



Federal Accounting Standards Advisory Board

August 10, 2018

Memorandum

To: Members of the Board

From: Domenic N. Savini, Assistant Director

Through: Wendy M. Payne, Executive Director

Subject: **Summaries of Comment Letters** – *Accounting and Reporting of Government Land*.¹ – **Tab C**

MEMBER ACTIONS REQUESTED:

Review exposure draft responses in TAB C-1 to identify areas requiring further staff analysis.

MEETING OBJECTIVE

The objective for this meeting is to (1) review the comment letters received on the *Accounting and Reporting of Government Land* exposure draft (Tab C, Attachment 1) and (2) identify areas requiring further staff analysis. To that end, staff requests that the Board respond to the following questions:

- a. Should a public hearing be scheduled?
- b. If not, are there individual respondents from whom you wish to seek clarification directly?

BRIEFING MATERIAL

Staff has summarized responses to each of the questions. The staff's summary is intended to support your consideration of the comments and not to substitute for reading the individual letters.

The staff summary consists of a brief background and summary of outreach efforts followed by tables identifying respondents by type and affiliation and lastly, responses by question.

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.

Comment letters are provided as Attachment 1 which includes a table of contents and identifies respondents in the order their responses were received. The comment letters appear as an attachment to facilitate compilation and pagination.

Staff also notes preparing the Tally of Responses and Quick Tables of Responses by Question was not as straight forward or as the Board might be accustomed to seeing because of the following reasons:

- Some respondents chose to remain neutral or address only portions of the ED
- Some respondents indicated agreement with the proposal but provided either a caveat or additional information for consideration (that may have been indicated as a reason for disagreement by another respondent)

As such, perceived correlations between questions should be carefully analyzed and considered in connection to the individual respondent's views.²

The 90-day comment period ended on July 30th. You will receive all responses but not all responses were received in time for inclusion in the staff analysis. The staff analysis includes letters 1 through 16 and excludes those received later. Attachment 1 provides 16 responses received through August 3. Any responses received after this meeting will be provided to you as soon as possible.

Lastly, Attachment 2 of the briefing materials includes the original Exposure Draft.

Thank you and I look forward to our meeting.

² Please note that staff's accompanying analysis relies on the explicit (Yeas or Nays) responses in the tally reports. For example, if a respondent partially agreed or noted exceptions to an otherwise yeas response, staff reported the reply as N/A; not readily discernible.

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Attachment 1 provides the full text of each of the comment letters in the order the responses were received and processed.

Attachment 2 provides the original Exposure Draft.

BACKGROUND

To ensure consistent accounting treatment and reporting for land holdings while considering user information needs, the Board is proposing to (1) reclassify general property, plant, and equipment (G-PP&E) land as a non-capitalized asset, (2) clarify the definition for the stewardship land (SL) category, (3) require the reporting of G-PP&E land and SL using three predominant use sub-categories: conservation and preservation land; operational land; and commercial use land, and (4) require consistent and comparable disclosures of information for land (that is, reporting estimated acres of land, physical quantity information, estimated acres of land held-for-disposal or exchange, and predominant land use).

The Board believes the proposed requirements address concerns that the Stewardship and Operating Performance reporting objectives and qualitative characteristics such as relevance and comparability are not being met. The proposed changes would require disclosure of relevant and comparable non-financial information in a manner that meets user needs while also considering preparer concerns.

SUMMARY OF OUTREACH EFFORTS

The ED was issued April 30th, 2018 with comments requested by July 30th, 2018. Upon release of the exposure draft, notices and press releases went to the following organizations:

- a) The Federal Register
- b) *FASAB News*
- c) *The Journal of Accountancy, AGA Today, the CPA Journal, Government Executive and the CPA Letter*
- d) The CFO Council, the Council of the Inspectors General on Integrity and Efficiency (CIGIE), the Financial Statement Audit Network; and members of both the Federal Real Property Council and Federal Facilities Council
- e) Committees of professional associations generally commenting on exposure drafts in the past

This broad announcement was followed by electronic mailings of the exposure draft to:

- a) Relevant congressional committees
 - a. Senate Energy and Natural Resources
 - b. House Natural Resources

A reminder notice was provided during the comment period.

RESULT

We received a total of 16 responses all of which are include at Attachment 1. Table 1.0 below summarizes responses by respondent type and Table 1.1 on the next page lists the federal agencies responding to the exposure draft.

Table 1.0 - Summary of Respondent Types to Exposure Draft

RESPONDENT TYPE	FEDERAL (Internal)	NON-FEDERAL (External)	TOTAL
Preparers and financial managers	11	-0-	11
Users, academics, others	-0-	3	3
Auditors	1	1	2
Total	12	4	16

Table 1.1 - Summary of Respondent Agencies

RESPONDENT AGENCIES	FEDERAL (# Respondent Letters)
Commerce	1
Defense	1
DHS	1
GSA	1
HHS	1
HUD	1
Interior	1
NASA	2
OGA	1
SSA	1
VA	1
Total	12

Table 2.0 – Tally of Responses by Question

Table 2.0 – Tally of Responses by Question³

Question Number	QUESTION	YES / AGREE	NO / DISAGREE or N/A	RATIONALE FOR “NO/DISAGREE”
1.	a. Do you agree or disagree with the Board’s proposal to reclassify G-PP&E land as a non-capitalized asset with no dollar amounts reported on the balance sheet and expense future acquisitions on the Statement of Net Cost? Please provide the rationale for your answer.	9, 56%	4, 25% 3, 19%	<p>Those who disagree with 1a. cite the following reasons:</p> <ol style="list-style-type: none"> 1. While most DOI bureaus agree that because land is not depreciated, it should not be capitalized. However, DOI bureaus are concerned that: (1) G-PP&E land is used to produce goods or services or to support the mission of the agency. It provides long-term benefits in support of the mission or producing goods or services that should be reflected over the years by capitalizing the costs, not expensing them in the year of acquisition. (2) Entities may have valid reasons to capitalize G-PP&E land. In particular, the Bureau of Reclamation is required to track costs of G-PP&E land for project repayment purposes. Project beneficiaries may question their repayment if the value of the acquired G-PP&E is not recorded in Reclamation’s accounting system. If this occurs, the Federal Government may not be repaid the full cost of the project. (3) Expensing G-PP&E land in the year of

³ The staff Tally and related Quick Tables are intended to support your consideration of the comments and not to substitute for a complete reading of the individual letters taken as a whole.

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1.	<p>(Continued)</p> <p>a. Do you agree or disagree with the Board’s proposal to reclassify G-PP&E land as a non-capitalized asset with no dollar amounts reported on the balance sheet and expense future acquisitions on the Statement of Net Cost? Please provide the rationale for your answer.</p>			<p>acquisition would distort true cost of that period. At disposal, recording the entire proceed as a gain distorts the true gain or loss for that year. This will cause big fluctuations causing comparability across the years to be lost. (4) Reclassifying G-PP&E as a non-capitalized asset does not meet the operating performance and stewardship objectives in SFFAC 1 (paragraph 14-16) because it will distort the entities’ service efforts, costs, accomplishments, efficiency and effectiveness, financial position, etc. This also distorts the use of resources, financial health of the Federal Government, entity accountability, etc. The proposed G-PP&E reporting requirements will make the operating effectiveness and uses of the resources less transparent. (5) The proposed granular level of reporting has never been required for GPP&E land, or for any other category of GPP&E. Many other “expensed” items do not appear on the balance sheet per threshold reporting and are exempted from detailed reporting. GPP&E land and land rights should receive the same treatment. If the argument is because capitalized land is being taken off the balance sheet that additional information is required, DOI would prefer that GPP&E land remain on the balance sheet, as the reporting requirements are far less intense</p>

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1.	<p>(Continued)</p> <p>a. Do you agree or disagree with the Board’s proposal to reclassify G-PP&E land as a non-capitalized asset with no dollar amounts reported on the balance sheet and expense future acquisitions on the Statement of Net Cost? Please provide the rationale for your answer.</p>			<p>and expensive to maintain. (R11)</p> <p>2. By abandoning historical cost as the reporting measure for land, FASAB would cause agency financial statements to be less reliable. This is contrary to the third objective listed above, namely help internal users of financial information improve the government’s management. (R2) (R15)</p> <p>3. The Board’s proposal appears to create multiple conflicts with concepts espoused in SFFAC’s. Particularly in reviewing SFFAC’s 1, 5, and 7, one would very likely reach the conclusion that land would be a component of assets recognized on a Balance Sheet. As part of issuing a new standard on land, it would be prudent for additional language to be added to these SFFAC’s to address nuances that land assets carry that led to the Board reaching the conclusion that such assets should not be recorded on a Balance Sheet as part of an entity’s financial position, and instead how and why related expenditures are fitting to be classified as expenses from operations. This ED does not provide such clarity. (R15)</p> <p>4. We do not believe a blanket exclusion of all federal land from the balance sheet is warranted. In those special cases where unique</p>

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1.	b. Do you agree or disagree that land information should be presented as basic information in the G-PP&E note disclosure? Please provide the rationale for your answer.	9, 56%	6, 38% 1, 6%	<p>performance measures to monitor results compared to results from non-Federal real property management metrics to improve Federal performance and efficiency in its operations. The Board’s proposal will likely create inconsistencies in the cost analysis and performance measures when comparing to non-Federal entities. (R15)</p> <p>*****</p> <p>Those who disagree with 1b. cite the following reasons:</p> <ol style="list-style-type: none"> 1. Disagree. Basic Information in the Agency Financial Report should relate directly to financial information, not PP&E holdings. Presenting land information as Basic Information will result in agencies spending significant and scarce resources to satisfy unnecessary audit scrutiny. This is in conflict with the direction provided in OMB Memorandum M-17-26, which states, in part, to "Coordinate with the Federal government's other central management offices and agencies to identify and reduce or eliminate burdensome, low-value compliance activities." Even when documentation for older acquisitions is available, it will be extraordinarily resource-intensive to compile. While existing deeds and

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1.	<p>(Continued)</p> <p>b. Do you agree or disagree that land information should be presented as basic information in the G-PP&E note disclosure? Please provide the rationale for your answer.</p>			<p>be first designated as required supplementary information and not moved to basic information until there is sufficient confidence in its reliability. (R2)</p> <p>3. What agencies call units of land, combined with the fact that for operating purposes, agencies can and frequently do adjust what is part of an operating unit, will make this data point not very comparable, consistent, reliable, meaningful, and therefore useful. (R2)</p> <p>4. The respondent does not agree estimated acres and physical unit count information should be basic information. That is, this information is not necessary for users to understand and evaluate the financial position or operating results of a reporting entity. (R15)</p> <p>5. Acres of land, if reported, should be reported as unaudited information. Any specificity regarding land such as acres will increase audit scrutiny and complexity as the audit community would be required to measure and confirm these disclosures. (R9)</p> <p>6. We believe that Required Supplementary Information (RSI) instead of basic information should be sufficient for General PP&E land and Stewardship Land note-disclosure. We also</p>

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2.	a. Do you agree or disagree with the Board’s proposed component reporting entity disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.	9, 56%	4, 25% 3, 19%	<p>Specific 2a. comments include:</p> <ol style="list-style-type: none"> Disagree with expanding the reporting requirements under SFFAS 29. Agencies have spent considerable resources to ensure compliance and auditability. Adding more data elements to the reporting requirements, including estimated acres, acres at the beginning of the period, acres added during the period, acres disposed of during the period, net acres transferred between G-PP&E, net acres transferred between the three sub-categories, acres at the end of the period, physical unit transfers between GPP&E land and Stewardship Land, physical unit transfers between sub-categories, acres held for disposal, land rights, description of land rights acquired, identification of land rights being either temporary or permanent, and amounts paid to maintain such rights, and multiplying the data elements by three for each of the sub-categories and have the elements fully audited if assigned to “basic”, is disclosure overload. (R11) Most agencies’ financial reporting systems are not designed to capture the new required information; therefore, they will be forced to

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2.	<p>(Continued)</p> <p>a. Do you agree or disagree with the Board’s proposed component reporting entity disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.</p>			<p>develop labor-intensive and error-prone manual workarounds. (R12)</p> <p>3. The concise statement explaining how land relates to the mission of the entity should be limited to the stewardship land and not be required for G-PP&E land. (R2)</p> <p>4. NFI, while useful information, should be presented as required supplementary information and not in the footnotes as basic information. As stated, when agencies do not have information that auditors can consider sufficiently reliable, they reduce the specificity of the information to less meaningful information. (R2)</p> <p>5. It is not clear in the language in the draft ED that all six disclosure requirements are required to be provided for each of three sub-categories. That would create requirements for up to 18 separate disclosures for both SL and/or GPP& E land (max of 36 if an entity has all three sub-categories in both SL and GPP& E Land. We would recommend the required disclosures be for G-PP&E Land or SL as a whole, and not per sub-category. (R15)</p> <p>6. The requirement to describe the entity's policies seems excessive. (R7)</p>

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2.	<p>(Continued)</p> <p>a. Do you agree or disagree with the Board’s proposed component reporting entity disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.</p>			<p>7. Physical quantity information needs further clarification; nomenclature for the above terms needs clarification. (R7)</p> <p>8. The requirement to describe the entity's land rights information needs clarification. (R7)</p> <p>9. It is not clear how DM&R applies to land. (R7) (R9) (R15)</p> <p>10. Due to environmental changes such as earthquakes, volcanos, and flooding, land may not remain stable from year to year. (R9)</p> <p align="center">*****</p>

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2.	b. Do you agree or disagree with the Board’s proposed government-wide financial statement disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.	9, 56%	5, 31% 2, 13%	<p>Specific 2b. comments include:</p> <ol style="list-style-type: none"> 1. Disagree. Suggest land information be presented as Other Supplementary Information and not as Basic Information for the same reasons cited in response to Question 1. In addition, deferred maintenance and repairs does not exist for land so this disclosure is irrelevant for land reporting. (R11) 2. HHS agrees with reporting the three predominant sub-categories; however, HHS has concerns about the requirement to report estimated acres of land because of the audit implications and cost of verifying the amount of land. Due to environmental changes such as earthquakes, volcanos, and flooding, land may not remain stable from year to year. (R9) 3. Disagree – The proposed information would be insightful to financial statement users. However, if one objective of the proposed changes is to reduce “preparer burden”, the new reporting requirements greatly increase “preparer burden.” For example, agencies will be required SL land

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2.	<p>(Continued)</p> <p>b. Do you agree or disagree with the Board’s proposed government-wide financial statement disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.</p>			<p>acreage between Conservation and Preservation and Commercial Use. Most agencies do not have financial reporting processes and infrastructure to support these new requirements. Because this information is dynamic, these new requirements would become an ongoing activity of the financial reporting cycle. As previously discussed, most agencies’ financial reporting systems are not designed to capture the new required information; therefore, they will be forced to develop labor-intensive and error-prone manual workarounds. (R12)</p> <p>4. We agree with the disclosure requirements displayed in the first two bullets of the amended SFFAS 32 paragraph 23.b, with general information about G-PP&E land. However, we do not agree that the information on counts of acreage should be a required as basic information in government-wide disclosure requirements, for the same reasons discussed above in our response to Q1.b. While we agree that information on the acreage of Federal land holding would be useful, we believe such information to be presented as either un-audited, or as Other Accompanying Information. (R15)</p> <p>5. The requirement to describe the entity's policies seems excessive. (R7)</p>

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2.	<p>(Continued)</p> <p>b. Do you agree or disagree with the Board’s proposed government-wide financial statement disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.</p>			<p>6. Physical quantity information needs further clarification; nomenclature for the above terms needs clarification. (R7)</p> <p>7. The requirement to describe the entity's land rights information needs clarification. (R7)</p> <p>8. It is not clear how DM&R applies to land. (R7) (R9) (R15)</p> <p align="center">*****</p>

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3.	Do you agree with retaining the G-PP&E land and SL categories? Please provide the rationale for your answer	14, 88%	1, 6% 1, 6%	<p>1. Both categories will be considered non-capital assets. Paragraph A22 of this ED expresses a concern that a single land category approach would change current measurement and recognition for SL. SL is currently reported as non-capital assets so there would be no change in the measurement and recognition of SL. Additionally, we do not understand why a distinction between G-P&E land and SL is important to a potential user or reader. (R6)</p> <p>*****</p>

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4.	Do you agree or disagree with the Board’s proposed G-PP&E land and permanent land rights definition and the related sub-category definitions? Please provide the rationale for your answer.	13, 81%	1, 6% 2, 13%	<p>Specific comments include:</p> <ol style="list-style-type: none"> Neither the proposed amendments to SFFAS 6 nor the existing language in SFFAS 6 make the connection between public land and stewardship land, noting that public domain land is included in the proposed definition of stewardship land in amendments to SFFAS 29 (paragraph 12). Furthermore, Footnote 29.1 (Page 56) provides an example of withdrawn land but does not specify it is stewardship land. In Paragraph 8d (Page 16) if a structure is a byproduct of the land, the acquisition is expensed. How do agencies record the disposal of the structure after the land is purchased? Recording the full amount of the land including the structure as an expense and then recording the entire sale of the structure as a gain distorts the true expense and gain/loss for the periods. This is misleading and distorts the operating effectiveness of the agency. Page 17 paragraph 40.f.i allows some entities to exclude temporary land rights from their opening balances. The argument for the new exposure draft is comparability and yet the guidance still allows some agencies to choose not to include, just disclose, temporary land rights. Page 18 e states the land rights information should include

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<p>4.</p>	<p>(Continued)</p> <p>Do you agree or disagree with the Board's proposed G-PP&E land and permanent land rights definition and the related sub-category definitions? Please provide the rationale for your answer.</p>			<p>whether rights are temporary or permanent. This is comparing apples to oranges. The current draft has temporary land rights reported on the balance sheet, included in G-PP&E. Disclosing this information with the permanent land rights that are not included in the balance sheet adds more confusion to the reader. On Page 19 paragraph 20B, etc. commercial land use includes concession agreements, special use, right-of-way grants, commercial filming. The predominant use of these lands is probably mission specific so the agency would probably not report any of the land under these categories even though the multiuse of the land would include these activities. This is another example of how the new requirements are more misleading, will not be interpreted consistently among agencies, and will not provide the information FASAB is seeking. Suggest better clarification of the categories because they seem to contradict one another. Need clarification of mission related because most predominant uses of land are based on the mission of the agency. (R11)</p> <p>2. The requirement to report acres by sub-category will increase burden and costs. (R12)</p> <p>*****</p>
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5.	Do you agree or disagree with the Board’s proposed definition of SL, including footnote 16 and the related subcategory definitions? Please provide the rationale for your answer.	11, 69%	2, 12% 3, 19%	<ol style="list-style-type: none"> 1. Partially agree. DOI has concerns about grouping government-owned land and less-than-fee interests (e.g., easements) into a single "stewardship land" category. (R11) 2. In addition, the definition of Stewardship Land should acknowledge the land’s uniqueness in that the government does not expect to use the land to meet its obligations. (R11) 3. The definition in paragraph 12 includes “land rights¹⁵ owned by the Federal Government intended to be held indefinitely.” Footnote 15 explains the differences between temporary and permanent land rights. Since the proposed definition of SL includes “intended to be held indefinitely” then it is implied that temporary land rights cannot be considered SL. (R6) 4. Most agencies do not have the processes, people, and information infrastructure to accurately and efficiently report the new disclosure requirements. These standards would increase, and not decrease “preparer burden.” (R12) <p align="center">*****</p>

Table 2.0 – Tally of Responses by Question

Question Number	QUESTION	YES / AGREE	NO / DISAGREE or N/A	RATIONALE FOR “NO/DISAGREE”
6.	Do you agree or disagree with the proposed effective date? Please provide the rationale for your answer.	11, 69%	2, 12% 3, 19%	<p>1. Ensuring that each requirement in the proposed standard is met is a major undertaking, especially for the numerous new data elements and validating completeness. It may be necessary for agencies to request budget and personnel to support this reporting requirement – processes that are time and labor intensive. While many deeds are available electronically, they may have been prepared before technology in current use was available, e.g., microfilm records. If the electronically saved deed is not readable, the original records would have to be retrieved from where they are archived, which requires additional time and expense. In addition, system may be needed to accommodate land reporting. Paragraph A52 of the exposure draft states the board will issue implementation guidance. Suggest a three-year implementation period after the implementation guidance is issued, assuming estimated acreage is not presented as Basic Information. (R11)</p> <p>2. We do not agree with the proposal and do not believe that, in the current constrained budget environment, most agencies can develop the processes, hire and train necessary people, and create and/or modify information infrastructure within the proposed timeframe. (R12)</p> <p align="center">*****</p>

Table 2.0 – Tally of Responses by Question

Question Number	QUESTION	a. Yes/Agree b. Example Types or Rationale	No / Disagree or N/A	RATIONALE FOR “No / Disagree”
7.	a. Would incorporating any of the guidance contained in TR 9 in the proposed accounting standards facilitate the preparation and auditing processes? For example, should the list of examples of the supporting documentation contained at paragraph 85 in TR 9 be incorporated, changed, or expanded to facilitate implementation of the proposed requirements? Please provide the rationale for your answer.	14, 87%	0, 0% 2, 13%	None
	b. What type of implementation guidance should FASAB provide that enables (1) flexibility for supporting estimated acres of land and (2) assistance in identifying predominant use as well as selecting appropriate physical unit categories? Please provide the rationale for your answer.	12, 75%	0, 0% 4, 25%	None

Table 2.0 – Tally of Responses by Question

Question Number	QUESTION	Those Responding	Those Not Responding	SELECTED EXCERPTS
8.	<p>a. Please provide your thoughts and rationale concerning the four areas noted above.</p> <p>SHORT HAND REMINDER:</p> <ol style="list-style-type: none"> 1. Use of non-financial information (NFI), 2. Use of estimated acres instead of acres, 3. Determination/application Materiality to NFI, and 4. Whether materiality is affected by where land information is presented. 	11, 69%	5, 31%	<ol style="list-style-type: none"> 1. <u>Use of non-financial information (NFI)</u> <ul style="list-style-type: none"> • CON - Relevance is only one of six characteristics of quality information. Two others are reliability and comparability. The Federal government's non-financial information for land is generally not reliable, and in many instances, non-existent. The wide diversity of purposes for the different financial agencies means that presentations of parcels of land would not be comparable among agencies; and of acres or miles, would not be meaningful. Hence, non-financial information is relevant, but only in combination with the more reliable and comparable financial information. (R2) • PRO - We agree that the reporting on land by using non-financial information is more relevant to users and decision-makers than the current financial recognition and measurement of land. (R6) 2. <u>Use of estimated acres instead of acres</u> <ul style="list-style-type: none"> • CON - If reporting the number of acres of land is required in the notes, adding the word "estimated" will not reduce the audit exposure. It will still be up to the auditors to

Table 2.0 – Tally of Responses by Question

<p>8.</p>	<p>(Continued)</p> <p>a. Please provide your thoughts and rationale concerning the four areas noted above.</p>			<p>determine whether the sites of land need to be measured and the precision of the required measurements. (R9)</p> <p>PRO - We believe that requiring disclosure of “estimated acres of land” instead of “acres of land” will be more cost effective while still providing readers of the financial statements the information they need. If the standard requires “acres of land”, financial statement auditors may require agencies to update the documentation for many parcels of land at significant cost. (R10)</p> <p>3. <u>Determination/application Materiality to NFI</u></p> <ul style="list-style-type: none"> • The application of materiality may be a way to reduce some of the reporting burden and overhead cost; however, audit findings and their subsequent resolution may negate any savings. (R11) • The FISC supports the proposed use of non-financial information as a means of providing information more relevant than the financial recognition and measurement of land. The FISC members expressed concern that additional guidance is needed to the government auditing community for consistent determination of materiality for non-financial information. (R8) • It should be at the discretion of Department/Agency management to
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Table 2.0 – Tally of Responses by Question

<p>8.</p>	<p>(Continued)</p> <p>a. Please provide your thoughts and rationale concerning the four areas noted above.</p>			<p>determine what NFI supports required disclosures. (R16)</p> <ul style="list-style-type: none"> HHS agrees that it could be challenging to evaluate materiality for NFI since it is difficult to determine whether omitting a disclosure would impact the judgement of a reasonable person relying on the financial statements. The fact that often NFI was not disclosed in the past would indicate that it was probably not material to the reader. If the land in question were in the news and, therefore, publicly visible, the disclosures may be material. It will be important to disclose the new accounting treatment of land and that there is now no value on the balance sheet. (R9) <p><u>4. Whether materiality is affected by where land information is presented</u></p> <ul style="list-style-type: none"> Basic: When SFFAS No. 29 was developed that Task Force was concerned about reporting acres as “basic” given the consumption of sparse resources, cost, lack of benefit, insufficient quantity of identified users, i.e., high cost per user, existence confirmed only by inspection at the locations where land is located – many of the same concerns expressed by current preparers. SFFAS No. 29 gave the reporting Agencies sufficient reporting flexibility to report at an aggregated unit level thereby reducing the burden and reporting costs. The challenges of overcoming the concerns are
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Table 2.0 – Tally of Responses by Question

<p>8.</p>	<p>(Continued)</p> <p>a. Please provide your thoughts and rationale concerning the four areas noted above.</p>			<p>exponentially expanded by the new proposed reporting elements, e.g., subcategories of use, land held for disposal or exchange, GPP&E land, etc. The application of materiality may be a way to reduce some of the reporting burden and overhead cost; however, audit findings and their subsequent resolution may negate any savings. b. RSI: The concerns are much the same as those of “basic”; however, reporting costs could be expected to be somewhat less if audit costs are lower. Other challenges include adding quarterly reporting cycles from year- and calendar-end only (depending on current agency practice). The application of materiality may be a way to reduce some of the reporting burden and overhead cost. Audit findings may still occur; especially as technology evolves that may result in boundary changes. c. OAI: Materiality is less of a consideration for OAI. Agencies are likely to report information that is available and one reporting cycle may suffice. (R11)</p> <ul style="list-style-type: none"> • Materiality should not be affected by the presentation of land information as basic, required supplementary information, or other information. (R4) <p>*****</p>
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Table 2.0 – Tally of Responses by Question

8.	b. Please provide any other comments or suggestions you have regarding the goals for this project, other issues identified in the Basis for Conclusions, or other areas that have not been addressed.			<p>Specific comments include:</p> <ol style="list-style-type: none"> 1. The Board cites that the inconsistency in reporting standards mandates this change. Those inconsistencies resulted from changes in FASAB standards subsequent to SFFAS No. 6, and changes which moved away from the approach of substantially all other financial reporting frameworks. Most of those inconsistencies could be resolved with two simple changes: 1) allow asset classification to be determined based on predominant current period use under SSFAS No. 6, and provide a valuation methodology; and 2) eliminate the option to exclude land from the beginning balance of PP&E, and provide valuation methodology options (i.e., buildings and land are a combined set which should not be unbundled). (R12) 2. Relevance is only one of six characteristics of quality information. Two others are reliability and comparability. The Federal government's non-financial information for land is generally not reliable, and in many instances, non-existent. The wide diversity of purposes for the different financial agencies means that presentations of parcels of land would not be comparable among agencies; and of acres or miles, would not be meaningful. NFI is relevant but only in combination with the more reliable and comparable financial information. (R2)
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Table 2.0 – Tally of Responses by Question

<p>8.</p>	<p>(Continued)</p> <p>b. Please provide any other comments or suggestions you have regarding the goals for this project, other issues identified in the Basis for Conclusions, or other areas that have not been addressed.</p>			<p>3. Requiring the disclosure of “estimated acres of land” instead of “acres of land” would provide preparers greater flexibility and reduced burden. With either, however, the absence of reliability of the information means that users’ needs would be only partially met. (R2)</p> <p>4. If non-financial land information is required as basic information, it is likely to be presented as numbers of parcels of land. This type of information would be less material than acres and/or miles of land. The best hope for obtaining the more material—and meaningful—acres and miles information is to require the nonfinancial information as required supplementary information. Suggesting that nonfinancial land information be presented as Other Information means the auditors will do no more than read the information for inconsistency with other portions of the financial report. This approach reflects zero concern for the non-financial information’s reliability. (R2)</p> <p>5. Requiring the presentation of land information in three new sub-categories will increase preparer burden. (R2)</p> <p>6. If reporting the number of acres of land is required in the notes, adding the word “estimated” will not reduce the audit exposure. (R9)</p> <p>7. NFI can certainly present other useful</p>
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Table 2.0 – Tally of Responses by Question

<p>8.</p>	<p>(Continued)</p> <p>b. Please provide any other comments or suggestions you have regarding the goals for this project, other issues identified in the Basis for Conclusions, or other areas that have not been addressed.</p>			<p>information to the financial statement users. Reporting requirements must be balanced against “preparer burden.” (R12)</p> <p>*****</p>
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Table 3.0 – Quick Table of Responses by Question – G-PP&E Reclassification, Presentation & Disclosure, Retention and Definition

Table 3.0 – Quick Table of Responses by Question - G-PP&E Reclassification, Presentation & Disclosure, Retention and Definition

Respondent ▼ (see Table 6.0)	1a Do you Agree? (Reclassifying G-PP&E)	1 b Do you Agree? (Land information should be presented as basic information)	2 a Do you Agree? (Component reporting entity disclosure requirements for G-PP&E land and SL)	2 b Do you Agree? (Government-wide financial statement disclosure requirements for G-PP&E land and SL)	3 Do you Agree? (Retaining the G-PP&E land and SL categories)	4 Do you Agree? (G-PP&E land and permanent land rights definition and the related sub-category definitions)
1 - HUD	N/A	N/A	N/A	N/A	N/A	N/A
2 – Mr. Steinberg	NO	NO	N/A	N/A	YES	YES
3 – OGA	YES	YES	YES	YES	YES	YES
4 - DOC	YES	YES	YES	YES	YES	YES
5 - SSA	YES	YES	YES	YES	YES	YES
6 – NASA OIG	YES	YES	YES	YES	NO	YES
7 – DOD	YES	YES	NO	NO	YES	YES
8 – GWSCPA	YES	YES	YES	YES	YES	YES
9 – HHS	N/A	NO	NO	NO	YES	YES

Table 3.0 – Quick Table of Responses by Question – G-PP&E Reclassification, Presentation & Disclosure, Retention and Definition

Respondent ▼ (see Table 6.0)	1a Do you Agree? (Reclassifying G-PP&E)		1 b Do you Agree? (Land information should be presented as basic information)		2 a Do you Agree? (Component reporting entity disclosure requirements for G-PP&E land and SL)		2 b Do you Agree? (Government-wide financial statement disclosure requirements for G-PP&E land and SL)		3 Do you Agree? (Retaining the G-PP&E land and SL categories)		4 Do you Agree? (G-PP&E land and permanent land rights definition and the related sub-category definitions)	
10 – NASA	YES		NO		YES		YES		YES		YES	
11 –DOI	N/A		NO		N/A		NO		YES		N/A	
12 – K&C	NO		YES		NO		NO		YES		NO	
13 - AGA	NO		YES		YES		YES		YES		YES	
14 - DHS	YES		NO		YES		YES		YES		YES	
15 - GSA	NO		NO		NO		NO		YES		YES	
16 - VA	YES		YES		YES		YES		YES		YES	
Totals	9 3	4	9 1	6	9 3	4	9 2	5	14 1	1	13 2	1
KEY	YES N/A	NO	YES N/A	NO	YES N/A	NO	YES N/A	NO	YES N/A	NO	YES N/A	NO

Table 4.0 – Quick Table of Responses by Question – SL Definition, Effective Date, and TR9 Guidance

Table 4.0 – Quick Table of Responses by Question – SL Definition, Effective Date, and TR9 Guidance

Respondent ▼ (see Table 6.0)	5 Do you Agree? (Proposed definition of SL, including footnote 16)	6 Do you Agree? (Proposed effective date)	7 a Would incorporating...? (Incorporating any of the guidance contained in TR 9)	7 b What type...? (What type of implementation guidance should FASAB provide)
1 - HUD	N/A	N/A	N/A	N/A
2 – Mr. Steinberg	YES	N/A	YES	N/A
3 - OGA	YES	YES	YES	YES
4 - DOC	YES	YES	YES	YES
5 - SSA	N/A	N/A	YES	YES
6 – NASA OIG	NO	YES	YES	YES
7 – DOD	YES	YES	YES	YES
8 – GWSCPA	YES	YES	YES	N/A
9 – - HHS	YES	YES	YES	YES

Table 4.0 – Quick Table of Responses by Question – SL Definition, Effective Date, and TR9 Guidance

Respondent ▼ (see Table 6.0)	5 Do you Agree? (Proposed definition of SL, including footnote 16)		6 Do you Agree? (Proposed effective date)		7 a Would incorporating...? (Incorporating any of the guidance contained in TR 9)		7 b What type...? (What type of implementation guidance should FASAB provide)	
10 – NASA	YES		YES		YES		YES	
11 – DOI	N/A		NO		YES		YES	
12 – K&C	NO		NO		YES		YES	
13 - AGA	YES		YES		YES		YES	
14 - DHS	YES		YES		YES		YES	
15 - GSA	YES		YES		N/A		N/A	
16 - VA	YES		YES		YES		YES	
Totals	11 3	2	11 3	2	14 2	-0-	12 4	-0-
KEY	YES N/A	NO	YES N/A	NO	YES N/A	NO	YES N/A	NO

Table 5.0 – Quick Table of Responses by Question – Use of NFI, Estimated Acres, Materiality, and Comments/Suggestions

Table 5.0 – Quick Table of Responses by Question – Use of NFI, Estimated Acres, Materiality, and Comments/Suggestions

Respondent ▼ (see Table 6.0)	8 .1 Thoughts and rationale. (Use of non-financial information)	8 .2 Thoughts and rationale. (Estimated acres of land)	8 .3 Thoughts and rationale. (Application of materiality)	8 .4 Thoughts and rationale. (Is materiality is affected by the presentation of land information as basic, RSI, or OI)	8 Comments or Suggestions
1 - HUD	N/A	N/A	N/A	N/A	N/A
2 – Steinberg	YES	YES	N/A	YES	YES
3 - OGA	YES	YES	YES	YES	YES
4 - DOC	YES	YES	YES	NO	YES
5 - SSA	YES	YES	YES	YES	YES
6 – NASA OIG	YES	YES	YES	YES	YES
7 – DOD	YES	YES	YES	N/A	YES
8 – GWSCPA	YES	N/A	YES	N/A	N/A
9 – HHS	YES	YES	YES	YES	YES

Table 5.0 – Quick Table of Responses by Question – Use of NFI, Estimated Acres, Materiality, and Comments/Suggestions

Respondent ▼ (see Table 6.0)	8 .1 Thoughts and rationale. (Use of non-financial information)		8 .2 Thoughts and rationale. (Estimated acres of land)		8 .3 Thoughts and rationale. (Application of materiality)		8 .4 Thoughts and rationale. (Is materiality is affected by the presentation of land information as basic, RSI, or OI)		8 Comments or Suggestions	
10 – NASA	N/A		YES		N/A		N/A		N/A	
11 - DOI	YES		YES		YES		YES		YES	
12 – K&C	YES		N/A		N/A		N/A		N/A	
13 - AGA	YES		YES		YES		YES		YES	
14 - DHS	YES		YES		YES		YES		YES	
15 - GSA	N/A		N/A		N/A		N/A		N/A	
16 - VA	YES		YES		YES		YES		YES	
Totals	13	-0-	12	-0-	11	-0-	9	1	11	-0-
	3		4		5		6		5	
KEY	YES	NO	YES	NO	YES	NO	YES	NO	YES	NO
	N/A		N/A		N/A		N/A		N/A	

Table 6.0 – Summary of Responses by Question

Table 6.0 – Summary of Responses by Question ⁴

QUESTION - 1	
<p>a. Do you agree or disagree with the Board’s proposal to reclassify G-PP&E land as a non-capitalized asset with no dollar amounts reported on the balance sheet and expense future acquisitions on the Statement of Net Cost? Please provide the rationale for your answer.</p> <p>b. Do you agree or disagree that land information should be presented as basic information in the G-PP&E note disclosure? Please provide the rationale for your answer.</p>	
1 - HUD	<p>1a. The U.S. Department of Housing and Urban Development (HUD) is neutral on the proposal as HUD does not hold G-PP&E land.</p> <p>1b. HUD is neutral on the proposal as HUD does not hold G-PP&E land.</p>
2 – Mr. Steinberg	<p>1a. I disagree for many reasons with the Board’s proposal to reclassify G-PP&E land as a non-capitalized asset with no dollar amounts reported on the balance sheet.</p> <p>1. First, FASAB’s Mission Statement, which has been repeated in every Annual Report and Three Year Plan, states “FASAB serves the public interest by improving federal financial reporting through issuing federal financial accounting standards and providing guidance....” Statement of Federal Financial Accounting Concepts No. 1 Objectives of Federal Financial Reporting expands upon that statement by averring that the Board would be developing accounting standards that would enhance the financial information reported by the federal government to (1) demonstrate its accountability to internal and external users of federal financial reports, (2) provide useful information to internal and external users of federal financial reports, and (3) help internal users of financial information improve the government’s management. These statements establish that the first purpose for Federal financial statements is to enable the government and its agencies to demonstrate accountability. The fact that the historical cost of land is of limited value to users, and particularly for users responsible for making management decisions, should not be a factor. The highly summarized nature of agency financial statements, the infrequency of their issuance, and the</p>

⁴ The staff summary is intended to support your consideration of the comments and not to substitute for a complete reading of the individual letters taken as a whole.

Table 6.0 – Summary of Responses by Question

QUESTION - 1	
<p>a. Do you agree or disagree with the Board’s proposal to reclassify G-PP&E land as a non-capitalized asset with no dollar amounts reported on the balance sheet and expense future acquisitions on the Statement of Net Cost? Please provide the rationale for your answer.</p> <p>b. Do you agree or disagree that land information should be presented as basic information in the G-PP&E note disclosure? Please provide the rationale for your answer.</p>	
	<p>lengthy time frame between the end of the reporting period and the statements’ issuance date means that hardly any of the information in the financial statements is of value for users’ decision-making. The demonstrated far more important purpose for Federal financial statements is that they drive reliability of financial information through the examination of the statements by independent auditors. Dollars are the only measure that is common to all assets, liabilities, revenues, expenditures, etc. This is a major reason why dollars have been used for reporting items on the financial statements. For property, plant, and equipment, measurement bases such as fair value or value-in-use provide users relevant information. However, these financial measurements have been deemed cost-prohibitive to apply plus the results would be less reliable, less comparable, and inconsistent. Historical cost, therefore, has been deemed the most reliable, consistent, comparable, and understandable financial measure with which agencies can report their land holdings. By abandoning historical cost as the reporting measure for land, FASAB would cause agency financial statements to be less reliable. This is contrary to the third objective listed above, namely help internal users of financial information improve the government’s management.</p> <p>2. Second, it will be said that the decision to eliminate the cost of land from the classification of general property, plant, and equipment line on the balance sheet is in order that the government can avoid the problem of having all but one agency report their G-PP&E land at historical cost, and one agency report its land holdings using another measure; that the problem arose because FASAB earlier issued a standard permitting the one agency to report its G-PP&E land using a different measure; and that standard was issued to accommodate that agency’s inability to maintain the necessary records. In short, Federal financial reporting will have lowered its accounting standards and requirements to accommodate an agency who does not maintain reliable information, instead of using accounting standards to induce improvement of the agency’s and thus the entire government’s management, again conflicting with the purpose for which FASAB is supposed to develop accounting standards, namely improve the government’s management. A related undesired ramification if this proposal goes forward is that it will send a signal to the other government agencies that they do not have to maintain complete, reliable financial information. The standards will be tailored to what they</p>

Table 6.0 – Summary of Responses by Question

QUESTION - 1	
<p>a. Do you agree or disagree with the Board’s proposal to reclassify G-PP&E land as a non-capitalized asset with no dollar amounts reported on the balance sheet and expense future acquisitions on the Statement of Net Cost? Please provide the rationale for your answer.</p> <p>b. Do you agree or disagree that land information should be presented as basic information in the G-PP&E note disclosure? Please provide the rationale for your answer.</p>	
	<p>do maintain. Moreover, there will be a significant negative impact on the morale of the personnel in agencies that made the extremely difficult effort to obtain and maintain the necessary historical cost information.</p> <p>3. The Exposure Draft’s Paragraph A43 states “the Board has elected to focus on ensuring that the costs of providing land information are commensurate with user benefits.” FASAB’s Mission Statement states that FASAB “strives to ensure due consideration of the costs and the benefits to the preparers and users of financial information prepared in conformity with generally accepted accounting principles.” The agencies presently report cost of land information for G-PP&E land meaning the present reporting of land has already met the cost benefit test. Requiring agencies to replace historical cost with estimated acres and/or other physical quantity information, particularly since many agencies do not have that information in verifiable form, will force them to incur substantial costs, while the cessation of reporting the one auditable measure—historical cost—means there will be no benefit resulting from adapting this standard. In short, there will be no cost-benefit with issuance of this standard; in fact, there will be a negative cost benefit.</p> <p>4. The one agency referred to above (DOD) advised during my tenure on the Board that it not only did not have cost information for the land it uses, it did not have the acreage or other physical quantity information for the land. I remember expressing surprise, stating that every military installation is encircled by a fence within which the acres can be measured. The DOD representative responded that much of its land was acquired as long as two centuries ago, i. e., before land acquisitions were recorded, and DOD does not know the status of the legal titles for significant portions of its land and installations. Hence an accounting standard would be changed to accommodate DOD by having all agencies switch from reporting cost information to physical quantity information even though it is doubtful whether DOD will be able to meet the new standard.</p> <p>5. Paragraph A11 states Federal executives and managers sometimes feel the need to seek and/or develop financial information outside the agency’s financial system, yet they believe</p>

Table 6.0 – Summary of Responses by Question

QUESTION - 1	
<p>a. Do you agree or disagree with the Board’s proposal to reclassify G-PP&E land as a non-capitalized asset with no dollar amounts reported on the balance sheet and expense future acquisitions on the Statement of Net Cost? Please provide the rationale for your answer.</p> <p>b. Do you agree or disagree that land information should be presented as basic information in the G-PP&E note disclosure? Please provide the rationale for your answer.</p>	
	<p>this information is not reliable. The most effective way to assure reliability of financial information is to subject it to audit. Issuing a standard which would make it no longer necessary to maintain data bases that provide information reliable enough to pass audit would be counterproductive for the Federal executives and managers.</p> <p>6. Paragraph A34 states “Prior FASAB analyses of user needs revealed that financial statements are a starting point for users. However, the Board believes additional information should be included within the financial report to allow users to assist them in their analyses of entity performance. The Board believes this can be best accomplished using NFI.” By all means, additional information should be included if it assists users’ analyses of entity performance. This, however, does not require discontinuance of the financial information which, as stated, is the starting point and provides the foundation for assuring reliability. Rather, NFI should be in addition to the financial information.</p> <p>7. Finally, the lack of comparability is cited as the reason for abandoning reporting G-PP&E land using the historical cost measure. There are two aspects of comparability that this proposal is intended to address. The first is the lack of comparability between the non-defense agencies who have determined and are reporting the cost of their G-PP&E land and the Department of Defense, who allegedly will not be able to ascertain and report historical cost for its land. The foregoing presents many reasons why this lack of comparability should not be sought by eliminating the standard requiring that G-PP&E land be presented at historical cost. Financial reporting should not be reduced to only that which agencies have the information to report. The other “lack of comparability,” while admittedly harder to rationalize, is between G-PP&E land and stewardship land (for which cost is not reported). This lack of reporting cost for stewardship land does not represent a lack of comparability as much as a recognition of the different nature of the two categories of land. G-PP&E land is used to support the current delivery of government services, in the same manner as other types of general property, plant, and equipment, e. g., buildings, equipment, etc. It is appropriate to present, to the extent one exists, a cost for this type of asset. Stewardship land is the land other than the land that supports the delivery of government services. Although it might in itself provide a</p>

Table 6.0 – Summary of Responses by Question

QUESTION - 1	
<p>a. Do you agree or disagree with the Board’s proposal to reclassify G-PP&E land as a non-capitalized asset with no dollar amounts reported on the balance sheet and expense future acquisitions on the Statement of Net Cost? Please provide the rationale for your answer.</p> <p>b. Do you agree or disagree that land information should be presented as basic information in the G-PP&E note disclosure? Please provide the rationale for your answer.</p>	
	<p>service, e. g., national parks, grazing land, national forests, the key difference is that the government, as a steward, intends to hold this land indefinitely for the benefit of both current and future generations. The cost to acquire this land, much of which occurred centuries ago, is insignificant in terms of current dollars, and thus meaningless to present in dollar terms on the balance sheet. While some of this stewardship land is used for constructing general property, plant, and equipment buildings, the historical cost of that land is likely to be insignificant.</p> <p>Having disagreed with the Board's proposal to reclassify G-PP&E land as a non-capitalized asset with no dollar amounts reported on the balance sheet, it is incumbent upon me to suggest an alternative that is consistent with Federal financial reporting objectives, meets the quality characteristics for information in financial reports, addresses the implementation issues in the previously-issued statements of federal financial accounting standards, and provides a means with which DOD can conform to generally accepted accounting principles.</p> <p>Statement of Federal Financial Accounting Standards No.48 Opening Balances for Inventory, Operating Materials and Supplies, and No. 50 Stockpile Materials and Establishing Opening Balances for General Property, Plant, and Equipment: Amending Statement of Federal Financial Accounting Standards (SFFAS) 6, SFFAS 10, SFFAS 23, and Rescinding SFFAS 35 permit a reporting entity to apply an alternative valuation method in establishing opening balances for inventory, operating materials and supplies, and stockpile materials when presenting financial statements, or one or more line items addressed by the Statement, following generally accepted accounting principles (GAAP) promulgated by the Federal Accounting Standards Advisory Board either (1) for the first-time or (2) after a period during which existing systems could not provide the information necessary for producing such GAAP-based financial statements without use of the alternative valuation method. Deemed cost is identified as one of the acceptable alternative valuation methods, and is defined as based on one, or a combination, of several valuation methods, including: standard price, i. e., selling price or fair value, latest acquisition cost, replacement cost , estimated historical cost, and actual historical cost.</p>

Table 6.0 – Summary of Responses by Question

QUESTION - 1	
<p>a. Do you agree or disagree with the Board’s proposal to reclassify G-PP&E land as a non-capitalized asset with no dollar amounts reported on the balance sheet and expense future acquisitions on the Statement of Net Cost? Please provide the rationale for your answer.</p> <p>b. Do you agree or disagree that land information should be presented as basic information in the G-PP&E note disclosure? Please provide the rationale for your answer.</p>	
	<p>I propose that the inadequacies in DOD's records can be accommodated with the issuance of a standard that states that agencies reporting G-PP&E land (1) for the first-time or (2) after a period during which existing systems could not provide the information necessary for producing such GAAP-based financial statements without use of the alternative valuation method, can use deemed cost; and includes as a deemed cost, current fair market value for comparable land adjacent to the G-PP&E land applied to the estimated number of acres considered as G-PP&E.</p> <p>I submit this standard should not be impossible or impracticable for DOD to apply. DOD knows what land it uses, and therefore the acres.. An inability to verify title to the land is not a cogent argument; its use of the land over time and its restriction to use by others is tantamount to owning the land. Furthermore, the inability to verify legal title would also preclude reporting acres of G-PP&E land. Finally, there should be no problem in ascertaining from appraisers, brokers, and other professionals, a current fair market value of comparable, adjacent land.</p> <p>1b. I do not agree that all of the land information specified in paragraph 10 should be presented as basic information in the G-PP&E note disclosure. Sub-categorizing the land into commercial use land; conservation and preservation land; and operational land could be useful.</p> <p>On the other hand, I suspect many agencies do not maintain land records in acres. It would therefore be extremely costly for all agencies to aggregate such information in a form auditors would consider sufficiently reliable to support an unmodified opinion. The Board need look no further than what happened as a result of issuing Statement of Federal Financial Accounting Standard No. 29 Heritage Assets and Stewardship Land to understand the reason for my response. Agencies maintain the number of acres or miles of stewardship land they manage in systems of record. Prior to the issuance of SFFAS No. 29, auditors applied certain limited procedures to these systems, which enabled the agencies to present as required supplementary information, the quantities of acres and/or miles. SFFAS No. 29 required the agencies to disclose the non-financial information in the footnotes as basic financial information. The agencies realized the lack of reliability in the systems of record for stewardship land and, to avoid</p>

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	<p>receiving a modified auditors’ opinion, stopped reporting the numbers of acres and miles for their stewardship land and instead reported the numbers of parcels and units of land. Hence, if the Board believes categorizing the land into commercial use land; conservation and preservation land; and operational land would be useful, and it wants the information to be reported in acres rather than parcels, the information should be first designated as required supplementary information and not moved to basic information until there is sufficient confidence in its reliability.</p> <p>The above said, I would observe that the wide variety in what agencies call units of land, combined with the fact that for operating purposes, agencies can and frequently do adjust what is part of an operating unit, will make this data point not very comparable, consistent, reliable, meaningful, and therefore useful.</p>
3- OGA	<p>1a. Generally agree. As an entity responsible for following the accounting guidance, we understand that not capitalizing land is the less demanding route for tracking and supporting land assets, however, we acknowledge that land is an asset for all non-federal and commercial entities that is reported on their balance sheets when it meets an entity’s capitalization criteria. Although this position is inconsistent with other accounting frameworks, it is far easier (though not ideal) to take the direction of the board. While we understand that (1) FASAB’s goal is to standardize financial reports and reduce burden on agencies associated with valuing, recording, and monitoring GPP&E land assets; and (2) the inherent complexities of the land asset class lead to agencies following differing accounting methodologies which adversely impacts the comparability of reports across the Federal Government, we do not fully understand how these challenges merit eliminating the asset recognition requirement for GPP&E land on the balance sheet. While fair market value is understandably challenging and costly to establish/maintain, historical cost (or a reasoned, supported estimate) should be an achievable metric. One suggestion would be that agencies use tax assessments, which include estimated land values and are received annually, as the basis for the value of the land when donated or purchased. This could then be leveraged as historical cost when recording in the financial statements. Tax assessments would be consistent, measurable, and relatively easy/low cost for agencies to obtain. We believe GPP&E land meets the definition of an asset and associated recognition criteria codified in SFFAC No. 5,</p>

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	<p>and for agencies where land is a material item, its exclusion from the Balance Sheet could be perceived as misleading.</p> <p>Therefore, while we understand the Board’s rationale, we do not fully understand how this change will effectively capture perceived potential efficiencies and improve the accuracy of financial reporting.1b. While in general agreement that the proposed disclosures would be useful and could be produced at a limited cost, ODNI expresses concern that all land should be reported under one “Land” note and follow SFFAS 29 guidance. If so, they believe that all land will then have the same accounting treatment and note disclosure requirements.</p> <p>1b. Generally agree. The note disclosure that the Board proposes provides mission focused information that enhances the usability of the financial reports for the audience. We support this addition even if the accounting treatment for GPP&E land were to remain unchanged. The proposed disclosures would be useful to an outside party and could seemingly be produced at limited cost. There is some concern that all land should be reported under the same note as land and follow SFFAS 29’s guidance. If so, all land will have the same accounting treatment and note disclosure requirements, and there would be no benefit to requiring separate note disclosures.</p>
4 - DOC	<p>1a. Yes, the Department agrees with the FASAB proposal to reclassify G-PP&E land as a non-capitalized asset with no dollar amounts reported on the Balance Sheet. The rationale for taking this position is that land held by the Department is generally not for sale, so reporting a amount for land on the balance sheet is not meaningful information. The costs of assessing the dollar value of the Department’s land holdings exceed the benefits derived from assessment, because the land is not for sale. Also, compared to other agencies, the Department’s land holdings are immaterial to the total amount of land held by the Federal Government..</p> <p>1b. The Department agrees that land should be presented as basic information in the G-PP&E footnote disclosures. Federal accounting standards require that certain assets such as Stewardship Land be accounted for as footnote disclosures in the Department’s financial report. Reporting land information in the footnotes to the financial statements is consistent with the reporting methodology for Stewardship Land.</p>

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5 - SSA	<p>1a. We agree, as the new methodology will report land and permanent land rights information consistently amongst all Federal agencies. The presentation of non-financial information that includes acres of land and predominant use categorizations will provide quality information in understanding the entity’s financial condition and will also allow for enhanced capabilities of comparing agency financial and footnote data with other agencies with respect to land information.</p> <p>1b. We agree that land information should be presented as basic information in the G-PP&E note disclosure, since amounts will no longer be capitalized. Information presented on predominant use, acres of land, and land held for disposal or exchange are items of relevance and provide useful information.</p>
6 – NASA OIG	<p>1a. We agree with the reclassification of G-PP&E land as a non-capitalized asset. Existing standards (SFFAS 6, paragraph 40.f.i and SFFAS 50, paragraph 13) permitted a reporting entity to exclude G-PP&E land from its opening balances. As such, not all entities may be reporting G-PP&E land as capitalized assets resulting in entities’ financial statements being inconsistent in its reporting methods. The reclassification change would provide consistency and uniformity. 1b. We believe that Required Supplementary Information (RSI) instead of basic information should be sufficient for General PP&E land and Stewardship Land note-disclosure. We also believe that management representations should be sufficient to satisfy auditor concerns. We do not believe it would be cost effective to require audit procedures such as on site reviews or re-measurement when information is presented as basic information.</p> <p>1b. We agree that land information should be presented as basic information in the G PP&E note disclosure. Notes disclosures require more audit scrutiny than information reported under Required Supplementary Information.</p>
7 - DOD	<p>1a. Agree. Historical cost for federal land is not useful, and in many cases, immeasurable. Most GPPE land was acquired (either by purchase or annexation) long ago. The remainder is a very small percentage of federal land. To spend significant time and cost to support the historical costs of such a small percentage of the federal portfolio would not serve the tax payers or users of the</p>

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	<p>statements.</p> <p>1b. Agree. Accountability information that is important to users should be presented in the G-PP&E note disclosure. Acreage is a measure that is readily available and consistently defined.</p>
8 - GWSCPA	<p>The FISC agrees with the Board’s proposal to reclassify G-PP&E land as a non-capitalized asset with no dollar amounts reported on the balance sheet and expense future acquisitions on the Statement of Net Cost. Further, the FISC agrees that land information should be presented as basic information in the G-PP&E note disclosure. The Board provides sufficient reasons in the ED to explain the Board’s position.</p>
9 - HHS	<p>1a. HHS is not opposed to the proposal to reclassify G-PP&E to a non-capitalized asset with no dollar amounts reported on the balance sheet; however, we would also be content to continue to report land on the balance sheet. The accounting treatment for removing Land that is currently on the balance sheet from the general ledger should be added to the standard.</p> <p>We agree that under current accounting standards, there is inconsistent reporting between agencies and types of land. Recent amendments to SFFAS 6 allow entities reporting under GAAP for the first time to exclude land and land rights from G-PP&E opening balances and in the future. In addition, no values are currently reported on the balance sheet for Stewardship Land.</p> <p>On the other hand, if the change is made, FASAB accounting standards for land will be different than those of other governmental accounting standards setting bodies.</p> <p>1b. Yes, HHS agrees that land information, other than acres of land, should be presented as basic information in the G-PP&E note disclosure. Even if land is reclassified to a non-capitalized asset, it remains a valuable asset of the U. S. Government and agencies must be accountable for tracking and safeguarding the asset. Acres of land, if reported, should be reported as unaudited information. Any specificity regarding land such as acres will increase audit scrutiny and complexity as the audit community would be required to measure and confirm these disclosures.</p>

