FEDERAL ACCOUNTING STANDARDS ADVISORY BOARD
Board Meeting Minutes
February 25-26, 2025
Virtual Meeting via Zoom for Government

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: George Scott (chair), R. Scott Bell, Gila Bronner, Bob Dacey, Diane Dudley, Regina Kearney, Terry Patton, and David Vaudt. Ray Vicks was present on February 25 and absent on February 26. The executive director, Ms. Valentine, and FASAB counsel, Mr. Kirwan, were present throughout the meeting.

Tuesday, February 25, 2025

Administrative Matters

- **Clippings and Updates**

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:

- 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 received on the June 2020 Preliminary Views (PV) document and working towards an exposure draft (ED). The Board is now deliberating transfer of control as it relates to transactions that contain a performance obligation, which is a transfer of a distinct good or service (category A transactions).

- Severe Financial Stress and Probable Dissolution Disclosures – GASB is working toward a principles-based proposal to address issues related to disclosures for severe financial stress and probable dissolution (previously referred to as *going concern*), which are different. A severe financial stress is a condition where the government is near insolvency. Probable dissolution is a consideration of whether the government will continue as the same legal entity for at least twelve months beyond the date the financial statements were issued. The Board is developing a PV document. The Board is also planning to conduct public forums.

- Infrastructure Assets – The Board released a PV document, *Infrastructure Assets,* in September 2024. The project is the result of research on capital assets. The proposed guidance would update the standards on accounting and financial reporting for 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 proposal includes a more refined definition of infrastructure assets and requires infrastructure assets to be reported at historical cost net of accumulated depreciation. The useful life of the asset needs to be revisited throughout the life of the asset. GASB retained the modified approach for reporting as an option.

There are also four new disclosure requirements proposed in the PV: a change in the policy for capitalizing and depreciating assets; separate disclosure of the historical cost of infrastructure assets that have exceeded 80% of their estimated useful life; a disclosure of the actual maintenance expense incurred in the period for infrastructure assets by major class; and disclosure for their policy for monitoring and maintaining or preserving infrastructure assets. GASB deliberated requiring additional disclosures related to historical cost and maintenance. GASB is also planning to conduct a public hearing and user forums before issuing an ED.

- 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 released an ED of a proposed Statement in September 2024. The comment period ended on February 21, 2025.

- Implementation Guide Update – The Board annually considers whether to add or modify questions and answers in the implementation guide. The new questions include financial reporting model improvements, management's discussion and analysis (MD&A), the proprietary fund operating statement, leases, conduit debt, and accounting changes. The Board released the ED in November 2024. The comment period ended on January 24, 2025.The Board expects to finalize the guidance in 2025.

- Electronic financial reporting – GASB separated the project into two types of projects: a monitoring activity and an active technical project. The monitoring activity addresses 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. The objective of the technical project is to develop one or more governmental digital taxonomies for generally accepted accounting principles (GAAP) financial reporting. The taxonomies that may result from this effort could be used by governments on a voluntary basis to report their GAAP financial statements in digital formats.

One member asked for more information on the probable dissolution disclosures project. Ms. Reese noted some of the background information on the project is based on academic research on dissolutions of governments. The research showed that the dissolution was not always financially related but may be more of a reorganization by merging services.

A staff member asked about the infrastructure asset project in reference to the topic of deferred maintenance. Ms. Reese noted that GASB had determined that deferred maintenance was not a liability according to its conceptual framework, although users would like to know more about deferred maintenance. The staff member followed up with a question about the reevaluation or remeasurement of property, plant, and equipment (PP&E). Ms. Reese stated that GASB had not considered the reevaluation or remeasurement of PP&E.

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

Agenda Topics

- **Software Technology**

Mr. Williams, senior analyst, introduced topic A by stating that staff was recommending the following:

- Scope and recognition frameworks for shared services
- Recognition framework for shared software code

Mr. Williams explained that staff was requesting the Board's feedback on the recommendations.

