

Department of Transportation
Budget and Accrual Reconciliation Exposure Draft Responses

Q1. The Board proposes to replace the current Statement of Finance (SOF) requirement with the new budget and accrual reconciliation (NBAR). The NBAR reconciles the net outlays to net cost of operations. This presentation explains the difference between budgetary and financial accounting. The proposed Statement would apply to component reporting entities and describes the NBAR method and related disclosures. Refer to paragraphs six to nine.

Do you agree or disagree with the proposal to replace the SOF with the NBAR? If you agree, should the NBAR be presented as a part of basic financial statements or as a footnote? Please provide the rationale for your answer.

DOT Response: We agree that the current SOF should be replaced with the NBAR and should be presented as a footnote. The NBAR includes information that relates to the various lines of the basic financial statements. A footnote gives agencies flexibility to present information that is specific to the agency.

Q2. The Board proposes to require a narrative disclosure regarding the reconciliation and disclosure of the amount and nature of non-cash outlays. Refer to paragraphs six and 12.

Do you agree or disagree that a narrative disclosure should accompany the NBAR? Please provide the rationale for your answer.

DOT Response: We do not agree that a narrative disclosure should be required to accompany the NBAR. The lines on the NBAR seem to have explicit and detailed line descriptions that relate to lines of the agency's basic statements. The NBAR is very comprehensive and providing a narrative may be difficult to simplify in a clear and concise manner. The readers of the information may be further confused trying to understand the varying levels of reconciling differences presented on the NBAR. The current SOF does not have a narrative, therefore, the narrative disclosure should be optional.

Q3. The Board proposes that this Statement be effective for periods beginning after September 30, 2017 with early adoption permitted. In addition, restatement of comparative prior period information would be required. Refer to paragraph 13.

Do you agree or disagree that the effective date, the early adoption, and restatement of comparative prior period information are reasonable? Please provide the rationale for your answer.

DOT Response: The Statement should be effective for period beginning after September 30, 2018 (FY2019) to allow the Standard to be officially published and Treasury to finalize crosswalks. Agencies should be allowed sufficient time to effectively and efficiently test and implement these significant reporting changes. These changes would require system set up and business process changes and DOT would need adequate time to update its financial systems. The NBAR is a comprehensive reconciliation that still involves a level of complexity, therefore, requiring restatement of the comparative prior year would create an additional burden on agencies. The NBAR should be presented for the current year of implementation only.