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### FASAB GAAP HIERARCHY QUESTIONS

**QUESTION 1.1:** The federal GAAP hierarchy in SFFAS 34 provides the sources of accounting principles and the framework for selecting the principles used in the preparation of general purpose financial reports of federal entities that conform with GAAP. **Do you agree that SFFAS 34 clearly and sufficiently explains the federal GAAP hierarchy and its application to federal accounting and reporting?**

#### Disagree

Agree with respect to Levels A—C; disagree with respect to Level D for “practices that are widely recognized and prevalent in the federal government.”

**QUESTION 1.2:** Have you experienced challenges in applying and using the federal GAAP hierarchy in SFFAS 34 to resolve accounting or reporting issues?

#### Agree

**Please explain your response**, including any perceived challenges with applying SFFAS 34 (for example, utility in applying SFFAS 34 to resolving accounting and reporting issues, need to clarify authoritative vs non-authoritative guidance, relationship to other standard setters when FASAB guidance is silent, inconsistencies with different

levels of GAAP, or questions regarding the application of “practices that are widely recognized and prevalent in the federal government.”)

Level D for “practices that are widely recognized and prevalent in the federal government” is inconsistent. DOL considers Circular A-136 to be Level D practices. Example of inconsistency is below:

The FY 2022 A-136, Page 17, states:

Accounting principles included in requirements in the remainder of section II.3 that are not specified in SFFAS 34 categories A through C, that are not presentation reporting requirements, and that are considered practices that are widely recognized and prevalent in the Federal Government may be deemed to be level D of the Federal GAAP hierarchy. Level D GAAP is reflected in the following:

- Budgetary reporting requirements, including disclosures,
- Note 38: Reclassification of Financial Statement Line Items,
- Non-Federal investments reporting requirements, including valuation and disclosures, and;
- Commitments.

Requirements that would not be considered level D GAAP include presentation requirements (such as illustrative displays), the COVID note, and the classifications of contingency disclosures.

FY 2023 A-136, Page 18, states:

Lastly, the following is not a GAAP reporting requirement, but is necessary for the preparation of the Financial Report:

- Note 37: Reclassification of Financial Statement Line Items.

Refer to the green highlighting. In FY 2022, DOL’s Note 24 (Reclassification of FS Line Items for Financial Report Compilation Process) was part of Level D GAAP; but, in FY 2023, DOL’s Note 24 is not part of Level D GAAP. This is inconsistent.

Refer to the yellow highlighting. In FY 2022, DOL’s Note 25 (COVID) was not part of Level D GAAP, but is a requirement of A-136. In FY 2022, OMB advised DOL that although the COVID note is required by A-136, it is not Level D. The FY 2023 A-136 omits the language highlighted in yellow with respect to the COVID note.

Level D for “practices that are widely recognized and prevalent in the federal government” is inconsistent. DOL considers Circular A-136 to be Level D practices. Example of inconsistency is below:

The FY **2022** A-136, Page 17, states:

Accounting principles included in requirements in the <u>remainder of section II.3</u> that are not specified in SFFAS 34 categories A through C, that are not presentation reporting requirements, and that are considered practices that are widely recognized and prevalent in the Federal Government may be deemed to
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be level D of the Federal GAAP hierarchy. Level D GAAP is reflected in the following:

- Budgetary reporting requirements, including disclosures,
- Note 38: Reclassification of Financial Statement Line Items,
- Non-Federal investments reporting requirements, including valuation and disclosures, and;
- Commitments.

Requirements that would not be considered level D GAAP include presentation requirements (such as illustrative displays), the COVID note, and the classifications of contingency disclosures.

FY 2023 A-136, Page 18, states:

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Refer to the yellow highlighting. In FY 2022, DOL's Note 25 (COVID) was not part of Level D GAAP, but is a requirement of A-136. In FY 2022, OMB advised DOL that although the COVID note is required by A-136, it is not Level D. The FY 2023 A-136 omits the language highlighted in yellow with respect to the COVID note.

## REEXAMINATION OF FASAB STANDARDS QUESTION

**QUESTION 2:** Below are the 23 reexamination topic areas for which the Board is requesting your response. Respondents may review [Appendix A: Reexamination Table of Pronouncements](#)<sup>1</sup> in its entirety for a full understanding. For each reexamination topic (column 1), please indicate the priority level for reexamination from the following options:

**(1) High priority:** topic and related SFFASs are of significant concern and should be included in the reexamination with priority. Please provide *no more than five* high priority topics.

