

FEDERAL ACCOUNTING STANDARDS ADVISORY BOARD
Board Meeting Minutes
February 21-22, 2024
Zoom for Government

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For research purposes, please see the briefing materials at www.fasab.gov. Briefing materials for each session are organized by topic; references to these topics in the minutes are hyperlinked.

Attendance

The following Federal Accounting Standards Advisory Board (FASAB or “the Board”) members were present throughout the meeting: Messrs. Scott (chair) and Bell, Mr. Dacey, Mses. Harper and Johnson, and Mr. Patton. Ms. Bronner was present except for brief absences. Mr. Vicks was absent. The executive director, Ms. Valentine, and general counsel, Mr. Kirwan, were present throughout the meeting. Ms. Valentine conducted a verbal roll call of the members. Mr. Scott noted that Mr. Patrick McNamee resigned from the Board in January.

Wednesday, February 21, 2024

Administrative Matters

- **Clippings and Updates**

IPSASB Update

Mr. Scott Showalter, International Public Sector Accounting Standards Board (IPSASB) deputy chair, reviewed IPSASB's current activities. He noted that both he and the IPSASB chair, Ian Carruthers, would end their terms on the Board in December 2025.

Mr. Showalter noted that the IPSASB's 2024-2028 strategy is to concentrate on maintenance work on their suite of standards.

Mr. Showalter highlighted the following IPSASB projects:

- Sustainability climate-related disclosures – The objective of the project is to develop a Statement that provides public-sector-specific guidance on climate-related disclosures. The Board is leveraging the work of International Financial Reporting Standards (IFRS) S1, *General Requirements for Disclosure of Sustainability-related Financial Information*; IFRS S2, *Climate-related Disclosures*; and the Global Reporting Initiative. IPSASB is looking at the implementation and terminology differences. The most significant difference identified from the commercial sector has been government as a policy setter. IPSASB's goal is to issue an exposure draft (ED) by September 2024.
- Leases – The objective of the project is to develop additional guidance identifying and addressing lease-related accounting issues associated with lease-type arrangements within the public sector. The current lease guidance in International Public Sector Accounting Standard (IPSAS) 43, *Leases*, aligns with IFRS 16, *Leases*. The new proposal will address those issues unique to public sector entities. The Board is reviewing responses to an ED on concessionary leases. IPSASB plans to issue the final Statement in June 2024.
- Natural resources – The objective of the natural resources project is to develop a standalone Statement addressing natural resources. Although the Board concluded accounting and reporting for natural resources is covered by existing IPSASB pronouncements, the Board concluded it was important to have explicit guidance on it. The topic underscores the importance for preparers to consider how natural resources are reflected in the financial statements. The Board will be considering what a resource is (as defined in the conceptual framework), definitions, and recognition criteria for those natural resources not yet addressed in current guidance, such as natural resources held for conservation.

- Measurement – The objective of the current phase of the project is to evaluate the applicability of current operational value to existing IPSASB pronouncements.

One member asked Mr. Showalter why IPSASB was assessing whether it needed to amend its current lease guidance. Mr. Showalter explained that the current guidance is very closely aligned to IFRS 16 so IPSASB may need to amend the guidance to address transactions specific to the public sector.

A member asked if the IPSASB Sustainability Reference Group meetings were open to the public. Mr. Showalter indicated that the Board members and technical advisors are invited on a listen-only basis and that he would check to determine whether FASAB can participate in the meetings.

Mr. Scott thanked Mr. Showalter for briefing the Board on IPSASB's activities and welcomed him back to brief the Board again in the future.

GASB Update

Ms. Reese, Governmental Accounting Standards Board (GASB) senior project manager, provided a brief overview of GASB's recent activities.

