

FASAB Exposure Draft: Questions for Respondents due March 14, 2017

Budget and Accrual Reconciliation

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"/>	
Federal Entity (user)	<input checked="" type="checkbox"/>	
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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.

Agree. The SOF was difficult to understand and therefore did not easily allow the reader to understand the relationship between budgetary and accrual methods of accounting. The NBAR layout is more logical and less confusing than the SOF. The NBAR appears to be a better reconciliation approach.

The NBAR should be presented as a footnote and reference both the Statement of Budgetary Resources and Statement of Net Costs. The current SOF is disclosed via footnote and there is no need to change this requirement.

Disagree with FASAB's proposed presentation of splitting the NBAR to include separate intragovernmental from public reconciliations. The proposed split adds too much additional information to an already complex analysis and will make it more difficult for the reader to comprehend than the current SOF. The community believes that the presentation at only a total level would be more useful and make

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it easier for the reader to understand FASAB's intent of bridging the differences in accrual basis of accounting used to derive net cost of operations on the Statement of Net Cost, and the obligation-budgetary basis of accounting used to derive new outlays in the Statement of Budgetary Resources.

- 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.

Agree. An accompanying narrative would help the reader in understanding the reconciling items and better inform the reader of the reasons for differences in budgetary resources obligated and the net cost of operations. A short narrative would also have explain any material fluctuations identified from year-to-year in the NBAR. However, the community believes it would be helpful for FASAB to provide additional guidance on the types of disclosures required, to include but not limited to establishing materiality thresholds required to be reported (e.g. dollar or percentage thresholds) and line items which always require disclosure.

- 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.

Agree with the effective date. Disagree with early adoption as this does not promote consistency among agencies, especially consolidating entities.

Disagree with the suggested restatement of comparative prior period information. The cost to perform the restatement outweighs the benefit of providing comparative information during the first year of implementing the NBAR disclosure.

Additional comment / questions:

Does FASAB plan on releasing any detailed guidance or NBAR templates / example to help agencies build the NBAR into their current financial reporting tools?

Recommend eliminating the section "RELATED AMOUNTS ON THE STATEMENT OF BUDGETARY RESOURCES" to include the following lines: (1) Outlays, gross; (2) Actual Offsetting Collections; and (3) Distributed Offsetting Receipts. This information is already presented on the SBR. Therefore, it appears duplicative. If necessary, please reference the relationship of both Outlay components and Net Cost components in the disclosure narrative and/or footnote.