



September 29, 2016

Memorandum

To: Members of the Board

From: Domenic N. Savini, Assistant Director

Through: Wendy M. Payne, Executive Director

MEMBER ACTIONS REQUESTED:

- Provide answers to the 4 questions on page 39 by October 12th.
- Approve Next Steps identified on page 34.

Subject: **Project Update: Accounting and Reporting of Government Land.¹ – Tab 1**

MEETING OBJECTIVE

The objective is **to provide the Board with an update** on the *Accounting and Reporting of Government Land* project and to **obtain member input as well as approval of the project's next steps.**

BRIEFING MATERIAL

This staff memorandum consists of (1) a brief background, (2) a summary of task force discussions, (3) six alternative land accounting/reporting scenarios developed by the task force, (4) a survey of reporting requirements in other jurisdictions, (5) staff's proposed next steps and (6) questions for the Board.

Lastly, staff has compiled optional reading information presented as appendices that provide members with additional information concerning July and August 2016 task force analyses.

Thank you and I look forward to our meeting.

Appendix 1, Task Force Assignment #1 – June 3, 2016 analysis.

Appendix 2, Task Force Assignment #2 - August 11, 2016 analysis.

¹ The staff prepares Board meeting materials to facilitate discussion of issues at the Board meeting. This material is presented for discussion purposes only; it is not intended to reflect authoritative views of the FASAB or its staff. Official positions of the FASAB are determined only after extensive due process and deliberations.

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BACKGROUND

BACKGROUND

At the June 2016 Board meeting members asked staff for continued updates to ensure that options, along with associated benefits and drawbacks, would be brought to the table for discussion. In particular, the Board asked staff to:

- a. consider user information needs;
- b. explore and identify what information agencies use to manage land;
- c. identify types of information, such as acreage, that would help demonstrate the government's stewardship and accountability over federal lands;
- d. address whether land held for disposal (for example, sale, public-private partnerships, donated to state and local governments) should be valued; and
- e. consider whether a uniform land accounting policy is a viable option given initial agency and task force feedback that current land classifications of stewardship land (SL) and general property, plant and equipment (G-PP&E) land be retained.

Also, the Board generally agreed with staff's recommendations not to pursue land rights, land improvements, and land impairment at this time but reserved these items for future research and Board deliberations.

To date, the Task Force has met three times and discussed the following major topics:

July 7	August 11	October 4²
Several Land Reporting Issues	Stewardship	Land Valuation
User Needs and Preparer Burden	Land Use	Referencing Information outside the Financial Statements
Data Reliability & Integrity	Land's Natural State	Scenario Analyses: Status Quo, Uniform accounting, Token value, and other suggestions
	Tribal Land held in Trust	

² Please note that due to the timing of this memorandum's release date, a formal, written update concerning the October 4th meeting will be included in December's Board materials. Nonetheless, members are invited to inquire about the meeting to obtain staff's preliminary assessment concerning task force discussions.

SUMMARY OF TASK FORCE DISCUSSIONS

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In preparing for task force discussions, in addition to a literature review, staff also reviewed relevant government reports, consulted with experts in academia and public policy organizations, and conducted agency one-on-one meetings (Defense, Energy, and Interior). As a result, several topics were chosen for in-depth task force analysis and discussion. Summary results of the July and August meetings follow:

Several Land Reporting Issues

#	Topic	Yes	No	Some Task Force Member Comments
1	Is the “cost” of federal land essential for reporting?	47%	35% Depends = 18%	<ul style="list-style-type: none"> a. Yes, if you did not know the acquisition cost of the property by the Federal government, you would undervalue the acquired asset. b. No, reporting what land “might” be worth is irrelevant as most of the public domain is not considered a commodity. c. Depends. Many users may consider various stewardship lands to be priceless and reporting the value may mislead the user into thinking the land could be sold. However excluding the acquisition cost of acquired land used in connection with G-PP&E would cause inconsistent reporting amongst entities and would not meet the objective of operating performance in SFFAC 1.

SUMMARY OF TASK FORCE DISCUSSIONS

#	Topic	Yes	No	Some Task Force Member Comments
2	Should predominant use of land or management intent influence measurement?	41%	29.5% Depends = 29.5%	<p>a. Yes, land placed into operations needs to be assessed accurately <u>at the time</u> it was placed into service. Although the historical method of accounting for land is not perfect, it's the most reliable because fair market value and/or in-house estimates are subjective and subject to manipulation by management to meet performance and/or political goals; {for example, changing from actual predominant use to "highest and best use" or something else}.</p> <p>b. No, but if permitted a potential standard should have rules or guidance that would (1) provide criteria for when each measurement basis should be used and (2) limit management's ability to move the asset between categories that have different measurement bases.</p> <p>c. Depends. Those lands that are required to be held in perpetuity should be evaluated whether they generate an income stream or not. If they do not, than the highest and best use of the lands should be evaluated and used as the basis for the value of those properties, along with the indirect costs of federal management of those lands.</p>

SUMMARY OF TASK FORCE DISCUSSIONS

#	Topic	Yes	No	Some Task Force Member Comments
3	What types of physical quantity information do users benefit from more?	65% acreaage & Units	29% acreaage alone 6% unit count alone	<ul style="list-style-type: none"> a. It is not evident that reporting non-financial information (NFI) in the financial report adds any value whatsoever. b. Unit count of forests provides little to no value as it does not provide any data to estimate the number of board feet or value that may be harvested annually.
4	Does currently reported land information seem consistent with FASAB's reporting objectives?	43%	57%	<ul style="list-style-type: none"> a. Yes, because not reporting the value of the stewardship land but capitalizing GPP&E land provides a true picture. b. No, because not reporting values or cost hinders from evaluating budgetary and operating performance.
5	Should we consider enhancing reporting relative to the reporting objectives?	64%	36%	<ul style="list-style-type: none"> a. Yes. Periodically assess FMV (fair market value) but rely on statistical sampling as a cost reduction strategy. As the predictive capacity of whatever extrapolation technique is chosen is shown to improve, the density of sampling can be reduced in both space and time. b. No. FASAB should focus reporting on elements that affect the financial position and balance sheet of federal agencies and not overlap with budgetary or programmatic reporting requirements.

SUMMARY OF TASK FORCE DISCUSSIONS

#	Topic	Yes	No	Some Task Force Member Comments
6	Does currently reported information seem consistent with the FASAB's qualitative characteristics?	46%	54%	<ul style="list-style-type: none"> a. Yes. Although both are land, the purpose and use of these lands differ and should be reported separately. b. No. DoD has the option to exclude land from their opening balances and exclude future acquisitions of land. Why would that be allowable for DoD agencies and not for other agencies who have received an audit opinion? That eliminates all consistency in reporting.
7	Should we consider enhancing reporting relative to the qualitative characteristics?	67%	33%	<ul style="list-style-type: none"> a. Yes. My main concern is the current inconsistency for measuring land: historic cost for civilian agencies, no cost for DoD, and unit cost for SL. b. No. Reporting the units of stewardship lands is relevant and allows for comparability.

SUMMARY OF TASK FORCE DISCUSSIONS

#	Topic	Yes	No	Some Task Force Member Comments
8	Should land valued on the balance sheet be re-measured periodically?	41%	59%	<p>a. Yes. Reflecting on the balance sheet, an acquisition cost that is decades old is meaningless. The challenge is to balance the benefit of accurate land valuation versus the cost of periodically reassessing land values; perhaps once every 10 years would be reasonable.</p> <p>b. No. There is no perceived value to re-measuring land value periodically, these are not investments; these are long-term capital assets. The cost would outweigh the benefit.</p>
9	Should current land distinctions be collapsed into a single "Land-is-Land" accounting standard that would presumably apply the same rules to all land?	33%	67%	<p>a. Yes, greater consistency with one approach to estimating costs will improve practice of land management and use of these data. It can always be supplemented with more context.</p> <p>b. No. Distinguishing land usage aids in a greater understanding of land value, operating performance.</p>

SUMMARY OF TASK FORCE DISCUSSIONS

User Needs and Preparer Burden

#	Topic	Yes	No	Some Task Force Member Comments
10	Which qualitative characteristic do you think users believe is most important to them?	N/A	N/A	7 votes - Reliability 7 votes - Understandability 1 vote each for Relevance, Timeliness, & Comparability No vote for Consistency
11	Please rank the qualitative characteristics in order of most importance to you.	N/A	N/A	1 st – Reliability, 2 nd - Understandability 3 rd – Consistency, 4 th - Relevance 5 th – Timeliness, 6 th - Comparability
12	What constraints other than system integration issues do you believe federal preparers have to deal with that affects their ability to prepare financial statements?	N/A	N/A	1 st – Inadequately trained staff 2 nd TIE – Lack of experienced staff 2 nd TIE – Requirements overload 3 rd - Continually shifting priorities 4 th – Lack of senior level management support
13	Should financial reporting be limited to information that an agency uses to manage by?	35%	65%	a. Yes as we cannot report on data elements we do not use to manage our resources. b. No. There are certain, basic data which are of public interest, and that these data should be reported even if those agencies do not utilize them for their own management purposes.

SUMMARY OF TASK FORCE DISCUSSIONS

Data Reliability and Integrity

#	Topic	Yes	No	Some Task Force Member Comments
14	Would users of financial information be “short-changed” if all the qualitative characteristics are substantially met except for reliability?	81%	19%	<ul style="list-style-type: none"> a. Yes. Reliability and consistency are the cornerstones to understanding information across organizations and reporting periods. b. No. Reliability is desirable but the effort has to start somewhere. It would be better to see material progress on some elements than to complain if everything is not done tomorrow. Senu "the best is the enemy of the good".
15	Is information that management uses to manage its land portfolios reliable for financial reporting?	47%	53%	<ul style="list-style-type: none"> a. Yes. Management information is reliable enough to withstand legal actions. b. No. I have seen agencies and managers utilize biases in methods which champion specific budgetary or programmatic agendas.

SUMMARY OF TASK FORCE DISCUSSIONS

#	Topic	Yes	No	Some Task Force Member Comments
16	Do you think information related to land must be (fully) audited?	38%	62%	<p>a. Yes. One purpose would be for inventory purposes. With a history of land acquisitions, disposals, trades, reallocations, and reclassifications over the past 240 years, there needs to be an occasional “physical inventory” of sorts, from which to start.</p> <p>b. No. Land information is better presented as non-financial information; supports the unique aspect of the federal reporting environment.</p>

Stewardship

#	Topic	Yes	No	Some Task Force Member Comments
1	Do you believe that non-financial information concerning land can provide accountability of government land resources to the Public?	67%	5% Depends – 28%	<p>a. Yes. Without non-financial information, users are not able to put the financial information into context.</p> <p>b. No, stewardship is a professional and administrative responsibility regarding the procurement, disposition and administration of all assets in use in place by the government regardless if classified as real, personal, heritage, military, or intangible assets. Know what you have, where it is located and what it is worth is all part and parcel of asset management, i.e., stewardship is an inherent responsibility of our government including the financial reporting (cost/value) of each government owned property asset classification.</p> <p>c. Depends. Non-financial information, standing alone, and similarly financial information standing alone, do not provide accountability. It would always take a combination of the two for there to be accountability over assets. Also, information for</p>

SUMMARY OF TASK FORCE DISCUSSIONS

#	Topic	Yes	No	Some Task Force Member Comments
				readers/users to understand accountability for land would be presented with a mix of primary financial statement information and disclosures, and likely most useful in management’s discussion and analysis (MD&A) and other accompanying information (OAI).
2	Do you believe that non-financial information concerning land can stand-alone in meeting the stewardship objective without needing accompanying financial information such as land valuation?	28%	33% Depends = 39%	<p>a. Yes, provided context is supplied and liabilities are known.</p> <p>b. No, financial statements should reflect accountability from the perspective of what types of assets we have, and how much was paid for them, liabilities associated with them (i.e. environmental), ongoing spending to maintain them, revenues earned.</p> <p>c. Depends. It can be done but this is data and time demanding. So, turning to non-financial data as a labor saving possibility may be a mistake. The key data resource to achieve that level of scrutiny is an accessible database of parcel boundaries - probably best provided as a shape file for ArcGIS. Admittedly, some of the heavy-lifting for that is already under way (see for example https://cms.geoplatform.gov/a16govunits/FederalLands or various datasets from the US GAP program³). But even with those data resources coming online, getting from them to value estimates (which contain distinct and important information for accountability) would require a lot of work from any user of the data. To the point that without providing some help centrally, interested users from the agencies or public may simply never get to value estimates, even if, in principle they could do it. That being said, combining the two - e.g. connecting fair market value (FMV) estimates for any new acquisitions or parcels being sold to these spatial data resources on parcel boundaries - would provide the gold standard for reporting and would provide a very empowering resource. I suggest THREE possible models:</p> <p>a. Parcel boundaries only - will take work to manage and maintain the data and still likely</p>

³ The National Gap Analysis Program (GAP) is a U.S. Geological Survey (USGS) program that helps answer the question, “How well are we protecting common plants and animals?” The USGS Gap Analysis Program maintains four primary data sets – land cover, protected areas, species and aquatic.

SUMMARY OF TASK FORCE DISCUSSIONS

#	Topic	Yes	No	Some Task Force Member Comments
				<p>fails stewardship objective.</p> <p>b. Parcel boundaries with some centrally provided help on value estimates (e.g. statistical modeling to estimate land values) - will take work to develop a tool for value estimates and then to manage and maintain the data. Likely meets stewardship.</p> <p>c. Parcel boundaries with FMV estimates provided. Meets stewardship and then some!</p>
3	<p>Do you believe that providing acreage information alone without regard to either its use or land's natural state is sufficient to meet the stewardship objective?</p>	6%	<p>71%</p> <p>Depends = 23%</p>	<p>a. Yes, there are other ways to report non-financial land information including by primary agency unit managing the land.</p> <p>b. No, showing only acreages would not provide information about whether the National Park Service has increased the number of national parks, for example. Similarly, acreage would not enable a user to determine if the Forest Service has increased its recreation facilities or its livestock grazing areas.</p> <p>c. Depends. Acreage only will not. Acreage and ONLY broad brush non-financial information (like broad use and natural state categories) will not. Acreage AND FMV AND some basic location information (county?) would.</p>

SUMMARY OF TASK FORCE DISCUSSIONS

Land Use⁴

#	Topic	Yes	No	Some Task Force Member Comments
4	Do you believe this list is comprehensive enough for us to begin analyzing as a group?	61%	39%	<p>a. Narrow the list because, Numbers 1 (Conservation), 2 (Endangered Species, Critical environment), and 15 (Wildlife and Fish habitat, Waterfowl) are similar in purpose.</p> <p>b. Where do we report land used for scientific research, nuclear programs, manufacturing sites, and commercial activities?</p>
5	Do you think we should try to narrow this listing down to say 5 or 6 categories?	44%	56%	<p>a. Yes, overlap could be eliminated.</p> <p>b. No, if anything, this list needs to be expanded to accommodate each Agency's land use.</p>
6	What categories seem to make the most sense to you for reporting purposes?	N/A	N/A	<p><u>Top 4 most common categories:</u></p> <ol style="list-style-type: none"> 1. Conservation 2. Military/Defense 3. Preservation/Protected lands: endangered species/ fauna/ flora 4. Land Conveyed or Disposed (e.g., leased, shared, joint-use by other agencies) <p><u>Next most common categories were:</u></p> <ol style="list-style-type: none"> 5. Revenue related: Mining, Oil and Gas, Livestock, Commercial 6. Recreation 7. National Forests/Parks

⁴ Refer to June's Board Transmittal Memo at TAB B, page 6 where staff analyzed the land use designations identified by GSA and GAO and tentatively identified 15 land-use categories for task force discussion. They are as follow: (1) Conservation (land, rivers, plant, or animals), (2) Endangered Species, (3) Critical Environment, (4) Land Disposal, (5) Livestock Grazing and Herd management, (6) Military readiness & training, (7) Mining, (8) National Forests, reserves, preserves, refuge, (9) National Parks, monuments, cemeteries, etc., (10) Oil, Coal and Gas Development, (11) Preservation (nature, culture, historic, etc.), (11) Recreation, (12) Timber Cutting\Harvesting, (13) Timber Preservation, (14) Watershed and water resources, and (15) Wildlife & Fish Habitat, Waterfowl.

SUMMARY OF TASK FORCE DISCUSSIONS

Land's Natural State

#	Topic	Yes	No	Some Task Force Member Comments
7	Does {reporting land by its natural state} warrant our time to explore as a group?	32%	68%	<p>a. Yes, if all your land is on a mountain it may not be useable or might affect the value.</p> <p>b. No, land's natural state by itself does not provide much useful information.</p>

Tribal Land Held in Trust

#	Topic	Yes	No	Some Task Force Member Comments
8	Do you believe that these lands should be separately identified for reporting purposes?	88%	12%	<p>a. Yes, these lands are separately reported in the Fiduciary footnote and as such, should not be identified with other Federal lands.</p> <p>b. No, their use should just be categorized.</p>
9	Do you believe that these lands should be excluded from measurement and recognition; that is, not valued?	65%	35%	<p>a. Yes, I don't think that a value should be associated with them but non-financial information should still be presented, especially if we spend Federal dollars on maintenance and care of the land.</p> <p>b. No, they should be valued and doing so will show how other federal lands are treated and managed.</p>

LAND TASK FORCE SCENARIO IDENTIFICATION

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NOTE: For reference in considering the scenarios, the following summarizes land classification currently.