**(2) Medium priority:** topic and related SFFASs are of concern and should be included in the reexamination, but after high priority topics are addressed.

**(3) Low priority:** topic and related SFFASs are not of concern and do not need to be reexamined at this time.<sup>2</sup>

<sup>1</sup> [Appendix A: Reexamination Table of Pronouncements](#) provides more details regarding how the 61 SFFASs result in 23 reexamination topics for consideration.

<sup>2</sup> The Board anticipates that the topics for reexamination will need to be reassessed in the future.

**Please note: DOL is responding only to items 9 and 14.**

**Please explain your response, including specific details<sup>3</sup> and examples to support your rationale, especially those ranked high priority and medium priority.** Provide information (including specific SFFAS references where appropriate) that would help the Board understand why the reexamination of a particular SFFAS might take precedence or be considered more important than other SFFASs. To accomplish this, the Board is seeking feedback from respondents on where they believe there are opportunities for the Board to improve guidance within the 23 reexamination topics. This includes the following potential improvements:

- Streamlining authoritative guidance
- Eliminating or revising unclear requirements
- Eliminating disclosures and other required information that may no longer benefit users
- Filling gaps in the standards where the guidance either does not address or does not adequately address areas where federal financial reporting objectives are not being met
- Resolving inconsistencies in current practice
- Clarifying the standards (including addressing areas where the standards are difficult to apply)
- Reconsidering areas where there is significant preparer or audit burden versus perceived value of the information or other cost/benefit concerns
- Considering overlaps or redundancy in requirements

Please be explicit regarding opportunities to eliminate or revise requirements, whether those are in the standards or elsewhere. Stakeholder feedback will give the Board insight on respondent's views on these matters.

<b>Topic #1</b>	<a href="#">SFFAS 1, Accounting for Selected Assets and Liabilities</a> <a href="#">Interpretation 10, Clarification of Non-federal Non-entity FBWT Classification (SFFAS 1, Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31</a> <a href="#">TB 2020-1, Loss Allowance for Intragovernmental Receivables</a>
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**Choose a priority level.**

**Please explain your response. [Click here to enter text.](#)**

<b>Topic #2</b>	<a href="#">SFFAS 2, Accounting for Direct Loans and Loan Guarantees</a> AS AMENDED BY: <a href="#">SFFAS 18</a> , <a href="#">SFFAS 19</a>
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**Choose a priority level.**

<sup>3</sup> For example, respondents may offer detail in terms of materiality, audit findings, cost-benefit, or other significant information to explain the need for reexamination of the SFFAS.

Please explain your response. [Click here to enter text.](#)

<b>Topic #3</b>	<a href="#">SFFAS 3</a> , <i>Accounting for Inventory and Related Property</i> AS AMENDED BY: <a href="#">SFFAS 48</a> <a href="#">Interpretation 7</a> , <i>Items Held for Manufacture</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

<b>Topic #4</b>	<a href="#">SFFAS 4</a> , <i>Managerial Cost Accounting Standards and Concepts</i> AS AMENDED BY: <a href="#">SFFAS 55</a>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

<b>Topic #5</b>	<a href="#">SFFAS 5</a> , <i>Accounting for Liabilities of The Federal Government</i> AS AMENDED BY: <a href="#">SFFAS 12</a> , <a href="#">SFFAS 25</a> <a href="#">Interpretation 2</a> , <i>Accounting for Treasury Judgment Fund Transactions: An Interpretation of SFFAS 4 and SFFAS 5</i> <a href="#">Interpretation 4</a> , <i>Accounting for Pension Payments in Excess of Pension Expense</i> <a href="#">TB 2002-1</a> , <i>Assigning to Component Entities Costs and Liabilities that Result from Legal Claims Against the Federal Government</i> <a href="#">TB 2017-1</a> , <i>Intragovernmental Exchange Transactions</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

<b>Topic #6</b>	<a href="#">SFFAS 6</a> , <i>Accounting for Property, Plant, and Equipment</i> AS AMENDED BY: <a href="#">SFFAS 23</a> , <a href="#">SFFAS 40</a> , <a href="#">SFFAS 50</a> <a href="#">Interpretation 9</a> , <i>Cleanup Cost Liabilities Involving Multiple Component Reporting Entities: An Interpretation of SFFAS 5 &amp; SFFAS 6</i> <a href="#">TB 2006-1</a> , <i>Recognition and Measurement of Asbestos-Related Cleanup Costs (as amended by <a href="#">TB 2009-1</a> and <a href="#">TB 2011-2</a>)</i> <a href="#">TB 2017-2</a> , <i>Assigning Assets to Component Reporting Entities</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

