

**FEDERAL ACCOUNTING STANDARDS ADVISORY BOARD  
Board Meeting Minutes  
August 26-27, 2020  
WebEx and Teleconference**

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For research purposes, please see the briefing materials at [www.fasab.gov](http://www.fasab.gov). Briefing materials for each session are organized by tab; references to these tabs in the minutes are hyperlinked.

**Wednesday, August 26, 2020**

**Attendance**

The following Federal Accounting Standards Advisory Board (FASAB or “the Board”) members were present throughout the meeting: Messrs. Scott (chair) and Bell, Ms. Bronner, Mr. Dacey, Ms. Harper, and Messrs. Patton and Smith. Mr. McNamee was present except for the morning of August 26. Mr. Soltis was present except for brief absences, when he was represented by Ms. Johnson. The executive director, Ms. Valentine, and general counsel, Ms. Motley, were also present throughout the meeting. Ms. Valentine conducted a verbal roll call of the members.

## Administrative Matters

- **Approval of Minutes**

The Board approved the June meeting minutes prior to the meeting.

- **Updates and Clippings**

Mr. Scott reviewed the protocol for the virtual meeting.

Ms. Valentine introduced Mr. Joshua Williams, senior analyst, as the newest member of the FASAB staff. Ms. Motley also introduced Ms. Kate Hudson, who will be assisting with FASAB legal matters. The members welcomed both Mr. Williams and Ms. Hudson.

Ms. Reese, Governmental Accounting Standards Board (GASB) senior project manager, provided a brief overview of the recent activities of the GASB. Mr. Scott noted that he had recently presented with the new GASB chair, Mr. Joel Black, at the American Institute of CPAs (AICPA) 2020 Governmental Accounting & Auditing Update Conference.

Mr. Scott asked the members if there were any comments on the clippings.

Mr. Dacey provided highlights of the Government Accountability Office (GAO) report, *Federal Financial Management: Substantial Progress Made since the CFO Act of 1990 and Preliminary Observations on Opportunities for Enhancement*. GAO noted progress in better leadership, better financial reporting, improved internal controls, progress on improper payments, and better systems. GAO noted that challenges remain: standardizing chief financial officer (CFO) responsibilities, developing a specific role for deputy CFOs, increasing the frequency of financial management plans, improving performance information, and making further improvements in systems. The report also recognizes the creation of FASAB and the many pronouncements issued to date.

Ms. Valentine provided details about reconnecting with the CFO council (CFOC) at one of their recent meetings. The meeting provided an opportunity to discuss strategies for improved, proactive interactions between the CFOC and FASAB. Another goal of the meeting was to ensure that CFOs and deputy chief financial officers are aware of FASAB activities, especially during the early stages of FASAB projects. Ms. Valentine will continue working with the CFOC to increase opportunities for interaction and communication between the two organizations going forward.

Ms. Valentine indicated that FASAB's 30th anniversary celebration would include presenting at the October meeting a montage of comments/clips from Board members reflecting on their experiences with FASAB. The video will be available publicly on FASAB's [YouTube channel](#). There also will be a 30th anniversary newsletter.

Ms. Valentine also mentioned that staff had added project agenda slides to the briefings to better facilitate and focus the discussions. Lastly, she mentioned the list of 2021

Board meeting dates, drawing attention to the change in meeting days from Wednesday and Thursday to Tuesday and Wednesday.

Just prior to the August meeting, the Steering Committee approved FASAB's budget for fiscal year (FY) 2021.

## Agenda Topics

- **SBITA/Intangibles Education Session**

GASB technical staff members, Mses. Deborah Beams and Jialan Su, provided an educational briefing about accounting for intangible assets and subscription-based information technology arrangements (SBITAs) under GASB Statement No. 51 and GASB Statement No. 96, respectively. The presentation content is reflected in the briefing materials under [tab A](#).