Question 1 – Does the Board agree with staff's proposed accounting framework for shared services? Please provide your feedback on staff's analysis and recommendation.

The majority of members agreed with staff's recommendation to apply the software license accounting framework, which the Board had approved during the December 2024 meeting, to shared services. Several members believed that it was appropriate and consistent to apply the same asset recognition framework to software assets that federal entities may acquire through intragovernmental arrangements. One member stated that existing liability and prepaid asset guidance should apply to shared service transactions, like cloud service and software license transactions.

Several members wanted to further consider the materiality of asset recognition for shared services and the potential challenges of performing intragovernmental transaction eliminations for government-wide reporting. However, other members stated that Board guidance does not apply to immaterial items and management should assess materiality for their respective reporting entity when applying accounting guidance. One member noted that preparers and auditors would still have to expend significant effort to confirm that transactions are immaterial and that the Board should consider this as part of the cost-benefit analysis.

Mr. Williams stated that research indicated reporting entities would recognize software assets as part of intragovernmental shared services only in rare circumstances.

Furthermore, he stated that staff's recommendation would streamline existing accounting requirements from Technical Release (TR) 16, *Implementation Guidance for Internal Use Software*, for level-A GAAP but would not actually result in new accounting requirements.

Based on deliberations, the Board agreed to move forward in the project but further research the costs and benefits in recognizing shared service assets, particularly for challenges with eliminating intragovernmental transactions for government-wide reporting. Mr. Williams indicated that additional intragovernmental accounting challenges could arise during the project and that staff would raise the issues to the Board.

Question 2 – Does the Board agree with staff's recommended recognition framework for shared software code? Please provide your feedback on staff's analysis and recommendation.

The Board agreed with the following recognition framework for shared software code: "Reporting entities should not recognize software acquired from other federal entities at no cost. However, reporting entities should recognize costs incurred to further develop or enhance the software if such costs result in a distinct internal use software component with significant additional capabilities."

Members generally believed the recommended framework was consistent with the cost recognition framework in Statement of Federal Financial Accounting Standards (SFFAS) 10, *Internal Use Software*, and would be easy to apply to existing guidance. A few members suggested minor word and sentence structure edits. Mr. Williams stated that staff would note the suggested edits for future ED development.

- **Intangible Assets**

Mr. Williams introduced topic B by stating that staff was recommending the following:

- Minimal concept amendments to address intangible assets at a high level
- Scope, definition, and recognition language for an intangible asset Statement

Mr. Williams explained that staff was requesting the Board's feedback on the recommendations.

Question 1 – Does the Board agree with the recommended conceptual framework amendments? Please provide your feedback on staff's analysis and recommendation.

The Board agreed with staff's recommended concepts amendments for both Statement of Federal Financial Accounting Concepts (SFFAC) 2, *Entity and Display*, and SFFAC 5, *Definitions of Elements and Basic Recognition Criteria for Accrual-Basis Financial*

Statements, to address intangible assets at a minimal and high level. One member suggested that the Board address how intangible assets are used to provide a service or are themselves a service in the basis for conclusions. Another member suggested the Board explain its decision to use the term “nonfinancial” instead of “nonmonetary” for the intangible asset definition in the basis for conclusions.

Some members believed that concepts should not generally include examples of assets. However, the members acknowledged that SFFAC 5 already includes several examples of tangible assets and were fine moving forward with adding very limited examples of intangible assets.

Another member observed that the proposed useful life language for intangible asset concepts in SFFAC 2, paragraph 84, was inconsistent with the PP&E useful life language in the same paragraph. Mr. Williams stated that the current useful life language for PP&E in SFFAC 2 is inconsistent with the authoritative guidance in SFFAS 6, *Accounting for Property, Plant, and Equipment*. Mr. Williams confirmed that the recommended useful life language for intangible assets in SFFAC 2 was consistent with the existing authoritative guidance for PP&E and stated that the Board could correct the SFFAC 2 inconsistency in an omnibus amendment Statement along with the intangible asset concepts amendments.

