**Federal Accounting Standards Advisory Board**

For more information:  
Melissa Batchelor  
(202) 512-5976  
batchelorm@fasab.gov  

**May 10, 2021**

**NEWS RELEASE**

**FASAB Issues Interpretation of Federal Financial Accounting Standards 10, Clarification of Non-federal Non-entity FBWT Classification (SFFAS 1, Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31**

The chair of the Federal Accounting Standards Advisory Board (FASAB or “the Board”), George A. Scott, announced today that FASAB has issued Interpretation 10, Clarification of Non-federal Non-entity FBWT Classification (SFFAS 1, Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31.

Interpretation 10 clarifies the classification and presentation of non-federal non-entity Fund Balance with Treasury (FBWT) in paragraph 31 of Statement of Federal Financial Accounting Standards (SFFAS) 1, Accounting for Selected Assets and Liabilities. Specifically, Interpretation 10 clarifies that non-federal non-entity amounts received for unfilled orders (including amounts a customer advances for orders that may be placed in the future or deposits made as part of a bid or settlement process) and deposited into the General Fund of the U.S. Government should be reported as an intragovernmental asset by the component reporting entity.

SFFAS 1, paragraph 31 was amended by SFFAS 31, Accounting for Fiduciary Activities, in an effort to clarify the definition and reporting for fiduciary amounts on deposit in the U.S. Treasury and to distinguish fiduciary FBWT from federal component entities’ FBWT. While making this distinction, the amendment added the undefined phrase “other non-federal non-entity FBWT” that contributed to the lack of clarity regarding classification and presentation.

Interpretation 10 clarifies that the inclusion of “other non-federal non-entity FBWT” in paragraph 31 of SFFAS 1 was intended to provide for similar treatment of activities that were comparable with fiduciary activity but that had not been identified specifically in SFFAS 31. Interpretation 10 clarifies that the Board did not intend to require similar treatment for activities that were explicitly excluded from the provisions of SFFAS 31.
Although amounts received in deposit accounts may come from non-federal non-entity sources for unfilled orders, these amounts do not qualify as fiduciary activity because SFFAS 31 specifically excludes unearned revenue from fiduciary activity reporting. Therefore, it would be inconsistent to apply the phrase “other non-federal non-entity” to unearned revenue, including amounts received from non-federal sources for unfilled orders. Hence, non-federal non-entity amounts received for unfilled orders that are reflected in FBWT should be reported as an intragovernmental asset of the component reporting entity.

“Interpretation 10 provides clarification to SFFAS 1 that will help ensure consistent reporting of intragovernmental assets,” according to Chairman Scott.

Interpretation 10 is available at https://fasab.gov/accounting-standards/.

**ABOUT FASAB**

FASAB serves the public interest by improving federal financial reporting through issuing federal financial accounting standards and providing guidance after considering the needs of external and internal users of federal financial information.

Financial reports, which include financial statements prepared in conformity with generally accepted accounting principles, are essential for public accountability and for an efficient and effective functioning of our democratic system of government. Thus, the Board plays a major role in fulfilling the government's responsibility to be publicly accountable. Federal financial reports should be useful in assessing (1) the government’s accountability and its efficiency and effectiveness and (2) the economic, political, and social consequences, whether positive or negative, of the allocation and various uses of federal resources.

FASAB issues federal accounting standards after following a due process consistent with the Memorandum of Understanding under which it operates. Due process includes consideration of the financial and budgetary information needs of citizens, congressional oversight groups, executive agencies, and the needs of other users of federal financial information.

For more information on FASAB, please visit our website: https://www.fasab.gov/.