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10 – NASA OCFO	<p>1a. Yes, we agree with the Board’s proposal to reclassify G-PP&E land as a non-capitalized asset without dollar amounts reported on the Balance Sheet and expense future acquisitions on the Statement of Net Cost. We agree in general with the Board’s position as stated in Paragraph A14 of the Basis of Conclusion that both entity accountability and comparable reporting of federal land holdings (both within and across entities) are satisfied from a non-financial information disclosure. We also believe that, as stated by the Board in Paragraph A16, adoption of non-financial information will mitigate Agency burden by eliminating the requirement to capitalize land associated with G-PP&E, and utilizing NFI that many agencies might collect for program management or other extra reporting purposes.</p> <p>1b. We believe that Required Supplementary Information (RSI) instead of basic information should be sufficient for General PP&E land and Stewardship Land note-disclosure. We also believe that management representations should be sufficient to satisfy auditor concerns. We do not believe it would be cost effective to require audit procedures such as on site reviews or re-measurement when information is presented as basic information.</p>
11 - DOI	<p>1a. Partially agree. While most DOI bureaus agree that because land is not depreciated, it should not be capitalized. However, DOI bureaus are concerned that:</p> <p>(1) G-PP&E land is used to produce goods or services or to support the mission of the agency. It provides long-term benefits in support of the mission or producing goods or services that should be reflected over the years by capitalizing the costs, not expensing them in the year of acquisition.</p> <p>(2) Entities may have valid reasons to capitalize G-PP&E land. In particular, the Bureau of Reclamation is required to track costs of G-PP&E land for project repayment purposes. Project beneficiaries may question their repayment if the value of the acquired G-PP&E is not recorded in Reclamation’s accounting system. If this occurs, the Federal Government may not be repaid the full cost of the project.</p> <p>(3) Expensing G-PP&E land in the year of acquisition would distort true cost of that period. At disposal, recording the entire proceed as a gain distorts the true gain or loss for that year. This</p>

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	<p>will cause big fluctuations causing comparability across the years to be lost.</p> <p>(4) Reclassifying G-PP&E as a non-capitalized asset does not meet the operating performance and stewardship objectives in SFFAC 1 (paragraph 14-16) because it will distort the entities’ service efforts, costs, accomplishments, efficiency and effectiveness, financial position, etc. This also distorts the use of resources, financial health of the Federal Government, entity accountability, etc. The proposed G-PP&E reporting requirements will make the operating effectiveness and uses of the resources less transparent.</p> <p>(5) The proposed granular level of reporting has never been required for GPP&E land, or for any other category of GPP&E. Many other “expensed” items do not appear on the balance sheet per threshold reporting and are exempted from detailed reporting. GPP&E land and land rights should receive the same treatment. If the argument is because capitalized land is being taken off the balance sheet that additional information is required, DOI would prefer that GPP&E land remain on the balance sheet, as the reporting requirements are far less intense and expensive to maintain.</p> <p>1b. Disagree. Basic Information in the Agency Financial Report should relate directly to financial information, not PP&E holdings. Presenting land information as Basic Information will result in agencies spending significant and scarce resources to satisfy unnecessary audit scrutiny. This is in conflict with the direction provided in OMB Memorandum M-17-26, which states, in part, to "Coordinate with the Federal government’s other central management offices and agencies to identify and reduce or eliminate burdensome, low-value compliance activities." Even when documentation for older acquisitions is available, it will be extraordinarily resource-intensive to compile. While existing deeds and legislation are used for providing evidence of ownership and intent/purpose (e.g., National Park units), it is unclear what documentation or processes would fully support management’s assertion about the “use” categories to the satisfaction of the auditors. The costs do not justify presenting non-financial information in the financial statements when useful information related to land that agencies manage is available elsewhere. It may also be difficult for agencies to generate supporting documentation for public domain land acquired as part of treaties, international purchases, etc. Furthermore, as "estimated acreage" is allowed in</p>

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	the proposed standard, Basic Information presentation may create confusions for the audit as well. As the land information is non-financial information and is available in external sources, <u>DOI strongly suggests that FASAB consider OAI presentation for land information.</u>
12 – K&C	<p>1a. Disagree – The Board’s proposal is inconsistent with existing financial reporting frameworks. The International Public Sector Accounting Standards (IPSAS) require capitalization of land. The European Union is pursuing introduction of harmonized European Public Sector Accounting Standards (EPSAS) based on IPSAS. For example, the following countries currently already include capitalized land in their financial statements:</p> <ul style="list-style-type: none"> • Canada • United Kingdom • Germany • Australia • France • Japan • India. <p>The International Monetary Fund (IMF) placed significant importance on land to governmental financial reporting in its 2013 working paper, entitled “Another Look at Governments’ Balance Sheets: The Role of Nonfinancial Assets.” The working paper emphasized the significance of non-financial assets, including land, to the financial condition of the reporting Government. The working paper also highlighted the recent trend of increasing reporting of non-financial assets in countries’ financial statements. Local Government and commercial accounting frameworks, including the Government Accounting Standards (GASB), Financial Accounting Standards Board (FASB), and the International Financial Reporting Standards (IFRS), all require the capitalization of land in the basic financial statements. Moreover, the vast majority of United States Federal</p>

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	<p>Government reporting entities have been able to successfully comply with the requirements of Statements of Federal Financial Accounting Standards (SFFAS) No. 6, Accounting for Property, Plant, and Equipment. Given the preponderance of financial reporting frameworks which require the capitalization of land, the Board does present a clear case that the users of Federal financial statements have different needs than other world-wide users of financial statements and would benefit from the Board’s proposed change.</p> <p>The Board also cites that the inconsistency in reporting standards mandates this change. Those inconsistencies resulted from changes in FASAB standards subsequent to SFFAS No. 6, and changes which moved away from the approach of substantially all other financial reporting frameworks. Most of those inconsistencies could be resolved with two simple changes: 1) allow asset classification to be determined based on predominant current period use under SSFAS No. 6, and provide a valuation methodology; and 2) eliminate the option to exclude land from the beginning balance of PP&E, and provide valuation methodology options (i.e., buildings and land are a combined set which should not be unbundled). The Board believes that the proposed changes would reduce preparer burden. For substantially all Federal reporting entities which have successfully implemented SFFAS No. 6, the preparer burden is virtually nil. They currently have financial systems that accurately capture and report this information. Given that land transactions are generally not high-volume, those agencies experience little reporting burden.</p> <p>Conversely, the Board’s proposed changes would increase the reporting burden for those agencies. Besides having to restate financial statements, reporting agencies would need to assess, identify, and capture three new sub-categories. For many Federal reporting entities, these reporting changes are not easily incorporated into their existing financial information systems. These entities would also need to track and compile acres of land, physical quantity information, estimated acres held for disposal or exchange, and predominant land use. These new reporting requirements will necessitate new financial reporting processes. They will also encounter the previously discussed limitations of existing financial reporting systems. If agencies are forced to develop “one-off” or “cuff systems” to address these new reporting requirements, the risk of reporting errors greatly increases.</p>

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	<p>1b. Agree – Land should be a component of the G-PP&E. For reasons discussed in the preceding section, reporting entities may not easily capture some of the new reporting elements in the proposed change. This would increase preparer burden, as well as the risk of errors..</p>
13 - AGA	<p>1a. Overall, we disagree with the proposal. Traditionally, for the federal government -- as well as other sectors -- GPP&E land is a capitalized asset that is not depreciated. We do not believe a blanket exclusion of all federal land from the balance sheet is warranted. Accounting measurement of GPP&E land and land rights would be feasible in some cases. In those special cases where unique federal circumstances render such measurement is impracticable, in the practical expedients contained in SFFAS 50, paragraphs 12 and 13, amending SFFAS 6 paragraphs 25, 26 and 40 (particularly 40(d) and (f) as amended) would be appropriate. Therefore, the entity is not tied to historical cost valuation of Land. ED paragraphs A15 and A16 seem to contain the Board’s rationale for not capitalizing GPP&E land and land rights. The two measurement possibilities cited by the Board, fair value and value-in-use, are rejected because they would be “cost prohibitive” and / or “lack reliability” and / or “require re-estimations that would reduce relevance and comparability and increase cost.” Should the FASAB apply that rationale across the board, few complex accounting estimates would survive. Re-estimation techniques could be developed to mitigate incomparability, which is preferable to excluding an asset from the balance sheet. Reasonable exceptions could be developed to accommodate instances where more rigorous measurement is not feasible. Assertions of current inconsistencies and incomparability seem to be an overriding consideration. Presumably these could be remedied with a reasonable approach for estimation, for example, a specified deemed cost approach. Most federal land is stewardship land, which has unique valuation issues, rather than general PP&E, where traditional accounting principles for land would be applicable. However, much GPP&E land and land rights associated with operations can be measured using traditional methods.</p> <p>In SFFAC 1 and in the basis for conclusions for SFFAS 6 (paragraph 122), the Board noted the importance of cost information and the allocation of cost to periods in measuring federal performance, while explicitly excluding land from that allocation, which is the traditional accounting principle for land. GPP&E land does not factor into net results until disposal. Thus, the</p>

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	<p>cost of federal land has not been a factor in measuring performance, nor has the balance sheet value of general PP&E been significant on federal balance sheets. However, transparency and accountability require assets to be reported on the balance sheet.</p> <p>The following are other members’ comments.</p> <p>The view expressed in the Basis for Conclusions seems reasonable that both historical cost and fair value are not meaningful and would (regardless) be impossible or impracticable for the majority of public land. In other words, it is our view that the current reporting of land at historical cost is:</p> <ul style="list-style-type: none"> • not meaningful, • not decision-useful and • not representative of the majority of land assets for governments at all levels (not just the Federal government). <p>Switching to fair value would be no better (just a different kind of meaninglessness) and has the added defect of being cost prohibitive. However, land assets are an essential aspect of financial position, and information, about the full portfolio of land assets needs to be included in the financial reporting model. There is a compelling reason to require land assets to be a part of the financial reporting model to demonstrate accountability for these assets. The statements should demonstrate that the government is able to identify, track and classify these assets in support of its mission.</p> <p>1b. We agree the information is essential to understand the entity’s financial condition.</p>
14 - DHS	<p>1a. Agree. The proposed standard could improve consistency and therefore comparability given that land is a non-depreciable asset regardless of its purpose or use.</p> <p>1b. Disagree. Non-capitalized asset that is not valued in dollars should no longer be part of G-PP&E note disclosure. While we agree that G-PP&E land and stewardship land should be presented as basic information consistent with other stewardship PP&E, we think that it should be</p>

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	presented separately from the existing G-PP&E note. One possibility could be a new note altogether (i.e., “GPP& E land and stewardship land” or a new section of the existing stewardship PP&E note, since the commonality would be that the information in this note would all be non-valued, quantitative information (including estimated acres of land).
15 - GSA	<p>1a. We disagree with the Board’s proposal to reclassify G-PP&E land as a non-capitalized asset with no dollar amounts reported on the balance sheet and expense future acquisitions on the Statement of Net Cost. For entities with G-PP&E land, the nature of land is very different than Stewardship lands. G-PP&E land is a normal asset needed to fulfill ongoing operations of the owning government agency, and used in the traditional sense, as do other governmental and private sector entities, as an integral and required element of real property development. It is arguably the most reliable asset in term of maintaining its financial worth, that it is not even depreciated, and generally the longest lived of all assets. Acquisitions of land are more akin to purchases of long-term investments, rather than costs of operations of the period acquired as is proposed. We also believe it is of significant value to maintain comparability in such accounting treatment of like accounting elements across the accounting hierarchies (i.e. FASB and GASB) to provide comparability, especially for managerial accounting, so that benchmarking and performance measurement of similar activities can be performed. Federal agencies rely upon common cost analysis and performance measures to monitor results compared to results from non-Federal real property management metrics to improve Federal performance and efficiency in its operations. The Board’s proposal will likely create inconsistencies in the cost analysis and performance measures when comparing to non-Federal entities.</p> <p>Land is the physical asset underpinning all other real property and fixed assets. It does not seem reasonable to have such a disparate accounting treatment for land compared to other real property assets. This ED makes no statements about the conceptual interrelationships among real property assets that might support the unique treatment proposed for land. G-PP&E land is often an integral part of facilities management, as is the case for GSA. Generally the land portion of a real property holding is a small portion of the overall investment to develop a property for use. From the perspective of real property managed by GSA, it would be more useful and provide additional cost/burden reductions to combine the components of a real property holding (land +</p>

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	<p>buildings/facilities) into one capitalized asset, rather than the Board’s proposal to expense land as it is acquired. An option of including the costs of land in the asset value to be depreciated would be more reasonable in the presentation of costs in operating statements than direct expensing of land when acquired. If land were to be combined with the rest of property development asset costs, it might also be appropriate to be included in the assessment of a property’s expected salvage value that would be excluded from depreciation. This alternative of capitalizing land and other real property development costs into individual composite assets would further reduce burdens associated with maintaining cost segregation when real property with both land and facilities are purchased, sold, or exchanged as a combined asset. Imprecise estimating techniques are often relied upon today, and would need to be continued under the Board’s proposal, to separate the asset tracking and cost recognition of the land and other elements of real property. A more holistic approach to account for a combined real property holding, without the need to segregate the components, would improve the accuracy of financial results, alleviate the workload burdens and eliminate disparate accounting treatment of the components. An example of transactions that would benefit from a more holistic composite asset recognition includes property exchanges with non-Federal entities, where certain authorities provide for exchange of properties with comparable values, taken as a whole (land + facilities). Under current accounting treatment, when such exchanges are of equal value, there is no recognition of gains or losses, though land vs facility values must be estimated and separately recorded. Under the Board’s proposal, such exchange of real property assets of equal value would result in gain or loss recognition for any differences in the estimated value of the land portions of the exchange. An alternative composite asset approach would eliminate the need to estimate and record separate transactions for the components and eliminate gain or loss recognition for exchanges of combined assets with equal values.</p> <p>If the Board does not agree with the more holistic approach of recognizing composite assets, combining land with facility costs as recommend above, and concludes that recognition of land acquisition cost and gains from disposal should be presented with the other results of activities during the period of such transactions, we suggest the Board consider a unique approach to segregate such activity from normal operating results reported on the SNC. Such transactions</p>

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QUESTION - 1	
<p>a. Do you agree or disagree with the Board’s proposal to reclassify G-PP&E land as a non-capitalized asset with no dollar amounts reported on the balance sheet and expense future acquisitions on the Statement of Net Cost? Please provide the rationale for your answer.</p> <p>b. Do you agree or disagree that land information should be presented as basic information in the G-PP&E note disclosure? Please provide the rationale for your answer.</p>	<p>related to land are so unique in nature and unlike normal operating costs, we suggest the Board consider such balances be reportable as a component of Results of Operations on the Statements of Changes in Net Position (SCNP), rather than the SNC. We consider the presentation of land investment activities along with other SCNP line items such as Other Financing Sources, Transfers, Appropriations Used, etc. to be more appropriate than having such investing activities included with traditional operating results reported on the SNC.</p> <p>The Board’s proposal appears to create multiple conflicts with concepts espoused in SFFAC’s. Particularly in reviewing SFFAC’s 1, 5, and 7, one would very likely reach the conclusion that land would be a component of assets recognized on a Balance Sheet. As part of issuing a new standard on land, it would be prudent for additional language to be added to these SFFAC’s to address nuances that land assets carry that led to the Board reaching the conclusion that such assets should not be recorded on a Balance Sheet as part of an entity’s financial position, and instead how and why related expenditures are fitting to be classified as expenses from operations. This ED does not provide such clarity.</p> <p>Specifically in SFFAC 1, the objective of Operating Performance indicates financial reporting should help readers determine, “...the costs of providing specific programs and activities and the composition of, and changes in, these costs...” By expensing land acquisitions, as proposed in the ED, the Statements of Net Cost (SNC) would become more subject to irregularities caused by such unique costs being recorded, as well as more sizable gains likely to be recognized when land is sold. Such anomalous variability would appear to undermine a reader’s understanding of Operating Performance, particularly as there are no disclosure requirements that might help readers understand the impact of the investments in, or disposals of, land on operating statements such as the SNC.</p> <p>Also in SFFAS 1, the Stewardship objective is defined to help provide readers information to determine whether, “...the government’s financial position improved or deteriorated over the period...” The instance of a land acquisition is effectively an exchange of one asset (cash) for another asset, where the overall financial position of an entity has not changed significantly. Under existing standards the capitalization of land produces no decrement to an entity’s Net</p>

Table 6.0 – Summary of Responses by Question

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<p>a. Do you agree or disagree with the Board’s proposal to reclassify G-PP&E land as a non-capitalized asset with no dollar amounts reported on the balance sheet and expense future acquisitions on the Statement of Net Cost? Please provide the rationale for your answer.</p> <p>b. Do you agree or disagree that land information should be presented as basic information in the G-PP&E note disclosure? Please provide the rationale for your answer.</p>	<p>Position. However, the Board’s proposal to expense land acquisitions has the effect on financial statements that would appear to be a deterioration of the government’s financial position, as such charges are reported on the SNC, with no indication of amounts invested in assets, and a resulting reduction of an entity’s Net Position. Accordingly, the Boards proposal would seemingly create conflict with the Stewardship objective from the perspective of balances reported in financial statements.</p> <p>Further, in SFFAC 5, the definition of expense is “...an outflow of or other decrease in assets, an increase in liabilities, or a combination of both that results in a decrease in the government’s net position during the reporting period.” While the acquisition of land does normally result in the outflow of cash, net assets are unchanged, yet the Board’s proposal to expense purchases of land creates a net loss of assets and reduction of net position.</p> <p>Lastly if the Board’s proposal to expense land acquisitions becomes final, it is suggested that the example provided in SFFAC 7, paragraph 13, regarding measurement and its impact on financial transactions associated with land be replaced with a different example, using an asset that would be capitalized.</p> <p>Further, the ED has no discussion of potential impacts on the accounting for related components of land that are removed and extracted, such as certain soils, sand, minerals, or elements that are often held as inventories. It is unclear why a change to expensing acquisitions of land would not also impact accounting for such components of land.</p> <p>1b. We disagree that certain elements required for disclosure under paragraph 10 of the Board’s proposal should be presented as basic information in the G-PP&E note disclosure. Specifically, for elements defined in paragraph 10a, identified as additional disclosures 45A c. and d., requiring disclosure of estimated acres and physical unit counts, we do not believe such information to be basic information necessary for users of financial reporting to understand and evaluate the financial position or operating results of a reporting entity. It appears the Board is selecting specific data to include as basic information to supplement the lack of financial data resulting from the proposals of this ED. We do not consider the lack of such estimated acres and the subjective physical unit counts as a significant weakness in current reporting of G-PP&E land, as such data</p>

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<p>a. Do you agree or disagree with the Board’s proposal to reclassify G-PP&E land as a non-capitalized asset with no dollar amounts reported on the balance sheet and expense future acquisitions on the Statement of Net Cost? Please provide the rationale for your answer.</p> <p>b. Do you agree or disagree that land information should be presented as basic information in the G-PP&E note disclosure? Please provide the rationale for your answer.</p>	
	<p>is very rarely requested by readers/users of GSA financial statements. Also, it is not clear why such physical count information for land would be necessary as basic information, when counts or similar qualitative information on other PP&E balances, often more significant to a reporting entity, are generally not required for disclosure. We would recommend the Board consider adding an information requirement that basic disclosures should include reporting of significant balances of land cost or gains recognized in a period and reported on the SNC if the proposals in this ED are implemented in a final Standard. Such information would be very important for readers to understand the financial impact on the SNC related to land transactions. We do concur with the Board’s proposal that policy-related items, such as indicated in the proposed paragraph 45A a, b, and d are appropriate for disclosure of basic information.</p>
16 - VA	<p>1a. Agree. Historical cost information for land is considered of limited value to most users of financial statements. With many VA land purchases occurring decades ago, recorded amounts are valued at the “lower of cost or market”. As a result, the amounts reported are relatively meaningless. Implementation would simply require a reclassification of current amounts from the balance sheet to the statement of net cost and going forward future acquisitions would be reported directly on the statement of net cost.</p> <p>1b. Agree. It is essential that some basic information about land holdings be presented in a meaningful manner that can be of value to users of financial statements.</p>

Table 6.0 – Summary of Responses by Question

QUESTION - 2	
<p>a. Do you agree or disagree with the Board’s proposed component reporting entity disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.</p> <p>b. Do you agree or disagree with the Board’s proposed government-wide financial statement disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.</p>	
1 - HUD	<p>2a. HUD is neutral on the proposal as HUD does not hold G-PP&E land.</p> <p>2b. HUD is neutral on the proposal as HUD does not hold G-PP&E land.</p>
2 – Mr. Steinberg	<p>2a. I agree and I disagree with the Board’s proposed component reporting entity disclosure requirements for G-PP&E land and SL. I think the classification of land into the three predominant sub-categories can be useful for understanding how both G-PP&E land and SL can be used.</p> <p>Since the illustrative examples in Appendix B of how the non-financial information can be displayed are useful, I would add a third example. The examples in Appendix B-1 and B-2 present the non-financial information for the predominant use categories in two tables: one for the G-PP&E land and one for the SL. The example in Appendix B-3 presents the non-financial information in a single table: the information for both the G-PP&E land and SL is presented on the left and the information for the predominant use categories is presented in total on the right.</p> <p>I would add a single matrix table in which the G-PP&E land and SL non-financial information is presented in two columns, with a third column presenting the total for both. The columns would be broken into four lines: three for presenting the non-financial information for each of the predominant use categories, and a fourth for presenting the total non-financial information data for G-PP&E land, for SL, and for both combined.</p> <p>There is also a correction I suggest for the exhibits. I can envision situations where land acquired for stewardship purposes is used for G-PP&E purposes (and visa versa). When that happens the, agency should adjust its records to reflect the change. Therefore, the tables in Exhibit B should be labeled Categorized by Purpose or Intent, and not Categorized by Purpose or Intent at Acquisition.</p>

Table 6.0 – Summary of Responses by Question

QUESTION - 2	
<p>a. Do you agree or disagree with the Board’s proposed component reporting entity disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.</p> <p>b. Do you agree or disagree with the Board’s proposed government-wide financial statement disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.</p>	
	<p>I believe the concise statement explaining how land relates to the mission of the entity should be limited to the stewardship land and not be required for G-PP&E land. FASAB has undertaken a project to address and hopefully reduce footnote disclosures. A statement of how G-PP&E land relates to the mission of any agency is superfluous.</p> <p>Finally, I reiterate that non-financial information, while useful information, should be presented as required supplementary information and not in the footnotes as basic information. As stated, when agencies do not have information that auditors can consider sufficiently reliable, they reduce the specificity of the information to less meaningful information.</p> <p>2b. My response to whether I agree or disagree with the Board’s proposed government-wide financial statement disclosure requirements for G-PP&E land and SL is consistent with my response to the requirements for component-level disclosure for G-PP&E land and SL.</p>
3- OGA	<p>2a. Generally agree; however, the current focus on only NFI may not be appropriate. Although acres is a common denominator, even within a single category it is possible that the quality of acres varies. Disposing of high quality acres (e.g., rich in resources) for low quality acres (e.g., low in resources or previously harvested) would be difficult to discern under the current policy. Recommend some financial information related to disposals and acquisitions should be provided. Proposed: (1) mechanism (donation, purchase, transfer-in from state) and any costs paid to acquire land in the current period (2) total dollars received from sale of land, by category of sale (e.g., open auction, closed auction), (3) insight into any land transferred "in kind". This provision already does not need to be applied to immaterial items, and additional emphasis could be provided on that point. This is especially true for agencies which hold substantial amounts of land. These agencies would seemingly be the most likely to not suffer from items listed under A42, or would benefit the most from developing/improving such a capability. There is some concern with the separation of stewardship land from G-PP&E land, required reference to deferred maintenance and repairs (DM&R) information, and with the requirement to report the amounts paid to maintain land rights. There is no added value in separately identifying and reporting stewardship land from other G-PP&E land given the</p>

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<p>a. Do you agree or disagree with the Board’s proposed component reporting entity disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.</p> <p>b. Do you agree or disagree with the Board’s proposed government-wide financial statement disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.</p>	
	<p>proposed accounting treatment is the same and both require the same subcategory definitions. Stewardship PP&E was created as a category that resembles the physical characteristics of balance sheet PP&E, but differs in the nature of its use that warranted a separate accounting standard. However, land will be treated the same and will not be reported on the balance sheet so there is not capitalized land to resemble to warrant separate reporting in the notes to the financial statements. Entities are already required to follow SFFAS 42 regarding DM&R. SFFAS 42 requires entities to state whether their DM&R relates to capitalized personal property or non-capitalized personal property. Requiring this disclosure makes it appear that DM&R will be applied to all non-capitalized land, which may not be the policy of the entity. Therefore, this disclosure requirement should be omitted from this standard and SFFAS 42 relied upon for DM&R reporting. The requirement to report the amounts paid during the year to maintain land rights is in conflict with the standard. The standard allows for expensing for land and permanent land rights and the choice to expense temporary land rights, which does not require cost accumulation and tracking as needed for capitalized assets. However this disclosure requirement requires cost accumulation, tracking and disclosure of the cost to maintain all land rights which equates to the cost of the land rights that would be reported on either the balance sheet or the statement of net cost and without consideration for significance. We recommend this requirement that “Land rights information should include...amounts paid during the year to maintain such rights” be removed from the disclosure requirements.</p> <p>2b. Generally agree with the Board’s proposal to provide government-wide disclosure. Implementing more detailed, uniform requirements across all of the Federal government would be challenging. Further, standardization may adversely impact the usefulness of agency-specific reporting. It is also likely that most users of the information are concerned with a small sub-set of agencies. If disclosing at the government-wide level is not adopted, could possibly include information in the supplementary section.</p>
4 - DOC	<p>2a. The Department agrees with the Board’s proposed component reporting entity disclosure requirements for G-PP&E land and Stewardship Land for the same reasons provided in the answer to question 1.b.</p>

Table 6.0 – Summary of Responses by Question

QUESTION - 2	
<p>a. Do you agree or disagree with the Board's proposed component reporting entity disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.</p> <p>b. Do you agree or disagree with the Board's proposed government-wide financial statement disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.</p>	
	<p>2b. The Department agrees with the Board's proposed government-wide financial statement disclosure requirements for G-PP&E land and Stewardship Land for the same reasons provided in the answer to question 1.b.</p>
5- SSA	<p>2a. We agree that the proposed disclosure requirements provide uniformity and comparability, while also addressing concerns regarding accountability and transparency.</p> <p>2b. We agree that the proposed disclosure requirements provide uniformity and comparability, while also addressing concerns regarding accountability and transparency.</p>
6 – NASA OIG	<p>2a. We agree with all proposed required disclosures for G-PP&E land and SL for component entity reporting except for physical unit information. As indicated in paragraph 10 of this ED, preparers will have flexibility in determining how to define a physical unit. However, physical units being defined differently by the reporting entities lessens the significance of the information since the information will not be consistent or comparable among entities. Additionally, in viewing the presentation illustrations in Appendix B, which contains physical unit information, we do not understand how knowing the number of regional or district offices that manage the land would be beneficial or useful.</p> <p>2b. We agree with all proposed required disclosures for G-PP&E land and SL for government-wide reporting.</p>
7 - DOD	<p>2a. Partially Agree. Disclosures need further clarification, as follows: (1) DISAGREE. Description of the entity's policies: Excess information; readdress requirement after initial data collected to see if additional policies are needed. (2) Partially Agree. Physical quantity information; Need further clarification on this definition. If this is the "Physical Unit" information, it can be useful. Also, does this relate to "Unit Count"? Nomenclature for the above terms needs clarification. (3) Agree. Estimated acres of land should be a data requirement. (4) Partially Agree. Estimated acres of land held for disposal or exchange: Coordination for land</p>

Table 6.0 – Summary of Responses by Question

QUESTION - 2	
<p>a. Do you agree or disagree with the Board’s proposed component reporting entity disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.</p> <p>b. Do you agree or disagree with the Board’s proposed government-wide financial statement disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.</p>	
	<p>disposals is generally accomplished through GSA. Processes for meeting the reporting criteria based on when the service has "satisfied legislative disposal authority requirements" for the land must be established. (5) Partially Agree. Land rights information should include a general description of the types of land rights acquired by the entity; Requirement needs refinement. In general, there is Fee and Less-than-Fee interest in land, with innumerable variations. (6) DISAGREE. Reference to deferred maintenance and repairs information; It is not clear how this DM&R concept would apply to land. If the intent is for use with improvements on/in the land (i.e., facilities), those requirements and processes are already in place.</p> <p>2b. Disagree. See response to Question 2a.</p>
8 - GWSCPA	<p>The FISC agrees with the Board’s proposed component reporting entity and government-wide disclosure requirements.</p>
9 - HHS	<p>2a. HHS agrees with reporting the three predominant sub-categories; however, HHS has concerns about the requirement to report estimated acres of land because of the audit implications and cost of verifying the amount of land. Due to environmental changes such as earthquakes, volcanos, and flooding, land may not remain stable from year to year.</p> <p>In addition, it may not be useful or cost effective for all agencies to describe land rights and amounts paid to maintain such rights or to reference deferred maintenance in the Land note. For many agencies, there is little deferred maintenance associated with land and land rights. We recommend disclosure only if the information about land rights and deferred maintenance would be of interest and significant to the reader.</p> <p>2b. As noted above, we are concerned with reporting and auditing acres of land.</p>

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QUESTION - 2	
<p>a. Do you agree or disagree with the Board’s proposed component reporting entity disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.</p> <p>b. Do you agree or disagree with the Board’s proposed government-wide financial statement disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.</p>	
10 – NASA OCFO	<p>2a. Yes, we agree with the Board’s proposed component reporting entity disclosure requirements for G-PP&E, and stewardship land (SL).</p> <p>2b. Yes, we agree with the Board’s proposed government-wide financial statement disclosure requirements.</p>
11- DOI	<p>2a. Partially agree. Agree with the requirements under SFFAS 29 that allow the entities to determine the "unit" of stewardship land and report increase or decrease in the number of units. Allowing the entities to determine their physical unit information provides flexibility. However, disagree with expanding the reporting requirements under SFFAS 29. Agencies have spent considerable resources to ensure compliance and auditability. Adding more data elements to the reporting requirements, including estimated acres, acres at the beginning of the period, acres added during the period, acres disposed of during the period, net acres transferred between G-PP&E, net acres transferred between the three sub-categories, acres at the end of the period, physical unit transfers between GPP&E land and Stewardship Land, physical unit transfers between sub-categories, acres held for disposal, land rights, description of land rights acquired, identification of land rights being either temporary or permanent, and amounts paid to maintain such rights, and multiplying the data elements by three for each of the sub-categories and have the elements fully audited if assigned to “basic”, is disclosure overload. In addition, disagree with the proposed additional reporting requirements, as information pertaining to land is available under other mandatory reports such as the FRPP so the new requirements add little to no benefit and may be more confusing and misleading to the user. If we require duplicate information then we do run the risk of overwhelming the field offices with paperwork or data calls that may prevent them from being able to perform the actual front line work that is required. The financial statements should disclose only general information pertaining to the land because interested users may obtain additional information elsewhere, including the GSA website, DOI’s map of surface lands in the Management’s Discussion and Analysis, etc. Repeating information that is mandatorily reported elsewhere adds unnecessary burden on the agencies and provides no additional value. In order to follow the current administration’s direction as evidenced by the Office of Management and Budget’s</p>

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QUESTION - 2	
<p>a. Do you agree or disagree with the Board’s proposed component reporting entity disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.</p> <p>b. Do you agree or disagree with the Board’s proposed government-wide financial statement disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.</p>	
	<p>memorandum dated June 15, 2017, Reducing Burden for the Federal Agencies by Rescinding and Modifying OMB Memoranda (M-17-26), care should be taken not to increase burden on Federal agencies. In the Basis for Conclusion of the exposure draft, it mentions GAO-11-377 as justification for these requirements. The new requirements would not make any difference in GAO’s conclusion because the questions GAO asked do not pertain to DOI bureaus’ missions or pertain to the duties DOI is receiving appropriations to perform. GAO asked DOI questions regarding oil, gas, and coal. DOI’s mission is to manage, develop, and protect water and related resources in an environmentally and economically sound manner in the interest of the American public. Congress does not appropriate funds for DOI to gather information regarding oil, gas, or coal so DOI cannot spend appropriated dollars to do so. The new requirements will only reflect what DOI has previously been providing which will not provide the data requested in GAO’s report. In addition, proposed categories overlap for many of DOI bureau land holdings so clarification is needed to report land in the "primary" or "predominant" use and not duplicative reporting. In addition, deferred maintenance and repairs information may be relevant for real property located on the land but it is not relevant for the land itself. Thus, deferred maintenance and repairs information is irrelevant to land reporting and the reference should be removed from the reporting requirements for land.</p> <p>2b. Disagree. Suggest land information be presented as Other Supplementary Information and not as Basic Information for the same reasons cited in response to Question 1. In addition, deferred maintenance and repairs does not exist for land so this disclosure is irrelevant for land reporting.</p>
12 – K&C	<p>2a. Disagree – The proposed information would be insightful to financial statement users. However, if one objective of the proposed changes is to reduce “preparer burden”, the new reporting requirements greatly increase “preparer burden.” For example, agencies will be required SL land acreage between Conservation and Preservation and Commercial Use. Most agencies do not have financial reporting processes and infrastructure to support these new requirements. Because this information is dynamic, these new requirements would become an ongoing activity of the financial reporting cycle. As previously discussed, most agencies’</p>

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<p>a. Do you agree or disagree with the Board’s proposed component reporting entity disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.</p> <p>b. Do you agree or disagree with the Board’s proposed government-wide financial statement disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.</p>	
	<p>financial reporting systems are not designed to capture the new required information; therefore, they will be forced to develop labor-intensive and error-prone manual workarounds.</p> <p>2b. We disagree with the Board's proposal for reasons discussed in Q2.a. above.</p>
13- AGA	<p>2a. We agree with the proposed component disclosures since the requirements reflect SFFAS 29 requirements. In particular, we agree with how land relates to an entity’s mission, its policies over land and physical unit information as well as the Board’s analysis of the land task force’s findings. While we disagree with removing the G-PP&E land from the capitalized assets, several of our members liked the disclosures G-PP&E and the SL. We recommend the Board evaluate the proposed component reporting even if the GPP&E land is still capitalized.</p> <p>2b. We agree with the proposed disclosure since it reflects SFFAS 29 requirements (how land relates to an entity’s mission, its policies over land, and physical unit information) and the Board’s analysis of the land task force’s findings.</p>
14 - DHS	<p>2a. We generally agree, but recognize as potential issue or challenge that any subcategorization of G-PP&E land and SL based on the intent at the time of acquisition could be different from how the land is actually/predominantly used during the reporting period.</p> <p>2b. We generally agree, but we are concerned the disclosure requirements could be excessive and burdensome, and not fully useful or understandable to an average reader.</p>
15 - GSA	<p>2a. Please see responses to the related Q1.b. Also, it is not clear in the language in the draft ED that all six disclosure requirements are required to be provided for each of three sub-categories, as is stated in the third sentence of this Q2. That would create requirements for up to 18 separate disclosures for both SL and/or G-PP&E land (max of 36 if an entity has all three sub-categories in both SL and G-PP&E Land. We would recommend the required disclosures be for G-PP&E Land or SL as a whole, and not per sub-category.</p>

Table 6.0 – Summary of Responses by Question

QUESTION - 2	
a. Do you agree or disagree with the Board’s proposed component reporting entity disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.	
b. Do you agree or disagree with the Board’s proposed government-wide financial statement disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.	
	<p>As noted in our response to Q1.b., we disagree with the Board’s proposal that information on acres or land and other physical units be part of basic information in footnote disclosures, but instead should be categorized as Other Accompanying Information.</p> <p>Further, if acres of land by sub-category does become a disclosure requirement issued in a Standard, we believe the requirement for the other Physical Unit counts is no longer necessary. Such information may be information that an agency’s management may choose to continue disclosing, but it should no longer be required for disclosure. As the Physical Units information is to be presented in a fashion deemed appropriate by each reporting entity’s financial statement preparers, the categorization is not comparative across the Federal government, and is clearly not intended to meet the needs of a broad-based community of users of Federal financial reporting. Accordingly, it is unclear who would require such information to fairly evaluate the financial condition/position of a Federal reporting entity. Especially for G-PP&E Land, where no such presentation of Physical Unit counts has been required in the past, it is not clear why an agency would need to develop and maintain reporting processes associated with unique categories for Physical Unit disclosures. As indicated previously, GSA financial statement preparers have not received requests that such information be included in financial reporting, making us question the supposition that there is broad user need for the disclosure.</p> <p>Lastly, we recommend rewording the disclosure requirement, “(6) a reference to deferred maintenance and repairs information” make it clear that this is only to be noted when there is distinct DM&R information related to land.2b. The respondent does not agree that the information on acreage should be required as basic information in government-wide disclosure requirements because said information is not necessary for users to understand and evaluate the financial position or operating results of a reporting entity. Instead, they suggest such information to be presented as either unaudited or as Other Accompanying Information. They also noted that the last (fifth) requirement displayed in the proposed changes under paragraph 23.b, regarding a general reference to additional agency reporting appears to be duplicative of</p>

Table 6.0 – Summary of Responses by Question

QUESTION - 2	
<p>a. Do you agree or disagree with the Board’s proposed component reporting entity disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.</p> <p>b. Do you agree or disagree with the Board’s proposed government-wide financial statement disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.</p>	
	<p>the requirement in paragraph 23.d.</p> <p>2b. We agree with the disclosure requirements displayed in the first two bullets of the amended SFFAS 32 paragraph 23.b, with general information about G-PP&E land. However, we do not agree that the information on counts of acreage should be a required as basic information in government-wide disclosure requirements, for the same reasons discussed above in our response to Q1.b. While we agree that information on the acreage of Federal land holding would be useful, we believe such information to be presented as either un-audited, or as Other Accompanying Information.</p> <p>We noted that the last (fifth) requirement displayed in the proposed changes under paragraph 23.b, regarding a general reference to additional agency reporting appears to be duplicative of the requirement in paragraph 23.d. However, we recommend removal of both of these required items, as we believe such references to additional information in agency statements should be made as a high-level statement in the FR, covering all elements of the financial statements and disclosures, and not become required statements to be made with each category of disclosure, such as land.</p>
16 - VA	<p>2a. Agree. A note disclosure allows for the dissemination of additional information that cannot be displayed on the face of the financial statements.</p> <p>2b. Agree. Standardizing disclosure requirements will improve comparability on a uniform government-wide financial statement basis.</p>

Table 6.0 – Summary of Responses by Question

QUESTION - 3	
a. Do you agree with retaining the G-PP&E land and SL categories? Please provide the rationale for your answer.	
1 - HUD	HUD is neutral on the proposal as HUD does not hold G-PP&E land.
2 – Mr. Steinberg	<p>I agree with retaining the G-PP&E land and SL categories. It provides minimal measurable and reliable information about the land the government uses to support its general services. For reasons described above, SL is not reported with financial measures, but with non-financial measures. Eliminating the G-PP&E land and SL categories would require all land to be reported with non-financial measures. Implementing a requirement to obtain and present non-financial information for G-PP&E land would be extremely disruptive and costly for the agencies. Moreover, the data is likely to be not as reliable as the financial information, and thus not auditable nor as meaningful.</p> <p>Paragraph 3's concern that current use of a land holding (e. g., G-PP&E land) is sometimes different from the initial intent at time of acquisition (e. g. SL) is not the result of a deficient accounting standard. It is the result of inadequate record keeping and reporting. The problem should be addressed not by changing the accounting standard, but by proper following of appropriate accounting procedures and assuring that following through sufficient auditing.</p>
3- OGA	Generally agree – The segregation is helpful for users. However, there is some concern that the stewardship land category was created to expense land that was not considered connected with G-PP&E while all other land and land right was separated for a capitalization decision. With both types of land being expensed, there is no added benefit to requiring entities to identify and maintain separate categories of land while also requiring reporting across the same sub-categories. It may be possible to use one table to provide the necessary non-financial information that facilitates demonstration of operating performance and stewardship. While in general agreement, the respondent believes that there is no added benefit to requiring entities to identify and maintain separate categories of land while also requiring reporting across the same sub-categories.

Table 6.0 – Summary of Responses by Question

QUESTION - 3	
a. Do you agree with retaining the G-PP&E land and SL categories? Please provide the rationale for your answer.	
4 - DOC	The Department agrees with the Board's proposed proposes retaining both the G-PP&E land and SL categories for an entity's land holdings, because the Department's missions related to these two categories of land are different..
5 - SSA	We agree, as retaining the current SL and G-PP&E land categorizations provides a clear distinction between the nature of these two types of land, resulting in more accurate and understandable reporting.
6 – NASA OIG	We disagree with retaining separate categories for land (i.e., G-PP&E and Stewardship). The reporting disclosure requirements for both categories are the same and upon implementation of this ED, both categories will be considered non-capital assets. Paragraph A22 of this ED expresses a concern that a single land category approach would change current measurement and recognition for SL. SL is currently reported as non-capital assets so there would be no change in the measurement and recognition of SL. Additionally, we do not understand why a distinction between G-P&E land and SL is important to a potential user or reader.
7 - DOD	Agree.
8 - GWSCPA	The FISC agrees with retaining the G-PP&E land and SL categories.
9 - HHS	Yes, HHS agrees with retaining both the G-PP&E and Stewardship Land categories. It is a reasonable way to categorize the land held by agencies and retains continuity with past reporting.
10 – NASA OCFO	Yes, the separation of G-PP&E land and Stewardship Land Categories will assist agencies in complying with SFFAS No. 6 and 29. The distinction between General PP&E land and SL should be retained as agencies are currently reporting this way and it will help to maintain consistency in reporting categories.

Table 6.0 – Summary of Responses by Question

QUESTION - 3	
a. Do you agree with retaining the G-PP&E land and SL categories? Please provide the rationale for your answer.	
11 - DOI	Agree. Stewardship land category makes important distinctions for these unique assets that have national significance and are held for the benefit and enjoyment of the American people for perpetuity. There are specific laws, regulations, policies, and administrative rules that pertain to these assets. Distinction is required to determine the true operating effectiveness of the entity.
12 – K&C	We agree. Substantially all agencies currently use these categories to report land, and the characterization is beneficial to financial statement users.
13 - AGA	We agree with the proposal. There is a reported consensus among users as well as task force members that the two categories are meaningful and useful.
14 - DHS	We generally agree, but recognize as potential issue or challenge that any subcategorization of G-PP&E land and SL based on the intent at the time of acquisition could be different from how the land is actually/predominantly used during the reporting period.
15 - GSA	We concur with the Board's proposal to retain separate reporting categories for G-PP&E land and SL. Given the very unique purposes and uses of such holdings, we concur presentation of related information should remain disaggregated.
16 - VA	Agree for consistency.

Table 6.0 – Summary of Responses by Question

QUESTION - 4 Do you agree or disagree with the Board's proposed G-PP&E land and permanent land rights definition and the related sub-category definitions? Please provide the rationale for your answer.	
1 - HUD	HUD is neutral on the proposal as HUD does not hold G-PP&E land.
2 – Mr. Steinberg	<p>I agree with the Board's proposed G-PP&E land definition.</p> <p>I agree with the Board's proposed permanent land rights definition.</p> <p>I agree with the related sub-category definitions, recognizing that the agencies will have implementation challenges categorizing certain lands. For instance, I assume national parks would be considered Conservation and Preservation Land, or even Operational Land because they are mission related. However, many national parks have campsites that are rented, which Paragraph 11/20B identifies as Commercial Use Land. Implementation guidance will be needed.</p> <p>I believe the physical unit measures will be meaningless. Agencies' missions, the type of land they manage, and their related asset management practices differ widely. Presenting information based on these criteria, as required by paragraph 10A/45A.c.ii, means there will be no comparability for the information for users of component financial statements and an inability to consolidate the information for the government -wide financial statements.</p>
3- OGA	Agree with the Board's proposed definitions.
4 - DOC	The Department agrees with the Board's proposed G-PP&E land and permanent land rights definition and the related sub-category definitions, because these definitions are meaningful to users of the financial reports.
5 - SSA	We agree. The definitions provided are comprehensive, thorough, and clear regarding the categorization and reporting of G-PP&E land, permanent land rights, and related sub-categories.

Table 6.0 – Summary of Responses by Question

QUESTION - 4	
Do you agree or disagree with the Board's proposed G-PP&E land and permanent land rights definition and the related sub-category definitions? Please provide the rationale for your answer.	
6 – NASA OIG	We agree with the Board's proposed definitions for G-PP&E land and permanent land rights, as well as the sub-category definitions for commercial land use, conservation and preservation land, and operational land.
7 - DOD	Agree. Definitions are reasonable. However, recommend clarifying that "acres of land held for disposal or exchange" does not include land transferring between federal entities and, whether it's two component reporting entities within a single reporting entity, two independent federal reporting entities, or any other interaction between federal reporting entities.
8 - GWSCPA	The FISC agrees with the Board's proposed G-PP&E land and permanent land rights definition and the related sub-category definitions.
9 - HHS	HHS agrees with the proposed G-PP&E land and permanent land rights definitions, but we do not agree that permanent land rights should be distinguished from temporary land rights for financial reporting. We recommend that temporary land rights also be expensed when purchased. This would be consistent with the treatment allowed under SFFAS 50.
10 – NASA OCFO	Yes, we agree with the Board's proposed definition of G-PP&E land and permanent land rights and the related sub-category definitions.
11 - DOI	Partially agree. DOI is concerned about FASAB missing the part of public lands where the Government did not purchase the land; it was given to DOI to manage and preserve for future generations. There is no paperwork or contract maintained by the government. It is just inherently public. In addition, neither the proposed amendments to SFFAS 6 nor the existing language in SFFAS 6 make the connection between public land and stewardship land, noting that public domain land is included in the proposed definition of stewardship land in amendments to SFFAS 29 (paragraph 12). Furthermore, Footnote 29.1 (Page 56) provides an example of withdrawn land but does not specify it is stewardship land. In Paragraph 8d (Page 16) if a structure is a byproduct of the land, the acquisition is expensed. How do agencies record the disposal of the structure after the land is purchased? Recording the full amount of the land including the structure as an expense and then recording the entire sale of the structure as a gain distorts the

Table 6.0 – Summary of Responses by Question

QUESTION - 4	
Do you agree or disagree with the Board’s proposed G-PP&E land and permanent land rights definition and the related sub-category definitions? Please provide the rationale for your answer.	
	<p>true expense and gain/loss for the periods. This is misleading and distorts the operating effectiveness of the agency. Page 17 paragraph 40.f.i allows some entities to exclude temporary land rights from their opening balances. The argument for the new exposure draft is comparability and yet the guidance still allows some agencies to choose not to include, just disclose, temporary land rights. Page 18 e states the land rights information should include whether rights are temporary or permanent. This is comparing apples to oranges. The current draft has temporary land rights reported on the balance sheet, included in G-PP&E. Disclosing this information with the permanent land rights that are not included in the balance sheet adds more confusion to the reader. On Page 19 paragraph 20B, etc. commercial land use includes concession agreements, special use, right-of-way grants, commercial filming. The predominant use of these lands is probably mission specific so the agency would probably not report any of the land under these categories even though the multiuse of the land would include these activities. This is another example of how the new requirements are more misleading, will not be interpreted consistently among agencies, and will not provide the information FASAB is seeking. Suggest better clarification of the categories because they seem to contradict one another. Need clarification of mission related because most predominant uses of land are based on the mission of the agency. On commercial use land (See Paragraph 11 - 20B.), SFFAS 29, Paragraph 34 states, “Land is defined as the solid part of the surface of the earth. Excluded from the definition are the natural resources (that is, depletable resources, such as mineral deposits and petroleum; renewable resources, such as timber; and the outer-continental shelf resources)”. The reference to “forest product sales such as timber, or sales arising from national forests and grasslands” appear to be excluded from the definition of land given the renewable nature and should be excluded from the commercial use definition also. Similarly, reference to “agriculture” should be removed. Unless it is related to the land itself, i.e., something related to the soil, the surface of the earth. DOI disagrees that concession arrangements, recreation residences, recreation facilities, permits for construction equipment storage and assembly yards, etc. apply if they are not related to the solid part of the surface of the earth, as these are all examples of the use of structures, not land. Category definitions have overlap so will need to clarify how to address this. For example, many units of conservation land may have concession arrangements (commercial use category.) Should remove concessions, as this is not typically the intent of the land, but a means to provide mission related services. Further, timber sales, etc. are important elements of conservation. It is not clear how this distinction will be made between the two. Recommend removing. Need to clarify that preparers should select one category for the acreage represented by the quantity reported (e.g. unit) rather than acre by-acre. Use should be based on the mission as directed by</p>

Table 6.0 – Summary of Responses by Question

<p>QUESTION - 4</p> <p>Do you agree or disagree with the Board's proposed G-PP&E land and permanent land rights definition and the related sub-category definitions? Please provide the rationale for your answer.</p>	
	<p>enabling or authorizing legislation. Lastly, in definition of conservation land, replace "protection" with "balanced". On Conservation and preservation (See Paragraph 11 - 20C): The Conservation and Preservation category is not supported by examples currently. Examples of commercial use and operational land were provided in those two definitions. Recommend adding examples for consistency. Recommend expanding the definition (see Q5 response) to include some of the concepts from the Stewardship Land definition (see Q5 response), e.g., the land possesses significant natural, historic, scenic, cultural, and recreational resources. Examples could include the conservation of geological resources, wildlife, plant life, archeological resources, local Native American culture, local ethnic and traditional culture, historical significance, and other resources and values.</p>
12 – K&C	<p>We disagree with the Board's proposed sub-category definitions for reasons discussed in Q2.a.</p> <p>We agree with the Board's proposed G-PP&E land and permanent land rights definition as they more closely resemble in use and characteristic SL..</p>
13- AGA	<p>We agree with the proposed definitions and sub-category definitions. The Board asserts that there is a need to clarify the GPP&E definition and create and define the three sub-categories. The modifications do clarify the GPP&E definitions, and the sub-categories provide additional breakdowns. However, the ED does not include a comprehensive explanation of the rationale for the modified definitions and new sub-categories, although there is reference to task force research and asserted user needs. We recommend the Board provide a comprehensive explanation for the proposed changes in the Basis of Conclusions.</p>
14 - DHS	<p>We generally agree, but recognize as potential issue or challenge that any subcategorization of G-PP&E land and SL based on the intent at the time of acquisition could be different from how the land is actually/predominantly used during the reporting period.</p>
15 - GSA	<p>We generally agree with the Board's proposals for these definitions, however we do take exception and request reconsideration of two specific areas within these definitions.</p> <ol style="list-style-type: none"> 1. Regarding the definition of permanent land rights, if such rights are to be removed from the Balance Sheet and expensed in periods acquired we suggest such treatment also apply

Table 6.0 – Summary of Responses by Question

<p>QUESTION - 4</p> <p>Do you agree or disagree with the Board’s proposed G-PP&E land and permanent land rights definition and the related sub-category definitions? Please provide the rationale for your answer.</p>	
	<p>when temporary land rights are for very long-terms, such as 99 years, or the life-time of an owner. When there are such long-term granting of rights, there appears to be no benefit to capitalizing and amortizing such costs as the only element of land that would be on the Balance Sheet. We recommend the Board either treat temporary land rights the same as permanent land rights, or set a numbers of years (i.e. less than 20) that temporary land rights might require the Board’s proposed capitalization and amortization treatment. It is unclear what financial statement benefit the Board expects by proposing the different accounting treatment of temporary land rights.</p> <p>2. We also suggest repositioning and clarifying the discussion of sub-categories presented in paragraph 11, shown as amendments to SFFAS 6 paragraph 20A-D. The changes proposed in paragraph 20 should be clearer in presenting the three sub-categories that become the basis for certain disclosures. In the proposed wording of paragraph 20, parts B through D are presented simply as three of four definitions (following subparagraph A), but with no indication that they are the three specific subcategories used in disclosure reporting. The fact that these three definitions follow the proposed paragraph 20.A. (Acres of Land Held for Disposal or Exchange) definition would appear to make the 20A definition a unique sub-category like the other three. A reader of the amended Standards would not necessarily understand the relationship and use of these definitions until reading the related language proposed for SFFAS 6 paragraph 45A.c. We suggest repositioning and clarifying the discussion of sub-categories presented in paragraph 11, shown as amendments to SFFAS 6 paragraph 20A-D. A reader of the amended Standards would not necessarily understand the relationship and use of these definitions until reading the related language proposed for SFFAS 6 paragraph 45A.c.</p>
16 - VA	<p>Agree. Request FASAB clarification as to whether “preservation land use” would be identified under categories “Stewardship Land” or “G-PP&E” since they seem to overlap.</p> <p>The disclosure requirements are not currently reported in VA’s Capital Asset Inventory (CAI) property management repository. However, VA believes the requirements for the proposed sub-categories are obtainable. In addition, a note disclosure may be more beneficial to users as the current valuation is of limited value.</p>

Table 6.0 – Summary of Responses by Question

<p>QUESTION – 5</p> <p>Do you agree or disagree with the Board’s proposed definition of SL, including footnote 16 and the related subcategory definitions? Please provide the rationale for your answer.</p>	
1 - HUD	HUD is neutral on the proposal as HUD does not hold G-PP&E land.
2 – Mr. Steinberg	I agree with the Board’s proposed definition of SL, including footnote 16 and the related subcategory definitions.
3- OGA	Generally agree – The definitions and disclosures provide clarification for the user. However there was one concern with the definition and separate identification of SL. Any land that is not intended for to be held for sale or other type of disposal is “intended to be held indefinitely” when purchased. There does not appear to be a meaningful distinction between SL and other land based on the subcategory requirements and disclosure requirements.
4 - DOC	The Department agrees with the Board’s proposed definition of SL, including footnote 16 and the related subcategory definitions, because these definitions are meaningful to users of the financial reports.
5 - SSA	We agree with the proposed definitions, but because we do not have SL we defer to those agencies who report this type of information.
6 – NASA OIG	We do not agree with a portion of the proposed definition of Stewardship Land. Specifically, the definition in paragraph 12 includes “land rights ¹⁵ owned by the Federal Government intended to be held indefinitely.” Footnote 15 explains the differences between temporary and permanent land rights. Since the proposed definition of SL includes “intended to be held indefinitely” then it is implied that temporary land rights cannot be considered SL. The proposed revisions to paragraph 40 in SFFAS 29 (ED paragraph 13) regarding note disclosures for stewardship land states that “stewardship land rights information should include a general description of the different types of rights acquired by the entity, whether such rights are permanent or temporary, and amounts paid during the year to maintain such rights.”