<b>Topic #7</b>	<a href="#">SFFAS 7</a> , <i>Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting</i> AS AMENDED BY: <a href="#">SFFAS 20</a> , <a href="#">SFFAS 21</a> , <a href="#">SFFAS 53</a> <a href="#">Interpretation 5</a> , <i>Recognition by Recipient Entities of Receivable Nonexchange Revenue: An Interpretation of SFFAS 7</i>
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	<a href="#">Interpretation 11</a> , <i>Debt Cancellation: An Interpretation of SFFAS 7, Paragraph 313</i> <a href="#">TB 2002-2</a> , <i>Disclosures Required by Paragraph 79(g) of SFFAS 7 Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting</i> <a href="#">TB 2017-1</a> , <i>Intragovernmental Exchange Transactions</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

<b>Topic #8</b>	<a href="#">SFFAS 10</a> , <i>Accounting for Internal Use Software</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

	<a href="#">SFFAS 15</a> , <i>Management's Discussions and Analysis</i> <sup>4</sup>
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Please provide feedback if you wish to do so. [Click here to enter text.](#)

<b>Topic #9</b>	<a href="#">SFFAS 17</a> , <i>Accounting for Social Insurance</i> AS AMENDED BY: <a href="#">SFFAS 26</a> , <a href="#">SFFAS 37</a>
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### High Priority

Change the reporting requirement for the Black Lung Disability Trust Fund (BLDTF) so that it is solely Required Supplementary Information (RSI) instead of the current reporting that requires SOSI, SCSIA, related notes, MD&A, and RSI. For example, report BLDTF in a similar manner to the current reporting for Unemployment Insurance, which is RSI. The BLDTF has future outflows in the form of

- long-term actuarial liabilities for medical and compensation benefits,
- administrative expenses, and
- debt service.

The BLDTF has future inflows of funds from dedicated collections in the form of excise taxes on domestic coal sales.

<b>Topic #10</b>	<a href="#">SFFAS 24</a> , <i>Selected Standards for the Consolidated Financial Report of the United States Government</i> <a href="#">SFFAS 32</a> , <i>Consolidated Financial Report of the United States Government Requirements: Implementing Statement of Federal Financial Accounting Concepts 4 "Intended Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government"</i>
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<sup>4</sup> SFFAS 15, *Management's Discussions and Analysis*, is excluded from reexamination because the SFFAS is currently being reviewed under an active Board project. Respondents may provide general comments and feedback for the Board's consideration.

Choose a priority level.

Please explain your response. [Click here to enter text.](#)

<b>Topic #11</b>	<a href="#">SFFAS 27</a> , <i>Identifying and Reporting Funds from Dedicated Collections</i> AS AMENDED BY: <a href="#">SFFAS 43</a>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

<b>Topic #12</b>	<a href="#">SFFAS 29</a> , <i>Heritage Assets and Stewardship Land</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

<b>Topic #13</b>	<a href="#">SFFAS 31</a> , <i>Accounting for Fiduciary Activities</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

<b>Topic #14</b>	<a href="#">SFFAS 33</a> , <i>Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates</i>
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## High Priority

Issue 1: Federal Employees' Compensation Act (FECA) Exemption. FECA workers' compensation is considered an Other Postemployment Benefit. Currently SFFAS 33 exempts the FECA program from the accounting standard:

FASAB Handbook, v. 21 (06/22), SFFAS 33, paragraph 14 states: "14. This Statement applies exclusively to entities that report liabilities for federal employee pensions, other retirement benefits (ORB), and other postemployment benefits (OPEB), including veterans' compensation,<sup>4</sup> in general purpose financial reports prepared pursuant to Federal Accounting Standard Advisory Board (FASAB) standards. This Statement does not apply to the Federal Employees Compensation Act (FECA) program."

The Board's reasoning is provided in the Basis for Conclusions, but the Basis for Conclusions paragraphs are not authoritative as GAAP:

"A19. The Board considered the applicability of this standard to the Federal Employees Compensation Act program. The Board concluded that it was not appropriate or necessary for the Department of Labor to provide the information concerning gains and losses from changes in assumptions to the employer agencies, nor for the employer agencies to separately report or disclose such information. Under the particular circumstances of FECA accounting and reporting, the Board decided that the value of the FECA information provided pursuant to this

standard would not offset the burden and cost of providing it.”