General PP&E (property, plant and equipment)

1. Includes land:

- a. used in a business-type activity
- b. acquired for or in connection with other general PP&E
 - i. acquired with the intent to construct general PP&E or in combination with general PP&E (including common grounds)
 - ii. if general PP&E is built on existing land, only land with an identifiable cost that was specifically acquired for or in connection with construction of general PP&E

2. May exclude land from opening balances for reporting entities applying SFFAS 50

Stewardship Land - Stewardship Land is land and land rights owned by the Federal Government but not acquired for or in connection with items of general PP&E.

Primarily based upon round-table agency meetings and initial task force discussions, three major themes came to the forefront when considering the accounting and reporting of government land:

1. **Status Quo** – This theme arose mostly from federal preparers and some auditors who questioned what was broken that needed to be fixed; ***“if it ain’t broke, don’t fix it.”*** This camp believes that SFFAS 6 (as amended by SFFAS 50), SFFAS 29, and SFFAS 31 contain sufficiently clear guidance that meets the federal reporting objectives; especially stewardship.
2. **Uniform Accounting** – This theme arose from a general (non-specific) sense that ***“less is more”*** and that ***“land-is-land”*** when it comes to guidance addressing the accounting and reporting of government land. Users of federal financial statements indicate that the lack of consistent rules governing land makes it difficult to understand what the government owns/manages in this asset class and they believe that accounting and reporting should be simplified and uniform.

LAND TASK FORCE SCENARIO IDENTIFICATION

3. **Token Value**⁵ - This theme arose from answering the task force question, “*what is the rest of the accounting world doing with SL?*” Standards-setters who require recognition of heritage items generally fall between cost and fair value measurements. However, France and Germany allow for symbolic or insured values, respectively and as such, serve as the genesis for this theme.

A sub-group was formed to study each theme and 2 scenarios were subsequently developed for each theme as follows:

1. **Status Quo:**
 - a. Status Quo: Do Nothing
 - b. Status Quo with 2 additions: (1) Held-for-disposal valuation and (2) disclosure of non-financial information.
2. **Uniform Accounting:**
 - a. Uniform accounting “Land-is-Land”: All land is valued using either one or several measurement attributes.
 - b. Uniform accounting “Land-is-Land”: All land (GPP&E and SL) is NOT valued but disclosure of non-financial information.
3. **Token Value:**
 - a. Token Value: Stewardship Land Only: Require symbolic value.
 - b. Token Value: GPP&E and Stewardship Land: Require symbolic value.

⁵ As used in this paper, a Token value is a symbolic expression representing evidence and proof of a value or amount which has not been or cannot be readily measured but is known to exist.

LAND TASK FORCE SCENARIO IDENTIFICATION

FASAB Land Accounting and Reporting Task Force

Task Force Analysis - 1st Scenario: Status Quo: Do Nothing

Proposed scenario details: Keep SFFAS 29 (refer to SFFAS 29 baseline on page 31) and SFFAS 6 as-is. That is, SL will not be valued and G-PP&E will continue to be valued at acquisition/historical cost in accordance with existing guidance to include SFFAS 50, as appropriate.

Benefits:

1. Reporting aligns with agency mission and what managers use to manage by.
2. Maintains reporting consistency with SFFAS 6 & SFFAS 29 and requires minimal guidance changes at department or bureau level.
3. Maintains reporting flexibility of SFFAS No. 29; preparers select the most relevant information for presentation.
4. Maintains OMB A-123 Internal Control Processes that are well-documented and tested.
5. Avoids extraneous information being presented.
6. Audit costs are relatively stable as beginning balances were tested upon SFFAS No. 29's implementation.
7. For DOI entities, supports "materiality" and the reporting of SL that is nationally significant; that is, specific designations by the President, Congress, and via delegated authority to the Secretary of the Interior.⁶
8. Allows comparability of the agency's stewardship across years
9. No financial statement impact for existing SL or G-PP&E, unless the existing PP&E fell under the requirements of SFFAS 50 due to a valuation error.

⁶ SFFAS 29: *Heritage Assets and Stewardship Land* does not prescribe a specific reference or line item entitled "Heritage Assets" as it may be included with other items for which no dollar amounts are recognized such as stewardship land. Instead, the standard allows entities flexibility in determining the best presentation. Heritage assets are defined as: property, plant and equipment (PP&E) that are unique for one or more of the following reasons: (1) historical or natural significance, (2) cultural, educational, or artistic (e.g., aesthetic) importance; or (3) significant architectural characteristics.

LAND TASK FORCE SCENARIO IDENTIFICATION

Drawbacks:

1. Ignores GAO⁷ noted issues concerning data availability and reliability.
2. Ignores inconsistencies of the current reporting methods. For example, the application of SFFAS 50 on newly acquired G-PP&E may result in inconsistent accounting treatment between pre-existing G-PP&E and newly acquired G-PP&E that are similar in nature (e.g. armored vehicles).
3. Ignores that land can be valued 3 different ways: historical cost, zero at DoD, and "units" for SL. Furthermore, can one really tell anything about the magnitude of SL holdings from # of units?
4. Most land will not be valued (i.e., SL and DoD GPP&E Land will have no value) and very little land comparatively, will be acquired in the future.
5. Operating in a "status quo" manner only perpetuates public and private opinion as to how antiquated the government operates drawing into question stewardship and how assets are being managed by agencies.
6. Very challenging to connect financial information with agency operations affecting land and limits all 4 reporting objectives.
7. Reporting assets for the first time under "alternative methods" outlined in SFFAS 50, may lead agencies to report PP&E on their financial statements at deemed costs even though historical or acquisition costs information is readily available. For older items, deemed costs may be used as an alternative; however, it should not be used when acquisition or historical cost data is available.

Cost-Benefit Comparison:

1. Selecting the status quo would result in no additional agency resource requirements. However, there is a significant opportunity cost. Providing more consistent, meaningful data would be of value to researchers, scientists, businesses, and non-governmental organization (NGOs) whose areas of focus involve U.S. lands. In addition, it is difficult to imagine that Federal agencies themselves would not find uses for such data once it became available.
2. With no additional cost, the current two track (General and SL Land) reporting can strive to achieve the unique reporting/usage nature of Land.

⁷ Federal Land Management, *Availability and Potential Reliability of Selected Data Elements at Five Agencies*. GAO Report No. GAO-11-377, April 2011.

LAND TASK FORCE SCENARIO IDENTIFICATION

- a. The benefit of current reporting methodology outweighs the cost.
 - b. Cost would be better spent expanding the information reported by Federal Agencies as land in the Federal Real Property Profile.
3. Virtually no monetary cost to continue with the status quo; but information that could be useful in the future for return on investment (ROI) is not available. Separate methodologies for reporting the two different classes of land complicates the reporting process and divides information about similar resources across two sections of the financial statements.
 4. The use of SFFAS 50 as an alternate reporting methodology, when existing PP&E are reported at historical cost, will require additional cost comparison between "historical cost" and "deemed cost" as a footnote disclosure, required supplementary information (RSI), or other information (OI).

LAND TASK FORCE SCENARIO IDENTIFICATION

FASAB Land Accounting and Reporting Task Force

Task Force Analysis - 2nd Scenario: Status Quo: with 2 additions

Proposed scenario details: Add a "Held-for-disposal" category and require disclosure of non-financial information.

Specifically, separately report and value land held for disposal. Provide disclosures that identify the method of disposal such as land held for sale, transfer, lease, concession, etc.

Require periodic evaluation of all land (both general PP&E and SL) to determine its intended use (i.e., the "bucket" where the land should reside) and establish criteria for re-categorizing land among "buckets" and back to its "dormant" or original reporting not-for-disposal state. Also, determine the types of non-financial measures that should be reported by bucket and set minimum requirements (e.g., units [number of National Parks] and/or acreage for each bucket including those categorized as general PP&E). Lastly, identify where information should be reported; e.g., note disclosure, RSI or OAI.

Benefits:

1. Fair value for land held for disposal provides a more relevant and timely measure of the asset as a financial resource.
2. Limiting valuation (either fair value or value-in-use) to those assets held for disposal provides the user with an understanding of the monetary value of assets the Government may convert to cash or transfer to another owner such as a state government.
3. Users will still receive audited (reliability) non-financial information (for example, acres, unit counts, predominant use, etc.) regarding the assets, and the information will be reviewed periodically (timeliness). Non-financial information such as acres will also be understandable, comparable, relevant, and consistent.
4. Appraisals for potential disposals are needed regardless of whether the values are in the financial statements. No additional cost.
5. Increased transparency over land that is held for sale and gives clear guidance for how to handle those parcels.
6. Presenting non-financial information (NFI) will aid coarse/aggregated comparisons of \$-values with information such as biophysical data.

LAND TASK FORCE SCENARIO IDENTIFICATION

7. Inclusion of NFI seems to be primarily about "cross-walking" \$-data to other data provided by agencies. The cross-walking process will increase Operating Performance.
8. Establishes line-item uniformity among agencies for "similar" categories (e.g. USDA disposed of 3 parks, totaling 10K acres of non-contaminated land; DOE disposed 5 parks; totaling 25K acres of non-contaminated land).
9. Presuming note disclosure is selected, non-financial measures on land will receive greater audit visibility if it is reported as a note disclosure or in the RSI. As a result, agencies have more of an incentive to ensure the non-financial information is reported accurately.

Drawbacks:

1. This seems an inadequate solution, as there is a significant inventory of Federal land which could be sold, transferred, leased, etc., and the full value of this inventory would not be recognized.
2. This option does not address the value of other Federal lands. Policies and criteria change over time, and land which may not be considered for sale or transfer today may be so considered in the future. While we can all probably agree with the extreme examples ("We'll never sell the Grand Canyon"), there are certainly tracts of stewardship land which could appropriately be considered for land swaps or development, and where understanding the value of the land would be useful.
3. Inconsistency of requiring fair value for just one part of PP&E.
4. Inconsistency of requiring a lower disaggregation for land than that required of other types of PP&E.
5. Increased financial statement and auditing workload accompanied by increased process and system changes.
6. An agency periodically re-evaluating only "land" will lead to inconsistent financial reporting treatment if the other financial statement line items are not also "re-evaluated".
7. Reporting non-financial information on land in OAI is not subject to the same level of audit review as a note disclosure or RSI resulting in incorrectly reported information by an agency that does not affect that agency's audit opinion.
8. The categorizing or "re-categorizing" of land into "buckets" or original reporting status (non-disposal) is subject to interpretation by individual agency personnel. As a result, assets reported in the land "buckets" may change more often than intended.

LAND TASK FORCE SCENARIO IDENTIFICATION

9. This does not take into consideration other types of land disposal such as transfers to community reuse organizations at less than fair market value.

Cost-Benefit Comparison:

1. Disposal valuation could be very useful for decision-making, but only if acquisition cost (historical value) is available to compare to (after inflation adjustment, etc.) along with revenue generated by the property (as applicable) and some sort of notional value for government. Periodic reevaluation and moving between buckets can become cumbersome, non-transparent, and difficult to read and manage. High cost for evaluations.
2. This alternative has the potential to present the most information in the most relevant format where valuation would have an impact on the user. Unfortunately, there could be complications in the implementation phase that could add costs to gathering and reporting this information.

LAND TASK FORCE SCENARIO IDENTIFICATION

FASAB Land Accounting and Reporting Task Force

Task Force Analysis - 3rd Scenario: Uniform accounting “Land-is-Land”: Value all land

Proposed scenario details: Amend SFFAS 29 to require balance sheet recognition and measurement of SL. Amend SFFAS 6 as appropriate to allow for alternate valuation such as value-in-use or fair value.

Benefits:

1. Most theoretically pure option; all land is valued.
2. Would create efficiency of words and reduce volume of regulations surrounding land accounting and reporting.
3. Fair value / value in use provide the most relevant and timely value.
4. Provides a consistent approach to all federal land.
5. Provides users the most comprehensive view of the value of federal land, which has benefit even if the government has no intention of disposal.
6. More consistency in how federal land is valued and reported.
7. Major improvement in all 4 reporting objectives.

Drawbacks:

1. Significant cost associated with obtaining and maintaining auditable valuations.
2. Based on precedent with the revocation of National Defense PP&E category, there could be severe implementation impediments due to potential lack of source data for any derived valuation strategy allowable under the standards (to include SFFAS 50).
3. Removes the unique nature of Stewardship Land and lumps these unique properties into the same classification of operational/business lands
4. Increase in accounting reporting requirements for a class of asset (SL) that may not impact performance metrics or make an economic impact on Government business operations because SL will not be sold or brought to market due to its unique nature
5. Significant cost associated with obtaining and maintaining auditable valuations of all of the parcels of land the Agencies' hold.

LAND TASK FORCE SCENARIO IDENTIFICATION

6. Were multiple methods of valuing permitted (appeared to be being suggested), you would lose comparability.
7. Amending SFFAS 6 to allow for alternative valuation does not provide an agency with an incentive to keep an auditable trail (electronic or paper based) of its purchased assets. We believe that deemed costs should be used as a final option once all other options have been exhausted.

Cost-Benefit Comparison:

1. Implemented properly, cost to add value to SL would be low. It is simpler than separating land into two categories and makes comparison and analysis more holistic. Allowing flexibility for agencies to determine how to record and report value and when, if ever, to reevaluate makes the requirement easy to comply with, and limits implementation costs.
2. This option will cost agencies more money since valuation will be required on all land on the agency's books.

LAND TASK FORCE SCENARIO IDENTIFICATION

FASAB Land Accounting and Reporting Task Force

Task Force Analysis - 4th Scenario: Uniform accounting “Land-is-Land”: No land is valued.

Proposed scenario details: Extend the SFFAS 50 Carve-out (Amend SFFAS 29 and SFFAS 6) and allow all entities to exclude land as per SFFAS 50; allowing an exclusion of land and land rights from balance sheets with disclosure of acreage information and expensing of future acquisitions.

Benefits:

1. Removes valuation uncertainty and inconsistency in how federal land is reported vs. the current situation of Stewardship Land and G-PP&E land with only some G-PP&E land currently on the federal balance sheet.
2. Would create efficiency of words and reduce volume of regulations surrounding land accounting and reporting.
3. Users will still receive audited (reliability) non-financial information regarding the assets, and the information will be reviewed periodically (timeliness). Non-financial information such as acres will also be understandable, comparable, relevant, and consistent.
4. Streamlined recognition method for all land. Non-financial information will assist users because city center land is worth more than mountain land in the middle of nowhere.
5. Less burden to manage and maintain financial records and reduced audit costs.

Drawbacks:

1. Deviation of not having land on the balance sheet.
2. Deviation from other standards-setters such as compared to FASB/GASB.
3. Lack of differentiation could cause loss of fidelity in real property data.
4. Expensing of future acquisitions and the exclusion of land and/or land rights creates confusion not to mention exclusions of this asset from the balance sheet.
5. Deviation from the general accounting practice of recognizing, valuing, and reporting of G-PP&E that are acquired and held for operational use.

LAND TASK FORCE SCENARIO IDENTIFICATION

6. Would require the removal from the financial statements of existing land values being reported as G-PP&E which would impact the government's ability to report accurate performance measures as some business operations do result in revenues from certain land functions (timber, mineral mining rights).
7. Would negatively impact the matching of revenues to relevant assets (e.g., there would be no ability for such match if G-PP&E were removed from the books).
8. Reporting would not be simplified as Financial Statement users would require enhanced narrative/RSI details to gain an understanding of G-PP&E land once valuations were removed from the financial statements.
9. Lack of transparency over the agency's land holdings if SFFAS 50 was open to all entities with existing land on its financial statements.
10. Period costs may end up being significantly overstated due to unnecessary expensing of acquired PP&E.
11. The FASAB SFFAC 1 on stewardship requires both financial and non-financial information on land. Unless SFFAC 1 is revised, it would be impossible to not value land at all and disclose only the non-financial information pertaining to stewardship land.

Cost-Benefit Comparison:

1. While this is a low-cost solution, it dramatically reduces transparency and impedes independent analysis of land holdings.

LAND TASK FORCE SCENARIO IDENTIFICATION

FASAB Land Accounting and Reporting Task Force

Task Force Analysis - 5th Scenario: Token Value: SL Only: Require symbolic value

Proposed scenario details: Amend SFFAS 29 to require application of a symbolic balance sheet value and only disclosure of non-financial information.