Mr. Scott thanked the panelists on behalf of the Board and expressed the Board's desire to continue collaborating with GASB. Information-sharing efforts on various projects have been and will continue to be beneficial to the Board and its staff.

- **Technical Clarification: Fund Balance with Treasury**

Ms. Batchelor, assistant director, explained the objective of this session was to review and gather feedback on the draft Interpretation, *Clarification of Non-Federal Non-entity FBWT Classification (SFFAS 1 Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31*, which was prepared pursuant to a technical inquiry. Staff provided materials for the session in [tab B](#) of the briefing materials.

Ms. Batchelor explained that the Interpretation would clarify paragraph 31 of Statement of Federal Financial Accounting Standards (SFFAS) 1, *Accounting for Selected Assets and Liabilities*. She explained that paragraph 31 had been amended by SFFAS 31, *Accounting for Fiduciary Activities*, which led to ambiguity.

The specific issue relates to how monies received in deposit funds from non-federal sources in anticipation of an order should be reported on the agency financial statements. The question pertains to the classification and presentation of the asset on the agency balance sheet—should the deposits be reported as an intragovernmental asset (FBWT) or as a non-federal line (FBWT) on the balance sheet?

Ms. Batchelor explained that the proposed Interpretation would clarify the classification as intragovernmental by explaining that the standards do not define the phrase “other non-federal non-entity FBWT.” The inclusion was intended to provide for similar treatment of activities that are comparable with fiduciary activity but that had not been identified specifically in SFFAS 31. The Board did not intend to require similar treatment for activities that were explicitly excluded (as with unearned revenue) from the provisions of SFFAS 31.

Staff shared the draft Interpretation with the reporting entities that had originally submitted the technical inquiry along with their respective office of inspector general and independent public accounting (IPA) firms for comment. The responses indicated the draft Interpretation would clarify SFFAS 1 and resolve the issue.

**Question 1 – Does the Board agree with staff’s recommendations for the proposed Interpretation? If not, please explain or provide alternatives.**

All Board members agreed to the staff recommendation for the proposed Interpretation.

**Question 2 – Does the Board agree with staff’s proposed questions? For example, do members agree with Question #2 to seek feedback on the undefined phrase other non-federal non-entity FBWT? Please feel free to offer other edits or changes to the questions.**

Ms. Batchelor had received a question about whether the Board had considered either defining the term “other non-federal non-entity FBWT” in the future, providing examples, or deleting the reference from SFFAS 1. Staff explained that this would not be within the scope of an Interpretation; however, it could be addressed in a full reexamination of SFFAS 1 or SFFAS 31. Further, staff believed removing the reference may not be appropriate because staff had identified potential examples and discussed them briefly with the Board. Staff considered whether this may be an area the Board would want to gain feedback on during the exposure draft (ED) process and offered an option to include a question for respondents in the ED to identify items that may fall into this category.

After considering the discussion, the Board determined that including question #2 to seek feedback on other examples was not necessary because there are other ways to obtain the information.

**Question 3 – Does the Board have suggestions regarding the timing of the draft Interpretation?**

The IPA firm had conveyed their policy that FASAB pronouncements are not considered in their work until issued. Staff explained that, with a November 15th deadline for component audits, it would not be possible for the Interpretation to be final for the FY 2020 audit cycle.

The Board members discussed the timing of the issuance of the draft Interpretation and noted that, because of FASAB’s due process, the timeline could not be expedited. The Board agreed it was appropriate to continue with the usual process.

**Question 4 – Does the Board have any other suggestions or comments on the draft Interpretation?**

Ms. Batchelor explained that several Board members had provided suggested edits prior to the meeting. Beyond removing question #2, members did not provide other suggestions at the meeting.

**Next steps:** All Board members agreed with the staff draft Interpretation, *Clarification of Non-Federal Non-entity FBWT Classification (SFFAS 1 Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31*. Staff will present an updated draft at the October 2020 Board meeting.