Ms. Reese highlighted the following GASB projects:

- Certain risk disclosures – GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. The Statement requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints. Although governments are required to disclose information about their exposure to some risks, such as interest and credit risk associated with investments, essential information about certain other risks that are prevalent among state and local governments is not routinely disclosed because it is not explicitly required. The new Statement is meant to provide financial statement users with information about certain risks when circumstances make a government vulnerable to a heightened possibility of loss or harm.
- Classification of nonfinancial assets – The goal is to reconsider the existing classification of nonfinancial assets and other related sub-classifications. The proposal will also consider certain capital assets, the requirement to separate them by major class, and more specific guidance on a "capital asset held for sale." The capital asset would be held for sale if the government has decided to sell the asset—so there must be a decision—and it is probable that the sale will be finalized within one year of the financial statement date. The Board approved the issuance of an ED called *Disclosure and Classification of Certain Capital Assets* in September 2023. The Board has not started its re-deliberation on the ED feedback.

- Financial reporting model reexamination – The goal is to enhance the effectiveness of the reporting model in providing information that is essential for decision-making, enhance users' ability to assess a government's accounting, and address certain application issues. The project is moving towards a final pronouncement. The draft Statement includes topics on management's discussion and analysis (MD&A), separate presentation of unusual or infrequent items, proprietary fund presentation, major component unit presentation, and budgetary information presentation. The Board has included a comprehensive illustration. A pre-ballot and final approval of the standards is expected in the coming months.
- Revenue and expense recognition – The goal is to develop a comprehensive, principles-based model that would establish categorization, recognition, and measurement guidance applicable to a wide range of revenue and expense transactions. The Board is reviewing feedback on the Preliminary Views document. The Board discussed transactions that do not have performance obligations (category B transactions). Members also discussed recognition attributes for grants and agreed that administrative requirements are not recognition attributes for grants. The Board did agree that there are two types of grant recognition attributes. The attributes are either "incurrence of qualifying costs" or "other than qualifying requirements," which is generally something like an output or outcome requirement that must be met to accept the grant. The Board also defined purpose restrictions as a right of return or release in a transaction and should not be relied upon as a criterion to distinguish between purpose restrictions and qualifying requirements.
- Going concern uncertainties and severe financial stress – GASB is working toward a proposal to address issues related to disclosures for going concern uncertainties and severe financial stress. Members want to refer to it as "severe" financial stress and they're defining "severe" as greater than substantial, including but not limited to catastrophic matters. The Board agreed on a principles-based approach. The Board will address four broad categories: negative trends, other indicators of possible financial difficulties, internal matters, and external matters.

The Board spent considerable time discussing specific words in the guidance, their definitions, and how they apply in practice. Members agreed that disclosures are going to be required when the government is near or at the point of insolvency. Insolvency is defined as a circumstance in which a government generally is not paying its liabilities as they come due or is unable to pay its liabilities as they come due.

The Board is considering disclosures as they relate to the conceptual framework (Concepts Statement No. 7: *Communication Methods in General Purpose External Financial Reports That Contain Basic Financial Statements: Notes to Financial Statements—An Amendment of GASB Concepts Statement No. 3*) for the purposes of conducting outreach to users.

- Infrastructure assets – This new project is the result of research on capital assets. The project will address issues related to accounting and financial reporting for infrastructure assets in a question-and-answer format. The project will evaluate standards for reporting infrastructure assets. The goal is to make the information (1) more comparable across governments and consistent over time, (2) more useful for making decisions and assessing government accountability, (3) more relevant to assessments of a government's economic condition, and (4) a better reflection of the capacity of those assets to provide service and how that capacity may change over time. The Board agreed that the useful life of infrastructure assets should be reviewed periodically as it relates to depreciation. Members also decided that significant components of infrastructure assets that have differing useful lives should be depreciated separately.
- Subsequent events (reexamination of Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*) – The objective of this project is to improve the accounting and financial reporting for subsequent events to address issues related to (1) confusion about and challenges associated with applying the existing standards, (2) inconsistency in practice in the information provided about subsequent events, and (3) the usefulness of the information provided about subsequent events. The Board has begun initial deliberations toward an ED of a proposed Statement.

GASB tentatively decided on the following definitions for subsequent events:

A recognized event is a subsequent event that is indicative of conditions existing at the financial statement date that informs the inputs to accounting estimates measured as of the financial statement date and should be incorporated into the determination of inputs to (and resultant measurement of) accounting estimates as of the financial statement date.

