FEDERAL ACCOUNTING STANDARDS ADVISORY BOARD
FINAL Board Meeting Minutes
June 16, 2026
441 G Street NW, Washington, DC, 20548

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: Terry Patton (chair), R. Scott Bell, Eric Berman, Bob Dacey, Diane Dudley, Billy Morehead, and David Vaudt. The executive director, Ms. Valentine, and FASAB counsel, Mr. Kirwan, were present throughout the meeting.

Tuesday, June 16, 2026

Administrative Matters and Briefings

- **Clippings and Updates**

Mr. Patton asked the members if there were any comments on the clippings provided by staff. Mr. Patton noted the list of outreach activities and the non-agenda topics memo. There were no comments or questions from the members.

Briefings by Other Standard Setters

International Public Sector Accounting Standards Board:

Mr. George Scott, International Public Sector Accounting Standards Board (IPSASB) member, highlighted the following IPSASB activities/projects.

Mr. Scott noted that IPSASB last met in June in Washington, DC.

- Improvements to Standards Projects – The objective of the project is to propose minor improvements to International Public Sector Accounting Standards (IPSAS) to address issues raised by stakeholders and to align, where appropriate, with amendments made to International Financial Reporting Standards (IFRS).

    - Translation to a Hyperinflationary Presentation Currency: The International Accounting Standards Board (IASB) issued amendments to IAS 21, *the Effects of Changes in Foreign Exchange Rates*, to address diversity in practice and concerns that prior translation approaches did not result in information expressed in a current measuring unit. Specifically, entities previously translated income and expenses at transaction-date exchange rates, which reduced comparability and usefulness in a hyperinflationary context.

    - The amendments introduce a requirement to translate all amounts (including comparatives) using the closing rate at the reporting date and enhance disclosure requirements, improving consistency in application.

    - Disclosures about Uncertainties in Financial Statements: IPSASB agreed to amend IPSAS 1, *Presentation of Financial Statements*, IPSAS 19, *Provisions, Contingent Liabilities and Contingent Assets*, IPSAS 26, *Impairment of Cash-generating Assets*, and IPSAS 30, *Financial Instruments: Disclosures*, to include illustrative examples demonstrating the application of existing requirements for reporting uncertainties in the financial statements.

    - The IASB issued amendments introducing illustrative examples to improve the consistency and usefulness of disclosures related to uncertainties, including those arising from climate-related risks. These examples demonstrate how entities apply existing requirements rather than introduce new recognition or measurement guidance.

    - Stakeholders have raised concerns about inconsistent application of uncertainty-related disclosures in financial statements, and IPSASB consultation feedback also highlighted a need for additional implementation guidance tailored to the public sector. The proposed amendments respond to these concerns by enhancing clarity and comparability without changing underlying requirements.

- Measurement Application of Current Operational Value to Intangibles –The project objective is to evaluate the applicability of the current operational value (COV) in IPSAS 31, *Intangible Assets*. COV is the amount an entity would pay for an asset's remaining service potential in its current use rather than its highest and best use. IPSASB continued the conversation as to the potential population of intangible assets in the public sector and the practical applicability of COV. One significant reason for these deliberations is that the increasing value of rare earth minerals on the seabed has increased the value of information in maps of the ocean floor that are often held by public-sector entities.

  The majority-supported option for COV is applicable and should follow the IFRS without restrictions. COV will be one of the valuation methods including historical cost, fair market value, and others that can be used by preparers.

- Climate Related Disclosure – Phase 2, Public Policy Programs –The project objective is to support global action to combat climate change by providing principles for public-sector-climate-related disclosures that provide information for improved decision making and accountability. The IPSASB discussed the following:

  - Responsibility for Public Policies with Climate Related Disclosures: Members deliberated how to revise the responsibility requirements to reflect the March 2026 scope changes and whether to introduce additional disclosures addressing situations where responsibility for public policies is shared across entities.