The Board meeting adjourned for lunch.

- **Annual Report**

Ms. Valentine directed the Board to tab D where she presented the draft FY 2020 FASAB annual report. In addition to the annual report, the Board was also given a summary of member responses to the annual performance survey completed annually as a means to monitor how well the Board is meeting the five AICPA criteria and to identify opportunities for improvement. She noted that the report will be released on November 15, 2020, and informed members that they would have an opportunity to review the draft report again at the October meeting. The Appointments Panel will also review the report in October. Ms. Valentine highlighted for the Board those sections of the report that are considered required by FASAB's rules of procedure. Additional information included in the report is the status of FASAB technical projects as of September 30, 2020, a projected three-year plan of those projects, and a list of potential projects.

**Question 1 – Are there any suggested revisions to the annual report?**

Ms. Valentine noted that, after all of the edits and updates have been made to the report, GAO's publishing group would work on the final published version. She stated that several members had provided editorial comments on the draft that would improve the quality and readability of the report. Several members suggested adding more to the education and outreach section to fully recognize FASAB's increased efforts in that area. Ms. Valentine also noted that a graphic will be added to this section. One member suggested highlighting FASAB's social media efforts.

Ms. Valentine highlighted other minor edits suggested by members. Ms. Valentine directed the members to the Governance, Operations, and Budgetary Resources section of the report. She stated that she summarized member comments from the annual performance survey.

**Question 2 – Are there any suggested revisions to the three-year plan?**

Ms. Valentine asked the members if they had any additional comments on the annual report or three-year plan.

Mr. Soltis noted that the CFOC was interested in several of FASAB's agenda topics, like

leases implementation, management's discussion and analysis (MD&A), budget information, and the streamlining efforts. He also encouraged the Board to pursue the reexamination of existing standards project as an effort to work towards codification. Mr. Soltis also noted that more work was needed in the area of the reporting model and questioned the value of the agency financial reports. Ms. Valentine agreed with Mr. Soltis' point that the reexamination project is a precursor to codification and that extensive resources will be needed to effectively complete codification. Mr. Soltis suggested the use of detailees and accounting firms to assist with codification. Mr. Bell suggested that the Board consider a phased approach to the codification efforts. Mr. Scott noted the need to involve experts familiar with the codification process undertaken by the other standard-setters.

Ms. Bronner suggested looking more closely into the survey comments to see how the Board can act on that feedback. Mr. Dacey agreed with Ms. Bronner's suggestion and recommended the Board use the survey comments as a springboard to a more strategic discussion, including a discussion on Board process and some annual refresher sessions. Ms. Valentine agreed to set up some administrative sessions for the Board to talk through strategy and process. Mr. Soltis also suggested the FASAB sponsors meet to discuss the mechanics of the Board, including the sponsors' role and agreed-upon rules of engagement.

Mr. Soltis made several comments on FASAB's use of task forces and who should be on those task forces. Ms. Bronner pointed out that non-federal groups should also be included in Board task forces. Ms. Valentine reminded the Board that the purpose of the task force is to provide information to the Board to make decisions on its final pronouncements.

Mr. Dacey asked staff to talk with the members individually about their comments to get an understanding on what they would like the Board to do going forward. Staff agreed to reach out to the members.

**Next steps:** Ms. Valentine noted that staff would update the draft annual report based on the comments received and bring the draft back to the Board in October for final review and approval.

- **Land**

Mr. Scott introduced the land session, noting that no perfect standards exist and that Boards often need to issue additional guidance. This is the case with the leases standards. He stated that the near-term goal is to pre-ballot in October and then proceed to a final ballot in December. Then Mr. Domenic Savini, assistant director, directed the Board to [tab C](#), where he provided an overview of the executive summary and each of the staff recommendations. Upon conclusion of the overview, Mr. Scott polled each member on the questions from the briefing materials. Members deliberated the first two questions on Wednesday and resumed the session the following morning.