Table 6.0 – Summary of Responses by Question

QUESTION – 5 Do you agree or disagree with the Board’s proposed definition of SL, including footnote 16 and the related subcategory definitions? Please provide the rationale for your answer.	
7 - DOD	Agree.
8 - GWSCPA	The FISC agrees with the Board’s proposed definition of SL.
9 - HHS	HHS agrees with the proposed definition of stewardship land including Footnote 20. The additional language provides increased clarity to the definition.
10 – NASA OCFO	Yes, we agree with the Board’s proposed definition of SL, including footnote 16 and the related subcategory definitions.
11 - DOI	Partially agree. DOI has concerns about grouping government-owned land and less-than-fee interests (e.g., easements) into a single "stewardship land" category. Most FWS real property acquisitions are perpetual easement acquisitions where landowners retain ownership and most property rights, including the ability to work their land. Reporting fee and less-than-fee interests together will paint a misleading picture of Federal ownership, FWS conservation efforts, and Federal land management obligations. Might there be a way to split the land categories into (1) government-owned land and (2) other less-than-fee interests? In addition, the definition of Stewardship Land should acknowledge the land’s uniqueness in that the government does not expect to use the land to meet its obligations. It is land set aside for the use and enjoyment of present and future generations, i.e., for the welfare of the nation as it is to be preserved, protected, and interpreted for the benefit of the nation. The land possesses significant natural, historic, scenic, cultural, and recreational resources. Stewardship land is used and managed in accordance with the statutes authorizing acquisition or directing use and management. The definition should include stewardship concepts of both caring for the land and serving people. Suggested: Conservation, Preservation, and Visitor Use and Enjoyment – Lands within designated boundaries available for enjoyment, education, and inspiration that are purposely set aside for this and future generations including lands that are both preserved and connect people with nature, scenery, national heritage, and offer exceptional opportunities for recreation, solitude, and wildlife viewing among others. Lands are set aside by authoritative bodies such as Congress, the President, or an agency head. For example, the National

Table 6.0 – Summary of Responses by Question

<p>QUESTION – 5</p> <p>Do you agree or disagree with the Board’s proposed definition of SL, including footnote 16 and the related subcategory definitions? Please provide the rationale for your answer.</p>	
	<p>Forest, National Grasslands, and National Park units provide outdoor recreation opportunities including hiking, biking, camping, riding horses, etc. subject to certain restrictions. In addition to the other concepts, consider the following: Stewardship land are those lands in federal ownership that are dedicated to the interpretation, preservation, and conservation of biological diversity and other natural, historic, scenic, recreational or cultural uses, managed for these purposes through legal or other means, e.g., easements or administrative designations documented in an agency management plan.</p> <p>Italicized text above adapted from: http://www.protectedlands.net/wpcontent/uploads/2014/09/ParksOpenSpace_PolicyPaperNov2016Final.pdf</p> <p>Disagree. Please see response to Q4 that asked for comment on the sub-category definitions. "</p>
12 – K&C	<p>We disagree for reasons discussed in Q1a, Q1b, and Q2a, most agencies do not have the processes, people, and information infrastructure to accurately and efficiently report the new disclosure requirements. These standards would increase—not decrease—“preparer burden.”</p>
13 - AGA	<p>We agree with the proposed definition. We also believe the Board should clarify the SL definition and create and define the three sub-categories. While the modifications to the SL definition do clarify the definitions, and the sub-categories seem reasonable we believe to further help the preparers and auditors of the financial statement the ED does not include a comprehensive explanation of the rationale for the modified definition, although there is reference to task force research and asserted user needs.</p>
14 - DHS	<p>We generally agree, but recognize as potential issue or challenge that any subcategorization of G-PP&E land and SL based on the intent at the time of acquisition could be different from how the land is actually/predominantly used during the reporting period.</p>
15 - GSA	<p>We generally agree with the Board’s proposals for these definitions with exceptions as follows:</p> <ol style="list-style-type: none"> 1. We suggest repositioning and clarifying the discussion of sub-categories presented in paragraph 14, shown as amendments to SFFAS 29 paragraph 36A-D. The changes proposed in paragraph 36 should be clearer in presenting the three sub-categories that become the basis for certain disclosures. In the proposed wording of paragraph 36, parts B through D are presented simply as three of four definitions (following subparagraph A), but with no indication that they are the three specific subcategories used in

Table 6.0 – Summary of Responses by Question

<p>QUESTION – 5</p> <p>Do you agree or disagree with the Board’s proposed definition of SL, including footnote 16 and the related subcategory definitions? Please provide the rationale for your answer.</p>	
	<p>disclosure reporting. The fact that these three definitions follow the proposed paragraph 36A. (Acres of Land Held for Disposal or Exchange) definition would appear to make the 36A definition a unique sub-category like the other three. A reader of the amended Standards would not necessarily understand the relationship and use of these definitions until reading the related language proposed for SFFAS 29 paragraph 40.c.</p> <p>2. In paragraph 12.a., the Board proposes amending SFFAS 29 paragraph 33 to add additional examples. We are concerned with the narrative cited as example 33.d., regarding historical landmarks and properties on the National Register. In accordance with the current SFFAS 29 paragraph 22, multi-use heritage assets are to be recorded as general PP&E. We believe land associated with such multi-use heritage assets should also be categorized as G-PP&E. Taking the proposed paragraph 33.d., in conjunction with FN 16 appears to require that G-PP&E land, such as that associated with multi-use historical properties would now have to be reported as SL. It seems very inconsistent that land underlying G-PPE assets should be reported as SL. We recommend that the proposals be modified so that land associated with multi-use heritage assets remain reportable as G-PP&E land. Separating the category type of land from its related real property asset will create undue confusion, especially when the heritage component is a multi-use structure, and associated land would be the only reportable SL. The land in such instances is clearly not held for a separate purpose or use other than to support the asset developed on that land.</p>
16 - VA	<p>Agree. Request FASAB clarification as to whether “preservation land use” would be identified under categories “Steward Land” or “G-PP&E” since they seem to overlap.</p> <p>The disclosure requirements are not currently reported in VA’s Capital Asset Inventory (CAI) property management repository. However, VA believes the requirements for the proposed sub-categories are obtainable. In addition, a note disclosure may be more beneficial to users as the current valuation is of limited value.</p>

Table 6.0 – Summary of Responses by Question

QUESTION – 6	
a. Do you agree or disagree with the proposed effective date? Please provide the rationale for your answer.	
1 - HUD	HUD is neutral on the proposal as HUD does not hold G-PP&E land.
2 – Mr. Steinberg	The implementation of this standard as proposed would require more than modifying the manner in which transactions are reported. It would require obtaining and organizing considerable amounts of data, much of which may not be in existence. Hence, the feasibility of the proposed effective date can best be answered by preparers of the financial statements.
3- OGA	Agree – implementation period is reasonable.
4 - DOC	The Department agrees with the proposed effective date, because a two-year minimum period will provide the Department with sufficient time to implement any operational changes needed to account for and report land in accordance with the proposals in this exposure draft.
5 - SSA	The two-year implementation period seems reasonable; however, as we do not have land on our financial statements, this Exposure Draft is not currently applicable to our agency. We defer to those agencies who report on this subject matter.
6 – NASA OIG	We agree with the proposed effective date and the ability to implement early. This time period would give reporting entities ample time to implement changes to their internal policies and to train employees on the new procedures/requirements.
7 - DOD	Agree. However, a 3 year timeline would be preferable due to process and system changes, and training that will need to occur to implement the standard.
8 - GWSCPA	The Board agrees with the proposed effective date, accompanied by the allowance for early adoption.

Table 6.0 – Summary of Responses by Question

QUESTION – 6	
a. Do you agree or disagree with the proposed effective date? Please provide the rationale for your answer.	
9 - HHS	HHS agrees with the two year implementation period. Time will be needed to determine or confirm the estimated acres of land. HHS strongly recommends that the requirement to report estimated acres of land be deleted. The number of physical units (sites) should be sufficient.
10 – NASA OCFO	Yes, we agree with the proposed effective date for reporting periods beginning after September 30, 2021.
11- DOI	Disagree. Ensuring that each requirement in the proposed standard is met is a major undertaking, especially for the numerous new data elements and validating completeness. It may be necessary for agencies to request budget and personnel to support this reporting requirement – processes that are time and labor intensive. While many deeds are available electronically, they may have been prepared before technology in current use was available, e.g., microfilm records. If the electronically saved deed is not readable, the original records would have to be retrieved from where they are archived, which requires additional time and expense. In addition, system may be needed to accommodate land reporting. Paragraph A52 of the exposure draft states the board will issue implementation guidance. Suggest a three-year implementation period after the implementation guidance is issued, assuming estimated acreage is not presented as Basic Information.
12 – K&C	We disagree for reasons discussed in Q1.a, Q1.b, and Q2.a, we do not agree with the proposal and do not believe that, in the current constrained budget environment, most agencies can develop the processes, hire and train necessary people, and create and/or modify information infrastructure within the proposed timeframe.
13- AGA	We agree with the proposed effective date and period of implementation.
14 - DHS	Agree with a two-year implementation period. This would allow enough time for agencies to prepare.

Table 6.0 – Summary of Responses by Question

QUESTION – 6	
a. Do you agree or disagree with the proposed effective date? Please provide the rationale for your answer.	
15 - GSA	We agree that a two-year implementation period after the fiscal year of issuance would be appropriate. Based on the proposal standard, many changes could be required in record keeping, which could include accounting and financial system changes, which might require significant lead time to accomplish.
16 - VA	Agree. A two-year implementation period is reasonable.

Table 6.0 – Summary of Responses by Question

QUESTION – 7	
<p>a. Would incorporating any of the guidance contained in TR 9 in the proposed accounting standards facilitate the preparation and auditing processes? For example, should the list of examples of the supporting documentation contained at paragraph 85 in TR 9 be incorporated, changed, or expanded to facilitate implementation of the proposed requirements? Please provide the rationale for your answer.</p> <p>b. What type of implementation guidance should FASAB provide that enables (1) flexibility for supporting estimated acres of land and (2) assistance in identifying predominant use as well as selecting appropriate physical unit categories? Please provide the rationale for your answer.</p>	
1 - HUD	<p>7a. HUD is neutral on the proposal as HUD does not hold G-PP&E land.</p> <p>7b. HUD is neutral on the proposal as HUD does not hold G-PP&E land.</p>
2 – Mr. Steinberg	<p>7a. The guidance in Technical Release No. 9 would be helpful for determining and reporting non-financial information. In regard to paragraph 85 in Technical Release No. 9, I would add the “history of use and/or of restricting use by others” in order to help DOD recognize the land for which it claims no record of legal ownership, but still uses to the exclusion of others. Also, incorporating portions of the Technical Release into the standard would increase its authoritativeness and thus likelihood for adherence. Finally, the guidance in Technical Release No. 9 provides agencies preparing financial statements (1) for the first time or (2) after a period during which existing systems could not provide the information necessary for producing such GAAP-based financial statements without use of an alternative valuation method with the physical quantity of land that can be combined with a financial measure (e. g., current fair market value for comparable land adjacent to the G-PP&E land) to arrive at a deemed cost.</p> <p>7b. I am not aware of any additional implementation guidance for supporting estimated acres of land beyond what is in Technical Release No. 9. Nor am I aware of implementation guidance for identifying predominant use beyond what is in the Exposure Draft. As stated, I think reporting physical units is meaningless and thus categorizing the different ways is meaningless</p>
3- OGA	<p>7a. Agree – TR 9 should be included as follows: Federal land was acquired in a variety of ways, so alternative methods and/or forms of supporting government ownership are acceptable including, and not limited to the following examples: Public law; treaties, entity certifications, maintenance or renovation contracts, maintenance records, payment invoices, meeting minutes, historical databases, initial surveys of land, a history of past/historical practices (for example , the</p>

Table 6.0 – Summary of Responses by Question

QUESTION – 7	
<p>a. Would incorporating any of the guidance contained in TR 9 in the proposed accounting standards facilitate the preparation and auditing processes? For example, should the list of examples of the supporting documentation contained at paragraph 85 in TR 9 be incorporated, changed, or expanded to facilitate implementation of the proposed requirements? Please provide the rationale for your answer.</p> <p>b. What type of implementation guidance should FASAB provide that enables (1) flexibility for supporting estimated acres of land and (2) assistance in identifying predominant use as well as selecting appropriate physical unit categories? Please provide the rationale for your answer.</p>	
	<p>length of time an entity controls the land establishing de facto ownership), or other relevant sources of information. Providing explicit examples of documentation, research/analysis, or other activities which should generally be sufficient to meet GAAP is useful and can provide a clearer path for agencies to follow. It may also aid auditors in testing, and almost certainly reduces back and forth between agencies and their auditors.</p> <p>7b Implementation guidance should include flexibility for supporting estimated acres of land and flexibility in identifying predominant use as well as selecting appropriate physical unit categories (if the determination is made to include physical unit categories as a mandatory disclosure). We also request FASAB to include guidance on how to handle land and land right agreements given the potential for inconsistent treatment of a land asset based on SFFAS 54. The list of items provided in A52 seem generally appropriate depending on the scenario. Better articulation of when less precise methods are allowable would be appreciated, as documentation should naturally be more precise where land was (1) acquired more recently and (2) in more populated areas. FASAB should provide practical guidance with sufficient detail and examples that make it feasible for agencies to implement and understandable for both agency preparers, legislative overseers, and the taxpayer.</p>
4 - DOC	<p>7a. The Department agrees that FASAB should develop guidance such as the guidance contained in TR9, and any other guidance that the Board deems to be appropriate to facilitate the preparation and audit processes relating to this exposure draft. Such guidance would be useful during the Department's implementation period. The Department is looking forward to the Boards draft of suggested guidance.</p> <p>7b. The Department recommends that the Board provide implementation guidance that include suggestions for acreage estimation, and land use identification methodologies (such as land surveys, analyses of satellite imagery, etc.). Implementation guidance from the Board will</p>

Table 6.0 – Summary of Responses by Question

QUESTION – 7	
<p>a. Would incorporating any of the guidance contained in TR 9 in the proposed accounting standards facilitate the preparation and auditing processes? For example, should the list of examples of the supporting documentation contained at paragraph 85 in TR 9 be incorporated, changed, or expanded to facilitate implementation of the proposed requirements? Please provide the rationale for your answer.</p> <p>b. What type of implementation guidance should FASAB provide that enables (1) flexibility for supporting estimated acres of land and (2) assistance in identifying predominant use as well as selecting appropriate physical unit categories? Please provide the rationale for your answer.</p>	
	facilitate the implementation of the proposals in this exposure draft by Federal agencies in a reasonably consistent basis.
5 - SSA	<p>7a. We agree that including the list of examples of what would constitute supporting documentation of land ownership, per paragraph 85 of TR 9, in the proposed accounting standard would facilitate management's assertions of Federal land owned and aid in auditing land information.</p> <p>7b. We believe FASAB should incorporate guidance from TR 9 and, as stated in paragraph 52, remind readers that because most Federal land was acquired in a variety of ways and over the Nation's early settlement and formation, it is not unreasonable that supporting documentation will be developed using alternative methods or different forms of corroboration.</p>
6 - NASA OIG	<p>7a. We believe that incorporating guidance, like paragraph 85 contained in TR 9 on alternative methods of supporting documentation, into the proposed accounting standards would be beneficial for not only preparers but also auditors. Standards already provide guidance on alternative methods for supporting cost estimates of property but the Standards are void of guidance on supporting documentation of ownership of heritage assets and stewardship land.</p> <p>7b. The Board is not seeking exact precision in determining estimated acres of land and predominant use assessments, but anticipates providing implementation guidance. In our opinion, Technical Releases of the Accounting and Auditing Policy Committee would not only provide guidance but also allow flexibility since it is third in the GAAP hierarchy for federal reporting entities.</p>

Table 6.0 – Summary of Responses by Question

QUESTION – 7	
<p>a. Would incorporating any of the guidance contained in TR 9 in the proposed accounting standards facilitate the preparation and auditing processes? For example, should the list of examples of the supporting documentation contained at paragraph 85 in TR 9 be incorporated, changed, or expanded to facilitate implementation of the proposed requirements? Please provide the rationale for your answer.</p> <p>b. What type of implementation guidance should FASAB provide that enables (1) flexibility for supporting estimated acres of land and (2) assistance in identifying predominant use as well as selecting appropriate physical unit categories? Please provide the rationale for your answer.</p>	
7 - DOD	<p>7a. Agree. It would be beneficial to include and expand on the examples of documentation from paragraph 85 in TR 9 in this new standard. Examples of supporting documentation will assist implementation.</p> <p>7b. Provide examples of acceptable approaches to estimating physical acres such as surveys, geospatial tools, plats, records, etc. Provide examples of how to identify "predominant use" when land has more than one use simultaneously.</p>
8 - GWSCPA	<p>The FISC recommends that the list of examples of supporting documentation contained in paragraph 85 in TR 9 should be incorporated into the ED. The FISC members did not identify any matters that would require additional implementation guidance.</p>
9 - HHS	<p>7a. HHS agrees that information similar to the information contained in paragraph 85 of Technical Release 9 should be incorporated into the proposed accounting standard. The information provided is helpful guidance for establishing evidence of ownership of the land.</p> <p>7b. HHS suggests thoughtful detailed guidance similar to Technical Release 9. Guidance regarding removal of existing land from the balance sheet would be helpful. HHS does not agree with reporting acres of land and land rights. If the requirement remains, the requirement for reporting acres of land rights needs to be clarified.</p>
10 – NASA OCFO	<p>7a. We believe that incorporating appropriate guidance contained in TR 9, with necessary modification or expansion and examples into the proposed accounting standards, would facilitate the implementation of the proposed requirements.</p>

Table 6.0 – Summary of Responses by Question

QUESTION – 7	
<p>a. Would incorporating any of the guidance contained in TR 9 in the proposed accounting standards facilitate the preparation and auditing processes? For example, should the list of examples of the supporting documentation contained at paragraph 85 in TR 9 be incorporated, changed, or expanded to facilitate implementation of the proposed requirements? Please provide the rationale for your answer.</p> <p>b. What type of implementation guidance should FASAB provide that enables (1) flexibility for supporting estimated acres of land and (2) assistance in identifying predominant use as well as selecting appropriate physical unit categories? Please provide the rationale for your answer.</p>	
	<p>7b. It would be most helpful if FASAB's implementation guidance could include:</p> <ul style="list-style-type: none"> • Examples of envisioned disclosure statements so agencies can get a better sense of the most appropriate format (e.g., land use breakdown tables) and level of detail (e.g., for narrative discussions of entity land policies, land rights, deferred maintenance, and relationship to mission) required. • Help with physical unit selection/determination. • Explanations of acceptable acreage estimation techniques.
11- DOI	<p>7a. Agree. Paragraph 85 should be incorporated but it only provides alternative methods to prove ownership. It does not offer a solution for an estimated number of acres. In most instances, the agencies do not receive appropriations for surveying their land. In the past, auditors have requested helicopter rides to prove existence of canals, and they wanted to visit landmarks and parks to prove existence, etc. Suggest reporting the estimated acres as other supplementary information or FASAB provides more specific guidance to auditing estimated acres of land to avoid unnecessary costs.</p> <p>7b. DOI suggests (1) Allowing the use of electronic mapping and Geospatial Information as support, when available. Auditors will generally not accept these types of evidence unless deviation from established public audit standards is specifically allowed. (2) Specifying more leniency in the accuracy of the estimates due to the nature of the Federal Government's land. The audit's review of land estimates should not have the same scrutiny and meet the same standards as other financial estimates. (3) The unit should determine in which subcategory the acres are placed and should not be pro-rated among the subcategories. This should be clearly</p>

Table 6.0 – Summary of Responses by Question

QUESTION – 7	
<p>a. Would incorporating any of the guidance contained in TR 9 in the proposed accounting standards facilitate the preparation and auditing processes? For example, should the list of examples of the supporting documentation contained at paragraph 85 in TR 9 be incorporated, changed, or expanded to facilitate implementation of the proposed requirements? Please provide the rationale for your answer.</p> <p>b. What type of implementation guidance should FASAB provide that enables (1) flexibility for supporting estimated acres of land and (2) assistance in identifying predominant use as well as selecting appropriate physical unit categories? Please provide the rationale for your answer.</p>	
	<p>stated. (4) Providing examples on what would be acceptable documentation and support from the auditors should be included. (5) Providing information regarding “existence” is helpful. For example, are there ways that existence can be verified without an actual site visit? If a specific land deed is selected, the land itself may be in the middle of a wilderness area or on frozen tundra not accessible. (6) Providing information regarding “completeness” is helpful. Proving completeness since the formation of the United States or the inception of the Agency would be unwieldy. (7) Providing a recommendation for beginning balances would be helpful, including the acceptability of acreage changes due to technological advances or other more accurate methods.</p>
12 – K&C	<p>7a. Agree. Examples provide useful guidance but will never be all-inclusive. From that perspective, they can only be presented as examples and not prescriptive. Ultimately, management needs to conclude if they have reasonable support for their position.</p> <p>7b. See discussion in Q7a above.</p>
13 - AGA	<p>7a. Examples like those in TR 9 would facilitate preparation of the material. They can provide a broad range of acceptable methods consistent with the purposes and intent of the proposed standard.</p> <p>7b. The ED's illustrations provide very helpful guidance.</p>
14 - DHS	<p>7a. Agree, Incorporating comprehensive guidance is preferred over multiple, related guidance.</p> <p>7b. Whichever type of implementation guidance is provided, it should sufficiently address the auditability concerns.</p>

Table 6.0 – Summary of Responses by Question

QUESTION – 7	
<p>a. Would incorporating any of the guidance contained in TR 9 in the proposed accounting standards facilitate the preparation and auditing processes? For example, should the list of examples of the supporting documentation contained at paragraph 85 in TR 9 be incorporated, changed, or expanded to facilitate implementation of the proposed requirements? Please provide the rationale for your answer.</p> <p>b. What type of implementation guidance should FASAB provide that enables (1) flexibility for supporting estimated acres of land and (2) assistance in identifying predominant use as well as selecting appropriate physical unit categories? Please provide the rationale for your answer.</p>	
15 - GSA	N/A
16 - VA	<p>7a. Recommend adding reference such as, “It is up to the agency management to provide any such alternative supporting documentation, developed in a manner that is considered reasonable.”</p> <p>7b. Recommend flexibility in any FASAB guidance for supporting estimated acres of land. Agency Management is responsible for providing reasonable support of its assertions in determining the predominant use of land categorizations. Categorization of land should not be burdened by limitations where land may fall into multiple categories depending on subjective review.</p>

Table 6.0 – Summary of Responses by Question

<p style="text-align: center;">QUESTION – 8</p> <p>Please provide any other comments or suggestions you have regarding the goals for this project, other issues identified in the Basis for Conclusions, or other areas that have not been addressed.</p>	
<p>1 - HUD</p>	<ul style="list-style-type: none"> • HUD is neutral on the proposal as HUD does not hold G-PP&E land. • GNMA has reviewed the exposure draft (ED) on land and determined the ED should have no impact on HUD/GNMA, as GNMA does not own land. The only potential land that could be considered would be land related to real estate owned properties (REOs), however our interpretation is that this standard does not apply to REOs since they are not part of G-PP&E. REOs are classified as “Other Non-Credit Reform Loans” in GNMA’s Federal Balance Sheet and as “Acquired Property (i.e. Properties Held for Sale” under FASB standards, not as G-PP&E. This exclusion from G-PP&E is consistent with FASAB guidance (SFFAS 6) that says PP&E includes tangible assets, including land “acquired or constructed with the intention of being used, or being available for use by the entity.” Since REOs are not being used or held for use by GNMA, it is properly excluded from G-PP&E.
<p>2 – Mr. Steinberg</p>	<p>8.1 - Certain types of non-financial information (i. e., the magnitude of land holdings rather than the number of land holdings) are more relevant than financial information. However, relevance is only one of six characteristics of quality information. Two others are reliability and comparability. The Federal government’s non-financial information for land is generally not reliable, and in many instances, non-existent. The wide diversity of purposes for the different financial agencies means that presentations of parcels of land would not be comparable among agencies; and of acres or miles, would not be meaningful. Hence, non-financial information is relevant, but only in combination with the more reliable and comparable financial information.</p> <p>8.2 - Requiring the disclosure of “estimated acres of land” instead of “acres of land” would provide preparers greater flexibility and reduced burden. With either, however, the absence of reliability of the information means that users’ needs would be only partially met.</p> <p>8.3 – No comment.</p> <p>8.4 - If non-financial land information is required as basic information, it is likely to be presented as numbers of parcels of land. This type of information would be less material than acres and/or miles of land. The best hope for obtaining the more material—and meaningful—acres and miles information is to require the non-financial information as required supplementary information. Suggesting that non-financial land information be presented as Other Information means the</p>

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	<p>auditors will do no more than read the information for inconsistency with other portions of the financial report. This approach reflects zero concern for the non-financial information’s reliability.</p> <p>Other –</p> <ol style="list-style-type: none"> 1. Paragraph 3 states “Clarifying the SL definition and requiring the use of three predominant use sub-categories should reduce accounting and reporting differences and preparer burden....” Requiring the presentation of land information in three new sub-categories will not reduce preparer burden. It will increase it. 2. Paragraph 11/Footnote 20b and paragraph 14/footnote 36b <ul style="list-style-type: none"> • 2nd bullet—add dams as an example. • 5th bullet—Would the fact that most licenses for photography are temporary. affect the definition? 3. Paragraph 11/20C and paragraph 14/footnote 36c —Should this sub-category include national parks? 4. Paragraph 16, which adds paragraph 23b to SFFAS 32, states there should be a note on the government-wide balance sheet that discloses information about general PP&E land and permanent land rights, but no asset dollar amounts. The standard should be more specific about the information to be disclosed. 5. Appendix B-1. It seems unlikely that an agency would have 2,600,000 acres of General PP&E categorized as Preservation and Conservation. 6. Paragraph A31—office building locations are mentioned twice.
3- OGA	<p>9.1 – Agree.</p> <p>9.2 – Agree.</p> <p>9.3 - Materiality should be a consideration as it allows for flexibility in assessing the impact and need of what to report to users of the information so as to not confuse or overwhelm them. As a preparer, this may be difficult to provide for reasons listed in paragraph A42.</p>

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<p style="text-align: center;">QUESTION – 8</p> <p>Please provide any other comments or suggestions you have regarding the goals for this project, other issues identified in the Basis for Conclusions, or other areas that have not been addressed.</p>	
	<p>9.4 - Materiality is not affected by where the information is reported, however, the scrutiny around the information that is reported increases as the information moves to be reported from “other information to basic information.</p> <p>Other - We recommend the Board make disclosure requirements consistent across agencies. We believe reliable measures exist for agencies to develop quantifiable, comparable, consistent information on land holdings. These include tax assessments that would accurately assess land value and county assessments to estimate acreage. Other tools such as Google Maps and open domain surveying tools could be benchmarked and leveraged for these estimates as well. We recommend the Board consider incorporating this into guidance and as examples.</p> <p>Other - There was one concern with the amendment to SFFAS 42 to add “non-capitalized general PP&E land (to include permanent land rights to the standard. It is suggested that SFFAS 42 be amended to remove “stewardship land” as a requirement.</p>
4 - DOC	<p>8.1 - The Department believes that NFI should be used for the financial recognition and measurement, as a means to provide relevant information.</p> <p>8.2 - Allowing agencies to disclose “estimated” acres of land in lieu of “actual” acres will provide preparers greater flexibility and reduce the burden, while still ensuring that user needs are met. The degree of accuracy of “estimated” would need to be considered materially/significantly accurate by the auditors; agencies should work closely with their auditors to ensure the “estimated” values are sufficient.</p> <p>8.3 - The information presented as NFI should allow those involved with the financial management decision-making process to make informed decisions. Materiality should be a significant consideration when assessing disclosures.</p> <p>8.4 - Materiality should not be affected by the presentation of land information as basic, required supplementary information, or other information.</p>

Table 6.0 – Summary of Responses by Question

QUESTION – 8	
Please provide any other comments or suggestions you have regarding the goals for this project, other issues identified in the Basis for Conclusions, or other areas that have not been addressed.	
5 - SSA	<p>8.1 - The proposed non-financial information (NFI) that will be included in the financial report will adequately meet user needs in analyzing entity land information. Information on acres of land and land held for disposal along with the other NFI proposals contained within this Exposure Draft will allow entities to continue meeting reporting objectives.</p> <p>8.2 - We agree that Federal entities disclosing “estimated acres of land” instead of “acres of land” provides greater flexibility and still ensures the proper reporting of land information.</p> <p>8.3 - We believe the standard definition of materiality holds true in that, “the determination of whether an item is material depends on the degree to which omitting or misstating information about the item makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or the misstatement,” can be applicable for both financial and NFI.</p> <p>8.4 - We believe the standard definition of materiality holds true in any of the presentations of land information (basic, RSI, or other information). However, as the data moves from “other information” to “RSI” or to “basic information,” the data becomes more subject to audit review and analysis. Thus, each entity must ensure policy and procedures are in place to maintain valid supporting documentation of land information.</p>
6 – NASA OIG	<p>8.1 - We agree that the reporting on land by using non-financial information is more relevant to users and decision-makers than the current financial recognition and measurement of land.</p> <p>8.2 - We agree preparers will have greater flexibility and less burden if disclosure is based on estimates instead of exact/actual acreage without compromising usefulness.</p> <p>8.3 - We consider materiality for NFI to be just as important as it is for financial information. If the purpose of switching from recognition to NFI is to provide more useful and relevant information for users and decision-makers while still having a cost-benefit to providing the information, there should not be an undue burden on preparers to ensure that all information on land is disclosed. Similarly, users would need as much information as possible to avoid an omission or misstatement impacting how the information is used or relied upon. We have no comments to offer in terms of how materiality for NFI would be determined.</p>

Table 6.0 – Summary of Responses by Question

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	<p>8.4 - In our opinion materiality should be the same for land information regardless of whether it is presented as basic, required supplementary information, or other information.</p> <p>Other - Since the definition of G-PP&E land (paragraph 8) will now specifically exclude land restricted for conservation, preservation, historical, or other like restrictions we do not understand why a predominant use subcategory for conservation and preservation would be appropriate (paragraph 8). Further, the partial sample illustration in Appendix B for G-PP&E has an amount in the conservation and preservation column which we do not understand how such would be feasible given the above info. We feel this further supports our response to Q3, which disagreed retaining separate categories for G-PP&E land and SL.</p> <p>Other - We do not understand why temporary land rights under G-PP&E would be capitalized while permanent land rights under G-PP&E would be expensed (paragraph 8). No rationale or basis for the decision was located in Appendix A, Basis for Conclusion.</p> <p>Other - Subparagraph 40.f.i under paragraph 9 permits temporary land rights to be excluded from opening balances. By continuing to permit such exclusions, the Standards further promote inconsistency in the reporting of land holdings among agencies whereas consistency in implementation and reporting seems to be one of the reasons for the new proposed standard (refer to A5 – A7).</p> <p>Other - Since the determination of what constitutes a physical unit can be determined by each agency, we do not see the usefulness of requiring disclosure of physical units for G-PP&E land and SL since there would be no consistency or comparability with other agencies.</p>
7 – DOD	<p>8.1 - Agree.</p> <p>8.2 - Agree that estimating acres of land is preferable.</p> <p>8.3 - Materiality is relevant. Omission of a material disclosure would be a departure from GAAP.</p> <p>8.4 - One challenge is if two categories overlap on a given acre of land. For example, if a revenue generating activity exists on conservation land. If each reporting entity develops its own business</p>

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	<p>rules, it could result in inconsistent reporting.</p> <p>Other – Reference to land being "one of the most 'valuable' assets" on pg. 5 raises a question about why the focus is not on value. It may be more appropriate to highlight volume and related reporting burden as a justification for change.</p> <p>Other – SFFAS 7 and 42, use term 'stewardship PP&E' while SFFAS 29 refers to 'heritage assets'; there should be consistency of terms across standards to minimize confusion.</p> <p>Other – For both GPP&E land and SL land, are unclear what is deemed by FASAB as deferred maintenance and repair for land. (SFFAS 42).</p> <p>Other – SFFAS 29, paragraph 40 (paragraph 13 of the Exposure Draft) states: "Entities with stewardship land should reference a note on the balance sheet that discloses information about stewardship land, but no asset dollar amount should be shown." We suggest adding similar language for G-PP&E land in paragraph 25 of SFFAS 6 (paragraph Ba of the Exposure Draft) for clarity and consistency purposes. Accordingly, we suggest to make reference to the note on the balance sheet and to specify that no asset dollar amount should be shown.</p> <p>Other – For purposes of clarification, suggest that the FN 42 in paragraph 8d of the exposure draft be modified to read as follows:</p> <p style="padding-left: 40px;">FN 42- Temporary land rights, such as easements or rights-of-way, that are for a specified period of time or limited duration, and which have been capitalized, under paragraph 40.f.ii, shall be depreciated or amortized over that period of time.</p> <p>Other – The disclosure on physical unit information (paragraphs 10 and 13 of the Exposure Draft) seems to imply that there will be continuous accounting and reporting of physical units throughout the year in order to be able to account for the beginning balance, units acquired, units withdrawn, transfers, and an ending balance. Since the identification and reporting of physical unit information are not readily available in current financial reporting systems, we believe that compiling this information will be labor intensive and will provide limited value. This will also require additional time and effort to collect, update and report the information. Furthermore, the required physical unit</p>

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	<p>information is beyond the information provided in the sample illustrations on pages 52 and 53 of the Exposure Draft. Accordingly, the provided illustrations do not provide enough information of what is expected to be reported. We believe the illustrations should _include all of the required disclosure information for physical units in order for users to have a better understanding of what information is expected to be disclosed.</p>
8 - GWSCPA	<p>The FISC supports the proposed use of non-financial information as a means of providing information more relevant than the financial recognition and measurement of land. The FISC members expressed concern that additional guidance is needed to the government auditing community for consistent determination of materiality for non-financial information.</p>
9 - HHS	<p>8.1 - HHS agrees that sometimes NFI can be more useful and relevant than financial information; however, in the past it was usually provided in addition to the financial information.</p> <p>8.2 - If reporting the number of acres of land is required in the notes, adding the word “estimated” will not reduce the audit exposure. It will still be up to the auditors to determine whether the sites of land need to be measured and the precision of the required measurements.</p> <p>8.3 - HHS agrees that it could be challenging to evaluate materiality for NFI since it is difficult to determine whether omitting a disclosure would impact the judgement of a reasonable person relying on the financial statements. The fact that often NFI was not disclosed in the past would indicate that it was probably not material to the reader. If the land in question were in the news and, therefore, publicly visible, the disclosures may be material. It will be important to disclose the new accounting treatment of land and that there is now no value on the balance sheet.</p> <p>8.4 - The cost/benefit of providing information should always be taken into consideration.</p> <p>Other - HHS would like clarification of Footnote 21 regarding presentation of stewardship land information.</p>

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<p>10 – NASA OCFO</p>	<p>8.2 - We believe that requiring disclosure of “estimated acres of land” instead of “acres of land” will be more cost effective while still providing readers of the financial statements the information they need. If the standard requires “acres of land”, financial statement auditors may require agencies to update the documentation for many parcels of land at significant cost.</p>
<p>11 - DOI</p>	<p>(1) Disagree that the suggest NFI is more relevant. If we expense G-PP&E land, the Federal government will lose the financial information obtained over years of reporting (opening balances, etc.) and refining the financial information. Comparability of agency performance is lost. (2) Agree estimated acres of land provide greater flexibility if the standard explicitly defines that, and estimated acreage may reduce burden but feel estimated acres still requires more of a burden than the benefit received. Information pertaining to land may be found elsewhere and depends on the agency’s information they manage by. Without appropriations to survey the land, the audits may never accept the Federal Government’s estimates. (4) Feel all non-financial land information should be reported as other information because of the lack of comparability, lack of supporting documentation, etc. It has taken years for the auditors to become comfortable with the cost reported on G-PP&E land. It will take many more years and countless manpower hours to convince the auditors the estimated acreage is accurate enough to meet their standards for them to provide an opinion if reported as basic information. (5) Non-financial information is already reported successfully for land and heritage assets; therefore, concur that NFI is already relevant. However, it is unclear what is meant by “more relevant than the financial recognition and measurement of land” because “acres” is a form of measurement and do not concur that “acres” is a required reporting element. Reporting entities should be given the flexibility to determine the NFI that is presented. SFFAS 29 allows the reporting of relevant and reliable information using an aggregation of units as determined by management; this practice should continue. (6) Neither “estimated” nor “actual” acres of land will reduce the reporting burden of “acres”. There may be some flexibility to be gained; however, experience is that even when acres change due to improved technology, the audit community is inclined to issue a finding. Reporting acres as “permissive” rather than “mandatory” is suggested. Another potential way of reducing burden is to apply the standard prospectively vs. retroactively. This would relieve entities from verifying that every acre remaining in federal ownership since the inception of the Nation is appropriately documented. (7) Application of Materiality to NFI – Should be determined by the preparer. (8) Challenges:</p>

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	<p>a. Basic: When SFFAS No. 29 was developed that Task Force was concerned about reporting acres as “basic” given the consumption of sparse resources, cost, lack of benefit, insufficient quantity of identified users, i.e., high cost per user, existence confirmed only by inspection at the locations where land is located – many of the same concerns expressed by current preparers. SFFAS No. 29 gave the reporting Agencies sufficient reporting flexibility to report at an aggregated unit level thereby reducing the burden and reporting costs. The challenges of overcoming the concerns are exponentially expanded by the new proposed reporting elements, e.g., subcategories of use, land held for disposal or exchange, GPP&E land, etc. The application of materiality may be a way to reduce some of the reporting burden and overhead cost; however, audit findings and their subsequent resolution may negate any savings. b. RSI: The concerns are much the same as those of “basic”; however, reporting costs could be expected to be somewhat less if audit costs are lower. Other challenges include adding quarterly reporting cycles from year- and calendar-end only (depending on current agency practice). The application of materiality may be a way to reduce some of the reporting burden and overhead cost. Audit findings may still occur; especially as technology evolves that may result in boundary changes. c. OAI: Materiality is less of a consideration for OAI. Agencies are likely to report information that is available and one reporting cycle may suffice.</p> <p>Guidance for reporting estimated acres should be explicitly say that agencies would report only the land for which they have primary jurisdiction. Interagency agreements give DOI authority to manage DoD land and other Federal agency land for preservation and conservation purposes (subject to the terms of the agreement). Other agencies also report this land. If we reported this land, double counting would ensue. In addition, DOI does not agree with grouping government-owned land and less-than-fee interests (e.g., easements) into a single "stewardship land" category without a further breakout. Reporting fee and less-than-fee interests together will paint a misleading picture of Federal ownership. We suggest either exclude less-than-fee interests or split the stewardship category into (1) government-owned land and (2) other less-than-fee interests.</p> <p>Other issues and comments:</p> <p>Basis for Conclusions – Paragraph 35: Request that FASAB strike the reference to the Task Force position(s) throughout this paragraph as the data collection methodology is questionable (assuming</p>

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	<p>the responses are based on information provided to the Task Force by FASAB on or about April 3, 2017). The validity of the survey results was questioned during the April 3, 2017 task force meeting as only options of “Notes, RSI, and OAI” were given as response choices to the FASAB assignment. Of the nine whose responses were tallied, many Task Force respondents replied “None” – a response category not provided, thereby invalidating the conclusions drawn about the Task Force position. Because the methodology is suspect, excluding references to the Task Force position is recommended as Task Force responses are inappropriate for inclusion as delineated in the assignment. Furthermore, it is unclear if the updated responses from DOI were included in the tally as FASAB agreed to accept them after the meeting.</p> <p>Given that only consolidated responses were tallied by FASAB, DOI would prefer that “Department of the Interior, Fish and Wildlife Service” and “Department of the Interior, National Park Services” be removed from the listing of Task Force Members. In addition, the correct name is “National Park Service”, not “National Park Services”.</p> <p>Suggestion: In Appendix B, it would be helpful to see examples of the entire disclosure that conforms to the proposed Standard vs. only a partial sample of a Table and Explanatory Comments. It would show the enormity of what the Agencies will be preparing and preparers would have a more thorough understanding of the expectations. A two-year scenario would be preferred to using only the first year of implementation, more of the required data elements would be shown.</p> <p>Comment: Basis for Conclusions Paragraph A6 and Footnote 5 – It is difficult to understand the stated inconsistency between the accounting treatment for land, i.e., capitalizing GPP&E land vs. expensing Stewardship Land when capitalizing and expensing are well recognized accounting concepts. Making this distinction ignores that the difference between GPP&E and Heritage Assets is allowed and recognized, e.g., capitalize some GPP&E above a dollar threshold, expense GPP&E below a threshold and expense Heritage Assets.</p> <p>Comment: Paragraph A18 references DoD as being one of the five federal agencies that participated in the GAO report. Please check the inclusion of “DoD” for accuracy.</p> <p>Comment: Appendix B, Page 48 – Recommend removing the illustration as it is</p>

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	<p>stated on Page 47. If the illustration is not removed, recommend deleting the list of Agencies from the examples as the Agencies will make the appropriate subcategory determination, not FASAB. The example may not be applicable or accurately stated.</p> <p>Comment: Appendix B, Page 49: Consider adding to “activities”: Education and visitor information programs to increase public understanding of and appreciation for the natural and cultural resources being preserved (or more succinctly – education and visitor information programs)</p> <p>Comment: Appendix C: Abbreviations – Missing DOI = Department of the Interior; furthermore, please check for inconsistent use of “Department of Interior” vs. “Department of the Interior”</p> <p>Comment: Prior to the issuance of SFFAS No. 29, the National Park Service reported “acres” in its Annual Report; however, upon implementation of SFFAS No. 29 the NPS updated its unit information to “Park Units” and reduced its overall reporting costs. The proposed accounting standard requiring “acres” is seen as a step backwards; especially related to the cost-benefit assertion. In the years immediately after implementation of SFFAS No. 29, no inquiries were made regarding the change from acres to park units. As recently confirmed by the NPS Office of Communications, park unit inquiries are unrelated to acreage information.</p> <p>Suggestion: As referenced in Paragraph A11 - While the GAO report, “Federal Land Management: Availability and Potential Reliability of Selected Data Elements at Five Agencies” (GAO 11-377), was identified as a source of land use designations, GAO made no recommendation from their report and did not collect data for each of the data elements. The GAO study states, “It is important to note that GAO assessed the potential reliability of these data elements and additional analysis would be needed to determine the reliability of specific data elements for specific purposes.” This is an important caveat that deserves consideration and mention within the Standard.</p> <p>Issue: While the Board is aware of the lack of consensus within the Task Force, it is unclear how useful this Task Force was in framing the proposed standard. Especially when the Task Force lead consistently espoused holding 51 percent of the vote. It is unfortunate that contrarian viewpoints were not explored fully, that written replies to homework assignments were shared primarily at summarized levels, and that the overall Task Force was not invited to participate in user sub-group</p>

Table 6.0 – Summary of Responses by Question

<p>QUESTION – 8</p> <p>Please provide any other comments or suggestions you have regarding the goals for this project, other issues identified in the Basis for Conclusions, or other areas that have not been addressed.</p>	
	<p>discussions from which key conclusions were drawn and cited within the ED.</p> <p>Comment: The reporting units and estimated acres and use categories are more granular categories than those for other GPP&E. The Agency/management should have the reporting discretion as to reporting unit similar to Heritage Assets, e.g., Museum Collections need not be reported as individual objects; therefore, land need not be reported as acres.</p> <p>Issue: What is “needed for financial statement presentation” and what is “nice to have” appears to have been lost in this proposed Standard.</p> <p>Issue: It is unclear if the accounting for land improvements changes. Will this be addressed?</p> <p>Suggestion: If FASAB desires an auditable accounting of federally owned acres, perhaps the parties to FASAB’s MOU should make an argument for a budget request sufficient to survey the entire United States.</p> <p>Suggestion: Whenever possible, FASAB should survey Agencies regarding implementation costs to ensure the assumptions that were made about cost/benefit are realized.</p> <p>Suggestion: It would be helpful to have the disclosures listed in a “list” or table format rather than in paragraph form. It was difficult to follow what is required for each disclosure. Here is an attempt to make a checklist; however, it needs additional work:</p> <p>“Draft” Checklist for the required “component” disclosures:</p> <p>General PP&E Land and Land Rights Disclosures:</p> <ol style="list-style-type: none"> 1. Concise statement how GPP&E land relates to the entity’s mission (45A.a.) 2. Description of the entity’s GPP&E land policies (45A.b.) 3. Assign a Sub-category – report both units and acres (45A.c.)

Table 6.0 – Summary of Responses by Question

<p>QUESTION – 8</p> <p>Please provide any other comments or suggestions you have regarding the goals for this project, other issues identified in the Basis for Conclusions, or other areas that have not been addressed.</p>	
	<p>4. Sub-category – Commercial Use Land:</p> <p>a. Estimated Acreage (45A.c.i)</p> <p>i. Beginning Acres</p> <p>ii. Number of Acres added during the period</p> <p>iii. Number of Acres disposed during the period</p> <p>iv. Net number of Acres transferred between the categories (GPP&E or SL) during the period</p> <p>v. Net number of Acres transferred among the three subcategories during the period</p> <p>vi. Number of Acres at the end of each period for land</p> <p>b. Physical quantity information (45A.c.ii)</p> <p>i. Provide concise definition of physical unit</p> <p>ii. Beginning Balance of units</p> <p>iii. Units acquired</p> <p>iv. Units withdrawn</p> <p>v. Transfers (to SL?)</p> <p>vi. Ending Balance</p> <p>5. Sub-category - Preservation and Conservation:</p>

Table 6.0 – Summary of Responses by Question

<p>QUESTION – 8</p> <p>Please provide any other comments or suggestions you have regarding the goals for this project, other issues identified in the Basis for Conclusions, or other areas that have not been addressed.</p>	
	<p>a. Estimated Acreage (45A.c.i)</p> <p>i. Beginning Acres</p> <p>ii. Number of Acres added during the period</p> <p>iii. Number of Acres disposed during the period</p> <p>iv. Net number of Acres transferred between the categories (GPP&E or SL) during the period</p> <p>v. Net number of Acres transferred among the three subcategories during the period</p> <p>vi. Number of Acres at the end of each period for land</p> <p>b. Physical quantity information (45A.c.ii)</p> <p>i. Provide concise definition of physical unit</p> <p>ii. Beginning Balance of units</p> <p>iii. Units acquired</p> <p>iv. Units withdrawn</p> <p>v. Transfers (to SL?)</p> <p>vi. Ending Balance</p> <p>6. Sub-category – Operational Land:</p> <p>a. Estimated Acreage (45A.c.i)</p>

Table 6.0 – Summary of Responses by Question

<p>QUESTION – 8</p> <p>Please provide any other comments or suggestions you have regarding the goals for this project, other issues identified in the Basis for Conclusions, or other areas that have not been addressed.</p>	
	<ul style="list-style-type: none"> i. Beginning Acres ii. Number of Acres added during the period iii. Number of Acres disposed during the period iv. Net number of Acres transferred between the categories (GPP&E or SL) during the period v. Net number of Acres transferred among the three subcategories during the period vi. Number of Acres at the end of each period for land
	<ul style="list-style-type: none"> b. Physical quantity information (45A.c.ii) <ul style="list-style-type: none"> i. Provide concise definition of physical unit ii. Beginning Balance of units iii. Units acquired iv. Units withdrawn v. Transfers (to SL?) vi. Ending Balance
	<ul style="list-style-type: none"> 7. Land held-for-disposal or exchange (45A.d.) <ul style="list-style-type: none"> a. Physical units b. Acres

Table 6.0 – Summary of Responses by Question

<p>QUESTION – 8</p> <p>Please provide any other comments or suggestions you have regarding the goals for this project, other issues identified in the Basis for Conclusions, or other areas that have not been addressed.</p>	
	<p>8. Land rights acquired by the entity (45A.e)</p> <ul style="list-style-type: none"> a. Include a general description of the types of land rights acquired b. State whether the acquired land rights are permanent or temporary c. Provide amounts paid during the year to maintain such rights <p>9. A reference to deferred maintenance and repairs information in RSI (45A.f.)</p> <p>Stewardship Land Disclosures:</p> <ul style="list-style-type: none"> 1. Concise statement explaining how stewardship land relates to the mission of the entity (40.a.) 2. Brief description of the entity’s policies for stewardship land (40.b.) 3. Assign a Sub-category – report both units and acres (40.c.) 4. Sub-category – Commercial Use Land: <ul style="list-style-type: none"> a. Estimated Acreage (40.c.1) <ul style="list-style-type: none"> i. Beginning Acres ii. Number of Acres added during the period iii. Number of Acres disposed during the period iv. Net number of Acres transferred between the categories (GPP&E or SL) during the period v. Net number of Acres transferred among the three subcategories during the period

Table 6.0 – Summary of Responses by Question

<p>QUESTION – 8</p> <p>Please provide any other comments or suggestions you have regarding the goals for this project, other issues identified in the Basis for Conclusions, or other areas that have not been addressed.</p>	
	<ul style="list-style-type: none"> vi. Number of Acres at the end of each period for land b. Physical quantity information (40.c.2) <ul style="list-style-type: none"> i. Provide concise definition of physical unit ii. Beginning Balance of units iii. Units acquired iv. Units withdrawn v. Transfers (to GPP&E?) vi. Ending Balance 5. Sub-category - Preservation and Conservation: <ul style="list-style-type: none"> a. Estimated Acreage (40.c.1) <ul style="list-style-type: none"> i. Beginning Acres ii. Number of Acres added during the period iii. Number of Acres disposed during the period iv. Net number of Acres transferred between the categories (GPP&E or SL) during the period v. Net number of Acres transferred among the three subcategories during the period vi. Number of Acres at the end of each period for land

Table 6.0 – Summary of Responses by Question

<p>QUESTION – 8</p> <p>Please provide any other comments or suggestions you have regarding the goals for this project, other issues identified in the Basis for Conclusions, or other areas that have not been addressed.</p>	
	<p>b. Physical quantity information (40.c.2)</p> <p>i. Provide concise definition of physical unit</p> <p>ii. Beginning Balance of units</p> <p>iii. Units acquired</p> <p>iv. Units withdrawn</p> <p>v. Transfers (to SL?)</p> <p>vi. Ending Balance</p> <p>6. Sub-category – Operational Land:</p> <p>a. Estimated Acreage (40.c.1)</p> <p>i. Beginning Acres</p> <p>ii. Number of Acres added during the period</p> <p>iii. Number of Acres disposed during the period</p> <p>iv. Net number of Acres transferred between the categories (GPP&E or SL) during the period</p> <p>v. Net number of Acres transferred among the three subcategories during the period</p> <p>vi. Number of Acres at the end of each period for land</p> <p>b. Physical quantity information (40.c.2)</p>

Table 6.0 – Summary of Responses by Question

<p>QUESTION – 8</p> <p>Please provide any other comments or suggestions you have regarding the goals for this project, other issues identified in the Basis for Conclusions, or other areas that have not been addressed.</p>	
	<ul style="list-style-type: none"> i. Provide concise definition of physical unit ii. Beginning Balance of units iii. Units acquired iv. Units withdrawn v. Transfers (to SL?) vi. Ending Balance <p>7. Land held-for-disposal or exchange (40.d.)</p> <ul style="list-style-type: none"> a. Physical units b. Acres <p>8. Land rights acquired by the entity (40.e.)</p> <ul style="list-style-type: none"> a. Include a general description of the types of land rights acquired b. State whether the acquired land rights are permanent or temporary c. Provide amounts paid during the year to maintain such rights <p>9. A reference to deferred maintenance and repairs information in RSI (40.f.)</p>
12 – K&C	<p>NFI can certainly present other useful information to the financial statement users. Reporting requirements must be balanced against “preparer burden,” as discussed in Q1.a, Q1.b, Q2.a, Q5, and Q6.</p>

Table 6.0 – Summary of Responses by Question

QUESTION – 8	
Please provide any other comments or suggestions you have regarding the goals for this project, other issues identified in the Basis for Conclusions, or other areas that have not been addressed.	
13 - AGA	<p>8.1 - Most federal land, measured in acres, is SL and present difficult measurement challenges. Some federal entities are engaged in business-type activities for which traditional balance sheet recognition and measurement would be useful. This is the case with regard to GSA. However, other entities within the federal government may not find this information useful. For entities with SL, NFI offers much more useful information than financial recognition and measurement.</p> <p>8.2 - The ED does not contain a basis for the conclusion that estimates should be used. However, it is our view that the use of estimates seems reasonable, following the guidance contained in SFFAS 50, based upon the difficulties federal preparers confront.</p> <p>8.3 and 8.4 – The proposed materiality approach seems reasonable.</p> <p>Other –</p> <p>Capitalization needs to be sorted with respect to “federal” at least. Prior standards capitalize “Federal” while the ED does not, causing a jarring effect. Also, capitalization of “federal” isn’t consistent within the ED, see paragraph 16 that amends paragraph 23 of SFFAS 32.</p> <p>Other members of our board recommended considering the following:</p> <p>The Board may wish to consider certain carve-outs, namely:</p> <ul style="list-style-type: none">• Land associated with buildings used in operations that are not part of a reservation intended to be held permanently. (As an example, land associated with a building in a downtown area should be valued differently than land that is part of a military base that has a building on it or land than is on a nuclear waste reservation.)• Land held for investment purposes (for example land that is part of a trust) <p>There should be clarification that land rights, including rights-of-way associated with infrastructure assets, should be treated as a cost of placing the infrastructure asset into place in a similar manner to permitting costs. This is particularly important for pipelines or transmission lines.</p>

Table 6.0 – Summary of Responses by Question

<p>QUESTION – 8</p> <p>Please provide any other comments or suggestions you have regarding the goals for this project, other issues identified in the Basis for Conclusions, or other areas that have not been addressed.</p>	
	<p>These and other carve outs would allow stewardship land, parks, infrastructure and similar land that is the majority of all acreage to be limited to a disclosure, while retaining conventional accounting for areas that are similar to private business operations.</p>
14 - DHS	<p>8.1 - While NFI may provide more relevant information than financial recognition and measurement of land, the usefulness of NFI to an average reader should be considered.</p> <p>8.2 - Requiring “estimated acres of land” instead of actual acres would provide flexibility and reduce both the preparation and audit burden.</p> <p>8.3 - The standard should make it clear that materiality must be considered for NFI, and provide specific examples wherever possible. Which agencies would this standard and disclosure requirements impact most? What statistical information can be provided at the FR level, if Treasury were to provide the proposed disclosure requirements at the government-wide level (e.g., total estimated acres of land at FR)? If so, could there be a general, rule-of-thumb guideline for materiality such as an agency could consider its NFI to be immaterial and not present it as a basic information if its total estimated acres of land is less than 1% (for example) of the total estimated acres at FR level?</p> <p>8.4 - Our previous response to Q1-b above stated that the new disclosure should also be basic to be consistent with the stewardship PP&E disclosure (per SFFAS No. 29), but if this is an opportunity to amend SFFAS No. 29 we would prefer that both non-valued disclosure be moved to an unaudited section of the AFR/PAR (to RSI or OI).</p> <p>Other - DHS capitalizes and depreciates Improvements to Lands as a separate line item on our General PP&E note. The standard should also address Improvements to Lands and provide guidelines, or specifically mention that it is out of the scope.</p> <p>Other - DHS has some concerns for the proposed disclosure requirements applicable to G-PP&E land and SL, which we think is generally excessive and burdensome. We also think auditability could become an issue, resulting in overall increase in cost for preparation and audit. We recommend keeping the disclosure requirement to a minimum which would provide useful and understandable information to an average reader of the financial statements.</p>

Table 6.0 – Summary of Responses by Question

QUESTION – 8	
Please provide any other comments or suggestions you have regarding the goals for this project, other issues identified in the Basis for Conclusions, or other areas that have not been addressed.	
15 - GSA	Refer to MS Excel spreadsheet in Attachment 1.
16 - VA	<p>8.1 – The note disclosure may be more beneficial to users than the current limited cost valuation. While the fair value of land certainly varies by location, it can further vary by passage of time and circumstance, making determination of fair value just as meaningless as the currently utilized cost valuation</p> <p>8.2 – If detailed counts of acres are not readily available, requiring “estimated acres of land” instead of “acres of land” would certainly provide preparers greater flexibility and reduced burden, while still ensuring that user needs are met.</p> <p>8.3 – It should be at the discretion of Department/Agency management to determine what NFI supports required disclosures.</p> <p>8.4 – Materiality should not be affected by the presentation.</p> <p>Other - The new disclosure information is not currently reported in VA's Capital Asset Inventory (CAI) property management repository. However, VA believes the requirements for the proposed sub-categories are obtainable.</p> <p>Other - Please clarify the requirements for “a reference to deferred maintenance and repairs information”, which is listed as the number (6) disclosure in Q2 above. Is a reference to related information addressed in the Required Supplementary Information portion sufficient?</p>

Table 7.0 – Respondents

Table 7.0 - Respondents

Name		Organization	Category
1	Noah B. Sorah	Department of Housing and Urban Development, Financial Policies & Procedures Division, Office of the Chief Financial Officer	Federal Preparer
2	Hal Steinberg	Self	User
3	N/A	Other Government Agency	Federal Preparer
4	Gordon T. Alston	U.S. Department of Commerce, Office of the CFO	Federal Preparer
5	Carla Krabb	Social Security Administration, Deputy Chief Financial Officer	Federal Preparer
6	Mark C. Jenson	National Aeronautics and Space Administration, Office of Inspector General	Federal Auditor
7	Mobola A. Kadiri	Department of Defense, Financial Improvement and Audit Remediation	Federal Preparer

Table 7.0 – Respondents

Name		Organization	Category
8	Andrew C. Lewis	Greater Washington Society of CPAs, Federal Issues and Standards Committee (FISC)	Non-Federal - Other
9	Patricia Irving	U.S. Department of Health & Human Services , Office of Finance	Federal Preparer
10	Chandran Pillai	National Aeronautics and Space Administration, Office of the Chief Financial Officer	Federal Preparer
11	Douglas A. Glenn	Department of the Interior, Office of Financial Management and Office of Acquisition and Property Management	Federal Preparer
12	Jamie Cox	Kearney & Company	Non-Federal - Auditor
13	Lealan Miller	Association of Government Accountants (AGA), the Financial Management Standards Board (FMSB)	Non-Federal - Other
14	Roberto Sepúlveda	U.S. Department of Homeland Security, Office of Financial Management	Federal Preparer
15	Erik Dorman	General Services Administration, Office of the Chief Financial Officer	Federal Preparer
16⁺⁺⁴	Nate Kessler	Veteran's Administration/Financial Policy	Federal Preparer

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**Executive Summary of Official
U. S. Department of Housing and Urban Development Response to
FASAB Exposure Draft - Accounting and Reporting of Government Land**

While HUD is neutral regarding FASAB's *Accounting and Reporting of Government Land Exposure Draft* and the corresponding questions for respondents, the Government National Mortgage Association (GNMA) provided the following comments for FASAB's consideration.

