

Memorandum

Non-Agenda Topics

November 22, 2024

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

INTRODUCTION

Staff is providing project updates on all active projects currently on the Board's technical agenda and research topics that will not be discussed at the December 2024 meeting.

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

Technical Agenda Projects

- Land Post-issuance
- Leases Post-implementation
- Management's Discussion and Analysis
- Public-Private Partnerships
- Reexamination
 - o Commitments
 - o Direct Loans & Loan Guarantees
 - o Federal GAAP Hierarchy

Research Topic

- Climate-related Financial Reporting
- Revenue Reexamination

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. Members may provide input and submit follow-up questions on any of these topics to the related staff member at any time.

ATTACHMENT

1. Updates

Updates

Non-Agenda Topics

November 22, 2024

Attachment 1

TECHNICAL AGENDA PROJECTS

LAND POST-ISSUANCE

As previously reported on September 24th staff met with representatives from the USDA, the USDA OIG, and an external audit firm to discuss the treatment of temporary land rights. The discussions concerned: conservation easements and their proper classification. Please be reminded that GAO released its audit guidance (GAO-24-106986) Thursday, November 16, 2023 addressing auditor responsibilities related to required supplementary information (RSI) in addition to those required by AU-C 730. This guidance is designed to obtain additional information to (1) better understand the extent to which measurement and presentation of land information in RSI is consistent with SFFAS 59 and (2) identify any preparation and audit challenges related to reporting government land in RSI, consistent with the intent of FASAB's Basis for Conclusion in SFFAS 59. Auditors are expected to provide this additional information to entity management and GAO. In turn, FASAB plans to consider actions necessary to address the identified challenges in preparation for the transition of RSI requirements to note disclosure requirements in fiscal year 2026.

LEASES POST-IMPLEMENTATION

As of November 19, staff has received eight formal technical inquiries on leases since October 1, 2023, two of which are in process. Staff has addressed 34 informal and narrow-scope inquiries during that time. These inquiries were readily answerable based on the requirements of SFFAS 54, *Leases*, and Technical Release 20, *Implementation Guidance for Leases*. Common inquiry topics include paragraphs 14-21 (lease term topic area) and 96-98 (implementation topic area, including the transitional amendments).

Staff is in the process of reviewing and analyzing fiscal year 2024 reporting and audit results (for all CFO Act and significant entities, plus the Presidio Trust). Staff is also in the process of analyzing and providing observations on leases-related technical inquiries.

Staff is pleased to report that reporting entities successfully implemented the standards. Staff has noted numerous examples of quality reporting and disclosures. Although staff's review is not complete, based on the reporting reviewed so far, it appears that an overwhelming majority reporting entities elected to apply the transitional accommodation and that they applied the eligibility criteria correctly.

Staff will provide a complete analysis to the Board in February.

MANAGEMENT'S DISCUSSION AND ANALYSIS

On September 27, 2024 the Board issued SFFAS 64: *Management's Discussion and Analysis, Rescinding and Replacing SFFAS 15*. Staff is developing the training for transitioning MD&A reporting from SFFAS 15 to SFFAS 64.

PUBLIC-PRIVATE PARTNERSHIPS

Pursuant to the August 1st Accounting and Auditing Policy Committee (AAPC) meeting, staff will be presenting a revised draft exposure draft Technical Release to the Committee on November 20th. Some key revisions include: (1) providing a broad principle for dealing with the overlap of P3 disclosure requirements with reporting and disclosure requirements of other standards; (2) enhancing the guidance related to the integration of disclosures due to other requirements; (3) proposing that that under consolidation accounting, the reporting entity is treated as a single economic entity and thus, SFFAS 49 disclosures would not apply; and (4) adding an appendix that includes the side-by-side disclosure requirements for SFFAS 49, 47, and 54.

REEXAMINATION

At the August 2024 meeting, the Board added the following reexamination projects to the current technical agenda:

- Federal GAAP Hierarchy
- Direct Loan & Loan Guarantee Disclosures
- Commitments

Staff are in the process of preparing project plans and other research for each reexamination project. Once project plans are approved by the Board, each reexamination project will be presented with specific project information and details in non-agenda updates. Additionally, active project websites will be established for each project.

RESEARCH TOPICS

CLIMATE-RELATED FINANCIAL REPORTING

The Board agreed to move the climate-related financial reporting project from active projects to a research topic since the two phases addressing the project objective are complete.

- Phase I developed and released a non-authoritative staff paper [*Statements of Federal Financial Accounting Standards That May Be Relevant to Climate-Related Financial Reporting*](#) on May 17, 2022.
- Phase II will use [*SFFAS 64, Management's Discussion and Analysis: Rescinding and Replacing SFFAS 15*](#) (SFFAS 64), released as final on September 27, 2024, as the framework for reporting climate-related financial information in MD&A.
 - The staff paper from phase one will be updated to include this information.
 - Staff is developing training and implementation guidance for SFFAS about how to report significant risks along with climate-related risks. (See the [MD&A project](#) for more information)

Climate-related research will remain a priority and focus on federal financial reporting concepts and the climate-related financial reporting vision statement. Staff will monitor items such as, other governmental financial reports, federal statement of net costs, RSI other than MD&A, climate reports outside of financial statements, and any changes in climate-related policy or legislation to determine next steps for the Board's consideration. Staff will provide updates to the Board in the non-agenda memorandum.

REVENUE REEXAMINATION

At the August 2024 meeting, the Board added Revenue as a research topic. Staff will be preparing a research plan for the Board's consideration. Prior to developing this plan, however, staff is reaching out to certain ITC respondents to obtain clarification and receive updates on the status of the high-priority issues raised in their comment letters. This follow-up will help staff design an appropriate research plan and facilitate the Board's review of that plan.