One member had concerns with addressing intangible assets as a balance sheet element in SFFAC 2 because the existing list of likely balance sheet elements is not comprehensive or definitive. The member questioned if it was worth the effort to amend SFFAC 2. Another member suggested adding language in SFFAC 2 acknowledging that intangible assets may not necessarily be presented in balance sheets as distinct line items if the intangible asset is integral to another type of asset presented on the balance sheet, such as PP&E. Ms. Valentine noted that these were ultimately form and content issues and suggested that the Board could amend the introductory sentence in SFFAC 2, paragraph 84, to make it clearer that the list of balance sheet elements is neither exhaustive nor required as a balance sheet line item.

Mr. Williams indicated staff would consider the suggested edits and confirmed with the Board that the next step is to develop a draft ED for the agreed upon intangible asset concepts amendments in an omnibus concepts amendment Statement.

Question 2 – Does the Board support the recommended scope, definition, and recognition language for intangible asset guidance? Please provide your feedback on staff’s analysis and recommendation.

The Board agreed with staff’s recommended scope, definition, and recognition language for an intangible asset Statement. Members generally agreed that the proposed guidance would provide a solid foundation for intangible standards and for further guidance deliberations. A few members voiced appreciation for the intangible asset working definitions and suggested that the Board include them as an appendix to the Statement in the future.

One member emphasized that it was important that the scope remain flexible so that the guidance could encompass the full breadth of potential intangible assets, such as digital assets. The member also stated that the scope should not overlap with other assets already addressed by other standards, such as land rights.

One member suggested that the definition or basis for conclusions address how an intangible asset has measurable value. Another member suggested that the recognition section be very clear about what types of intangible assets to recognize and provide more guidance for determining whether an intangible resource meets the SFFAC 5 asset characteristics. Mr. Williams stated that staff could potentially leverage language from IPSAS 31, *Intangible Assets*, to draft more detailed authoritative guidance addressing how measurability and the asset concepts apply to intangible assets.

Mr. Williams stated that staff would continue to research and recommend accounting guidance for intangible assets for topics such as useful life estimation, amortization, and impairment.

- **Leases Implementation – Education Session**

Mr. Perry, assistant director, opened the leases education session from topic C.1 by noting that SFFAS 54, *Leases*, became effective in fiscal year (FY) 2024. The objective of the session was to present on leases reporting and audit results for FY 2024.

Staff reviewed 32 consolidation entities as part of the study, including 31 significant consolidation entities reporting under FASAB requirements, plus one additional consolidation entity with significant lessor operations. Nine of the 40 significant consolidation entities were excluded, including eight that report under FASB requirements (ASC 842) and the Schedules of the General Fund.

Mr. Perry covered the following topics during the education session:

- Lessees: lease liabilities, lease assets, and disclosures
- Lessees: intragovernmental leases reporting and disclosures
- Lessors: lease receivables, unearned lease revenue, and disclosures
- Lessors: intragovernmental leases reporting and disclosures
- Intragovernmental leasehold reimbursable work agreements
- Transitional accommodation (SFFAS 54, par. 96A-96E)
- Prospective implementation and the application of SFFAS 21, *Reporting Corrections of Errors and Changes in Accounting Principles, Amendment of SFFAS 7, Accounting for Revenue and Other Financing Sources*

- Other observations
- Audit results

One member asked if the auditors had questions about the source of the discount rates used by the reporting entities. Mr. Perry noted that the source of the discount rates would have been audited. Although this information was not required to be disclosed, staff found that disclosure of the source of the discount rates was informative and demonstrated consistent application of the standards.

Another member noted that reporting entities that presented the out-year intergovernmental lease payments in five-year increments as previously required may have included the information because of the requirement to disclose future commitments. This may need to be addressed in FASAB's commitments project. Mr. Perry agreed that this may be something for the Board to discuss. He noted that the Financial Accounting Standards Board (FASB) had removed long-term leases from the scope of its commitments standards in tandem with the implementation of its new standards on leases.