- GNMA has reviewed the exposure draft (ED) on land and determined the ED should have no impact on HUD/GNMA, as GNMA does not own land. The only potential land that could be considered would be land related to real estate owned properties (REOs), however our interpretation is that this standard does not apply to REOs since they are not part of G-PP&E. REOs are classified as "Other Non-Credit Reform Loans" in GNMA's Federal Balance Sheet and as "Acquired Property (i.e. Properties Held for Sale" under FASB standards, not as G-PP&E. This exclusion from G-PP&E is consistent with FASAB guidance (SFFAS 6) that says PP&E includes tangible assets, including land "acquired or constructed with the intention of being used, or being available for use by the entity." Since REOs are not being used or held for use by GNMA, it is properly excluded from G-PP&E.

1. Attachment: HUD responses to ED - Land Questions for Respondents

QUESTIONS FOR RESPONDENTS

The Board encourages you to become familiar with all proposals in the Statement before responding to the questions in this section. In addition to the questions below, the Board also welcomes your comments on other aspects of the proposed Statement. Because the proposals may be modified before a final Statement is issued, it is important that you comment on proposals that you favor as well as any that you do not favor. Comments that include the reasons for your views will be especially appreciated.

The Board believes that this proposal would improve federal financial reporting and contribute to meeting the federal financial reporting objectives. The Board has considered the perceived costs associated with this proposal. In responding, please consider the expected benefits and perceived costs and communicate any concerns that you may have in regard to implementing this proposal.

The questions in this section are available in a Word file for your use at <http://www.fasab.gov/documents-for-comment/>.

Your responses should be sent by e-mail to fasab@fasab.gov. If you are unable to respond by e-mail, please fax your responses to (202) 512-7366. Alternatively, you may mail your responses to:

Wendy M. Payne, Executive Director
Federal Accounting Standards Advisory Board
441 G Street, NW
Suite 1155
Washington, DC 20548

All responses are requested by July 30, 2018.

Q1. The Federal Accounting Standards Advisory Board (FASAB or “the Board”) proposes reclassifying general property, plant, and equipment (G-PP&E) land as a non-capitalized asset with no dollar amounts reported on the balance sheet. Any future acquisitions of land would be expensed on the statement of net cost. Disclosures regarding G-PP&E land would be required. For the proposed amendments, refer to paragraphs 8-10 (for component reporting entities) and 16 (for the consolidated financial report of the U.S. Government). For a detailed discussion and related explanation refer to paragraphs A9–A16, A21–A24, and A39–A41 in Appendix A: Basis for Conclusions.

a. **Do you agree or disagree with the Board’s proposal to reclassify G-PP&E land as a non-capitalized asset with no dollar amounts reported on the balance sheet and expense future acquisitions on the Statement of Net Cost? Please provide the rationale for your answer.**

- The U.S. Department of Housing and Urban Development (HUD) is neutral on the proposal as HUD does not hold G-PP&E land.

b. **Do you agree or disagree that land information should be presented as basic information in the G-PP&E note disclosure? Please provide the rationale for your answer.**

- HUD is neutral on the proposal as HUD does not hold G-PP&E land.

Q2. The Board has developed uniform disclosure requirements for G-PP&E land and stewardship land (SL). Both G-PP&E land and SL would be further disaggregated into three predominant use sub-categories. For each of the sub-categories, the following disclosures would be required from each component reporting entity: (1) a description of the entity’s policies, (2) physical quantity information, (3) estimated acres of land, (4) estimated acres of land held for disposal or exchange, (5) a general description of the types of land rights acquired by the entity, and (6) a reference to deferred maintenance and repairs information. Required disclosures for the government-wide financial statements include items (1), (3), and (4) above, as well as a general reference to agency reports for additional information. For the proposed amendments, refer to paragraphs 10, 13, 15, and 16. For a detailed discussion and related explanation refer to paragraphs A25, A33–A41, and A53–A54 in Appendix A: Basis for Conclusions.

a. **Do you agree or disagree with the Board’s proposed component reporting entity disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.**

- HUD is neutral on the proposal as HUD does not hold G-PP&E land.

b. **Do you agree or disagree with the Board’s proposed government-wide financial statement disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.**

- HUD is neutral on the proposal as HUD does not hold G-PP&E land.

- Q3. The Board proposes retaining both the G-PP&E land and SL categories for an entity's land holdings. For the proposed amendments, refer to paragraphs 8–14. For a detailed discussion and related explanation refer to paragraphs A17–A24 in Appendix A: Basis for Conclusions.

Do you agree with retaining the G-PP&E land and SL categories? Please provide the rationale for your answer.

- HUD is neutral on the proposal as HUD does not hold G-PP&E land.

- Q4. The Board proposes to revise the G-PP&E land and permanent land rights definitions. In addition, the Board proposes definitions for the following terms: acres of land held for disposal or exchange, commercial use land, conservation and preservation land, and operational land. For the proposed amendments, refer to paragraphs 8–11. For a detailed discussion and related explanation refer to paragraphs A9–A16 and A25–A33 in Appendix A: Basis for Conclusions.

Do you agree or disagree with the Board's proposed G-PP&E land and permanent land rights definition and the related sub-category definitions? Please provide the rationale for your answer.

- HUD is neutral on the proposal as HUD does not hold G-PP&E land.

- Q5. The Board proposes amendments to the current definition of SL including footnote 16 and definitions for the following terms: acres of land held for disposal or exchange, commercial use land, conservation and preservation land, and operational land. For the proposed amendments, refer to paragraphs 12–14. For a detailed discussion and related explanation refer to paragraphs A9–A16, A21–A24, and A26–A33 in Appendix A: Basis for Conclusions.

Do you agree or disagree with the Board's proposed definition of SL, including footnote 16 and the related subcategory definitions? Please provide the rationale for your answer.

- HUD is neutral on the proposal as HUD does not hold G-PP&E land.

- Q6. The Board is proposing a two-year implementation period, which would make the proposed requirements effective for reporting periods beginning after September 30, 2021. For a detailed discussion and related explanation refer to paragraphs 19, A9–A12, A42–A45, and A51–A52 in Appendix A: Basis for Conclusions.

Do you agree or disagree with the proposed effective date? Please provide the rationale for your answer.

- HUD is neutral on the proposal as HUD does not hold G-PP&E land.

Q7. The Board has continually noted the fundamental challenges associated with developing and documenting information regarding historical assets like land. Technical Release (TR) 9, *Implementation Guide for Statement of Federal Financial Accounting Standards 29: Heritage Assets and Stewardship Land*, paragraph 85 states in part that a methodology needs to be employed to develop documentation to support management's assertions of federal ownership. For a detailed discussion and related explanation refer to paragraphs A51–A54 in Appendix A: Basis for Conclusions.

a. **Would incorporating any of the guidance contained in TR 9 in the proposed accounting standards facilitate the preparation and auditing processes? For example, should the list of examples of the supporting documentation contained at paragraph 85 in TR 9 be incorporated, changed, or expanded to facilitate implementation of the proposed requirements? Please provide the rationale for your answer.**

- HUD is neutral on the proposal as HUD does not hold G-PP&E land.

b. **What type of implementation guidance should FASAB provide that enables (1) flexibility for supporting estimated acres of land and (2) assistance in identifying predominant use as well as selecting appropriate physical unit categories? Please provide the rationale for your answer.**

- HUD is neutral on the proposal as HUD does not hold G-PP&E land.

Q8. The Board encourages respondents to not only provide input concerning any and all aspects of the proposed changes, but also other matters that may not have been specifically addressed in this exposure draft. In addition, the Basis for Conclusions explains the Board's goals for this proposal (see discussion beginning at par. A1) and also discusses other issues raised by task force members, as well as experts and practitioners both within and external to government (as an example, see par. A1–A12, A42–A45, and A46–A50).

Moreover, the Board is interested in receiving comments specific to the following matters:

(1) Its proposed use of non-financial information (NFI) as a means to provide information more relevant than the financial recognition and measurement of land

(2) Whether requiring the disclosure of "estimated acres of land" instead of "acres of land" would provide preparers greater flexibility and reduced burden while still ensuring that user needs are met

(3) The determination and application of materiality to NFI (that is, the appropriate considerations for NFI)

(4) Whether materiality is affected by the presentation of land information as basic, required supplementary information, or other information. For example, identify challenges in estimating the NFI in each of the three categories identified above.

a. **Please provide your thoughts and rationale concerning the four areas noted above.**

- HUD is neutral on the proposal as HUD does not hold G-PP&E land.

Please provide any other comments or suggestions you have regarding the goals for this project, other issues identified in the Basis for Conclusions, or other areas that have not been addressed.

While HUD is neutral regarding FASAB's *Accounting and Reporting of Government Land Exposure Draft* and the corresponding questions for respondents, the Government National Mortgage Association (GNMA) provided the following comments for FASAB's consideration.

- GNMA has reviewed the exposure draft (ED) on land and determined the ED should have no impact on HUD/GNMA, as GNMA does not own land. The only potential land that could be considered would be land related to real estate owned properties (REOs), however our interpretation is that this standard does not apply to REOs since they are not part of G-PP&E. REOs are classified as "Other Non-Credit Reform Loans" in GNMA's Federal Balance Sheet and as "Acquired Property (i.e. Properties Held for Sale" under FASB standards, not as G-PP&E. This exclusion from G-PP&E is consistent with FASAB guidance (SFFAS 6) that says PP&E includes tangible assets, including land "acquired or constructed with the intention of being used, or being available for use by the entity." Since REOs are not being used or held for use by GNMA, it is properly excluded from G-PP&E.

July 16, 2018

Wendy M. Payne, Executive Director
Federal Accounting Standards Advisory Board
441 G Street, NW
Suite 1155
Washington, DC 20548

Dear Wendy,

I have reviewed the Exposure Draft titled *Accounting and Reporting of Government Land*. My answers to the questions are as follows:.

Q1. a. Do you agree or disagree with the Board's proposal to reclassify G-PP&E land as a non-capitalized asset with no dollar amounts reported on the balance sheet and expense future acquisitions on the Statement of Net Cost? Please provide the rationale for your answer.

I disagree for many reasons with the Board's proposal to reclassify G-PP&E land as a non-capitalized asset with no dollar amounts reported on the balance sheet.

1. First, FASAB's Mission Statement, which has been repeated in every Annual Report and Three Year Plan, states "FASAB serves the public interest by **improving** federal financial reporting through issuing federal financial accounting standards and providing guidance...." Statement of Federal Financial Accounting Concepts No. 1 *Objectives of Federal Financial Reporting* expands upon that statement by averring that the Board would be developing accounting standards that would **enhance the financial information** reported by the federal government to (1) **demonstrate its accountability** to internal and external users of federal financial reports, (2) provide useful information to internal and external users of federal financial reports, and (3) help internal users of financial information **improve the government's management**.¹ⁱ

These statements establish that the **first** purpose for Federal financial statements is to enable the government and its agencies to demonstrate accountability. The fact that the historical cost of land is of limited value to users, and particularly for users responsible for making management decisions, should not be a factor. The highly summarized nature of agency financial statements, the infrequency of their issuance, and the lengthy time frame between the end of the reporting period and the statements' issuance date means that hardly any of the information in the financial statements is of value for users' decision-making.

¹ Statement of Federal Financial Accounting Concepts No. 1 *Objectives of Federal Financial Reporting*, paragraph 3.

The demonstrated far more important purpose for Federal financial statements is that they drive reliability of financial information through the examination of the statements by independent auditors. Dollars are the only measure that is common to all assets, liabilities, revenues, expenditures, etc. This is a major reason why dollars have been used for reporting items on the financial statements. For property, plant, and equipment, measurement bases such as fair value or value-in-use provide users relevant information. However, these financial measurements have been deemed cost-prohibitive to apply plus the results would be less reliable, less comparable, and inconsistent. Historical cost, therefore, has been deemed the most reliable, consistent, comparable, and understandable financial measure with which agencies can report their land holdings. By abandoning historical cost as the reporting measure for land, FASAB would cause agency financial statements to be less reliable. This is contrary to the third objective listed above, namely help internal users of financial information improve the government's management.

2. Second, it will be said that the decision to eliminate the cost of land from the classification of general property, plant, and equipment line on the balance sheet is in order that the government can avoid the problem of having all but one agency report their G-PP&E land at historical cost, and one agency report its land holdings using another measure; that the problem arose because FASAB earlier issued a standard permitting the one agency to report its G-PP&E land using a different measure; and that standard was issued to accommodate that agency's inability to maintain the necessary records. In short, Federal financial reporting will have lowered its accounting standards and requirements to accommodate an agency who does not maintain reliable information, instead of using accounting standards to induce improvement of the agency's and thus the entire government's management, again conflicting with the purpose for which FASAB is supposed to develop accounting standards, namely improve the government's management..

A related undesired ramification if this proposal goes forward is that it will send a signal to the other government agencies that they do not have to maintain complete, reliable financial information. The standards will be tailored to what they do maintain. Moreover, there will be a significant negative impact on the morale of the personnel in agencies that made the extremely difficult effort to obtain and maintain the necessary historical cost information.

3. The Exposure Draft's Paragraph A43 states "the Board has elected to focus on ensuring that the costs of providing land information are commensurate with user benefits." FASAB's Mission Statement states that FASAB "strives to ensure due consideration of the costs and the benefits to the preparers and users of financial information prepared in conformity with generally accepted accounting principles." The agencies presently report cost of land information for G-PP&E land meaning the present reporting of land has already met the cost benefit test. Requiring agencies to replace historical cost with estimated acres and/or other

physical quantity information, particularly since many agencies do not have that information in verifiable form, will force them to incur substantial costs, while the cessation of reporting the one auditable measure—historical cost—means there will be no benefit resulting from adapting this standard. In short, there will be no cost-benefit with issuance of this standard; in fact, there will be a negative cost-benefit.

4. The one agency referred to above (DOD) advised during my tenure on the Board that it not only did not have cost information for the land it uses, it did not have the acreage or other physical quantity information for the land. I remember expressing surprise, stating that every military installation is encircled by a fence within which the acres can be measured. The DOD representative responded that much of its land was acquired as long as two centuries ago, i. e., before land acquisitions were recorded, and DOD does not know the status of the legal titles for significant portions of its land and installations. Hence an accounting standard would be changed to accommodate DOD by having all agencies switch from reporting cost information to physical quantity information even though it is doubtful whether DOD will be able to meet the new standard.
5. Paragraph A11 states Federal executives and managers sometimes feel the need to seek and/or develop financial information outside the agency's financial system, yet they believe this information is not reliable. The most effective way to assure reliability of financial information is to subject it to audit. Issuing a standard which would make it no longer necessary to maintain data bases that provide information reliable enough to pass audit would be counterproductive for the Federal executives and managers.
6. Paragraph A34 states "Prior FASAB analyses of user needs revealed that financial statements are a starting point for users. However, the Board believes additional information should be included within the financial report to allow users to assist them in their analyses of entity performance. The Board believes this can be best accomplished using NFI." By all means, additional information should be included if it assists users' analyses of entity performance. This, however, does not require discontinuance of the financial information which , as stated, is the starting point and provides the foundation for assuring reliability. Rather, NFI should be **in addition to** the financial information.
7. Finally, the lack of comparability is cited as the reason for abandoning reporting G-PP&E land using the historical cost measure.

There are two aspects of comparability that this proposal is intended to address. The first is the lack of comparability between the non-defense agencies who have determined and are reporting the cost of their G-PP&E land and the Department of Defense. who allegedly will not be able to ascertain and report historical cost for its land. The foregoing presents many reasons why this lack of comparability should not be sought by eliminating the standard requiring that G-

PP&E land be presented at historical cost. Financial reporting should not be reduced to only that which agencies have the information to report.

The other “lack of comparability,” while admittedly harder to rationalize, is between G-PP&E land and stewardship land (for which cost is not reported). This lack of reporting cost for stewardship land does not represent a lack of comparability as much as a recognition of the different nature of the two categories of land. G-PP&E land is used to support the current delivery of government services, in the same manner as other types of general property, plant, and equipment, e. g., buildings, equipment, etc. It is appropriate to present, to the extent one exists, a cost for this type of asset. Stewardship land is the land other than the land that supports the delivery of government services. Although it might in itself provide a service, e. g., national parks, grazing land, national forests, the key difference is that the government, as a steward, intends to hold this land indefinitely for the benefit of both current and future generations. The cost to acquire this land, much of which occurred centuries ago, is insignificant in terms of current dollars, and thus meaningless to present in dollar terms on the balance sheet. While some of this stewardship land is used for constructing general property, plant, and equipment buildings, the historical cost of that land is likely to be insignificant.

Having disagreed with the Board’s proposal to reclassify G-PP&E land as a non-capitalized asset with no dollar amounts reported on the balance sheet, it is incumbent upon me to suggest an alternative that

- is consistent with Federal financial reporting objectives,
- meets the quality characteristics for information in financial reports,
- addresses the implementation issues in the previously-issued statements of federal financial accounting standards, and
- provides a means with which DOD can conform to generally accepted accounting principles.

Statement of Federal Financial Accounting Standards No.48 *Opening Balances for Inventory, Operating Materials and Supplies*, and No. 50 *Stockpile Materials and Establishing Opening Balances for General Property, Plant, and Equipment: Amending Statement of Federal Financial Accounting Standards (SFFAS) 6, SFFAS 10, SFFAS 23, and Rescinding SFFAS 35* permit a reporting entity to apply an alternative valuation method in establishing opening balances for inventory, operating materials and supplies, and stockpile materials when presenting financial statements, or one or more line items addressed by the Statement, following generally accepted accounting principles (GAAP) promulgated by the Federal Accounting Standards Advisory Board either (1) for the first-time or (2) after a period during which existing systems could not provide the information necessary for producing such GAAP-based financial statements

without use of the alternative valuation method. Deemed cost is identified as one of the acceptable alternative valuation methods, and is defined as based on one, or a combination, of several valuation methods, including: standard price, i. e., selling price or fair value, latest acquisition cost, replacement cost, estimated historical cost, and actual historical cost.

I propose that the inadequacies in DOD's records can be accommodated with the issuance of a standard that

- states that agencies reporting G-PP&E land (1) for the first-time or (2) after a period during which existing systems could not provide the information necessary for producing such GAAP-based financial statements without use of the alternative valuation method, can use deemed cost; and
- includes as a deemed cost, current fair market value for comparable land adjacent to the G-PP&E land applied to the estimated number of acres considered as G-PP&E.

I submit this standard should not be impossible or impracticable for DOD to apply. DOD knows what land it uses, and therefore the acres.. An inability to verify title to the land is not a cogent argument; its use of the land over time and its restriction to use by others is tantamount to owning the land. Furthermore, the inability to verify legal title would also preclude reporting acres of G-PP&E land. Finally, there should be no problem in ascertaining from appraisers, brokers, and other professionals, a current fair market value of comparable, adjacent land.

b. Do you agree or disagree that land information should be presented as basic information in the G-PP&E note disclosure? Please provide the rationale for your answer.

I do not agree that all of the land information specified in paragraph 10 should be presented as basic information in the G-PP&E note disclosure. Sub-categorizing the land into commercial use land; conservation and preservation land; and operational land could be useful.

On the other hand, I suspect many agencies do not maintain land records in acres. It would therefore be extremely costly for all agencies to aggregate such information in a form auditors would consider sufficiently reliable to support an unmodified opinion. The Board need look no further than what happened as a result of issuing Statement of Federal Financial Accounting Standard No. 29 *Heritage Assets and Stewardship Land* to understand the reason for my response. Agencies maintain the number of acres or miles of stewardship land they manage in systems of record. Prior to the issuance of SFFAS No. 29, auditors applied certain limited procedures to these systems, which enabled the agencies to present as required supplementary information, the quantities of acres and/or miles. SFFAS No. 29 required the agencies to disclose the non-financial information in the footnotes as basic financial information. The agencies

realized the lack of reliability in the systems of record for stewardship land and, to avoid receiving a modified auditors' opinion, stopped reporting the numbers of acres and miles for their stewardship land and instead reported the numbers of parcels and units of land. Hence, if the Board believes categorizing the land into commercial use land; conservation and preservation land; and operational land would be useful, and it wants the information to be reported in acres rather than parcels, the information should be first designated as required supplementary information and not moved to basic information until there is sufficient confidence in its reliability.

The above said, I would observe that the wide variety in what agencies call units of land, combined with the fact that for operating purposes, agencies can and frequently do adjust what is part of an operating unit, will make this data point not very comparable, consistent, reliable, meaningful, and therefore useful.

Q2. a. Do you agree or disagree with the Board's proposed component reporting entity disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.

I agree and I disagree with the Board's proposed component reporting entity disclosure requirements for G-PP&E land and SL. I think the classification of land into the three predominant sub-categories can be useful for understanding how both G-PP&E land and SL can be used.

Since the illustrative examples in Appendix B of how the non-financial information can be displayed are useful, I would add a third example. The examples in Appendix B-1 and B-2 present the non-financial information for the predominant use categories in two tables: one for the G-PP&E land and one for the SL. The example in Appendix B-3 presents the non-financial information in a single table: the information for both the G-PP&E land and SL is presented on the left and the information for the predominant use categories is presented in total on the right.

I would add a single matrix table in which the G-PP&E land and SL non-financial information is presented in two columns, with a third column presenting the total for both. The columns would be broken into four lines: three for presenting the non-financial information for each of the predominant use categories, and a fourth for presenting the total non-financial information data for G-PP&E land, for SL, and for both combined.

There is also a correction I suggest for the exhibits. I can envision situations where land acquired for stewardship purposes is used for G-PP&E purposes (and visa versa). When that happens the, agency should adjust its records to reflect the change. Therefore, the tables in Exhibit B should be labeled Categorized by Purpose or Intent, and not Categorized by Purpose or Intent at Acquisition.

I believe the concise statement explaining how land relates to the mission of the entity should be limited to the stewardship land and not be required for G-PP&E land. FASAB

has undertaken a project to address and hopefully reduce footnote disclosures. A statement of how G-PP&E land relates to the mission of any agency is superfluous.

Finally, I reiterate that non-financial information, while useful information, should be presented as required supplementary information and not in the footnotes as basic information. As stated, when agencies do not have information that auditors can consider sufficiently reliable, they reduce the specificity of the information to less meaningful information.

b. Do you agree or disagree with the Board's proposed government-wide financial statement disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.

My response to whether I agree or disagree with the Board's proposed government-wide financial statement disclosure requirements for G-PP&E land and SL is consistent with my response to the requirements for component-level disclosure for G-PP&E land and SL.

Q3. Do you agree with retaining the G-PP&E land and SL categories? Please provide the rationale for your answer.

I agree with retaining the G-PP&E land and SL categories. It provides minimal measurable and reliable information about the land the government uses to support its general services. For reasons described above, SL is not reported with financial measures, but with non-financial measures. Eliminating the G-PP&E land and SL categories would require all land to be reported with non-financial measures. Implementing a requirement to obtain and present non-financial information for G-PP&E land would be extremely disruptive and costly for the agencies. Moreover, the data is likely to be not as reliable as the financial information, and thus not auditable nor as meaningful.

Paragraph 3's concern that current use of a land holding (e. g., G-PP&E land) is sometimes different from the initial intent at time of acquisition (e. g. SL) is not the result of a deficient accounting standard. It is the result of inadequate record keeping and reporting. The problem should be addressed not by changing the accounting standard, but by proper following of appropriate accounting procedures and assuring that following through sufficient auditing.

Q.4 Do you agree or disagree with the Board's proposed G-PP&E land and permanent land rights definition and the related sub-category definitions? Please provide the rationale for your answer.

I agree with the Board's proposed G-PP&E land definition.

I agree with the Board's proposed permanent land rights definition.

I agree with the related sub-category definitions, recognizing that the agencies will have implementation challenges categorizing certain lands. For instance, I assume national parks would be considered Conservation and Preservation Land, or even Operational Land because they are mission related. However, many national parks have campsites that are rented, which Paragraph 11/20B identifies as Commercial Use Land. Implementation guidance will be needed.

I believe the physical unit measures will be meaningless. Agencies' missions, the type of land they manage, and their related asset management practices differ widely. Presenting information based on these criteria, as required by paragraph 10A/45A.c.ii, means there will be no comparability for the information for users of component financial statements and an inability to consolidate the information for the government-wide financial statements .

Q5. Do you agree or disagree with the Board's proposed definition of SL, including footnote 16 and the related subcategory definitions? Please provide the rationale for your answer.

I agree with the Board's proposed definition of SL, including footnote 16 and the related subcategory definitions

Q6. Do you agree or disagree with the proposed effective date? Please provide the rationale for your answer.

The implementation of this standard as proposed would require more than modifying the manner in which transactions are reported. It would require obtaining and organizing considerable amounts of data, much of which may not be in existence. Hence, the feasibility of the proposed effective date can best be answered by preparers of the financial statements.

Q7. a. Would incorporating any of the guidance contained in TR 9 in the proposed accounting standards facilitate the preparation and auditing processes? For example, should the list of examples of the supporting documentation contained at paragraph 85 in TR 9 be incorporated, changed, or expanded to facilitate implementation of the proposed requirements? Please provide the rationale for your answer.

The guidance in Technical Release No. 9 would be helpful for determining and reporting non-financial information. In regard to paragraph 85 in Technical Release No. 9, I would add the "history of use and/or of restricting use by others" in order to help DOD recognize the land for which it claims no record of legal ownership, but still uses to the exclusion of others. Also, incorporating portions of the Technical Release into the standard would increase its authoritativeness and thus likelihood for adherence. Finally, the guidance in Technical Release No. 9 provides agencies preparing financial statements (1) for the first time or (2) after a period during which existing systems could not provide the information necessary for producing such GAAP-based financial

statements without use of an alternative valuation method with the physical quantity of land that can be combined with a financial measure (e. g., current fair market value for comparable land adjacent to the G-PP&E land) to arrive at a deemed cost.

b. What type of implementation guidance should FASAB provide that enables (1) flexibility for supporting estimated acres of land and (2) assistance in identifying predominant use as well as selecting appropriate physical unit categories? Please provide the rationale for your answer.

I am not aware of any additional implementation guidance for supporting estimated acres of land beyond what is in Technical Release No. 9. Nor am I aware of implementation guidance for identifying predominant use beyond what is in the Exposure Draft. As stated, I think reporting physical units is meaningless and thus categorizing the different ways is meaningless.

Q8. The Board is interested in receiving comments specific to the following matters:

- (1) Its proposed use of non-financial information (NFI) as a means to provide information more relevant than the financial recognition and measurement of land**
- (2) Whether requiring the disclosure of “estimated acres of land” instead of “acres of land” would provide preparers greater flexibility and reduced burden while still ensuring that user needs are met**
- (3) The determination and application of materiality to NFI (that is, the appropriate considerations for NFI)**
- (4) Whether materiality is affected by the presentation of land information as basic, required supplementary information, or other information. For example, identify challenges in estimating the NFI in each of the three categories identified above.**

a. Please provide your thoughts and rationale concerning the four areas noted above.

- (1) Certain types of non-financial information (i. e., the magnitude of land holdings rather than the number of land holdings) are more relevant than financial information. However, relevance is only one of six characteristics of quality information. Two others are reliability and comparability. The Federal government’s non-financial information for land is generally not reliable, and in many instances, non-existent. The wide diversity of purposes for the different financial agencies means that presentations of parcels of land would not be comparable among agencies; and of acres or miles, would not be meaningful.

Hence, non-financial information is relevant, but only in combination with the more reliable and comparable financial information.

- (2) Requiring the disclosure of “estimated acres of land” instead of “acres of land” would provide preparers greater flexibility and reduced burden. With either, however, the absence of reliability of the information means that users’ needs would be only partially met.
- (3) No comment.
- (4) If non-financial land information is required as basic information, it is likely to be presented as numbers of parcels of land. This type of information would be less material than acres and/or miles of land. The best hope for obtaining the more material—and meaningful—acres and miles information is to require the non-financial information as required supplementary information. Suggesting that non-financial land information be presented as Other Information means the auditors will do no more than read the information for inconsistency with other portions of the financial report. This approach reflects zero concern for the non-financial information’s reliability.

(2) Please provide any other comments or suggestions you have regarding the goals for this project, other issues identified in the Basis for Conclusions, or other areas that have not been addressed.

1. Paragraph 3 states “Clarifying the SL definition and requiring the use of three predominant use sub-categories should reduce accounting and reporting differences and preparer burden....” Requiring the presentation of land information in three new sub-categories will not reduce preparer burden. It will increase it.
2. Paragraph 11/Footnote 20b and paragraph 14/footnote 36b
 - 2nd bullet—add dams as an example.
 - 5th bullet—Would the fact that most licenses for photography are temporary. affect the definition?
3. Paragraph 11/20C and paragraph 14/footnote 36c —Should this sub-category include national parks?
4. Paragraph 16, which adds paragraph 23b to SFFAS 32, states there should be a note on the government-wide balance sheet that discloses information about general PP&E land and permanent land rights, but no asset dollar amounts. The standard should be more specific about the information to be disclosed.
5. Appendix B-1. It seems unlikely that an agency would have 2,600,000 acres of General PP&E categorized as Preservation and Conservation.

6. Paragraph A31—office building locations are mentioned twice.

I hope these responses are helpful. I would be glad to discuss them further.

Sincerely

Hal Steinberg

Hal Steinberg

QUESTIONS FOR RESPONDENTS

The Board encourages you to become familiar with all proposals in the Statement before responding to the questions in this section. In addition to the questions below, the Board also welcomes your comments on other aspects of the proposed Statement. Because the proposals may be modified before a final Statement is issued, it is important that you comment on proposals that you favor as well as any that you do not favor. Comments that include the reasons for your views will be especially appreciated.

The Board believes that this proposal would improve federal financial reporting and contribute to meeting the federal financial reporting objectives. The Board has considered the perceived costs associated with this proposal. In responding, please consider the expected benefits and perceived costs and communicate any concerns that you may have in regard to implementing this proposal.

The questions in this section are available in a Word file for your use at <http://www.fasab.gov/documents-for-comment/>.

Your responses should be sent by e-mail to fasab@fasab.gov. If you are unable to respond by e-mail, please fax your responses to (202) 512-7366. Alternatively, you may mail your responses to:

Wendy M. Payne, Executive Director
Federal Accounting Standards Advisory Board
441 G Street, NW
Suite 1155
Washington, DC 20548

All responses are requested by July 30, 2018.

Q1. The Federal Accounting Standards Advisory Board (FASAB or “the Board”) proposes reclassifying general property, plant, and equipment (G-PP&E) land as a non-capitalized asset with no dollar amounts reported on the balance sheet. Any future acquisitions of land would be expensed on the statement of net cost. Disclosures regarding G-PP&E land would be required. For the proposed amendments, refer to paragraphs 8-10 (for component reporting entities) and 16 (for the consolidated financial report of the U.S. Government). For a detailed discussion and related explanation refer to paragraphs A9–A16, A21–A24, and A39–A41 in Appendix A: Basis for Conclusions.

- a. **Do you agree or disagree with the Board’s proposal to reclassify G-PP&E land as a non-capitalized asset with no dollar amounts reported on the balance sheet and expense future acquisitions on the Statement of Net Cost? Please provide the rationale for your answer.**

Generally agree. As an entity responsible for following the accounting guidance, we understand that not capitalizing land is the less demanding route for tracking and supporting land assets, however, we acknowledge that land is an asset for all non-federal and commercial entities that is reported on their balance sheets when it meets an entity’s capitalization criteria. Although this position is inconsistent with other accounting frameworks, it is far easier (though not ideal) to take the direction of the board.

While we understand that (1) FASAB’s goal is to standardize financial reports and reduce burden on agencies associated with valuing, recording, and monitoring GPP&E land assets; and (2) the inherent complexities of the land asset class lead to agencies following differing accounting methodologies which adversely impacts the comparability of reports across the Federal Government, we do not fully understand how these challenges merit eliminating the asset recognition requirement for GPP&E land on the balance sheet. While fair market value is understandably challenging and costly to establish/maintain, historical cost (or a reasoned, supported estimate) should be an achievable metric. One suggestion would be that agencies use tax assessments, which include estimated land values and are received annually, as the basis for the value of the land when donated or purchased. This could then be leveraged as historical cost when recording in the financial statements. Tax assessments would be consistent, measurable, and relatively easy/low cost for agencies to obtain. We believe GPP&E land meets the definition of an asset and associated recognition criteria codified in SFFAC No. 5, and for agencies where land is a material item, its exclusion from the Balance Sheet could be perceived as misleading. Therefore, while we understand the Board’s rationale, we do not fully understand how this change will effectively capture perceived potential efficiencies and improve the accuracy of financial reporting.

- b. **Do you agree or disagree that land information should be presented as basic information in the G-PP&E note disclosure? Please provide the rationale for your answer.**

Generally agree. The note disclosure that the Board proposes provides mission-focused information that enhances the usability of the financial reports for the audience. We support this addition even if the accounting treatment for GPP&E

land were to remain unchanged. The proposed disclosures would be useful to an outside party and could seemingly be produced at limited cost.

There is some concern that all land should be reported under the same note as land and follow SFFAS 29's guidance. If so, all land will have the same accounting treatment and note disclosure requirements, and there would be no benefit to requiring separate note disclosures.

- Q2. The Board has developed uniform disclosure requirements for G-PP&E land and stewardship land (SL). Both G-PP&E land and SL would be further disaggregated into three predominant use sub-categories. For each of the sub-categories, the following disclosures would be required from each component reporting entity: (1) a description of the entity's policies, (2) physical quantity information, (3) estimated acres of land, (4) estimated acres of land held for disposal or exchange, (5) a general description of the types of land rights acquired by the entity, and (6) a reference to deferred maintenance and repairs information. Required disclosures for the government-wide financial statements include items (1), (3), and (4) above, as well as a general reference to agency reports for additional information. For the proposed amendments, refer to paragraphs 10, 13, 15, and 16. For a detailed discussion and related explanation refer to paragraphs A25, A33–A41, and A53–A54 in Appendix A: Basis for Conclusions.

- a. **Do you agree or disagree with the Board's proposed component reporting entity disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.**

Generally agree; however, the current focus on only NFI may not be appropriate. Although acres is a common denominator, even within a single category it is possible that the quality of acres varies. Disposing of high quality acres (e.g., rich in resources) for low quality acres (e.g., low in resources or previously harvested) would be difficult to discern under the current policy. Recommend some financial information related to disposals and acquisitions should be provided. Proposed: (1) mechanism (donation, purchase, transfer-in from state) and any costs paid to acquire land in the current period (2) total dollars received from sale of land, by category of sale (e.g., open auction, closed auction), (3) insight into any land transferred "in kind". This provision already does not need to be applied to immaterial items, and additional emphasis could be provided on that point. This is especially true for agencies which hold substantial amounts of land. These agencies would seemingly be the most likely to not suffer from items listed under A42, or would benefit the most from developing/improving such a capability.

There is some concern with the separation of stewardship land from G-PP&E land, required reference to deferred maintenance and repairs (DM&R) information, and with the requirement to report the amounts paid to maintain land rights. There is no added value in separately identifying and reporting stewardship land from other G-PP&E land given the proposed accounting treatment is the same and both require the same subcategory definitions. Stewardship PP&E was created as a category that resembles the physical characteristics of balance sheet PP&E, but differs in the nature of its use that warranted a separate accounting standard. However, land will be treated the same and will not be reported on the balance sheet so there is not capitalized

land to resemble to warrant separate reporting in the notes to the financial statements.

Entities are already required to follow SFFAS 42 regarding DM&R. SFFAS 42 requires entities to state whether their DM&R relates to capitalized personal property or non-capitalized personal property. Requiring this disclosure makes it appear that DM&R will be applied to all non-capitalized land, which may not be the policy of the entity. Therefore, this disclosure requirement should be omitted from this standard and SFFAS 42 relied upon for DM&R reporting.

The requirement to report the amounts paid during the year to maintain land rights is in conflict with the standard. The standard allows for expensing for land and permanent land rights and the choice to expense temporary land rights, which does not require cost accumulation and tracking as needed for capitalized assets. However this disclosure requirement requires cost accumulation, tracking and disclosure of the cost to maintain all land rights which equates to the cost of the land rights that would be reported on either the balance sheet or the statement of net cost and without consideration for significance. We recommend this requirement that "Land rights information should include...amounts paid during the year to maintain such rights" be removed from the disclosure requirements.

- b. Do you agree or disagree with the Board's proposed government-wide financial statement disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.**

Generally agree with the Board's proposal to provide government-wide disclosure. Implementing more detailed, uniform requirements across all of the Federal government would be challenging. Further, standardization may adversely impact the usefulness of agency-specific reporting. It is also likely that most users of the information are concerned with a small sub-set of agencies.

If disclosing at the government-wide level is not adopted, could possibly include information in the supplementary section.

- Q3. The Board proposes retaining both the G-PP&E land and SL categories for an entity's land holdings. For the proposed amendments, refer to paragraphs 8–14. For a detailed discussion and related explanation refer to paragraphs A17–A24 in Appendix A: Basis for Conclusions.

Do you agree with retaining the G-PP&E land and SL categories? Please provide the rationale for your answer.

Generally agree – The segregation is helpful for users. However, there is some concern that the stewardship land category was created to expense land that was not considered connected with G-PP&E while all other land and land right was separated for a capitalization decision. With both types of land being expensed, there is no added benefit to requiring entities to identify and maintain separate categories of land while also requiring reporting across the same sub-categories. It may be possible to use one table to provide the necessary non-financial information that facilitates demonstration of operating performance and stewardship.

- Q4. The Board proposes to revise the G-PP&E land and permanent land rights definitions. In addition, the Board proposes definitions for the following terms: acres of land held for disposal or exchange, commercial use land, conservation and preservation land, and operational land. For the proposed amendments, refer to paragraphs 8–11. For a detailed discussion and related explanation refer to paragraphs A9–A16 and A25–A33 in Appendix A: Basis for Conclusions.

Do you agree or disagree with the Board’s proposed G-PP&E land and permanent land rights definition and the related sub-category definitions? Please provide the rationale for your answer.

Agree with the Board’s proposed definitions.

- Q5. The Board proposes amendments to the current definition of SL including footnote 16 and definitions for the following terms: acres of land held for disposal or exchange, commercial use land, conservation and preservation land, and operational land. For the proposed amendments, refer to paragraphs 12–14. For a detailed discussion and related explanation refer to paragraphs A9–A16, A21–A24, and A26–A33 in Appendix A: Basis for Conclusions.

Do you agree or disagree with the Board’s proposed definition of SL, including footnote 16 and the related subcategory definitions? Please provide the rationale for your answer.

Generally agree – The definitions and disclosures provide clarification for the user. However there was one concern with the definition and separate identification of SL. Any land that is not intended for to be held for sale or other type of disposal is “intended to be held indefinitely” when purchased. There does not appear to be a meaningful distinction between SL and other land based on the subcategory requirements and disclosure requirements.

- Q6. The Board is proposing a two-year implementation period, which would make the proposed requirements effective for reporting periods beginning after September 30, 2021. For a detailed discussion and related explanation refer to paragraphs 19, A9–A12, A42–A45, and A51–A52 in Appendix A: Basis for Conclusions.

Do you agree or disagree with the proposed effective date? Please provide the rationale for your answer.

Agree – implementation period is reasonable.

- Q7. The Board has continually noted the fundamental challenges associated with developing and documenting information regarding historical assets like land. Technical Release (TR) 9, *Implementation Guide for Statement of Federal Financial Accounting Standards 29: Heritage Assets and Stewardship Land*, paragraph 85 states in part that a methodology

needs to be employed to develop documentation to support management's assertions of federal ownership. For a detailed discussion and related explanation refer to paragraphs A51–A54 in Appendix A: Basis for Conclusions.

- a. **Would incorporating any of the guidance contained in TR 9 in the proposed accounting standards facilitate the preparation and auditing processes? For example, should the list of examples of the supporting documentation contained at paragraph 85 in TR 9 be incorporated, changed, or expanded to facilitate implementation of the proposed requirements? Please provide the rationale for your answer.**

Agree – TR 9 should be included as follows:

Federal land was acquired in a variety of ways, so alternative methods and/or forms of supporting government ownership are acceptable including, and not limited to the following examples: Public law; treaties, entity certifications, maintenance or renovation contracts, maintenance records, payment invoices, meeting minutes, historical databases, initial surveys of land, a history of past/historical practices (for example, the length of time an entity controls the land establishing de facto ownership), or other relevant sources of information.

Providing explicit examples of documentation, research/analysis, or other activities which should generally be sufficient to meet GAAP is useful and can provide a clearer path for agencies to follow. It may also aid auditors in testing, and almost certainly reduces back and forth between agencies and their auditors.

- b. **What type of implementation guidance should FASAB provide that enables (1) flexibility for supporting estimated acres of land and (2) assistance in identifying predominant use as well as selecting appropriate physical unit categories? Please provide the rationale for your answer.**

Implementation guidance should include flexibility for supporting estimated acres of land and flexibility in identifying predominant use as well as selecting appropriate physical unit categories (if the determination is made to include physical unit categories as a mandatory disclosure). We also request FASAB to include guidance on how to handle land and land right agreements given the potential for inconsistent treatment of a land asset based on SFFAS 54.

The list of items provided in A52 seem generally appropriate depending on the scenario. Better articulation of when less precise methods are allowable would be appreciated, as documentation should naturally be more precise where land was (1) acquired more recently and (2) in more populated areas.

FASAB should provide practical guidance with sufficient detail and examples that make it feasible for agencies to implement and understandable for both agency preparers, legislative overseers, and the taxpayer.

- Q8. The Board encourages respondents to not only provide input concerning any and all aspects of the proposed changes, but also other matters that may not have been specifically addressed in this exposure draft. In addition, the Basis for Conclusions explains the Board's

goals for this proposal (see discussion beginning at par. A1) and also discusses other issues raised by task force members, as well as experts and practitioners both within and external to government (as an example, see par. A1–A12, A42–A45, and A46–A50).

Moreover, the Board is interested in receiving comments specific to the following matters:

- (1) Its proposed use of non-financial information (NFI) as a means to provide information more relevant than the financial recognition and measurement of land

Agree.

- (2) Whether requiring the disclosure of “estimated acres of land” instead of “acres of land” would provide preparers greater flexibility and reduced burden while still ensuring that user needs are met

Agree.

- (3) The determination and application of materiality to NFI (that is, the appropriate considerations for NFI)

Materiality should be a consideration as it allows for flexibility in assessing the impact and need of what to report to users of the information so as to not confuse or overwhelm them. As a preparer, this may be difficult to provide for reasons listed in paragraph A42.

- (4) Whether materiality is affected by the presentation of land information as basic, required supplementary information, or other information. For example, identify challenges in estimating the NFI in each of the three categories identified above.

Materiality is not affected by where the information is reported, however, the scrutiny around the information that is reported increases as the information moves to be reported from “other information to basic information.

a. Please provide your thoughts and rationale concerning the four areas noted above.

We recommend the Board make disclosure requirements consistent across agencies. We believe reliable measures exist for agencies to develop quantifiable, comparable, consistent information on land holdings. These include tax assessments that would accurately assess land value and county assessments to estimate acreage. Other tools such as Google Maps and open domain surveying tools could be benchmarked and leveraged for these estimates as well. We recommend the Board consider incorporating this into guidance and as examples.

Please provide any other comments or suggestions you have regarding the goals for this project, other issues identified in the Basis for Conclusions, or other areas that have not been addressed.

There was one concern with the amendment to SFFAS 42 to add “non-capitalized general PP&E land (to include permanent land rights to the standard. It is suggested that SFFAS 42 be amended to remove “stewardship land” as a requirement.

FASAB EXPOSURE DRAFT Accounting and Reporting of Government Land Due Date: 31 July 2018							
Please update Header and Footer to Classify as Appropriate							
Comment #	Page #	Line #	Section #	IC Element/POC and Contact Info	Comment Type	Comments	Rationale
					Indicate (S) for Substantive or (A) for Administrative		
1	Overall			OGA	S	Recommend consolidating G-PP&E land and stewardship land as one "land" category and amending SFFAS 6 to remove the mention of land and move all land requirements and language to SFFAS 29 and renaming "Stewardship land" to "Land"	There is no added value in separately identifying and reporting stewardship land from other G-PP&E land given the proposed accounting treatment is the same and both require the same subcategory definitions. Stewardship PP&E was created as a category that resembles the physical characteristics of balance sheet PP&E, but differs in the nature of its use that warranted a separate accounting standard. However, land will be treated the same and will not be reported on the balance sheet so there is not capitalized land to resemble to warrant separate reporting in the notes to the financial statements.
2	14		Paragraph 7	OGA	S	Recommend including an amendment to SFFAS 54 to treat land leases in a manner similar to intragovernmental leases.	Without the exclusion, land will receive differing accounting treatments. For example, based on SFFAS 54, a land lease that with a purchase option that will probably be exercised should be treated like a purchase requiring the land be expensed However, if a purchase option does not apply, and the other criteria are met the lease costs of that same underlying land asset should be reported on the balance sheet. This standard allows for all owned land to be expensed, so SFFAS 54 should allow for consistent treatment when land is leased.
3	16		Paragraph 8.c	OGA	A	Recommend including a statement that the estimated value of the land is strictly the remainder of the cost after the estimate for the building and is not required approximate an actual cost of the land.	If the cost of the structure must be estimated, then we are indirectly estimating the amount relating to the land that will be expensed (total cost-estimated building cost = land value). The estimate for the land should not be subjected to audit scrutiny such that it becomes audit practice to require land estimations to validate that the allocation of cost between the land and a building.
4	16		Paragraph 8.d	OGA	A	FN 41 still includes "...and land rights" preceding the discussion that amortization is applied to intangible assets.	It appears "land rights" should have been removed from FN 41 consistent with other edits in the exposure draft. Otherwise, the word "temporary" should be added prior to "land rights" in FN 41 consistent with FN 42.
5	16		Paragraph 8.e	OGA	A	Why is "and land" being removed from FN 46 as a major class of general PP&E?	Per the edits to paragraph 25 of SSFFAS 6 (paragraph 8.a in the exposure draft), land and permanent land rights acquired for or in connection with other general PP&E are still considered general PP&E.
6	17		Paragraph 10 Subparagraph 45A.c	OGA	S	Paragraphs 1, 2 and 4 of the exposure draft state that the purpose of the Statement is to "ensure consistent accounting treatment and reporting" and "consistent measurement and recognition practices should increase comparability and understandability..."	The inclusion of a disclosure requirement related to physical unit information for land provides limited, if any, value and does not appear to meet the primary purpose of the Statement. The exposure draft recognizes that physical units may be based on a variety of criteria which will impact the consistency and comparability of such information between Executive agencies.
7	18		Paragraph 10 Subparagraph 45A.c.ii	OGA	S	Recommend making the requirement to present land by "units" optional.	Reporting physical units of land may not be conducive for some entities. The example provided is offices which we expect to be accounted for as a building, structure, or facility and reported based on the capitalizable real property requirements of SFFAS 6, so it is duplicating effort to also require tracking and reporting under land requirements. The National Park Service could report physical units by the number of parks because taxpayers are interested in that information, however, for many land is not countable like individual pieces of heritage assets. Estimated acres provides more meaningful information.

8	18		Paragraph 10 Subparagraph 45A.f	OGA	S	Why must agencies include a "reference to deferred maintenance and repairs" information in the footnote disclosures for land?	A similar reference to the Required Supplementary Information is not currently required for other asset classes within G-PP&E disclosures such as buildings and equipment.
9	21		12.a	OGA	A	Recommend clarifying the distinction between Steward ship land and G-PP&E land	Any land that is not intended for to be held for sale or other type of disposal is "intended to be held indefinitely" when purchased. Therefore, fitting the land into the appropriate category G-PP&E vs Stewardship is confusing.
10	23		Paragraph 13 - Subparagraph 40 as amended by 40.c.2	OGA	S	Recommend making the requirement to present land by "units" optional. The example provided is offices which we expect to be accounted for as a building, structure, or facility and reported based on the capitalizable real property requirements of SFFAS 6, so it is duplicating effort to also require tracking and reporting under land requirements.	The example provided is offices which we expect to be accounted for as a building, structure, or facility and reported based on the capitalizable real property requirements of SFFAS 6, so it is duplicating effort to also require tracking and reporting under land requirements.
11	23		Paragraph 13 - Subparagraph 40.e	OGA	S	Recommend deleting the disclosure language requiring entities to "report the amounts paid during the year to maintain land rights."	The standard allows for expensing for land and permanent land rights and the choice to expense temporary land rights, which does not require cost accumulation and tracking as needed for capitalized assets. However this disclosure requirement requires cost accumulation, tracking and disclosure of the cost to maintain all land rights which equates to the cost of the land rights that would be reported on either the balance sheet or the statement of net cost and without consideration for significance. We recommend this requirement that "Land rights information should include...amounts paid during the year to maintain such rights" be removed from the disclosure requirements.
12	23		Paragraph 13 - Subparagraph 40.f	OGA	S	Recommend deleting the DM&R disclosure language.	Entities are already required to follow SFFAS 42 regarding DM&R. SFFAS 42 requires entities to state whether their DM&R relates to capitalized personal property or non-capitalized personal property. Requiring this disclosure makes it appear that DM&R will be applied to all non-capitalized land, which may not be the policy of the entity. Therefore, this disclosure requirement should be omitted from this standard and SFFAS 42 relied upon for DM&R reporting.



UNITED STATES DEPARTMENT OF COMMERCE
Chief Financial Officer and
Assistant Secretary for Administration
Washington, D.C. 20230

Wendy M. Payne
Executive Director
Federal Accounting Standards Advisory Board
Washington, DC

Dear Ms. Payne:

The Department of Commerce has reviewed the Exposure Draft –*Accounting and Reporting of Government Lands*, dated April 30, 2018.

Please find enclosed answers to the questions that were asked of respondents. If you have any questions, please contact me at (202) 482-1207 or galston@doc.gov.

Sincerely,

Gordon T. Alston
Acting Deputy Chief Financial Officer and
Director for Financial Management

Enclosure

cc: Kristin Salzer

FASAB Exposure Draft: Questions for Respondents due July 30, 2018

Exposure Draft - Accounting and Reporting of Government Land

Please select the type(s) of organization responding to this exposure draft. If you are not responding on behalf of an organization, please select “individual.”

Accounting Firm	<input type="checkbox"/>	
Federal Entity (user)	<input type="checkbox"/>	
Federal Entity (preparer)	<input checked="" type="checkbox"/>	
Federal Entity (auditor)	<input type="checkbox"/>	
Federal Entity (other)	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Association/Industry Organization	<input type="checkbox"/>	
Nonprofit organization/Foundation	<input type="checkbox"/>	
Other	<input type="checkbox"/>	If other, please specify: <input type="text"/>
Individual	<input type="checkbox"/>	

Please provide your name.

Name:

Please identify your organization, if applicable.

Organization:

Questions and Answers

- Q1. The Federal Accounting Standards Advisory Board (FASAB or “the Board”) proposes reclassifying general property, plant, and equipment (G-PP&E) land as a non-capitalized asset with no dollar amounts reported on the balance sheet. Any future acquisitions of land would be expensed on the statement of net cost. Disclosures regarding G-PP&E land would be required. For the proposed amendments, refer to paragraphs 8-10 (for component reporting entities) and 16 (for the consolidated financial report of the U.S. Government). For a detailed discussion and related explanation refer to paragraphs A9–A16, A21–A24, and A39–A41 in Appendix A: Basis for Conclusions.

- a. Do you agree or disagree with the Board’s proposal to reclassify G-PP&E land as a non-capitalized asset with no dollar amounts reported on the balance sheet and expense future acquisitions on the Statement of Net Cost? Please provide the rationale for your answer.**

Yes, the Department agrees with the FASAB proposal to reclassify G-PP&E land as a non-capitalized asset with no dollar amounts reported on the Balance Sheet. The rationale for taking this position is that land held by the Department is generally not for sale, so reporting a amount for land on the balance sheet is not meaningful information. The costs of assessing the dollar value of the Department’s land holdings exceed the benefits derived from

FASAB Exposure Draft: Questions for Respondents due July 30, 2018***Exposure Draft - Accounting and Reporting of Government Land***

assessment, because the land is not for sale. Also, compared to other agencies, the Department's land holdings are immaterial to the total amount of land held by the Federal Government.

b. Do you agree or disagree that land information should be presented as basic information in the G-PP&E note disclosure? Please provide the rationale for your answer.

The Department agrees that land should be presented as basic information in the G-PP&E footnote disclosures. Federal accounting standards require that certain assets such as Stewardship Land be accounted for as footnote disclosures in the Department's financial report. Reporting land information in the footnotes to the financial statements is consistent with the reporting methodology for Stewardship Land.

- Q2. The Board has developed uniform disclosure requirements for G-PP&E land and stewardship land (SL). Both G-PP&E land and SL would be further disaggregated into three predominant use sub-categories. For each of the sub-categories, the following disclosures would be required from each component reporting entity: (1) a description of the entity's policies, (2) physical quantity information, (3) estimated acres of land, (4) estimated acres of land held for disposal or exchange, (5) a general description of the types of land rights acquired by the entity, and (6) a reference to deferred maintenance and repairs information. Required disclosures for the government-wide financial statements include items (1), (3), and (4) above, as well as a general reference to agency reports for additional information. For the proposed amendments, refer to paragraphs 10, 13, 15, and 16. For a detailed discussion and related explanation refer to paragraphs A25, A33–A41, and A53–A54 in Appendix A: Basis for Conclusions.

a. Do you agree or disagree with the Board's proposed component reporting entity disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.

The Department agrees with the Board's proposed component reporting entity disclosure requirements for G-PP&E land and Stewardship Land for the same reasons provided in the answer to question 1.b.

b. Do you agree or disagree with the Board's proposed government-wide financial statement disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.