  - Strategy and Financial Implications Disclosures: Members discussed how to revise strategy disclosures, including whether to expand financial implications beyond the entity itself and whether to introduce proportionality mechanisms in response to stakeholder feedback.

  - Metrics and Targets Disclosures: Members considered stakeholder concerns regarding the complexity of attributing greenhouse gas emissions to specific public policies and the feasibility of the proposed metrics and targets disclosures. Members supported retaining the requirement to disclose changes in greenhouse gas emissions attributable to public policies while introducing proportionality mechanisms that allow entities to apply estimation methods based on available data, skills, and resources.

- Implementation Initiatives – The IPSASB considered how implementation initiatives may affect the future work program. The IPSASB has rebalanced its strategy (2024-2028) to place greater emphasis on supporting implementation of standards, not just developing new ones. This has led to several staff-led initiatives.

- Financial Reporting Projects –The IPSASB considered which financial reporting projects to prioritize for inclusion in the future work program.

    1. Intangible Assets (IPSAS 31)
        - Strongest level of support overall
        - Key issues: digital assets, cloud computing arrangements, and lack of public-sector-specific guidance
        - Key trade-off: timing (wait for the IASB project versus address immediate needs)
    2. Provisions (IPSAS 19 – Targeted Improvements)
        - Strong support to align with the IASB's International Accounting Standards (IAS) 37, *Provisions, Contingent Liabilities and Contingent Assets,* project
        - Includes public-sector-specific considerations (for example, climate-related obligations)
        - Dependent on timing of IASB project completion
    3. Climate-related and Other Uncertainties
        - Broad support for a narrow-scope project
        - Focus on developing public-sector-specific examples
        - High feasibility relative to other projects
    4. Disclosure of Tax Expenditures
        - Seen as important for transparency and accountability
        - Concerns include resource intensity and limited adoption risk (disclosure-only standards)
    5. Rebalance Resources Toward Implementation Support
        - Strong stakeholder message was to slow down new standard setting and increase focus on implementation guidance and educational materials
        - Align with ongoing IPSASB initiatives

- The Financial Reporting Implementation Forum (FRIF) held two forums in May 2026. The FRIF is a newly established initiative intended to bring together implementation leaders from across jurisdictions to identify and discuss real-world challenges in applying IPSAS standards. The meeting highlighted several key issues, with consolidation and the application of the definition of control emerging as the most significant and prevalent challenge. The finding is consistent with feedback from the work program consultation, which also identified IPSAS 35, *Consolidated Financial Statements*, as a priority area for review.

Staff have introduced a structured framework for categorizing implementation issues based on their prevalence and complexity. Under this framework, control and consolidation are classified as a “main challenge,” indicating that they are both widespread and difficult to address. As such, they may require more substantial interventions, such as a post-implementation review (PIR) or targeted improvements project.

FRIF outputs are expected to serve multiple purposes, including informing PIRs, identifying areas for future standard setting, supporting improvements to existing standards, and guiding the development of educational resources. In this context, prioritizing control and consolidation aligns with both stakeholder feedback and IPSASB’s broader strategic direction.

IPSASB’s next meeting is in Accra, Ghana in September 2026.

One member asked Mr. Scott what the size of the IPSASB staff is supporting these initiatives. Mr. Scott replied that the staff comprises 11 members. However, they have the participation of academics in the education community, as well as various other organizations. As a result, IPSASB’s projects are not just reliant on the staff. In addition, IPSASB members also participate in these activities directly.

Governmental Accounting Standards Board:

Mr. Patton thanked Mr. Scott for keeping the Board informed of IPSASB’s activities.

Ms. Roberta Reese, Governmental Accounting Standards Board (GASB) senior project manager, highlighted the following GASB projects:

- Infrastructure Assets – The GASB released an exposure draft (ED), *Infrastructure Assets,* in March 2026 with comments due June 26, 2026. GASB had previously released a preliminary views (PV) document in September 2024. The project is the result of research on capital assets. The proposed guidance would update the current guidance 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. GASB is planning three public forums to discuss the proposal. The public forums will include roundtable discussions with different stakeholders to provide feedback on the proposal.