**Question 1 (out-of-scope issues) – Does the Board agree with the staff recommendation to not expend any additional effort on the two items listed above [easements and submerged land]? If not, please explain your rationale.**

Staff noted that the question should have referred to three items: tribal land, easements, and submerged lands. Although members generally agreed with the staff recommendation concerning each, they noted the following areas for additional clarity or emphasis:

- Concerning each of the three out-of-scope issues, staff should clearly identify them as excluded items in the scope paragraph with brief explanations in the basis for conclusions.
- Staff should clarify that the outer continental shelf is not land as defined in existing FASAB guidance.
- Staff should define and clarify in the standards and basis for conclusions what constitutes the outer continental shelf.
- The standards should require a concise definition of an entity's total land holdings to include, if significant, the outer continental shelf.

**Question 2 (enhancements to the draft SFFAS) – Does the Board agree with each of the staff recommendations<sup>1</sup> shown above? If not, please explain your rationale and provide staff with any suggested edits/changes.**

Although members generally agreed with the staff recommendations, they noted the following:

- Staff should not prescribe materiality guidance to include percentage error or tolerance rates concerning estimated acreage in the standards but address this in the basis for conclusions. The Board should provide preparers flexibility and, if possible, offer examples in the basis for conclusions. Moreover, the Board has not yet identified a materiality level or basis, making inclusion within the standards unfeasible.
- To best address the panelists' concerns from the June meeting, staff should clarify that the commercial use definition is collective of revenues arising from the land itself as well as activities performed on the land.

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<sup>1</sup> 1. Tribal land – add exemption language to scope paragraph; 2. Commercial use definition – add language clarifying that revenues are not limited to only profit-producing activities; 3. Systems integration – clarify in the basis for conclusions that system integration is not required; 4. Estimated acreage – clarify that estimates can be based on different underlying sources of data and do not have to account for in-holdings or insignificant (5.0% or less) additions/subtractions of land.

- Staff should avoid discussing processes and internal controls when discussing systems integration. This is beyond the Board's role as an accounting standard-setter.
- Staff should simplify the systems integration language.

The session concluded at this time to be continued the following morning.

## Adjournment

The Board meeting adjourned for the day at 4:15 p.m.

## Thursday, August 27, 2020

### Agenda Topics

- Land

Mr. Savini continued the land session from yesterday by beginning with the third question. Mr. Scott resumed polling each member on all remaining questions.

**Question 3 (predominant use – assess during implementation guidance) – Does the Board agree with the proposed predominant use definition and the four major groups and associated factors for use as implementation guidance? If not, please explain why and note what changes or revisions you would suggest.**

The Board unanimously agreed to adopt the predominant use definition and requested that it be included within the standards to help avoid potential problems with multi-use land sub-categorization. The Board was also in complete agreement that the associated factors should be further evaluated during the implementation phase with the assistance of the implementation task force.

To permit preparers flexibility, members decided to include in the Statement the following adapted language currently residing in SFFAS 29, *Heritage Assets and Stewardship Land*, par. 40.c as (new) amendments to both SFFAS 6 and SFFAS 29: *“The appropriate level of categorization of land use should be meaningful and determined by the preparer based on the entity’s mission, types of land use, and how it manages the assets.”*

The Board's expectations are that, by incorporating a predominant use definition within the Statement and permitting preparers flexibility in ascertaining the unit of account concerning land use, potential sub-categorization burden should be significantly lessened.

**Question 4 (multi-use land – assess during implementation guidance) – Does the Board agree with staff's recommendation to address this issue during the transition phase? If not, please explain why and note what changes or revisions**



**you would suggest. In addition, what do members think about the creation of a fourth sub-category in light of where such information may ultimately reside?**

Although the majority of members agreed with the staff recommendation, Mr. Scott decided to consider the minority member views prior to pre-balloting at the October meeting. These members believe that a multi-use sub-category is needed as part of this Statement and should not be deferred to the implementation phase. The basis for conclusions will document the Board's process for addressing this issue during the implementation phase with feedback from the implementation task force.