Benefits:

1. Fairly easy and consistent which will cross all agencies. Allows for comparing "apples to apples."
2. The provision of consistent, meaningful non-financial information would be an improvement over the status quo.
3. Reporting of land value would be required for G-PP&E on other than a token value basis, which would be supportive of the FASAB reporting objectives (depending on the valuation method(s) selected).
4. We would be like France⁸ and bring stewardship land onto the balance sheet.
5. Provides additional accountability for Stewardship Land.
6. This approach might make it easier to track land. Some added value from NFI.

Drawbacks:

1. Land would still be valued 3 different ways: historical cost, Zero for DoD and Units for SL.
2. The assignment of a token value provides no useful information for the users.
3. Wasted effort to provide a non-impact valuation to the financial statements.
4. SL still remains "valueless" with no net change to financial reporting.
5. Little to no improvement in FASAB reporting objectives.
6. Assessing a symbolic value to SL or heritage assets may be interpreted as "offensive" to some parties. In most cases, it probably undervalues property worse than the current requirements.

⁸ The Task Force member is referring to the French accounting standard that is based on Opinion n° 2009-17 of 10 November 2009 of the French National Accounting Council ("Conseil national de la comptabilité, CNC") and on IPSAS 17 on Property, Plant, and Equipment, particularly for the provisions relating to measurement. Please refer to page 33 for additional comments.

LAND TASK FORCE SCENARIO IDENTIFICATION

Cost-Benefit Comparison:

1. The cost of this would be fairly low, but the benefit would be equally low. Token value could also be one of the ways an agency uses to record value under scenario 3 (if appropriate given the circumstances). Recording all SL at token value, however, defeats the purpose for recording the value at all.

LAND TASK FORCE SCENARIO IDENTIFICATION

FASAB Land Accounting and Reporting Task Force

Task Force Analysis - 6th Scenario: GPP&E and SL: Require symbolic value

Proposed scenario details: Amend SFFAS 6 and SFFAS 29 to require application of a symbolic balance sheet value and only disclosure of non-financial information.

Benefits:

1. Fairly easy and consistent which will cross all agencies. Allows for comparing "apples to apples."
2. The provision of consistent, meaningful non-financial information would be an improvement over the status quo.
3. Mostly same benefits as option 4 (Uniform accounting "Land-is-Land": No land is valued).
4. Reduces burden on agency staff from existing reporting standards.
5. Removes perceived inconsistency between G-PP&E and SL land.
6. Disclosing non-financial information on G-PP&E and SL enhances an agency's visibility over the assets managed within its portfolio and on the agency's financial statements.

Drawbacks:

1. Would require the removal of existing land values being reported as G-PP&E from the financial statements.
2. Would negatively impact performance reporting for those areas where land is used in business operations (e.g., timber lands, mineral mining).
3. Would reduce the information available to user and distort the true cost of Real Property assets.
4. A fairly big step backwards in FASAB reporting objectives over current reporting.

Cost-Benefit Comparison:

1. This is virtually the same thing as scenario 4, but with the increased cost of changing G-PP&E land. Cost would be slightly higher than scenario 4, benefit would be equally low.

U.S. Baseline – SFFAS 29, *Heritage Assets and Stewardship Land*

Issued July 7, 2005 with 3 year full implementation beginning in FY2008

KEY FEATURES

- Reclassified HA & SL as basic information from RSSI
- Reclassified condition Information as RSI
 - Include reference to DM&R information
- Disclosure only with no asset dollar amounts
 - Disclose entity stewardship policies
 - Explain how HA & SL relate to mission
 - Stewardship PP&E expensed if purchased and no amount is recognized if it is received as a donation
 - For multi-use HA's, transfers between agencies are recorded at book value (BV) and if BV is not provided, the HA should be recorded at its estimated fair value

KEY NOTES

- Board did not reconsider the definition, recognition and measurement provisions of the existing standards.
- Standard based on the importance of the data in meeting the stewardship reporting objective
- HA should be quantified in terms of physical units

KEY BOARD CONCLUSIONS

Par. 53 – *“In the future, the Board may reconsider the recognition and measurement issues for heritage assets and stewardship land.”*

Par. 54 - The Board believed that information on HA and SL (except for condition) should be basic information because:

- a. Information was deemed essential to fair presentation and may be crucial to understanding the entirety of an entity's financial condition.
- b. Accountability for HA and SL requires more audit scrutiny than would be afforded if they were considered RSI.
- c. The classification was deemed consistent with GASB (reporting on art and historical treasures) and FASB specific (collections, other works of art and historical treasures).

WHAT IS THE REST OF THE ACCOUNTING WORLD DOING WITH SL?

WHAT IS THE REST OF THE ACCOUNTING WORLD DOING WITH SL?

As previously mentioned, the Token Value theme arose from answering the task force question, “*what is the rest of the accounting world doing with SL?*” In answering this question, staff referred to a somewhat dated survey⁹ of accounting requirements specific to stewardship/heritage assets.

It is important to note that foreign guidance (as reflected in the survey) related to stewardship land is primarily addressed by standards-setters as a component of heritage assets within their property, plant and equipment or non-profit guidance. For example, some of the guidance addresses infrastructure assets whereas others address museum collections such as contributions of art, historical treasures, etc. The survey reveals that not all standards-setters require recognition of heritage items and those who do require recognition, generally fall between cost and fair value measurements.

Furthermore, given that IPSASB is currently engaged in developing a consultation paper on Heritage Items¹⁰ to include land, and updating information in the aforementioned survey, staff placed limited reliance on the survey. However, staff did extract accounting requirements deemed most relevant and thought provoking to stewardship land for two countries (France and Germany) from the survey.

Specifically, France and Germany allow for symbolic or insured values, respectively and as such, serve as the answer to the task force question and genesis for the token value theme.

France: Standard 6, *Tangible Assets* and Standard 17, *Heritage Assets* – to ensure consistency between accounting records and asset management records, the French require recognition at a non-revisable symbolic value or reproduction cost. Subsequent additions are recognized at acquisition costs and donated assets at fair value.

France’s Relevance: Pragmatic and Cost-efficient

The French view basically asks, “How can you value something as priceless as the Eiffel Tower or land that makes up the Grand Canyon?” As such, a numerical value for a heritage asset is not meaningful and rather than assigning a valuation according to an established accounting principle (for example, historical cost, fair market value or value-in-use), the initial measurement focuses on “identification of a symbolic number.”

⁹ United Kingdom Accounting Standards Board (ASB) and the International Public Sector Accounting Standards Board (IPSASB) January 2006 discussion paper: *Heritage Assets: Can Accounting Do Better?*

¹⁰ Staff is serving as a task force member on IPSASB’s Heritage Assets project and coordinating with Ms. Gwenda Jensen concerning heritage land issues in particular.

WHAT IS THE REST OF THE ACCOUNTING WORLD DOING WITH SL?

- a. The measurement value is intended to reflect “the symbolic character of the value of heritage assets”. If necessary “1 euro” is used as a default measurement for an asset¹¹.
- b. The symbolic character of the heritage asset is evidenced by ruling out recognition at market value and by not changing the value once it’s initially recognized.

Germany’s municipal standards - requires recognition at actual or notional insured values for significant moveable heritage assets and for other works of art, exhibits and monuments a notional value of 1 Euro . Subsequent additions are recognized at acquisition costs.

Germany’s Relevance: Pragmatic and Cost-efficient

The German view also takes a pragmatic approach by using either (1) an actual or notional insured value or (2) a notional value of 1 Euro. Similar to the French, the Germans take a non-traditional accounting approach to valuing heritage assets.

Staff Thought - Could a similar model (that is, token value theme) be adapted for federal land reporting purposes?

- a. Would encourage greater integration between financial reporting systems and asset management systems while eliminating costs associated with valuing land.
- b. Avoids potential for a mixed-use measurement attribute model; historical cost, fair value, value-in-use, etc.
- c. Non-financial information such as acreage, condition, predominant use, etc., could be provided to satisfy the stewardship objective.

*A Token value is a symbolic expression
representing evidence and proof of a value
or amount which has not been or cannot be
readily measured but is known to exist.*

¹¹ After initial measurement there are no further changes in value. An asset is not depreciated, revalued or assessed for impairment. The Standard’s introduction explains that the symbolic value or fixed value amount used for initial recognition of heritage assets should remain unchanged. If a heritage asset is destroyed or the entity loses control over it, it is derecognized, applying provisions relating to tangible assets in another standard; Standard 6. Source: IPSASB, 11 August 2015, Summary of CNOCP’s Standard 17, Heritage Assets.

NEXT STEPS

NEXT STEPS

Primarily through task force discussions, staff is engaging the preparer community most impacted by this work and is currently addressing issues with the broader task force as noted on page 3. This effort will serve as a basis for recommendations to the Board for exposure draft development.

Pending Board deliberations, staff expects the Board to develop and expose guidance in calendar year 2017 and finalizing the Statement during the early part of calendar year 2018.

Please note that the below timeline was generally approved at the February 2016 meeting.

PROPOSED PROJECT TIMELINE

October - December 2016

- Identify nonfinancial (for example, acreage) reporting recommendations
- Identify the most appropriate reporting venue for nonfinancial information (for example, Basic, RSI, or OAI)
- Identify measurement and recognition recommendations
- Begin developing draft exposure draft¹²

January 2017 – May 2017

- Finalize and issue exposure draft

May 2017 – April 2018

- Finalize guidance or standards

¹² Development of Exposure Draft is dependent upon completion of staff's field work, Board direction and ensuing deliberations. This deliverable could slip into the early part of 2017.

QUESTIONS FOR THE BOARD

QUESTIONS FOR THE BOARD

Question 1 – Would the Board like the task force to further explore any areas thus far discussed? If not, are there any other areas that members would like the task force to address?

Refer to pages 3 through 15. Please note that due to the timing of this memorandum's release date, a formal, written update concerning the October 4th meeting will be included in December's Board materials. Nonetheless, members are invited to inquire about the meeting to obtain staff's preliminary assessment concerning task force discussions.

Staff conducted in-depth task force analysis and discussion (Refer to Appendixes 1 and 2 for details) concerning the following topics:

Some apparent observations reflecting a task force consensus include:

a. Several land reporting issues –

- 65% believe acreage and unit count information benefit users more than reporting just one of these data elements.
- 64% believe we should enhance reporting relative to the reporting objectives.
- 67% believe we should enhance reporting relative to the qualitative characteristics.
- 67% believe that the current land distinctions should not be collapsed into a single "Land-is-Land" accounting standard that would presumably apply the same rules to all land.

b. User needs and preparer burden –

- 65% do not believe that financial reporting should be limited to information that an agency uses to manage its land holdings by.

c. Data reliability and integrity –

- 81% believe that users of financial information would be "short-changed" if all the qualitative characteristics are substantially met except for reliability.
- 62% do not believe information related to land must be (fully) audited.

QUESTIONS FOR THE BOARD

d. Stewardship –

- 67% believe that non-financial information concerning land can provide accountability of government land resources to the Public.
- 71% do not believe that providing acreage information alone without regard to either its use or land's natural state is sufficient to meet the stewardship objective.

e. Land use –

- 61% believe that a staff developed (predominant use) list is comprehensive enough to begin analyzing.
- The task force developed 7 discrete categories from the staff developed list:

Top 4 most common categories:

1. Conservation
2. Military/Defense
3. Preservation/Protected lands: endangered species/ fauna/ flora
4. Land Conveyed or Disposed (e.g., leased, shared, joint-use by other agencies)

The Next most common categories were:

5. Revenue related: Mining, Oil and Gas, Livestock, Commercial
6. Recreation
7. National Forests/Parks

f. Land's natural state –

- 68% do not believe that reporting land by its natural state warrants our time to explore.

g. Tribal land held in-trust –

- 88% believe that tribal lands should be separately identified for reporting purposes.
- 65% believe that these lands should be excluded from measurement and recognition; that is, not valued.

Question 1

Would the Board like the task force to further explore any areas thus far discussed? If not, are there any other areas that members would like the task force to address?

QUESTIONS FOR THE BOARD

Question 2 – Does the Board believe there are any other themes that the task force should consider? If not, among the themes shown, do members have a clear preference for any one in particular?

Refer to pages 16-17. Primarily based upon round-table agency meetings and initial task force discussions, three major themes came to the forefront when considering the accounting and reporting of government land. As explained on page 14, a sub-group was formed to study each theme and 2 scenarios were subsequently developed for each theme.

1. **Status Quo** – In short, this theme espouses *“if it ain’t broke, don’t fix it.”*
2. **Uniform Accounting** – In short, this theme espouses that *“less is more”* and that *“land-is-land.”*
3. **Token Value** - This theme answers the question, *“what is the rest of the accounting world doing with SL?”*

Question 2

Does the Board believe there are any other themes that the task force should consider? If not, among the themes shown, do members have a clear preference for any one in particular?

Question 3 – Does the Board believe there are any other scenarios or combinations thereof that the task force should develop further for deliberations?

Refer to pages 18 through 30. A sub-group was formed to study each theme and 2 scenarios were subsequently developed for each theme as follows:

1. **Status Quo**:
 - a. Status Quo: Do Nothing
 - b. Status Quo with 2 additions: (1) Held-for-disposal valuation and (2) disclosure of non-financial information.
2. **Uniform Accounting**:
 - a. Uniform accounting “Land-is-Land”: All land is valued using either one or several measurement attributes.
 - b. Uniform accounting “Land-is-Land”: All land (GPP&E and SL) is NOT valued but disclosure of non-financial information.

QUESTIONS FOR THE BOARD

3. Token Value:

- a. Token Value: Stewardship land Only: Require symbolic value.
- b. Token Value: GPP&E and Stewardship Land: Require symbolic value.

Question 3

Does the Board believe there are any other scenarios or combinations thereof that the task force should develop further for deliberations?

Question 4 – Are there other areas or topics that the Board wishes the task force to explore in its next steps to assist the Board in its deliberations?

Refer to page 34. Staff intends to finalize the following areas/topics prior to developing draft exposure draft:

- a. Nonfinancial (for example, acreage) reporting recommendations
- b. Most appropriate reporting venue for nonfinancial information (for example, Basic, RSI, or OAI)
- c. Measurement and recognition recommendations

Question 4

Are there other areas or topics that the Board wishes the task force to explore in its next steps to assist the Board in its deliberations?

QUESTIONS FOR THE BOARD

Question 1 – Would the Board like the task force to further explore any areas thus far discussed? If not, are there any other areas that members would like the task force to address?

Question 2 - Does the Board believe there are any other themes that the task force should consider? If not, among the themes shown, do members have a clear preference for any one in particular?

Question 3 - Does the Board believe there are any other scenarios or combinations thereof that the task force should develop further for deliberations?

Question 4 – Are there other areas or topics that the Board wishes the task force to explore in its next steps to assist the Board in its deliberations?

The objective is to provide the Board with an update on the Accounting and Reporting of Government Land project and to obtain member input as well as approval of the project's next steps.

If you require additional information or wish to suggest another alternative not considered in the staff proposal, please contact staff as soon as possible. In most cases, staff will be able to respond to your request for information and prepare to discuss your suggestions with the Board, as needed, in advance of the meeting. If you have any questions or comments prior to the meeting, please contact me by telephone at 202-512- 6841 or by e-mail at savinid@fasab.gov with a cc to paynew@fasab.gov.

APPENDIX 1

APPENDIX 1, Assignment #1 – June 3, 2016 analysis

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APPENDIX 2

APPENDIX 2, Assignment #2 - August 11, 2016 analysis



Accounting and Reporting of Government Land

Home Work Assignment Results and
User Needs

FASAB Land Task Force

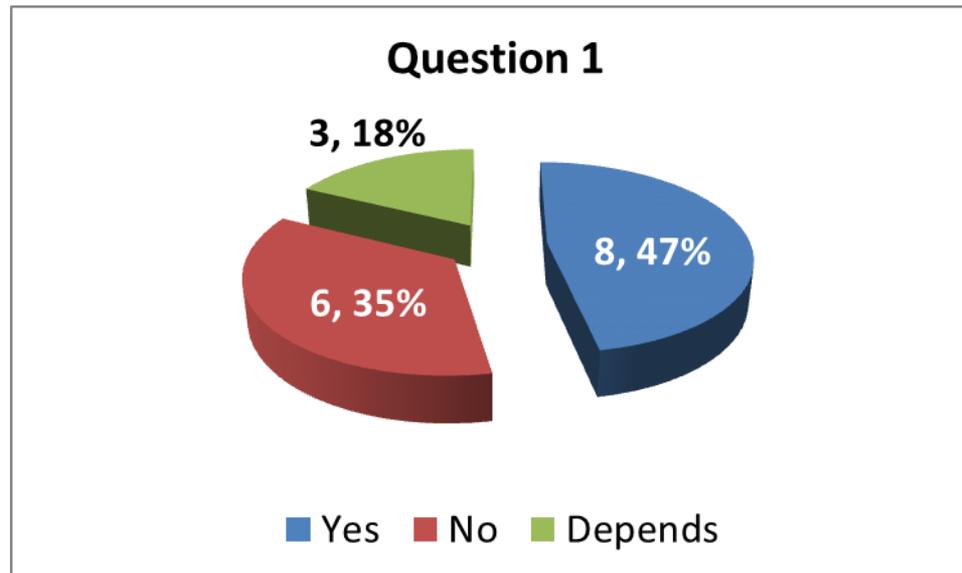
3 June 2016

Homework Results

Several Land Reporting Issues



Q1. Do you believe that the cost of land – putting aside for the moment the type of cost measurement technique used – is essential for the reporting of all types of federal land managed by the government?