- Revenue and Expense Recognition – The objective of the project 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 GASB is reviewing feedback received on the June 2020 PV document and is working towards two EDs—one expected in the third quarter of 2027, the second in the fourth quarter of 2028, and a final Statement in the first quarter of 2031. The GASB will be discussing revenue and expense recognition guidance in governmental funds at its upcoming meeting.

- Severe Financial Stress and Probable Dissolution Disclosures – The GASB issued a PV document in March 2025 that addresses issues related to disclosures for severe financial stress and probable dissolution (previously referred to as *going concern*), which are different. The comment period ended in June 2025. 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 12 months beyond the date the financial statements are available to be issued. The GASB held three public forums on this topic between July and September 2025. The GASB has tentatively decided that the severe financial stress disclosures would apply to governments that are insolvent or in very poor financial condition or will become insolvent in twelve months, which has a forward-looking component. When assessing a government's solvency, the GASB has tentatively decided that the recognition is to be made not at the date of the government's financial statement, but as of the date the financial statements are available to be issued.

- Implementation Guide Update – The GASB is pursuing an implementation guide update that focuses solely on questions and answers related to the application of the definition of subsidies in GASB Statement No. 103, *Financial Reporting Model Improvements*. In February, an ED of a proposed implementation guide was issued for public comment; the comment period ended on April 27, 2026. One of the most controversial issues in the proposal was the definition of subsidies, which is critical to the presentation of the proprietary funds statement of revenue and expenses and changes in fund net position. Two other controversial issues in the proposal deal with supplemental Medicaid payments to hospitals and higher education entities. The GASB received 94 comment letters.

- Voluntary Digital Financial Reporting – The objective of the 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. Although the GASB has not discussed the topic lately, members are still working towards a discussion memorandum. Members expect it to address how to include the reporting entity and how to accommodate note disclosures. It will also address financial statements in the taxonomy, the structure for the government-wide statement of net position, and the governmental funds statement of revenues, expenditures, and changes in fund balance. There will be two different measurement focuses and bases of accounting. It will include some note disclosures to show how they would be handled in a taxonomy, as well as some of the required supplementary information.

- Research topics

  - GAAP structure: The objective for the first phase of the pre-agenda research was to evaluate the effectiveness of GASB's current dual-authority approach to communicating a GAAP structure that includes both original pronouncements and codification. Based on the results of the first phase, the second phase of the research is intended to explore a single-authority structure, including whether and how it could be operationalized. The GASB issued a discussion memorandum in April 2026, and the comment period ends on August 31, 2026.

  - Pension / other post-employment benefits (OPEB) disclosures: The objective is to research existing pension and OPEB disclosures, considering the requirements for essentiality in Concepts Statement No. 7, *Communication Methods in General Purpose External Financial Reports That Contain Basic Financial Statements: Notes to Financial Statement*s.

  - Note disclosures for revenue and expense recognition: The project would bring in note disclosures and coincide with the revenue and expense recognition project.

  - The GASB is also considering adding a research activity on whether the standards relating to the reporting entity of states and local governments need to be updated.

  - Digital Assets: The objectives of this research activity are to (1) gain an understanding of the nature and underlying characteristics of the types of digital assets, (2) identify the types of transactions involving digital assets that state and local governments currently engage in, as well as the types they may be permitted to engage in; and (3) evaluate whether guidance could be clarified, improved, or expanded to address reporting for these transactions.

One member commented on GASB's pre-agenda research topic on the reporting entity. The member asked about the GASB's intended project focus, whether it is starting from a clean slate or revising the existing guidance. Ms. Reese noted that the starting point would be the foundational concept of financial accountability.