A nonrecognized event is a subsequent event that does not inform the measurement of accounting estimates as of the financial statement date but that instead has an effect (favorable or unfavorable) on the basic financial statements in the period in which the event occurs that should be disclosed in the notes to the financial statements. The magnitude of the effect will be further discussed at a future meeting.

- Post-implementation review of pensions guidance – GASB issued Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68, *Accounting and Financial Reporting for Pensions*, in June 2012. The Board reviewed a draft report of the post-implementation review in January 2024.
- Electronic financial reporting (a monitoring activity) – GASB has been discussing implications of the Financial Data and Transparency Act—specifically the requirement for state and local governments to have procedures in place to provide financial statements electronically. GASB is discussing its role in providing guidance for these requirements. GASB is considering rules about submitting electronic financial data, so staff is doing outreach in that area and considering the idea of a closed taxonomy that has fixed data elements or an open taxonomy where personalized data tags can be created when the standardized ones do not fit for certain items. Staff has reached out to both the Financial Accounting Standards Board and the International Accounting Standards Board on their taxonomies to understand what their approaches are and the associated benefits and drawbacks. The Board has also discussed the due process.

Questions from Members:

- A member asked if GASB had considered the topic of climate. Ms. Reese said the topic had not been brought to GASB's attention by its constituents, so the Board had not.
- A member asked about GASB's review of the pension project's expected benefits and perceived cost. The member stated that it would be harder to assess benefits as opposed to the costs. Ms. Reese agreed with the member's assessment and noted that costs can be quantified, whereas benefits related to the qualitative factors such as comparability and recognition of the liability cannot be quantified as easily.

Mr. Scott thanked Ms. Reese for keeping the Board informed of GASB's activities.

Agenda Topics

- **Management's Discussion and Analysis**

Mr. Scott introduced the MD&A from [topic A](#). He informed members that staff would be focusing on the main topics to update the draft Statement of Federal Financial Accounting Standards (SFFAS) as opposed to going question by question from the briefing materials.

Ms. Gilliam, assistant director, gave background on the timeline of the document. On September 7, 2023, FASAB released the MD&A ED for public comment. The comment deadline was December 7, 2023. Staff received 19 comment letters that answered six

questions for respondents (QFRs). Many of the respondents provided more than one answer per question and some answers were duplicated across more than one QFR. Staff reviewed all responses and recommended eight minor edits to the draft SFFAS in the briefing materials. Staff plans to address most of the other responses through training and implementation guidance.

Ms. Gilliam reviewed the main topics identified by the Board for discussion.

Topic 1: Explain the differences and benefits proposed in the MD&A ED as compared to SFFAS 15, *Management's Discussions and Analysis*

The Board generally agreed that the intent for the proposed MD&A Statement is to change how a reporting entity's management prepares and presents information about its financial position and condition so that it is more easily understood by users who do not have a financial expertise. To best explain this, the Board agreed to update the summary and basis for conclusions to address the value proposition of this proposed Statement. To best understand the benefits of the proposed guidance, the summary should include the changes from SFFAS 15, which the basis for conclusions will explain.

The value proposition of the proposed MD&A Statement

- provides a concise set of principle-based standards that will guide management in providing a discussion and analysis of the reporting entity's financial position and condition that is useful for all users, especially those who are not experts in government financial matters;
- encourages flexibility for how management can efficiently and effectively prepare MD&A content thus reducing a reporting entity's preparation efforts in the long run; and
- guides management in how to prepare a balanced, concise, integrated, and understandable MD&A instead of duplicating dense information across required sections.

Topic 2: Will the proposed Statement affect existing audit requirements for MD&A?

The Board generally agreed that the proposed guidance should not affect existing audit requirements for MD&A because MD&A is required supplementary information (RSI), which auditors review for conformity to the standards.

Topic 3: Should "streamlined" be included in the proposed MD&A standards?

Ms. Gilliam requested that Mr. Scott poll the Board about reintroducing the word "streamlined" in the document. The Board agreed not to include the word "streamlined"

because the four characteristics in the *Presenting Information in MD&A* section—balanced, concise, integrated, and understandable—describe a streamlined MD&A.

Topic 4: Updates to paragraph 9 – clarifying “concise”

Many respondents wanted to better understand what the Board meant by using the word “concise” in paragraph 9.