Mr. Scott thanked Mr. Perry for a very comprehensive analysis. Mr. Scott noted that he was pleasantly surprised by the low number of internal control findings and no audit opinion modifications regarding leases. He credited both the preparers for their diligence in applying complex guidance and the FASAB staff for all the education and training provided to the agencies and for being available to answer numerous questions.

Ms. Carlson, Government Accountability Office (GAO) analyst/FASAB detail, opened the lease technical inquiry education session from topic C.2. The objective of the session was to present staff's tracking and analyzing lease technical inquiries between October 1, 2023, and February 1, 2025.

Ms. Carlson stated that during the 16-month period, leases technical inquiries focused on a range of topics. Most technical inquiries related to implementation of the new standards, whether contract/agreements fit the definition of a lease (scope), how those leases should be classified, and how elements of the lease should be recognized.

Ms. Carlson covered the following points during the educational session:

- Staff observations on common technical inquiry leases topic areas – the top topic areas were lessee recognition measurement and disclosures; scope; intragovernmental leases; and lessor recognition measurement and disclosures.
- The sufficiency of the standards to address technical inquiries – for the 16-month period, 98% of technical inquiries were considered sufficiently addressed by the standards.

- Omnibus amendment candidates – staff had not identified any omnibus amendment candidates at that time. Staff continues to monitor certain aspects of SFFAS 54 to determine whether clarifying omnibus amendment candidates may emerge.

- Implementation guidance candidates – to date staff identified three implementation guidance topic candidates, none of which are of an urgent nature in staff's view. The three topic areas are contract combinations, substantive right of substitution, and escalation rates. Members generally agreed with staff's proposal to continue to monitor and collect implementation guidance update candidates. Members also generally agreed with staff's proposal to wait until a sufficient number of candidates are identified prior to initiating another update to the leases implementation guidance.

One member asked staff if the current federal entity changes were affecting staff's perspective on future project work. Mr. Perry stated that from the perspective of SFFAS 54, from what staff is seeing right now, the guidance already covers the current environment. Ms. Valentine responded to the member on the broader question, noting that staff is aware of changes going on within reporting entities within the federal government. After discussions with the chair, staff will continue to monitor the changes and assess FASAB's role.

The Board meeting adjourned for lunch.

- **GAO Audit Update on SFFAS 59**

Mr. Savini, assistant director, introduced topic D to the Board. Mr. Dacey then briefed the Board on FY 2024 audit findings recently reported by entity auditors concerning the application of audit procedures in relation to reporting requirements in SFFAS 59, *Accounting and Reporting of Government Land*. The briefing outlined certain areas that could require the Board's attention and consideration, ensuring adherence primarily to the SFFAS 59 reporting requirement to de-recognize land commencing in FY 2026.

Auditors identified the following nine issues (1) submerged land; (2) ownership; (3) co-ownership or joint management; (4) predominant use; (5) permanent land rights; (6) land improvements; (7) general property, plant, and equipment land and stewardship land definitions; (8) TR 9, *Implementation Guide for Statement of Federal Financial Accounting Standards 29: Heritage Assets and Stewardship Land*; and (9) materiality. Mr. Dacey agreed to provide the Board with a list of the issues in preparation for the April meeting.

At the April meeting, the Board plans to address those findings specific to the accounting and reporting requirements in SFFAS 59. Such action reflects the Board's commitment to transparency and consideration of any remaining implementation issues.

The following were questions from the briefing materials that the Board did not discuss:

Question 1 – Does the Board agree with the recommendation to implement SFFAS 59 as planned should GAO confirm what staff has been made aware of, including its review of the FY 2022 required supplementary information (RSI) presentations? If not, why not and please provide your rationale and any suggested changes to the SFFAS 59 implementation plan.

Question 2 – Are there any (additional) facts, pertinent information, or questions that members have for either staff or GAO to address in anticipation of the meeting? If so, please identify what information you would like to have researched or answered at the meeting to assist you in deliberations.

