

# Federal Accounting Standards Advisory Board

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## NEWS RELEASE

### **FASAB Staff Issues Technical Bulletin 2023-1, *Intragovernmental Leasehold Reimbursable Work Agreements***

The executive director of the Federal Accounting Standards Advisory Board (FASAB), Monica R. Valentine, announced today that FASAB staff has issued Technical Bulletin 2023-1, *Intragovernmental Leasehold Reimbursable Work Agreements*. The Technical Bulletin further clarifies, explains, and addresses intragovernmental accounting issues not directly covered under Statement of Federal Financial Accounting Standards (SFFAS) 54, *Leases*, and other relevant Statements.

Under intragovernmental leasehold reimbursable work agreements, one reporting entity (the provider-lessor) acquires, constructs, improves, and/or alters an underlying asset that is or will be leased to another reporting entity (the customer-lessee) and the customer-lessee agrees to reimburse the provider-lessor for direct and indirect costs for the acquisition, construction, improvement, and/or alteration. These reimbursable costs are beyond what may be included in the tenant improvement allowances of the lease agreement for the related underlying asset.

The Technical Bulletin requires the following approach for agreements in which the provider-lessor is expected to derive a significant level of economic benefits and services from the reimbursable work:

- Customer-lessees are to recognize an intragovernmental reimbursable work asset for reimbursable acquisition, construction, improvement, and/or alteration costs.
- Provider-lessors are to recognize the resulting leasehold improvement (property, plant, and equipment) and an intragovernmental unearned reimbursable work revenue liability for reimbursable acquisitions, construction, improvements, and/or alterations provided to the customer-lessee on a reimbursable basis.

“This Technical Bulletin addresses a complex accounting topic in a manner that is harmonious with numerous Board Statements and conceptual framework considerations,” according to Ms. Valentine. “I am very pleased that staff, in consultation with the Board and affected practitioners, was able to work through this challenging topic and provide clarity for the community to move forward.”

Technical Bulletin 2023-1 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 <https://www.fasab.gov>.