The Board agreed to update the lead-in sentence of paragraph 9 to read as follows:

To achieve a concise MD&A, management should summarize information that is sufficient to meet the needs of its users ~~by~~. This could be accomplished by...

In paragraph 9.a, the Board agreed to keep the phrase “vital few matters” and to update the explanation in the basis for conclusions.

In paragraph 9.c, the Board agreed to update the explanation for how to reference unaudited information found outside the general purpose federal financial report.

In paragraph 9.d, the Board agreed to remove the term “boilerplate” and replace it with a better description.

Topic 5: Updates to paragraph 12.c – key performance results and associated costs

Many respondents requested more background on what the phrase “key performance results” means in relation to information required by the Government Performance and Results Modernization Act. Respondents also wanted to understand what the phrase “associated costs” means. Some respondents wanted to move the information from the footnote to the body of the guidance.

The Board agreed that its intent in including “key performance results” in MD&A is to explain what it cost for the reporting entity’s achievements and challenges.

The Board agreed that “associated costs” may include estimated cost or budget cost. Therefore, the guidance should allow for more flexible reporting. The Board updated paragraph 12.c. to read as follows:

...the key performance results and the associated costs, such as providing estimated costs to the extent possible or budgeted amounts;

A majority of members agreed to maintain the footnote because it adequately explains that key performance results includes both achievements and challenges and should be determined by management’s judgment.

Topic 6: Training and implementation guidance

After analyzing every comment letter received, staff can address most questions or concerns through training and implementation guidance.

Comments from members on this topic included:

- Implementation guidance would take too long to publish.
- Training would be more effective.
- Forthcoming actions should include best practices.
- The Board should consider adding implementation of MD&A guidance to the technical agenda, like leases and land.

To address all of staff's topics, Mr. Scott approved an additional hour for discussion on Thursday.

- **Commitments Research**

Ms. Lee, senior analyst, introduced [topic B](#) by describing the similarities and differences between commitments and contingencies based on characteristics identified from the working definition of commitments and the definition of contingencies in SFFAS 5, *Accounting for Liabilities of the Federal Government*. Commitments are binding agreements to enter into future transactions if certain conditions are met. According to SFFAS 5, contingencies are existing conditions, situations, or circumstances involving uncertainties as to possible gain or loss to an entity. The uncertainty will ultimately be resolved when one or more future events occur or fail to occur. Resolution of the uncertainty in contingencies may confirm a gain or a loss.

Ms. Lee identified the following similarities between commitments and contingencies:

- Existing "component": Commitments are existing binding agreements; contingencies are existing conditions, situations, or circumstances.
- Future "component": Commitments involve future transactions; contingencies involve occurrence or non-occurrence of certain future events.
- Uncertainties: Commitments involve uncertainties when conditions are met and if future transactions will take place; contingencies involve uncertainties as to the occurrence or non-occurrence of the future events.
- Resolution of uncertainties: Uncertainties in commitments are resolved if conditions are met and transactions take place; uncertainties in contingencies are resolved when one or more future events occur or fail to occur.

Ms. Lee also identified the following differences between commitments and contingencies:

- Commitments are binding agreements to enter into future transactions, whereas for contingencies, there are no binding agreements to enter into future transactions.
- The future transactions in commitments have not occurred, whereas the conditions, situations, or circumstances resulting in contingencies have occurred.
- The future transactions in commitments are transaction based, either as exchange or non-exchange transactions, whereas the future events in contingencies are non-transaction based.
- The likelihood of loss in commitments is irrelevant because transactions have not occurred, whereas the likelihood of loss in contingencies may be estimated.
- Liability recognition is irrelevant for commitments because future transactions have not occurred, whereas liability for contingencies may be recognized if the likelihood of loss is probable and the amount is measurable.

To summarize, commitments are not candidates for liability recognition because the transactions necessary for liability recognition have not occurred, and contingencies may be candidates for liability recognition if the likelihood of loss is probable and the amount is measurable because the events creating the contingencies have occurred.

Ms. Lee illustrated where commitments and contingencies may belong in the liability recognition process.

