

Memorandum

Non-Agenda Topics

April 6, 2023

To: Members of the Board
From: Monica R. Valentine, Executive Director
Subject: **Non-Agenda Project Updates** (Topic H)

INTRODUCTION

Staff is providing project updates on all active projects currently on the Board's technical agenda that will not be discussed at the April 2023 meeting.

Attachment 1 of this memo includes brief project updates on the following topics.

- Intangible Assets Working Definition
- Land Implementation
- Public-Private Partnerships

REQUEST FOR FEEDBACK

These topics do not include any questions for the Board or requests for member feedback. These topics will not be on the Board's discussion agenda for April. Members may provide input and submit follow-up questions on any of these projects to the related staff member at any time.

ATTACHMENTS

1. Project updates

Project Updates

Non-Agenda Topics

April 6, 2023

Attachment 1

INTANGIBLE ASSETS WORKING DEFINITION

At the February 2022 meeting, staff proposed a non-authoritative definition of intangible assets for the Board's internal use. The Board overwhelmingly supported the proposed definition while providing thoughts and suggested edits that generally related to potential reporting requirement concerns. Staff has noted member comments for future deliberations if the Board ultimately approves a project to develop reporting guidance for intangible assets. Staff considers this objective complete and continues to focus time and resources on the software technology project.

LAND IMPLEMENTATION

At the April 2023, Mr. Robert Dacey will be providing the Board with an update concerning the GAO efforts associated with assisting practitioners in implementing the SFFAS 59 reporting requirements. Also, as last reported, staff continues being available to answer questions and provide technical advice to reporting entities. Staff has done a cursory review of selected agency RSI presentations and notes that: (1) most agencies appear to have satisfactorily reported their land holdings in the three land use sub-categories and (2) G-PP&E land and stewardship land holdings at the majority of agencies surveyed have been reported as operational land and conservation and preservation land, respectively. Lastly, staff plans on reviewing the reporting of land rights.

PUBLIC-PRIVATE PARTNERSHIPS

Approximately a dozen meetings have been conducted with the following three different Task Force working teams: Team 1 – SFFAS 47 *Reporting Entity*; Team 2 – SFFAS 54 *Leases*; and Team 3 – *Case Study Illustrations and Sample Note Disclosures*. Draft implementation guidance is being finalized by Teams 1 and 2 demonstrating how SFFAS 49 serves as a “safety-net” to the Reporting Entity and Leases standards. The primary objective is to ensure that the SFFAS 49 disclosures do not repeat information and complement disclosures required by the overarching standards. Team 3 is working on five sample case studies from simple to complex that address the SFFAS 49 paragraph 24 disclosure requirements.

Upon completion of each Team's assignment, staff plans on developing (1) a decision flow diagram along with accompanying instructions to help bring consistency to preparer implementation and entity reporting formats and (2) case study illustrations assisting preparers in identifying P3 Risk, assessing remote risk and materiality and developing sample Note disclosures deemed beneficial to financial statement users.

Task Force members generally agreed that several of the implementation challenges previously noted¹ can be addressed concurrently with one another. The Task Force Teams are addressing these challenges and recommending discrete actions such as possible amendments, draft case studies and note illustrations, etc., for the Board's consideration and review.

¹ At the December 2022 and January 2023 meetings the task force ranked/rated the 15 implementation challenges and evaluated potential FASAB action. The Highest Priority Implementation Challenges identified are: Risk Assessments, Identifying P3 Risk, Materiality and Remote Risk, and Reporting Entity and Leases. Medium priority implementation challenges include: Identifying and Understanding Risk Sharing, Cash Flow Estimates, Remote Risk, Expected Life, and Training non-CFO personnel in SFFAS 49 requirements.