectural, and other outside services for designs, plans, specifications, and surveys;
- acquisition and preparation costs of buildings and other facilities;
- an appropriate share of the cost of the equipment and facilities used in construction work;

- fixed equipment and related installation costs required for activities in a building or facility;
- direct costs of inspection, supervision, and administration of construction contracts and construction work;
- legal and recording fees and damage claims;
- fair value of facilities and equipment donated to the government; and
- "Interest costs paid."^[footnote omitted]

11. This paragraph amends footnote 7 of paragraph 15.b in SFFAS 49 by revising the footnote to remove the reference to capital and operating leases:

15. The following arrangements and transactions are not subject to the provisions of this Statement:

- a. Non-lease acquisitions of property, plant, and equipment (PP&E) that are subject to the Federal Acquisition Regulations (FAR) and the private entity is not directly financing, operating, or maintaining the PP&E as part of an overall risk-sharing arrangement or transaction
- b. Leases⁷ that are not bundled⁸ and are entered into using General Services Administration (GSA)-delegated authority (This Statement does not amend existing standards applicable to leases and those standards remain applicable to all such arrangements/transactions.)

~~FN 7 – The term leases, as defined under FASAB standards, includes enhanced use leases and both capital and operating leases, as defined under current FASAB standards.~~

FN 8 – A bundled lease typically arises when parties to a leasing arrangement agree to include additional products or services in the leasing arrangement, some of which might be related or tied directly to the underlying leased product or services (for example, software product updates or maintenance). Although these additional products or services are not always expressly identified in the underlying lease agreement and may be documented in other agreements, they are nonetheless considered "bundled" with the underlying lease agreement.

12. The revised footnote 7 of paragraph 15.b in SFFAS 49 is as follows:

15. The following arrangements and transactions are not subject to the provisions of this Statement:

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- a. Non-lease acquisitions of property, plant, and equipment (PP&E) that are subject to the Federal Acquisition Regulations (FAR) and the private entity is not directly financing, operating, or maintaining the PP&E as part of an overall risk-sharing arrangement or transaction
 - b. Leases⁷ that are not bundled⁸ and are entered into using General Services Administration (GSA)-delegated authority (This Statement does not amend existing standards applicable to leases and those standards remain applicable to all such arrangements/transactions.)

FN 7 - The term leases, as defined under FASAB standards, includes enhanced use leases.

FN 8 - A bundled lease typically arises when parties to a leasing arrangement agree to include additional products or services in the leasing arrangement, some of which might be related or tied directly to the underlying leased product or services (for example, product updates or maintenance). Although these additional products or services are not always expressly identified in the underlying lease agreement and may be documented in other agreements, they are nonetheless considered "bundled" with the underlying lease agreement.

Effective Date

13. Paragraphs 9 and 10 of this Statement are effective upon issuance.
14. Paragraph 2 of this Statement is effective for reporting periods beginning after September 30, 2019. Early adoption is not permitted.
15. Paragraphs 3 through 8, 11, and 12 of this Statement are effective for reporting periods beginning after September 30, 2023. Early adoption is not permitted.

The provisions of this Statement need not be applied to immaterial items.

Appendix A: Basis for Conclusions

This appendix discusses some factors considered significant by Board members in reaching the conclusions in this Statement. It includes the reasons for accepting certain approaches and rejecting others. Individual members gave greater weight to some factors than to others. The standards enunciated in this Statement—not the material in this appendix—should govern the accounting for specific transactions, events, or conditions.

This Statement may be affected by later Statements. The FASAB Handbook is updated annually and includes a status section directing the reader to any subsequent Statements that amend this Statement. The authoritative sections of the Statements are updated for changes. However, this appendix will not be updated to reflect future changes. The reader can review the basis for conclusions of the amending Statement for the rationale for each amendment.

PROJECT HISTORY

Required Supplementary Stewardship Information

- A1. SFFAS 8 established the RSSI category to distinguish information about the government's stewardship from basic financial statements and required supplementary information (RSI). The Federal Accounting Standards Advisory Board (FASAB or "the Board") reasoned that information about the government's stewardship may include non-financial data, may be based on projections or assumptions, and may not articulate with basic financial statements.¹ In addition, the importance of stewardship information needed to be highlighted² and receive more audit scrutiny than RSI.³
- A2. Audit guidance for RSSI, however, was never developed. The Board consequently began eliminating the category by reclassifying most of the RSSI elements to the basic financial statements or RSI. Only the stewardship investments information remained in RSSI and this Statement eliminates the requirement to present stewardship investments trend information as RSSI.

¹SFFAS 8, par. 20.