Question 1 – Does the Board agree with staff’s analysis of the similarities and differences between commitments and contingencies?

The Board generally agreed with the general direction of the similarities and differences analysis, with one member partially agreeing. The member agreed that some agreements to enter into future transactions are clearly commitments or contingencies. However, the member expressed that certain agreements to enter into future transactions, particularly when there is a prior exchange type transaction that is an executory contract, may be either commitments or contingencies as they involve the likelihood of a future event taking place. Ms. Valentine asked the member to clarify if the executory contracts to enter into future transactions are commitments, to which the member responded yes. The member also pointed out that past events in contingencies may also include exchange transactions. The member proposed to look at two types of commitments: those related to exchange-like transactions and those related to non-exchange-like transactions.

Another member agreed that the analysis on the similarities and differences overall is a good start. This member agreed on the analysis related to exchange-type agreements and pointed out the need to work through the non-exchange type agreements.

Mr. Savini, assistant director, reminded the Board that if commitments mature to a liability, knowing how the liability is liquidated is an important factor in recognition.

Question 2 – Would the Board consider rolling the commitments research topic into the SFFAS 5 reexamination project?

The Board seemed to split on whether to amend SFFAS 5 to include commitment as part of the annual omnibus or as part of the SFFAS 5 reexamination project. Members supporting commitments as part of the reexamination project did not see the urgency as agencies are reporting commitments per Office of Management and Budget (OMB) requirements. Members supporting commitments as part of the annual omnibus pointed out that there may be issues, such as software technology and international agreements or treaties, to address sooner.

Question 3 – Does the Board have any comments or suggestions on the topic of commitments?

Two members reminded the Board that commitments are both a budgetary concept as well as a proprietary concept, and the guidance on the commitments topic needs to be clear that it is related to proprietary commitments concepts. The Board unanimously agreed on continuing the research to develop a working definition for commitments to help distinguish from contingencies.

The meeting adjourned for lunch.

• Technical Clarifications of Existing Standards – SFFAS 3

Mr. Williams, senior analyst, introduced [topic C](#) by summarizing that the Board has been deliberating a Technical Bulletin (TB) that would clarify seized and forfeited property guidance in SFFAS 3, *Accounting for Inventory and Related Property*, to address digital assets. Staff proposed a draft ED of the TB for the Board to deliberate along with the following staff recommendations:

- Additional non-substantive edits to improve the grammar, format, and style of the TB
- Five QFRs for the ED
- A 45-day public comment period for the ED

Question 1 – Does the Board support staff’s proposed edits? Do members have any further comments or questions regarding the pre-ballot TB 202X-X, *Seized and Forfeited Digital Assets*, ED?

The Board agreed to staff's recommended edits and implemented additional minor grammatical edits to the TB. The Board also deliberated issues discussed in the following paragraphs.

One member suggested moving paragraphs 16, 17, and 18 above paragraph 14 in the draft TB so that section of the TB would first address the question of whether reporting entities should treat seized and forfeited digital assets as monetary or nonmonetary property, and then reference relevant SFFAS 3 reporting guidance. Mr. Williams explained that staff had concerns with this suggestion because the TB intentionally references applicable SFFAS 3 guidance first to provide the reader context for why the TB is clarifying that aspect of the SFFAS 3 guidance for digital assets.

Mr. Williams emphasized that the TB does not provide unique reporting requirements beyond what is in SFFAS 3 but answers the question of whether to treat seized and forfeited digital assets as monetary or nonmonetary property so that reporting entities will know how to apply existing reporting requirements in SFFAS 3. He stated that staff believed that moving the paragraphs that reference the applicable SFFAS 3 guidance to the end of the section would remove this context and diminish the clarifying guidance in the TB. The Board did not implement the suggested change.

One member suggested rearranging the order of a few sentences in paragraphs 28 and 29 of the draft TB so that it read:

28. Reporting entities should apply the disclosure requirements of paragraphs 66 and 78 of SFFAS 3 for seized and forfeited digital assets, respectively. SFFAS 3 requires reporting entities to disclose the dollar value and quantity of seized and forfeited property by the type of property. SFFAS 3 does not require reporting entities to disclose specific quantitative or qualitative information about individual digital asset seizures or forfeitures.

