

**Invitation to Comment**  
***Reexamination of Existing Standards***

**Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select “individual.”**

Accounting Firm	<input type="checkbox"/>	
Federal Entity (user)	<input type="checkbox"/>	
Federal Entity (preparer)	<input checked="" type="checkbox"/>	
Federal Entity (auditor)	<input type="checkbox"/>	
Federal Entity (other)	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Association/Industry Organization	<input type="checkbox"/>	
Nonprofit organization/Foundation	<input type="checkbox"/>	
Other	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Individual	<input type="checkbox"/>	

**Please provide your name.**

Name:

**Please identify your organization, if applicable.**

Organization:

*Please email your responses to [fasab@fasab.gov](mailto:fasab@fasab.gov). If you are unable to respond by email, please call (202) 512-7350 to make alternate arrangements.*

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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?**

**Agree**

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

**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

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levels of GAAP, or questions regarding the application of “practices that are widely recognized and prevalent in the federal government.”) [Click here to enter text.](#)

**DOT Example of Recording Grant Program Expense Accruals**

49 U.S. Code § 24319 (e)(2) and (e)(3) requires the grantee in the DOT Amtrak grant program to receive its grant funding on an “advance payment” or “prepayment” basis. Under this statute, cash is provided to the grantee at the time of the award obligation. The below illustrates the transactions used to record the advance, expense accrual (estimates), recording actual expenses. In accordance with generally accepted accounting principles (GAAP), DOT records estimated expenses in the month in which they are incurred (accrual accounting), rather than allowing the processing time to calculate actual final expenses (cash basis accounting). This accounting treatment aligns with accrual accounting where expenses are recorded when a transaction occurs rather than when payment is received or made. The purpose of accrual accounting is to match revenues and expenses to the time periods during which they were incurred (consistent with the matching principle), as opposed to the timing of the actual cash flows related to them. In order to record the expense accrual estimate at year-end Treasury Financial Manual (TFM) prescribes Transaction Code (TC) B604: Proprietary transaction of USSGL 6100/1410; and a budgetary transaction of USSGL 4802/4902. Although the requirement to record these expenses is rooted in proprietary accounting in accordance with GAAP, it is the budgetary side of this transaction that causes the issue explained below. The DOT position is to keep the budgetary and proprietary transactions in alignment as prescribed by the TFM transaction code accounting flow outlined in below tables. DOT is not certain of an alternative option given the transaction codes that are currently available in the TFM. OMB A11, Appendix F, Section 4. Status of Budgetary Resources provides guidance that for reclassifications of unpaid obligations and prepayments for year-end financial statement accruals (i.e. TC B604), federal entities do not reclassify an undelivered unpaid obligation (USSGL 4801) to a delivered unpaid obligation (USSGL 4901) or reclassify an undelivered paid obligation (USSGL 4802) to a delivered paid obligation (USSGL 4902) unless you have received the goods or services. The DOT position is that the goods and services have been received at the time of year-end expense accrual but the actual amounts are not known (invoice/bill not yet received).

What should federal entities do when budgetary accounting treatment or guidance does not seem to align with GAAP guidance? How should the FASAB standards address budgetary accounting treatment when there are inconsistencies with GAAP guidance?

## Questions for Respondents

Responses Due: September 15, 2023

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**Fiscal Year 2020****Treasury Code: B308 -Entry to Record the Advance to Grantee (Amtrak).**

SGL	Entered Dr	Entered Cr	
141000	50,000,000.00	0.00	
101000	0.00	50,000,000.00	
461000	50,000,000.00	0.00	
480200	0.00	50,000,000.00	

**Treasury Code: B604 -Entry to Record the Expense Accrual Estimate as of September 30, 2020.**

SGL	Entered Dr	Entered Cr	Period Name
610000	23,500,000.00	0.00	SEP-20_FY-20
140000	0.00	23,500,000.00	SEP-20_FY-20
490200	0.00	23,500,000.00	SEP-20_FY-20
480200	23,500,000.00	0.00	SEP-20_FY-20
310700	23,500,000.00	0.00	SEP-20_FY-20
570000	0.00	23,500,000.00	SEP-20_FY-20

**Fiscal Year 2021****1) Treasury B604 Reversal: Reversal Entry of September 30, 2020 Expense Accrual in October 2021:**

SGL	Entered Dr	Entered Cr	Period Name
141000	23,500,000.00	0.00	OCT-20_FY-21
610000	0.00	23,500,000.00	OCT-20_FY-21
480200	0.00	23,500,000.00	OCT-20_FY-21
490200	23,500,000.00	0.00	OCT-20_FY-21
570000	23,500,000.00	0.00	OCT-20_FY-21
310700	0.00	23,500,000.00	OCT-20_FY-21

**2) Entry to Record Actual September 2020 Expenses. Treasury Code B604**

SGL	Entered Dr	Entered Cr	Period Name
610000	22,516,013.00	0.00	OCT-20_FY-21
140000	0.00	22,516,013.00	OCT-20_FY-21
490200	0.00	22,516,013.00	OCT-20_FY-21
480200	22,516,013.00	0.00	OCT-20_FY-21

**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.

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

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

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

<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.

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Choose a priority level.

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</i> (as amended by <a href="#">TB 2009-1</a> and <a href="#">TB 2011-2</a> ) <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>
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	<a href="#">Interpretation 5</a> , <i>Recognition by Recipient Entities of Receivable Nonexchange Revenue: An Interpretation of SFFAS 7</i> <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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Choose a priority level.

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

<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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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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<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.

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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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Choose a priority level.

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

<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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**High Priority**

FASAB guidance does not seem to address budgetary accounting treatment or guidance that is inconsistent or incongruent with GAAP for financial reporting purposes.

<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>
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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.



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	<a href="#">Interpretation 8</a> , <i>An Interpretation of Statement of Federal Financial Accounting Standards 56, Classified Activities</i>
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Please provide feedback if you wish to do so. [Click here to enter text.](#)

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

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<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.