



FASAB Newsletter Federal Accounting Standards Advisory Board

December 2019-January 2020 TABLE OF CONTENTS

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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.

Please direct FASAB and AAPC administrative questions to Romona Parker at 202-512-7350 or parkerr1@fasab.gov.

Staff News

FASAB Bids Farewell to Grace Wu

The Federal Accounting Standards Advisory Board (FASAB or “the Board”) bids farewell to Assistant Director Grace Wu. Ms. Wu joined FASAB in 2015 and most recently has led staff’s work on the materiality and note disclosure projects. She also worked on the budget and accrual reconciliation standard and the internal use software implementation guide. FASAB thanks Ms. Wu for her many contributions and wishes her lots of luck in her future endeavors!

Current Board Projects

(For more information, click on the title of the project to be directed to the related active project page.)

[Accounting and Reporting of Government Land](#)

At the December 2019 meeting, the Board considered the dissent of Messrs. Soltis and Bell on the draft Statement of Federal Financial Accounting Standards (SFFAS) 58 titled *Accounting and Reporting of Government Land*.

The principal provisions of this proposed Statement involve replacing the requirement to report general property, plant, and equipment (G-PP&E) land on the balance sheet at historical cost with a requirement to disclose estimated acres of land (non-financial information) for both G-PP&E land and stewardship land in three discrete predominant land use sub-categories. Effective in fiscal year (FY) 21, the estimated acre information initially would be presented as required supplementary information (RSI) with an expected transition to note disclosures in FY 24.

Messrs. Soltis and Bell explained their reasons for their dissent. The major concern is that not enough is known about the cost of preparing and auditing the non-financial acre information to ascertain whether the benefit of moving the information from RSI to note disclosures is greater than the cost of doing so. In their opinion, both acres and predominant use classifications have not been previously audited, and the amount of precision needed around them has not been sufficiently established. As such, they believe the Board needs to make a firm commitment, explicitly referenced in the standards, to reassess the costs and benefits of the information before determining a date for the transition from RSI to note disclosures.

Members generally seemed reluctant to remove a specific requirement for transitioning from RSI to note disclosures in the standards because, without a date certain for transition, practitioners may not apply resources toward making the information auditable. However, members were open to extending the transition period, and some members suggested conditioning the transition on a reassessment of the guidance. Messrs. Soltis and Bell appeared open to alternatives that would clearly communicate and ensure that the Board will revisit implementation challenges during the transition period.

Staff will consider the feedback from the Board members and suggest alternatives at the February 2020 meeting for finalizing the Statement.

Point of Contact: Domenic Savini, 202-512-6841, savinid@fasab.gov

Evaluation of Existing Standards

At the December 2019 meeting, the Board considered two potential Interpretation topics under the evaluation of existing standards project.

At the October 2019 meeting, the Board had agreed that paragraph 313 of SFFAS 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, which pertains to debt cancellation, needed clarification.

The Board agreed that the terms "gain and loss" as used in paragraph 313 need clarification or an explanation that those terms are not required for presentation. It is important to clarify that debt cancellation activity is reported on the statement of changes in net position. An Interpretation will be used to clarify these items. A member requested that a question be included in the exposure draft (ED) that requests feedback on whether the proposed Interpretation resolves ambiguity that may exist in paragraph 313 and provides the necessary clarification.

The Board also agreed that SFFAS 1, *Accounting for Selected Assets and Liabilities*, paragraph 31, which pertains to non-entity fund balance with Treasury (FBWT), required clarification. The issue relates to how monies received in deposit funds from non-federal sources in anticipation of an order should be reported and presented on the financial statements. The Board agreed that an Interpretation would be the appropriate generally accepted accounting principles vehicle to address the SFFAS 1, paragraph 31 non-entity FBWT issue.

Point of Contact: Melissa Batchelor, 202-512-5976, batchelorm@fasab.gov

Leases Deferral

On December 18, 2019, FASAB released for comment an ED titled *Deferral of the Effective Date of SFFAS 54, Leases*. Under the proposal, the requirements of SFFAS 54 would be deferred by two years and, as a result, become effective for reporting periods beginning after September 30, 2022. Early adoption would not be permitted, which is an existing stipulation under SFFAS 54 that remains unchanged in the proposal.

Both the ED and the specific question raised are available on the FASAB website in PDF and Microsoft Word format, respectively (<https://fasab.gov/board-activities/documents-for-comment/>). Comments on the ED are due by January 31, 2020.

Point of Contact: R. Alan Perry, Jr., 202-512-5720, perryra@fasab.gov

Materiality

At the December 2019 meeting, the Board approved the ballot Statement of Federal Financial Accounting Concepts (SFFAC) titled *Materiality* unanimously. This SFFAC will be submitted to the Secretary of the Treasury, the Director of the Office of Management and Budget, and the Comptroller General for the 90-day Sponsor review prior to its final release.

Point of Contact: Monica Valentine, 202-512-7350, valentinem@fasab.gov

MD&A Amendments

At the December 2019 meeting, the Board discussed the interrelationship between the reporting model, note disclosures, and MD&A projects. Please see the reporting model phase II section for a detailed discussion on the session.

Point of Contact: Robin Gilliam, 202-512-7356, gilliamr@fasab.gov

Note Disclosures

At the December 2019 meeting, the Board discussed the interrelationships between the reporting model, note disclosures, and MD&A projects. Please see the reporting model phase II section for a detailed discussion on the session.

Point of Contact: Ross Simms, 202-512-2512, simmsr@fasab.gov

Reporting Model Phase II

Staff presented an education session to discuss

- the interrelationships among the current reporting model phase II, note disclosures, and management's discussion and analysis (MD&A) amendments projects;
- common objectives; and
- next steps.

The Board agreed to maintain the current approach, conducting the reporting model phase II, note disclosures, and MD&A projects concurrently. Members believed that more progress could be made using this approach.

Point of Contact: Ross Simms, 202-512-2512, simmsr@fasab.gov

Accounting and Auditing Policy Committee

The AAPC Welcomes New Member Prasad K. Kotiswaran

Prasad K. Kotiswaran is the Director of Financial Administration at the U.S. Small Business Administration (SBA). Mr. Kotiswaran serves as the technical director and oversees a staff that provides financial management and accounting leadership, policy direction, and technical assistance related to administrative and program accounting and preparation of the annual financial report.

Prior to joining the SBA, Mr. Kotiswaran was the Director of Finance at the Federal Mediation and Conciliation Service. He is a Certified Public Accountant in the District of Columbia and a Chartered Global Management Accountant. Mr. Kotiswaran graduated from Idaho State University receiving a Master of Business Administration with a concentration in accounting. He is a member of the Association of Government Accountants and the American Institute of Certified Public Accountants.

Mr. Kotiswaran fills the seat vacated by Mr. Gordon Alston, whose term on the committee expired on December 31, 2019. FASAB and the AAPC thanks Mr. Alston for his six years of service and wishes him all the best.

Point of Contact: R. Alan Perry, Jr., 202-512-5720, perryra@fasab.gov

FASAB Meeting Schedule

February 26-27
April 22-23
June 24-25
August 26-27
October 21-22
December 15-16

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 <https://www.fasab.gov/briefing-materials/> approximately one week before the meetings.

AAPC Meeting Schedule

February 6 [CANCELED]
May 7
August 13
November 19

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 <https://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 <https://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.