Q1. Your Comments

Do you believe that the cost of land – putting aside for the moment the type of cost measurement technique used – is essential for the reporting of all types of federal land managed by the government?

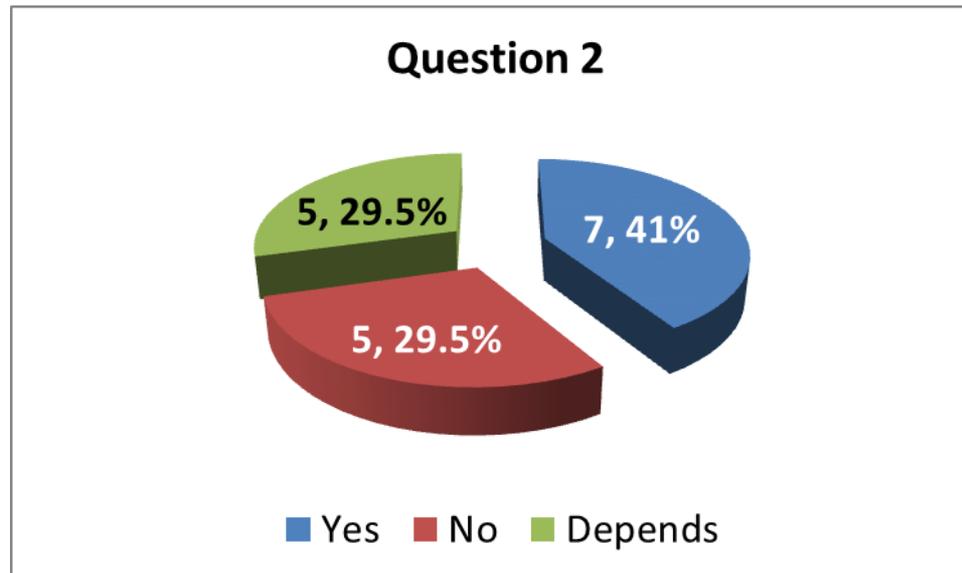
YES – 47%

- I cannot think of a scenario that a user would not benefit from some form of reporting on land and land rights.
- If you did not know the acquisition cost of the property by the Federal government, you would undervalue the acquired asset.
- Alternate variables or procedures must be used to achieve (or estimate as available information best allows) a valuation which allows for credibility.
- Excepting SL (highly unlikely that the government would sell the land), if another round of BRAC were to come into play, land value (fair value) would be of paramount importance.
- Lots of decisions should be informed by this data and cannot be if the data are not collected in some way and reported.

No – 35%

- Reporting what land “might” be worth is irrelevant as most of the public domain is not considered a commodity.
- It is essential to determine the value of stewardship land only when the authorized conveyance of such land is contemplated, as in a land exchange, which may/may not be related to the acquisition cost.
- Land placed into service should be valued and land not part of operations should be considered Stewardship and not valued because the valuation or cost of SL is not important.
- Land cost is most important in the year of acquisition.

Q2. Do you believe that the predominant use of a land holding or the intent that an agency has concerning that land should influence the selection of the measurement basis such as historical cost, fair market value, in-house estimate, etc.?



Q2. Your Comments

Do you believe that the predominant use of a land holding or the intent that an agency has concerning that land should influence the selection of the measurement basis such as historical cost, fair market value, in-house estimate, etc.?

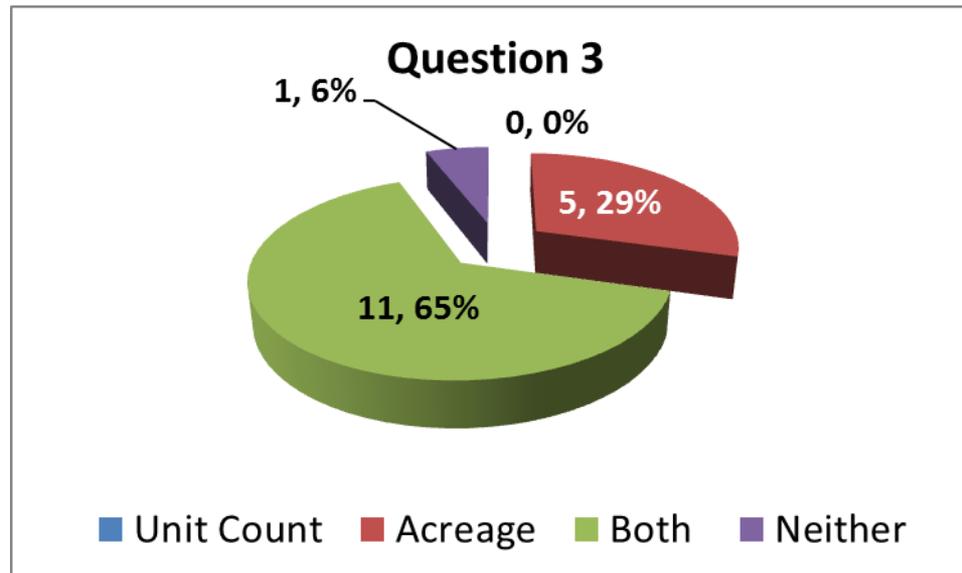
YES – 41%

- Historical costing for land is most reliable. Fair market value and/or in-house estimates are subjective and subject to manipulation by management to meet performance and/or political goals.
- Depends - If permitted, a potential standard should have rules or guidance that would (1) provide criteria for when each measurement basis should be used and (2) limit management's ability to move the asset between categories that have different measurement bases

No - 29.5%

- Over the course of centuries, history has illustrated that intents and legal purposes change. Side-stepping any political inferences, a uniform valuation for land (regardless of intent/purpose) is best served to all measurements over time.
- A patchwork of approaches will be unhelpful and is prone to misuse.
- I am a firm believer in historic cost's (objectivity and reliability).
- Depends - Land used for administrative purposes (non-stewardship) that could eventually be disposed under property act regulations may have an eventual effect on the balance sheet

Q3. Concerning physical quantity information, what do you believe users benefit from more when it comes to this type of non-financial reporting?



Q3. Your Comments

Concerning physical quantity information, what do you believe users benefit from more when it comes to this type of non-financial reporting?

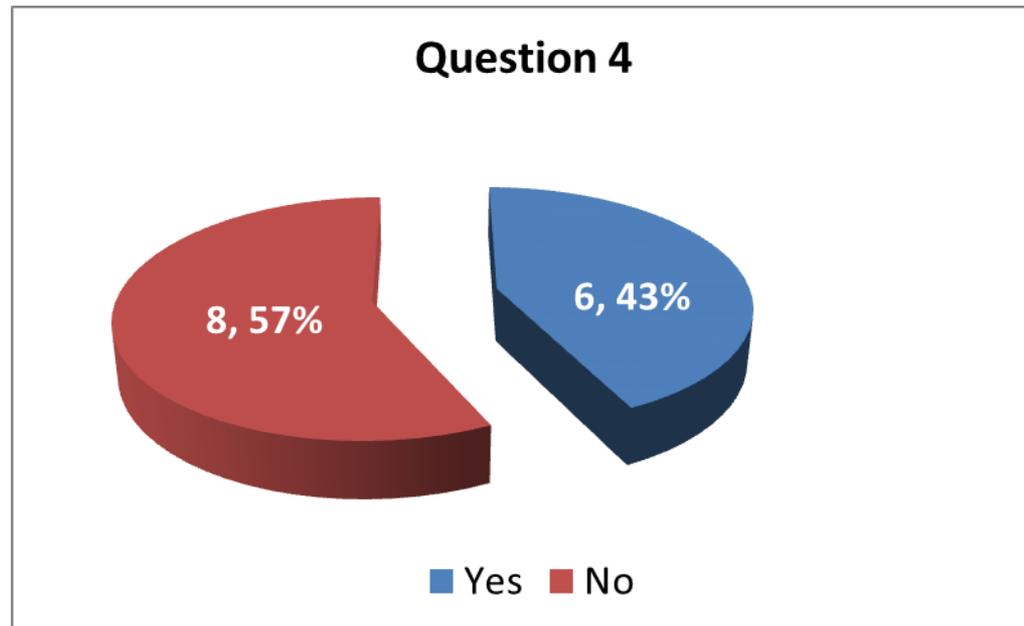
General comments:

- Recognizing obvious practical limitations, it is worth noting that the greater the resolution at which this information is provided in space (e.g. per county or per large project area) then the greater the number of applications the data will support.
- It is not evident that reporting non-financial information in the financial report adds any value whatsoever.
- If there is income being derived from timber/harvesting, then the true value would be based upon the “income” approach to value. The remaining land, not used in timber/harvesting activity should be reported at historical cost or estimated original cost until such time as the land is offered for sale in the open market.

Unit count & Acreage comments:

- Identifying number of forests would not be useful. The acreage method would be more useful if the data is reliable.
- Unit count of forests provides little to no value as it does not provide any data to estimate the number of board feet or value that may be harvested annually.
- I don't know what someone would do with number of forests. Other physical quantity information to consider: area of each broad habitat type / land cover; broad goal motivating acquisition. As a component, acreage available for timber production would also be beneficial and depicts what percentage is available for harvest from the total acreage perspective.

Q4. In your opinion, does information that is currently reported seem consistent with the FASAB's reporting objectives of budgetary integrity, operating performance, stewardship, and systems and control?



Q4. Your Comments

In your opinion, does information that is currently reported seem consistent with the FASAB's reporting objectives of budgetary integrity, operating performance, stewardship, and systems and control?

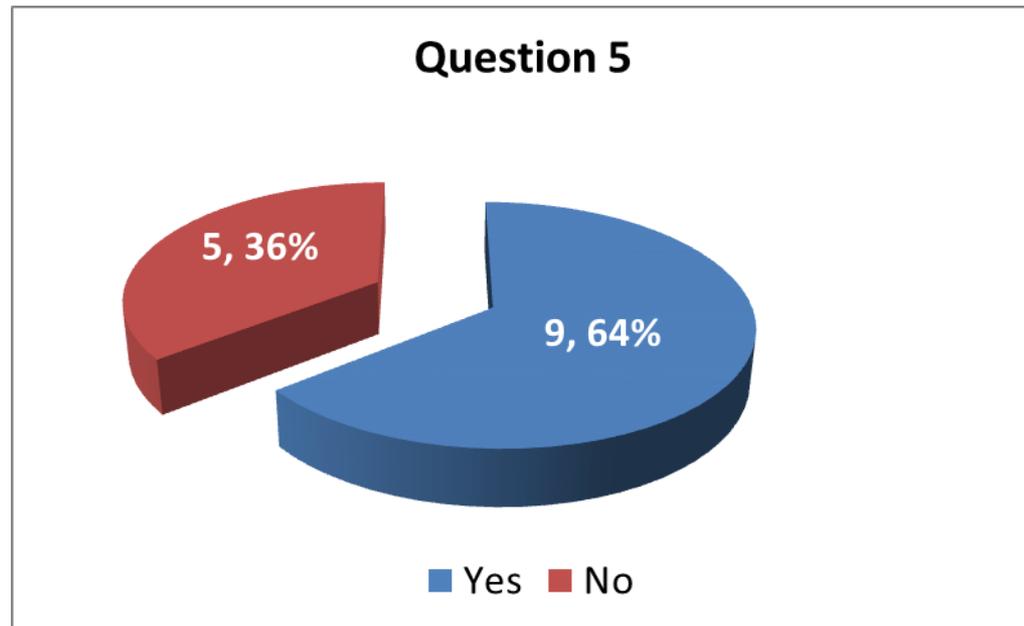
YES - 43%

- Reporting G-PP&E land at the acquisition cost and expensing stewardship land are transparent and hold the government accountable for its expenditures
- Not reporting the value of the stewardship land but capitalizing G-PP&E land provides a true picture
- Land acquisition costs are a sunk cost and are not appropriate for future decision-making, budgetary evaluation, or operational evaluation. Land valuation is appropriate prior to the decision to acquire the land as an investment/operating cost.

No – 57%

- There are potential deviations from SFFAC 1, objectives 2a, 2c, 3a.
- Value/acquisition costs must be reported to measure operating performance.
- Not reporting values or cost hinders from evaluating budgetary and operating performance.
- Operating performance of land cannot be measured from a balance sheet, unless the land is revenue generating.
- Land is not tracked or valued properly. It is uncommon for the selling or requiring agency to track/segregate the land values as it is typically reported as one number which includes land, land improvements, buildings, and if applicable underlying infrastructure.
- If you can't measure costs, you can't take decisions effectively with costs in mind.

Q5. Should the task force consider enhancing reporting relative to FASAB's reporting objectives of budgetary integrity, operating performance, stewardship, and systems and control?



Q5. Your Comments

Should the task force consider enhancing reporting relative to FASAB's reporting objectives of budgetary integrity, operating performance, stewardship, and systems and control?

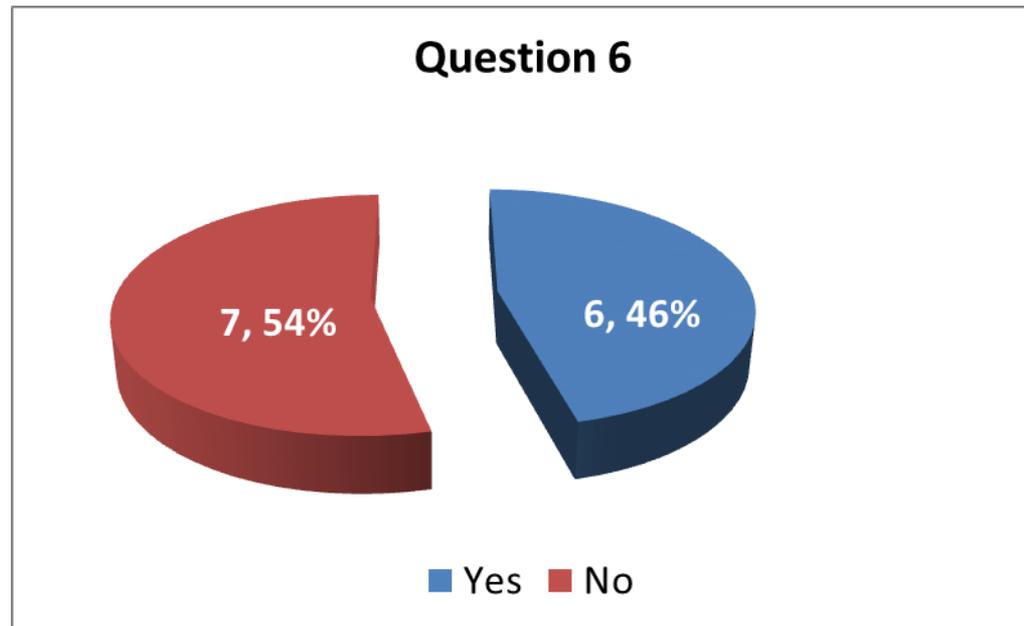
YES – 64%

- Add cost information for purchases of stewardship land.
- Remove/revise SFFAS 6 Par. 30 to remove requirement for recording value of gifted land.
- Periodically assess FMV but rely on statistical sampling as a cost reduction strategy. As the predictive capacity of whatever extrapolation technique is chosen is shown to improve, the density of sampling can be reduced in both space and time.

No – 36%

- FASAB should focus reporting on elements that affect the financial position and balance sheet of federal agencies and not overlap with budgetary or programmatic reporting requirements
- Reporting by # of acres and annual changes and eliminating \$\$ acquisition cost.
- I believe current reporting, for balance sheet and DoD, supports the stewardship objective; unit reporting for SL to a lesser extent.

Q6. In your opinion, does information that is currently reported seem consistent with the FASAB's qualitative characteristics (users want understandable, reliable, relevant, timely, consistent, and comparable information)?



Q6. Your Comments

In your opinion, does information that is currently reported seem consistent with the FASAB's qualitative characteristics (users want understandable, reliable, relevant, timely, consistent, and comparable information)?