The Department agrees with the Board's proposed government-wide financial statement disclosure requirements for G-PP&E land and Stewardship Land for the same reasons provided in the answer to question 1.b.

FASAB Exposure Draft: Questions for Respondents due July 30, 2018***Exposure Draft - Accounting and Reporting of Government Land***

- Q3. The Board proposes retaining both the G-PP&E land and SL categories for an entity's land holdings. For the proposed amendments, refer to paragraphs 8–14. For a detailed discussion and related explanation refer to paragraphs A17–A24 in Appendix A: Basis for Conclusions.

Do you agree with retaining the G-PP&E land and SL categories? Please provide the rationale for your answer.

The Department agrees with the Board's proposed proposes retaining both the G-PP&E land and SL categories for an entity's land holdings, because the Department's missions related to these two categories of land are different.

- Q4. The Board proposes to revise the G-PP&E land and permanent land rights definitions. In addition, the Board proposes definitions for the following terms: acres of land held for disposal or exchange, commercial use land, conservation and preservation land, and operational land. For the proposed amendments, refer to paragraphs 8–11. For a detailed discussion and related explanation refer to paragraphs A9–A16 and A25–A33 in Appendix A: Basis for Conclusions.

Do you agree or disagree with the Board's proposed G-PP&E land and permanent land rights definition and the related sub-category definitions? Please provide the rationale for your answer.

The Department agrees with the Board's proposed G-PP&E land and permanent land rights definition and the related sub-category definitions, because these definitions are meaningful to users of the financial reports.

- Q5. The Board proposes amendments to the current definition of SL including footnote 16 and definitions for the following terms: acres of land held for disposal or exchange, commercial use land, conservation and preservation land, and operational land. For the proposed amendments, refer to paragraphs 12–14. For a detailed discussion and related explanation refer to paragraphs A9–A16, A21–A24, and A26–A33 in Appendix A: Basis for Conclusions.

Do you agree or disagree with the Board's proposed definition of SL, including footnote 16 and the related subcategory definitions? Please provide the rationale for your answer.

The Department agrees with the Board's proposed definition of SL, including footnote 16 and the related subcategory definitions, because these definitions are meaningful to users of the financial reports.

FASAB Exposure Draft: Questions for Respondents due July 30, 2018***Exposure Draft - Accounting and Reporting of Government Land***

- Q6. The Board is proposing a two-year implementation period, which would make the proposed requirements effective for reporting periods beginning after September 30, 2021. For a detailed discussion and related explanation refer to paragraphs 19, A9–A12, A42–A45, and A51–A52 in Appendix A: Basis for Conclusions.

Do you agree or disagree with the proposed effective date? Please provide the rationale for your answer.

The Department agrees with the proposed effective date, because a two-year minimum period will provide the Department with sufficient time to implement any operational changes needed to account for and report land in accordance with the proposals in this exposure draft.

- Q7. The Board has continually noted the fundamental challenges associated with developing and documenting information regarding historical assets like land. Technical Release (TR) 9, *Implementation Guide for Statement of Federal Financial Accounting Standards 29: Heritage Assets and Stewardship Land*, paragraph 85 states in part that a methodology needs to be employed to develop documentation to support management's assertions of federal ownership. For a detailed discussion and related explanation refer to paragraphs A51–A54 in Appendix A: Basis for Conclusions.

- a. Would incorporating any of the guidance contained in TR 9 in the proposed accounting standards facilitate the preparation and auditing processes? For example, should the list of examples of the supporting documentation contained at paragraph 85 in TR 9 be incorporated, changed, or expanded to facilitate implementation of the proposed requirements? Please provide the rationale for your answer.**

The Department agrees that FASAB should develop guidance such as the guidance contained in TR9, and any other guidance that the Board deems to be appropriate to facilitate the preparation and audit processes relating to this exposure draft. Such guidance would be useful during the Department's implementation period. The Department is looking forward to the Board's draft of suggested guidance.

- b. What type of implementation guidance should FASAB provide that enables (1) flexibility for supporting estimated acres of land and (2) assistance in identifying predominant use as well as selecting appropriate physical unit categories? Please provide the rationale for your answer.**

FASAB Exposure Draft: Questions for Respondents due July 30, 2018***Exposure Draft - Accounting and Reporting of Government Land***

The Department recommends that the Board provide implementation guidance that include suggestions for acreage estimation, and land use identification methodologies (such as land surveys, analyses of satellite imagery, etc.). Implementation guidance from the Board will facilitate the implementation of the proposals in this exposure draft by Federal agencies in a reasonably consistent basis.

- Q8. The Board encourages respondents to not only provide input concerning any and all aspects of the proposed changes, but also other matters that may not have been specifically addressed in this exposure draft. In addition, the Basis for Conclusions explains the Board's goals for this proposal (see discussion beginning at par. A1) and also discusses other issues raised by task force members, as well as experts and practitioners both within and external to government (as an example, see par. A1–A12, A42–A45, and A46–A50).

Moreover, the Board is interested in receiving comments specific to the following matters:

- (1) Its proposed use of non-financial information (NFI) as a means to provide information more relevant than the financial recognition and measurement of land
- (2) Whether requiring the disclosure of “estimated acres of land” instead of “acres of land” would provide preparers greater flexibility and reduced burden while still ensuring that user needs are met
- (3) The determination and application of materiality to NFI (that is, the appropriate considerations for NFI)
- (4) Whether materiality is affected by the presentation of land information as basic, required supplementary information, or other information. For example, identify challenges in estimating the NFI in each of the three categories identified above.

- a. **Please provide your thoughts and rationale concerning the four areas noted above.**

Please provide any other comments or suggestions you have regarding the goals for this project, other issues identified in the Basis for Conclusions, or other areas that have not been addressed.

1. The Department believes that NFI should be used for the financial recognition and measurement, as a means to provide relevant information.
2. Allowing agencies to disclose “estimated” acres of land in lieu of “actual” acres will provide preparers greater flexibility and reduce the burden, while still ensuring that user needs are met. The degree of accuracy of “estimated” would need to be considered materially/significantly accurate by the auditors;

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agencies should work closely with their auditors to ensure the “estimated” values are sufficient.

3. The information presented as NFI should allow those involved with the financial management decision-making process to make informed decisions. Materiality should be a significant consideration when assessing disclosures.
 4. Materiality should not be affected by the presentation of land information as basic, required supplementary information, or other information.
- b. Please provide any other comments or suggestions you have regarding the goals for this project, other issues identified in the Basis for Conclusions, or other areas that have not been addressed.**

The Department has no other comments or suggestions.

Accounting and Reporting of Government Land - Exposure Draft

Statement of Federal Financial Accounting Standards (SFFAS)

Organization: Social Security Administration (SSA)

Q1. The Federal Accounting Standards Advisory Board (FASAB or “the Board”) proposes reclassifying general property, plant, and equipment (G-PP&E) land as a non-capitalized asset with no dollar amounts reported on the balance sheet. Any future acquisitions of land would be expensed on the statement of net cost. Disclosures regarding G-PP&E land would be required. For the proposed amendments, refer to paragraphs 8-10 (for component reporting entities) and 16 (for the consolidated financial report of the U.S. Government). For a detailed discussion and related explanation refer to paragraphs A9–A16, A21–A24, and A39–A41 in Appendix A: Basis for Conclusions.

- a. **Do you agree or disagree with the Board’s proposal to reclassify G-PP&E land as a non-capitalized asset with no dollar amounts reported on the balance sheet and expense future acquisitions on the Statement of Net Cost? Please provide the rationale for your answer.**

SSA response: We agree, as the new methodology will report land and permanent land rights information consistently amongst all Federal agencies. The presentation of non-financial information that includes acres of land and predominant use categorizations will provide quality information in understanding the entity’s financial condition and will also allow for enhanced capabilities of comparing agency financial and footnote data with other agencies with respect to land information.

- b. **Do you agree or disagree that land information should be presented as basic information in the G-PP&E note disclosure? Please provide the rationale for your answer.**

SSA response: We agree that land information should be presented as basic information in the G-PP&E note disclosure, since amounts will no longer be capitalized. Information presented on predominant use, acres of land, and land held for disposal or exchange are items of relevance and provide useful information.

Q2. The Board has developed uniform disclosure requirements for G-PP&E land and stewardship land (SL). Both G-PP&E land and SL would be further disaggregated into three predominant use sub-categories. For each of the sub-categories, the following disclosures would be required from each component reporting entity: (1) a description of the entity’s policies, (2) physical quantity information, (3) estimated acres of land, (4) estimated acres of land held for disposal or exchange, (5) a general description of the types of land rights acquired by the entity, and (6) a reference to deferred maintenance and repairs information. Required disclosures for the government-wide financial statements include items (1), (3), and (4) above, as well as a general reference to agency reports for additional information. For the proposed amendments, refer to paragraphs 10, 13, 15, and 16. For a detailed discussion and related explanation refer to paragraphs A25, A33–A41, and A53–A54 in Appendix A: Basis for Conclusions.

- a. **Do you agree or disagree with the Board's proposed component reporting entity disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.**

SSA response: We agree that the proposed disclosure requirements provide uniformity and comparability, while also addressing concerns regarding accountability and transparency.

- b. **Do you agree or disagree with the Board's proposed government-wide financial statement disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.**

SSA response: We agree that the proposed disclosure requirements provide uniformity and comparability, while also addressing concerns regarding accountability and transparency.

- Q3. The Board proposes retaining both the G-PP&E land and SL categories for an entity's land holdings. For the proposed amendments, refer to paragraphs 8–14. For a detailed discussion and related explanation refer to paragraphs A17–A24 in Appendix A: Basis for Conclusions.

Do you agree with retaining the G-PP&E land and SL categories? Please provide the rationale for your answer.

SSA response: We agree, as retaining the current SL and G-PP&E land categorizations provides a clear distinction between the nature of these two types of land, resulting in more accurate and understandable reporting.

- Q4. The Board proposes to revise the G-PP&E land and permanent land rights definitions. In addition, the Board proposes definitions for the following terms: acres of land held for disposal or exchange, commercial use land, conservation and preservation land, and operational land. For the proposed amendments, refer to paragraphs 8–11. For a detailed discussion and related explanation refer to paragraphs A9–A16 and A25–A33 in Appendix A: Basis for Conclusions.

Do you agree or disagree with the Board's proposed G-PP&E land and permanent land rights definition and the related sub-category definitions? Please provide the rationale for your answer.

SSA response: We agree. The definitions provided are comprehensive, thorough, and clear regarding the categorization and reporting of G-PP&E land, permanent land rights, and related sub-categories.

- Q5. The Board proposes amendments to the current definition of SL including footnote 16 and definitions for the following terms: acres of land held for disposal or exchange, commercial use land, conservation and preservation land, and operational land. For the proposed amendments, refer to paragraphs 12–14. For a detailed discussion and related explanation refer to paragraphs A9–A16, A21–A24, and A26–A33 in Appendix A: Basis for Conclusions.

Do you agree or disagree with the Board’s proposed definition of SL, including footnote 16 and the related subcategory definitions? Please provide the rationale for your answer.

SSA response: We agree with the proposed definitions, but because we do not have SL we defer to those agencies who report this type of information.

- Q6. The Board is proposing a two-year implementation period, which would make the proposed requirements effective for reporting periods beginning after September 30, 2021. For a detailed discussion and related explanation refer to paragraphs 19, A9–A12, A42–A45, and A51–A52 in Appendix A: Basis for Conclusions.

Do you agree or disagree with the proposed effective date? Please provide the rationale for your answer.

SSA response: The two-year implementation period seems reasonable; however, as we do not have land on our financial statements, this Exposure Draft is not currently applicable to our agency. We defer to those agencies who report on this subject matter.

- Q7. The Board has continually noted the fundamental challenges associated with developing and documenting information regarding historical assets like land. Technical Release (TR) 9, *Implementation Guide for Statement of Federal Financial Accounting Standards 29: Heritage Assets and Stewardship Land*, paragraph 85 states in part that a methodology needs to be employed to develop documentation to support management’s assertions of federal ownership. For a detailed discussion and related explanation refer to paragraphs A51–A54 in Appendix A: Basis for Conclusions.

- a. **Would incorporating any of the guidance contained in TR 9 in the proposed accounting standards facilitate the preparation and auditing processes? For example, should the list of examples of the supporting documentation contained at paragraph 85 in TR 9 be incorporated, changed, or expanded to facilitate implementation of the proposed requirements? Please provide the rationale for your answer.**

SSA response: We agree that including the list of examples of what would constitute supporting documentation of land ownership, per paragraph 85 of TR 9, in the proposed accounting standard would facilitate management’s assertions of Federal land owned and aid in auditing land information.

- b. What type of implementation guidance should FASAB provide that enables (1) flexibility for supporting estimated acres of land and (2) assistance in identifying predominant use as well as selecting appropriate physical unit categories? Please provide the rationale for your answer.**

SSA response: We believe FASAB should incorporate guidance from TR 9 and, as stated in paragraph 52, remind readers that because most Federal land was acquired in a variety of ways and over the Nation's early settlement and formation, it is not unreasonable that supporting documentation will be developed using alternative methods or different forms of corroboration.

- Q8. The Board encourages respondents to not only provide input concerning any and all aspects of the proposed changes, but also other matters that may not have been specifically addressed in this exposure draft. In addition, the Basis for Conclusions explains the Board's goals for this proposal (see discussion beginning at par. A1) and also discusses other issues raised by task force members, as well as experts and practitioners both within and external to government (as an example, see par. A1–A12, A42–A45, and A46–A50).

Moreover, the Board is interested in receiving comments specific to the following matters:

Please provide your thoughts and rationale concerning the four areas noted above.

- (1) Its proposed use of non-financial information (NFI) as a means to provide information more relevant than the financial recognition and measurement of land.

SSA response: The proposed non-financial information (NFI) that will be included in the financial report will adequately meet user needs in analyzing entity land information. Information on acres of land and land held for disposal along with the other NFI proposals contained within this Exposure Draft will allow entities to continue meeting reporting objectives.

- (2) Whether requiring the disclosure of "estimated acres of land" instead of "acres of land" would provide preparers greater flexibility and reduced burden while still ensuring that user needs are met.

SSA response: We agree that Federal entities disclosing "estimated acres of land" instead of "acres of land" provides greater flexibility and still ensures the proper reporting of land information.

- (3) The determination and application of materiality to NFI (that is, the appropriate considerations for NFI).

SSA response: We believe the standard definition of materiality holds true in that, "the determination of whether an item is material depends on the degree to which omitting or misstating information about the item makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or the misstatement," can be applicable for both financial and NFI.

(4) Whether materiality is affected by the presentation of land information as basic, required supplementary information (RSI), or other information. For example, identify challenges in estimating the NFI in each of the three categories identified above.

SSA response: We believe the standard definition of materiality holds true in any of the presentations of land information (basic, RSI, or other information). However, as the data moves from “other information” to “RSI” or to “basic information,” the data becomes more subject to audit review and analysis. Thus, each entity must ensure policy and procedures are in place to maintain valid supporting documentation of land information.

Please provide any other comments or suggestions you have regarding the goals for this project, other issues identified in the Basis for Conclusions, or other areas that have not been addressed.

SSA response: We do not have any additional comments or suggestions.

NASA OFFICE OF INSPECTOR GENERAL**COMMENTS ON EXPOSURE DRAFT: “Accounting and Reporting of Government Land”**

To ensure consistent accounting treatment and reporting for land holdings while considering user information needs, the Federal Accounting Standards Advisory Board (FASAB or “the Board”) is proposing new accounting standards which amends some existing accounting standards. An exposure draft (ED) was released for comment and the Board posed eight specific questions for respondents. We respectfully submit our responses to those questions below for consideration.

- Q1. The Federal Accounting Standards Advisory Board (FASAB or “the Board”) proposes reclassifying general property, plant, and equipment (G-PP&E) land as a non-capitalized asset with no dollar amounts reported on the balance sheet. Any future acquisitions of land would be expensed on the statement of net cost. Disclosures regarding G-PP&E land would be required. For the proposed amendments, refer to paragraphs 8-10 (for component reporting entities) and 16 (for the consolidated financial report of the U.S. Government). For a detailed discussion and related explanation refer to paragraphs A9–A16, A21–A24, and A39–A41 in Appendix A: Basis for Conclusions.
- a. Do you agree or disagree with the Board’s proposal to reclassify G-PP&E land as a non-capitalized asset with no dollar amounts reported on the balance sheet and expense future acquisitions on the Statement of Net Cost? Please provide the rationale for your answer.
 - b. Do you agree or disagree that land information should be presented as basic information in the G-PP&E note disclosure? Please provide the rationale for your answer.

NASA OIG Response:

- a. **We agree with the reclassification of G-PP&E land as a non-capitalized asset. Existing standards (SFFAS 6, paragraph 40.f.i and SFFAS 50, paragraph 13) permitted a reporting entity to exclude G-PP&E land from its opening balances. As such, not all entities may be reporting G-PP&E land as capitalized assets resulting in entities’ financial statements being inconsistent in its reporting methods. The reclassification change would provide consistency and uniformity.**
 - b. **We agree that land information should be presented as basic information in the G-PP&E note disclosure. Notes disclosures require more audit scrutiny than information reported under Required Supplementary Information.**
- Q2. The Board has developed uniform disclosure requirements for G-PP&E land and stewardship land (SL). Both G-PP&E land and SL would be further disaggregated into three predominant use sub-categories. For each of the sub-categories, the following disclosures would be required from each component reporting entity: (1) a description of the entity’s policies, (2) physical quantity information, (3) estimated acres of land, (4) estimated acres of land held for disposal or exchange, (5) a general description of the types of land rights acquired by the entity, and (6) a reference to deferred maintenance and repairs information. Required disclosures for the government-wide financial statements include items (1), (3), and (4) above, as well as a general reference to agency reports for additional information. For the proposed amendments, refer to paragraphs 10, 13, 15, and 16. For a detailed discussion and related explanation refer to paragraphs A25, A33–A41, and A53–A54 in Appendix A: Basis for Conclusions.

COMMENTS ON EXPOSURE DRAFT: "Accounting and Reporting of Government Land"

- a. Do you agree or disagree with the Board's proposed component reporting entity disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.
- b. Do you agree or disagree with the Board's proposed government-wide financial statement disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.

NASA OIG Response:

- a. **We agree with all proposed required disclosures for G-PP&E land and SL for component entity reporting except for physical unit information. As indicated in paragraph 10 of this ED, preparers will have flexibility in determining how to define a physical unit. However, physical units being defined differently by the reporting entities lessens the significance of the information since the information will not be consistent or comparable among entities. Additionally, in viewing the presentation illustrations in Appendix B, which contains physical unit information, we do not understand how knowing the number of regional or district offices that manage the land would be beneficial or useful.**
 - b. **We agree with all proposed required disclosures for G-PP&E land and SL for government-wide reporting.**
- Q3. The Board proposes retaining both the G-PP&E land and SL categories for an entity's land holdings. For the proposed amendments, refer to paragraphs 8–14. For a detailed discussion and related explanation refer to paragraphs A17–A24 in Appendix A: Basis for Conclusions.

Do you agree with retaining the G-PP&E land and SL categories? Please provide the rationale for your answer.

NASA OIG Response:

We disagree with retaining separate categories for land (i.e., G-PP&E and Stewardship). The reporting disclosure requirements for both categories are the same and upon implementation of this ED, both categories will be considered non-capital assets. Paragraph A22 of this ED expresses a concern that a single land category approach would change current measurement and recognition for SL. SL is currently reported as non-capital assets so there would be no change in the measurement and recognition of SL. Additionally, we do not understand why a distinction between G-P&E land and SL is important to a potential user or reader.

- Q4. The Board proposes to revise the G-PP&E land and permanent land rights definitions. In addition, the Board proposes definitions for the following terms: acres of land held for disposal or exchange, commercial use land, conservation and preservation land, and operational land. For the proposed amendments, refer to paragraphs 8–11. For a detailed discussion and related explanation refer to paragraphs A9–A16 and A25–A33 in Appendix A: Basis for Conclusions.

COMMENTS ON EXPOSURE DRAFT: “Accounting and Reporting of Government Land”

Do you agree or disagree with the Board’s proposed G-PP&E land and permanent land rights definition and the related sub-category definitions? Please provide the rationale for your answer.

NASA OIG Response:

We agree with the Board’s proposed definitions for G-PP&E land and permanent land rights, as well as the sub-category definitions for commercial land use, conservation and preservation land, and operational land.

- Q5. The Board proposes amendments to the current definition of SL including footnote 16 and definitions for the following terms: acres of land held for disposal or exchange, commercial use land, conservation and preservation land, and operational land. For the proposed amendments, refer to paragraphs 12–14. For a detailed discussion and related explanation refer to paragraphs A9–A16, A21–A24, and A26–A33 in Appendix A: Basis for Conclusions.

Do you agree or disagree with the Board’s proposed definition of SL, including footnote 16 and the related subcategory definitions? Please provide the rationale for your answer.

NASA OIG Response:

We do not agree with a portion of the proposed definition of Stewardship Land. Specifically, the definition in paragraph 12 includes “land rights¹⁵ owned by the Federal Government intended to be held indefinitely.” Footnote 15 explains the differences between temporary and permanent land rights. Since the proposed definition of SL includes “intended to be held indefinitely” then it is implied that temporary land rights cannot be considered SL. The proposed revisions to paragraph 40 in SFFAS 29 (ED paragraph 13) regarding note disclosures for stewardship land states that “stewardship land rights information should include a general description of the different types of rights acquired by the entity, whether such rights are permanent or temporary, and amounts paid during the year to maintain such rights.”

- Q6. The Board is proposing a two-year implementation period, which would make the proposed requirements effective for reporting periods beginning after September 30, 2021. For a detailed discussion and related explanation refer to paragraphs 19, A9–A12, A42–A45, and A51–A52 in Appendix A: Basis for Conclusions.

Do you agree or disagree with the proposed effective date? Please provide the rationale for your answer.

NASA OIG Response:

We agree with the proposed effective date and the ability to implement early. This time period would give reporting entities ample time to implement changes to their internal policies and to train employees on the new procedures/requirements.

- Q7. The Board has continually noted the fundamental challenges associated with developing and documenting information regarding historical assets like land. Technical Release (TR) 9, *Implementation Guide for Statement of Federal Financial Accounting Standards 29: Heritage*

COMMENTS ON EXPOSURE DRAFT: “Accounting and Reporting of Government Land”

Assets and Stewardship Land, paragraph 85 states in part that a methodology needs to be employed to develop documentation to support management’s assertions of federal ownership. For a detailed discussion and related explanation refer to paragraphs A51–A54 in Appendix A: Basis for Conclusions.

- a. Would incorporating any of the guidance contained in TR 9 in the proposed accounting standards facilitate the preparation and auditing processes? For example, should the list of examples of the supporting documentation contained at paragraph 85 in TR 9 be incorporated, changed, or expanded to facilitate implementation of the proposed requirements? Please provide the rationale for your answer.
- b. What type of implementation guidance should FASAB provide that enables (1) flexibility for supporting estimated acres of land and (2) assistance in identifying predominant use as well as selecting appropriate physical unit categories? Please provide the rationale for your answer.

NASA OIG Response:

- a. **We believe that incorporating guidance, like paragraph 85 contained in TR 9 on alternative methods of supporting documentation, into the proposed accounting standards would be beneficial for not only preparers but also auditors. Standards already provide guidance on alternative methods for supporting cost estimates of property but the Standards are void of guidance on supporting documentation of ownership of heritage assets and stewardship land.**
 - b. **The Board is not seeking exact precision in determining estimated acres of land and predominant use assessments, but anticipates providing implementation guidance. In our opinion, Technical Releases of the Accounting and Auditing Policy Committee would not only provide guidance but also allow flexibility since it is third in the GAAP hierarchy for federal reporting entities.**
- Q8. The Board encourages respondents to not only provide input concerning any and all aspects of the proposed changes, but also other matters that may not have been specifically addressed in this exposure draft. In addition, the Basis for Conclusions explains the Board’s goals for this proposal (see discussion beginning at par. A1) and also discusses other issues raised by task force members, as well as experts and practitioners both within and external to government (as an example, see par. A1–A12, A42–A45, and A46–A50).

Moreover, the Board is interested in receiving comments specific to the following matters:

- (1) Its proposed use of non-financial information (NFI) as a means to provide information more relevant than the financial recognition and measurement of land
- (2) Whether requiring the disclosure of “estimated acres of land” instead of “acres of land” would provide preparers greater flexibility and reduced burden while still ensuring that user needs are met

COMMENTS ON EXPOSURE DRAFT: "Accounting and Reporting of Government Land"

- (3) The determination and application of materiality to NFI (that is, the appropriate considerations for NFI)
- (4) Whether materiality is affected by the presentation of land information as basic, required supplementary information, or other information. For example, identify challenges in estimating the NFI in each of the three categories identified above.

Please provide your thoughts and rationale concerning the four areas noted above.

NASA OIG Response:

- (1) We agree that the reporting on land by using non-financial information is more relevant to users and decision-makers than the current financial recognition and measurement of land.**
- (2) We agree preparers will have greater flexibility and less burden if disclosure is based on estimates instead of exact/actual acreage without compromising usefulness.**
- (3) We consider materiality for NFI to be just as important as it is for financial information. If the purpose of switching from recognition to NFI is to provide more useful and relevant information for users and decision-makers while still having a cost-benefit to providing the information, there should not be an undue burden on preparers to ensure that all information on land is disclosed. Similarly, users would need as much information as possible to avoid an omission or misstatement impacting how the information is used or relied upon. We have no comments to offer in terms of how materiality for NFI would be determined.**
- (4) In our opinion materiality should be the same for land information regardless of whether it is presented as basic, required supplementary information, or other information.**

Please provide any other comments or suggestions you have regarding the goals for this project, other issues identified in the Basis for Conclusions, or other areas that have not been addressed.

NASA OIG Response:

- Since the definition of G-PP&E land (paragraph 8) will now specifically exclude land restricted for conservation, preservation, historical, or other like restrictions we do not understand why a predominant use subcategory for conservation and preservation would be appropriate (paragraph 8). Further, the partial sample illustration in Appendix B for G-PP&E has an amount in the conservation and preservation column which we do not understand how such would be feasible given the above info. We feel this further supports our response to Q3, which disagreed retaining separate categories for G-PP&E land and SL.**
- We do not understand why temporary land rights under G-PP&E would be capitalized while permanent land rights under G-PP&E would be expensed**

COMMENTS ON EXPOSURE DRAFT: "Accounting and Reporting of Government Land"

(paragraph 8). No rationale or basis for the decision was located in Appendix A, Basis for Conclusion.

- **Subparagraph 40.f.i under paragraph 9 permits temporary land rights to be excluded from opening balances. By continuing to permit such exclusions, the Standards further promote inconsistency in the reporting of land holdings among agencies whereas consistency in implementation and reporting seems to be one of the reasons for the new proposed standard (refer to A5 – A7).**
- **Since the determination of what constitutes a physical unit can be determined by each agency, we do not see the usefulness of requiring disclosure of physical units for G-PP&E land and SL since there would be no consistency or comparability with other agencies.**



OFFICE OF THE UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

COMPTROLLER

Wendy M. Payne
Executive Director
Federal Accounting Standards Advisory Board
Mailstop 6H19
441 G Street, NW, Suite 6814
Washington, DC 20548

Dear Ms. Payne:

The Department of Defense (DoD) is pleased to submit the attached comments to the Federal Accounting Standards Advisory Board on the proposed Exposure Draft (ED), *Accounting and Reporting of Government Land*. The DoD understands the importance of providing useful, understandable information to users of the financial statements while considering the efficient use of resources when preparing such information. The DoD generally agrees with the proposed ED with a few specific exceptions. Detailed answers to FASAB's questions are contained in the attached response, including the areas where we disagree or request additional clarification.

Thank you for considering the DoD's input.

Sincerely,

A handwritten signature in blue ink, likely belonging to Mobola A. Kadiri, is positioned below the "Sincerely," text.

Mobola A. Kadiri
Director, Financial Improvement and Audit
Remediation

Enclosure:
As stated



QUESTIONS FOR RESPONDENTS

The Board encourages you to become familiar with all proposals in the Statement before responding to the questions in this section. In addition to the questions below, the Board also welcomes your comments on other aspects of the proposed Statement. Because the proposals may be modified before a final Statement is issued, it is important that you comment on proposals that you favor as well as any that you do not favor. Comments that include the reasons for your views will be especially appreciated.

The Board believes that this proposal would improve federal financial reporting and contribute to meeting the federal financial reporting objectives. The Board has considered the perceived costs associated with this proposal. In responding, please consider the expected benefits and perceived costs and communicate any concerns that you may have in regard to implementing this proposal.

The questions in this section are available in a Word file for your use at <http://www.fasab.gov/documents-for-comment/>.

Your responses should be sent by e-mail to fasab@fasab.gov. If you are unable to respond by e-mail, please fax your responses to (202) 512-7366. Alternatively, you may mail your responses to:

Wendy M. Payne, Executive Director
Federal Accounting Standards Advisory Board
441 G Street, NW
Suite 1155
Washington, DC 20548

All responses are requested by July 30, 2018.

Q1. The Federal Accounting Standards Advisory Board (FASAB or "the Board") proposes reclassifying general property, plant, and equipment (G-PP&E) land as a non-capitalized asset with no dollar amounts reported on the balance sheet. Any future acquisitions of land would be expensed on the statement of net cost. Disclosures regarding G-PP&E land would be required. For the proposed amendments, refer to paragraphs 8-10 (for component reporting entities) and 16 (for the consolidated financial report of the U.S. Government). For a detailed discussion and related explanation refer to paragraphs A9-A16, A21-A24, and A39-A41 in Appendix A: Basis for Conclusions.

- a. **Do you agree or disagree with the Board's proposal to reclassify G-PP&E land as a non-capitalized asset with no dollar amounts reported on the balance sheet and expense future acquisitions on the Statement of Net Cost? Please provide the rationale for your answer.**

DoD Response: *Agree. Historical cost for federal land is not useful, and in many cases, immeasurable. Most GPPE land was acquired (either by purchase or annexation) long ago. The remainder is a very small percentage of federal land. To spend significant time and cost to support the historical costs of such a small percentage of the federal portfolio would not serve the tax payers or users of the statements.*

- b. **Do you agree or disagree that land information should be presented as basic information in the G-PP&E note disclosure? Please provide the rationale for your answer.**

DoD Response: *Agree. Accountability information that is important to users should be presented in the G-PP&E note disclosure. Acreage is a measure that is readily available and consistently defined.*

Q2. The Board has developed uniform disclosure requirements for G-PP&E land and stewardship land (SL). Both G-PP&E land and SL would be further disaggregated into three predominant use sub-categories. For each of the sub-categories, the following disclosures would be required from each component reporting entity: (1) a description of the entity's policies, (2) physical quantity information, (3) estimated acres of land, (4) estimated acres of land held for disposal or exchange, (5) a general description of the types of land rights acquired by the entity, and (6) a reference to deferred maintenance and repairs information. Required disclosures for the government-wide financial statements include items (1), (3), and (4) above, as well as a general reference to agency reports for additional information. For the proposed amendments, refer to paragraphs 10, 13, 15, and 16. For a detailed discussion and related explanation refer to paragraphs A25, A33-A41, and A53-A54 in Appendix A: Basis for Conclusions.

- a. **Do you agree or disagree with the Board's proposed component reporting entity disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.**

DoD Response: *Partially Agree. Disclosures need further clarification, as follows:*

(1) **DISAGREE.** *Description of the entity's policies: Excess information; readdress requirement after initial data collected to see if additional policies are needed.*

(2) **Partially Agree.** Physical quantity information; Need further clarification on this definition. If this is the "Physical Unit" information, it can be useful. Also, does this relate to "Unit Count"? Nomenclature for the above terms needs clarification.

(3) **Agree.** Estimated acres of land should be a data requirement.

(4) **Partially Agree.** Estimated acres of land held for disposal or exchange: Coordination for land disposals is generally accomplished through GSA. Processes for meeting the reporting criteria based on when the service has "satisfied legislative disposal authority requirements" for the land must be established.

(5) **Partially Agree.** Land rights information should include a general description of the types of land rights acquired by the entity; Requirement needs refinement. In general, there is Fee and less than Fee interest in land, with innumerable variations.

(6) **DISAGREE.** Reference to deferred maintenance and repairs information; It is not clear how this DM&R concept would apply to land. If the intent is for use with improvements on/in the land (i.e., facilities), those requirements and processes are already in place.

b. Do you agree or disagree with the Board's proposed government-wide financial statement disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.

DoD Response: Disagree. See response to Question 2a.

Q3. The Board proposes retaining both the G-PP&E land and SL categories for an entity's land holdings. For the proposed amendments, refer to paragraphs 8–14. For a detailed discussion and related explanation refer to paragraphs A17–A24 in Appendix A: Basis for Conclusions.

Do you agree with retaining the G-PP&E land and SL categories? Please provide the rationale for your answer.

DoD Response: Agree.

Q4. The Board proposes to revise the G-PP&E land and permanent land rights definitions. In addition, the Board proposes definitions for the following terms: acres of land held for disposal or exchange, commercial use land, conservation and preservation land, and operational land. For the proposed amendments, refer to paragraphs 8–11. For a detailed discussion and related explanation refer to paragraphs A9–A16 and A25–A33 in Appendix A: Basis for Conclusions.

Do you agree or disagree with the Board's proposed G-PP&E land and permanent land rights definition and the related sub-category definitions? Please provide the rationale for your answer.

DoD Response: Agree. Definitions are reasonable. However, recommend clarifying that "acres of land held for disposal or exchange" does not include land transferring between federal entities and, whether it's two component reporting entities within a single reporting entity, two

independent federal reporting entities, or any other interaction between federal reporting entities.

- Q5. The Board proposes amendments to the current definition of SL including footnote 16 and definitions for the following terms: acres of land held for disposal or exchange, commercial use land, conservation and preservation land, and operational land. For the proposed amendments, refer to paragraphs 12–14. For a detailed discussion and related explanation refer to paragraphs A9–A16, A21–A24, and A26–A33 in Appendix A: Basis for Conclusions.

Do you agree or disagree with the Board’s proposed definition of SL, including footnote 16 and the related subcategory definitions? Please provide the rationale for your answer.

DoD Response: *Agree.*

- Q6. The Board is proposing a two-year implementation period, which would make the proposed requirements effective for reporting periods beginning after September 30, 2021. For a detailed discussion and related explanation refer to paragraphs 19, A9–A12, A42–A45, and A51–A52 in Appendix A: Basis for Conclusions.

Do you agree or disagree with the proposed effective date? Please provide the rationale for your answer.

DoD Response: *Agree. However, a 3 year timeline would be preferable due to process and system changes, and training that will need to occur to implement the standard.*

- Q7. The Board has continually noted the fundamental challenges associated with developing and documenting information regarding historical assets like land. Technical Release (TR) 9, *Implementation Guide for Statement of Federal Financial Accounting Standards 29: Heritage Assets and Stewardship Land*, paragraph 85 states in part that a methodology needs to be employed to develop documentation to support management’s assertions of federal ownership. For a detailed discussion and related explanation refer to paragraphs A51–A54 in Appendix A: Basis for Conclusions.

- a. **Would incorporating any of the guidance contained in TR 9 in the proposed accounting standards facilitate the preparation and auditing processes? For example, should the list of examples of the supporting documentation contained at paragraph 85 in TR 9 be incorporated, changed, or expanded to facilitate implementation of the proposed requirements? Please provide the rationale for your answer.**

DoD Response: *Agree. It would be beneficial to include and expand on the examples of documentation from paragraph 85 in TR 9 in this new standard. Examples of supporting documentation will assist implementation.*

- b. What type of implementation guidance should FASAB provide that enables (1) flexibility for supporting estimated acres of land and (2) assistance in identifying predominant use as well as selecting appropriate physical unit categories? Please provide the rationale for your answer.**

DoD Response: *Provide examples of acceptable approaches to estimating physical acres such as surveys, geospatial tools, plats, records, etc. Provide examples of how to identify "predominant use" when land has more than one use simultaneously.*

- Q8. The Board encourages respondents to not only provide input concerning any and all aspects of the proposed changes, but also other matters that may not have been specifically addressed in this exposure draft. In addition, the Basis for Conclusions explains the Board's goals for this proposal (see discussion beginning at par. A1) and also discusses other issues raised by task force members, as well as experts and practitioners both within and external to government (as an example, see par. A1–A12, A42–A45, and A46–A50).

Moreover, the Board is interested in receiving comments specific to the following matters:

- (1) Its proposed use of non-financial information (NFI) as a means to provide information more relevant than the financial recognition and measurement of land
- (2) Whether requiring the disclosure of "estimated acres of land" instead of "acres of land" would provide preparers greater flexibility and reduced burden while still ensuring that user needs are met
- (3) The determination and application of materiality to NFI (that is, the appropriate considerations for NFI)
- (4) Whether materiality is affected by the presentation of land information as basic, required supplementary information, or other information. For example, identify challenges in estimating the NFI in each of the three categories identified above.

- a. Please provide your thoughts and rationale concerning the four areas noted above.**

DoD Response:

- 1) Agree.
- 2) Agree that estimating acres of land is preferable.
- 3) Materiality is relevant. Omission of a material disclosure would be a departure from GAAP.
- 4) One challenge is if two categories overlap on a given acre of land. For example, if a revenue generating activity exists on conservation land. If each reporting entity develops its own business rules, it could result in inconsistent reporting.

Please provide any other comments or suggestions you have regarding the goals for this project, other issues identified in the Basis for Conclusions, or other areas that have not been addressed.

DoD Response:

1. Reference to land being "one of the most 'valuable' assets" on pg. 5 raises a question about why the focus is not on value. It may be more appropriate to highlight volume and related reporting burden as a justification for change.
2. SFFAS 7 and 42, use term 'stewardship PP&E' while SFFAS 29 refers to 'heritage assets'; there should be consistency of terms across standards to minimize confusion.
3. For both GPP&E land and SL land, are unclear what is deemed by FASAB as deferred maintenance and repair for land.(SFFAS 42)
4. SFFAS 29, paragraph 40 (paragraph 13 of the Exposure Draft) states: "Entities with stewardship land should reference a note on the balance sheet that discloses information about stewardship land, but no asset dollar amount should be shown." We suggest adding similar language for G-PP&E land in paragraph 25 of SFFAS 6 (paragraph 8a of the Exposure Draft) for clarity and consistency purposes. Accordingly, we suggest to make reference to the note on the balance sheet and to specify that no asset dollar amount should be shown.
5. For purposes of clarification, suggest that the FN 42 in paragraph 8 d of the exposure draft be modified to read as follows:

FN 42 – Temporary land rights, such as easements or rights-of-way, that are for a specified period of time or limited duration, and which have been capitalized, under paragraph 40.f.ii, shall be depreciated or amortized over that period of time.

6. The disclosure on physical unit information (paragraphs 10 and 13 of the Exposure Draft) seems to imply that there will be continuous accounting and reporting of physical units throughout the year in order to be able to account for the beginning balance, units acquired, units withdrawn, transfers, and an ending balance. Since the identification and reporting of physical unit information are not readily available in current financial reporting systems, we believe that compiling this information will be labor intensive and will provide limited value. This will also require additional time and effort to collect, update and report the information. Furthermore, the required physical unit information is beyond the information provided in the sample illustrations on pages 52 and 53 of the Exposure Draft. Accordingly, the provided illustrations do not provide enough information of what is expected to be reported. We believe the illustrations should include all of the required disclosure information for physical units in order for users to have a better understanding of what information is expected to be disclosed.



July 30, 2018

Wendy Payne, Executive Director
Federal Accounting Standards Advisory Board
Mail Stop 6H19
441 G Street, NW – Suite 6814
Washington, DC 20548

Dear Ms. Payne:

The Greater Washington Society of Certified Public Accountants (GWSCPA) Federal Issues and Standards Committee (FISC) appreciates the opportunity to provide comments on the Federal Accounting Standards Advisory Board's (FASAB) Exposure Draft (ED) on the proposed Statement of Federal Financial Accounting Standard *Accounting and Reporting of Government Land*.

The GWSCPA consists of approximately 3,300 members, and the FISC includes nearly 30 GWSCPA members who are active in financial management, accounting, and auditing in the Federal sector. We sincerely appreciate the opportunity by the Board to share our views, and the hard work and dedication by the Board Members and Staff on their contributions to improving federal financial reporting.

Our responses to the ED questions are included below.

- Q1. The Federal Accounting Standards Advisory Board (FASAB or "the Board") proposes reclassifying general property, plant, and equipment (G-PP&E) land as a non-capitalized asset with no dollar amounts reported on the balance sheet. Any future acquisitions of land would be expensed on the statement of net cost. Disclosures regarding G-PP&E land would be required. For the proposed amendments, refer to paragraphs 8-10 (for component reporting entities) and 16 (for the consolidated financial report of the U.S. Government). For a detailed discussion and related explanation refer to paragraphs A9-A16, A21-A24, and A39-A41 in Appendix A: Basis for Conclusions.
- a. Do you agree or disagree with the Board's proposal to reclassify G-PP&E land as a non-capitalized asset with no dollar amounts reported on the balance sheet and expense future acquisitions on the Statement of Net Cost? Please provide the rationale for your answer.
 - b. Do you agree or disagree that land information should be presented as basic information in the G-PP&E note disclosure? Please provide the rationale for your answer.
- A1. The FISC agrees with the Board's proposal to reclassify G-PP&E land as a non-capitalized asset with no dollar amounts reported on the balance sheet and expense future acquisitions on the Statement of Net Cost. Further, the FISC agrees that land information should be presented as basic

information in the G-PP&E note disclosure. The Board provides sufficient reasons in the ED to explain the Board's position.

Q2. The Board has developed uniform disclosure requirements for G-PP&E land and stewardship land (SL). Both G-PP&E land and SL would be further disaggregated into three predominant use sub-categories. For each of the sub-categories, the following disclosures would be required from each component reporting entity: (1) a description of the entity's policies, (2) physical quantity information, (3) estimated acres of land, (4) estimated acres of land held for disposal or exchange, (5) a general description of the types of land rights acquired by the entity, and (6) a reference to deferred maintenance and repairs information. Required disclosures for the government-wide financial statements include items (1), (3), and (4) above, as well as a general reference to agency reports for additional information. For the proposed amendments, refer to paragraphs 10, 13, 15, and 16. For a detailed discussion and related explanation refer to paragraphs A25, A33-A41, and A53-A54 in Appendix A: Basis for Conclusions.

a. Do you agree or disagree with the Board's proposed component reporting entity disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.

b. Do you agree or disagree with the Board's proposed government-wide financial statement disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.

A2. The FISC agrees with the Board's proposed component reporting entity and government-wide disclosure requirements.

Q3. The Board proposes retaining both the G-PP&E land and SL categories for an entity's land holdings. For the proposed amendments, refer to paragraphs 8-14. For a detailed discussion and related explanation refer to paragraphs A17-A24 in Appendix A: Basis for Conclusions.

Do you agree with retaining the G-PP&E land and SL categories? Please provide the rationale for your answer.

A3. The FISC agrees with retaining the G-PP&E land and SL categories.

Q4. The Board proposes to revise the G-PP&E land and permanent land rights definitions. In addition, the Board proposes definitions for the following terms: acres of land held for disposal or exchange, commercial use land, conservation and preservation land, and operational land. For the proposed amendments, refer to paragraphs 8-11. For a detailed discussion and related explanation refer to paragraphs A9-A16 and A25-A33 in Appendix A: Basis for Conclusions.

Do you agree or disagree with the Board's proposed G-PP&E land and permanent land rights definition and the related sub-category definitions? Please provide the rationale for your answer.

A4. The FISC agrees with the Board's proposed G-PP&E land and permanent land rights definition and the related sub-category definitions.

- Q5. The Board proposes amendments to the current definition of SL including footnote 16 and definitions for the following terms: acres of land held for disposal or exchange, commercial use land, conservation and preservation land, and operational land. For the proposed amendments, refer to paragraphs 12-14. For a detailed discussion and related explanation refer to paragraphs A9-A16, A21-A24, and A26-A33 in Appendix A: Basis for Conclusions.

Do you agree or disagree with the Board's proposed definition of SL, including footnote 16 and the related subcategory definitions? Please provide the rationale for your answer.

- A5. The FISC agrees with the Board's proposed definition of SL.
- Q6. The Board is proposing a two-year implementation period, which would make the proposed requirements effective for reporting periods beginning after September 30, 2021. For a detailed discussion and related explanation refer to paragraphs 19, A9-A12, A42-A45, and A51-A52 in Appendix A: Basis for Conclusions.

Do you agree or disagree with the proposed effective date? Please provide the rationale for your answer.

- A6. The Board agrees with the proposed effective date, accompanied by the allowance for early adoption.
- Q7. The Board has continually noted the fundamental challenges associated with developing and documenting information regarding historical assets like land. Technical Release (TR) 9, *Implementation Guide for Statement of Federal Financial Accounting Standards 29: Heritage Assets and Stewardship Land*, paragraph 85 states in part that a methodology needs to be employed to develop documentation to support management's assertions of federal ownership. For a detailed discussion and related explanation refer to paragraphs A51-A54 in Appendix A: Basis for Conclusions.
- a. Would incorporating any of the guidance contained in TR 9 in the proposed accounting standards facilitate the preparation and auditing processes? For example, should the list of examples of the supporting documentation contained at paragraph 85 in TR 9 be incorporated, changed, or expanded to facilitate implementation of the proposed requirements? Please provide the rationale for your answer.
- b. What type of implementation guidance should FASAB provide that enables (1) flexibility for supporting estimated acres of land and (2) assistance in identifying predominant use as well as selecting appropriate physical unit categories? Please provide the rationale for your answer.

- A7. The FISC recommends that the list of examples of supporting documentation contained in paragraph 85 in TR 9 should be incorporated into the ED. The FISC members did not identify any matters that would require additional implementation guidance.

- Q8. The Board encourages respondents to not only provide input concerning any and all aspects of the proposed changes, but also other matters that may not have been specifically addressed in this

Ms. Payne, Federal Accounting Standards Advisory Board

July 30, 2018

exposure draft. In addition, the Basis for Conclusions explains the Board's goals for this proposal (see discussion beginning at par. A1) and also discusses other issues raised by task force members, as well as experts and practitioners both within and external to government (as an example, see par. A1-A12, A42-A45, and A46-A50).

Moreover, the Board is interested in receiving comments specific to the following matters:

- (1) Its proposed use of non-financial information (NFI) as a means to provide information more relevant than the financial recognition and measurement of land
- (2) Whether requiring the disclosure of "estimated acres of land" instead of "acres of land" would provide preparers greater flexibility and reduced burden while still ensuring that user needs are met
- (3) The determination and application of materiality to NFI (that is, the appropriate considerations for NFI)
- (4) Whether materiality is affected by the presentation of land information as basic, required supplementary information, or other information. For example, identify challenges in estimating the NFI in each of the three categories identified above.

Please provide your thoughts and rationale concerning the four areas noted above.

Please provide any other comments or suggestions you have regarding the goals for this project, other issues identified in the Basis for Conclusions, or other areas that have not been addressed.

- A8. The FISC supports the proposed use of non-financial information as a means of providing information more relevant than the financial recognition and measurement of land. The FISC members expressed concern that additional guidance is needed to the government auditing community for consistent determination of materiality for non-financial information.

This comment letter was reviewed by the members of FISC, and represents the consensus views of our members.

Very truly yours,



Andrew C. Lewis
FISC Chair

QUESTIONS FOR RESPONDENTS

The Board encourages you to become familiar with all proposals in the Statement before responding to the questions in this section. In addition to the questions below, the Board also welcomes your comments on other aspects of the proposed Statement. Because the proposals may be modified before a final Statement is issued, it is important that you comment on proposals that you favor as well as any that you do not favor. Comments that include the reasons for your views will be especially appreciated.

The Board believes that this proposal would improve federal financial reporting and contribute to meeting the federal financial reporting objectives. The Board has considered the perceived costs associated with this proposal. In responding, please consider the expected benefits and perceived costs and communicate any concerns that you may have in regard to implementing this proposal.

The questions in this section are available in a Word file for your use at <http://www.fasab.gov/documents-for-comment/>.

Your responses should be sent by e-mail to fasab@fasab.gov. If you are unable to respond by e-mail, please fax your responses to (202) 512-7366. Alternatively, you may mail your responses to:

Wendy M. Payne, Executive Director
Federal Accounting Standards Advisory Board
441 G Street, NW
Suite 1155
Washington, DC 20548

All responses are requested by July 30, 2018.

Q1. The Federal Accounting Standards Advisory Board (FASAB or “the Board”) proposes reclassifying general property, plant, and equipment (G-PP&E) land as a non-capitalized asset with no dollar amounts reported on the balance sheet. Any future acquisitions of land would be expensed on the statement of net cost. Disclosures regarding G-PP&E land would be required. For the proposed amendments, refer to paragraphs 8-10 (for component reporting entities) and 16 (for the consolidated financial report of the U.S. Government). For a detailed discussion and related explanation refer to paragraphs A9–A16, A21–A24, and A39–A41 in Appendix A: Basis for Conclusions.

- a. **Do you agree or disagree with the Board’s proposal to reclassify G-PP&E land as a non-capitalized asset with no dollar amounts reported on the balance sheet and expense future acquisitions on the Statement of Net Cost? Please provide the rationale for your answer.**

HHS is not opposed to the proposal to reclassify G-PP&E to a non-capitalized asset with no dollar amounts reported on the balance sheet; however, we would also be content to continue to report land on the balance sheet. The accounting treatment for removing Land that is currently on the balance sheet from the general ledger should be added to the standard.

We agree that under current accounting standards, there is inconsistent reporting between agencies and types of land. Recent amendments to SFFAS 6 allow entities reporting under GAAP for the first time to exclude land and land rights from G-PP&E opening balances and in the future. In addition, no values are currently reported on the balance sheet for Stewardship Land.

On the other hand, if the change is made, FASAB accounting standards for land will be different than those of other governmental accounting standards setting bodies.

- b. **Do you agree or disagree that land information be presented as basic information in the G-PP&E note disclosure? Please provide the rationale for your answer.**

Yes, HHS agrees that land information, other than acres of land, should be presented as basic information in the G-PP&E note disclosure. Even if land is reclassified to a non-capitalized asset, it remains a valuable asset of the U. S. Government and agencies must be accountable for tracking and safeguarding the asset. Acres of land, if reported, should be reported as unaudited information. Any specificity regarding land such as acres will increase audit scrutiny and complexity as the audit community would be required to measure and confirm these disclosures.

Q2. The Board has developed uniform disclosure requirements for G-PP&E land and stewardship land (SL). Both G-PP&E land and SL would be further disaggregated into three predominant use sub-categories. For each of the sub-categories, the following disclosures would be required from each component reporting entity: (1) a description of the entity’s policies, (2) physical quantity information, (3) estimated acres of land, (4) estimated acres of land held for disposal or exchange, (5) a general description of the types of land rights acquired by the entity, and (6) a reference to deferred maintenance and repairs information. Required disclosures for the government-wide financial statements include items (1), (3),

and (4) above, as well as a general reference to agency reports for additional information. For the proposed amendments, refer to paragraphs 10, 13, 15, and 16. For a detailed discussion and related explanation refer to paragraphs A25, A33–A41, and A53–A54 in Appendix A: Basis for Conclusions.

a. Do you agree or disagree with the Board's proposed component reporting entity disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.

HHS agrees with reporting the three predominant sub-categories; however, HHS has concerns about the requirement to report estimated acres of land because of the audit implications and cost of verifying the amount of land. Due to environmental changes such as earthquakes, volcanos, and flooding, land may not remain stable from year to year.

In addition, it may not be useful or cost effective for all agencies to describe land rights and amounts paid to maintain such rights or to reference deferred maintenance in the Land note. For many agencies, there is little deferred maintenance associated with land and land rights. We recommend disclosure only if the information about land rights and deferred maintenance would be of interest and significant to the reader.

b. Do you agree or disagree with the Board's proposed government-wide financial statement disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.

As noted above, we are concerned with reporting and auditing acres of land.

- Q3. The Board proposes retaining both the G-PP&E land and SL categories for an entity's land holdings. For the proposed amendments, refer to paragraphs 8–14. For a detailed discussion and related explanation refer to paragraphs A17–A24 in Appendix A: Basis for Conclusions.

Do you agree with retaining the G-PP&E land and SL categories? Please provide the rationale for your answer.

Yes, HHS agrees with retaining both the G-PP&E and Stewardship Land categories. It is a reasonable way to categorize the land held by agencies and retains continuity with past reporting.

- Q4. The Board proposes to revise the G-PP&E land and permanent land rights definitions. In addition, the Board proposes definitions for the following terms: acres of land held for disposal or exchange, commercial use land, conservation and preservation land, and operational land. For the proposed amendments, refer to paragraphs 8–11. For a detailed discussion and related explanation refer to paragraphs A9–A16 and A25–A33 in Appendix A: Basis for Conclusions.

Do you agree or disagree with the Board's proposed G-PP&E land and permanent land rights definition and the related sub-category definitions? Please provide the rationale for your answer.

HHS agrees with the proposed G-PP&E land and permanent land rights definitions, but we do not agree that permanent land rights should be distinguished from temporary land rights for financial reporting. We recommend that temporary land rights also be expensed when purchased. This would be consistent with the treatment allowed under SFFAS 50.

- Q5. The Board proposes amendments to the current definition of SL including footnote 16 and definitions for the following terms: acres of land held for disposal or exchange, commercial use land, conservation and preservation land, and operational land. For the proposed amendments, refer to paragraphs 12–14. For a detailed discussion and related explanation refer to paragraphs A9–A16, A21–A24, and A26–A33 in Appendix A: Basis for Conclusions.

Do you agree or disagree with the Board's proposed definition of SL, including footnote 16 and the related subcategory definitions? Please provide the rationale for your answer.

HHS agrees with the proposed definition of stewardship land including Footnote 20. The additional language provides increased clarity to the definition.

- Q6. The Board is proposing a two-year implementation period, which would make the proposed requirements effective for reporting periods beginning after September 30, 2021. For a detailed discussion and related explanation refer to paragraphs 19, A9–A12, A42–A45, and A51–A52 in Appendix A: Basis for Conclusions.

Do you agree or disagree with the proposed effective date? Please provide the rationale for your answer.

HHS agrees with the two year implementation period. Time will be needed to determine or confirm the estimated acres of land. HHS strongly recommends that the requirement to report estimated acres of land be deleted. The number of physical units (sites) should be sufficient.

- Q7. The Board has continually noted the fundamental challenges associated with developing and documenting information regarding historical assets like land. Technical Release (TR) 9, *Implementation Guide for Statement of Federal Financial Accounting Standards 29: Heritage Assets and Stewardship Land*, paragraph 85 states in part that a methodology needs to be employed to develop documentation to support management's assertions of federal ownership. For a detailed discussion and related explanation refer to paragraphs A51–A54 in Appendix A: Basis for Conclusions.

- a. **Would incorporating any of the guidance contained in TR 9 in the proposed accounting standards facilitate the preparation and auditing processes? For example, should the list of examples of the supporting documentation contained at paragraph 85 in TR 9 be incorporated, changed, or expanded to facilitate implementation of the proposed requirements? Please provide the rationale for your answer.**

HHS agrees that information similar to the information contained in paragraph 85 of Technical Release 9 should be incorporated into the proposed accounting standard. The information provided is helpful guidance for establishing evidence of ownership of the land.

b. What type of implementation guidance should FASAB provide that enables (1) flexibility for supporting estimated acres of land and (2) assistance in identifying predominant use as well as selecting appropriate physical unit categories? Please provide the rationale for your answer.

HHS suggests thoughtful detailed guidance similar to Technical Release 9. Guidance regarding removal of existing land from the balance sheet would be helpful.