- **MD&A Implementation Guidance**

Ms. Gilliam, assistant director, introduced topic E on MD&A implementation. On September 27, 2024, the Board released SFFAS 64, *Management's Discussion and Analysis: Rescinding and Replacing SFFAS 15*, which is effective for periods after September 30, 2025 (FY 2026). Early implementation is permitted. SFFAS 64, basis for conclusions paragraph A48 states: *The Board agreed to consider implementation guidance and training after the issuance of this Statement*.

She explained that staff is providing training to help agencies transition MD&A reporting from SFFAS 15, *Management's Discussions and Analysis*, to SFFAS 64. Training is two hours and provided for individual federal reporting entities between February and May 2025. During the first hour, staff presents a recommended method for transitioning from SFFAS 15 to SFFAS 64. During the second hour, staff reviews the entity's current MD&A with suggestions for an effective transition. Staff signed up more than 25 agencies for this training.

Training serves two purposes. The first provides government-wide implementation training on transitioning MD&A reporting from SFFAS 15 to SFFAS 64. The second is to collect and consolidate feedback and questions from the four months of training to develop comprehensive implementation guidance.

Staff reviewed four possible GAAP pronouncement options: interpretations (level A in the GAAP hierarchy), Technical Bulletins (level B in the GAAP hierarchy), TRs (level C in the GAAP hierarchy), and staff implementation guidance (SIG—level D in the GAAP hierarchy).

Staff believes that a SIG is the most appropriate pronouncement because the proposed MD&A guidance is not intended to amend existing standards, promulgate new standards, or issue specific guidance on existing standards. A SIG will instead provide a holistic view for implementing SFFAS 64. It will include both question & answer guidance and best-case scenarios to support the FY 2026 effective date.

Ms. Gilliam reviewed the estimated timeline. Upon completion, staff will develop the SIG ED between June and July 2025, release the ED for comments in August 2025, review comments received on the ED with the Board in October 2025, and issue the SIG in December 2025.

Question 1 – Do members have any feedback regarding staff's plans on developing a SIG for MD&A reporting in accordance with SFFAS 64?

Members were very supportive of the training. The Board agreed to develop a SIG.

There were, however, two concerns. Several members were concerned with providing best practice examples and discouraging reporting entities from simply copying specific language from the examples that may not apply. The members used examples from their experiences with GASB Statement 34, *Basic Financial Statements—And Management's Discussion And Analysis—For State And Local Governments*.

Another member was concerned about staff's projected project timeline. Staff's plan is to reference the 2025 reports as best practices for those reporting entities that implement SFFAS 64 early. Ms. Gilliam explained that staff will continue to work with the entities and review their draft MD&As looking for best practices. Staff noted that if the SIG is released too close to September 30, 2026, the implementation guidance may not be as useful to preparers.

Adjournment

The Board meeting adjourned for the day at 3:30 p.m.

- **Steering Committee Meeting**

The Committee discussed FASAB's FY 2026 and 2027 proposed budgets, as well as other administrative matters.

Wednesday, February 26, 2025

Agenda Topics

- **Direct Loan/Loan Guarantee Disclosures**

Mr. Robinson, analyst, introduced topic F by recapping the reasons why the Board added the direct loans and loan guarantees disclosures project to the technical agenda.

Mr. Robinson discussed the four objectives of this project:

- Determine if the current FASAB direct loan and loan guarantee disclosure requirements are relevant and meet the needs of stakeholders.
- Determine areas where direct loan and loan guarantee disclosure requirements can be improved, clarified, and streamlined to reduce burden on preparers, auditors, and users.

- Determine ways to increase the meaningfulness of the direct loan and loan guarantee disclosures to users and other stakeholders. For example, determine if there are ways to improve the presentation and format.
- Determine if certain direct loan and loan guarantee disclosure information would be better suited for RSI.

Mr. Robinson then listed the relevant concepts that should guide the Board through its deliberations. He also discussed the standards that the Board could amend and the related TRs the Accounting Standards Implementation Committee (ASIC) could potentially amend.