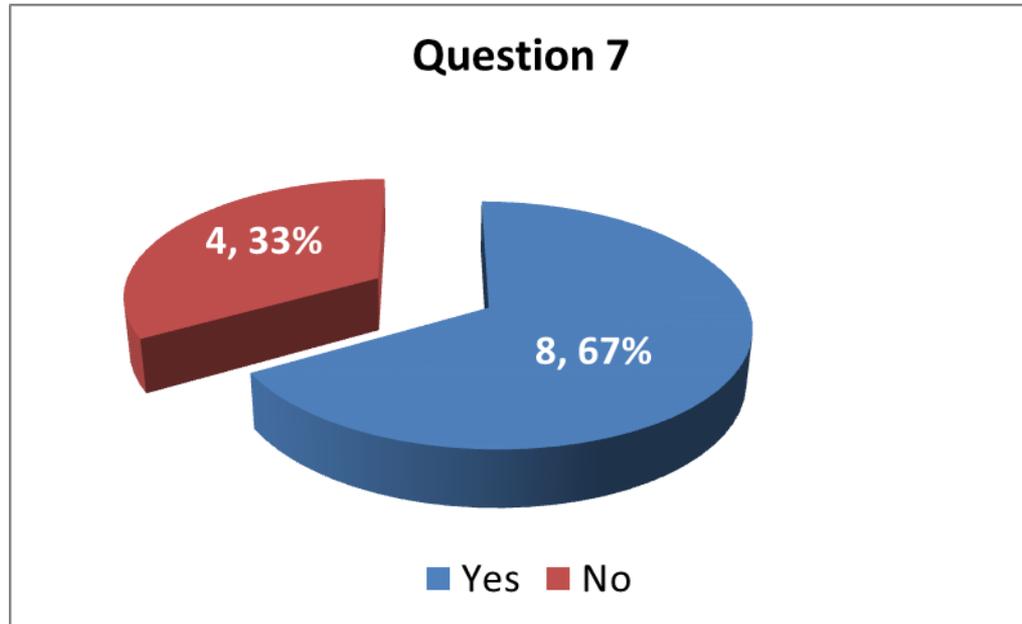
YES - 46%

- Although both are land, the purpose and use of these lands differ and should be reported separately.
- A more standard measure will allow emerging technological advances to better inform users, through such methods as data mining and analytics.

No – 54%

- It is inconsistent and can lead to confusion.
- British Columbia requires that stewardship lands be capitalized to reflect “the costs of buying back rights such as trapping rights, mining rights, and timber harvesting rights.”
- It is clear that SL does have value; expensing its cost does not reflect the economic substance.
- A consistent and transparent approach to reporting is needed based on a small number of agreed cost types.
- DoD has the option to exclude land from their opening balances and exclude future acquisitions of land. Why would that be allowable for DoD agencies and not for other agencies who have received an audit opinion? That eliminates all consistency in reporting.

Q7. Should the task force consider enhancing reporting relative to FASAB's reporting qualitative characteristics?



Q7. Your Comments

Should the task force consider enhancing reporting relative to FASAB's reporting qualitative characteristics?

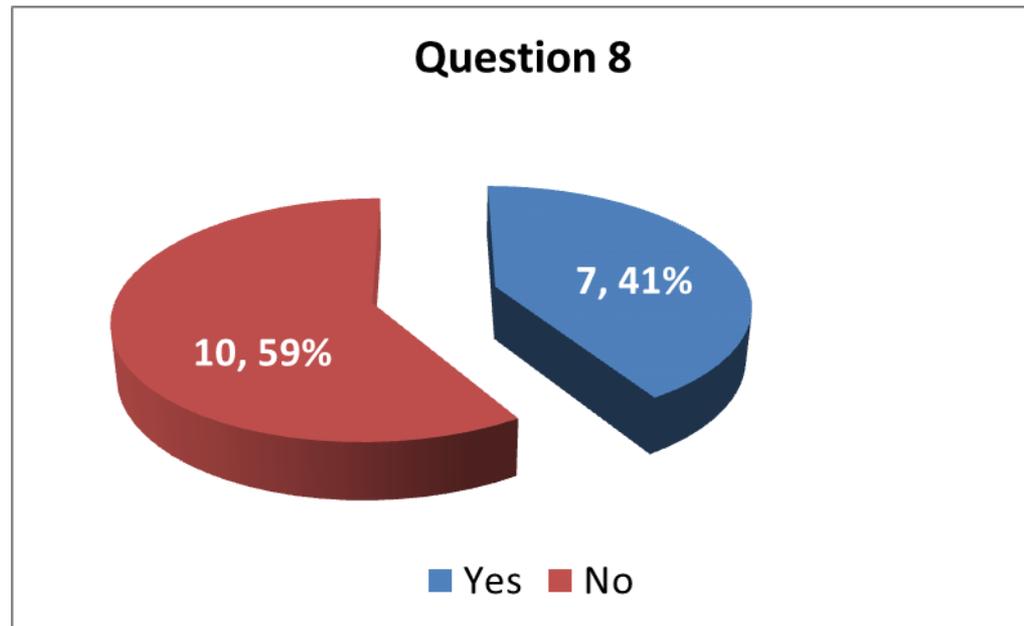
YES – 67%

- Add cost to stewardship land
- I think this question could be phrased differently. My main concern is the current inconsistency for measuring land: historic cost for civilian agencies, no cost for DoD, and unit cost for SL.
- The question should be “should the task force consider enhancing OR CHANGING reporting relative to FASAB's reporting qualitative characteristics?”

No - 33%

- Reporting the units of stewardship lands is relevant and allows for comparability.
- Reporting by # of acres and annual changes and eliminating \$\$ acquisition cost.

Q8. In your opinion, should land valued on the balance sheet be re-measured periodically; that is, to account for inflation or market price fluctuations?



Q8. Your Comments

In your opinion, should land valued on the balance sheet be re-measured periodically; that is, to account for inflation or market price fluctuations?

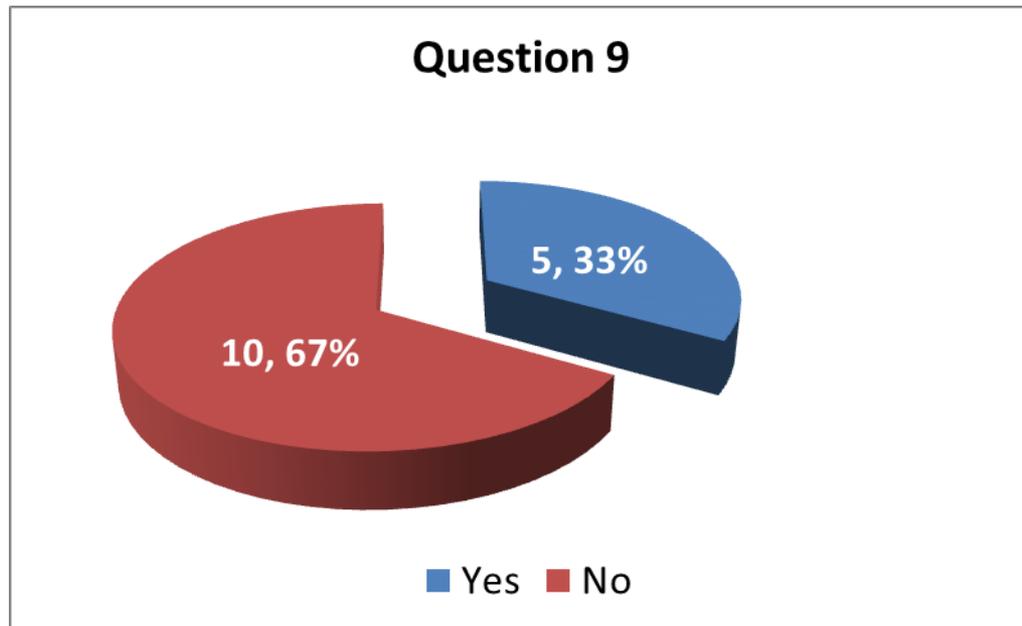
YES - 41%

- Land has value, and even if we did not sell the land there could be a time when we would sell to protect various assets of the Government.
- Market values should be evaluated at least every 10 years. Land values change over time and should reflect market value. Periodic reviews are encouraged.
- Reflecting on the balance sheet an acquisition cost that is decades old is meaningless. The challenge is to balance the benefit of accurate land valuation versus the cost of periodically reassessing land values by not requiring this be done too frequently. Perhaps once every 10 years would be reasonable.

No - 59%

- General PP&E (Land) is immaterial.
- Introduces burden with little benefit.
- No perceived value to re-measuring land value periodically, these are not investments; these are long-term capital assets. The cost would outweigh the benefit.
- Re-measuring the value of land would distort long-term accomplishments.
- Value land if there is an event or exchange putting the land 'in play'; otherwise; historical basis.
- Frankly, I'm not certain there is currently enough workforce upper body strength to accomplish this.
- Not until potential acquisition or disposition, or another round of BRAC.

Q9. Do you believe the current land distinctions (I call them buckets) – administrative/operational (G-PP&E) and stewardship (SL) – should be collapsed into a single “Land-is-Land” accounting standard (bucket) that would presumably apply the same rules to all land thus enhancing consistency, comparability and increasing overall user comprehension?



Q9. Your Comments

Do you believe the current land distinctions (I call them buckets) – administrative/operational (G-PP&E) and stewardship (SL) – should be collapsed into a single “Land-is-Land” accounting standard (bucket) that would presumably apply the same rules to all land thus enhancing consistency, comparability and increasing overall user comprehension?

YES - 33%

- Simplifies the process; adds consistency.
- Greater consistency, one approach to estimating costs, will improve practice of land management and use of these data. It can always be supplemented with more context dependent alternatives when doing so would be particularly useful.

No – 67%

- Distinguishing land usage aids in a greater understanding of land value, operating performance.
- G-PP&E land and stewardship land are acquired for two separate, distinct purposes.
- Land should be valued appropriate to what it does or the purpose it is used for.
- The government uses these two land types in completely different ways and having separate buckets is entirely appropriate.
- Current reporting of SL provides of these lands in trust. A “land-is-land” policy violates the qualitative criteria of balance sheet information.

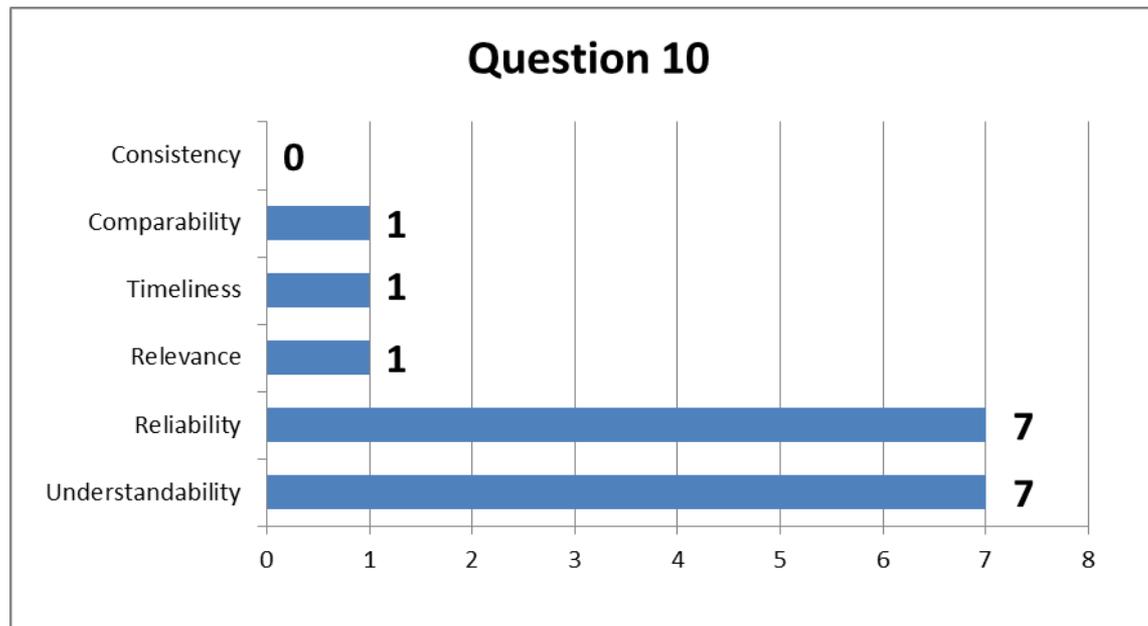
Homework Results

User Needs and Preparer Burden

Maslow's Hierarchy of Needs



**10. Which qualitative characteristic do you think users believe is most important to them?
a. Understandability, b. Reliability, c. Relevance, d. Timeliness, e. Consistency, f. Comparability**



Q11. Please rank the qualitative characteristics in order of most importance to you? (1 = most important, 6 = least important)

<u>Characteristic</u>	<u>Ranking</u>	<u>Average Score</u>
Reliability	Rank 1	1.813
Understandability	Rank 2	2.625
Consistency	Rank 3	3.063
Relevance	Rank 4	3.529
Timeliness	Rank 5	4.625
Comparability	Rank 6	4.867

Q11. Your Comments

Please rank the qualitative characteristics in order of most importance to you? (1 = most important, 6 = least important)

- The attribute of reliability is the primary expectation of users for most outcomes from our financial management systems. For review, data / information is reliable if it's accurate and faithfully represents what it says it does; this implies the outcome can be re-performed by an independent party.
- Understandability and reliability are the two most important qualitative characteristics.

Q12. What constraints other than system integration issues do you believe federal preparers have to deal with that affects their ability to prepare financial statements? (Select up to 4 only and rank by 1 = most impactful, 4 = least impactful but still a problem)

a. Insufficient staff/resources, b. Lack of adequate supervisors in-place, c. Unrealistic timeframes/deadlines, d. Inadequately trained staff, e. Lack of experienced staff, f. Lack of senior level management support, g. Requirements overload, h. Continually shifting priorities, i. Other: EXPLAIN

<u>Constraints</u>	<u>Ranking</u>	
Inadequately trained staff	Rank 1	
Lack of experienced staff	Rank 2	Tie
Requirements overload	Rank 2	Tie
Continually shifting priorities	Rank 3	
Lack of senior level management support	Rank 4	

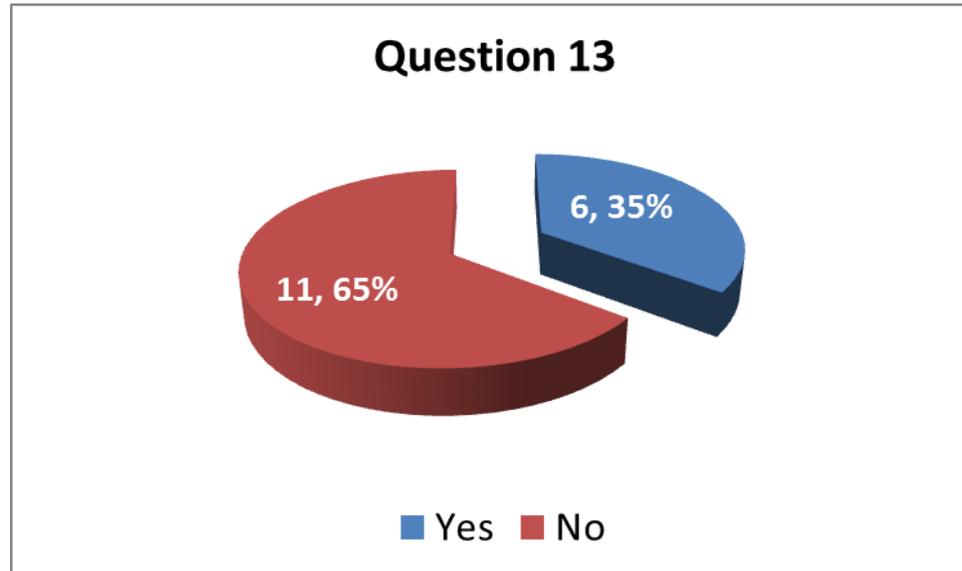
Q12. Your Comments

What constraints other than system integration issues do you believe federal preparers have to deal with that affects their ability to prepare financial statements?

a. Insufficient staff/resources, b. Lack of adequate supervisors in-place, c. Unrealistic timeframes/deadlines, d. Inadequately trained staff, e. Lack of experienced staff, f. Lack of senior level management support, g. Requirements overload, h. Continually shifting priorities, i. Other: EXPLAIN

- Irrelevance to Mission. The preparers are not the people on the ground that have to implement the multitude of requirements and reporting standards. This falls to a very limited staff at local levels to which FASAB requirements have absolutely no bearing on accomplishing their mission.
- The Federal Government does not employ enough experienced staff (e.g., real estate professionals and appraisers) to evaluate all land through the Federal Government. This effort would be expensive with minimal benefit.

Q13. Should financial reporting be limited to information that an agency uses to manage by?



Q13. Your Comments

Should financial reporting be limited to information that an agency uses to manage by?

YES – 35%

- Operational needs should come first.
- For information to be relevant and reliable, the information must pertain to what the agency manages by.
- We cannot report on data elements we do not use to manage our resources.
- I would say that in an ideal world, yes, financial reporting should be limited to information that agencies use to manage by. It would significantly reduce the burden. The current state of federal financial reporting does not and will not allow for that; this is a pipe dream, unfortunately.

