
Updated FASAB Property Standards Panel

Hosted by the Association of Government Accountants

Panelists: Dom Savini and the Honorable Tom Harker

Moderator: Bobby Hart

March 31, 2022

Panel Agenda

1. The Standard-Setting Process:
Collaborations, Education & Outreach



Panelists

Dom Savini

Assistant Director, Federal
Accounting Standards Advisory
Board (FASAB)

2. Overview of Recent Property Standards
and Projects



Tom Harker

Former Acting Secretary of the
Navy

3. Agency Views on Implementation



Moderator

Bobby Hart

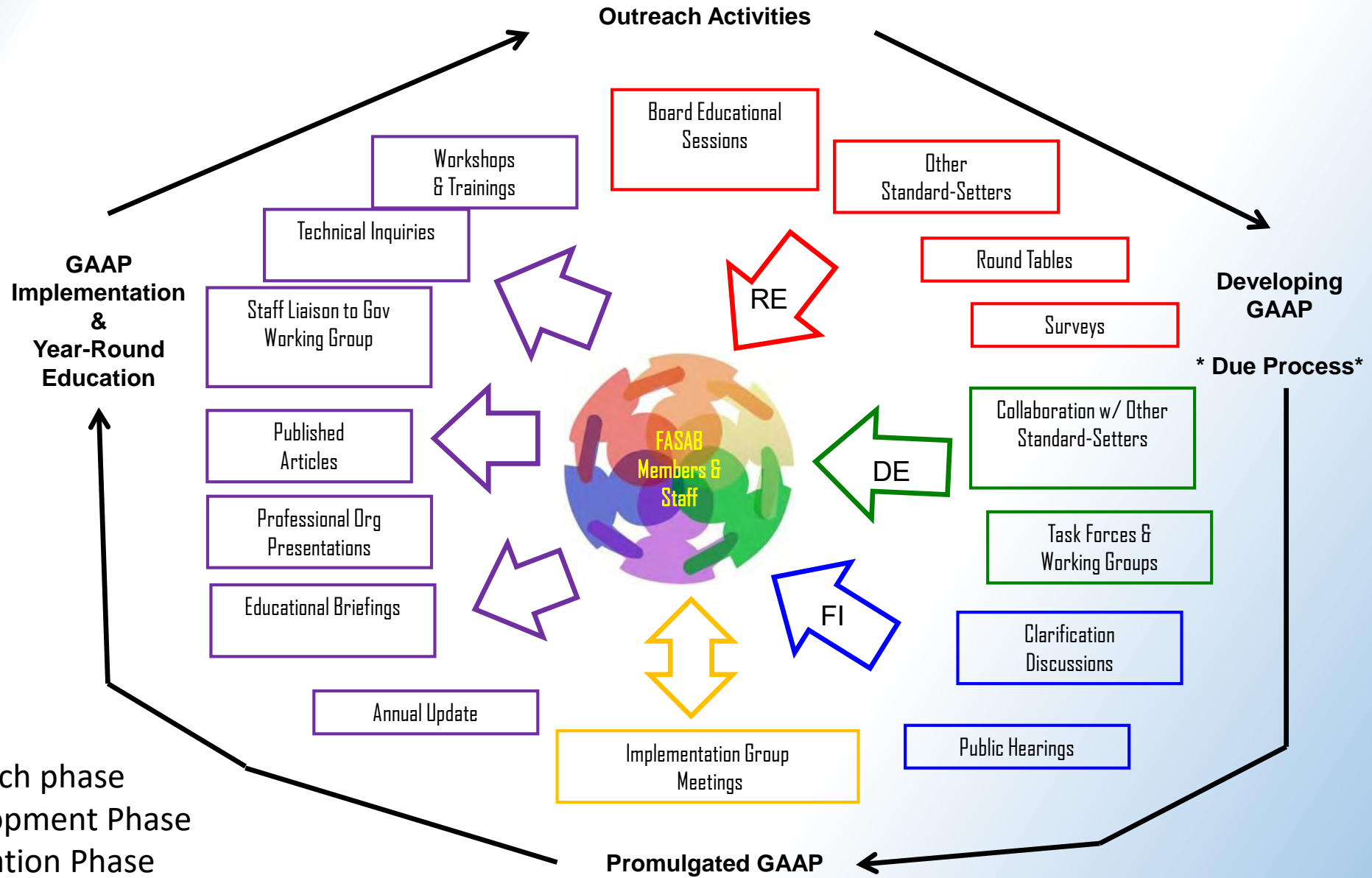
Managing Director, EY

Polling Question #1

- Communicating GAAP-based financial information should:
 - a) Ensure auditability
 - b) Help users assess how reporting objectives are being met**
 - c) Be limited to financial flows
 - d) Tailored to meet discrete user needs