**Question 5 (materiality – assess during implementation guidance) – Does the Board agree with staff's recommendation to address this issue during the transition phase? If not, please explain why and note what changes or revisions you would suggest.**

The majority of the members agreed with the staff recommendation and noted that materiality issues are best addressed by the preparer and auditor. Nevertheless, the Board expects to coordinate this issue with GAO, auditors, and preparers during the implementation phase, as appropriate.

**Question 6 (basic versus required supplementary information [RSI] – assess during implementation guidance) – Does the Board agree with staff's recommendation to address this issue (basic versus RSI) during the transition phase? If not, please explain why and note what changes or revisions you would suggest.**

Members generally agreed with the staff recommendation and noted that this matter is central to the Statement. Any premature judgment to forego reporting as basic information would undermine its intended purpose to improve the financial reporting of land.

**Question 7 (land ownership – assess during implementation guidance) – Does the Board agree with staff's recommendation to address this issue during the transition phase? If not, please explain why and note what changes or revisions you would suggest.**

Members unanimously agreed to address any potential land ownership issues during the implementation phase and noted that this matter cannot be resolved in the standards. The basis for conclusions paragraphs addressing this matter are sufficient and clear regarding the use of non-traditional information.

**Next steps:** Staff will present a revised draft document for September distribution to members in preparation for the October pre-ballot document.

- **Leases Omnibus**

Ms. Dewhirst, FASAB fellow, and Mr. Perry, senior analyst, introduced the leases omnibus discussion from [tab E](#) of the briefing materials. Ms. Dewhirst provided background on the project's status and staff's intent to (a) receive "near-final" comments on the proposals reflected in the working draft at the meeting, (b) pre-ballot at the October meeting, and (c) expose the omnibus proposal—in tandem with the Accounting and Auditing Policy Committee (AAPC) leases implementation guidance proposals—for public comment beginning in November.

**Question 1 – Are there matters that members wish to discuss in response to staff's omnibus amendments proposals?**

Ms. Dewhirst thanked Board members for providing advance feedback on the working draft omnibus proposal and meeting with staff to discuss that feedback leading up to the meeting. As a result of those discussions, staff modified certain proposals reflected in the posted briefing materials. The modifications were reflected in highlighted text of the master copy displayed during the video conference. Modifications included:

- SFFAS 54, *Leases*, paragraph 5.a footnote: Staff made a minor revision to clarify that the footnoted guidance applies to leases other than short-term leases and intragovernmental leases. The Board unanimously agreed to the clarifying edit.
- SFFAS 54, paragraphs 38.a and 69.a: Staff struck the disclosure requirement to include "breakdown[s] of the number of leases with federally-owned assets and non-federally [privately] owned assets." Ms. Dewhirst and Mr. Perry explained that, upon receiving Board feedback regarding the qualitative characteristics of this information, staff recommended striking the requirements for the following reasons: (a) there is not a standardized way for counting leases, which would result in inconsistent and incomparable disclosures (see Statement of Federal Financial Accounting Concepts 1, par. 163-164); (b) the requirement, which includes disclosures of privately-owned asset counts, falls under the intragovernmental leases section of the Statement, which may result in confusion; and (c) the absence of similar disclosure requirements under topic areas for other types of leases would result in the consolidated financial report requirement under paragraph 69.a being unworkable. Accordingly, the Board unanimously agreed to rescind the disclosure requirement in the proposal.
- SFFAS 54, paragraph 42: After one-on-one discussions between staff and Board members in advance of the meeting, including a meeting with the Department of the Treasury, staff determined that it would be inappropriate to introduce the omnibus proposal pertaining to lessee incremental borrowing rates. Ms. Dewhirst observed that the guidance in SFFAS 54 can remain high level, while additional explanatory guidance

can be considered for implementation guidance. Mr. Perry further explained that any implementation guidance on incremental borrowing rates would likely require extensive research and outreach. In the event it is determined necessary to provide such guidance, it would need to be in a second round of implementation guidance. Ms. Dewhirst agreed, noting that task force members and others in the community have expressed a need to receive the implementation guidance already under development during calendar year 2021. The Board unanimously agreed to staff's recommendation to strike the proposal and keep the original wording in paragraph 42.