NO - 65%

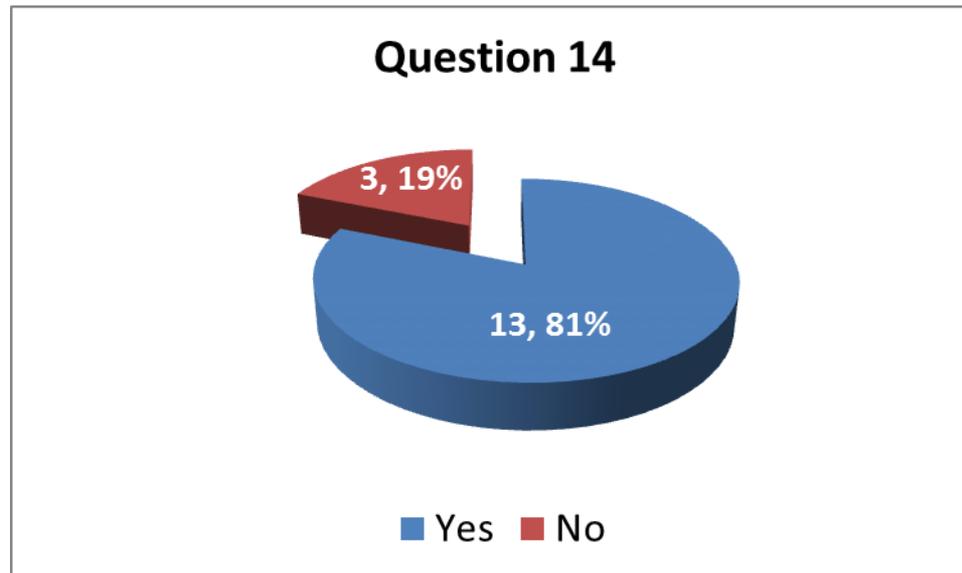
- Users have different data priorities.
- If there is a certain data-element in demand, it should be provided to users.
- I believe that there are certain, basic data which are of public interest, and that these data should be reported by public agencies even if those agencies do not utilize them for their own management purposes.
- Ignoring non-agency user needs will, over the long-term isolate the meaningfulness of the financial data/reporting in the larger frame of analysis.
- Balance needs to be achieved between user's weighed against cost/benefit to all user's, not a single user(group).
- GSA's Real Property Inventory is missing significant usable information.

Homework Results

Data Reliability and Integrity



Q14. In your opinion, would users of financial information be “short-changed” if all the qualitative characteristics are substantially met except for reliability?



Q14. Your Comments

In your opinion, would users of financial information be “short-changed” if all the qualitative characteristics are substantially met except for reliability?

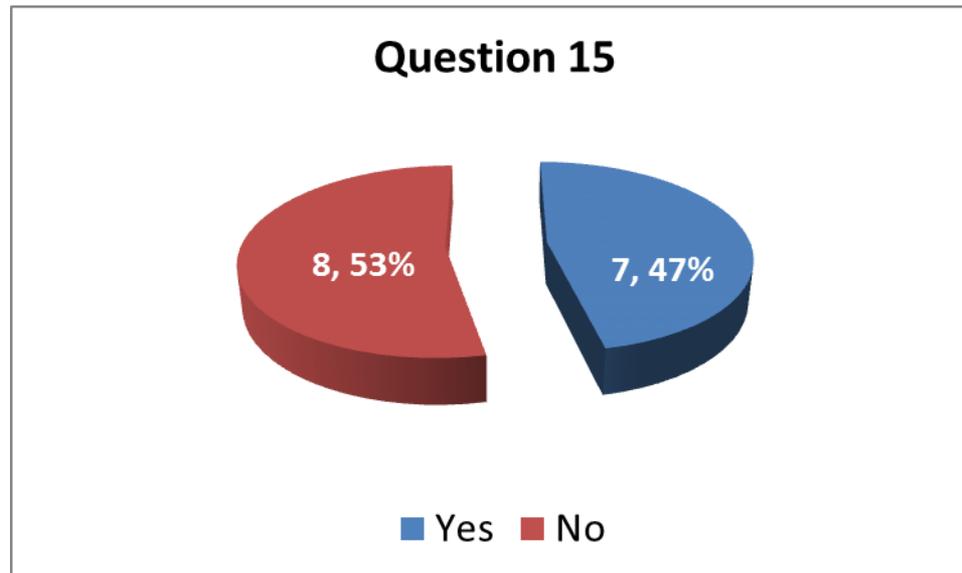
YES - 81%

- Accurate, reliable data is the foundation for all reporting.
- It is difficult for users to base analyses or decisions upon data which is not considered reliable.
- Less data which is reliable far exceeds mountains of data that has circumspect reliability
- Reliability and consistency in information are the cornerstones to understanding information across organizations and across financial reporting periods.

NO – 19%

- If I had to make an assumption, not only would they not feel slighted but they probably don't even use the reports.
- Long term meeting the reliability standard is desirable. But the effort has to start somewhere. It would be better to see material progress on some elements than to complain if everything is not done tomorrow. Sensus "the best is the enemy of the good".
- Estimates made at the time a piece of property is purchased are outdated fairly quickly. Additionally, in cases where land is gifted to the government formal estimates add unnecessary cost and provide only marginally better accuracy.

Q15. In your opinion, is information that management uses to manage its land portfolios reliable for financial reporting?



Q15. Your Comments

In your opinion, is information that management uses to manage its land portfolios reliable for financial reporting?

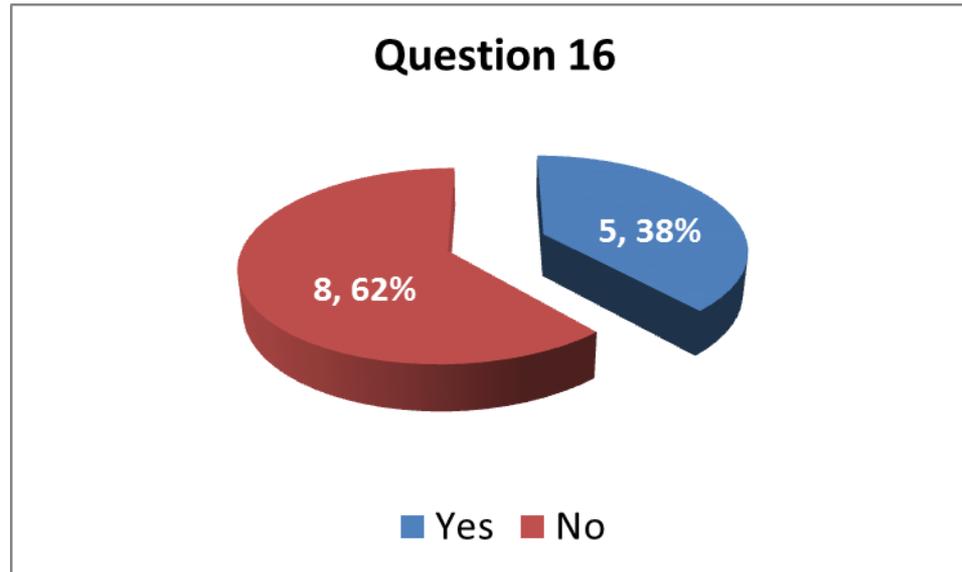
YES – 47%

- Management information is reliable enough to withstand legal actions.
- The taskforce should explore exactly what the user-needs are, what decisions are being made with the information currently being provided and what decisions cannot be made based on information that is currently unavailable.
- In cases where land is gifted to the government formal estimates add unnecessary cost and provide only marginally better accuracy.
- Our agency Internal Audits have not raised issues with land portfolios.
- My response is that management information might be reliable for financial reporting. However, a potential standard should require the reporting of land in a manner that is most useful to the primary users

No - 53%

- Too inconsistent.
- GAO noted that data elements were inconsistent across agencies and less than half of the data elements stored in a primary agency data system were deemed reliable. We can do better.
- I have seen agencies and managers utilize biases in methods which champion specific budgetary or programmatic agendas.
- The functional business lines that make decisions on the need to 'acquire' land in our agency are focused on the mission needs and may or may not consider the financial statement implications of the acquisitions or disposals of land.
- At a minimum, all agencies need to determine how much land they have in order to properly manage it.

Q16. In your opinion, do you think information related to land must be (fully) audited?



Q16. Your Comments

In your opinion, do you think information related to land must be (fully) audited?

YES - 38%

- One purpose would be for inventory purposes. With a history of land acquisitions, disposals, trades, reallocations, and reclassifications over the past 240 years, there needs to be an occasional “physical inventory” of sorts, from which to start with. Remember, this area is somewhat unique in that we are dealing with a tangible asset class.
- I would agree that much of the land information is questionable in most sets of books. Our task is to find a way to value land that is reliable, consistent, and understandable.

No – 62%

- Include information in RSI.
- We believe that information such as acres being reflected in the footnotes should still require the agency to assert to E&C and R&O for those acres.
- Land information is better presented as non-financial information; supports the unique aspect of the federal reporting environment.
- The financials should not be a one stop shop for all agency information.
- I have mixed views on this topic. I am somewhat open to certain qualitative data elements being in audit-friendly sections of the report, if we can still ensure consistency and comparability of data across agencies.

User Needs



Focus Group Results

External Users need to:

- Understand the relationship among
 - budgetary information
 - cost information
 - performance information

Filling the Land “need”:

- Should MD&A tie this information together?
- Should and can we identify costs to land management?
- Should and can we use agency performance metrics?
- What ideas do you have to help address this need?

Focus Group Results

External Users need to:

- Determine whether the government's financial condition improved or deteriorated
 - what measure(s) should be considered

Filling the Land “need”:

- Does reporting land value affect this assessment?
- Does the value we assign to land make a difference?
- Are revenues from land adequately identified and fairly presented?
- What ideas do you have to help address this need?

Focus Group Results

External Users need to:

- **Understand component reporting**
 - budgetary terms and concepts unique to federal government
 - how the financial statements relate to the government-wide financial statements

Filling the Land “need”:

- Should the CFR take a different approach than agencies when reporting land?
- Does budgeting in any way obscure the financial reporting of costs or agency performance?
- What ideas do you have to help address this need?

Focus Group Results

External Users need to:

Understand the relationship between

- information required by GAAP (*required information*) and
- other information
 - presented voluntarily
 - presented to comply with legislation or administrative directives

Filling the Land “need”:

- Do we recommend a “single-bin” approach?
 - For example, moving all land reporting information into basic, RSI, or OAI.
- If not, how do we ensure that a “thread” exists?
 - For example, do we amend or supplement the MD&A or RSI standards?
- What ideas do you have to help address this need?

Congressional Interest

Three broad areas:

- (1) **Identification of federal land** and the resources managed by agencies,
- (2) **Revenues** generated from selected activities on federal land, and
- (3) Federal land subject to selected **land use designations**.

Contact and Website Information

- General inquiries can be directed to fasab@fasab.gov
- Phone: 202 512-7350
- www.FASAB.gov
 - Listserv
 - Exposure Drafts
 - Active Projects
- I can be reached at savinid@fasab.gov or 202 512-6841





Accounting and Reporting of Government Land

Homework # 2 Results, SFFAC 1 Survey Results, and Scenario
Analysis

FASAB Land Task Force

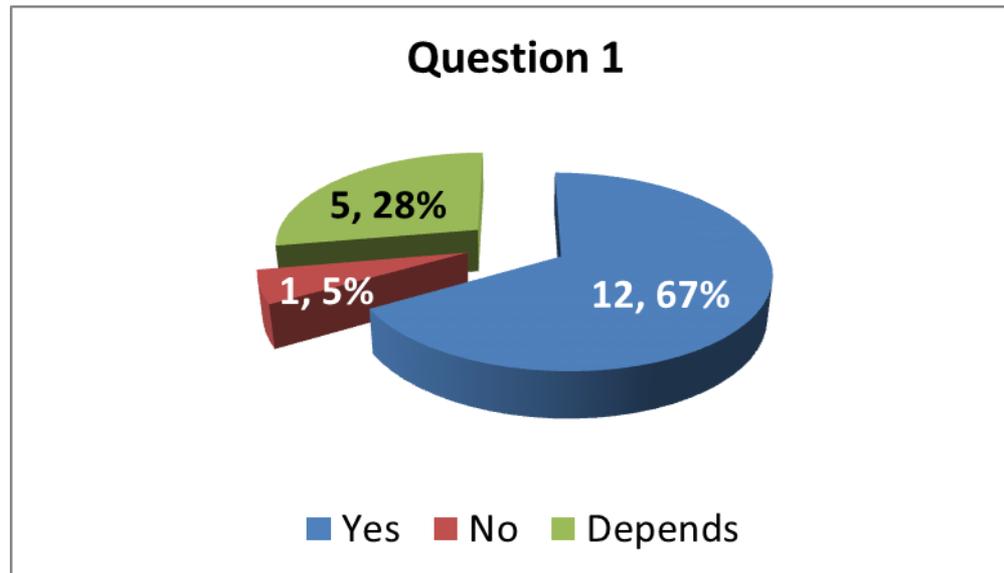
11 August 2016



Home Work Assignment # 2 Results

*Your views concerning:
Stewardship, Land Use, Land's Natural State,
and Tribal Land held in Trust*

Q1. Do you believe that non-financial information concerning land can provide accountability of government land resources to the Public?



Q1. Your Comments

Do you believe that non-financial information concerning land can provide accountability of government land resources to the Public?

YES

- Without non-financial information, users are not able to put the financial information into context.
- The purpose and use of the land should determine the amount and type of information required to achieve accountability. It should not be an either/or decision to use non-financial information or financial information.
- There needs to be discipline around the development and auditing of non-financial information. The non-financial information could be part of the basic financial statements but it may fit better into required supplementary information (RSI).
- Reporting non-financial information on land ensures meeting the qualitative characteristics of financial reporting outlined in SFFAC 1.

No

- In my opinion, stewardship is the responsibility in professional and administrative administration regarding the procurement, disposition and administration of all assets in use in place by the government regardless if classified as real, personal, heritage, military, or intangible assets. Know what you have, where it is located and what it is worth is all part and parcel of asset management, i.e., stewardship and is an inherent responsibility of our government including the financial reporting (cost/value) of each government owned property asset classification.

Q1. Your Comments

Do you believe that non-financial information concerning land can provide accountability of government land resources to the Public?

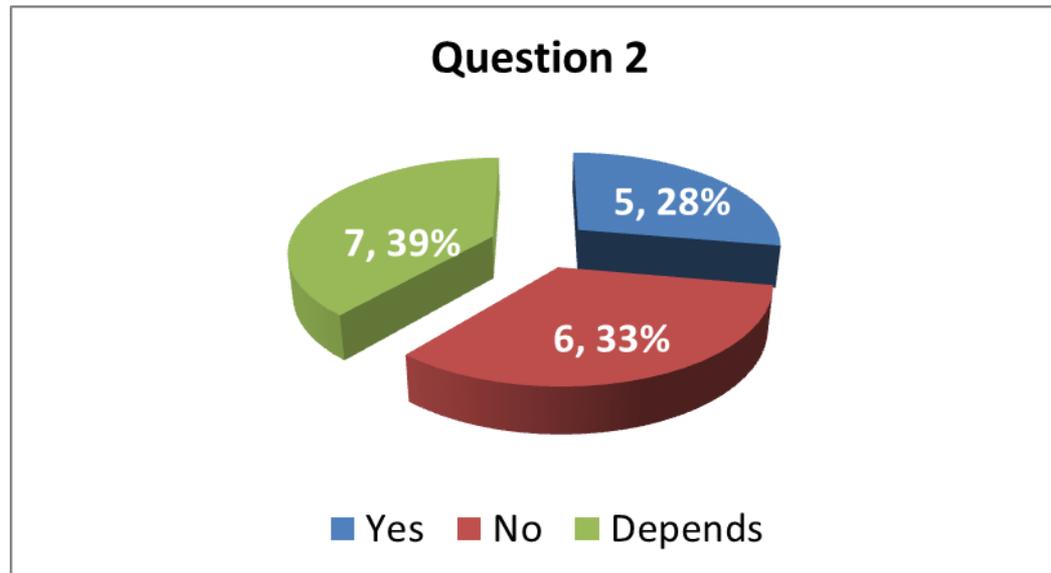
DEPENDS

- DEPENDS - I am open to 'other than cost on the balance sheet' options. The most predominant non-financial information would be number of acres.
- DEPENDS - Whatever this task force does, it needs to come up with a total accounting of all land. In looking at agency "XYZ's" financials, it is impossible to determine:
 - 1) how much land they have
 - 2) how much land is on the balance sheet and how much is stewardship land.

DEPENDS

- DEPENDS - The non-financial information (NFI) describing the stewardship land would be subjective based on the agency preparing the data. There would need to be a standard of NFI data reported that would translate across agency boundaries.
- DEPENDS - Even though non-financial information concerning stewardship land can provide stewardship and accountability, its stewardship and accountability should not be lost by reporting merely as "Supplemental." non-financial information.

Q2. Do you believe that non-financial information concerning land can stand-alone in meeting the stewardship objective without needing accompanying financial information such as land valuation?



Q2. Your Comments

Do you believe that non-financial information concerning land can stand-alone in meeting the stewardship objective without needing accompanying financial information such as land valuation?