HHS does not agree with reporting acres of land and land rights. If the requirement remains, the requirement for reporting acres of land rights needs to be clarified.

- Q8. The Board encourages respondents to not only provide input concerning any and all aspects of the proposed changes, but also other matters that may not have been specifically addressed in this exposure draft. In addition, the Basis for Conclusions explains the Board's goals for this proposal (see discussion beginning at par. A1) and also discusses other issues raised by task force members, as well as experts and practitioners both within and external to government (as an example, see par. A1–A12, A42–A45, and A46–A50).

Moreover, the Board is interested in receiving comments specific to the following matters:

- (1) Its proposed use of non-financial information (NFI) as a means to provide information more relevant than the financial recognition and measurement of land
- (2) Whether requiring the disclosure of “estimated acres of land” instead of “acres of land” would provide preparers greater flexibility and reduced burden while still ensuring that user needs are met
- (3) The determination and application of materiality to NFI (that is, the appropriate considerations for NFI)
- (4) Materiality considerations are affected by the presentation of land information as basic, required supplementary information, or other information. For example, identify challenges in estimating the NFI in each of the three categories identified above.

a. Please provide your thoughts and rationale concerning the four areas noted above.

- (1) HHS agrees that sometimes NFI can be more useful and relevant than financial information; however, in the past it was usually provided in addition to the financial information.
- (2) If reporting the number of acres of land is required in the notes, adding the word “estimated” will not reduce the audit exposure. It will still be up to the

auditors to determine whether the sites of land need to be measured and the precision of the required measurements.

- (3) HHS agrees that it could be challenging to evaluate materiality for NFI since it is difficult to determine whether omitting a disclosure would impact the judgement of a reasonable person relying on the financial statements. The fact that often NFI was not disclosed in the past would indicate that it was probably not material to the reader. If the land in question were in the news and, therefore, publicly visible, the disclosures may be material. It will be important to disclose the new accounting treatment of land and that there is now no value on the balance sheet.
- (4) The cost/benefit of providing information should always be taken into consideration.

Please provide any other comments or suggestions you have regarding the goals for this project, other issues identified in the Basis for Conclusions, or other areas that have not been addressed.

HHS would like clarification of Footnote 21 regarding presentation of stewardship land information.

National Aeronautics and Space Administration**Comments to Government Land Accounting and Reporting Exposure Draft**

Q1. The Federal Accounting Standards Advisory Board (FASAB or “the Board”) proposes reclassifying general property, plant, and equipment (G-PP&E) land as a non-capitalized asset with no dollar amounts reported on the balance sheet. Any future acquisitions of land would be expensed on the statement of net cost. Disclosures regarding G-PP&E land would be required. For the proposed amendments, refer to paragraphs 8-10 (for component reporting entities) and 16 (for the consolidated financial report of the U.S. Government). For a detailed discussion and related explanation refer to paragraphs A9–A16, A21–A24, and A39–A41 in Appendix A: Basis for Conclusions.

- a. Do you agree or disagree with the Board’s proposal to reclassify G-PP&E land as a non-capitalized asset with no dollar amounts reported on the balance sheet and expense future acquisitions on the Statement of Net Cost? Please provide the rationale for your answer.**

Response: Yes, we agree with the Board’s proposal to reclassify G-PP&E land as a non-capitalized asset without dollar amounts reported on the Balance Sheet and expense future acquisitions on the Statement of Net Cost.

We agree in general with the Board’s position as stated in Paragraph A14 of the Basis of Conclusion that both entity accountability and comparable reporting of federal land holdings (both within and across entities) are satisfied from a non-financial information disclosure. We also believe that, as stated by the Board in Paragraph A16, adoption of non-financial information will mitigate Agency burden by eliminating the requirement to capitalize land associated with G-PP&E, and utilizing NFI that many agencies might collect for program management or other extra reporting purposes.

- b. Do you agree or disagree that land information should be presented as basic information in the G-PP&E note disclosure? Please provide the rationale for your answer.**

Please see Paragraph A-40 (page 39-40) for Board’s reasoning for presenting information as basic information in the disclosure. But in an earlier response to FASAB, we recommended presenting information as RSI, need to decide what our response should be. I prepared for discussion purpose the following response.

Response: We believe that Required Supplementary Information (RSI) instead of basic information should be sufficient for General PP&E land and Stewardship Land note-disclosure. We also believe that management representations should be sufficient to satisfy auditor concerns. We do not believe it would be cost effective to require audit procedures such as on site reviews or remeasurement when information is presented as basic information.

Q2. The Board has developed uniform disclosure requirements for G-PP&E land and stewardship land (SL). Both G-PP&E land and SL would be further disaggregated into three predominant use sub-categories. For each of the sub-categories, the following disclosures

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would be required from each component reporting entity: (1) a description of the entity's policies, (2) physical quantity information, (3) estimated acres of land, (4) estimated acres of land held for disposal or exchange, (5) a general description of the types of land rights acquired by the entity, and (6) a reference to deferred maintenance and repairs information. Required disclosures for the government-wide financial statements include items (1), (3), and (4) above, as well as a general reference to agency reports for additional information. For the proposed amendments, refer to paragraphs 10, 13, 15, and 16. For a detailed discussion and related explanation refer to paragraphs A25, A33–A41, and A53–A54 in Appendix A: Basis for Conclusions.

- a. Do you agree or disagree with the Board's proposed component reporting entity disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.**

Response: Yes, we agree with the Board's proposed component reporting entity disclosure requirements for G-PP&E, and stewardship land (SL).

- b. Do you agree or disagree with the Board's proposed government-wide financial statement disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.**

Response: Yes, we agree with the Board's proposed government-wide financial statement disclosure requirements.

- Q3. The Board proposes retaining both the G-PP&E land and SL categories for an entity's land holdings. For the proposed amendments, refer to paragraphs 8–14. For a detailed discussion and related explanation refer to paragraphs A17–A24 in Appendix A: Basis for Conclusions.

Do you agree with retaining the G-PP&E land and SL categories? Please provide the rationale for your answer.

Response: Yes, the separation of G-PP&E land and Stewardship Land Categories will assist agencies in complying with SFFAS No. 6 and 29. The distinction between General PP&E land and SL should be retained as agencies are currently reporting this way and it will help to maintain consistency in reporting categories.

- Q4. The Board proposes to revise the G-PP&E land and permanent land rights definitions. In addition, the Board proposes definitions for the following terms: acres of land held for disposal or exchange, commercial use land, conservation and preservation land, and operational land. For the proposed amendments, refer to paragraphs 8–11. For a detailed discussion and related explanation refer to paragraphs A9–A16 and A25–A33 in Appendix A: Basis for Conclusions.

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Do you agree or disagree with the Board's proposed G-PP&E land and permanent land rights definition and the related sub-category definitions? Please provide the rationale for your answer.

Response: Yes, we agree with the Board's proposed definition of G-PP&E land and permanent land rights and the related sub-category definitions.

- Q5. The Board proposes amendments to the current definition of SL including footnote 16 and definitions for the following terms: acres of land held for disposal or exchange, commercial use land, conservation and preservation land, and operational land. For the proposed amendments, refer to paragraphs 12–14. For a detailed discussion and related explanation refer to paragraphs A9–A16, A21–A24, and A26–A33 in Appendix A: Basis for Conclusions.

Do you agree or disagree with the Board's proposed definition of SL, including footnote 16 and the related subcategory definitions? Please provide the rationale for your answer.

Response: Yes, we agree with the Board's proposed definition of SL, including footnote 16 and the related subcategory definitions.

- Q6. The Board is proposing a two-year implementation period, which would make the proposed requirements effective for reporting periods beginning after September 30, 2021. For a detailed discussion and related explanation refer to paragraphs 19, A9–A12, A42–A45, and A51–A52 in Appendix A: Basis for Conclusions.

Do you agree or disagree with the proposed effective date? Please provide the rationale for your answer.

Response: Yes, we agree with the proposed effective date for reporting periods beginning after September 30, 2021.

- Q7. The Board has continually noted the fundamental challenges associated with developing and documenting information regarding historical assets like land. Technical Release (TR) 9, *Implementation Guide for Statement of Federal Financial Accounting Standards 29: Heritage Assets and Stewardship Land*, paragraph 85 states in part that a methodology needs to be employed to develop documentation to support management's assertions of federal ownership. For a detailed discussion and related explanation refer to paragraphs A51–A54 in Appendix A: Basis for Conclusions.

- a. **Would incorporating any of the guidance contained in TR 9 in the proposed accounting standards facilitate the preparation and auditing processes? For example, should the list of examples of the supporting documentation contained at paragraph 85 in TR 9 be incorporated, changed, or expanded to**

National Aeronautics and Space Administration**Comments to Government Land Accounting and Reporting Exposure Draft**

facilitate implementation of the proposed requirements? Please provide the rationale for your answer.

Response: We believe that incorporating appropriate guidance contained in TR 9, with necessary modification or expansion and examples into the proposed accounting standards, would facilitate the implementation of the proposed requirements.

b. What type of implementation guidance should FASAB provide that enables (1) flexibility for supporting estimated acres of land and (2) assistance in identifying predominant use as well as selecting appropriate physical unit categories? Please provide the rationale for your answer. Additional implementation guidance in selecting physical unit categories and predominant use categories would help agencies to meet the new land reporting requirements.

Response: FASAB's implementation guidance should aim to achieve disclosure format, content, and level of detail consistency across agencies. Thus, it would be most helpful if FASAB's implementation guidance could include:

- Examples of envisioned disclosure statements so agencies can get a better sense of the most appropriate format (e.g., land use breakdown tables) and level of detail (e.g., for narrative discussions of entity land policies, land rights, deferred maintenance, and relationship to mission) required.
- Help with physical unit selection/determination.
- Explanations of acceptable acreage estimation techniques.

Q8. The Board encourages respondents to not only provide input concerning any and all aspects of the proposed changes, but also other matters that may not have been specifically addressed in this exposure draft. In addition, the Basis for Conclusions explains the Board's goals for this proposal (see discussion beginning at par. A1) and also discusses other issues raised by task force members, as well as experts and practitioners both within and external to government (as an example, see par. A1–A12, A42–A45, and A46–A50).

Moreover, the Board is interested in receiving comments specific to the following matters:

(1) Its proposed use of non-financial information (NFI) as a means to provide information more relevant than the financial recognition and measurement of land.

(2) Whether requiring the disclosure of "estimated acres of land" instead of "acres of land" would provide preparers greater flexibility and reduced burden while still ensuring that user needs are met.

Response: We believe that requiring disclosure of "estimated acres of land" instead of "acres of land" will be more cost effective while still providing readers of the financial statements the information they need. If the standard requires "acres of land", financial statement auditors may require agencies to update the documentation for many parcels of land at significant cost.

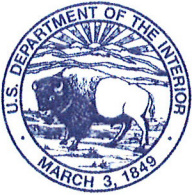
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(3) The determination and application of materiality to NFI (that is, the appropriate considerations for NFI)

(4) Whether materiality is affected by the presentation of land information as basic, required supplementary information, or other information. For example, identify challenges in estimating the NFI in each of the three categories identified above.

- a. Please provide your thoughts and rationale concerning the four areas noted above.**

Please provide any other comments or suggestions you have regarding the goals for this project, other issues identified in the Basis for Conclusions, or other areas that have not been addressed.



United States Department of the Interior

OFFICE OF THE SECRETARY

Washington, DC 20240

Memorandum

APR 25 2017

To: Wendy Payne
Executive Director, Federal Accounting Standards Advisory Board

From: Douglas A. Glenn
Deputy Chief Financial Officer and Director, Office of Financial Management

Debra E. Sonderman
Director, Office of Acquisition and Property Management

Subject: U.S. Department of the Interior Comments Land Task Force –Note and Required Supplementary Information of Non-Financial Information in the Agency Financial Report

The purpose of this memorandum is to provide the U.S. Department of the Interior's (DOI) comments for consideration during the Federal Accounting Standards Advisory Board's (FASAB (Board) deliberation on reporting land acreage. We strongly recommend that the Board limit land acreage reporting to the Other Accompanying Information (OAI) section of the Agency Financial Report (AFR). The proposed Required Supplementary Information (RSI) reporting requirements would duplicate information currently published on bureau websites, require costly system realignments of data, increase audit costs, and pose undue burden on DOI.

The Land Task Force has been working to balance user needs for information related to land with additional reporting requirements for Federal agencies to meet those needs. From the briefing material prepared for the April FASAB Board meeting (Tab D), the Board is considering requiring broad acreage, acreage for land eligible for disposal, and unit count with related acreage in the AFR Note presentation of Non-Financial Information (NFI) , and Required Supplementary Information (RSI) presentation for acreage by predominant use and acreage related to revenue-generating land.

Duplicative Information. The DOI land management bureaus (National Park Service (NPS), Bureau of Land Management, Bureau of Reclamation, and U.S. Fish and Wildlife Service) currently publish NFI related to land on bureau websites. These sources have been consistently providing NFI on land to stakeholders at a more meaningful, granular level than proposed aggregated level in the AFR. The survey results in the briefing material indicate that users need NFI at a more granular level for analyses. Providing the information in the AFR at the aggregated level is not beneficial to stakeholders; presenting the information at the detailed level in the AFR is not feasible.

Costly System Realignments. DOI's acreage information resides in various non-financial systems. To consolidate the data into the financial reporting system, realign the data to the proposed NFI data points (e.g. acres and predominant use) different from the currently reported

NFI data points (e.g. land units), and ensure that the data is supported by documentation from decentralized locations would require extensive personnel efforts at substantial costs for DOI. During the April 3, 2017, Task Force meeting, the idea of using Geographic Information System (GIS) to support acreage was proposed as a way to reduce staff burden. However, such an approach is not feasible throughout DOI. Further, GIS acreage may differ from acreage documented in deeds, which poses challenges during audits.

Increased Audit Costs. As the Note and the RSI are subject to audit, the proposed new requirements will increase audit costs. The efforts and costs associated with validating and adjusting the data to be audit-ready will be extensive.

Undue Burden. The additional costs to implement the proposed reporting requirements would pose undue burden to preparers such as DOI at the expense of mission delivery. As the largest land management agency in the Federal government, DOI would be most affected by the proposed requirements. OMB Memorandum 17-22, directs agencies to identify policy and regulatory requirements that are low-value, duplicative, or no longer necessary, to reduce workforce, and to conduct cost-benefit analyses of programs to achieve efficiency and effectiveness. The NFI reporting in the Note and RSI in the AFR does not serve the stakeholders' need and is a duplicative effort of what DOI is currently publishing. The benefits derived do not justify the additional taxpayer costs. Presentation of NFI information for land by referencing existing sources will better address user needs without incurring unnecessary additional costs for agencies.

Thank you for the opportunity for DOI to participate in the Land Task Force and provide comments for consideration during the Board's deliberation. We appreciate your attention and consideration of this matter.

QUESTIONS FOR RESPONDENTS

The Board encourages you to become familiar with all proposals in the Statement before responding to the questions in this section. In addition to the questions below, the Board also welcomes your comments on other aspects of the proposed Statement. Because the proposals may be modified before a final Statement is issued, it is important that you comment on proposals that you favor as well as any that you do not favor. Comments that include the reasons for your views will be especially appreciated.

The Board believes that this proposal would improve federal financial reporting and contribute to meeting the federal financial reporting objectives. The Board has considered the perceived costs associated with this proposal. In responding, please consider the expected benefits and perceived costs and communicate any concerns that you may have in regard to implementing this proposal.

The questions in this section are available in a Word file for your use at <http://www.fasab.gov/documents-for-comment/>.

Your responses should be sent by e-mail to fasab@fasab.gov. If you are unable to respond by e-mail, please fax your responses to (202) 512-7366. Alternatively, you may mail your responses to:

Wendy M. Payne, Executive Director
Federal Accounting Standards Advisory Board
441 G Street, NW
Suite 1155
Washington, DC 20548

All responses are requested by July 30, 2018.

Q1. The Federal Accounting Standards Advisory Board (FASAB or “the Board”) proposes reclassifying general property, plant, and equipment (G-PP&E) land as a non-capitalized asset with no dollar amounts reported on the balance sheet. Any future acquisitions of land would be expensed on the statement of net cost. Disclosures regarding G-PP&E land would be required. For the proposed amendments, refer to paragraphs 8-10 (for component reporting entities) and 16 (for the consolidated financial report of the U.S. Government). For a detailed discussion and related explanation refer to paragraphs A9–A16, A21–A24, and A39–A41 in Appendix A: Basis for Conclusions.

- a. **Do you agree or disagree with the Board’s proposal to reclassify G-PP&E land as a non-capitalized asset with no dollar amounts reported on the balance sheet and expense future acquisitions on the Statement of Net Cost? Please provide the rationale for your answer.**

Partially agree. While most DOI bureaus agree that because land is not depreciated, it should not be capitalized. However, DOI bureaus are concerned that:

- (1) G-PP&E land is used to produce goods or services or to support the mission of the agency. It provides long-term benefits in support of the mission or producing goods or services that should be reflected over the years by capitalizing the costs, not expensing them in the year of acquisition.
- (2) Entities may have valid reasons to capitalize G-PP&E land. In particular, the Bureau of Reclamation is required to track costs of G-PP&E land for project repayment purposes. Project beneficiaries may question their repayment if the value of the acquired G-PP&E is not recorded in Reclamation’s accounting system. If this occurs, the Federal Government may not be repaid the full cost of the project.
- (3) Expensing G-PP&E land in the year of acquisition would distort true cost of that period. At disposal, recording the entire proceed as a gain distorts the true gain or loss for that year. This will cause big fluctuations causing comparability across the years to be lost.
- (4) Reclassifying G-PP&E as a non-capitalized asset does not meet the operating performance and stewardship objectives in SFFAC 1 (paragraph 14-16) because it will distort the entities’ service efforts, costs, accomplishments, efficiency and effectiveness, financial position, etc. This also distorts the use of resources, financial health of the Federal Government, entity accountability, etc. The proposed G-PP&E reporting requirements will make the operating effectiveness and uses of the resources less transparent.
- (5) The proposed granular level of reporting has never been required for GPP&E land, or for any other category of GPP&E. Many other “expensed” items do not appear on the balance sheet per threshold reporting and are exempted from detailed reporting. GPP&E land and land rights should receive the same treatment. If the argument is because capitalized land is being taken off the balance sheet that additional information is required, DOI would prefer that G-PP&E land remain on the balance sheet, as the reporting requirements are far less intense and expensive to maintain.

- b. Do you agree or disagree that land information should be presented as basic information in the G-PP&E note disclosure? Please provide the rationale for your answer.**

Disagree. Basic Information in the Agency Financial Report should relate directly to financial information, not PP&E holdings. Presenting land information as Basic Information will result in agencies spending significant and scarce resources to satisfy unnecessary audit scrutiny. This is in conflict with the direction provided in OMB Memorandum M-17-26, which states, in part, to "Coordinate with the Federal government's other central management offices and agencies to identify and reduce or eliminate burdensome, low-value compliance activities." Even when documentation for older acquisitions is available, it will be extraordinarily resource-intensive to compile. While existing deeds and legislation are used for providing evidence of ownership and intent/purpose (e.g., National Park units), it is unclear what documentation or processes would fully support management's assertion about the "use" categories to the satisfaction of the auditors. The costs do not justify presenting non-financial information in the financial statements when useful information related to land that agencies manage is available elsewhere. It may also be difficult for agencies to generate supporting documentation for public domain land acquired as part of treaties, international purchases, etc. Furthermore, as "estimated acreage" is allowed in the proposed standard, Basic Information presentation may create confusions for the audit as well. As the land information is non-financial information and is available in external sources, [DOI strongly suggests that FASAB consider OAI presentation for land information.](#)

- Q2. The Board has developed uniform disclosure requirements for G-PP&E land and stewardship land (SL). Both G-PP&E land and SL would be further disaggregated into three predominant use sub-categories. For each of the sub-categories, the following disclosures would be required from each component reporting entity: (1) a description of the entity's policies, (2) physical quantity information, (3) estimated acres of land, (4) estimated acres of land held for disposal or exchange, (5) a general description of the types of land rights acquired by the entity, and (6) a reference to deferred maintenance and repairs information. Required disclosures for the government-wide financial statements include items (1), (3), and (4) above, as well as a general reference to agency reports for additional information. For the proposed amendments, refer to paragraphs 10, 13, 15, and 16. For a detailed discussion and related explanation refer to paragraphs A25, A33–A41, and A53–A54 in Appendix A: Basis for Conclusions.

- a. Do you agree or disagree with the Board's proposed component reporting entity disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.**

Partially agree. Agree with the requirements under SFFAS 29 that allow the entities to determine the "unit" of stewardship land and report increase or decrease in the number of units. Allowing the entities to determine their physical unit information provides flexibility. However, disagree with expanding the reporting requirements under SFFAS 29. Agencies have spent considerable resources to ensure compliance and auditability. Adding more

data elements to the reporting requirements, including estimated acres, acres at the beginning of the period, acres added during the period, acres disposed of during the period, net acres transferred between G-PP&E, net acres transferred between the three sub-categories, acres at the end of the period, physical unit transfers between GPP&E land and Stewardship Land, physical unit transfers between sub-categories, acres held for disposal, land rights, description of land rights acquired, identification of land rights being either temporary or permanent, and amounts paid to maintain such rights, and multiplying the data elements by three for each of the sub-categories and have the elements fully audited if assigned to "basic", is disclosure overload. In addition, disagree with the proposed additional reporting requirements, as information pertaining to land is available under other mandatory reports such as the FRPP so the new requirements add little to no benefit and may be more confusing and misleading to the user. If we require duplicate information then we do run the risk of overwhelming the field offices with paperwork or data calls that may prevent them from being able to perform the actual front line work that is required. The financial statements should disclose only general information pertaining to the land because interested users may obtain additional information elsewhere, including the GSA website, DOI's map of surface lands in the Management's Discussion and Analysis, etc. Repeating information that is mandatorily reported elsewhere adds unnecessary burden on the agencies and provides no additional value. In order to follow the current administration's direction as evidenced by the Office of Management and Budget's memorandum dated June 15, 2017, Reducing Burden for the Federal Agencies by Rescinding and Modifying OMB Memoranda (M-17-26), care should be taken not to increase burden on Federal agencies. In the Basis for Conclusion of the exposure draft, it mentions GAO-11-377 as justification for these requirements. The new requirements would not make any difference in GAO's conclusion because the questions GAO asked do not pertain to DOI bureaus' missions or pertain to the duties DOI is receiving appropriations to perform. GAO asked DOI questions regarding oil, gas, and coal. DOI's mission is to manage, develop, and protect water and related resources in an environmentally and economically sound manner in the interest of the American public. Congress does not appropriate funds for DOI to gather information regarding oil, gas, or coal so DOI cannot spend appropriated dollars to do so. The new requirements will only reflect what DOI has previously been providing which will not provide the data requested in GAO's report. In addition, proposed categories overlap for many of DOI bureau land holdings so clarification is needed to report land in the "primary" or "predominant" use and not duplicative reporting. In addition, deferred maintenance and repairs information may be relevant for real property located on the land but it is not relevant for the land itself. **Thus, deferred maintenance and repairs information is irrelevant to land reporting and the reference should be removed from the reporting requirements for land.**

- b. Do you agree or disagree with the Board's proposed government-wide financial statement disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.**

Disagree. Suggest land information be presented as Other Supplementary Information and not as Basic Information for the same reasons cited in response to Question 1. In addition, deferred maintenance and repairs does not exist for land so this disclosure is irrelevant for land reporting.

- Q3. The Board proposes retaining both the G-PP&E land and SL categories for an entity's land holdings. For the proposed amendments, refer to paragraphs 8–14. For a detailed discussion and related explanation refer to paragraphs A17–A24 in Appendix A: Basis for Conclusions.

Do you agree with retaining the G-PP&E land and SL categories? Please provide the rationale for your answer.

Agree. Stewardship land category makes important distinctions for these unique assets that have national significance and are held for the benefit and enjoyment of the American people for perpetuity. There are specific laws, regulations, policies, and administrative rules that pertain to these assets. Distinction is required to determine the true operating effectiveness of the entity.

- Q4. The Board proposes to revise the G-PP&E land and permanent land rights definitions. In addition, the Board proposes definitions for the following terms: acres of land held for disposal or exchange, commercial use land, conservation and preservation land, and operational land. For the proposed amendments, refer to paragraphs 8–11. For a detailed discussion and related explanation refer to paragraphs A9–A16 and A25–A33 in Appendix A: Basis for Conclusions.

Do you agree or disagree with the Board's proposed G-PP&E land and permanent land rights definition and the related sub-category definitions? Please provide the rationale for your answer.

Partially agree. DOI is concerned about FASAB missing the part of public lands where the Government did not purchase the land; it was given to DOI to manage and preserve for future generations. There is no paperwork or contract maintained by the government. It is just inherently public. In addition, neither the proposed amendments to SFFAS 6 nor the existing language in SFFAS 6 make the connection between public land and stewardship land, noting that public domain land is included in the proposed definition of stewardship land in amendments to SFFAS 29 (paragraph 12). Furthermore, Footnote 29.1 (Page 56) provides an example of withdrawn land but does not specify it is stewardship land.

In Paragraph 8d (Page 16) if a structure is a byproduct of the land, the acquisition is expensed. How do agencies record the disposal of the structure after the land is purchased? Recording the full amount of the land including the structure as an expense and then recording the entire sale of the structure as a

gain distorts the true expense and gain/loss for the periods. This is misleading and distorts the operating effectiveness of the agency.

Page 17 paragraph 40.f.i allows some entities to exclude temporary land rights from their opening balances. The argument for the new exposure draft is comparability and yet the guidance still allows some agencies to choose not to include, just disclose, temporary land rights. Page 18 e states the land rights information should include whether rights are temporary or permanent. This is comparing apples to oranges. The current draft has temporary land rights reported on the balance sheet, included in G-PP&E. Disclosing this information with the permanent land rights that are not included in the balance sheet adds more confusion to the reader.

On Page 19 paragraph 20B, etc. commercial land use includes concession agreements, special use, right-of-way grants, commercial filming. The predominant use of these lands is probably mission specific so the agency would probably not report any of the land under these categories even though the multi-use of the land would include these activities. This is another example of how the new requirements are more misleading, will not be interpreted consistently among agencies, and will not provide the information FASAB is seeking. Suggest better clarification of the categories because they seem to contradict one another. Need clarification of mission related because most predominant uses of land are based on the mission of the agency.

On commercial use land (See Paragraph 11 - 20B.), SFFAS 29, Paragraph 34 states, "Land is defined as the solid part of the surface of the earth. Excluded from the definition are the natural resources (that is, depletable resources, such as mineral deposits and petroleum; renewable resources, such as timber; and the outer-continental shelf resources)". The reference to "forest product sales such as timber, or sales arising from national forests and grasslands" appear to be excluded from the definition of land given the renewable nature and should be excluded from the commercial use definition also. Similarly, reference to "agriculture" should be removed. Unless it is related to the land itself, i.e., something related to the soil, the surface of the earth. DOI disagrees that concession arrangements, recreation residences, recreation facilities, permits for construction equipment storage and assembly yards, etc. apply if they are not related to the solid part of the surface of the earth, as these are all examples of the use of structures, not land. Category definitions have overlap so will need to clarify how to address this. For example, many units of conservation land may have concession arrangements (commercial use category.) Should remove concessions, as this is not typically the intent of the land, but a means to provide mission related services. Further, timber sales, etc. are important elements of conservation. It is not clear how this distinction will be made between the two. Recommend removing. Need to clarify that preparers should select one category for the acreage represented by the quantity reported (e.g. unit) rather than acre-by-acre. Use should be based on the mission as directed by enabling or authorizing legislation. Lastly, in definition of conservation land, replace "protection" with "balanced".

On Conservation and preservation (See Paragraph 11 - 20C): The Conservation and Preservation category is not supported by examples currently. Examples of

commercial use and operational land were provided in those two definitions. Recommend adding examples for consistency. Recommend expanding the definition (see Q5 response) to include some of the concepts from the Stewardship Land definition (see Q5 response), e.g., the land possesses significant natural, historic, scenic, cultural, and recreational resources. Examples could include the conservation of geological resources, wildlife, plant life, archeological resources, local Native American culture, local ethnic and traditional culture, historical significance, and other resources and values.

- Q5. The Board proposes amendments to the current definition of SL including footnote 16 and definitions for the following terms: acres of land held for disposal or exchange, commercial use land, conservation and preservation land, and operational land. For the proposed amendments, refer to paragraphs 12–14. For a detailed discussion and related explanation refer to paragraphs A9–A16, A21–A24, and A26–A33 in Appendix A: Basis for Conclusions.

Do you agree or disagree with the Board's proposed definition of SL, including footnote 16 and the related subcategory definitions? Please provide the rationale for your answer.

Partially agree. DOI has concerns about grouping government-owned land and less-than-fee interests (e.g., easements) into a single "stewardship land" category. Most FWS real property acquisitions are perpetual easement acquisitions where landowners retain ownership and most property rights, including the ability to work their land. Reporting fee and less-than-fee interests together will paint a misleading picture of Federal ownership, FWS conservation efforts, and Federal land management obligations. Might there be a way to split the land categories into (1) government-owned land and (2) other less-than-fee interests?

In addition, the definition of Stewardship Land should acknowledge the land's uniqueness in that the government does not expect to use the land to meet its obligations. It is land set aside for the use and enjoyment of present and future generations, i.e., for the welfare of the nation as it is to be preserved, protected, and interpreted for the benefit of the nation. The land possesses significant natural, historic, scenic, cultural, and recreational resources. Stewardship land is used and managed in accordance with the statutes authorizing acquisition or directing use and management. The definition should include stewardship concepts of both caring for the land and serving people. Suggested: Conservation, Preservation, and Visitor Use and Enjoyment – Lands within designated boundaries available for enjoyment, education, and inspiration that are purposely set aside for this and future generations including lands that are both preserved and connect people with nature, scenery, national heritage, and offer exceptional opportunities for recreation, solitude, and wildlife viewing among others. Lands are set aside by authoritative bodies such as

Congress, the President, or an agency head. For example, the National Forest, National Grasslands, and National Park units provide outdoor recreation opportunities including hiking, biking, camping, riding horses, etc. subject to certain restrictions.

In addition to the other concepts, consider the following: *Stewardship land are those lands in federal ownership that are dedicated to the interpretation, preservation, and conservation of biological diversity and other natural, historic, scenic, recreational or cultural uses, managed for these purposes through legal or other means, e.g., easements or administrative designations documented in an agency management plan.*

Italicized text above adapted from: http://www.protectedlands.net/wp-content/uploads/2014/09/ParksOpenSpace_PolicyPaperNov2016Final.pdf

Disagree. Please see response to Q4 that asked for comment on the sub-category definitions. "

- Q6. The Board is proposing a two-year implementation period, which would make the proposed requirements effective for reporting periods beginning after September 30, 2021. For a detailed discussion and related explanation refer to paragraphs 19, A9–A12, A42–A45, and A51–A52 in Appendix A: Basis for Conclusions.

Do you agree or disagree with the proposed effective date? Please provide the rationale for your answer.

Disagree. Ensuring that each requirement in the proposed standard is met is a major undertaking, especially for the numerous new data elements and validating completeness. It may be necessary for agencies to request budget and personnel to support this reporting requirement – processes that are time and labor intensive. While many deeds are available electronically, they may have been prepared before technology in current use was available, e.g., microfilm records. If the electronically saved deed is not readable, the original records would have to be retrieved from where they are archived, which requires additional time and expense. In addition, system may be needed to accommodate land reporting. Paragraph A52 of the exposure draft states the board will issue implementation guidance. Suggest a three-year implementation period after the implementation guidance is issued, assuming estimated acreage is not presented as Basic Information.

- Q7. The Board has continually noted the fundamental challenges associated with developing and documenting information regarding historical assets like land. Technical Release (TR) 9, *Implementation Guide for Statement of Federal Financial Accounting Standards 29: Heritage Assets and Stewardship Land*, paragraph 85 states in part that a methodology needs to be employed to develop documentation to support management's assertions of federal ownership. For a detailed discussion and related explanation refer to paragraphs A51–A54 in Appendix A: Basis for Conclusions.

- a. **Would incorporating any of the guidance contained in TR 9 in the proposed accounting standards facilitate the preparation and auditing processes? For example, should the list of examples of the supporting documentation contained at paragraph 85 in TR 9 be incorporated, changed, or expanded to facilitate implementation of the proposed requirements? Please provide the rationale for your answer.**

Agree. Paragraph 85 should be incorporated but it only provides alternative methods to prove ownership. It does not offer a solution for an estimated number of acres. In most instances, the agencies do not receive appropriations for surveying their land. In the past, auditors have requested helicopter rides to prove existence of canals, and they wanted to visit landmarks and parks to prove existence, etc. Suggest reporting the estimated acres as other supplementary information or FASAB provides more specific guidance to auditing estimated acres of land to avoid unnecessary costs.

- b. **What type of implementation guidance should FASAB provide that enables (1) flexibility for supporting estimated acres of land and (2) assistance in identifying predominant use as well as selecting appropriate physical unit categories? Please provide the rationale for your answer.**

DOI suggests (1) Allowing the use of electronic mapping and Geospatial Information as support, when available. Auditors will generally not accept these types of evidence unless deviation from established public audit standards is specifically allowed. (2) Specifying more leniency in the accuracy of the estimates due to the nature of the Federal Government's land. The audit's review of land estimates should not have the same scrutiny and meet the same standards as other financial estimates. (3) The unit should determine in which subcategory the acres are placed and should not be pro-rated among the sub-categories. This should be clearly stated. (4) Providing examples on what would be acceptable documentation and support from the auditors should be included. (5) Providing information regarding "existence" is helpful. For example, are there ways that existence can be verified without an actual site visit? If a specific land deed is selected, the land itself may be in the middle of a wilderness area or on frozen tundra not accessible. (6) Providing information regarding "completeness" is helpful. Proving completeness since the formation of the United States or the inception of the Agency would be unwieldy. (7) Providing a recommendation for beginning balances would be helpful, including the acceptability of acreage changes due to technological advances or other more accurate methods.

- Q8. The Board encourages respondents to not only provide input concerning any and all aspects of the proposed changes, but also other matters that may not have been specifically addressed in this exposure draft. In addition, the Basis for Conclusions explains the Board's goals for this proposal (see discussion beginning at par. A1) and also discusses other issues raised by task force members, as well as experts and practitioners both within and external to government (as an example, see par. A1–A12, A42–A45, and A46–A50).

Moreover, the Board is interested in receiving comments specific to the following matters:

- (1) Its proposed use of non-financial information (NFI) as a means to provide information more relevant than the financial recognition and measurement of land
- (2) Whether requiring the disclosure of “estimated acres of land” instead of “acres of land” would provide preparers greater flexibility and reduced burden while still ensuring that user needs are met
- (3) The determination and application of materiality to NFI (that is, the appropriate considerations for NFI)
- (4) Whether materiality is affected by the presentation of land information as basic, required supplementary information, or other information. For example, identify challenges in estimating the NFI in each of the three categories identified above.

a. Please provide your thoughts and rationale concerning the four areas noted above.

(1) Disagree that the suggest NFI is more relevant. If we expense G-PP&E land, the Federal government will lose the financial information obtained over years of reporting (opening balances, etc.) and refining the financial information. Comparability of agency performance is lost. (2) Agree estimated acres of land provide greater flexibility if the standard explicitly defines that, and estimated acreage may reduce burden but feel estimated acres still requires more of a burden than the benefit received. Information pertaining to land may be found elsewhere and depends on the agency's information they manage by. Without appropriations to survey the land, the audits may never accept the Federal Government's estimates. (4) Feel all non-financial land information should be reported as other information because of the lack of comparability, lack of supporting documentation, etc. It has taken years for the auditors to become comfortable with the cost reported on G-PP&E land. It will take many more years and countless manpower hours to convince the auditors the estimated acreage is accurate enough to meet their standards for them to provide an opinion if reported as basic information. (5) Non-financial information is already reported successfully for land and heritage assets; therefore, concur that NFI is already relevant. However, it is unclear what is meant by “more relevant than the financial recognition and measurement of land” because “acres” is a form of measurement and do not concur that “acres” is a required reporting element. Reporting entities should be given the flexibility to determine the NFI that is presented. SFFAS 29 allows the reporting of relevant and reliable information using an aggregation of units as determined by management; this practice should continue. (6) Neither “estimated” nor “actual” acres of land will reduce the reporting burden of “acres”. There may be some flexibility to be gained; however, experience is that even when acres change due to improved technology, the audit community is inclined to issue a finding. Reporting acres as “permissive” rather than “mandatory” is suggested. Another potential way of reducing burden is to apply the standard prospectively vs. retroactively. This would relieve entities from verifying that every acre remaining in federal ownership since the inception of the Nation is appropriately documented. (7) Application of Materiality to NFI – Should be determined by the preparer. (8) Challenges:

a. Basic: When SFFAS No. 29 was developed that Task Force was concerned about reporting acres as “basic” given the consumption of sparse resources, cost, lack of benefit, insufficient quantity of identified users, i.e., high cost per user, existence confirmed only by inspection at the locations where land is located – many of the same concerns expressed by current preparers. SFFAS No. 29 gave the reporting Agencies sufficient reporting flexibility to report at an aggregated unit level thereby reducing the burden and reporting costs. The challenges of overcoming the concerns are exponentially expanded by the new proposed reporting elements, e.g., sub-categories of use, land held for disposal or exchange, GPP&E land, etc. The application of materiality may be a way to reduce some of the reporting burden and overhead cost; however, audit findings and their subsequent resolution may negate any savings. b. RSI: The concerns are much the same as those of “basic”; however, reporting costs could be expected to be somewhat less if audit costs are lower. Other challenges include adding quarterly reporting cycles from year- and calendar-end only (depending on current agency practice). The application of materiality may be a way to reduce some of the reporting burden and overhead cost. Audit findings may still occur; especially as technology evolves that may result in boundary changes. c. OAI: Materiality is less of a consideration for OAI. Agencies are likely to report information that is available and one reporting cycle may suffice.

Please provide any other comments or suggestions you have regarding the goals for this project, other issues identified in the Basis for Conclusions, or other areas that have not been addressed.

Guidance for reporting estimated acres should be explicitly say that agencies would report only the land for which they have primary jurisdiction. Interagency agreements give DOI authority to manage DoD land and other Federal agency land for preservation and conservation purposes (subject to the terms of the agreement). Other agencies also report this land. If we reported this land, double counting would ensue. In addition, DOI does not agree with grouping government-owned land and less-than-fee interests (e.g., easements) into a single "stewardship land" category without a further breakout. Reporting fee and less-than-fee interests together will paint a misleading picture of Federal ownership. We suggest either exclude less-than-fee interests or split the stewardship category into (1) government-owned land and (2) other less-than-fee interests.

Other issues and comments:

Basis for Conclusions – Paragraph 35: Request that FASAB strike the reference to the Task Force position(s) throughout this paragraph as the data collection methodology is questionable (assuming the responses are based on information provided to the Task Force by FASAB on or about April 3, 2017). The validity of the survey results was questioned during the April 3, 2017 task force meeting as only options of “Notes, RSI, and OAI” were given as response choices to the

FASAB assignment. Of the nine whose responses were tallied, many Task Force respondents replied “None” – a response category not provided, thereby invalidating the conclusions drawn about the Task Force position. Because the methodology is suspect, excluding references to the Task Force position is recommended as Task Force responses are inappropriate for inclusion as delineated in the assignment. Furthermore, it is unclear if the updated responses from DOI were included in the tally as FASAB agreed to accept them after the meeting.

Given that only consolidated responses were tallied by FASAB, DOI would prefer that “Department of the Interior, Fish and Wildlife Service” and “Department of the Interior, National Park Services” be removed from the listing of Task Force Members. In addition, the correct name is “National Park Service”, not “National Park Services”.

Suggestion: In Appendix B, it would be helpful to see examples of the entire disclosure that conforms to the proposed Standard vs. only a partial sample of a Table and Explanatory Comments. It would show the enormity of what the Agencies will be preparing and preparers would have a more thorough understanding of the expectations. A two-year scenario would be preferred to using only the first year of implementation, more of the required data elements would be shown.

Comment: Basis for Conclusions Paragraph A6 and Footnote 5 – It is difficult to understand the stated inconsistency between the accounting treatment for land, i.e., capitalizing GPP&E land vs. expensing Stewardship Land when capitalizing and expensing are well recognized accounting concepts. Making this distinction ignores that the difference between GPP&E and Heritage Assets is allowed and recognized, e.g., capitalize some GPP&E above a dollar threshold, expense GPP&E below a threshold and expense Heritage Assets.

Comment: Paragraph A18 references DoD as being one of the five federal agencies that participated in the GAO report. Please check the inclusion of “DoD” for accuracy.

Comment: Appendix B, Page 48 – Recommend removing the illustration as it is stated on Page 47. If the illustration is not removed, recommend deleting the list of Agencies from the examples as the Agencies will make the appropriate sub-category determination, not FASAB. The example may not be applicable or accurately stated.

Comment: Appendix B, Page 49: Consider adding to “activities”: Education and visitor information programs to increase public understanding of and appreciation for the natural and cultural resources being preserved (or more succinctly – education and visitor information programs)

Comment: Appendix C: Abbreviations – Missing DOI = Department of the Interior; furthermore, please check for inconsistent use of “Department of Interior” vs. “Department of the Interior”

Comment: Prior to the issuance of SFFAS No. 29, the National Park Service reported “acres” in its Annual Report; however, upon implementation of SFFAS No. 29 the NPS updated its unit information to “Park Units” and reduced its overall reporting costs. The proposed accounting standard requiring “acres” is seen as a step backwards; especially related to the cost-benefit assertion. In the years immediately after implementation of SFFAS No. 29, no inquiries were made regarding the change from acres to park units. As recently confirmed by the NPS Office of Communications, park unit inquiries are unrelated to acreage information.

Suggestion: As referenced in Paragraph A11 - While the GAO report, “Federal Land Management: Availability and Potential Reliability of Selected Data Elements at Five Agencies” (GAO 11-377), was identified as a source of land use designations, GAO made no recommendation from their report and did not collect data for each of the data elements. The GAO study states, “It is important to note that GAO assessed the potential reliability of these data elements and additional analysis would be needed to determine the reliability of specific data elements for specific purposes.” This is an important caveat that deserves consideration and mention within the Standard.

Issue: While the Board is aware of the lack of consensus within the Task Force, it is unclear how useful this Task Force was in framing the proposed standard. Especially when the Task Force lead consistently espoused holding 51 percent of the vote. It is unfortunate that contrarian viewpoints were not explored fully, that written replies to homework assignments were shared primarily at summarized levels, and that the overall Task Force was not invited to participate in user sub-group discussions from which key conclusions were drawn and cited within the ED.

Comment: The reporting units and estimated acres and use categories are more granular categories than those for other GPP&E. The Agency/management should have the reporting discretion as to reporting unit similar to Heritage Assets, e.g., Museum Collections need not be reported as individual objects; therefore, land need not be reported as acres.

Issue: What is “needed for financial statement presentation” and what is “nice to have” appears to have been lost in this proposed Standard.

Issue: It is unclear if the accounting for land improvements changes. Will this be addressed?

Suggestion: If FASAB desires an auditable accounting of federally owned acres, perhaps the parties to FASAB’s MOU should make an argument for a budget request sufficient to survey the entire United States.

Suggestion: Whenever possible, FASAB should survey Agencies regarding implementation costs to ensure the assumptions that were made about cost/benefit are realized.

Suggestion: It would be helpful to have the disclosures listed in a “list” or table format rather than in paragraph form. It was difficult to follow what is required for each disclosure. Here is an attempt to make a checklist; however, it needs additional work:

“Draft” Checklist for the required “component” disclosures:

General PP&E Land and Land Rights Disclosures:

1. Concise statement how GPP&E land relates to the entity’s mission (45A.a.)
2. Description of the entity’s GPP&E land policies (45A.b.)
3. Assign a Sub-category – report both units and acres (45A.c.)
4. Sub-category – Commercial Use Land:
 - a. Estimated Acreage (45A.c.i)
 - i. Beginning Acres
 - ii. Number of Acres added during the period
 - iii. Number of Acres disposed during the period
 - iv. Net number of Acres transferred between the categories (GPP&E or SL) during the period
 - v. Net number of Acres transferred among the three sub-categories during the period
 - vi. Number of Acres at the end of each period for land
 - b. Physical quantity information (45A.c.ii)
 - i. Provide concise definition of physical unit
 - ii. Beginning Balance of units
 - iii. Units acquired
 - iv. Units withdrawn
 - v. Transfers (to SL?)
 - vi. Ending Balance
5. Sub-category - Preservation and Conservation:
 - a. Estimated Acreage (45A.c.i)
 - i. Beginning Acres
 - ii. Number of Acres added during the period

- iii. Number of Acres disposed during the period
 - iv. Net number of Acres transferred between the categories (GPP&E or SL) during the period
 - v. Net number of Acres transferred among the three sub-categories during the period
 - vi. Number of Acres at the end of each period for land
 - b. Physical quantity information (45A.c.ii)
 - i. Provide concise definition of physical unit
 - ii. Beginning Balance of units
 - iii. Units acquired
 - iv. Units withdrawn
 - v. Transfers (to SL?)
 - vi. Ending Balance
6. Sub-category – Operational Land:
- a. Estimated Acreage (45A.c.i)
 - i. Beginning Acres
 - ii. Number of Acres added during the period
 - iii. Number of Acres disposed during the period
 - iv. Net number of Acres transferred between the categories (GPP&E or SL) during the period
 - v. Net number of Acres transferred among the three sub-categories during the period
 - vi. Number of Acres at the end of each period for land
 - b. Physical quantity information (45A.c.ii)
 - i. Provide concise definition of physical unit
 - ii. Beginning Balance of units
 - iii. Units acquired
 - iv. Units withdrawn
 - v. Transfers (to SL?)
 - vi. Ending Balance

7. Land held-for-disposal or exchange (45A.d.)
 - a. Physical units
 - b. Acres
8. Land rights acquired by the entity (45A.e)
 - a. Include a general description of the types of land rights acquired
 - b. State whether the acquired land rights are permanent or temporary
 - c. Provide amounts paid during the year to maintain such rights
9. A reference to deferred maintenance and repairs information in RSI (45A.f.)

Stewardship Land Disclosures:

1. Concise statement explaining how stewardship land relates to the mission of the entity (40.a.)
2. Brief description of the entity's policies for stewardship land (40.b.)
3. Assign a Sub-category – report both units and acres (40.c.)
4. Sub-category – Commercial Use Land:
 - a. Estimated Acreage (40.c.1)
 - i. Beginning Acres
 - ii. Number of Acres added during the period
 - iii. Number of Acres disposed during the period
 - iv. Net number of Acres transferred between the categories (GPP&E or SL) during the period
 - v. Net number of Acres transferred among the three sub-categories during the period
 - vi. Number of Acres at the end of each period for land
 - b. Physical quantity information (40.c.2)
 - i. Provide concise definition of physical unit
 - ii. Beginning Balance of units
 - iii. Units acquired
 - iv. Units withdrawn

- v. Transfers (to GPP&E?)

- vi. Ending Balance

5. Sub-category - Preservation and Conservation:

- a. Estimated Acreage (40.c.1)

- i. Beginning Acres

- ii. Number of Acres added during the period

- iii. Number of Acres disposed during the period

- iv. Net number of Acres transferred between the categories (GPP&E or SL) during the period

- v. Net number of Acres transferred among the three sub-categories during the period

- vi. Number of Acres at the end of each period for land

- b. Physical quantity information (40.c.2)

- i. Provide concise definition of physical unit

- ii. Beginning Balance of units

- iii. Units acquired

- iv. Units withdrawn

- v. Transfers (to SL?)

- vi. Ending Balance

6. Sub-category – Operational Land:

- a. Estimated Acreage (40.c.1)

- i. Beginning Acres

- ii. Number of Acres added during the period

- iii. Number of Acres disposed during the period

- iv. Net number of Acres transferred between the categories (GPP&E or SL) during the period

- v. Net number of Acres transferred among the three sub-categories during the period

- vi. Number of Acres at the end of each period for land

- b. Physical quantity information (40.c.2)

- i. Provide concise definition of physical unit
 - ii. Beginning Balance of units
 - iii. Units acquired
 - iv. Units withdrawn
 - v. Transfers (to SL?)
 - vi. Ending Balance
- 7. Land held-for-disposal or exchange (40.d.)
 - a. Physical units
 - b. Acres
- 8. Land rights acquired by the entity (40.e.)
 - a. Include a general description of the types of land rights acquired
 - b. State whether the acquired land rights are permanent or temporary
 - c. Provide amounts paid during the year to maintain such rights
- 9. A reference to deferred maintenance and repairs information in RSI (40.f.)

QUESTIONS FOR RESPONDENTS

The Board encourages you to become familiar with all proposals in the Statement before responding to the questions in this section. In addition to the questions below, the Board also welcomes your comments on other aspects of the proposed Statement. Because the proposals may be modified before a final Statement is issued, it is important that you comment on proposals that you favor as well as any that you do not favor. Comments that include the reasons for your views will be especially appreciated.

The Board believes that this proposal would improve federal financial reporting and contribute to meeting the federal financial reporting objectives. The Board has considered the perceived costs associated with this proposal. In responding, please consider the expected benefits and perceived costs and communicate any concerns that you may have in regard to implementing this proposal.

The questions in this section are available in a Word file for your use at <http://www.fasab.gov/documents-for-comment/>.

Your responses should be sent by e-mail to fasab@fasab.gov. If you are unable to respond by e-mail, please fax your responses to (202) 512-7366. Alternatively, you may mail your responses to:

Wendy M. Payne, Executive Director
Federal Accounting Standards Advisory Board
441 G Street, NW
Suite 1155
Washington, DC 20548

All responses are requested by July 30, 2018.

Q1. The Federal Accounting Standards Advisory Board (FASAB or “the Board”) proposes reclassifying general property, plant, and equipment (G-PP&E) land as a non-capitalized asset with no dollar amounts reported on the balance sheet. Any future acquisitions of land would be expensed on the statement of net cost. Disclosures regarding G-PP&E land would be required. For the proposed amendments, refer to paragraphs 8-10 (for component reporting entities) and 16 (for the consolidated financial report of the U.S. Government). For a detailed discussion and related explanation refer to paragraphs A9–A16, A21–A24, and A39–A41 in Appendix A: Basis for Conclusions.

a. Do you agree or disagree with the Board’s proposal to reclassify G-PP&E land as a non-capitalized asset with no dollar amounts reported on the balance sheet and expense future acquisitions on the Statement of Net Cost? Please provide the rationale for your answer.

Disagree – The Board’s proposal is inconsistent with existing financial reporting frameworks. The International Public Sector Accounting Standards (IPSAS) require capitalization of land. The European Union is pursuing introduction of harmonized European Public Sector Accounting Standards (EPSAS) based on IPSAS. For example, the following countries currently already include capitalized land in their financial statements:

- Canada
- United Kingdom
- Germany
- Australia
- France
- Japan
- India.

The International Monetary Fund (IMF) placed significant importance on land to governmental financial reporting in its 2013 working paper, entitled “Another Look at Governments’ Balance Sheets: The Role of Nonfinancial Assets.” The working paper emphasized the significance of non-financial assets, including land, to the financial condition of the reporting Government. The working paper also highlighted the recent trend of increasing reporting of non-financial assets in countries’ financial statements.

Local Government and commercial accounting frameworks, including the Government Accounting Standards (GASB), Financial Accounting Standards Board (FASB), and the International Financial Reporting Standards (IFRS), all require the capitalization of land in the basic financial statements.

Moreover, the vast majority of United States Federal Government reporting entities have been able to successfully comply with the requirements of Statements of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant, and Equipment*.

Given the preponderance of financial reporting frameworks which require the capitalization of land, the Board does present a clear case that the users of Federal financial statements have different needs than other world-wide users of financial statements and would benefit from the Board’s proposed change.

The Board also cites that the inconsistency in reporting standards mandates this change. Those inconsistencies resulted from changes in FASAB standards subsequent to SFFAS No. 6, and changes which moved away from the approach of substantially all other financial reporting frameworks.

Most of those inconsistencies could be resolved with two simple changes: 1) allow asset classification to be determined based on predominant current period use under SFFAS No. 6, and provide a valuation methodology; and 2) eliminate the option to exclude land from the beginning balance of PP&E, and provide valuation methodology options (i.e., buildings and land are a combined set which should not be unbundled).

The Board believes that the proposed changes would reduce preparer burden. For substantially all Federal reporting entities which have successfully implemented SFFAS No. 6, the preparer burden is virtually nil. They currently have financial systems that accurately capture and report this information. Given that land transactions are generally not high-volume, those agencies experience little reporting burden.

Conversely, the Board's proposed changes would increase the reporting burden for those agencies. Besides having to restate financial statements, reporting agencies would need to assess, identify, and capture three new sub-categories. For many Federal reporting entities, these reporting changes are not easily incorporated into their existing financial information systems.

These entities would also need to track and compile acres of land, physical quantity information, estimated acres held for disposal or exchange, and predominant land use. These new reporting requirements will necessitate new financial reporting processes. They will also encounter the previously discussed limitations of existing financial reporting systems. If agencies are forced to develop "one-off" or "cuff systems" to address these new reporting requirements, the risk of reporting errors greatly increases.

b. Do you agree or disagree that land information should be presented as basic information in the G-PP&E note disclosure? Please provide the rationale for your answer.

Agree – Land should be a component of the G-PP&E. For reasons discussed in the preceding section, reporting entities may not easily capture some of the new reporting elements in the proposed change. This would increase preparer burden, as well as the risk of errors.

- Q2. The Board has developed uniform disclosure requirements for G-PP&E land and stewardship land (SL). Both G-PP&E land and SL would be further disaggregated into three predominant use sub-categories. For each of the sub-categories, the following disclosures would be required from each component reporting entity: (1) a description of the entity's policies, (2) physical quantity information, (3) estimated acres of land, (4) estimated acres of land held for disposal or exchange, (5) a general description of the types of land rights acquired by the entity, and (6) a reference to deferred maintenance and repairs information. Required disclosures for the government-wide financial statements include items (1), (3),

and (4) above, as well as a general reference to agency reports for additional information. For the proposed amendments, refer to paragraphs 10, 13, 15, and 16. For a detailed discussion and related explanation refer to paragraphs A25, A33–A41, and A53–A54 in Appendix A: Basis for Conclusions.

- a. Do you agree or disagree with the Board’s proposed component reporting entity disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.**

Disagree – The proposed information would be insightful to financial statement users. However, if one objective of the proposed changes is to reduce “preparer burden”, the new reporting requirements greatly increase “preparer burden.” For example, agencies will be required SL land acreage between Conservation and Preservation and Commercial Use. Most agencies do not have financial reporting processes and infrastructure to support these new requirements. Because this information is dynamic, these new requirements would become an ongoing activity of the financial reporting cycle. As previously discussed, most agencies’ financial reporting systems are not designed to capture the new required information; therefore, they will be forced to develop labor-intensive and error-prone manual workarounds.

- b. Do you agree or disagree with the Board’s proposed government-wide financial statement disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.**

We disagree with the Board's proposal for reasons discussed in Q2.a. above.

- Q3. The Board proposes retaining both the G-PP&E land and SL categories for an entity’s land holdings. For the proposed amendments, refer to paragraphs 8–14. For a detailed discussion and related explanation refer to paragraphs A17–A24 in Appendix A: Basis for Conclusions.

Do you agree with retaining the G-PP&E land and SL categories? Please provide the rationale for your answer.

We agree. Substantially all agencies currently use these categories to report land, and the characterization is beneficial to financial statement users.

We disagree with not capitalizing land with building cost as discussed in Q1.a.