- SFFAS 54, paragraph 59: For reasons discussed under paragraph 42 (see above), the Board agreed with staff's recommendation to remove corresponding edits to the lessor incremental borrowing rate omnibus proposal. Ms. Dewhirst noted that staff recommends keeping the omnibus proposal to include analogous guidance that lessors may use their incremental borrowing rates in the event that the interest rate charged to the lessee is not stated and cannot be reasonably imputed or estimated. Mr. Perry explained that this change would bring SFFAS 54 in alignment with GASB implementation guidance for lessors. The Board unanimously agreed with the revised proposal.
- SFFAS 6, *Accounting for Property, Plant, and Equipment*, paragraph 19A: One Board member was concerned with providing disclosure and presentation guidance in the second sentence of the original proposal. Ms. Dewhirst explained that the second sentence is not necessary to include in the proposal, observing that the essential element is to clarify that leases and land rights that meet the definition of a lease are not considered property, plant, and equipment. Such clarification is addressed in the first sentence. The Board unanimously agreed to remove the second sentence. Mr. Perry further explained that the removal may prove beneficial by (a) allowing the Board to further discuss presentation and disclosure issues during a potential project on intangible assets and (b) providing the Office of Management and Budget with flexibility in drafting form and content guidance.

Ms. Dewhirst also explained the remaining omnibus proposals that were not revised since the briefing materials distribution. The Board unanimously agreed with these proposals; however, one unmodified proposal was raised by staff for additional discussion based on Board feedback:

- SFFAS 54, paragraph 54.a.ii: Staff originally proposed to modify the disclosure requirement regarding residual value guarantees to provide greater clarity; however, a few Board members were concerned that this disclosure requirement would not yield useful information. In implementing the requirement, entities with large lease portfolios would likely develop

boilerplate high-level descriptions of residual value guarantee terms and conditions; including specifics would result in voluminous and potentially confusing disclosures. Mr. Perry observed that implementation guidance could potentially clarify that probable residual value guarantees provided by the lessee would be included in lease liabilities, while reasonably possible contingent liabilities would be disclosed under SFFAS 5, *Accounting for Liabilities of the Federal Government*, paragraphs 40-42. The Board unanimously agreed to remove the disclosure requirement and to include implementation guidance regarding contingent liabilities in the implementation guidance proposals under development.

**Question 2 – Does the Board wish to discuss staff’s proposed next steps or provide additional considerations for staff as we move forward with the leases implementation project? Does the Board concur with staff’s timeline to release the joint ED in November based on the results of today’s meeting?**

Board members unanimously agreed to continue with the project plan as scheduled.

**Next steps:**

- Staff will draft questions for respondents and complete the basis for conclusions section in the coming weeks.
- Staff will confer with the executive director regarding the potential need to provide an interim working draft to the Board in September.
- The Board will pre-ballot the proposal at the October meeting, discuss any final edits needed, and ballot the proposal soon thereafter.

The Board intends to release the omnibus leases proposals in tandem with the leases implementation guidance developed by the AAPC for public comment beginning in November. Specific timelines and deadlines for balloting will be determined after staff confers with the executive director.

**Other related items discussed:**

- An Association of Government Accountants online webinar on leases implementation, held the previous week, was successful. Staff hopes to expand outreach and training efforts on leases implementation during FY 2021.
- Mr. Perry pointed out that staff now has core content for future trainings on leases implementation, should Board members wish to provide trainings on the topic at conferences and CPE events in the future.