Another member asked if GASB had ever considered the topic of improper payments, given that most of the federal government's improper payments originate from state and local government. Ms. Reese stated that she was not aware of any discussions related to improper payments.

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

Mr. Patton, on behalf of the members and staff of FASAB, presented Ms. Reese with a certificate of faithful service to the public-sector accountability community. He also congratulated her on her upcoming retirement. Ms. Reese will be tentatively succeeded in her activities with the FASAB by the GASB's Director of Research, Alan Skelton.

Agenda Topics

- **Intangible Assets/Software Technology**

Mr. Williams, assistant director, introduced topic A by explaining that the objective of the meeting is for the Board to review and consider the following staff recommendations for intangible assets and internal use software (IUS):

- Accounting guidance for integrated assets
- Accounting guidance for multiuse software
- Accounting guidance for capitalization thresholds

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

Question 1 – Does the Board agree with staff's recommended accounting guidance for integrated assets? Please provide your feedback on staff's analysis and recommendation.

The Board agreed with staff's recommended accounting guidance for integrated assets. Based on member suggestions, the Board agreed to the following:

- In paragraph X1, expand upon the term “primary-purpose asset” in the standards. One member suggested ensuring consistency with the use of the term “predominant use” in Statement of Federal Financial Accounting Standards (SFFAS) 59, *Accounting and Reporting of Government Land*.

- Edit paragraph X2 to use the word “appropriate” instead of “relevant.”

- Edit paragraph X3 to use the word “appropriately” instead of “accurately.”

Question 2 – Does the Board agree with staff’s recommendation to remove guidance for multiuse software? Please provide your feedback on staff’s analysis and recommendation.

The Board agreed with staff’s recommendation to remove the accounting guidance for multiuse software. Based on member suggestions, the Board agreed to the following:

- Ensure the standards make it clear that reporting entities should expense as incurred the cost to acquire intangible heritage assets.

- Consider whether reporting entities can apply existing qualitative disclosure requirements in SFFAS 29, *Heritage Assets and Stewardship Land*, to intangible heritage assets.

Question 3 – Does the Board agree with staff’s recommended accounting guidance for capitalization threshold? Please provide your feedback on staff’s analysis and recommendation.

The Board agreed with staff’s recommended accounting guidance for capitalization thresholds. Based on a member’s suggestion, the Board agreed to the following:

- Edit and add a new sentence to paragraph Y2 so the guidance provides software user licenses as an example of a bulk purchase that reporting entities should consider applying to capitalization thresholds.

Mr. Williams said that he would implement the edits and make note of the other suggestions for inclusion in the draft Statement. Staff next plans to recommend updates to note disclosure requirements, as needed, for intangible assets and IUS. Additionally, Staff will begin developing the draft intangible asset ED for the Board’s review.

- **Commitments**

Ms. Lee, senior analyst, introduced topic B’s four areas for discussion: (1) staff’s recommendation on leveraging existing standards addressing specific types of commitment agreements, (2) staff’s recommended framework for identifying significant commitment categories, (3) the task force’s recommended commitment disclosures, and (4) next steps, including timelines.

Staff recalled that at the December 2025 meeting, the Board generally agreed with the task force recommendation to exclude commitment agreements subject to specific standards from the commitment disclosures. However, some members recommended that staff review the standards to determine if those agreements meet the commitment definition and whether the disclosure requirements are consistent with what the Board is considering for the commitments project. Accordingly, staff identified the following standards addressing specific types of commitment agreements and the inconsistencies in the disclosure of the related commitments:

- SFFAS 2, *Accounting for Direct Loans and Loan Guarantees*, does not require the disclosure of commitments related to loans and loan guarantees.
- SFFAS 5, *Accounting for Liabilities of the Federal Government*, and SFFAS 33, *Pensions, Other Retirement Benefits, and Other Postemployment Benefits*, do not require the disclosure of commitments related to pensions, other retirement benefits, and other post-employment benefits.
- SFFAS 37, *Social Insurance: Additional Requirements for Management's Discussion and Analysis and Basic Financial Statements*, amended SFFAS 17, *Accounting for Social Insurance*, to require that management include a discussion of commitments associated with social insurance in management's discussion and analysis.
- SFFAS 49, *Public-Private Partnerships*, requires disclosure of the federal funding over the expected life of public private partnerships, which are commitments without calling them as such.
- SFFAS 51, *Insurance Programs*, does not require the disclosure of commitments related to insurance programs.
- SFFAS 54, *Leases*, requires that certain commitments, which are the future lease payments, be recognized as lease liabilities.

Staff believes the agreements under these standards meet the working definition of commitments and that excluding these agreements from the commitment disclosures would result in an incomplete picture of the government's commitments. Staff recommended leveraging existing disclosures for these agreements. For the commitment disclosure, staff recommended including a general description of the commitment with a cross-reference to the specific disclosures in the financial statements to help the readers locate other disclosures.

Question 1 – Does the Board agree with the staff analysis and recommendation that commitment reporting leverage existing standards addressing specific types of agreements and include a general description of the commitment with cross references to the specific disclosure in the financial statements? If not, please

explain your rationale along with any changes, improvements, or edits you suggest we consider.

- A majority of members believed that agreements subject to specific standards are extensively discussed in other notes so there are no reporting gaps, to which Mr. Savini, assistant director, clarified that the gaps are related to location and placement rather than information. These members maintained that it would be redundant to provide a general description in the commitment disclosure.

- While a few members agreed that minimal references to other notes would help the readers locate commitments disclosed elsewhere, a majority of members did not support cross-referencing. Because most of the existing standards do not use the word “commitment” and may not describe the commitments, these members believe that cross-referencing may be confusing and problematic for readers.

- A few members suggested including a clarifying statement in the disclosure that it covers commitments not addressed in other notes. Ms. Valentine responded that the Board may consider narrowing the definition of commitment in future discussions.

On the second topic area, staff shared that the task force recommended identifying commitment categories to help agencies focus efforts on significant agreements. In April, staff met with 10 agencies and one sub-agency to discuss significant agency commitment agreements. Staff also reviewed the 24 Chief Financial Officer (CFO) Act agencies’ financial reports for commitment disclosure according to Office of Management and Budget (OMB) guidance. Based on the meeting discussions and reviews, staff identified the following significant commitment categories that are not addressed by specific standards:

- Contracts for goods and services
- Financial assistance agreements
    - Grants
    - Cooperative agreements
    - Stabilization agreements
    - Other financial assistance agreements
- Rewards programs
- Other significant commitments

Staff did not differentiate between domestic agreements and treaties/international agreements because doing so would complicate the disclosure without providing useful information.

Question 2 – Does the Board agree with the staff analysis and recommendation on adopting a framework to identify significant commitment categories? If not, please explain your rationale along with any changes, improvements, or edits you suggest we consider.

Members generally agreed that the framework to identify significant commitment categories is a good starting point and that the categories may need refining. Members recommended an analysis to make sure the categories do not result in over or double counting and reflect the gap in commitment reporting.

One member asserted that the "financial assistance agreements" category is too broad and recommended elevating the subcategories to the category level. Other members cautioned that agreements might be left out by creating categories and that it is unclear what should be included in the "other significant agreements" category. In addition, one member asked that the Board consider the Department of the Treasury and other agencies' efforts related to treaties when developing commitment disclosures.

The Board concluded the discussion on the commitment categories framework by emphasizing the importance of revisiting the definition and the scope to clearly identify commitments for disclosure.

The third topic area was commitment disclosures. A majority of the task force support the following in the disclosures:

- A general description of the commitments, including the terms and conditions under which the entity may result in the use of government resources and the statute if the commitment is the result of legislative requirements
- Dollar amount or estimated dollar amount[1] of commitments, if estimable
- Other relevant information
- Disclose commitments at the entity and government-wide level

Question 3 – Does the Board agree with the task force recommendations on commitment disclosures? Does the Board have suggestions on additional disclosures? If not, please explain your rationale along with any changes, improvements, or edits you suggest we consider.