YES

- Provided context is supplied and liabilities are known.
- NFI concerning land could stand alone if it is treated as basic information or RSI.
- Land valuations have questionable value for SL's that legislation requires agencies to hold in perpetuity for the benefit of present/future generations.
- To the public, the appraised value of say, Yellowstone National Park, Mount Rushmore, etc., means very little; the appraised value in no way reflects their cultural importance to the public.
- This is radical from an accounting perspective but we do need something concrete to take cost's place though; narrative is not sufficient.

No

- Financial statements should reflect accountability from the perspective of what types of assets we have, and how much was paid for them, liabilities associated with them (i.e. environmental), ongoing spending to maintain them, revenues earned.
- It would be impossible to meet the stewardship land reporting requirements based upon non-financial information alone.

Q2. Your Comments

Do you believe that non-financial information concerning land can stand-alone in meeting the stewardship objective without needing accompanying financial information such as land valuation?

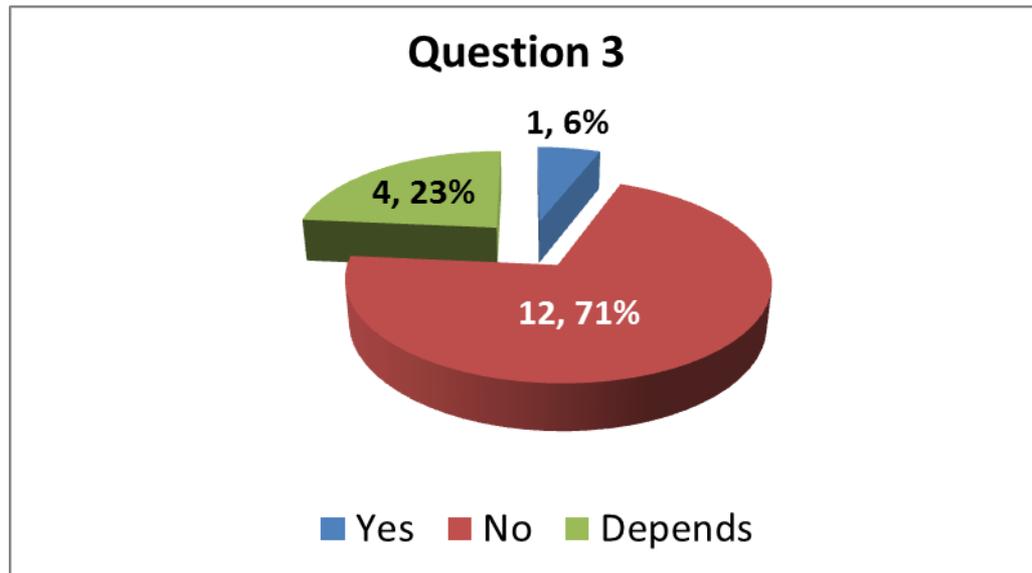
DEPENDS

- DEPENDS - can be done but is demanding and turning to non-financial data as a labor saving possibility may be a mistake. The key data resource is an accessible database of parcel boundaries - probably best provided as a shape file for ArcGIS. connecting FMV estimates for any new acquisitions or parcels being sold to these spatial data resources on parcel boundaries - would provide the gold standard for reporting.
- DEPENDS - on the amount of detail and clarity of the information.

DEPENDS

- DEPENDS - when dealing with multiple use land management agencies, there may be more than one use occurring on the same parcel of land. The associated question would be, if we use the NFI, would it be for the unit as a whole or for individual parcels?
- DEPENDS - for land reported as part of general PP&E, both financial and non-financial information is critical in meeting the stewardship objective. But for stewardship land, non-financial information without the valuation of the land can achieve the stewardship objective as it is reported in terms of the number of units, and other non-financial characteristics.

Q3. Do you believe that providing acreage information alone (i.e., total number of acres) – without regard to either its use (e.g., military readiness and training, oil, coal and gas development, etc.) or land’s natural state (e.g., mountains, lakes, rivers/streams, forests, etc.) is sufficient to meet the stewardship objective?



Q3. Your Comments

Do you believe that providing acreage information alone (i.e., total number of acres) – without regard to either its use (e.g., military readiness and training, oil, coal and gas development, etc.) or land's natural state (e.g., mountains, lakes, rivers/streams, forests, etc.) is sufficient to meet the stewardship objective?

YES

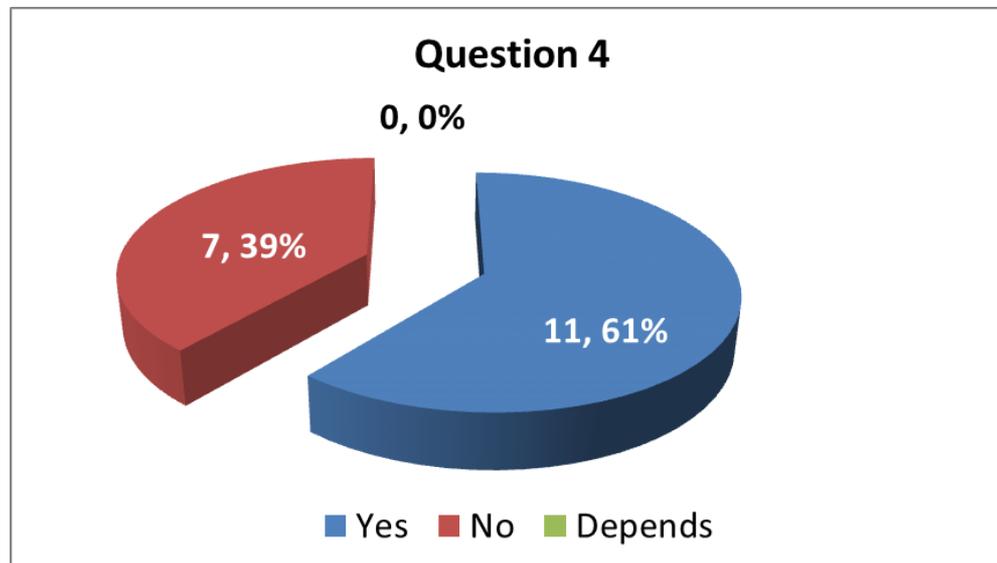
- There are other ways to report non-financial land information including by primary agency unit managing the land.
- DEPENDS - In most cases the detail is in the organization already and if it isn't then we have a finding from an audit standpoint.
- DEPENDS - Acreage AND FMV AND some basic location (county?) information would. In sciences we draw the distinction between land cover from land use. Also in the sciences we would avoid scoring the "land's natural state" - that sort of approach often breaks down because land cover changes through time.

NO

- The use of the land is a fairly critical element used in determining funding that is provided for that land.
- Showing only acreages would not provide information about whether the National Park Service has increased the number of national parks, for example. Similarly, acreage would not enable a user to determine if the Forest Service has increased its recreation facilities or its livestock grazing areas.
- We believe that providing acreage information along with appropriate land use categories would help to meet to the steward objective.

Q4. Do you believe this list is comprehensive enough for us to begin analyzing as a group?

<u>Potential Primary Agency Land-Use Categories</u>		<u>BLM</u>	<u>FS</u>	<u>FWS</u>	<u>NPS</u>	<u>DOD</u>
1	Conservation (Land, Rivers, Plants, or Animals)	X	X	X		
2	Endangered Species, Critical Environment	X				
3	Land Disposal	X				
4	Livestock Grazing and Herd Management	X	X			
5	Military Readiness and Training					X
6	Mining	X				
7	National Forests, Reserves, Preserves, Refuges	X	X	X	X	
8	National Parks, Monuments, Cemeteries, etc.	X	X	X	X	
9	Oil, Coal and Gas Development	X				
10	Preservation (Nature, Culture, Historic, etc.)		X		X	
11	Recreation	X	X	X	X	
12	Timber Cutting/Harvesting	X	X	X		
13	Timber Preservation		X			
14	Watershed and Water Resources	X				
15	Wildlife and Fish Habitat, Waterfowl	X	X	X		



Q4. Your Comments

Do you believe this list is comprehensive enough for us to begin analyzing as a group?

YES

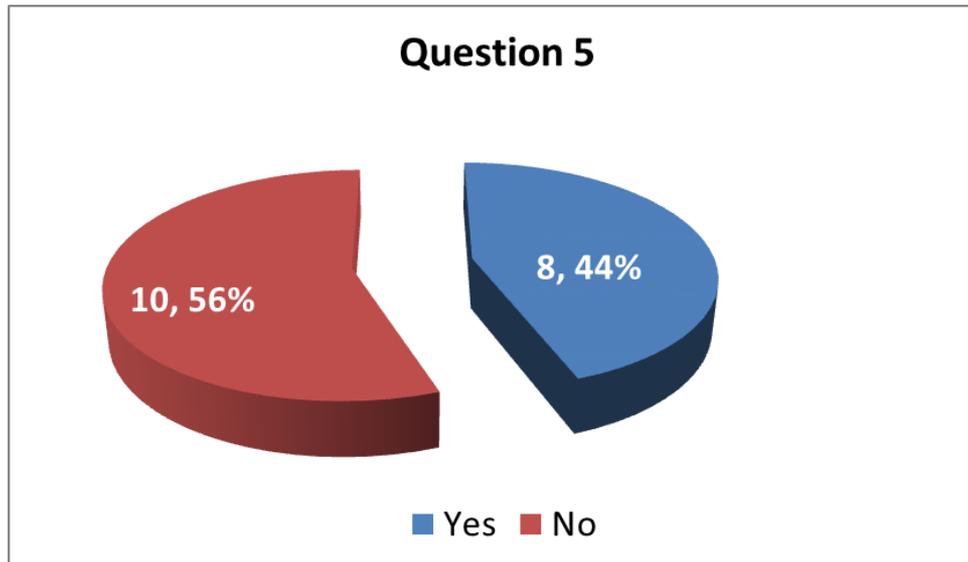
- The GAO's 57 categories feel overly detailed.
- We would narrow down the list because, Numbers 1 (*Conservation*), 2 (*Endangered Species, Critical environment*), and 15 (*Wildlife and Fish habitat, Waterfowl*) are similar in purpose.
- Endangered species and watersheds are also important factors in our decisions on land use.

No

- Some of those participating in the FRPP effort believe that some federal agencies did not take this seriously and ergo, results lack in completeness and supportability.
- Use existing Agency-specific unit categories for land.
- The 25 FRPP designations should be used.
- Where do we report land used for scientific research, nuclear programs, manufacturing sites, and commercial activities?
- Easements/rights-of-way should be outside the scope of financial reporting because the Government does not own the full fee-simple interest.

Q5. Do you think we should try to narrow this listing down to say 5 or 6 categories?

<u>Potential Primary Agency Land-Use Categories</u>		<u>BLM</u>	<u>FS</u>	<u>FWS</u>	<u>NPS</u>	<u>DOD</u>
1	Conservation (Land, Rivers, Plants, or Animals)	X	X	X		
2	Endangered Species, Critical Environment	X				
3	Land Disposal	X				
4	Livestock Grazing and Herd Management	X	X			
5	Military Readiness and Training					X
6	Mining	X				
7	National Forests, Reserves, Preserves, Refuges	X	X	X	X	
8	National Parks, Monuments, Cemeteries, etc.	X	X	X	X	
9	Oil, Coal and Gas Development	X				
10	Preservation (Nature, Culture, Historic, etc.)		X		X	
11	Recreation	X	X	X	X	
12	Timber Cutting/Harvesting	X	X	X		
13	Timber Preservation		X			
14	Watershed and Water Resources	X				
15	Wildlife and Fish Habitat, Waterfowl	X	X	X		



Q5. Your Comments

Do you think we should try to narrow this listing down to say 5 or 6 categories?

YES

- Overlap could be eliminated.
- It makes the most sense to use existing Agency unit categories, as they reflect land management and are generally understood by the public (national parks, national wildlife refuges, national fish hatcheries, etc.).
- The preparer should have the option to determine its reporting categories.
- Do users really care about preservation vs. conservation vs. endangered species land? They would care about distinctions such as Timber Preservation vs. Timber Cutting because the difference is stark in how the land can be used and its commercial values.

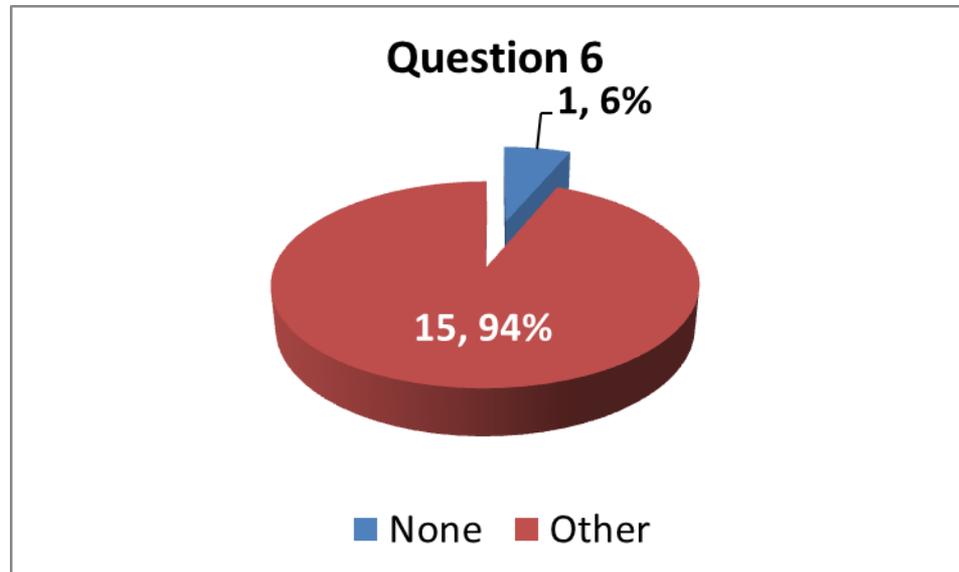
No

- Merge some of the categories but I wouldn't set an a priori target though because I fear 5-6 categories might be too much of a stretch/involve too much uncomfortable lumping.
- If anything, this list needs to be expanded to accommodate each Agency's land use; the proposed 15 land use designations are not comprehensive enough.
- Suggest narrowing down the because, Numbers 1 (*Conservation*), 2 (*Endangered Species, Critical environment*), and 15 (*Wildlife and Fish habitat, Waterfowl*) are similar. Numbers 3 (*Land disposal*), 6 (*Mining*), 9 (*Oil, Coal, etc.*), and 12 (*Timber cutting/Harvesting*) are temporary and more descriptive of a use than a management objective.

Q6. What categories seem to make the most sense to you for reporting purposes?

General Comments:

- I don't necessarily think that we have to narrow the list down to 5 or 6 by eliminating others. I think they can be consolidated based on similarities.
- Financial reporting of real property should align with the FRPP and use the 25 land use categories available in the FRPP.
- Q4 related comment: Where do we report land used for scientific research, nuclear programs, manufacturing sites, and commercial activities?
- Q4 related comment: Use existing Agency-specific unit categories for land.



Q6. Your Comments

What categories seem to make the most sense to you for reporting purposes?

Top 4 most common categories:

1. Conservation (6/7)
2. Military/Defense (6/7)
3. Preservation/Protected lands: endangered species/ fauna/ flora (5/7)
4. Land Conveyed or Disposed (e.g., leased, shared, joint-use by other agencies): (3/7)

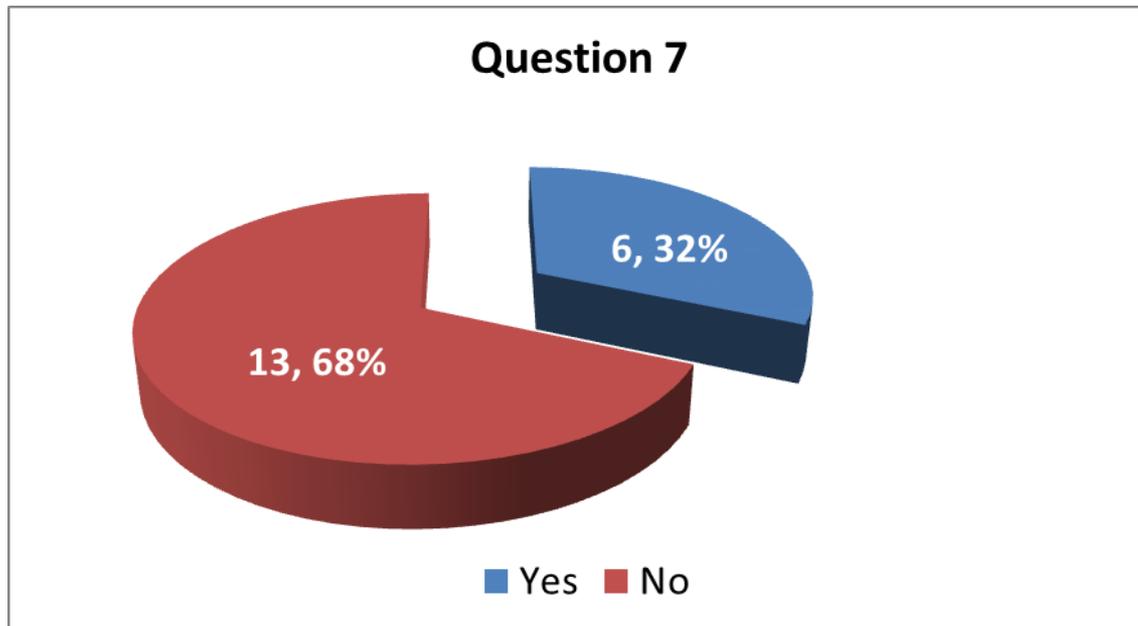
Next most common categories were:

5. Revenue related: Mining, Oil and Gas, Livestock, Commercial (4/7)
6. Recreation (3/7)
7. National Forests/Parks (3/7)

Staff Notes:

- 2 agencies suggest using agency specific categories
- 1 agency suggests using FRPP categories
- 1 TF member suggests 3 broad categories for reporting NFI (e.g., acres):
 1. Conservation/Preservation/Recreation
 2. Mission such as Military
 3. Revenue

Q7. In your opinion, does {reporting land by its natural state} warrant our time to explore as a group?



