

Federal Accounting Standards Advisory Board

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NEWS RELEASE

FASAB Issues Exposure Draft *Deferral of the Effective Date of SFFAS 54, Leases*

The chair of the Federal Accounting Standards Advisory Board (FASAB), George A. Scott, announced today that the Board is seeking input on the proposed Statement of Federal Financial Accounting Standards (SFFAS) titled *Deferral of the Effective Date of SFFAS 54, Leases*.

The Board is proposing to defer the effective date for SFFAS 54, *Leases: An Amendment of SFFAS 5, Accounting for Liabilities of the Federal Government, and SFFAS 6, Accounting for Property, Plant, and Equipment*, for two years.

Under this proposal, the requirements of SFFAS 54 would 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 would remain unchanged under this proposal. Reporting entities would continue to follow the current FASAB guidance that addresses lease transactions. This comprises paragraphs 43-46 of SFFAS 5 and paragraphs 20 and 29 of SFFAS 6. These paragraphs are not rescinded by SFFAS 54 until SFFAS 54 becomes effective.

“In learning more about implementation challenges faced by reporting entities, particularly with respect to developing and implementing systems and data requirements, the Board agreed that providing additional time to complete ongoing implementation preparation activities would be appropriate,” noted Chairman Scott. “This proposed deferral of the new lease accounting requirements would allow agencies to improve the quality and completeness of their data and update their lease accounting systems and controls to conform their financial reporting to the new standards.”

Respondents are encouraged to respond to the specific question contained in the exposure draft and provide the reasons for their positions. Comments on the exposure draft are due by January 31, 2020.

The exposure draft in PDF format and the specific questions raised in Word format are available at the FASAB website: <https://www.fasab.gov/documents-for-comment/>.

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.

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