The Standard-Setting Process

Collaboration, Education & Outreach

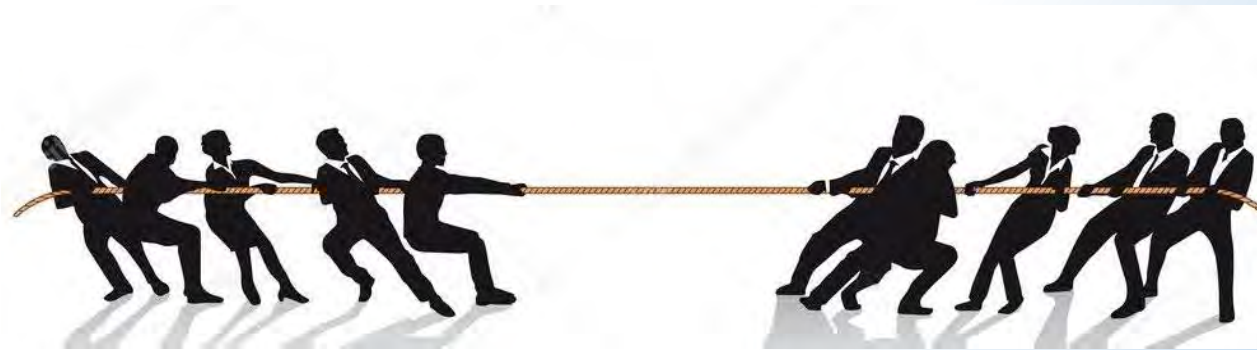


Key
 RE – Research phase
 DE – Development Phase
 FI – Finalization Phase

Balancing Costs & Benefits In Standards

Whose costs and whose benefits are we taking about any way?

- **The Push** - Users' information needs define financial reporting
- **The Pull** - Standards influence practitioner behavior and activities towards reporting objectives



Cost vs. Benefit: Agency Point-of-View

SFFAS 59 (Land) Example April 2017, Tab D

Option B would have required all Land to be measured at Fair value



Agency Cost Benefit Constraints

Accounting and financial reporting cannot satisfy every need for information and accountability. For many purposes, other information sources and other techniques to maintain and demonstrate accountability are either essential or may be more cost effective.¹⁵ Table 4.0 and Table 4.1 analyze the two broad options in connection to the cost benefit constraint from preparer and user perspectives, respectively.

Table 4.0
Selecting an Appropriate Measurement Attribute – Agency Cost Benefit Constraints

Criteria	Broad Option A	Broad Option B	Comments
Agency Perspective Cost-benefit Constraints	Questionable effect	Negative-effect	<p>Option A – Although costs incurred to gather and display NFI will be incurred especially if NFI needs to be disclosed in the Notes or as part of RSI, they could be offset by the benefits gained from not having to report land values on the balance sheet.</p> <p>However, a word of a caution is in order. Option A assumes that associated costs to remove land from the balance sheet (that is, staff (re)training, changes to agency business policies and processes, and financial module IT systems changes), are negligible.</p> <p>Option B - Costs incurred to gather and display NFI may exceed agency benefits especially if NFI needs to be disclosed in the Notes or as part of RSI. For the agency, this is an added burden causing a negative effect with no apparent agency benefit.</p> <p>For either option – Effort and related costs to assign monetary values (apart from symbolic or token amounts) for land held for disposal can be expected to be negligible because such valuations are typically Congressionally required; i.e., in most cases costs to fair value land will be incurred regardless of what we decide.</p>