²SFFAS 8, par. 111.

³SFFAS 8, par. 114.

A3. While the Board questioned whether the RSSI category should be eliminated, stewardship investment information in some form can help users assess whether government operations have contributed to the nation's current and future well-being. Stewardship investments include expenses incurred for nonfederal physical property, such as highways and bridges; expenses incurred to increase or maintain national economic productive capacity, such as investments in human capital; and expenses incurred for research and development that are intended to provide future benefits or returns. However, outreach regarding this proposal revealed that users may define "investment" more broadly than SFFAS 8 and prefer cash basis data that the Office of Management and Budget reports annually.

Leases

A4. The Board believes it is appropriate to amend the necessary standards to eliminate references to "capital" and "operating" leases used prior to the issuance of SFFAS 54. The terms "capital" and "operating" leases were eliminated with the issuance of SFFAS 54. This proposal provides conforming amendments to the following statements:

- SFFAS 5, *Accounting for Liabilities of the Federal Government*
- SFFAS 6, *Accounting for Property, Plant, and Equipment*
- SFFAS 49, *Public-Private Partnerships: Disclosure Requirements*

Clarity Amendments

A5. Paragraph 26 of SFFAS 6 provides examples of costs that may be included as capitalized cost of acquiring PP&E. One example references "material amounts of interest cost paid." Some found it confusing to qualify only one of the examples as "material," but not the others. The Board believes removing the reference to "material amounts" will not change existing practice while improving the clarity of existing standards.

Summary of Outreach Efforts and Responses

A6. FASAB issued the exposure draft (ED) on February 22, 2019 with comments requested by April 23, 2019. Upon release of the ED, notices and press releases went to the following: the *Federal Register*, *FASAB News*, the *Journal of Accountancy*, *AGA Today*, the *CPA Journal*, *Government Executive* and the *CPA Letter*, the CFO Council, the Council of the Inspectors General on Integrity and Efficiency (CIGIE), the Financial Statement Audit Network; and committees of professional associations generally commenting on EDs in the past.

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- A7. FASAB received a total of 11 responses from preparers, auditors, and professional associations. The majority of respondents generally agreed with the Board's proposal to eliminate the RSSI category by rescinding SFFAS 8. Respondents noted that the proposal would remove a reporting requirement that users, in their observation, have not relied upon or utilized. .
- A8. Respondents that did not agree with the proposal to eliminate the RSSI category noted that a separate category highlights the importance of the stewardship information and distinguishes it from other information. Stewardship information also informs users on the extent of investments that provide long-term benefits for the nation.
- A9. Eliminating the RSSI category does not preclude preparers from reporting investment information in management's discussion and analysis (MD&A), other information, or both. Also, preparers have the discretion to employ the technology they deem appropriate for assisting users in locating the information within their GPFFR and among other reporting that may provide more detailed information.
- A10. Stewardship investments may be significant for some reporting entities and warrant discussion in the MD&A. SFFAS 15, Management's Discussion and Analysis, states that MD&A should provide "a clear and concise description of the reporting entity and its mission, activities, program and financial performance, systems, controls, legal compliance, financial position, and financial condition."⁴
- A11. Given the Board's decision to eliminate the RSSI category, the majority of respondents agreed that guidance on reporting stewardship investment information in MD&A would be needed. Guidance would help ensure that reporting entities consistently provide the information that would be most beneficial to users. The Board is conducting a project on improving MD&A, and the project will consider the respondents' concerns and suggestions.
- A12. Regarding the clarity amendments, all of the respondents agreed with the proposal to update references to leases in SFFAS 5, SFFAS 6, and SFFAS 49, and make a minor change for clarity. Based on a suggestion from a respondent, the Board edited proposed language to clarify a reference to leasehold improvements. Also, respondents suggested additional changes to SFFAS 6 and other requirements. The Board will review those additional respondent suggestions in future Omnibus amendments or during the evaluation of existing standards.
- A13. The Board did not rely on the number in favor of or opposed to a given position. Information about the respondents' majority view is provided only as a means of summarizing the

⁴SFFAS 15, par. 1.

comments. The Board considered each response and weighed the merits of the points raised.

Board Approval

A14. This Statement was approved for issuance by all members of the Board. Ballots are available for inspection at the Board's offices.

Appendix B: Abbreviations

ED	Exposure Draft
FASAB	Federal Accounting Standards Advisory Board
GPFFR	General Purpose Federal Financial Report
MD&A	Management's Discussion and Analysis
RSI	Required Supplementary Information
RSSI	Required Supplementary Stewardship Information
SFFAS	Statement of Federal Financial Accounting Standards