



# FASAB Update

1

**ROSS SIMMS  
ASSISTANT DIRECTOR  
FEDERAL ACCOUNTING STANDARDS  
ADVISORY BOARD**

**FAEC 2018 ANNUAL CONFERENCE  
SEPTEMBER 4, 2018**

# Disclaimer

2

Views expressed are those of the speaker

# Overview

3

1. Recently Completed Guidance
2. Proposed Guidance
3. Pre-Proposal Projects

# Recently Complete Guidance

4

Effective Upon Issuance

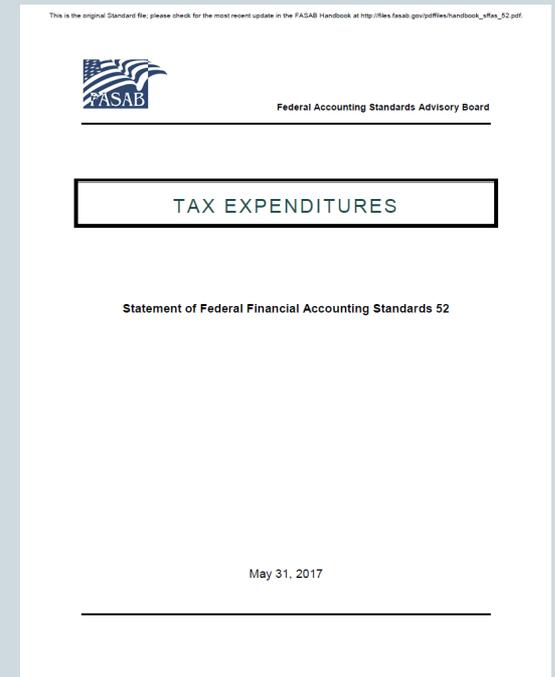
**SFFAS 56: Classified Activities (Under Review)**

# Recently Complete Guidance

5

Effective for Periods Beginning after September 30, 2017

## SFFAS 52: Tax Expenditures



# Recently Complete Guidance

6

Effective for Periods Beginning after September 30, 2018

- SFFAS 51: Risk Assumed – Insurance Phase
- SFFAS 53: Budget to Accrual Reconciliation (early adoption permitted)
- SFFAS 55: Inter-entity Costs (early adoption permitted)

# Recently Complete Guidance

7

Effective for Periods Beginning after September 30, 2020

SFFAS 54: Leases (early adoption not permitted)



Federal Accounting Standards Advisory Board

## LEASES:

AN AMENDMENT OF STATEMENT OF FEDERAL FINANCIAL ACCOUNTING STANDARDS (SFFAS) 5, ACCOUNTING FOR LIABILITIES OF THE FEDERAL GOVERNMENT, AND SFFAS 6, ACCOUNTING FOR PROPERTY, PLANT, AND EQUIPMENT

Statement of Federal Financial Accounting Standards 54

April 17, 2018

# Proposed Guidance - Land

8

- Objective
  - Improve
    - ✦ Consistency
      - Existing practice provides three categories with different treatments
      - For stewardship land, physical units are selected by management and vary widely
    - ✦ Accountability
    - ✦ Usefulness