Members generally agreed with the recommended disclosures. However, a few members had concerns:

- Listing specific legislative requirements, especially when multiple references are needed, might make the disclosure difficult to follow. Mr. Savini noted the Board's decision to include the legislation in the SFFAS 49 disclosures due to the risks associated with alternative financing arrangements.
- As an alternative to listing specific legislation, some members suggested referencing the websites with the statutes. However, doing so would make the information on the websites part of the disclosure. Also, the links to the websites may change.
- Terms and conditions for some agreements may be standardized so including them may not be meaningful.
- Categories such as "undelivered orders" might be difficult to describe.

Members recommended streamlining the disclosure to simply include a description of the general nature of the commitments without additional details. Agency management has the flexibility to include additional information it deems necessary for the disclosure. One member cautioned that leaving too much to interpretation may result in issues with comparability across agencies, and another member pointed out that agencies have experience reporting commitments according to OMB guidance so that might not be an issue. With respect to the amount or estimated dollar amount of commitments, the Board agreed to revisit the topic after determining the commitment categories to include in the disclosure.

The last topic area was next steps, including timelines. Staff proposed consolidating Board feedback from this meeting and working with the task force on refining the disclosures in July and August. Then in September and October staff could present an initial ED to the Board.

Question 4 – Does the Board agree with staff's proposed next steps and timeline? If not, please explain your rationale and what changes you would recommend for staff to consider.

The Board generally agreed that the proposed timeline is too aggressive considering the discussions during this meeting. The Board suggested planning for more time to work out the issues.

The meeting adjourned for lunch.

- **Leases**

Mr. Perry, assistant director, introduced topic C, noting that the objectives of the session were to receive Board feedback on the enclosed draft research report (RR), including the research presented, reporting results and outcomes, and the staff observations on opportunities for improvement and lessons learned.

Mr. Perry began by summarizing the objectives of the draft RR. He noted that it is intended to provide information to assist the Board in evaluating the extent to which SFFAS 54 and related pronouncements are achieving their intended objectives and inform Board assessments of reporting practices, results, and outcomes.

Staff reviewed 32 consolidation entities as part of the study. Mr. Perry noted that the archival review of these 32 entities provided about 99 percent coverage of right to use lessee reporting across government, while also providing strong coverage of lessor and intragovernmental leases reporting.

Mr. Perry covered the following highlights from the RR:

- Reporting entities improved the consistency and presentation of their leases disclosures in fiscal year (FY) 2025 after successfully implementing in FY 2024. Financial statements and notes provided quality information on leases balances, activities, and terms.
- The form, content, and presentation of leases information was comparable, understandable, and navigable. Mr. Perry highlighted the importance of government-wide collaborations with OMB and Bureau of the Fiscal Service in achieving successful reporting outcomes.
- Reporting entities with significant leases continued to apply the transitional accommodation provided by SFFAS 62, *Transitional Amendment to SFFAS 54*, for the maximum period of three years.
- The intended objectives of SFFAS 54 are being met.
- Audit outcomes were unaffected by SFFAS 54 implementation in FY 2024 and FY 2025 across the 32 entities included in the study.

Mr. Perry also noted that staff will implement two corrections to the report:

- The number of reporting entities that disclosed outyear intragovernmental lessee payments (page 11 of topic C).
- The number of reporting entity lessors disclosing a schedule of future lease payments that are included in the lease receivable. He noted that reporting entities need not disclose this schedule unless they meet the

applicability criterion principal when ongoing operations consist of leasing assets using non-intragovernmental leases (page 14).