Cost vs. Benefit: User Point-of-View

SFFAS 59 (Land) Example April 2017, Tab D

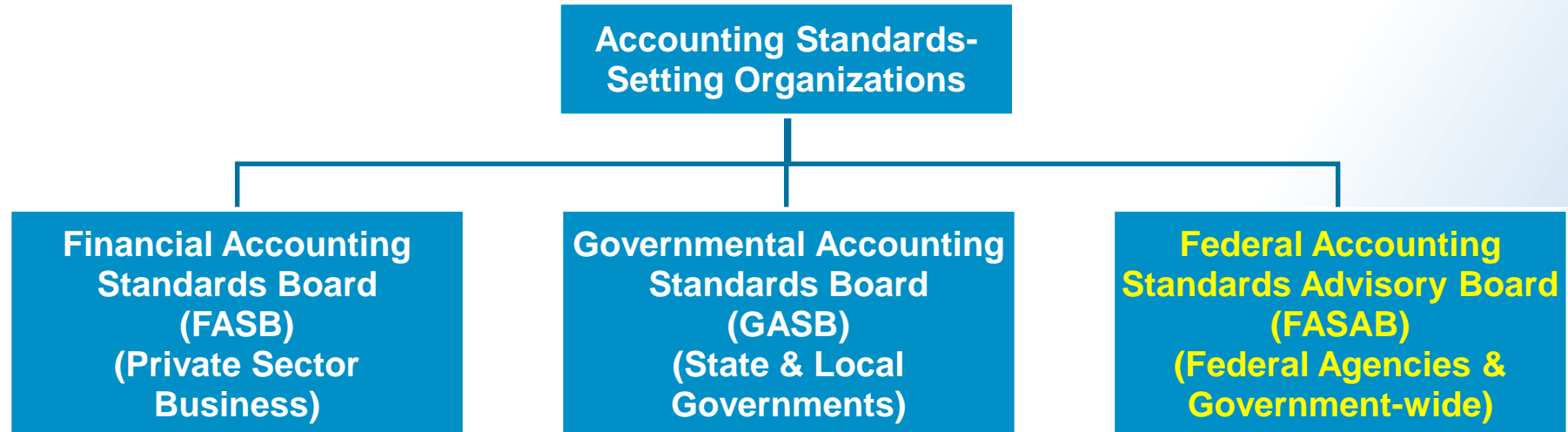
User Cost Benefit Constraints

Table 4.1

Selecting an Appropriate Measurement Attribute – User Cost Benefit Constraints

Criteria	Broad Option A	Broad Option B	Comments
User Perspective Cost-benefit Constraints	Positive-effect; user benefits expected to exceed user costs	Positive-effect; user benefits expected to exceed user costs	For either option - Users will not incur a significant loss of information (historical cost) but stand to gain significant benefits from the identification of NFI and valuation of land held for disposal. Incorporation of NFI may also help increase reader appeal and broaden the user-base.

Parity between U.S. Standards-Setters



Reporting Objectives:
Integrated framework relevant to all entities; profit and non-profit.

Stakeholders:
Resource Providers such as investors and donors.

Reporting Objectives: Duty to be publicly accountable; assist users in evaluating the operating results and the level of services provided and ability to meet obligations.

Stakeholders: The citizenry, legislative and oversight bodies, and investors and creditors.

Reporting Objectives:
Budgetary Integrity; Operating Performance; Systems and Control; Stewardship.

Stakeholders:
Internal and external users; citizens and intermediaries.

Polling Question #2

- In cases where a heritage asset serves two purposes, the HA asset should be considered a multi-use heritage asset if the predominant use of the asset is in general government operations.

a) TRUE (SFFAS 29, paragraph 18)

b) FALSE

Overview of Recent Property Standards and Projects

- Leases – “the Topic So Nice, we Discussed it Thrice...and then Once Again”
 - SFFAS 54: 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
 - SFFAS 57: Omnibus Amendments 2019
 - SFFAS 58: Deferral of the Effective Date of SFFAS 54, Leases
 - SFFAS 60: Omnibus Amendments 2021: Leases-Related Topics
- SFFAS 59: Accounting and Reporting of Government Land
- Climate-Related Financial Reporting
- Intangible Assets

Leases

- SFFAS 54 – Moved away from lease capital lease/operating lease paradigm to short-term lease/lease/intragovernmental lease paradigm
- SFFAS 57 – Addressed capital and operating lease terminology usage across handbook
- SFFAS 58 – Moved adoption to periods beginning after September 30th, 2023; maintained no early adoption.
- SFFAS 60 – Language clean-up across standards, and clarified that a short-term lease was non-governmental.