# Proposed Guidance - Land

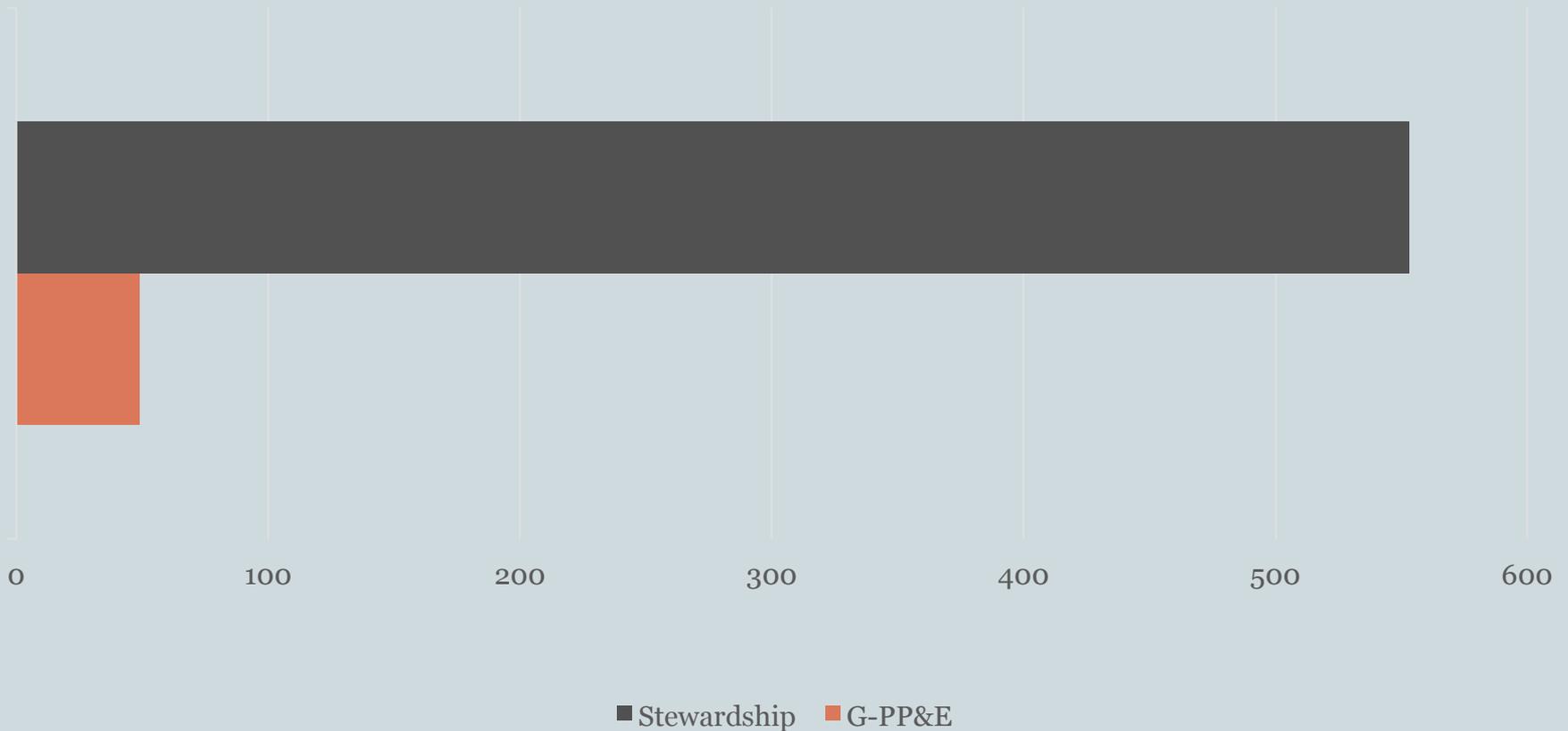
9

- Current Requirements
  - General PP&E land and land rights
    - ✦ Acquired for or in connection with another item of general PP&E
    - ✦ Capitalized
      - Exception:
        - first time adopters can elect not to capitalize
        - Acres would be reported in a note
  - Stewardship land
    - ✦ Not acquired for or in connection with an item of general PP&E (but may be used in the same manner as general PP&E land)
    - ✦ Disclose physical units selected by management

# Proposed Guidance - Land

10

## Stewardship vs. GPP&E Federal Land by Acreage (in Millions)



# Proposed Guidance - Land

11

## Land Proposed Standards

- Remove all land from balance sheet
- Require disclosure of acres by sub-category
  - Conservation and preservation land
    - ✦ Used predominantly for conservation or preservation
  - Operational land
    - ✦ Used predominantly for general or administrative purposes
  - Commercial use land
    - ✦ Used predominantly to generate inflows of resources

# Pre-proposal Projects

12

- Disclosures
- Materiality
- Risk Assumed
- Reporting Model
- Evaluating Existing Standards – Assigning Liabilities

# Disclosures

13

- **Objective**
  - Improve the relevance, clarity, consistency, and comparability of note disclosures among the federal entities.
- **Concern**
  - Immaterial disclosures detract from the information value of reports
- **Approach:**
  - Phase I –Develop principles for the Board and preparers.
  - Phase II –Modify the existing note disclosure requirements to improve usefulness and effectiveness.
- **Status**
  - Research on-going, concentrating on disclosure principles and effective communication

# Materiality

14

- **Objective**
  - Clarify materiality concepts for the Federal financial reporting environment
- **Concepts would**
  - Specify the scope of materiality
  - List factors to consider when applying materiality
- **Status**
  - Board review in progress
  - Plan to issue exposure draft by year end

# Risk Assumed

15

- Objective
  - Provide concise, meaningful, and transparent information regarding the potential impact to the fiscal health of the federal government



# Risk Assumed

11

- Approach - Two Phases
  - ✦ Phase I: Insurance Programs
    - SFFAS 51 Issued January 18, 2017, effective date for periods beginning after 9/30/18
  - ✦ Phase II: Significant Risk Events other than events covered in SFFAS 51
    - will determine accounting standards that provide concise, meaningful, and transparent information regarding the potential impact to the fiscal health of the federal government

# Risk Assumed

11

- Status
  - Conducted interviews and roundtables
  - Identified gaps in financial reporting
    - ✦ Potential users sought to better understand
      - performance of loan portfolios (programs)
      - full cost including administrative expenses (not just accrued annual expense)
      - how all major risk factors (not just interest and defaults) impact program performance
      - estimate changes and related uncertainty
      - market values in event of asset sales

# Risk Assumed

11

- **Status**
  - Discussing options for incorporating risk assumed information in management's discussion and analysis (MD&A)
  - Working in collaboration with MD&A improvement project

# Reporting Model

19

- Objective
  - Improve presentation of cost, budget, and performance information
- Approach
  - Completed concepts for federal financial reporting
  - Conducted roundtables & identified topics for
    - near-term (Phase I)
      - MD&A
      - RSSI
    - long-term (Phase II)
      - Reporting model for the future

# Reporting Model

20

- Phase I
  - MD&A improvement proposals
    - Remove requirement for sections
    - Clarify requirements for reporting performance information
    - Clarify reporting on financial performance
    - Clarify forward-looking discussions regarding risks

# Reporting Model

21

- Phase I
  - RSSI improvement proposals
    - Rescind the RSSI category
    - Report stewardship investments in MD&A

# Reporting Model

22

- Phase II
  - Electronic Reporting
    - Reviewing the use of technology to enhance reporting
      - Data visualizations
      - Interactivity, such as hyperlinks and drill-down capability
    - Considering what questions users might ask a digital model
    - Encouraging use of technology

# Evaluating Existing Standards

11

- Objective
  - Identify opportunities to clarify requirements
- Approach
  - Considering particular topics, such as
    - ✦ Imputed cost
    - ✦ Intragovernmental exchange transactions
    - ✦ Assigning liabilities
- Status
  - Currently considering how to assign liabilities when multiple component reporting entities are involved.
  - If you wish to propose an existing standard be evaluated – contact Melissa Batchelor at:
    - ✦ [BatchelorM@fasab.gov](mailto:BatchelorM@fasab.gov)

# Contact Information

24

Ross Simms

simmsr@fasab.gov

202.512.2512

[www.fasab.gov](http://www.fasab.gov)