29. If a reporting entity is not able to readily determine a market value for the seized or forfeited digital asset pursuant to paragraphs 19-26 of this TB, the reporting entity should still apply the other SFFAS 3 disclosure requirements.

The member explained that the suggested sentence order would more effectively clarify the existing SFFAS 3 disclosure requirements for digital assets in paragraph 28 and then address disclosure implications pertaining to the TBs clarifying market value measurement guidance in paragraph 29. Another member voiced support for the edit and Mr. Williams stated that staff had no concerns with the edit. The Board agreed to implement the edit.

One member referenced paragraph 65 of SFFAS 3 and questioned if the TB should address market value remeasurement for seized and forfeited digital assets. Mr. Williams reminded the Board that staff addressed this topic during the October 2023 meeting and the Board had generally agreed that the TB should not require market value remeasurement specifically for seized and forfeited digital assets since SFFAS 3

does not explicitly require market value remeasurement for any seized or forfeited property.

Mr. Williams also stated that the working group had not requested clarifying guidance on paragraph 65 of SFFAS 3 and he emphasized that the purpose of staff's recommended QFR 4 was to gather further information from stakeholders on whether there are additional issues with applying SFFAS 3 requirements to seized and forfeited digital assets that the current TB ED does not address.

Question 2 – Does the Board support staff's proposed QFRs for the pre-ballot TB 202X-X, *Seized and Forfeited Digital Assets*, ED?

The Board agreed with staff's recommended QFRs for requesting stakeholder feedback on the TB ED. The Board implemented minor additional grammatical edits to QFRs 3, 4, and 5.

Question 3 – Does the Board agree to ballot the TB 202X-X, *Seized and Forfeited Digital Assets*, ED for a 45-day public comment period?

The Board agreed with staff's recommendation to issue the TB ED for a 45-day public comment period.

Members offered no further feedback and Mr. Williams confirmed there were no open issues remaining for the proposed TB ED. He stated that staff will implement the additional edits in the TB ED and, soon after the meeting, will request Board approval to expose the TB for public comment. Mr. Williams stated that staff plans to present an analysis of public comments for Board deliberation during the June 2024 meeting.

Adjournment

The Board meeting adjourned for the day at 2:30 p.m.

- **Appointments Panel Meeting**

The Appointments Panel met in closed session to discuss personnel issues associated with the latest member vacancy. A determination had been made in writing by the U.S. Government Accountability Office (GAO), the U.S. Department of the Treasury, and OMB, as required by section 10(d) of the Federal Advisory Committee Act, 5 U.S.C. 1009(d), that the meeting may be closed to the public in accordance with 5 U.S.C. 552b(c)(2) and (6). During this closed session, the discussions related solely to internal personnel rules and practices of the sponsor agencies, consistent with section 552b(c)(2).

Thursday, February 22, 2024

Agenda Topics

- **Omnibus Concepts Amendments**

Ms. Gilliam introduced [topic D](#) to begin the discussion on the analysis of comment letters for the *Omnibus Concepts Amendments* ED. FASAB had released the ED for public comment on August 25, 2023, for 90 days. The ED included two QFRs. Staff received 12 comment letters, with most respondents agreeing with both questions.

Handbook Update for Two Outdated Items

Mses. Gilliam and Valentine addressed two requests from Treasury to amend guidance through the *Omnibus Concepts Amendments* proposal. Staff noted that both items would be updated in the next Handbook update with no amendments necessary for the following reasons:

- One item was a non-authoritative paragraph in the summary of Statement of Federal Financial Accounting Concepts (SFFAC) 2, *Entity and Display*.
- The other item is footnote 8, which referred to the ED for revenue. It has since been published as SFFAS 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*.

The next Handbook update will remove the summary paragraph from SFFAC 2, *Entity and Display*, and change footnote 8 to reference SFFAS 7 and its title. The Board did not object to the Handbook updates for these two items.