Mr. Robinson then discussed the timeline, resources, and research sections of the loan disclosure project plan, including each project phase from research to finalization. Staff will engage a task force comprising auditors, preparers, academics, and users across the federal landscape with experience and interest in credit reform. Mr. Robinson outlined staff's completed high level research before explaining the remaining research staff would begin once the Board approved the project plan.

Mr. Robinson presented to the Board the potential project management concerns and staff's plans to mitigate or resolve them:

- Differences between Office of Management and Budget (OMB) and FASAB guidance – Staff will coordinate changes and ensure OMB Circular A-136, *Financial Reporting Requirements*, is consistent with FASAB guidance.
- Scope of the project/ scope creep – The purpose of the project is to reexamine disclosures, but this process may identify other areas for the Board to reexamine in SFFAS 2.
- Principles-based disclosures – Offer more flexibility.
- Complexities – Credit reform is a complicated area, and there are few subject matter experts. Therefore, there is an increased burden on those few subject matter experts.
- Pre-1992 loan disclosures – How material are they? The Board considered the expected costs and efforts that would be required in restating pre-1992 loans at present value. Based on this consideration, the standards permit but do not require restating those loans and loan guarantees on a present value basis.

Question 1 – Does the Board generally agree with the proposed direct loans and loan guaranteed disclosure project plan? Please provide member suggestions for improvement and questions about the project plan as appropriate.

The Board unanimously supported and approved the project plan. The Board agreed with the proposed timeline and the use of a credit reform task force. During the discussions, Board members noted the complexity of credit reform and the corresponding loan note disclosures. Members believed reexamining this project at this time could provide burden relief to preparers, auditors, and financial statement users. Members noted the loan disclosure analysis that was in the attached appendix helped them better understand the vast number of schedules, tables, and narratives that were in agency loan disclosures.

Given the complexity of credit reform, Board members expressed great interest in educational sessions. One member noted a preference for having these sessions sooner rather than later so that the Board could have a better awareness of credit reform and the interested parties before deliberations begin.

One member noted that SFFAS 32, *Consolidated Financial Report of the United States Government Requirements: Implementing Statement of Federal Financial Accounting Concepts 4 "Intended Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government*," streamlined loan disclosure requirements at the government-wide level and this could potentially be a great launching pad for this project. Another member emphasized the importance of getting the input of independent auditors that audit federal agency loan note disclosures.

- **Commitments**

Ms. Lee, senior analyst, introduced topic G on the commitments project plan. Ms. Lee presented to the Board the objectives of the commitments project and the concepts that would guide the Board on the project. Ms. Lee also described the proposed timeline, proposed approach, and the potential project management concerns related to the commitments project.

The federal government has significant commitments that are not covered by existing FASAB guidance, and these commitments may significantly affect the future financial position and condition of the government. The primary objectives of the commitments project include:

- Define federal commitments.
- Determine the scope of the commitments project.
- Determine what information to include in the commitments reporting requirements.
- Develop guidance on measurement attributes applicable to commitments.
- Decide the appropriate presentation for commitments information.
- Clarify the relationship between commitments and contingencies.

Ms. Lee described the proposed project timeline to achieve the above project objectives. The proposed project timeline would allow time for staff to form a task force, address potential issues, and provide recommendations to the Board for consideration and approval. It also allows time for the Board to develop the draft guidance for public exposure, address comments, and send the document to the sponsors for their final review. The target for finalizing the guidance is by the fourth quarter of FY 2028.

Ms. Lee proposed leveraging external resources for the project, including the federal entities currently reporting commitments according to OMB guidance and a task force consisting of federal and non-federal stakeholders. In addition, Ms. Lee proposed considering commitments guidance by other standard setters. Ms. Lee also described the research steps she would take for the commitments project.

Question 1 – Does the Board generally agree with the proposed commitments project plan? Please provide member suggestions for improvement and questions about the project plan as appropriate.