- Mr. Soltis thanked staff for their outreach and collaboration with stakeholders, noting that he had received positive feedback from the CFO community.

The Board meeting adjourned for lunch.

- **MD&A**

Ms. Robin Gilliam, assistant director, thanked members for providing comments and edits on the MD&A vision framework (the framework) presented in the August 2020 memorandum at [tab F](#). She explained that she curated the framework from the MD&A objectives, identified from August 2019 to June 2020, which were based on the reporting objectives. The framework was in response to members' requests to develop a cohesive vision of the MD&A without duplicative language found in the MD&A objectives. Ms. Gilliam also noted that developing the framework was in preparation for the MD&A pilot.

She presented an updated draft framework that incorporated member edits. During this Board session, members reviewed and edited the updated draft framework.

Ms. Gilliam asked the following questions to assist in editing the draft MD&A vision framework:

**Question 1 – Do members agree that the draft MD&A vision framework incorporated and consolidated all main points from the MD&A objectives?**

Most members agreed that the draft MD&A vision framework incorporated and consolidated all main points from the MD&A objectives. However, a couple members noted some objectives were missing. Therefore, Ms. Gilliam incorporated any missing points into the following draft.

**Question 2 – Do members recommend any edits to the MD&A vision framework?**

After an in-depth discussion about each section, members agreed on the following draft MD&A vision framework:

MD&A should provide a concise summary of the mission and organization, financial activities and results, and performance accomplishments and challenges to help users understand the financial position and condition of the reporting entity:

- I. by analyzing reasons for significant changes to financial statement balances during the reporting period and significant performance and financial trends;
- II. by discussing ongoing, current, and planned actions to address

- a. significant ongoing, current and prospective challenges and/or risks that could significantly affect financial statement balances, budgetary resources, and performance objectives in the future; and
  - b. conditions, such as those related to systems and controls, that could affect the ability to produce reliable financial information; and
- III. by including hyperlinks to digital materials, such as, organizational charts, mandated legislative performance information, and other sections of the financial report with more in-depth information.

Members agreed that staff should continue to work on a strong lead-in section that summarizes the MD&A vision about how funding received contributed to results achieved. Members emphasized that one of the major goals of the MD&A project is to streamline MD&A and unburden preparers.

Due to a lack of time, Ms. Gilliam noted that she would discuss the following question at the October meeting.

**Question 3 – Do members have any questions about the MD&A vision framework’s role in the MD&A pilot or development of new MD&A standards?**

She also noted that, due to fiscal year-end preparation of financial reports, staff would not recruit pilot agencies until closer to the end of the calendar year, with the projected start in early 2021.

**Next steps:** Staff will finalize the MD&A framework and review the pilot project plan and timeline.

- **Note Disclosure**

Mr. Simms, assistant director, and Ms. Gilliam introduced the note disclosures discussion from [tab G](#) of the briefing materials. They proposed the following types of information that note disclosures may present:

- Relevant information for supplementing and further explaining financial statement line items
- Context or background information regarding the reporting entity and its activities
- Past events, current conditions, and circumstances not previously recognized but that may affect an entity’s financial position, financial condition, or budgetary resources
- Other information users may need to assess the government’s accountability

**Question 1 – Do the types of information proposed cover the information users would need in note disclosures? If not, what additional information should be considered?**

The Board generally agreed with the proposed types of information and suggested edits to enhance the category descriptions. In addition, members noted that the category descriptions should help distinguish note disclosures from RSI. Mr. Patton also suggested comparing the categories to existing note disclosure requirements to ensure the categories cover the information users would need.

**Next steps:** For the October 2020 meeting, staff will incorporate members' comments in a revised discussion of the types of information note disclosures present.

**Adjournment**

The Board meeting adjourned at 4:20 p.m.