Proposed Note Disclosures Concepts

The Board discussed the proposed updates to the note disclosure concepts in paragraph 68 of SFFAC 2. Some respondents were concerned that note disclosures would need to include all four of the types of information in paragraph 68A-D. Staff did not recommend any changes because both the lead-in sentence and 68A-D include the word “may,” indicating that including all four types of information for each note disclosure is not required. Also, this concepts statement guides the Board—not preparers—in determining what type(s) of information may be included when the Board deliberates each note disclosure.

A majority of members agreed to update the lead-in sentence in paragraph 68 to read:

Financial information is also conveyed through the use of note disclosures, which are an integral part of the basic financial statements. Note disclosures may explain, describe, or supplement one or more of the following:

Members also agreed to remove the word “and” after the third bullet in paragraph 68.

The Board discussed whether paragraph 68.C—*Information about past events and current conditions not recognized*—should remain as one type of information that the Board should consider when drafting a note disclosure. Staff said this was important information for the Board to consider including in note disclosures. For example, many climate-related events are in the past. One member expressed that contingent liabilities may not be recognized but could need a note disclosure. Another member believed that the Board needs this concept to provide flexibility under various conditions.

The Board did not object with leaving 68.C as one of the types of information to consider when drafting a note disclosure.

The Board discussed paragraph 68.D to determine if any changes were necessary. Some ED respondents did not understand what should be included as “nonfinancial” information and requested more clarity. Ms. Gilliam recommended that the Board remove “financial and nonfinancial related information” from the lead-in sentence because 68.D discusses qualitative and quantitative information, which include financial and nonfinancial. In addition, SFFAC 1, *Objectives of Federal Financial Reporting*, provides several references to nonfinancial information and, as part of the conceptual framework, SFFAC 2 does not need to try to repeat or reference them all.

The Board agreed to remove “financial and nonfinancial related” from the phrase. The Board also agreed to shorten the title of paragraph 68.D.

Proposed MD&A Concepts

The Board discussed whether any updates were necessary for the proposed MD&A concepts in paragraph 69 of SFFAC 2. Staff did not recommend any changes based on the Board’s intent noted in paragraphs A8 and A11 in the basis for conclusions.

The Board discussed one respondent’s comments about updating paragraph 69.B to include a list of items for MD&A, like the list in paragraph 68 A-D. Staff offered that this is a concepts statement, and the list of detailed requirements is included in the proposed MD&A standards. Some members noted that paragraph 68.B summarizes the Board’s intent for MD&A and a list is not necessary.

The Board agreed not to make changes to 68.D, aside from removing a misplaced comma.

Ms. Gilliam confirmed that paragraphs A6-A12 of the basis for conclusions discuss the history of this project, including the MD&A pilot. She also confirmed that the rescission of SFFAC 3, *Management’s Discussion and Analysis*, and above noted changes would happen simultaneously with the publication of the proposed MD&A standards.

- **Management's Discussion and Analysis (continued)**

Ms. Gilliam reintroduced [topic A](#) on MD&A and continued to discuss the main topics from the previous day's session.

Topic 7: Rescind and replace or amend SFFAS 15?

Many respondents agreed with the alternative view that amending SFFAS 15 would achieve the same result as rescinding and replacing because the difference between the proposed standards and SFFAS 15 was unclear.

During the February 21 session, the Board had discussed the differences and benefits of the proposed MD&A standards as compared to SFFAS 15 and discussed a value proposition for the new Statement. As a result, a majority of members agreed that the proposed MD&A standards would rescind and replace SFFAS 15.

Topic 8: Tiered reporting for MD&A

Many respondents agreed with the alternative view that would allow for tiered reporting for MD&A.

The Board generally agreed that it should consider tiered reporting within the broader context of the entire financial report instead of just for MD&A. Some members believed that tiered reporting might be difficult to achieve based on work done by other standard setters, such as GASB, and the difficulty of potentially reporting individual reporting entities in a different manner from the consolidated financial report of the United States Government. A majority of members agreed it could be discussed during the review of the technical agenda in August 2024.

Topic 9: Basis for conclusions

Ms. Gilliam asked if members wanted to include anything else in the basis for conclusions, in addition to the items identified during the previous day's session. A few members wanted to ensure that the basis for conclusions included a full discussion of the pilot and results, as well as the processing of comments letters.