The Board unanimously agreed with the proposed commitments project plan, with members suggesting the following:

- Some members emphasized the importance of the project considering the potential significant impact.
- Some members suggested clearly defining commitments and the relationship between commitments and contingencies.
- One member suggested exploring the need for more information related to undelivered orders due to the significant amounts reported by agencies.
- One member suggested clearly defining commitments to distinguish proprietary commitments from budgetary commitments.
- Two members mentioned the need to look at commitments related to treaties and international agreements, which GAO found to be material weaknesses at the government-wide level.

As next steps, Ms. Lee will continue to research commitments and will start forming a task force on commitments.

- **Review: Mid-Fiscal Year Technical Agenda & Annual Report Comments**

Ms. Valentine introduced the annual report/mid-year technical agenda review discussion from topic H of the briefing materials.

Ms. Valentine noted that FASAB had issued its FY 2024 annual report and three-year plan on November 15, 2024, with comments requested by January 17, 2025. Staff received 10 comment letters on the annual report from various federal entities and professional organizations. Ms. Valentine gave an overview of the comments received on the current projects and outreach and training.

Due to member interest, Ms. Valentine and Mr. Williams provided additional information on the comment letter received from the Department of Homeland Security on seized and forfeited property, as well as members' comments on the potential need for expanded guidance on digital assets. Ms. Valentine also highlighted staff's planned approach on the potential need for a project on changes in reporting entities, including reorganizing, restructuring, and dissolution/abolishment of federal entities.

Ms. Valentine reminded the Board about the August 2024 technical agenda session during which the members had agreed to continue the projects currently on the technical agenda, including those reexamination projects added in August. 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 will also continue to monitor changes occurring in the federal environment. Staff plans to continue their 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, recommendations, and planned actions?

Question 3 – Does the Board 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 ASIC as needed?

All 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, unless other priorities arise. One member asked staff to consider reinstating the auditor technical agenda roundtables.

- **Overview of the FY 2024 Financial Report of the U.S. Government**

Mr. Bell briefed the Board on the FY 2024 consolidated financial report of the U.S. Government (CFR), noting that the building blocks of the financial report consolidate over 180 reporting entities. This includes the 24 Chief Financial Officer (CFO) Act agencies, 40 significant entities, and more than 120 other smaller entities. Mr. Bell's full presentation can be found at topic I.

Mr. Bell discussed the extensive CFR preparation and audit process involving the Department of the Treasury, OMB, and GAO.

Mr. Bell's presentation included discussion of the changes in key financial position and condition metrics, including but not limited to the deficit, net cost, total tax and other revenues, debt, and sustainability measures. The budget deficit increased $137.6 billion from $1.7 trillion in FY 2023 to $1.83 trillion in FY 2024. Net operating cost decreased $992.2 billion from $3.4 trillion in FY 2023 to $2.4 trillion in FY 2024, due largely to changes in actuarial assumptions for retirement benefits. Mr. Bell highlighted the agencies that contributed significantly to the increases and decreases in net cost as well as assets and liabilities. He also noted that intragovernmental differences have been reduced to an immaterial amount for the second year in a row.

Federal debt held by the public (public debt) increased by $2 trillion to $28 trillion as of the end of FY 2024. Mr. Bell also discussed the projected trends in social insurance and fiscal sustainability amounts as discussed in the FY 2024 CFR.

Mr. Dacey noted that the government-wide audit resulted in a disclaimer. Of the 24 CFO agencies, 18 received unmodified audit opinions, three agencies received qualified opinions (Department of Agriculture, Department of Energy, and Department of Labor), and three received disclaimers (Department of Defense, Small Business Administration, and Department of Education). He also noted the significant progress made in addressing some of the ongoing challenges.

Administrative Matters

- **Update**

Mr. Scott noted that Mr. Vicks resigned from the Board, effective today. Mr. Scott thanked Mr. Vicks for his service to FASAB.

Adjournment

The Board meeting adjourned for the day at 12:45 p.m.