Q7. Your Comments

In your opinion, does {reporting land by its natural state} warrant our time to explore as a group?

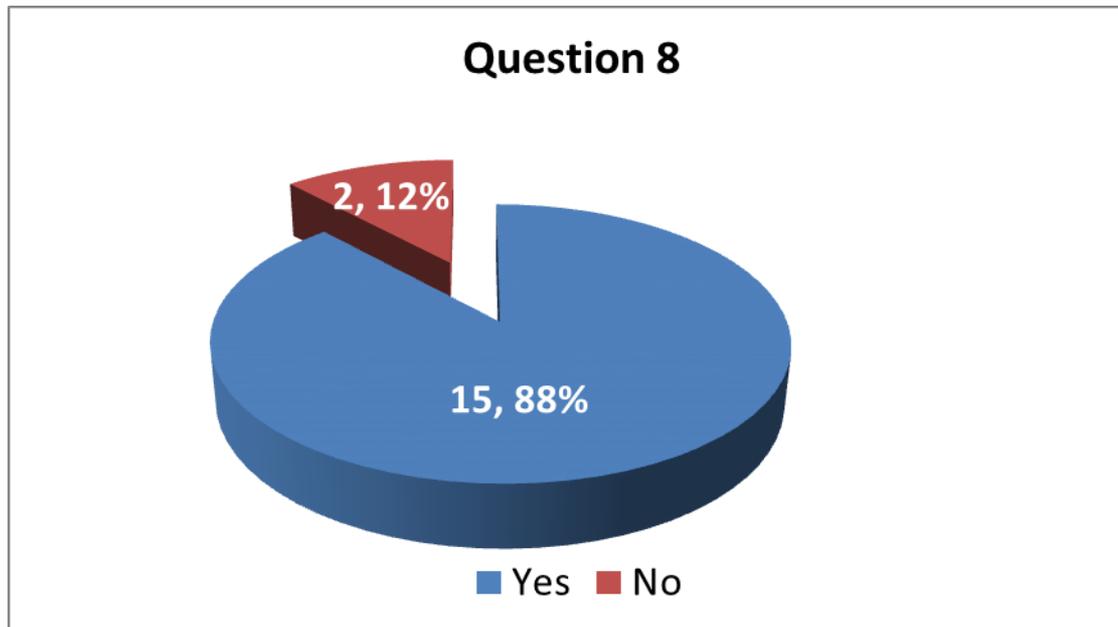
YES

- If all your land is on a mountain it may not be useable or might effect the value.
- I think every possible approach should be considered, reducing the potential for biases and ensuring that we are evaluating all potential scenarios.
- {Natural state information is important}....Based on the fact that (however unlikely or remote) there is the possibility that at some point the Government will swap the asset; lease the asset; or otherwise engage the asset in a transaction in which a representative value of some type will need to be placed on the asset.

No

- I think predominant use is the best way. More meaningful to all.
- Such information could be useful, but should be at the discretion of agencies for MD&A discussion.
- Land's natural state by itself does not provide much useful information. It possibly could be included as additional non-financial information.
- DOI does not track acres of mountains, lakes, forests, rivers and streams, etc., nor does DOI track acres in their natural state or acres requiring restoration.
- Reporting Land's Physical or Natural State does not contribute to accountability for land.

Q8. In your opinion, given what we now know and subject to hearing from other native-American representatives and/or experts, do you believe that these lands should be separately identified for reporting purposes?



Q8. Your Comments

In your opinion, given what we now know and subject to hearing from other native-American representatives and/or experts, do you believe that these lands should be separately identified for reporting purposes?

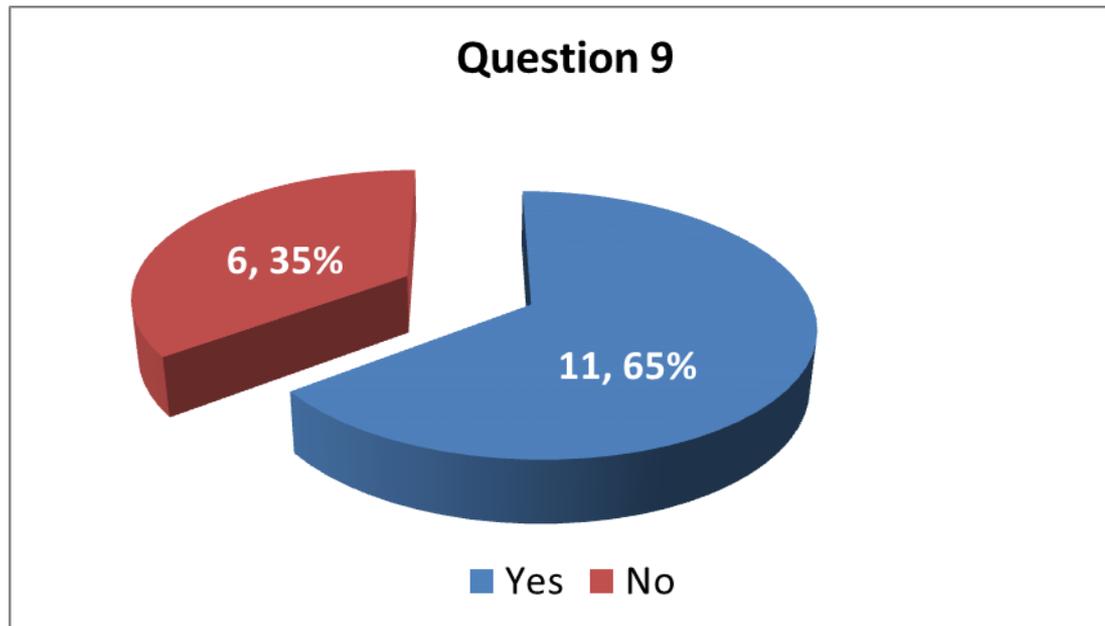
YES

- There should be a land held in trust category for tribal land.
- These lands are separately reported in the Fiduciary footnote and as such, should not be identified with other Federal lands.
- I believe this is something that has already been determined in standard 31.
- Land held in trust restricts the potential for land use and impacts value.
- The lands are sovereign to tribes and should be respected. It's important to report Tribal land if only to show how little of their former land holdings Tribes actually own or control.
- Separately identifying these lands is consistent with the exception to FRPP reporting for Indian trust lands.

No

- No, they really fall under GASB rather than FASAB, thus I see no reason to do so.
- The use should just be categorized.

Q9. In your opinion, given what we now know and subject to hearing from other native-American representatives and/or experts, do you believe that these lands should be excluded from measurement and recognition; that is, not valued?



Q9. Your Comments

In your opinion, given what we now know and subject to hearing from other native-American representatives and/or experts, do you believe that these lands should be excluded from measurement and recognition; that is, not valued?

YES

- Should be shown as protected (fiduciary land).
- I don't think that a value should be associated with them. But non-financial information should still be presented, especially if we spend Federal dollars on maintenance and care of the land.
- Since it is being returned to the original owner it does not need a value.
- These lands are held in trust and should be excluded and non-valued by definitions in SFFAS 31.
- Native American lands held in trust should be identified and disclosed for predominant use (Reservation) and Amount (Acreage). We see no practical way to assign a dollar value to such lands.

No

- Although I advocate a trust, these lands should still be accorded the same treatment from an assessment standpoint as all other Federal lands.
- Entities should be required to prospectively capitalize the cost of any land purchases regardless of whether land is to be used as SL or for G-PP&E. Doing so eliminates the ability of a reporting entity to avoid accountability in the balance sheet by asserting that a land acquisition represents SL.
- They should be valued and doing so with show how other federal lands are treated and managed.
- Isn't this information of interest to both the general public and the Native American entities?



SFFAC 1 Survey Results

Your views concerning:

FASAB's 4 financial reporting objectives as contained in SFFAC #1, Objectives of Federal Financial Reporting.

Some Ground Rules

SFFAC 1 Objectives of Federal Financial Reporting

Uncle Sam is the **BOSS!!**

- **B**udgetary integrity
 - support of budget process; linking accounting and budgeting
- **O**perating performance
 - more meaningful data; cost/benefit and performance data
- **S**tewardship
 - improved accountability of resources
- **S**ystems and Control
 - cost effective systems and controls



SFFAC 1 Survey Results

	Weighted Ranking	Respondent #1DJ	Respondent #2VS	Respondent #3CT	Respondent #4CB	Respondent #5DA	Respondent #6MK
1. Budgetary integrity	2.833	1	4	4	4	3	1
2. Operating performance	1.833	2	2	2	1	2	2
3. Stewardship	2.167	3	1	3	2	1	3
4. Systems and Control	3.000	4	3	1	3	3	4

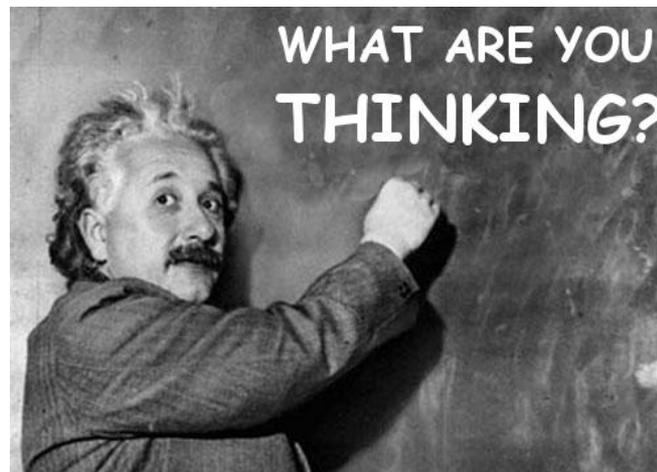
- Racked and Stacked:

There is a large break between 2 and 3 possibly noting that OP and S are significantly more important regarding accounting for land.

	Weighted Ranking
1. Operating performance	1.833
2. Stewardship	2.167
3. Budgetary integrity	2.833
4. Systems and Control	3.000

SFFAC 1 Survey Results

- Operating Performance topped the list and Systems/Controls pulled up the rear
- Budgetary Integrity and Stewardship each received 2 first place votes, however:
 - Budgetary Integrity also received the most last place votes.
- **Think:** How do these objectives and especially how we feel about them influence the reporting of land?





Scenario Analysis

Your views and comments are requested on the following 6 scenarios which are in essence variations of 3 themes – Status Quo, Uniform Accounting and Token value.

Scenario Analysis

Ground Rules

All scenarios are to be considered draft-only and are proffered to stimulate task force discussion with the goal of sharing our results with the Board.

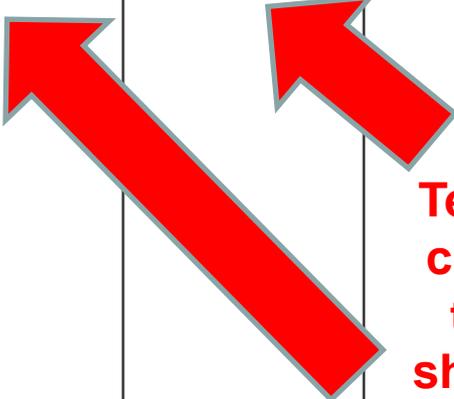
- To avoid *a la carte* ordering confusion, please first review each scenario as stand-alone; don't mix and match yet, if at all. Using the MsExcel worksheet, look at each scenario as an absolute and:
 1. Identify benefits and drawbacks.
 2. Identify cost versus benefit considerations/implications.
- After you do items 1 & 2 above, then identify any other scenario you feel should be considered and analyzed by the Task Force. Feel free to now mix and match.
- **Email MsExcel worksheet with your results NLT: 26 August**

3 Themes and 6 Different Scenarios

1. Status Quo: Do Nothing
2. Status Quo with 2 additions:
 - Held-for-disposal valuation and Disclosure of non-financial information.
3. Uniform accounting “Land-is-Land”:
 - All land is valued using one or several measurement attributes.
4. Uniform accounting “Land-is-Land”:
 - All land (GPP&E and SL) is NOT valued but Disclosure of non-financial information.
5. Token Value - SL Only: Require symbolic value.
6. Token Value - GPP&E and SL: Require symbolic value.

Status Quo Theme

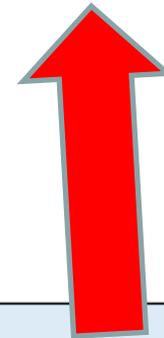
FASAB Land Accounting and Reporting Scenario Analysis					
No.	Proposed Scenario Summary	Proposed Scenario Details	Comparison of Benefits v. Drawbacks of Proposed Scenario		Cost-Benefit Comparison
			Benefits	Drawbacks	
1	Status Quo: Do Nothing	Keep SFFAS 29 and SFFAS 6 as-is. That is, SL will not be valued and G-PP&E will continue to be valued at acquisition/historical cost in accordance with existing guidance to include SFFAS 50 as appropriate.			
2	Status Quo with 2 additions: (1) Held-for-disposal valuation and (2) disclosure of non-financial information.	<p>1. Separately report and value land held for disposal and create "buckets" that would include land held for sale, transfer, lease, concession, etc.</p> <p>2. Determine if non-financial measures that should be reported by bucket and set minimum requirements (e.g., units [number of National Parks] and acreage).</p> <p>3. Require periodic evaluation of all land to determine its intended use (i.e. the "bucket" where the land should reside).</p> <p>4. Establish criteria for re-categorizing land among "buckets" and back to its "dormant" or original reporting not-for-disposal state.</p>			



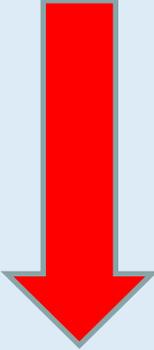
Tell us the pros (benefits) and cons (drawbacks) for each of the 6 scenarios. Try to use short bullets so I don't run the risk of paraphrasing and changing your intent.

Uniform Accounting Theme

FASAB Land Accounting and Reporting Scenario Analysis					
No.	Proposed Scenario Summary	Proposed Scenario Details	Comparison of Benefits v. Drawbacks of Proposed Scenario		Cost-Benefit Comparison
			Benefits	Drawbacks	
3	Uniform accounting "Land-is-Land": All land is valued using either one or several measurement attributes.	Amend SFFAS 29 to require balance sheet recognition and measurement of SL. Amend SFFAS 6 as appropriate to allow for alternate valuation such as value-in-use or fair value.			
4	Uniform accounting "Land-is-Land": All land (GPP&E and SL) is NOT valued but Disclosure of non-financial information.	Extend the SFFAS 50 Carve-out (Amend SFFAS 29 and SFFAS 6) and allow all entities to exclude land as per SFFAS 50; allowing an exclusion of land and land rights from balance sheets with disclosure of acreage information and expensing of future acquisitions.			<p>Tell us the costs and/or benefits you think each scenario incurs/experiences. Again, use bullets if at all possible to succinctly make your point. No tome narratives please.</p>



Token Value Theme

FASAB Land Accounting and Reporting Scenario Analysis					
No.	Proposed Scenario Summary	Proposed Scenario Details	Comparison of Benefits v. Drawbacks of Proposed Scenario		Cost-Benefit Comparison
			Benefits	Drawbacks	
5	Token Value: Stewardship Land Only: Require symbolic value.	(Amend SFFAS 29) apply a symbolic value and only disclosure of non-financial information.			<p>Once you complete analyzing scenario 6, please email me NLT 26 August 2016 so I can compile results.</p> <p>If you have another scenario you'd like to propose, create a new TAB and repeat the analysis.</p> <p>Thank you!</p>
6	Token Value: GPP&E and Stewardship Land: Require symbolic value.	(Amend SFFAS 6 and SFFAS 29) apply a symbolic value and only disclosure of non-financial information.			

Contact and Website Information

- General inquiries can be directed to fasab@fasab.gov
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- www.FASAB.gov
 - Listserv
 - Exposure Drafts
 - Active Projects
- I can be reached at savinid@fasab.gov or 202 512-6841

