

FASAB Exposure Draft: Omnibus Amendments

Questions for Respondents due April 23, 2019

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"/>	
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Please provide your name.

Name: Kevin Close

Please identify your organization, if applicable.

Organization: USDA

Your responses should be sent to fasab@fasab.gov. If you are unable to respond by email, please fax your responses to 202-512-7366.

Q1. The Board is proposing to rescind Statement of Federal Financial Accounting Standards (SFFAS) 8, *Supplementary Stewardship Reporting*, in its entirety. SFFAS 8 designated the required supplementary stewardship information (RSSI) category for reporting stewardship investments; therefore, rescinding SFFAS 8 would eliminate the RSSI category and reduce confusion caused by the unique category designation. Refer to paragraph 2 and Appendix A, paragraphs A1-A3.

Do you agree or disagree with the Board’s proposal to rescind SFFAS 8 and eliminate the RSSI category? Please provide the rationale for your answer.

The **USDA, Farm Services and Conservation-Business Center (FPAC-BC)** agrees with the suggested change to the rescind SFFAS 8. The rationale for FPAC-BC to support rescinding SFFAS 8 is based upon:

- Review and consideration of policy, existing business rules, and reporting requirements;
- No guidance ever being issued for RSSI;

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- Preparers of financial statements are still required to report items of significance and have the option to do so in Management's Discussion and Analysis (MD&A);
- The National Resources Conservation Service (NRCS) would still report leases, in general on the Financial Statements;
- RSSI can be incorporated into other categories; and
- As stated in question 2, stewardship investments are reported in the basic financial statements and MD&A.

The **Forest Service** disagrees with the Board's proposal to rescind SFFAS 8 and eliminate the RSSI category. We understand this section of the reporting entities PAR is unaudited however, the section provides significant amount of information to the taxpayer. Information in the RSSI section of the PAR merits special treatment so that taxpayers/users of federal financial reports know the extent of investments that are made for the long-term benefit of the Nation. We don't see the need to rescind SFFAS 8.

Other components generally agree with the proposal to rescind SFFAS 8 and eliminate the RSSI category.

- Q2. Reporting entities have broad responsibilities and are called upon to report their goals, accomplishments, and costs in management's discussion and analysis (MD&A). For some reporting entities, stewardship investments are significant and warrant discussion in the MD&A. The Board believes reporting entities will present information on stewardship investments in the basic financial statements and MD&A when such activities are significant. No guidance or requirements are proposed in this exposure draft (ED), but the Board may propose requirements in a later ED. Refer to Appendix A, paragraph A4.

Do you agree or disagree that guidance is needed in the future? If so, please provide your suggestions regarding future guidance. Please provide the rationale for your answer.

The **USDA, FPAC-BC** agrees with the suggested changes. The rationale is based upon:

- To the extent the information is qualitative, rather than quantitative, the Financial Accounting Standards Advisory Board (FASAB) should only provide general guidelines in the future related to including stewardship investment information in MD&A. FPAC-BC does not feel the guidance is needed on the reporting requirement of supplementary stewardship information unless it is necessary for consistency among reporting entities with significant stewardship investment reporting.

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The **Forest Service** agrees on the need for future guidance if the Board decides to rescind SFFAS 8 and its requirements. There is significant amount of information in SFFAS 8 requirement we believe is beneficial to the taxpayer. This is why we disagree with the Board's proposal to rescind SFFAS 8. How would the Board define significant stewardship investments? Future guidance may include defining significant stewardship investments and require only reporting entities that meet the definition of significant stewardship investments to discuss those significant stewardship investments in their MD&A.

Other components generally agree that guidance is needed in the future.

- Q3. SFFAS 54, *Leases: An Amendment of 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, including references to "capital" and "operating" leases. SFFAS 5, 6 and 49 include references to language amended by SFFAS 54. These proposed amendments further clarify the revised lease accounting standards by eliminating outdated references used in the standards. Refer to paragraphs 3-12.

Do you agree or disagree with the proposed amendments to SFFAS 5, 6 and 49? Please provide the rationale for your answer.

The **USDA, FPAC-BC** agrees with the suggested changes. The rationale is based upon:

- The appearance that the draft amendment is clarifying the treatment of all general Property, Plant, and Equipment (PP&E) and eliminates unnecessary verbiage categorizing leases into operating and capital leases;
- Though FPAC-BC agrees with proposed amendments, there is a need for some clarification. Paragraphs 7 and 8 (page 10 of the .pdf file) discusses "assets recognized as a result of leases:". FPAC-BC feels the phrase, "as a result." can potentially lead to confusion. Could it be a result of classifying and recognizing? If so, FPAC-BC asks for a revision to state, "assets recognized as leases." or, let reporting entities know if there are any other processes involved;
- The language is being revised for consistency within the standards; and
- FPAC-BC agrees with eliminating the reference to capital and operating leases, since "lease asset" or "lease expense" is more meaningful.

The **Forest Service** agrees with the Board's proposed amendments to SFFAS 5, 6, and 49 with the language to reflect the guidance in SFFAS 54 effective after September 30, 2020. Improving clarity and eliminating confusion is critical in every standard the Board issues.

Other components generally agree with the proposed amendments to SFFAS 5, 6 and 49.