DOL believes the cost still exceeds the benefit. DOL requests the Board to clarify that SFFAS 33 in its entirety should not apply to the FECA program and that SFFAS 33 should not be applied selectively, e.g., discount rates.

Issue 2: Energy Employees Occupational Illness Compensation Benefits (the Energy program), Federal employee vs. non-Federal employee (contractors) benefits. The Energy program’s benefits paid to former Federal employees (but not benefits paid to former Federal contractors) are workers’ compensation/other postemployment benefits; this means that SFFAS 33 could be applied to the Federal employees portion of benefits.

DOL’s Office of Workers’ Compensation Programs performs Q3 and Q4 analyses of Federal employee vs. non-Federal employee benefits expenses; DOL considers benefits payments to be a proxy for future actuarial liability. Benefits paid to former Federal employees are a low percentage (less than 1.0 percent) of total benefits. DOL requests the Board to clarify that SFFAS 33 applies to those programs/funds that are predominantly pensions, ORB, and OPEB (these are benefits for former Federal employees) and that DOL does not have to split out the small portion for Federal employee benefits from the Energy program/fund and apply SFFAS 33 to that portion.

<b>Topic #15</b>	<a href="#">SFFAS 34</a> , <i>The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board</i>
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**Choose a priority level.**

**Please explain your response. [Click here to enter text.](#)**

<b>Topic #16</b>	<a href="#">SFFAS 36</a> , <i>Comprehensive Long-Term Projections for the U.S. Government</i>
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**Choose a priority level.**

**Please explain your response. [Click here to enter text.](#)**

<b>Topic #17</b>	<a href="#">SFFAS 38</a> , <i>Accounting for Federal Oil and Gas Resources</i> <a href="#">TB 2011-1</a> , <i>Accounting for Federal Natural Resources Other Than Oil and Gas</i>
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**Choose a priority level.**

**Please explain your response. [Click here to enter text.](#)**

<b>Topic #18</b>	<a href="#">SFFAS 39</a> , <i>Subsequent Events: Codification of Accounting and Financial Reporting Standards Contained in the AICPA Statement on Auditing Standards</i>
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**Choose a priority level.**



Please explain your response. [Click here to enter text.](#)

<b>Topic #19</b>	<a href="#">SFFAS 44</a> , <i>Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

<b>Topic #20</b>	<a href="#">SFFAS 47</a> , <i>Reporting Entity</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

<b>Topic #21</b>	<a href="#">SFFAS 49</a> , <i>Public-Private Partnerships: Disclosure Requirements</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

<b>Topic #22</b>	<a href="#">SFFAS 51</a> , <i>Insurance Programs</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

<b>Topic #23</b>	<a href="#">SFFAS 52</a> , <i>Tax Expenditures</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

	<a href="#">SFFAS 54</a> , <i>Leases</i> <sup>5</sup> AS AMENDED BY: <a href="#">SFFAS 57</a> , <a href="#">SFFAS 60</a> , <a href="#">SFFAS 61</a> <a href="#">TB 2023-1</a> , <i>Intragovernmental Leasehold Reimbursable Work Agreements</i>
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Please provide feedback if you wish to do so. [Click here to enter text.](#)

	<a href="#">SFFAS 56</a> , <i>Classified Activities</i> <sup>6</sup> <a href="#">Interpretation 8</a> , <i>An Interpretation of Statement of Federal Financial Accounting Standards 56, Classified Activities</i>
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<sup>5</sup> SFFAS 54, *Leases*, is excluded from the reexamination project because the SFFAS is not yet effective.

Respondents may provide general comments and feedback for the Board's consideration.

<sup>6</sup> SFFAS 56, *Classified Activities*, is excluded from the reexamination project due to the topic. Respondents may provide general comments and feedback for the Board's consideration.

Please provide feedback if you wish to do so. [Click here to enter text.](#)

	<a href="#">SFFAS 59, <i>Accounting and Reporting of Government Land</i></a> <sup>7</sup>
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Please provide feedback if you wish to do so. [Click here to enter text.](#)

<sup>7</sup> SFFAS 59, *Accounting and Reporting of Government Land*, is excluded from the reexamination project because the SFFAS is not yet effective. Respondents may provide general comments and feedback for the Board's consideration.