Ms. Gilliam referred the Board to paragraphs A5-A15, which includes an extensive history of the project, including the pilot and results that informed the Board's development of the proposed standards.

Ms. Gilliam also referred members to paragraphs A46-A53, which extensively discusses the comment letters, their processing, and the resulting Board decisions.

- **Mid-Fiscal Year Technical Agenda and Annual Report Comments**

Ms. Valentine introduced the annual report/mid-year technical agenda review discussion from [topic E](#) of the briefing materials.

Ms. Valentine noted that FASAB had issued its fiscal year (FY) 2023 annual report and three-year plan on November 15, 2023, with comments requested by January 18, 2024. Staff received 11 comment letters on the annual report from various federal entities and professional organizations. Ms. Valentine gave an overview of the comments received on the following topics:

- Current projects
- Outreach and training

Due to member interest, Ms. Valentine and Ms. Batchelor, assistant director, provided additional information on the comment letter received from the Department of Defense.

Ms. Valentine reminded the Board about the August 2023 technical agenda session during which the members had agreed to continue the projects currently on the technical agenda. Ms. Valentine gave the members an overview of the status of those projects.

Ms. Valentine noted that, based on staff's assessment of the annual report responses, the progress of the current technical projects, and the current staffing level, staff does not recommend any change to the Board's current technical agenda. Staff plans to continue its outreach and training efforts.

Mr. Scott asked the members to respond to the questions staff had posed to the Board.

Question 1 – Does the Board want to follow up with any of the respondents to get further information or clarity on their comments?

Question 2 – Does the Board agree with staff's assessment of the responses and recommendations and planned discussions?

Question 3 – Do the members have other specific comments on any of the responses?

Question 4 – Does the Board agree with staff's recommendation that no changes be made to the Board's technical agenda at this time and that staff resources also be allocated to the work of the Accounting and Auditing Policy Committee as needed?

Several members stated that they agreed with staff's assessment of the responses and staff recommendation that no changes be made to the Board's technical agenda. Other comments noted from members include the following:

- A member noted the importance of always stressing the value and benefits of the Board's guidance. The member also encouraged additional targeted outreach to the Chief Financial Officers Council.

- A member asked staff for clarification on the U.S. Department of Veterans Affairs (VA)'s comment on the land project. Mr. Savini stated that staff has been assisting agencies with various implementation issues related to SFFAS 59, *Accounting and Reporting of Government Land*. FASAB has helped VA with properly sub-categorizing veterans' cemeteries. Should VA need more formal input requiring a written reply, it can submit a technical inquiry. Staff also noted that certain matters were beyond FASAB's responsibilities and not directly related to SFFAS 59 implementation issues. Such matters include: (1) operational issues such as the VA's systems migration, (2) attestation matters related to the November 2023 GAO audit guidance, and (3) any future Treasury guidance regarding the journalizing of the FY 2026 general property, plant, and equipment land de-recognition.

The member also noted that several respondents commented on the leases project. Ms. Valentine stated that staff is continuing to monitor the post-issuance of SFFAS 54, *Leases*, and related guidance.

- A member suggested the Board consider post-implementation monitoring once the MD&A standards were issued. The member also complimented the staff and member's outreach efforts.
- A member suggested that a project on "tiered reporting" be added to the Board's technical agenda.
 - Ms. Valentine noted that staff would have to conduct pre-research on the topic before recommending that the project be considered as a research topic. Ms. Valentine also reminded the Board that there are currently 13 active projects and seven project managers (not including the staff director); therefore, staff resources are very scarce. She stated that staff would try to work on the pre-research.
 - Mr. Scott stated that if adequate research can be conducted on the topic by the August technical agenda-setting session, the Board can consider the project.
 - One member asked if the tiered reporting research would also scope in the financial statements. It would not include the financial statements, just RSI reporting requirements.
 - Two members were concerned about how tiered reporting would affect how entity reports are rolled into the consolidated financial report of the U.S. Government.

Adjournment

The Board meeting adjourned for the day at 12:00 p.m.

- **Steering Committee Meeting**

The Committee discussed FASAB's FY 2025 budget, as well as other administrative matters.