- Q4. The Board proposes to revise the G-PP&E land and permanent land rights definitions. In addition, the Board proposes definitions for the following terms: acres of land held for disposal or exchange, commercial use land, conservation and preservation land, and operational land. For the proposed amendments, refer to paragraphs 8–11. For a detailed discussion and related explanation refer to paragraphs A9–A16 and A25–A33 in Appendix A: Basis for Conclusions.

Do you agree or disagree with the Board’s proposed G-PP&E land and permanent land rights definition and the related sub-category definitions? Please provide the rationale for your answer.

We disagree with the Board's proposed sub-category definitions for reasons discussed in Q2.a.

We agree with the Board's proposed G-PP&E land and permanent land rights definition as they more closely resemble in use and characteristic SL.

- Q5. The Board proposes amendments to the current definition of SL including footnote 16 and definitions for the following terms: acres of land held for disposal or exchange, commercial use land, conservation and preservation land, and operational land. For the proposed amendments, refer to paragraphs 12–14. For a detailed discussion and related explanation refer to paragraphs A9–A16, A21–A24, and A26–A33 in Appendix A: Basis for Conclusions.

Do you agree or disagree with the Board's proposed definition of SL, including footnote 16 and the related subcategory definitions? Please provide the rationale for your answer.

We disagree for reasons discussed in Q1.a, Q1.b, and Q2.a, most agencies do not have the processes, people, and information infrastructure to accurately and efficiently report the new disclosure requirements. These standards would increase—*not decrease*—"preparer burden."

- Q6. The Board is proposing a two-year implementation period, which would make the proposed requirements effective for reporting periods beginning after September 30, 2021. For a detailed discussion and related explanation refer to paragraphs 19, A9–A12, A42–A45, and A51–A52 in Appendix A: Basis for Conclusions.

Do you agree or disagree with the proposed effective date? Please provide the rationale for your answer.

We disagree for reasons discussed in Q1.a, Q1.b, and Q2.a, we do not agree with the proposal and do not believe that, in the current constrained budget environment, most agencies can develop the processes, hire and train necessary people, and create and/or modify information infrastructure within the proposed timeframe.

- Q7. The Board has continually noted the fundamental challenges associated with developing and documenting information regarding historical assets like land. Technical Release (TR) 9, *Implementation Guide for Statement of Federal Financial Accounting Standards 29: Heritage Assets and Stewardship Land*, paragraph 85 states in part that a methodology needs to be employed to develop documentation to support management's assertions of federal ownership. For a detailed discussion and related explanation refer to paragraphs A51–A54 in Appendix A: Basis for Conclusions.

- a. Would incorporating any of the guidance contained in TR 9 in the proposed accounting standards facilitate the preparation and auditing processes? For example, should the list of examples of the supporting documentation contained at paragraph 85 in TR 9 be incorporated, changed, or expanded to facilitate implementation of the proposed requirements? Please provide the rationale for your answer.**

Agree – Examples provide useful guidance but will never be all-inclusive. From that perspective, they can only be presented as examples and not prescriptive.

Ultimately, management needs to conclude if they have reasonable support for their position.

- b. What type of implementation guidance should FASAB provide that enables (1) flexibility for supporting estimated acres of land and (2) assistance in identifying predominant use as well as selecting appropriate physical unit categories? Please provide the rationale for your answer.**

See discussion in Q7.a above.

- Q8.** The Board encourages respondents to not only provide input concerning any and all aspects of the proposed changes, but also other matters that may not have been specifically addressed in this exposure draft. In addition, the Basis for Conclusions explains the Board's goals for this proposal (see discussion beginning at par. A1) and also discusses other issues raised by task force members, as well as experts and practitioners both within and external to government (as an example, see par. A1–A12, A42–A45, and A46–A50). Moreover, the Board is interested in receiving comments specific to the following matters:

- (1) Its proposed use of non-financial information (NFI) as a means to provide information more relevant than the financial recognition and measurement of land
- (2) Whether requiring the disclosure of “estimated acres of land” instead of “acres of land” would provide preparers greater flexibility and reduced burden while still ensuring that user needs are met
- (3) The determination and application of materiality to NFI (that is, the appropriate considerations for NFI)
- (4) Whether materiality is affected by the presentation of land information as basic, required supplementary information, or other information. For example, identify challenges in estimating the NFI in each of the three categories identified above.

- a. Please provide your thoughts and rationale concerning the four areas noted above.**

NFI can certainly present other useful information to the financial statement users. Reporting requirements must be balanced against “preparer burden,” as discussed in Q1.a, Q1.b, Q2.a, Q5, and Q6.

Please provide any other comments or suggestions you have regarding the goals for this project, other issues identified in the Basis for Conclusions, or other areas that have not been addressed.



July 30, 2018

Ms. Wendy M. Payne
Executive Director
Federal Accounting Standards Advisory Board
Mailstop 6H19
441 G Street, NW, Suite 6814
Washington, DC 20548

Dear Ms. Payne:

On behalf of the Association of Government Accountants (AGA), the Financial Management Standards Board (FMSB) appreciates the opportunity to provide comments to the Federal Accounting Standards Advisory Board (FASAB) on its Exposure Draft of *Accounting and Reporting of Government Land*. The FMSB is comprised of 19 members (list attached) with accounting and auditing backgrounds in federal, state and local government, as well as academia and public accounting. The FMSB reviews and responds to proposed standards and regulations of interest to AGA members. Local AGA chapters and individual members are also encouraged to comment separately. For full disclosure and transparency, current members of the FMSB do not work with or provide consulting services with classified organizations within the Federal Government.

We appreciate the FASAB's continued effort in setting and providing clarification of the standards relating to the Federal Government. We have reviewed the Exposure Draft and have provided our responses below based on the questions in the Exposure Draft and have provided additional comments.

Q1. The Federal Accounting Standards Advisory Board (FASAB or "the Board") proposes reclassifying general property, plant, and equipment (G-PP&E) land as a non-capitalized asset with no dollar amounts reported on the balance sheet. Any future acquisitions of land would be expensed on the statement of net cost. Disclosures regarding G-PP&E land would be required. For the proposed amendments, refer to paragraphs 8-10 (for component reporting entities) and 16 (for the consolidated financial report of the U.S. Government). For a detailed discussion and related explanation refer to paragraphs A9–A16, A21–A24, and A39–A41 in Appendix A: Basis for Conclusions.

- a. Do you agree or disagree with the Board's proposal to reclassify G-PP&E land as a non-capitalized asset with no dollar amounts reported on the balance sheet and expense future acquisitions on the Statement of Net Cost? Please provide the rationale for your answer.**

Overall, we disagree with the proposal. Traditionally, for the federal government -- as well as other sectors -- GPP&E land is a capitalized asset that is not depreciated. We do not believe a blanket exclusion of all federal land from the balance sheet is warranted. Accounting measurement of GPP&E land and land rights would be feasible in some cases. In those special cases where unique federal circumstances render such measurement impracticable, in the practical expedients contained in SFFAS 50, paragraphs 12 and 13, amending SFFAS 6 paragraphs 25, 26

and 40 (particularly 40(d) and (f) as amended) would be appropriate. Therefore, the entity is not tied to historical cost valuation of Land.

ED paragraphs A15 and A16 seem to contain the Board's rationale for not capitalizing GPP&E land and land rights. The two measurement possibilities cited by the Board, fair value and value-in-use, are rejected because they would be "cost prohibitive" and / or "lack reliability" and / or "require re-estimations that would reduce relevance and comparability and increase cost." Should the FASAB apply that rationale across the board, few complex accounting estimates would survive. Re-estimation techniques could be developed to mitigate incomparability, which is preferable to excluding an asset from the balance sheet. Reasonable exceptions could be developed to accommodate instances where more rigorous measurement is not feasible.

Assertions of current inconsistencies and incomparability seem to be an overriding consideration. Presumably these could be remedied with a reasonable approach for estimation, for example, a specified deemed cost approach

Most federal land is stewardship land, which has unique valuation issues, rather than general PP&E, where traditional accounting principles for land would be applicable. However, much GPP&E land and land rights associated with operations can be measured using traditional methods.

In SFFAC 1 and in the basis for conclusions for SFFAS 6 (paragraph 122), the Board noted the importance of cost information and the allocation of cost to periods in measuring federal performance, while explicitly excluding land from that allocation, which is the traditional accounting principle for land. GPP&E land does not factor into net results until disposal. Thus, the cost of federal land has not been a factor in measuring performance, nor has the balance sheet value of general PP&E been significant on federal balance sheets. However, transparency and accountability require assets to be reported on the balance sheet.

The following are other members' comments

The view expressed in the Basis for Conclusions seems reasonable that both historical cost and fair value are not meaningful and would (regardless) be impossible or impracticable for the majority of public land. In other words, it is our view that the current reporting of land at historical cost is:

- not meaningful,
- not decision-useful and
- not representative of the majority of land assets for governments at all levels (not just the Federal government).

Switching to fair value would be no better (just a different kind of meaninglessness) and has the added defect of being cost prohibitive.

However, land assets are an essential aspect of financial position, and information, about the full portfolio of land assets needs to be included in the financial reporting model.

There is a compelling reason to require land assets to be a part of the financial reporting model to demonstrate accountability for these assets. The statements should demonstrate that the government is able to identify, track and classify these assets in support of its mission.

We have answered the remaining questions as though we agreed with the Board's proposed non-capitalization of G-PP&E land.

- b. Do you agree or disagree that land information should be presented as basic information in the G-PP&E note disclosure? Please provide the rationale for your answer.**

We agree the information is essential to understand the entity's financial condition.

Q2. The Board has developed uniform disclosure requirements for G-PP&E land and stewardship land (SL). Both G-PP&E land and SL would be further disaggregated into three predominant use sub-categories. For each of the sub-categories, the following disclosures would be required from each component reporting entity:

- 1) a description of the entity's policies,
- 2) physical quantity information,
- 3) estimated acres of land,
- 4) estimated acres of land held for disposal or exchange,
- 5) a general description of the types of land rights acquired by the entity, and
- 6) a reference to deferred maintenance and repairs information.

Required disclosures for the government-wide financial statements include items (1), (3), and (4) above, as well as a general reference to agency reports for additional information. For the proposed amendments, refer to paragraphs 10, 13, 15, and 16. For a detailed discussion and related explanation refer to paragraphs A25, A33–A41, and A53–A54 in Appendix A: Basis for Conclusions.

- a. Do you agree or disagree with the Board's proposed component reporting entity disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.**

We agree with the proposed component disclosures since the requirements reflect SFFAS 29 requirements. In particular, we agree with how land relates to an entity's mission, its policies over land, and physical unit information as well as the Board's analysis of the land task force's findings. - While we disagree with removing the G-PP&E land from the capitalized assets, several of our members liked the disclosures G-PP&E and the SL. We recommend the Board evaluate the proposed component reporting even if the GPP&E land is still capitalized.

- b. Do you agree or disagree with the Board's proposed government-wide financial statement disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.**

We agree with the proposed disclosure since it reflects SFFAS 29 requirements (how land relates to an entity's mission, its policies over land, and physical unit information) and the Board's analysis of the land task force's findings.

- Q3. The Board proposes retaining both the G-PP&E land and SL categories for an entity's land holdings. For the proposed amendments, refer to paragraphs 8–14. For a detailed discussion and related explanation refer to paragraphs A17–A24 in Appendix A: Basis for Conclusions.

Do you agree with retaining the G-PP&E land and SL categories? Please provide the rationale for your answer.

We agree with the proposal. There is a reported consensus among users as well as task force members that the two categories are meaningful and useful.

- Q4. The Board proposes to revise the G-PP&E land and permanent land rights definitions. In addition, the Board proposes definitions for the following terms: acres of land held for disposal or exchange, commercial use land, conservation and preservation land, and operational land. For the proposed amendments, refer to paragraphs 8–11. For a detailed discussion and related explanation refer to paragraphs A9–A16 and A25–A33 in Appendix A: Basis for Conclusions.

Do you agree or disagree with the Board's proposed G-PP&E land and permanent land rights definition and the related sub-category definitions? Please provide the rationale for your answer.

We agree with the proposed definitions and sub-category definitions. The Board asserts that there is a need to clarify the GPP&E definition and create and define the three sub-categories. The modifications do clarify the GPP&E definitions, and the sub-categories provide additional breakdowns. However, the ED does not include a comprehensive explanation of the rationale for the modified definitions and new sub-categories, although there is reference to task force research and asserted user needs. We recommend the Board provide a comprehensive explanation for the proposed changes in the Basis of Conclusions.

- Q5. The Board proposes amendments to the current definition of SL including footnote 16 and definitions for the following terms: acres of land held for disposal or exchange, commercial use land, conservation and preservation land, and operational land. For the proposed amendments, refer to paragraphs 12–14. For a detailed discussion and related explanation refer to paragraphs A9–A16, A21–A24, and A26–A33 in Appendix A: Basis for Conclusions.

Do you agree or disagree with the Board's proposed definition of SL, including footnote 16 and the related subcategory definitions? Please provide the rationale for your answer.

We agree with the proposed definition. We also believe the Board should clarify the SL definition and create and define the three sub-categories. While the modifications to the SL definition do clarify the definitions, and the sub-categories seem reasonable we believe to further help the preparers and auditors of the financial statement the ED does not include a comprehensive explanation of the rationale for the modified definition, although there is reference to task force research and asserted user needs.

- Q6. The Board is proposing a two-year implementation period, which would make the proposed requirements effective for reporting periods beginning after September 30, 2021. For a detailed discussion and related explanation refer to paragraphs 19, A9–A12, A42–A45, and A51–A52 in Appendix A: Basis for Conclusions.

Do you agree or disagree with the proposed effective date? Please provide the rationale for your answer.

We agree with the proposed effective date and period of implementation.

Q7. The Board has continually noted the fundamental challenges associated with developing and documenting information regarding historical assets like land. Technical Release (TR) 9, *Implementation Guide for Statement of Federal Financial Accounting Standards 29: Heritage Assets and Stewardship Land*, paragraph 85 states in part that a methodology needs to be employed to develop documentation to support management's assertions of federal ownership. For a detailed discussion and related explanation refer to paragraphs A51–A54 in Appendix A: Basis for Conclusions.

- a. **Would incorporating any of the guidance contained in TR 9 in the proposed accounting standards facilitate the preparation and auditing processes? For example, should the list of examples of the supporting documentation contained at paragraph 85 in TR 9 be incorporated, changed, or expanded to facilitate implementation of the proposed requirements? Please provide the rationale for your answer.**

Examples like those in TR 9 would facilitate preparation of the material. They can provide a broad range of acceptable methods consistent with the purposes and intent of the proposed standard.

- b. **What type of implementation guidance should FASAB provide that enables (1) flexibility for supporting estimated acres of land and (2) assistance in identifying predominant use as well as selecting appropriate physical unit categories? Please provide the rationale for your answer.**

The ED's illustrations provide very helpful guidance.

Q8. The Board encourages respondents to not only provide input concerning any and all aspects of the proposed changes, but also other matters that may not have been specifically addressed in this exposure draft. In addition, the Basis for Conclusions explains the Board's goals for this proposal (see discussion beginning at par. A1) and also discusses other issues raised by task force members, as well as experts and practitioners both within and external to government (as an example, see par. A1–A12, A42–A45, and A46–A50).

Moreover, the Board is interested in receiving comments specific to the following matters:

- (1) Its proposed use of non-financial information (NFI) as a means to provide information more relevant than the financial recognition and measurement of land
- (2) Whether requiring the disclosure of "estimated acres of land" instead of "acres of land" would provide preparers greater flexibility and reduced burden while still ensuring that user needs are met
- (3) The determination and application of materiality to NFI (that is, the appropriate considerations for NFI)
- (4) Whether materiality is affected by the presentation of land information as basic, required supplementary information, or other information. For example, identify challenges in estimating the NFI in each of the three categories identified above.

- 1) Please provide your thoughts and rationale concerning the four areas noted above.**

2) Please provide any other comments or suggestions you have regarding the goals for this project, other issues identified in the Basis for Conclusions, or other areas that have not been addressed.

Use of NFI to provide information more relevant than the financial recognition and measurement of land.

Most federal land, measured in acres, is SL and present difficult measurement challenges. Some federal entities are engaged in business-type activities for which traditional balance sheet recognition and measurement would be useful. This is the case with regard to GSA. However, other entities within the federal government may not find this information useful. For entities with SL, NFI offers much more useful information than financial recognition and measurement.

Disclosing “estimated acres of land” instead of “acres of land” ...

The ED does not contain a basis for the conclusion that estimates should be used. However, it is our view that the use of estimates seems reasonable, following the guidance contained in SFFAS 50, based upon the difficulties federal preparers confront.

The determination and application of materiality to NFI ... Whether materiality is affected by the presentation of land information as basic, RSI, or other information. ...

The proposed materiality approach seems reasonable.

Other comments

Capitalization needs to be sorted with respect to “federal” at least. Prior standards capitalize “Federal” while the ED does not, causing a jarring effect. Also, capitalization of “federal” isn’t consistent within the ED, see paragraph 16 that amends paragraph 23 of SFFAS 32.

Other members of our board recommended considering the following:

The Board may wish to consider certain carve-outs, namely:

- *Land associated with buildings used in operations that is not part of a reservation intended to be held permanently. (As an example, land associated with a building in a downtown area should be valued differently than land that is part of a military base that has a building on it or land that is on a nuclear waste reservation.)*
- *Land held for investment purposes (for example land that is part of a trust)*

There should be clarification that land rights, including rights-of-way associated with infrastructure assets, should be treated as a cost of placing the infrastructure asset into place in a similar manner to permitting costs. This is particularly important for pipelines or transmission lines.

These and other carve outs would allow stewardship land, parks, infrastructure and similar land that is the majority of all acreage to be limited to a disclosure, while retaining conventional accounting for areas that are similar to private business operations.

We appreciate the opportunity to comment on this document and will be pleased to discuss this letter with you at your convenience. If there are any questions regarding the comments in this letter, please contact Lealan Miller, Chair at lmiller@eidebailly.com or at 208-383-4756.

Sincerely,



Lealan Miller, CGFM, CPA

Chair- AGA Financial Management Standards Board
cc: John H. Lynskey, CGFM, CPA, AGA National President

Association of Government Accountants

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July 2018 – June 2019

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QUESTIONS FOR RESPONDENTS

The Board encourages you to become familiar with all proposals in the Statement before responding to the questions in this section. In addition to the questions below, the Board also welcomes your comments on other aspects of the proposed Statement. Because the proposals may be modified before a final Statement is issued, it is important that you comment on proposals that you favor as well as any that you do not favor. Comments that include the reasons for your views will be especially appreciated.

The Board believes that this proposal would improve federal financial reporting and contribute to meeting the federal financial reporting objectives. The Board has considered the perceived costs associated with this proposal. In responding, please consider the expected benefits and perceived costs and communicate any concerns that you may have in regard to implementing this proposal.

The questions in this section are available in a Word file for your use at <http://www.fasab.gov/documents-for-comment/>.

Your responses should be sent by e-mail to fasab@fasab.gov. If you are unable to respond by e-mail, please fax your responses to (202) 512-7366. Alternatively, you may mail your responses to:

Wendy M. Payne, Executive Director
Federal Accounting Standards Advisory Board
441 G Street, NW
Suite 1155
Washington, DC 20548

All responses are requested by July 30, 2018.

Q1. The Federal Accounting Standards Advisory Board (FASAB or “the Board”) proposes reclassifying general property, plant, and equipment (G-PP&E) land as a non-capitalized asset with no dollar amounts reported on the balance sheet. Any future acquisitions of land would be expensed on the statement of net cost. Disclosures regarding G-PP&E land would be required. For the proposed amendments, refer to paragraphs 8-10 (for component reporting entities) and 16 (for the consolidated financial report of the U.S. Government). For a detailed discussion and related explanation refer to paragraphs A9–A16, A21–A24, and A39–A41 in Appendix A: Basis for Conclusions.

- a. **Do you agree or disagree with the Board’s proposal to reclassify G-PP&E land as a non-capitalized asset with no dollar amounts reported on the balance sheet and expense future acquisitions on the Statement of Net Cost? Please provide the rationale for your answer.**

Agree. The proposed standard could improve consistency and therefore comparability given that land is a non-depreciable asset regardless of its purpose or use.

- b. **Do you agree or disagree that land information should be presented as basic information in the G-PP&E note disclosure? Please provide the rationale for your answer.**

Disagree. Non-capitalized asset that is not valued in dollars should no longer be part of G-PP&E note disclosure. While we agree that G-PP&E land and stewardship land should be presented as basic information consistent with other stewardship PP&E, we think that it should be presented separately from the existing G-PP&E note. One possibility could be a new note altogether (i.e., “G-PP&E land and stewardship land” or a new section of the existing stewardship PP&E note, since the commonality would be that the information in this note would all be non-valued, quantitative information (including estimated acres of land).

Q2. The Board has developed uniform disclosure requirements for G-PP&E land and stewardship land (SL). Both G-PP&E land and SL would be further disaggregated into three predominant use sub-categories. For each of the sub-categories, the following disclosures would be required from each component reporting entity: (1) a description of the entity’s policies, (2) physical quantity information, (3) estimated acres of land, (4) estimated acres of land held for disposal or exchange, (5) a general description of the types of land rights acquired by the entity, and (6) a reference to deferred maintenance and repairs information. Required disclosures for the government-wide financial statements include items (1), (3), and (4) above, as well as a general reference to agency reports for additional information. For the proposed amendments, refer to paragraphs 10, 13, 15, and 16. For a detailed discussion and related explanation refer to paragraphs A25, A33–A41, and A53–A54 in Appendix A: Basis for Conclusions.

- a. **Do you agree or disagree with the Board’s proposed component reporting entity disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.**

We generally agree, but recognize as potential issue or challenge that any sub-categorization of G-PP&E land and SL based on the intent at the time of acquisition could be different from how the land is actually/predominantly used during the reporting period.

- b. Do you agree or disagree with the Board's proposed government-wide financial statement disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.**

We generally agree, but we are concerned the disclosure requirements could be excessive and burdensome, and not fully useful or understandable to an average reader.

- Q3. The Board proposes retaining both the G-PP&E land and SL categories for an entity's land holdings. For the proposed amendments, refer to paragraphs 8–14. For a detailed discussion and related explanation refer to paragraphs A17–A24 in Appendix A: Basis for Conclusions.

Do you agree with retaining the G-PP&E land and SL categories? Please provide the rationale for your answer.

(Same response as for Q2-a.)

- Q4. The Board proposes to revise the G-PP&E land and permanent land rights definitions. In addition, the Board proposes definitions for the following terms: acres of land held for disposal or exchange, commercial use land, conservation and preservation land, and operational land. For the proposed amendments, refer to paragraphs 8–11. For a detailed discussion and related explanation refer to paragraphs A9–A16 and A25–A33 in Appendix A: Basis for Conclusions.

Do you agree or disagree with the Board's proposed G-PP&E land and permanent land rights definition and the related sub-category definitions? Please provide the rationale for your answer.

(Same response as for Q2-a.)

- Q5. The Board proposes amendments to the current definition of SL including footnote 16 and definitions for the following terms: acres of land held for disposal or exchange, commercial use land, conservation and preservation land, and operational land. For the proposed amendments, refer to paragraphs 12–14. For a detailed discussion and related explanation refer to paragraphs A9–A16, A21–A24, and A26–A33 in Appendix A: Basis for Conclusions.

Do you agree or disagree with the Board's proposed definition of SL, including footnote 16 and the related subcategory definitions? Please provide the rationale for your answer.

(Same response as for Q2-a.)

- Q6. The Board is proposing a two-year implementation period, which would make the proposed requirements effective for reporting periods beginning after September 30, 2021. For a detailed discussion and related explanation refer to paragraphs 19, A9–A12, A42–A45, and A51–A52 in Appendix A: Basis for Conclusions.

Do you agree or disagree with the proposed effective date? Please provide the rationale for your answer.

Agree with a two-year implementation period. This would allow enough time for agencies to prepare.

- Q7. The Board has continually noted the fundamental challenges associated with developing and documenting information regarding historical assets like land. Technical Release (TR) 9, *Implementation Guide for Statement of Federal Financial Accounting Standards 29: Heritage Assets and Stewardship Land*, paragraph 85 states in part that a methodology needs to be employed to develop documentation to support management's assertions of federal ownership. For a detailed discussion and related explanation refer to paragraphs A51–A54 in Appendix A: Basis for Conclusions.

- a. **Would incorporating any of the guidance contained in TR 9 in the proposed accounting standards facilitate the preparation and auditing processes? For example, should the list of examples of the supporting documentation contained at paragraph 85 in TR 9 be incorporated, changed, or expanded to facilitate implementation of the proposed requirements? Please provide the rationale for your answer.**

Agree with incorporating. One comprehensive guidance is preferred over multiple, related guidance...

- b. **What type of implementation guidance should FASAB provide that enables (1) flexibility for supporting estimated acres of land and (2) assistance in identifying predominant use as well as selecting appropriate physical unit categories? Please provide the rationale for your answer.**

Whichever type of implementation guidance is provided, it should sufficiently address the auditability concerns...

- Q8. The Board encourages respondents to not only provide input concerning any and all aspects of the proposed changes, but also other matters that may not have been specifically addressed in this exposure draft. In addition, the Basis for Conclusions explains the Board's goals for this proposal (see discussion beginning at par. A1) and also discusses other issues raised by task force members, as well as experts and practitioners both within and external to government (as an example, see par. A1–A12, A42–A45, and A46–A50).

Moreover, the Board is interested in receiving comments specific to the following matters:

- (1) Its proposed use of non-financial information (NFI) as a means to provide information more relevant than the financial recognition and measurement of land
- (2) Whether requiring the disclosure of “estimated acres of land” instead of “acres of land” would provide preparers greater flexibility and reduced burden while still ensuring that user needs are met
- (3) The determination and application of materiality to NFI (that is, the appropriate considerations for NFI)
- (4) Whether materiality is affected by the presentation of land information as basic, required supplementary information, or other information. For example, identify challenges in estimating the NFI in each of the three categories identified above.

a. Please provide your thoughts and rationale concerning the four areas noted above.

Item #1: While NFI may provide more relevant information than financial recognition and measurement of land, the usefulness of NFI to an average reader should be considered.

Item #2: Requiring “estimated acres of land” instead of actual acres would provide flexibility and reduce both the preparation and audit burden.

Item #3: The standard should make it clear that materiality must be considered for NFI, and provide specific examples wherever possible. Which agencies would this standard and disclosure requirements impact most? What statistical information can be provided at the FR level, if Treasury were to provide the proposed disclosure requirements at the government-wide level (e.g., total estimated acres of land at FR)? If so, could there be a general, rule-of-thumb guideline for materiality such as an agency could consider its NFI to be immaterial and not present is as a basic information if its total estimated acres of land is less than 1% (for example) of the total estimated acres at FR level?...

Item #4: Our previous response to Q1-b above stated that the new disclosure should also be basic to be consistent with the stewardship PP&E disclosure (per SFFAS No. 29), but if this is an opportunity to amend SFFAS No. 29 we would prefer that both non-valued disclosure be moved to an unaudited section of the AFR/PAR (to RSI or OI).

Please provide any other comments or suggestions you have regarding the goals for this project, other issues identified in the Basis for Conclusions, or other areas that have not been addressed.

- DHS capitalizes and depreciates Improvements to Lands as a separate line item on our General PP&E note. The standard should also address Improvements to Lands and provide guidelines, or specifically mention that it is out of the scope;

- DHS has some concerns for the proposed disclosure requirements applicable to G-PP&E land and SL, which we think is generally excessive and burdensome. We also think auditability could become an issue, resulting in overall increase in cost for preparation and audit. We recommend keeping the disclosure requirement to a minimum which would provide useful and understandable information to an average reader of the financial statements.

QUESTIONS FOR RESPONDENTS

The Board encourages you to become familiar with all proposals in the Statement before responding to the questions in this section. In addition to the questions below, the Board also welcomes your comments on other aspects of the proposed Statement. Because the proposals may be modified before a final Statement is issued, it is important that you comment on proposals that you favor as well as any that you do not favor. Comments that include the reasons for your views will be especially appreciated.

The Board believes that this proposal would improve federal financial reporting and contribute to meeting the federal financial reporting objectives. The Board has considered the perceived costs associated with this proposal. In responding, please consider the expected benefits and perceived costs and communicate any concerns that you may have in regard to implementing this proposal.

The questions in this section are available in a Word file for your use at <http://www.fasab.gov/documents-for-comment/>.

Your responses should be sent by e-mail to fasab@fasab.gov. If you are unable to respond by e-mail, please fax your responses to (202) 512-7366. Alternatively, you may mail your responses to:

Wendy M. Payne, Executive Director
Federal Accounting Standards Advisory Board
441 G Street, NW
Suite 1155
Washington, DC 20548

All responses are requested by July 30, 2018.

Q1. The Federal Accounting Standards Advisory Board (FASAB or “the Board”) proposes reclassifying general property, plant, and equipment (G-PP&E) land as a non-capitalized asset with no dollar amounts reported on the balance sheet. Any future acquisitions of land would be expensed on the statement of net cost. Disclosures regarding G-PP&E land would be required. For the proposed amendments, refer to paragraphs 8-10 (for component reporting entities) and 16 (for the consolidated financial report of the U.S. Government). For a detailed discussion and related explanation refer to paragraphs A9–A16, A21–A24, and A39–A41 in Appendix A: Basis for Conclusions.

- a. **Do you agree or disagree with the Board’s proposal to reclassify G-PP&E land as a non-capitalized asset with no dollar amounts reported on the balance sheet and expense future acquisitions on the Statement of Net Cost? Please provide the rationale for your answer.**

We disagree with the Board’s proposal to reclassify G-PP&E land as a non-capitalized asset with no dollar amounts reported on the balance sheet and expense future acquisitions on the Statement of Net Cost. For entities with G-PP&E land, the nature of land is very different than Stewardship lands. G-PP&E land is a normal asset needed to fulfill ongoing operations of the owning government agency, and used in the traditional sense, as do other governmental and private sector entities, as an integral and required element of real property development. It is arguably the most reliable asset in term of maintaining its financial worth, that it is not even depreciated, and generally the longest lived of all assets. Acquisitions of land are more akin to purchases of long-term investments, rather than costs of operations of the period acquired as is proposed. We also believe it is of significant value to maintain comparability in such accounting treatment of like accounting elements across the accounting hierarchies (i.e. FASB and GASB) to provide comparability, especially for managerial accounting, so that benchmarking and performance measurement of similar activities can be performed. Federal agencies rely upon common cost analysis and performance measures to monitor results compared to results from non-Federal real property management metrics to improve Federal performance and efficiency in its operations. The Board’s proposal will likely create inconsistencies in the cost analysis and performance measures when comparing to non-Federal entities.

Land is the physical asset underpinning all other real property and fixed assets. It does not seem reasonable to have such a disparate accounting treatment for land compared to other real property assets. This ED makes no statements about the conceptual interrelationships among real property assets that might support the unique treatment proposed for land. G-PP&E land is often an integral part of facilities management, as is the case for GSA. Generally the land portion of a real property holding is a small portion of the overall investment to develop a property for use. From the perspective of real property managed by GSA, it would be more useful and provide additional cost/burden reductions to combine the components of a real property holding (land + buildings/facilities) into one capitalized asset, rather than the Board’s proposal to expense land as it is acquired. An option of including the costs of land in the asset value to be depreciated would be more reasonable in the presentation of costs in operating statements than direct expensing of land when acquired. If land were to be combined with the rest of property development asset costs, it might also be appropriate to be included in the assessment of a property’s expected salvage value that would be excluded from depreciation. This alternative of capitalizing

land and other real property development costs into individual composite assets would further reduce burdens associated with maintaining cost segregation when real property with both land and facilities are purchased, sold, or exchanged as a combined asset. Imprecise estimating techniques are often relied upon today, and would need to be continued under the Board's proposal, to separate the asset tracking and cost recognition of the land and other elements of real property. A more holistic approach to account for a combined real property holding, without the need to segregate the components, would improve the accuracy of financial results, alleviate the workload burdens and eliminate disparate accounting treatment of the components. An example of transactions that would benefit from a more holistic composite asset recognition includes property exchanges with non-Federal entities, where certain authorities provide for exchange of properties with comparable values, taken as a whole (land + facilities). Under current accounting treatment, when such exchanges are of equal value, there is no recognition of gains or losses, though land vs facility values must be estimated and separately recorded. Under the Board's proposal, such exchange of real property assets of equal value would result in gain or loss recognition for any differences in the estimated value of the land portions of the exchange. An alternative composite asset approach would eliminate the need to estimate and record separate transactions for the components and eliminate gain or loss recognition for exchanges of combined assets with equal values.

If the Board does not agree with the more holistic approach of recognizing composite assets, combining land with facility costs as recommend above, and concludes that recognition of land acquisition cost and gains from disposal should be presented with the other results of activities during the period of such transactions, we suggest the Board consider a unique approach to segregate such activity from normal operating results reported on the SNC. Such transactions related to land are so unique in nature and unlike normal operating costs, we suggest the Board consider such balances be reportable as a component of Results of Operations on the Statements of Changes in Net Position (SCNP), rather than the SNC. We consider the presentation of land investment activities along with other SCNP line items such as Other Financing Sources, Transfers, Appropriations Used, etc. to be more appropriate than having such investing activities included with traditional operating results reported on the SNC.

The Board's proposal appears to create multiple conflicts with concepts espoused in SFFAC's. Particularly in reviewing SFFAC's 1, 5, and 7, one would very likely reach the conclusion that land would be a component of assets recognized on a Balance Sheet. As part of issuing a new standard on land, it would be prudent for additional language to be added to these SFFAC's to address nuances that land assets carry that led to the Board reaching the conclusion that such assets should not be recorded on a Balance Sheet as part of an entity's financial position, and instead how and why related expenditures are fitting to be classified as expenses from operations. This ED does not provide such clarity.

Specifically in SFFAC 1, the objective of Operating Performance indicates financial reporting should help readers determine, "...the costs of providing specific programs and activities and the composition of, and changes in, these costs..." By expensing land acquisitions, as proposed in the ED, the Statements of Net

Cost (SNC) would become more subject to irregularities caused by such unique costs being recorded, as well as more sizable gains likely to be recognized when land is sold. Such anomalous variability would appear to undermine a reader's understanding of Operating Performance, particularly as there are no disclosure requirements that might help readers understand the impact of the investments in, or disposals of, land on operating statements such as the SNC.

Also in SFFAS 1, the Stewardship objective is defined to help provide readers information to determine whether, "...the government's financial position improved or deteriorated over the period..." The instance of a land acquisition is effectively an exchange of one asset (cash) for another asset, where the overall financial position of an entity has not changed significantly. Under existing standards the capitalization of land produces no decrement to an entity's Net Position. However, the Board's proposal to expense land acquisitions has the effect on financial statements that would appear to be a deterioration of the government's financial position, as such charges are reported on the SNC, with no indication of amounts invested in assets, and a resulting reduction of an entity's Net Position. Accordingly, the Board's proposal would seemingly create conflict with the Stewardship objective from the perspective of balances reported in financial statements.

Further, in SFFAC 5, the definition of expense is "...an outflow of or other decrease in assets, an increase in liabilities, or a combination of both that results in a decrease in the government's net position during the reporting period." While the acquisition of land does normally result in the outflow of cash, net assets are unchanged, yet the Board's proposal to expense purchases of land creates a net loss of assets and reduction of net position.

Lastly if the Board's proposal to expense land acquisitions becomes final, it is suggested that the example provided in SFFAC 7, paragraph 13, regarding measurement and its impact on financial transactions associated with land be replaced with a different example, using an asset that would be capitalized.

Further, the ED has no discussion of potential impacts on the accounting for related components of land that are removed and extracted, such as certain soils, sand, minerals, or elements that are often held as inventories. It is unclear why a change to expensing acquisitions of land would not also impact accounting for such components of land.

b. Do you agree or disagree that land information should be presented as basic information in the G-PP&E note disclosure? Please provide the rationale for your answer.

We disagree that certain elements required for disclosure under paragraph 10 of the Board's proposal should be presented as basic information in the G-PP&E note disclosure. Specifically, for elements defined in paragraph 10a, identified as additional disclosures 45A c. and d., requiring disclosure of estimated acres and physical unit counts, we do not believe such information to be basic information

necessary for users of financial reporting to understand and evaluate the financial position or operating results of a reporting entity. It appears the Board is selecting specific data to include as basic information to supplement the lack of financial data resulting from the proposals of this ED. We do not consider the lack of such estimated acres and the subjective physical unit counts as a significant weakness in current reporting of G-PP&E land, as such data is very rarely requested by readers/users of GSA financial statements. Also, it is not clear why such physical count information for land would be necessary as basic information, when counts or similar qualitative information on other PP&E balances, often more significant to a reporting entity, are generally not required for disclosure. We would recommend the Board consider adding an information requirement that basic disclosures should include reporting of significant balances of land cost or gains recognized in a period and reported on the SNC if the proposals in this ED are implemented in a final Standard. Such information would be very important for readers to understand the financial impact on the SNC related to land transactions. We do concur with the Board's proposal that policy-related items, such as indicated in the proposed paragraph 45A a, b, and d are appropriate for disclosure of basic information.

- Q2. The Board has developed uniform disclosure requirements for G-PP&E land and stewardship land (SL). Both G-PP&E land and SL would be further disaggregated into three predominant use sub-categories. For each of the sub-categories, the following disclosures would be required from each component reporting entity: (1) a description of the entity's policies, (2) physical quantity information, (3) estimated acres of land, (4) estimated acres of land held for disposal or exchange, (5) a general description of the types of land rights acquired by the entity, and (6) a reference to deferred maintenance and repairs information. Required disclosures for the government-wide financial statements include items (1), (3), and (4) above, as well as a general reference to agency reports for additional information. For the proposed amendments, refer to paragraphs 10, 13, 15, and 16. For a detailed discussion and related explanation refer to paragraphs A25, A33–A41, and A53–A54 in Appendix A: Basis for Conclusions.

a. Do you agree or disagree with the Board's proposed component reporting entity disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.

Please see responses to the related Q1.b. Also, it is not clear in the language in the draft ED that all six disclosure requirements are required to be provided for each of three sub-categories, as is stated in the third sentence of this Q2. That would create requirements for up to 18 separate disclosures for both SL and/or G-PP&E land (max of 36 if an entity has all three sub-categories in both SL and G-PP&E Land. We would recommend the required disclosures be for G-PP&E Land or SL as a whole, and not per sub-category.

As noted in our response to Q1.b., we disagree with the Board's proposal that information on acres or land and other physical units be part of basic information in footnote disclosures, but instead should be categorized as Other Accompanying Information.

Further, if acres of land by sub-category does become a disclosure requirement issued in a Standard, we believe the requirement for the other Physical Unit counts is no

longer necessary. Such information may be information that an agency's management may choose to continue disclosing, but it should no longer be required for disclosure. As the Physical Units information is to be presented in a fashion deemed appropriate by each reporting entity's financial statement preparers, the categorization is not comparative across the Federal government, and is clearly not intended to meet the needs of a broad-based community of users of Federal financial reporting. Accordingly, it is unclear who would require such information to fairly evaluate the financial condition/position of a Federal reporting entity. Especially for G-PP&E Land, where no such presentation of Physical Unit counts has been required in the past, it is not clear why an agency would need to develop and maintain reporting processes associated with unique categories for Physical Unit disclosures. As indicated previously, GSA financial statement preparers have not received requests that such information be included in financial reporting, making us question the supposition that there is broad user need for the disclosure.

Lastly, we recommend rewording the disclosure requirement, "(6) a reference to deferred maintenance and repairs information" make it clear that this is only to be noted when there is distinct DM&R information related to land.

b. Do you agree or disagree with the Board's proposed government-wide financial statement disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.

We agree with the disclosure requirements displayed in the first two bullets of the amended SFFAS 32 paragraph 23.b, with general information about G-PP&E land. However, we do not agree that the information on counts of acreage should be a required as basic information in government-wide disclosure requirements, for the same reasons discussed above in our response to Q1.b. While we agree that information on the acreage of Federal land holding would be useful, we believe such information to be presented as either un-audited, or as Other Accompanying Information.

We noted that the last (fifth) requirement displayed in the proposed changes under paragraph 23.b, regarding a general reference to additional agency reporting appears to be duplicative of the requirement in paragraph 23.d. However, we recommend removal of both of these required items, as we believe such references to additional information in agency statements should be made as a high-level statement in the FR, covering all elements of the financial statements and disclosures, and not become required statements to be made with each category of disclosure, such as land.

- Q3. The Board proposes retaining both the G-PP&E land and SL categories for an entity's land holdings. For the proposed amendments, refer to paragraphs 8–14. For a detailed discussion and related explanation refer to paragraphs A17–A24 in Appendix A: Basis for Conclusions.

Do you agree with retaining the G-PP&E land and SL categories? Please provide the rationale for your answer.

We concur with the Board's proposal to retain separate reporting categories for G-PP&E land and SL. Given the very unique purposes and uses of such holdings, we concur presentation of related information should remain disaggregated.

- Q4. The Board proposes to revise the G-PP&E land and permanent land rights definitions. In addition, the Board proposes definitions for the following terms: acres of land held for disposal or exchange, commercial use land, conservation and preservation land, and operational land. For the proposed amendments, refer to paragraphs 8–11. For a detailed discussion and related explanation refer to paragraphs A9–A16 and A25–A33 in Appendix A: Basis for Conclusions.

Do you agree or disagree with the Board's proposed G-PP&E land and permanent land rights definition and the related sub-category definitions? Please provide the rationale for your answer.

We generally agree with the Board's proposals for these definitions, however we do take exception and request reconsideration of two specific areas within these definitions.

1. Regarding the definition of permanent land rights, if such rights are to be removed from the Balance Sheet and expensed in periods acquired we suggest such treatment also apply when temporary land rights are for very long-terms, such as 99 years, or the life-time of an owner. When there are such long-term granting of rights, there appears to be no benefit to capitalizing and amortizing such costs as the only element of land that would be on the Balance Sheet. We recommend the Board either treat temporary land rights the same as permanent land rights, or set a numbers of years (i.e. less than 20) that temporary land rights might require the Board's proposed capitalization and amortization treatment. It is unclear what financial statement benefit the Board expects by proposing the different accounting treatment of temporary land rights.
2. We also suggest repositioning and clarifying the discussion of sub-categories presented in paragraph 11, shown as amendments to SFFAS 6 paragraph 20A-D. The changes proposed in paragraph 20 should be clearer in presenting the three sub-categories that become the basis for certain disclosures. In the proposed wording of paragraph 20, parts B through D are presented simply as three of four definitions (following subparagraph A), but with no indication that they are the three specific subcategories used in disclosure reporting. The fact that these three definitions follow the proposed paragraph 20.A. (Acres of Land Held for Disposal or Exchange) definition would appear to make the 20A definition a unique sub-category like the other three. A reader of the amended Standards would not necessarily understand the relationship and use of these definitions until reading the related language proposed for SFFAS 6 paragraph 45A.c.

- Q5. The Board proposes amendments to the current definition of SL including footnote 16 and definitions for the following terms: acres of land held for disposal or exchange, commercial use land, conservation and preservation land, and operational land. For the proposed amendments, refer to paragraphs 12–14. For a detailed discussion and related explanation refer to paragraphs A9–A16, A21–A24, and A26–A33 in Appendix A: Basis for Conclusions.

Do you agree or disagree with the Board's proposed definition of SL, including footnote 16 and the related subcategory definitions? Please provide the rationale for your answer.

We generally agree with the Board's proposals for these definitions with exceptions as follows:

1. We suggest repositioning and clarifying the discussion of sub-categories presented in paragraph 14, shown as amendments to SFFAS 29 paragraph 36A-D. The changes proposed in paragraph 36 should be clearer in presenting the three sub-categories that become the basis for certain disclosures. In the proposed wording of paragraph 36, parts B through D are presented simply as three of four definitions (following subparagraph A), but with no indication that they are the three specific subcategories used in disclosure reporting. The fact that these three definitions follow the proposed paragraph 36A. (Acres of Land Held for Disposal or Exchange) definition would appear to make the 36A definition a unique sub-category like the other three. A reader of the amended Standards would not necessarily understand the relationship and use of these definitions until reading the related language proposed for SFFAS 29 paragraph 40.c.
2. In paragraph 12.a., the Board proposes amending SFFAS 29 paragraph 33 to add additional examples. We are concerned with the narrative cited as example 33.d., regarding historical landmarks and properties on the National Register. In accordance with the current SFFAS 29 paragraph 22, multi-use heritage assets are to be recorded as general PP&E. We believe land associated with such multi-use heritage assets should also be categorized as G-PP&E. Taking the proposed paragraph 33.d., in conjunction with FN 16 appears to require that G-PP&E land, such as that associated with multi-use historical properties would now have to be reported as SL. It seems very inconsistent that land underlying G-PPE assets should be reported as SL. We recommend that the proposals be modified so that land associated with multi-use heritage assets remain reportable as G-PP&E land. Separating the category type of land from its related real property asset will create undue confusion, especially when the heritage component is a multi-use structure, and associated land would be the only reportable SL. The land in such instances is clearly not held for a separate purpose or use other than to support the asset developed on that land.

- Q6. The Board is proposing a two-year implementation period, which would make the proposed requirements effective for reporting periods beginning after September 30, 2021. For a detailed discussion and related explanation refer to paragraphs 19, A9–A12, A42–A45, and A51–A52 in Appendix A: Basis for Conclusions.

Do you agree or disagree with the proposed effective date? Please provide the rationale for your answer.

We agree that a two-year implementation period after the fiscal year of issuance would be appropriate. Based on the proposal standard, many changes could be required in record

keeping, which could include accounting and financial system changes, which might require significant lead time to accomplish.

- Q7. The Board has continually noted the fundamental challenges associated with developing and documenting information regarding historical assets like land. Technical Release (TR) 9, *Implementation Guide for Statement of Federal Financial Accounting Standards 29: Heritage Assets and Stewardship Land*, paragraph 85 states in part that a methodology needs to be employed to develop documentation to support management's assertions of federal ownership. For a detailed discussion and related explanation refer to paragraphs A51–A54 in Appendix A: Basis for Conclusions.
- a. **Would incorporating any of the guidance contained in TR 9 in the proposed accounting standards facilitate the preparation and auditing processes? For example, should the list of examples of the supporting documentation contained at paragraph 85 in TR 9 be incorporated, changed, or expanded to facilitate implementation of the proposed requirements? Please provide the rationale for your answer.**
 - b. **What type of implementation guidance should FASAB provide that enables (1) flexibility for supporting estimated acres of land and (2) assistance in identifying predominant use as well as selecting appropriate physical unit categories? Please provide the rationale for your answer.**
- Q8. The Board encourages respondents to not only provide input concerning any and all aspects of the proposed changes, but also other matters that may not have been specifically addressed in this exposure draft. In addition, the Basis for Conclusions explains the Board's goals for this proposal (see discussion beginning at par. A1) and also discusses other issues raised by task force members, as well as experts and practitioners both within and external to government (as an example, see par. A1–A12, A42–A45, and A46–A50).
- Moreover, the Board is interested in receiving comments specific to the following matters:
- (1) Its proposed use of non-financial information (NFI) as a means to provide information more relevant than the financial recognition and measurement of land
 - (2) Whether requiring the disclosure of “estimated acres of land” instead of “acres of land” would provide preparers greater flexibility and reduced burden while still ensuring that user needs are met
 - (3) The determination and application of materiality to NFI (that is, the appropriate considerations for NFI)
 - (4) Whether materiality is affected by the presentation of land information as basic, required supplementary information, or other information. For example, identify challenges in estimating the NFI in each of the three categories identified above.
- a. **Please provide your thoughts and rationale concerning the four areas noted above.**

Please provide any other comments or suggestions you have regarding the goals for this project, other issues identified in the Basis for Conclusions, or other areas that have not been addressed.

Instructions: Please record your comments in the table below.

Section. Provide the section number for each comment.

Page: Identify the page number

Sentence(s). Specify the sentence(s) for which the comment is provided.

Reason: Specify whether the comment is provided because the draft language is: (1) unnecessary, (2) unclear, or (3) inaccurate.

Proposed Change: For draft language that is unclear or inaccurate, please provide revised language.

Commenter. Please provide a contact name for each comment.

Section	Page	Sentence	Reason	Proposed Change	Commenter	Contact Info
Paragraph 19	29	The requirements of this Statement are effective for reporting periods beginning after September 30, 2021.	Requirement is unclear	Language needs to be added here or in prior sections to identify specifics of implementing requirements,	Ed Gramp	edward.gramp@gsa.gov
Paragraph 8.a.	15	Edits shown to SFFAS 6 paragraph 25 and FN 29.1 "General PP&E land shall exclude (1)	Requirements appear contradictory	For instances such as withdrawn lands for purposes of security zones, other requirements of the ED would	Ed Gramp	edward.gramp@gsa.gov
Paragraph 8.d.	16	FN 41 – Software [See SFFAS 10 for standard regarding internally developed	Requirement is unclear	It is unclear if land rights are deemed by the FASAB to be tangible or intangible. Suggest FASAB declare this	Ed Gramp	edward.gramp@gsa.gov
Paragraph 9	17	In 40.h.ii - "In the event different alternative methods are applied (as permitted by paragraph 40.f.) by	Requirement is unclear	Suggest removing the language that would permit multiple methods be used within a reporting entity.	Ed Gramp	edward.gramp@gsa.gov
Paragraph 9	17	The whole of 40.i.iii	Misplaced	This requirement is included with other changes to SFFAS 6. However, as it applies to government-wide	Ed Gramp	edward.gramp@gsa.gov
Paragraph 10.a.	17	Updated to 20A. - The three sub categories are commercial use land; conservation and preservation land; and operational land.	Needs reference to definition	Suggest adding the following wording to the end of this sentence, "as defined in paragraph 20.A."	Ed Gramp	edward.gramp@gsa.gov
Paragraph 10.a.	18	Updates to 45A.d. - The number of physical units and estimated acres held for disposal or exchange. For	The reference to legislative authority is unclear, as legislative authority is often not needed for a particular	Since proposed amendments to paragraph 20A provides this same definition, we recommend	Ed Gramp	edward.gramp@gsa.gov
Paragraph 11	19	Updates to 20A - Acres of land held for disposal or exchange includes land for which the entity has	The reference to legislative authority is unclear, as legislative authority is often not needed for a particular	the following wording to the sentence defined as follows, "For purposes of this Statement, land is considered held for disposal or exchange when the	Ed Gramp	edward.gramp@gsa.gov
Paragraph 11	19	Changes to SFFAS 6 20A, Footnote 24.1 - Entity decisions to identify and classify land as held for	This language is unclear. The sentence seems to be mixing the concepts of entity management decision	We believe this sentence should provide more clarity to the specific status, or stage in a disposal cycle the	Ed Gramp	edward.gramp@gsa.gov
Paragraph 12	19	Changes to SFFAS 6, 20D. <u>Military</u> functions include preparing for the effective pursuit of war and military	The inclusion of elements such as conducting combat, peacekeeping and humanitarian military operations	We suggest the Board reconsider inclusion (to possible exclude) of such land and land rights related	Ed Gramp	edward.gramp@gsa.gov
Paragraph 12 a	21	Within changes to SFFAS 29 para. 33.f. - "buffer zones for security, flood management , and noise and view	It is unclear and seemingly inconsistent that such lands would be separately reported from land they may be	We suggest the language be changed to indicate that buffer zones be reported in the same categories with	Ed Gramp	edward.gramp@gsa.gov
Paragraph 12 a	21	ceded to the United States by treaty, purchase, or conquest in contrast to acquired lands, which have been	It is unclear what the difference is between public domain land obtained by purchase vs acquired land obtained by	This wording should be clarified that either all purchases of land are considered acquired lands, or	Ed Gramp	edward.gramp@gsa.gov
Paragraph 12 a	21	FN 16 - Land used or acquired for or in connection with items of general PP&E but meeting the definition of	It is unclear why such lands related to G-PPE would not be reported as G-PPE land. Given the language in	We suggest the Board amend this language so that land underlying historical properties be reported in the	Ed Gramp	edward.gramp@gsa.gov
Paragraph 15	25	The entirety of SFFAS 29 paragraph 29	It is unclear why this entire paragraph is not placed as an update to SFFAS 32, since the requirements apply to	Suggest removing the requirements of paragraph 42 from SFFAS 29 and inserting into SFFAS 32	Ed Gramp	edward.gramp@gsa.gov

QUESTIONS FOR RESPONDENTS

The Board encourages you to become familiar with all proposals in the Statement before responding to the questions in this section. In addition to the questions below, the Board also welcomes your comments on other aspects of the proposed Statement. Because the proposals may be modified before a final Statement is issued, it is important that you comment on proposals that you favor as well as any that you do not favor. Comments that include the reasons for your views will be especially appreciated.

The Board believes that this proposal would improve federal financial reporting and contribute to meeting the federal financial reporting objectives. The Board has considered the perceived costs associated with this proposal. In responding, please consider the expected benefits and perceived costs and communicate any concerns that you may have in regard to implementing this proposal.

The questions in this section are available in a Word file for your use at <http://www.fasab.gov/documents-for-comment/>.

Your responses should be sent by e-mail to fasab@fasab.gov. If you are unable to respond by e-mail, please fax your responses to (202) 512-7366. Alternatively, you may mail your responses to:

Wendy M. Payne, Executive Director
Federal Accounting Standards Advisory Board
441 G Street, NW
Suite 1155
Washington, DC 20548

All responses are requested by July 30, 2018.

Q1. The Federal Accounting Standards Advisory Board (FASAB or “the Board”) proposes reclassifying general property, plant, and equipment (G-PP&E) land as a non-capitalized asset with no dollar amounts reported on the balance sheet. Any future acquisitions of land would be expensed on the statement of net cost. Disclosures regarding G-PP&E land would be required. For the proposed amendments, refer to paragraphs 8-10 (for component reporting entities) and 16 (for the consolidated financial report of the U.S. Government). For a detailed discussion and related explanation refer to paragraphs A9–A16, A21–A24, and A39–A41 in Appendix A: Basis for Conclusions.

- a. **Do you agree or disagree with the Board’s proposal to reclassify G-PP&E land as a non-capitalized asset with no dollar amounts reported on the balance sheet and expense future acquisitions on the Statement of Net Cost? Please provide the rationale for your answer.**

VA – Agree. Historical cost information for land is considered of limited value to most users of financial statements. With many VA land purchases occurring decades ago, recorded amounts are valued at the “lower of cost or market”. As a result, the amounts reported are relatively meaningless. Implementation would simply require a reclassification of current amounts from the balance sheet to the statement of net cost and going forward future acquisitions would be reported directly on the statement of net cost.

- b. **Do you agree or disagree that land information should be presented as basic information in the G-PP&E note disclosure? Please provide the rationale for your answer.**

VA – Agree. It is essential that some basic information about land holdings be presented in a meaningful manner that can be of value to users of financial statements.

Q2. The Board has developed uniform disclosure requirements for G-PP&E land and stewardship land (SL). Both G-PP&E land and SL would be further disaggregated into three predominant use sub-categories. For each of the sub-categories, the following disclosures would be required from each component reporting entity: (1) a description of the entity’s policies, (2) physical quantity information, (3) estimated acres of land, (4) estimated acres of land held for disposal or exchange, (5) a general description of the types of land rights acquired by the entity, and (6) a reference to deferred maintenance and repairs information. Required disclosures for the government-wide financial statements include items (1), (3), and (4) above, as well as a general reference to agency reports for additional information. For the proposed amendments, refer to paragraphs 10, 13, 15, and 16. For a detailed discussion and related explanation refer to paragraphs A25, A33–A41, and A53–A54 in Appendix A: Basis for Conclusions.

- a. **Do you agree or disagree with the Board’s proposed component reporting entity disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.**

VA – Agree. A note disclosure allows for the dissemination of additional information that cannot be displayed on the face of the financial statements.