Members discussed the forgone benefits and costs of surveying and hearing feedback from practitioners regarding the benefits and costs of the standards. Members noted that, while staff did not formally survey practitioners, the Board and Accounting Standards Implementation Committee (ASIC) post-issuance projects allowed the Board to receive input from practitioners, identify issues, and address a variety of challenges prior to the reporting period of implementation. It was also noted that observations and content of the draft RR were based on extensive staff interactions and consultations with practitioners over the years, including draft RR content related to technical inquiries data, costs, challenges, and lessons learned.

One member asked about the consistency of discount rate disclosures. Mr. Perry responded by noting that SFFAS 61, *Omnibus Amendments 2023: Leases-related Topics II*, addressed this area, and that staff found discount rate reporting to be consistent and comparable across the reporting entities included in the study. Mr. Perry noted that Bureau of the Fiscal Service staff was an integral partner in providing guidance to the community and informing the Board's research that led to omnibus amendments to provide clarifications in this area under paragraphs 42-42C and 59-59C of SFFAS 54.

Members also expressed agreement with the lessons learned and opportunities for improvement:

- FASAB and Government Accountability Office (GAO) staff training and outreach on the application of materiality in adopting SFFAS 54 was helpful to the community.
- Collaborations with GASB and the Financial Accounting Standards Board were helpful in maintaining convergence and alignment in certain key areas.
- The Board instructed staff to provide clarifying edits regarding the opportunities to improve the quality of information reported on significant changes to leases balances and activities.

Members discussed the potential for further updating Technical Release (TR) 20, *Implementation Guidance for Leases*, in the future. Mr. Perry noted that this area is under ongoing review but is not viewed as an urgent matter by staff. One area under review will be the potential for including conforming amendments to reflect a pending practical expedient for embedded leases that is currently under due process.

Next steps: Staff will incorporate member feedback and two corrections into the master copy of the RR and post the final version to the leases project page.

- **Proposed P3 Implementation Technical Release**

Mr. Patton prompted members to consider the proposed TR titled *Implementation Guidance for SFFAS 49, Public-Private Partnerships* from topic D. Mr. Patton conducted a vote, and the majority of the Board did not object to the TR. The TR will now be submitted to the FASAB members representing Treasury and GAO for a 45-calendar-day review period.

If a FASAB member representing Treasury or GAO objects to the TR during the review period, it is returned to the ASIC for further consideration. If no FASAB member representing Treasury or GAO objects to the TR during the review period, then it becomes final.

- **Overview of the FY 2025 Financial Report of the U.S. Government**

Mr. Bell briefed the Board on the FY 2025 consolidated financial report of the U.S. Government (CFR), noting the compilation process of consolidating the financial report from over 180 reporting entities. This includes the 24 CFO Act agencies, 40 significant entities, and more than 120 other reporting entities. Mr. Bell's full presentation can be found at topic E.

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 decreased $41.48 billion from $1.81 trillion in FY 2024 to $1.77 trillion in FY 2025. Net operating cost decreased $292.0 billion from $2.4 trillion in FY 2024 to $2.1 trillion in FY 2025, due primarily to significant changes in loan program subsidy cost estimates at the Department of Education and 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 third year in a row.

He noted the $78.0 billion increase in interest on debt held by the public to $987.1 billion for FY 2025, primarily attributable to an increase in the outstanding debt held by the public. Mr. Bell also discussed several financial statement trends in social insurance and long-term fiscal projections as discussed in the FY 2025 CFR.

Mr. Dacey noted that the government-wide audit resulted in a disclaimer. Of the 24 CFO agencies, 15 received unmodified audit opinions, two agencies received qualified opinions, five received disclaimers, two agencies were not audited, and one agency did not issue a FY 2025 financial report. He also noted the significant progress made in addressing some of the ongoing challenges.

Adjournment

The Board meeting adjourned for the day at 3:45 p.m.

- **Steering Committee Meeting**

The Committee discussed FASAB's proposed FY 2027 and FY 2028 budgets and the upcoming executive director vacancy, as well as other administrative matters.