From



This



Land

- Amended six standards (6, 7, 29, 32, 42, and 50)
- Land and permanent land rights are considered general PP&E, but not capitalized
- Temporary land rights (for a specified period of time) shall be depreciated/amortized
- Disclosures
 - Concise statement & explanation of tie to mission
 - Brief description of policies
 - Assigned to one of three sub-categories based on predominant use (in est. acres)
 - Acres held for disposal or exchange
 - Description of types of rights

Early Implementation of Land De-recognition NOT Allowed					
Issue SFFAS	SFFAS 59 Paragraphs 6 through 12				Effective Date for G-PP&E Land De-recognition
	For FYs 2022/2023 GAO plans to develop and issue audit guidance for auditing total acreage and acreage by predominant use sub-categories. For FYs 2023 and 2024 identification of preparation and audit challenges and for FY 2025 the Board plans to complete its assessment of remaining implementation issues before the RSI requirements transition to the notes.				Paragraphs 4, 5, 13, and 14 apply. Remove G-PP&E Land from Balance Sheet. Entities may continue to Disclose Historical/Acquisition Cost in Notes
	Entity RSI Presentation				Basic Presentation
FY '21	FY '22	FY '23	FY '24	FY '25	FY '26
4 Year Implementation Window					

Climate-Related Financial Reporting & Intangible Assets

Climate-Related Financial Reporting

Objective: Provide guidance for reporting entities on reporting the financial impact of climate-related matters in financial statements

Next Steps:

1. Board will prepare implementation guidance on existing standards with no amendments.
2. Board will then review standards for any necessary amendments.

Intangible Assets

Objectives:

1. Develop updates for software reporting guidance
2. Develop a working definition of intangible assets for the Board's internal use
3. Further assess the costs vs. benefits of developing reporting guidance for intangible assets

Status: Staff is currently working with a task force on the first two objectives while the third objective is on standby.

Polling Question #3

- Governments are increasingly using innovative approaches to partnering with non-governmental entities and, as a result, accrue many benefits. However, P3 arrangements may:
 - a) Result in recognizing contingent assets
 - b) Obscure costs and results
 - c) Overstate contingent liabilities
 - d) **Obscure costs, risks, and results**

Agency Views on Implementation



Polling Question #4

- What occurred chronologically first?
 - a) CFO Act
 - b) Formation of Federal Accounting Standards Advisory Board (FASAB)
 - c) GAO renaming to “Government Accountability Office”
 - d) Formation of Governmental Accounting Standards Board (GASB)



Technical Inquiries

If you need help applying GAAP for implementation or existing accounting issues then visit our updated Technical Inquiry Page to learn

- How we can help
- Who we help
- What you can expect from the TI process once you submit the new form at <https://fasab.gov/technical-inquiries-2/>

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FASAB Bits & Bytes Podcast

[Public-Private Partnerships Posted: September 1, 2020](#)

[ED Chat Part II: Ms. Payne Interviews Ms. Valentine Posted: October 30, 2019](#)

[ED Chat Part I: Ms. Valentine Interviews Ms. Payne Posted: October 28, 2019](#)

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Reference Notes:

- FASB Concepts:

- Conceptual Framework for Financial Reporting, Chapter 1, The Objective of General Purpose Financial Reporting. https://www.fasb.org/jsp/FASB/Document_C/DocumentPage?cid=1176157498129

- GASB Concepts:

- Concepts Statement No. 1, Objectives of Financial Reporting (issued 5/87). <https://www.gasb.org/st/concepts/gconsum1.html>

- FASAB Concepts:

- SFFAC 1: Objectives of Federal Financial Reporting and SFFAC 4: Intended Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government. <https://fasab.gov/accounting-standards/document-by-chapter/>

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