- b. Do you agree or disagree with the Board's proposed government-wide financial statement disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.

VA – Agree. Standardizing disclosure requirements will improve comparability on a uniform government-wide financial statement basis.

- Q3. The Board proposes retaining both the G-PP&E land and SL categories for an entity's land holdings. For the proposed amendments, refer to paragraphs 8–14. For a detailed discussion and related explanation refer to paragraphs A17–A24 in Appendix A: Basis for Conclusions.

Do you agree with retaining the G-PP&E land and SL categories? Please provide the rationale for your answer.

VA – Agree for consistency.

- Q4. The Board proposes to revise the G-PP&E land and permanent land rights definitions. In addition, the Board proposes definitions for the following terms: acres of land held for disposal or exchange, commercial use land, conservation and preservation land, and operational land. For the proposed amendments, refer to paragraphs 8–11. For a detailed discussion and related explanation refer to paragraphs A9–A16 and A25–A33 in Appendix A: Basis for Conclusions.

Do you agree or disagree with the Board's proposed G-PP&E land and permanent land rights definition and the related sub-category definitions? Please provide the rationale for your answer.

VA – Agree. Request FASAB clarification as to whether “preservation land use” would be identified under categories “Stewardship Land” or “G-PP&E” since they seem to overlap.

The disclosure requirements are not currently reported in VA's Capital Asset Inventory (CAI) property management repository. However, VA believes the requirements for the proposed sub-categories are obtainable. In addition, a note disclosure may be more beneficial to users as the current valuation is of limited value.

- Q5. The Board proposes amendments to the current definition of SL including footnote 16 and definitions for the following terms: acres of land held for disposal or exchange, commercial use land, conservation and preservation land, and operational land. For the proposed amendments, refer to paragraphs 12–14. For a detailed discussion and related explanation refer to paragraphs A9–A16, A21–A24, and A26–A33 in Appendix A: Basis for Conclusions.

Do you agree or disagree with the Board's proposed definition of SL, including footnote 16 and the related subcategory definitions? Please provide the rationale for your answer.

VA – Agree. Request FASAB clarification as to whether “preservation land use” would be identified under categories “Steward Land” or “G-PP&E” since they seem to overlap.

The disclosure requirements are not currently reported in VA's Capital Asset Inventory (CAI) property management repository. However, VA believes the requirements for the proposed sub-categories are obtainable. In addition, a note disclosure may be more beneficial to users as the current valuation is of limited value.

- Q6. The Board is proposing a two-year implementation period, which would make the proposed requirements effective for reporting periods beginning after September 30, 2021. For a detailed discussion and related explanation refer to paragraphs 19, A9–A12, A42–A45, and A51–A52 in Appendix A: Basis for Conclusions.

Do you agree or disagree with the proposed effective date? Please provide the rationale for your answer.

VA – Agree. A two-year implementation period is reasonable.

- Q7. The Board has continually noted the fundamental challenges associated with developing and documenting information regarding historical assets like land. Technical Release (TR) 9, *Implementation Guide for Statement of Federal Financial Accounting Standards 29: Heritage Assets and Stewardship Land*, paragraph 85 states in part that a methodology needs to be employed to develop documentation to support management's assertions of federal ownership. For a detailed discussion and related explanation refer to paragraphs A51–A54 in Appendix A: Basis for Conclusions.

- a. **Would incorporating any of the guidance contained in TR 9 in the proposed accounting standards facilitate the preparation and auditing processes? For example, should the list of examples of the supporting documentation contained at paragraph 85 in TR 9 be incorporated, changed, or expanded to facilitate implementation of the proposed requirements? Please provide the rationale for your answer.**

VA – Recommend adding reference such as, "It is up to the agency management to provide any such alternative supporting documentation, developed in a manner that is considered reasonable."

- b. **What type of implementation guidance should FASAB provide that enables (1) flexibility for supporting estimated acres of land and (2) assistance in identifying predominant use as well as selecting appropriate physical unit categories? Please provide the rationale for your answer.**

VA – Recommend flexibility in any FASAB guidance for supporting estimated acres of land. Agency Management is responsible for providing reasonable support of its assertions in determining the predominant use of land categorizations. Categorization of land should not be burdened by limitations where land may fall into multiple categories depending on subjective review.

Q8. The Board encourages respondents to not only provide input concerning any and all aspects of the proposed changes, but also other matters that may not have been specifically addressed in this exposure draft. In addition, the Basis for Conclusions explains the Board's goals for this proposal (see discussion beginning at par. A1) and also discusses other issues raised by task force members, as well as experts and practitioners both within and external to government (as an example, see par. A1–A12, A42–A45, and A46–A50). Moreover, the Board is interested in receiving comments specific to the following matters:

(1) Its proposed use of non-financial information (NFI) as a means to provide information more relevant than the financial recognition and measurement of land

(2) Whether requiring the disclosure of “estimated acres of land” instead of “acres of land” would provide preparers greater flexibility and reduced burden while still ensuring that user needs are met

(3) The determination and application of materiality to NFI (that is, the appropriate considerations for NFI)

(4) Whether materiality is affected by the presentation of land information as basic, required supplementary information, or other information. For example, identify challenges in estimating the NFI in each of the three categories identified above.

a. Please provide your thoughts and rationale concerning the four areas noted above.

VA – The new disclosure information is not currently reported in VA's Capital Asset Inventory (CAI) property management repository. However, VA believes the requirements for the proposed sub-categories are obtainable.

1. The note disclosure may be more beneficial to users than the current limited cost valuation.

While the fair value of land certainly varies by location, it can further vary by passage of time and circumstance, making determination of fair value just as meaningless as the currently utilized cost valuation

2. If detailed counts of acres are not readily available, requiring “estimated acres of land” instead of “acres of land” would certainly provide preparers greater flexibility and reduced burden, while still ensuring that user needs are met.

3. It should be at the discretion of Department/Agency management to determine what NFI supports required disclosures.

4. Materiality should not be affected by the presentation.

Please provide any other comments or suggestions you have regarding the goals for this project, other issues identified in the Basis for Conclusions, or other areas that have not been addressed.

VA – Please clarify the requirements for “a reference to deferred maintenance and repairs information”, which is listed as the number (6) disclosure in Q2 above. Is a reference to related information addressed in the Required Supplementary Information portion sufficient?



Federal Accounting Standards Advisory Board

ACCOUNTING AND REPORTING OF GOVERNMENT LAND

Statement of Federal Financial Accounting Standards

Exposure Draft

Written comments are requested by July 30, 2018

April 30, 2018

THE FEDERAL ACCOUNTING STANDARDS ADVISORY BOARD

The Secretary of the Treasury, the Director of the Office of Management and Budget (OMB), and the Comptroller General of the United States established the Federal Accounting Standards Advisory Board (FASAB or “the Board”) in October 1990. FASAB is responsible for promulgating accounting standards for the United States government. These standards are recognized as generally accepted accounting principles (GAAP) for the federal government.

An accounting standard is typically formulated initially as a proposal after considering the financial and budgetary information needs of citizens (including the news media, state and local legislators, and analysts from private firms, academe, and elsewhere), Congress, federal executives, federal program managers, and other users of federal financial information. The proposed standards are published in an exposure draft for public comment. In some cases, a discussion memorandum, invitation for comment, or preliminary views document may be published before an exposure draft is published on a specific topic. A public hearing is sometimes held to receive oral comments in addition to written comments. The Board considers comments and decides whether to adopt the proposed standard with or without modification. After review by the three officials who sponsor FASAB, the Board publishes adopted standards in a Statement of Federal Financial Accounting Standards. The Board follows a similar process for Statements of Federal Financial Accounting Concepts, which guide the Board in developing accounting standards and formulating the framework for federal accounting and reporting.

Additional background information is available from FASAB or its website:

- [Memorandum of Understanding among the Government Accountability Office, the Department of the Treasury, and the Office of Management and Budget, on Federal Government Accounting Standards and a Federal Accounting Standards Advisory Board](#)
- [Mission Statement: Federal Accounting Standards Advisory Board, exposure drafts, Statements of Federal Financial Accounting Standards and Concepts, FASAB newsletters](#), and other items of interest are posted on FASAB’s website at www.fasab.gov.

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Fax 202-512-7366
www.fasab.gov



Federal Accounting Standards Advisory Board

April 30, 2018

TO: ALL WHO USE, PREPARE, AND AUDIT FEDERAL FINANCIAL INFORMATION

Your comments on the exposure draft of a proposed Statement of Federal Financial Accounting Standards, entitled *Accounting and Reporting of Government Land*, are requested. Specific questions for your consideration appear on page 8 but you are welcome to comment on any aspect of this proposal. If you do not agree with the proposed approach, your response would be more helpful to the Board if you explain the reasons for your position and any alternative you propose. Responses are requested by July 30, 2018.

All comments received by FASAB are considered public information. Those comments may be posted to FASAB's website and will be included in the project's public record.

Mail delivery is delayed by screening procedures. Therefore, please provide your comments in electronic form by e-mail to fasab@fasab.gov. If you are unable to e-mail your responses, we encourage you to fax the comments to 202-512-7366. Alternatively, you may mail your comments to:

Wendy M. Payne, Executive Director
Federal Accounting Standards Advisory Board

441 G Street, NW
Suite 1155
Washington, DC 20548

We will confirm receipt of your comments. If you do not receive confirmation, please contact our office at 202.512.7350 to determine if your comments were received.

The Board's rules of procedure provide that it may hold one or more public hearings on any exposure draft. No hearing has yet been scheduled for this exposure draft.

Notice of the date and location of any public hearing on this document will be published in the Federal Register and in FASAB's newsletter.

Sincerely,

D. Scott Showalter
Chairman

EXECUTIVE SUMMARY

WHAT IS THE BOARD PROPOSING?

To ensure consistent accounting treatment and reporting for land holdings while considering user information needs, the Federal Accounting Standards Advisory Board (FASAB or “the Board”) is proposing to do the following:

- Reclassify general property, plant, and equipment (G-PP&E) land as a non-capitalized asset
- Clarify the definition for stewardship land (SL)
- Require the reporting of G-PP&E land and SL using three predominant use sub-categories
 - Conservation and preservation land
 - Operational land
 - Commercial use land
- Require consistent and comparable disclosures of information for land (that is, reporting estimated acres of land, physical quantity information, estimated acres of land held for disposal or exchange, and predominant land use)

Current accounting standards have resulted in significant differences in accounting and reporting for land. Specifically, Statement of Federal Financial Accounting Standards (SFFAS) 6, *Accounting for Property, Plant, and Equipment*, as amended, requires that land and land rights acquired for or in connection with other G-PP&E be capitalized at the cost incurred to bring the land to a form and condition suitable for use. Some land used in connection with G-PP&E was not acquired for that purpose. Instead it was acquired as public land and subsequently transferred to reporting entities for use in connection with G-PP&E. Therefore, not all land used in connection with G-PP&E has been capitalized. In addition, recent amendments to SFFAS 6¹ allow reporting entities adopting generally accepted accounting principles for the first time to elect to exclude land and land rights from G-PP&E opening balances. Reporting entities making the election would disclose acres of land.

For SL, SFFAS 29, *Heritage Assets and Stewardship Land*, requires disclosures regarding policies for managing land, categories of land, and physical quantity information. Reporting entities select the physical quantity information to report, which results in information that is not necessarily comparable.

The different reporting requirements and options raise concerns that the Board’s reporting objectives and qualitative characteristics of information in financial reports, such as relevance and comparability, may not be met. Comparable non-financial measures (such as acres of land) would better meet reporting objectives and qualitative characteristics.

To address these concerns, the Board is proposing a consistent accounting and reporting approach that provides relevant and comparable non-financial information. To that end, the proposed changes would include the following:

¹ SFFAS 50, *Establishing Opening Balances for General Property, Plant, and Equipment: Amending Statement of Federal Financial Accounting Standards (SFFAS) 6, SFFAS 10, SFFAS 23, and Rescinding SFFAS 35.*

- Accounting for all land as a non-capitalized asset
- Clarifying the SL definition so that SL used or acquired for or in connection with items of G-PP&E would not lose its distinction as SL
- Requiring the reporting of G-PP&E land and SL using three predominant use sub-categories
- Requiring uniform disclosures for all land including reporting estimated acres of land and physical quantity information
- Identifying estimated acres of land held for disposal or exchange

HOW WOULD THIS PROPOSAL IMPROVE FEDERAL FINANCIAL REPORTING AND CONTRIBUTE TO MEETING THE FEDERAL FINANCIAL REPORTING OBJECTIVES?

The proposed reporting of land would enable the government to demonstrate accountability to citizens for G-PP&E land and SL.

Of the four objectives outlined in Statement of Federal Financial Accounting Concepts (SFFAC) 1, *Objectives of Federal Financial Reporting*, the Operating Performance and Stewardship objectives are most important for land reporting. Land reporting is important to meet these objectives because the federal government is accountable to citizens for the proper administration of its resources. Because federal land is held on behalf of the American people and some argue “priceless,” it is likely one of the most “valuable” assets the government possesses. Accordingly, land should be adequately disclosed to assist report users in determining (1) how much land is managed, (2) how land is predominantly used, and (3) how much land is held for disposal or exchange. Such disclosures help readers determine the efficiency and effectiveness of the government’s management over land.

Operating Performance Objective

Federal financial reporting should assist report users in evaluating the service efforts, costs, and accomplishments of the reporting entity; the manner in which these efforts and accomplishments have been financed; and the management of the entity’s assets and liabilities. Federal financial reporting should provide information that helps the reader to determine

- the costs of providing specific programs and activities and the composition of, and changes in, these costs;
- the efforts and accomplishments associated with federal programs and the changes over time and in relation to costs; and
- the efficiency and effectiveness of the government’s management of its assets and liabilities.

Source: SFFAC 1

Stewardship Objective

Federal financial reporting should assist report users in assessing the impact on the country of the government's operations and investments for the period and how, as a result, the government's and the nation's financial condition has changed and may change in the future.

Federal financial reporting should provide information that helps the reader to determine whether

- the government's financial position improved or deteriorated over the period,
- future budgetary resources will likely be sufficient to sustain public services and to meet obligations as they come due, and
- government operations have contributed to the nation's current and future well-being.

Source: SFFAC 1

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QUESTIONS FOR RESPONDENTS

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The Board believes that this proposal would improve federal financial reporting and contribute to meeting the federal financial reporting objectives. The Board has considered the perceived costs associated with this proposal. In responding, please consider the expected benefits and perceived costs and communicate any concerns that you may have in regard to implementing this proposal.

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Q1. The Federal Accounting Standards Advisory Board (FASAB or “the Board”) proposes reclassifying general property, plant, and equipment (G-PP&E) land as a non-capitalized asset with no dollar amounts reported on the balance sheet. Any future acquisitions of land would be expensed on the statement of net cost. Disclosures regarding G-PP&E land would be required. For the proposed amendments, refer to paragraphs 8-10 (for component reporting entities) and 16 (for the consolidated financial report of the U.S. Government). For a detailed discussion and related explanation refer to paragraphs A9–A16, A21–A24, and A39–A41 in Appendix A: Basis for Conclusions.

- a. **Do you agree or disagree with the Board’s proposal to reclassify G-PP&E land as a non-capitalized asset with no dollar amounts reported on the balance sheet and expense future acquisitions on the Statement of Net Cost? Please provide the rationale for your answer.**
- b. **Do you agree or disagree that land information should be presented as basic information in the G-PP&E note disclosure? Please provide the rationale for your answer.**

Q2. The Board has developed uniform disclosure requirements for G-PP&E land and stewardship land (SL). Both G-PP&E land and SL would be further disaggregated into three predominant use sub-categories. For each of the sub-categories, the following disclosures would be required from each component reporting entity: (1) a description of the entity’s policies, (2) physical quantity information, (3) estimated acres of land, (4) estimated acres of land held for disposal or exchange, (5) a general description of the types of land rights acquired by the entity, and (6) a reference to deferred maintenance and repairs information. Required disclosures for the government-wide financial statements include items (1), (3), and (4) above, as well as a general reference to agency reports for additional information. For the proposed amendments, refer to paragraphs 10, 13, 15, and 16. For a detailed discussion and related explanation refer to paragraphs A25, A33–A41, and A53–A54 in Appendix A: Basis for Conclusions.

- a. **Do you agree or disagree with the Board’s proposed component reporting entity disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.**
- b. **Do you agree or disagree with the Board’s proposed government-wide financial statement disclosure requirements for G-PP&E land and SL? Please provide the rationale for your answer.**

Q3. The Board proposes retaining both the G-PP&E land and SL categories for an entity’s land holdings. For the proposed amendments, refer to paragraphs 8–14. For a detailed discussion and related explanation refer to paragraphs A17–A24 in Appendix A: Basis for Conclusions.

Do you agree with retaining the G-PP&E land and SL categories? Please provide the rationale for your answer.

Q4. The Board proposes to revise the G-PP&E land and permanent land rights definitions. In addition, the Board proposes definitions for the following terms: acres of land held for disposal or exchange, commercial use land, conservation and preservation land, and

operational land. For the proposed amendments, refer to paragraphs 8–11. For a detailed discussion and related explanation refer to paragraphs A9–A16 and A25–A33 in Appendix A: Basis for Conclusions.

Do you agree or disagree with the Board’s proposed G-PP&E land and permanent land rights definition and the related sub-category definitions? Please provide the rationale for your answer.

- Q5. The Board proposes amendments to the current definition of SL including footnote 16 and definitions for the following terms: acres of land held for disposal or exchange, commercial use land, conservation and preservation land, and operational land. For the proposed amendments, refer to paragraphs 12–14. For a detailed discussion and related explanation refer to paragraphs A9–A16, A21–A24, and A26–A33 in Appendix A: Basis for Conclusions.

Do you agree or disagree with the Board’s proposed definition of SL, including footnote 16 and the related subcategory definitions? Please provide the rationale for your answer.

- Q6. The Board is proposing a two-year implementation period, which would make the proposed requirements effective for reporting periods beginning after September 30, 2021. For a detailed discussion and related explanation refer to paragraphs 19, A9–A12, A42–A45, and A51–A52 in Appendix A: Basis for Conclusions.

Do you agree or disagree with the proposed effective date? Please provide the rationale for your answer.

- Q7. The Board has continually noted the fundamental challenges associated with developing and documenting information regarding historical assets like land. Technical Release (TR) 9, *Implementation Guide for Statement of Federal Financial Accounting Standards 29: Heritage Assets and Stewardship Land*, paragraph 85 states in part that a methodology needs to be employed to develop documentation to support management’s assertions of federal ownership. For a detailed discussion and related explanation refer to paragraphs A51–A54 in Appendix A: Basis for Conclusions.

- a. **Would incorporating any of the guidance contained in TR 9 in the proposed accounting standards facilitate the preparation and auditing processes? For example, should the list of examples of the supporting documentation contained at paragraph 85 in TR 9 be incorporated, changed, or expanded to facilitate implementation of the proposed requirements? Please provide the rationale for your answer.**
- b. **What type of implementation guidance should FASAB provide that enables (1) flexibility for supporting estimated acres of land and (2) assistance in identifying predominant use as well as selecting appropriate physical unit categories? Please provide the rationale for your answer.**

- Q8. The Board encourages respondents to not only provide input concerning any and all aspects of the proposed changes, but also other matters that may not have been specifically addressed in this exposure draft. In addition, the Basis for Conclusions explains the Board's goals for this proposal (see discussion beginning at par. A1) and also discusses other issues raised by task force members, as well as experts and practitioners both within and external to government (as an example, see par. A1–A12, A42–A45, and A46–A50).

Moreover, the Board is interested in receiving comments specific to the following matters:

- (1) Its proposed use of non-financial information (NFI) as a means to provide information more relevant than the financial recognition and measurement of land
 - (2) Whether requiring the disclosure of “estimated acres of land” instead of “acres of land” would provide preparers greater flexibility and reduced burden while still ensuring that user needs are met
 - (3) The determination and application of materiality to NFI (that is, the appropriate considerations for NFI)
 - (4) Whether materiality is affected by the presentation of land information as basic, required supplementary information, or other information. For example, identify challenges in estimating the NFI in each of the three categories identified above.
- a. **Please provide your thoughts and rationale concerning the four areas noted above.**
 - b. **Please provide any other comments or suggestions you have regarding the goals for this project, other issues identified in the Basis for Conclusions, or other areas that have not been addressed.**

INTRODUCTION

PURPOSE

1. The purpose of this Statement is to ensure consistent accounting treatment and reporting for land holdings by proposing to do the following:
 - a. Reclassify **general property, plant, and equipment (G-PP&E)**² land as a non-capitalized asset
 - b. Clarify the definition for **stewardship land (SL)**
 - c. Require the reporting of G-PP&E and SL using three predominant use sub-categories
 - i. **Conservation and preservation land**
 - ii. **Operational land**
 - iii. **Commercial use land**
 - d. Require consistent and uniform disclosures of information for all land (that is, reporting estimated acres of land, physical quantity information, estimated **acres of land held for disposal or exchange**, and predominant land use)
2. Consistent measurement and recognition practices should increase comparability and understandability while eliminating different accounting and reporting requirements and mitigating their inconsistent application, given that all land is a non-depreciable asset regardless of its purpose or use. Implementation of existing standards has resulted in significant differences in the accounting and reporting treatment for federal land holdings. For example, Statement of Federal Financial Accounting Standards (SFFAS) 6, *Accounting for Property, Plant, and Equipment*, requires that land and land rights acquired for or in connection with other G-PP&E be capitalized on the balance sheet. SFFAS 29, *Heritage Assets and Stewardship Land*, requires SL be reflected on the balance sheet at no cost but recognized on the statement of net cost for the period in which any acquisition cost is incurred. Additionally, existing accounting standards provide for measurement, recognition, and reporting of G-PP&E land and the reporting of SL predicated on the intent at the time of acquisition. That intent does not necessarily reflect how the land was predominantly used during the reporting period. As a result of this difference between intent at acquisition and actual land use for G-PP&E land and the differing accounting policies between G-PP&E land and SL, significant reporting differences exist for land.
3. Clarifying the SL definition and requiring the use of three predominant use sub-categories should reduce accounting and reporting differences and preparer burden while benefiting users. Additionally, implementation differences and, in some cases, preparer difficulties have arisen due to the definitions contained in existing guidance. For example, the current

² Terms defined in the Glossary are shown in **bold-face** the first time they appear.

use of a land holding is sometimes different from the initial intent at the time of acquisition. There can also be inconsistent treatment of withdrawn public land placed into operations.

4. Comparability³ among entity disclosures should benefit users of land information. As a result of the differing accounting standards, entity-specific disclosures are not comparable between G-PP&E land and SL, as well as among reporting entities. To the extent possible, the Federal Accounting Standards Advisory Board (FASAB or “the Board”) desires to improve comparability by doing the following:
 - a. Accounting for all land as a non-capitalized asset
 - b. Clarifying the SL definition so that SL used or acquired for or in connection with items of G-PP&E would continue to be categorized as SL
 - c. Requiring the reporting of G-PP&E land and SL using three predominant use sub-categories
 - d. Requiring uniform disclosures for all land including reporting estimated acres of land and physical quantity information
 - e. Identifying estimated acres of land held for disposal or exchange

These changes should result in comparable land information, and any remaining inconsistencies should reflect unique entity mission requirements and operations.

MATERIALITY

5. The provisions of this Statement need not be applied to immaterial items. The determination of whether an item is material depends on the degree to which omitting or misstating information about the item makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or the misstatement.

³ “Financial reporting should help report users make relevant comparisons among similar federal reporting units, such as comparisons of the costs of specific functions or activities. Comparability implies that differences among financial reports should be caused by substantive differences in the underlying transactions or organizations rather than by the mere selection of different alternatives in accounting procedures or practices.” Statement of Federal Financial Accounting Concepts (SFFAC) 1, *Objectives of Federal Financial Reporting*, par. 164.

PROPOSED STANDARDS

SCOPE

6. This Statement applies to federal entities that present general purpose federal financial reports, including the consolidated financial report of the U.S. Government (CFR), in conformance with generally accepted accounting principles, as defined by paragraphs 5 through 8 of Statement of Federal Financial Accounting Standards (SFFAS) 34, *The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board*.
7. This Statement amends the following guidance:⁴
 - a. SFFAS 6, *Accounting for Property, Plant, and Equipment*
 - b. SFFAS 29, *Heritage Assets and Stewardship Land*
 - c. SFFAS 32, *Consolidated Financial Report of the United States Government Requirements: Implementing Statement of Federal Financial Accounting Concepts 4 "Intended Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government"*
 - d. SFFAS 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*
 - e. SFFAS 42, *Deferred Maintenance and Repairs: Amending Statements of Federal Financial Accounting Standards 6, 14, 29, and 32*
 - f. SFFAS 50, *Establishing Opening Balances for General Property, Plant, and Equipment: Amending SFFAS 6, 10, and 23, and Rescinding SFFAS 35*

⁴Proposed amendments to each of the Statements include, where applicable, (1) strikethrough deletions of existing text and (2) red, underlined additions. In some amendments red-underlining has been omitted for reading ease.

AMENDMENTS TO SFFAS 6, ACCOUNTING FOR PROPERTY, PLANT, AND EQUIPMENT

8. This paragraph amends SFFAS 6 to clarify that land and permanent land rights are to remain in the G-PP&E category but are not to be capitalized.

- a. Paragraph 25 is amended as follows:

25. Land and permanent land rights^{28.1} acquired for or in connection with other general PP&E²⁹ ~~shall be included in~~ are considered general PP&E for purposes of disclosure but are not to be capitalized on the balance sheet. General PP&E land shall exclude (1) withdrawn public lands^{29.1} or (2) land restricted for conservation, preservation, historical, or other like restrictions. Such land shall remain categorized as stewardship land. ~~unless the reporting entity made the election to implement the provisions of paragraph 40.f.i.. In some instances, general PP&E may be built on existing Federal lands. In this case, the land cost would often not be identifiable. In these instances, general PP&E shall include only land and land rights with an identifiable cost that was specifically acquired for or in connection with construction of general PP&E.~~

FN 28.1 – Land rights such as easements or rights-of-way that are for an unspecified period of time or unlimited duration are considered permanent land rights. Temporary land rights are those land rights that are for a specified period of time or limited duration.

FN 29 – “Acquired for or in connection with other general PP&E” is defined as land acquired with the intent to construct general PP&E and land acquired in combination with general PP&E, including not only land used as the foundation, but also adjacent land considered to be the general PP&E’s common grounds.

FN 29.1 – Consistent with Congressional authorities, an entity may withdraw public lands from the public domain for specific uses. For example, an entity may withdraw public land from sale, settlement, or recreational use to expand buffer zones for security or training needs.

- b. Paragraph 26 is amended as follows:

26. ~~All g-~~ General PP&E, other than land and permanent land rights, shall be recognized as an asset on the balance sheet and recorded at cost. Although the measurement basis for valuing general PP&E remains historical cost, reasonable estimates may be used to establish the historical cost of general PP&E, in accordance with the asset recognition and measurement provisions herein. Cost shall include all costs incurred to bring the PP&E to a form and location suitable for its intended use. For example, the cost of acquiring property, plant, and equipment may include: [no changes to the list that follows]

- c. A new paragraph and footnote is inserted following the heading “Expense Recognition” and before existing paragraph 35 as follows:

34A. The cost of acquiring general PP&E land and permanent land rights shall be recognized on the statement of net cost for the period in which the cost is incurred. The cost shall include all costs to prepare general PP&E land or a permanent land right for its intended use (for example, razing a building). In some cases, land may be acquired

along with existing structures. If the structure is to be used in operations, the amount related to the structure shall be estimated and capitalized while the amount related to the land shall be expensed. If acquisition of the structure is a byproduct of the acquisition of the land, the cost of the entire acquisition shall be expensed. No amounts for general PP&E land or permanent land rights acquired through donation or devise^{40.1} shall be recognized in the financial statements.

FN 40.1 – Acquisition of general PP&E can also occur due to legal devise or instrument, such as a will or a clause within a will that bequeaths property to an entity.

- d. Paragraph 35 is amended as follows:

35. Depreciation expense is calculated through the systematic and rational allocation of the cost of general PP&E, less its estimated salvage/residual value, over the estimated useful life of the general PP&E. Depreciation expense shall be recognized on all general PP&E,⁴¹ except land and permanent land rights, which shall be expensed as incurred ~~of unlimited duration.~~⁴² [no changes to the list that follows]

FN 41 – Software [See SFFAS 10 for standard regarding internally developed software] and land ~~[See SFFAS 10 for standard regarding internally developed software]~~ rights, while associated with tangible assets, may be classified as intangible assets by some entities. In this event, they would be subject to amortization rather than depreciation. “Amortization” is applied to intangible assets in the same manner that depreciation is applied to general PP&E—tangible assets.

FN 42 – Temporary ~~land~~ rights, such as easements or rights-of-way, that are for a specified period of time or limited duration shall be depreciated or amortized over that time period.

- e. Footnote 46 of paragraph 44 provides examples of major classes of assets. Footnote 46 is amended as follows:

FN 46 – “Major classes” of general PP&E shall be determined by the entity. Examples of major classes include buildings and structures, furniture and fixtures, equipment, and vehicles, ~~and land.~~

9. This paragraph amends SFFAS 6, paragraph 40 by providing guidance for establishing opening balances consistent with the amended reporting requirements for general PP&E land. Because SFFAS 50 first amended this paragraph in SFFAS 6, SFFAS 50, paragraph 13 is also amended to conform to amended paragraph 40 shown below. There are no changes to paragraph 40.a–40.e.ii, 40.g, 40.h.i, and 40.i.i.

40.f. Alternative methods for ~~land and~~ temporary land rights. A reporting entity should choose among the following alternative methods for establishing an opening balance for ~~land and~~ temporary land rights. Because a reporting entity may have multiple component or subcomponent reporting entities selecting different alternative methods, a reporting entity should establish an opening balance based on one, or a combination, of these alternative methods. However, application of a particular alternative method must be consistent within each individual subcomponent reporting entity prior to consolidation into the larger component reporting or reporting entity.

40.f.i. The reporting entity may exclude ~~land and~~ temporary land rights from the opening balance of general PP&E. If this alternative method is applied, the reporting entity should expense future ~~land and~~ temporary land right acquisitions.

40.f.ii. Temporary ~~land and~~ land rights may be recognized in opening balances based on the provisions of the alternative valuation method (deemed cost) provided in paragraph 40.d.

40.h.ii. A component reporting entity electing to apply the provisions of paragraph 40.f.i. to ~~land and~~ temporary land rights should disclose this fact and describe the alternative methods used in the first reporting period in which the reporting entity makes an unreserved assertion that its financial statements, or one or more line items, are presented fairly in accordance with GAAP. ~~A component reporting entity electing to exclude land and land rights from its general PP&E opening balances must disclose, with a reference on the balance sheet to the related disclosure, the number of acres held at the beginning of each reporting period, the number of acres added during the period, the number of acres disposed of during the period, and the number of acres held at the end of each reporting period.~~ A reporting entity electing to exclude ~~land and~~ temporary land rights from its general PP&E opening balance should continue to exclude future ~~land and~~ land rights acquisition amounts and ~~provide the disclosures~~ disclose this election. In the event different alternative methods are applied to ~~land and~~ land rights (as permitted by paragraph 40.f.) by subcomponent reporting entities consolidated into a larger reporting entity, the alternative method adopted by each significant subcomponent should be disclosed.

40.i.ii. When a component reporting entity elects to apply the provisions of paragraph 40.f.i. to ~~land and~~ temporary land rights, the U. S. government-wide financial statements should disclose this fact, ~~the number of acres held at the end of each reporting period,~~ an explanation of the election, the identity of the component reporting entity, and a reference to the component reporting entity's financial report.

10. This paragraph amends SFFAS 6 disclosure requirements.

- a. A new paragraph is inserted immediately following paragraph 45 that adds disclosure requirements applicable to G-PP&E land:

45A. The following information should be provided regarding G-PP&E land and permanent land rights:

- a. A concise statement explaining how land relates to the mission of the entity should be provided.
- b. A brief description of the entity's policies for land should be provided. Policies for land are the goals and principles the entity established to guide its acquisition, maintenance, use, and disposal of land consistent with statutory requirements, prohibitions, and limitations governing the entity and the land.
- c. Land and permanent land rights should be assigned to one of three sub-categories based on predominant use and reported both in physical units and estimated acres of land. The three sub-categories are commercial use land; conservation and preservation land; and operational land. Where land and permanent land rights have more than one use, the predominant use of the land should be used to sub-

categorize the land. The following information should be presented by sub-category of land use:

- i. Acres of land. The estimated number of acres of land at the beginning of each reporting period, the number added during the period, the number disposed during the period, the net number transferred between categories (that is, SL and G-PP&E land) or transferred among the three sub-categories during the period, and the number of acres at the end of each reporting period for land and permanent land rights should be provided.
 - ii. Physical unit information (in addition to acres of land). The appropriate physical units of measure of land use should be meaningful and determined by the preparer based on the entity's mission, sub-category of land use, and management of the land. For example, a physical unit might be based on the nature of the land, geographic management units, projects, goals, or activity levels. Physical unit information should include a concise definition of the physical unit, a beginning balance, units acquired, units withdrawn, transfers, and an ending balance.
 - d. The number of physical units and estimated acres held for disposal or exchange. For purposes of this Statement, land is considered held for disposal or exchange when the entity has satisfied the legislative disposal authority requirements specific to the land in question.
 - e. Land rights information should include a general description of the different types of rights acquired by the entity, whether such rights are permanent or temporary, and amounts paid during the year to maintain such rights.
 - f. Entities should explain that information regarding deferred maintenance and repairs may be found in unaudited required supplementary information.
- b. The disclosure requirements for the government-wide financial statements at paragraph 45 are amended as follows:
45. The above listed disclosure requirements for G-PP&E and G-PP&E land are not applicable to the U.S. Government-wide financial statements. SFFAS 32 provides for disclosure applicable to the U.S. Government-wide financial statements for these activities.

NOTE TO RESPONDENTS – SFFAS 6 (as amended through SFFAS 50) does not establish disclosure requirements for the government-wide report and refers readers to SFFAS 32, which establishes said requirements. This exposure draft follows this practice. As such, please refer to the proposed amendments to SFFAS 32 regarding G-PP&E land disclosure requirements for government-wide reporting purposes.

11. This paragraph amends SFFAS 6 by inserting additional definitions immediately after paragraph 20 as follows:

20A. Acres of land held for disposal or exchange includes land for which the entity has satisfied the legislative disposal authority requirements specific to the land in question.^{24.1} Disposal includes conveyances of federal land not limited to sale, transfer, exchange, lease, public-private partnership, and donation or any combination thereof.

Footnote 24.1 – Entity decisions to identify and classify land as held for disposal or exchange often require public participation and diverse clearances, such as environmental and economic impact studies, surveys, and appraisals.

20B. Commercial use land includes land or land rights that are predominantly used to generate inflows of resources from non-federal third parties, usually through special use permits, right-of-way grants, and leases. Such inflows may arise from exchange or non-exchange activities and may or may not be considered dedicated collections. Examples include revenue or inflows derived from

- concession arrangements;
- grants for a specific project such as electric transmission lines, communication sites, roads, trails, fiber optic lines, canals, air rights, flumes, pipelines, and reservoirs;
- land sales or land exchanges;
- leases;
- permits for public use such as commercial filming and photography, advertising displays, agriculture, recreation residences and camping, recreation facilities, temporary use permits for construction equipment storage and assembly yards, well pumps, and other such uses;
- forest product sales such as timber, or sales arising from national forests and grasslands; and/or
- public-private partnerships.

20C. Conservation and preservation land includes land or land rights that are predominantly used for conservation or preservation purposes. Conservation and preservation, although closely linked, are distinct terms. Each term involves a certain type or degree of protection. Specifically, conservation is generally associated with the protection and proper use of natural resources, whereas preservation is associated with the protection of buildings, objects, and landscapes from use.

20D. Operational land includes land or land rights predominantly used for general or administrative purposes. For example, the following functions performed by entities would be included in this sub-category:

- Military functions include preparing for the effective pursuit of war and military operations short of war; conducting combat, peacekeeping, and humanitarian military operations; and supporting civilian authorities during civil emergencies.
- Scientific functions include conducting and managing research, experimentation, exploration, and operations (including the development of commercial capabilities). Broad scientific fields of study generally include (1) physical sciences (physics, astronomy, chemistry, geology, metallurgy), (2) biological sciences (zoology, botany, genetics, paleontology, molecular biology, physiology), and (3) social sciences (psychology, sociology, anthropology, economics).

- Nuclear functions include managing or regulating the use of nuclear energy, power plants, radioactive materials, radioactive material shipments, nuclear storage, and nuclear reactor decommissioning.
- Other Related functions include those that are administrative or other mission related in nature. For example, land used for readiness and training, office building locations, storage, or vacant properties fall under this category.

AMENDMENTS TO SFFAS 29, *HERITAGE ASSETS AND STEWARDSHIP LAND*

12. This paragraph amends SFFAS 29 to clarify the definition of stewardship land and references to general PP&E.

a. Paragraph 33 is amended as follows:

33. Stewardship Land is ~~includes both public domain^{14.1} and acquired~~ land and land rights¹⁵ owned by the Federal Government ~~intended to be held indefinitely, but not acquired for or in connection with¹⁶ items of general PP&E.~~ Examples of stewardship land include land reserved, managed, planned, used, or acquired for¹⁶ as forests and parks, and land used for wildlife and grazing.

- a. forests and parks;
- b. recreation and conservation;
- c. wildlife habitat and grazing;
- d. historic landmarks and/or the preservation of pre-historic and historic structures (those listed on or eligible for listing on the National Register of Historic Places);
- e. multiple purpose ancillary revenue generating activity (for example, special use permits, mineral development activities, and timber production); and/or
- f. buffer zones for security, flood management , and noise and view sheds.

FN14.1 – Public domain land is land that was originally ceded to the United States by treaty, purchase, or conquest in contrast to acquired lands, which have been purchased by, given to, exchanged with, or transferred through condemnation proceedings to the federal government.

FN15 – Land rights are interests and privileges held by the entity in land owned by others, such as leaseholds, easements, water and water power rights, diversion rights, submersion rights, rights-of-way, mineral rights, and other like interests in land. Land rights such as easements or rights-of-way that are for an unspecified period of time or unlimited duration are considered permanent land rights. Temporary land rights are those land rights that are for a specified period of time or limited duration.

FN16 – ~~“Acquired for or in connection with” is defined as including land acquired with the intent to construct general PP&E and land acquired in combination with general PP&E, including not only land used as the foundation, but also adjacent land considered to be the general PP&E's common grounds.~~ Land used or acquired for or in connection with items of general PP&E but meeting the definition of stewardship land should be classified as stewardship land.

b. Paragraph 35 is amended as follows:

35. Land and land rights ~~owned by the Federal Government and acquired for or in connection with items of~~ meeting the definition of general PP&E established in SFFAS 6.

as amended, should be accounted for in accordance with SFFAS 6, as amended. and reported as general PP&E.

- c. Paragraph 39 is amended and footnote 20 rescinded as follows:

39. Transfers of stewardship land from one Federal entity to another, does not affect the net cost of operations or net position of either entity. ~~However, in some cases, land included in general PP&E may be transferred to an entity for use as stewardship land. In this instance, t~~The transferring entity entities should properly adjust for estimated acres of land and physical unit information recognize a transfer out of capitalized assets.²⁰

FN 20 – Footnote rescinded by SFFAS ##. SFFAS 7, *Accounting for Revenue and Other Financing Sources*, par. 74 and par. 345-346.

13. This paragraph amends SFFAS 29 by rescinding paragraph 40.a–40.d.3 and replacing it with the proposed disclosure requirements to require estimated acres of land and physical unit information and clarify the sub-categorization and reporting of land use. Sub-categorization should be based on predominant use using three new sub-categories. Further, disclosures should provide information regarding land held for disposal and transfers of land.

Paragraph 40 is amended as follows:

40. Entities with stewardship land should reference a note²¹ on the balance sheet that discloses information about stewardship land, but no asset dollar amount should be shown. The note disclosure related to stewardship land should provide the following:

- ~~a. A concise statement explaining how it relates to the mission of the entity.~~
- ~~b. A brief description of the entity's stewardship policies for stewardship land. Stewardship policies for stewardship land are the goals and principles the entity established to guide its acquisition, maintenance, use, and disposal of stewardship land consistent with statutory requirements, prohibitions, and limitations governing the entity and the stewardship land.~~
- ~~c. A concise description of each major category of stewardship land use. Where parcels of land have more than one use, the predominant use of the land should be considered the major use. In cases where land has multiple uses, none of which is predominant, a description of the multiple uses should be presented. The appropriate level of categorization of stewardship land use should be meaningful and determined by the preparer based on the entity's mission, types of stewardship land use, and how it manages the assets.~~
- ~~d. Stewardship land should be quantified in terms of physical units. The appropriate level of aggregation and physical units of measure for each major category of stewardship land use should be meaningful and determined by the preparer based on the entity's mission, types of stewardship land use, and how it manages the assets. For each major category of stewardship land use the following should be reported:~~
 - ~~1. The number of physical units by major category of stewardship land use for which the entity is the steward as of the end of the reporting period;~~
 - ~~2. The number of physical units by major category of stewardship land use that were acquired and the number of physical units by major category of stewardship land use that were withdrawn during the reporting period; and~~

~~3. A description of the major methods of acquisition and withdrawal of stewardship land during the reporting period. This should include disclosure of physical units (by major category of stewardship land use) of transfers of stewardship land between Federal entities and the number of physical units (by major category of stewardship land use) of stewardship land acquired through donation or devise, if material. In addition, the fair value of stewardship land acquired through donation or devise during the reporting period should be disclosed, if known and material.~~

- a. A concise statement explaining how stewardship land relates to the mission of the entity should be provided.
- b. A brief description of the entity's policies for stewardship land should be provided. Policies for land are the goals and principles the entity established to guide its acquisition, maintenance, use, and disposal of land consistent with statutory requirements, prohibitions, and limitations governing the entity and the land.
- c. Information of land use by sub-category. Stewardship land and permanent land rights should be assigned to one of three sub-categories based on predominant use and reported both in physical units and estimated acres of land. The three sub-categories are commercial use land; conservation and preservation land; and operational land. Where stewardship land and permanent land rights have more than one use, the predominant use of the land should be used to sub-categorize the land.
 1. Acres of land. The estimated number of acres of land at the beginning of each reporting period, the number added during the period, the number disposed during the period, the net number transferred between categories (that is, SL and general PP&E land) or transferred among the three sub-categories during the period, and the number of acres at the end of each reporting period for land and permanent land rights should be provided.
 2. Physical unit information (in addition to acres of land). The appropriate physical units of measure of stewardship land use should be meaningful and determined by the preparer based on the entity's mission, sub-category of land use, and management of the land. For example, a physical unit might be based on the nature of the land, geographic management units, projects, goals, or activity levels. Physical unit information should include a concise definition of the physical unit, a beginning balance, units acquired, units withdrawn, transfers, and an ending balance.
- d. The number of physical units and estimated acres of land held for disposal or exchange. For purposes of this Statement, stewardship land is considered held for disposal or exchange when the entity has satisfied the legislative disposal authority requirements specific to the land in question.
- e. Stewardship land rights information should include a general description of the different types of rights acquired by the entity, whether such rights are permanent or temporary, and amounts paid during the year to maintain such rights.
- f. Entities should explain that information regarding deferred maintenance and repairs may be found in unaudited required supplementary information.

FN 21 – This standard does not prescribe a specific reference or line item entitled “Stewardship Land” as it may be included with other items for which no dollar amounts are recognized (such as heritage assets and other items that in the future may require similar non-financial disclosure) for presentation. Instead, the standard allows entities flexibility in determining the best presentation.

14. This paragraph amends SFFAS 29 by inserting additional definitions immediately after paragraph 36 as follows:

36A. Acres of land held for disposal or exchange includes land for which the entity has satisfied the legislative disposal authority requirements specific to the land in question.^{17.1} Disposal includes conveyances of federal land not limited to sale, transfer, exchange, lease, public-private partnership, and donation or any combination thereof.

Footnote 17.1 – Entity decisions to identify and classify land as held for disposal or exchange often require public participation and diverse clearances, such as environmental and economic impact studies, surveys, and appraisals.

36B. Commercial use land includes land or land rights that are predominantly used to generate inflows of resources from non-federal third parties, usually through special use permits, right-of-way grants, and leases. Such inflows may arise from exchange or non-exchange activities and may or may not be considered dedicated collections. Examples include revenue or inflows derived from

- a. concession arrangements;
- b. grants for a specific project such as electric transmission lines, communication sites, roads, trails, fiber optic lines, canals, air rights, flumes, pipelines, and reservoirs;
- c. land sales or land exchanges;
- d. leases;
- e. permits for public use such as commercial filming and photography, advertising displays, agriculture, recreation residences and camping, recreation facilities, temporary use permits for construction equipment storage and assembly yards, well pumps, and other such uses;
- f. forest product sales such as timber, or sales arising from national forests and grasslands; and/or
- g. public-private partnerships.

36C. Conservation and preservation land includes land or land rights that are predominantly used for conservation or preservation purposes. Conservation and preservation, although closely linked, are distinct terms. Each term involves a certain type or degree of protection. Specifically, conservation is generally associated with the protection and proper use of natural resources, whereas preservation is associated with the protection of buildings, objects, and landscapes from use.

36D. Operational land includes land or land rights predominantly used for general or administrative purposes. For example, the following functions performed by entities would be included in this sub-category:

- a. Military functions include preparing for the effective pursuit of war and military operations short of war; conducting combat, peacekeeping, and humanitarian military operations; and supporting civilian authorities during civil emergencies.
- b. Scientific functions include conducting and managing research, experimentation, exploration, and operations (including the development of commercial capabilities). Broad scientific fields of study generally include (1) physical sciences (physics, astronomy, chemistry, geology, metallurgy), (2) biological sciences (zoology, botany, genetics, paleontology, molecular biology, physiology), and (3) social sciences (psychology, sociology, anthropology, economics).
- c. Nuclear functions include managing or regulating the use of nuclear energy, power plants, radioactive materials, radioactive material shipments, nuclear storage, and nuclear reactor decommissioning.
- d. Other Related functions include those that are administrative or other mission related in nature. For example, land used for readiness and training, office building locations, storage, or vacant properties fall under this category.

15. This paragraph amends SFFAS 29 at paragraph 42 concerning the U.S. government-wide financial statement disclosures to require presentation of estimated acres of land by category as follows:

42. The U.S. Government-wide financial statement should reference a note on the balance sheet that discloses information about stewardship land and land rights, but no asset dollar amounts should be shown. The note disclosure ~~related to stewardship land~~ should provide the following:

- a. A concise statement explaining how stewardship land ~~it~~ relates to the mission of the Federal Government.
- b. A description of the estimated acres of land by sub-category predicated on the predominant uses and estimated acres of land held for disposal or exchange by ~~of the stewardship land of the Federal Government.~~
- c. An explanation that information regarding deferred maintenance and repairs may be found in unaudited required supplementary information.
- ~~d.e.~~ A general reference to agency reports for additional information about stewardship land, such as agency stewardship policies for stewardship land and estimated acres of land, ~~and physical units by major categories of stewardship land use.~~

AMENDMENTS TO SFFAS 32, CONSOLIDATED FINANCIAL REPORT OF THE UNITED STATES GOVERNMENT REQUIREMENTS: IMPLEMENTING STATEMENT OF FEDERAL FINANCIAL ACCOUNTING CONCEPTS 4
“INTENDED AUDIENCE AND QUALITATIVE CHARACTERISTICS FOR THE CONSOLIDATED FINANCIAL REPORT OF THE UNITED STATES GOVERNMENT”

16. This paragraph amends SFFAS 32 to revise the government-wide disclosure requirements for property, plant, and equipment. Paragraph 23 is amended as follows:

23. The U.S. government-wide financial statements should include the following disclosures:

a. ~~a~~ A broad description of PP&E;

b. For general PP&E land

- A note on the balance sheet that discloses information about general PP&E land and permanent land rights, but no asset dollar amounts
- A concise statement explaining how general PP&E land relates to the mission of the Federal government
- A description of estimated acres of land by sub-category predicated on the predominant uses and estimated acres of land held for disposal or exchange by the Federal government
- An explanation that information regarding deferred maintenance and repairs may be found in unaudited required supplementary information
- A general reference to agency reports for additional information about general PP&E land, such as agency policies for general PP&E land and estimated acres of land

~~c. b. t~~ The cost (excluding land and permanent land rights), associated accumulated depreciation, and book value by major class, and

~~d. e. a~~ A general reference to agency component entity reports for additional information about general PP&E and general PP&E land.

AMENDMENTS TO SFFAS 7, ACCOUNTING FOR REVENUE AND OTHER FINANCING SOURCES AND CONCEPTS FOR RECONCILING BUDGETARY AND FINANCIAL ACCOUNTING

17. This paragraph amends SFFAS 7 to clarify guidance regarding transfers and donations of land.

- a. Footnote 14 at paragraph 62, which discusses revenue arising from donations, should include a reference to the amended SFFAS 6, paragraph 34A entitled “Expense Recognition.” Footnote 14 is amended as follows:

FN14 – For the recognition criteria for donated property, plant, and equipment, see SFFAS No. 6, *Accounting for Property, Plant, and Equipment*, para. 30, 34A, 62, and 71.

- b. Paragraph 258 discusses non-exchange transactions with the public, specifically donations. This should include G-PP&E land. Paragraph 258 is amended as follows:

258. Donations: except types of property, plant, and equipment that are expensed.—Donations are contributions to the Government, i.e., voluntary gifts of resources to a Government entity by a non-Federal entity.⁵¹ The Government does not give anything of value to the donor, and the donor receives only personal satisfaction. The donation of cash, other financial resources, or nonfinancial resources (except general PP&E land, permanent land rights, and stewardship property, plant, and equipment) is therefore a nonexchange revenue.

- c. Paragraph 259 discusses non-exchange transactions with the public, specifically donations. This should include G-PP&E land. In addition, this paragraph is amended to conform to SFFAS 23, paragraph 9d which rescinded the category name “Federal mission property, plant, and equipment.” Paragraph 259 is amended as follows:

259. The exceptions s are for donations of assets that are expensed rather than capitalized. These include general PP&E land and permanent land rights, stewardship PP&E, ~~consists of Federal mission PP&E~~, heritage assets, and stewardship land. Such PP&E is expensed if purchased, but no amount is recognized if it is received as a donation.⁵² Correspondingly, no revenue is recognized for such donations.

- d. Paragraph 296 and footnote 62 discuss sales of PP&E. This should include G-PP&E land and permanent land rights. In addition, footnote 62 is amended to conform to SFFAS 23, paragraph 9d which rescinded the category name “Federal mission property, plant, and equipment.” Paragraph 296 and footnote 62 are amended as follows:

296. The entire sales price is a gain if the book value of the asset is zero. The book value is zero (a) if the asset is general property, plant, and equipment (PP&E) that is fully depreciated or written-off or (b) if the asset is general PP&E land, permanent land rights, or stewardship PP&E, for which the entire cost is expensed when the asset is purchased.⁶²

FN62 – SFFAS No. 6, *Accounting for Property, Plant, and Equipment*, has divided property, plant, and equipment (PP&E) into two basic categories: general PP&E and stewardship PP&E (which consists of ~~federal mission PP&E~~, heritage assets, and stewardship land). General PP&E other than land and permanent land rights is capitalized and recognized on the balance sheet; general PP&E

land, permanent land rights, and stewardship PP&E ~~is are~~ expensed and thus has have no book value. (Stewardship PP&E is presented in a stewardship statement.)

- e. Paragraph 345 discusses intra-governmental transfers of PP&E. This should include G-PP&E land in the requirement. Paragraph 345 is amended as follows:

345. Transfer of property, plant, and equipment without reimbursement: types that are expensed.—Property, plant, and equipment (PP&E) of types that are expensed (i.e., general PP&E land and stewardship PP&E) may be transferred from one Government entity to another. If the asset was classified as either general PP&E land (including permanent land rights) or stewardship PP&E in its entirety by both the transferring entity and the recipient entity, the transfer does not affect the net cost of operations or net position of either entity and therefore in such a case it is not a revenue, a gain or loss, or other financing source.

- f. Paragraph 346 discusses intra-governmental transfers of PP&E classified as G-PP&E by the transferor but as SL by the recipient. This should not include the de-recognition requirement for G-PP&E land and permanent land rights. Paragraph 346 is amended as follows:

346. However, if the asset that is transferred was classified as general PP&E (excluding non-capitalized general PP&E land and permanent land rights) for the transferring entity but stewardship PP&E for the recipient entity, it is recognized as a transfer-out (a negative other financing source) of capitalized assets by the transferring entity.

- g. Paragraph 358 discusses transfers of PP&E. This should include G-PP&E. Paragraph 358 is amended as follows:

358. Transfer of property, plant, and equipment without reimbursement: types that are expensed. —Property, plant, and equipment (PP&E) of types that are expensed (i.e., general PP&E land [including permanent land rights] and stewardship PP&E) may be transferred from one Government entity to another. If the asset was classified as either general PP&E land (including permanent land rights) or stewardship PP&E in its entirety by both the transferring entity and the recipient entity, the transfer does not affect the net cost of operations or net position of either entity and therefore in such a case it is not a revenue, a gain or loss, or other financing source.

- h. Paragraph 361 discusses donations of PP&E. This should include G-PP&E. In addition, this paragraph is amended to conform to SFFAS 23, paragraph 9d which rescinded the category name "Federal mission property, plant, and equipment." Paragraph 361 is amended as follows:

361. Donation of property, plant, and equipment: types that are expensed.—The acquisition costs of general PP&E land (including permanent land rights), heritage assets, and stewardship ~~land~~ property, plant, and equipment (PP&E) ~~is~~ are recognized as a cost when incurred. ~~Such PP&E consists of Federal mission PP&E, heritage assets, and stewardship land.~~ When such PP&E is donated to the Government, however, no amount is recognized as a cost.⁸¹ Since the donation of such PP&E does not affect the net cost or net position of the recipient entity, it is not a revenue, a gain, or an other financing source.

AMENDMENTS TO SFFAS 42, *DEFERRED MAINTENANCE AND REPAIRS: AMENDING STATEMENTS OF FEDERAL FINANCIAL ACCOUNTING STANDARDS 6, 14, 29, AND 32*

18. Paragraphs 13, 15(d), and 15(e) are amended to ensure that deferred maintenance and repair information is reported in non-capitalized G-PP&E land.

a. Paragraph 13 is amended as follows:

13. DM&R should be measured and reported for capitalized general PP&E, non-capitalized general PP&E land (to include permanent land rights), and stewardship PP&E. DM&R also may be measured and reported for general PP&E other than land and permanent land rights that is non-capitalized or fully depreciated general PP&E. DM&R should include funded maintenance and repairs (M&R) that have been delayed for a future period as well as unfunded M&R. DM&R on inactive and/or excess PP&E should be included to the extent that it is required to maintain inactive or excess PP&E in acceptable condition. For example, inactive PP&E may be maintained or repaired either to comply with existing laws and regulations, or to preserve the value of PP&E pending disposal.

b. Paragraph 15 is amended as follows:

15. At a minimum, the following information should be presented as required supplementary information (RSI) for all PP&E (each category established in SFFAS 6 should be included) regardless of the measurement method chosen.

Qualitative **(NOTE: No edits are proposed for items 15.a–15.c or 15.f–15.g.)**

d. Whether DM&R relates solely to capitalized general PP&E and non-capitalized general PP&E land, stewardship PP&E, or also to amounts relating to non-capitalized or fully depreciated general PP&E

e. Capitalized and non-capitalized general PP&E, ~~and~~ non-capitalized heritage assets, and stewardship land for which management does not measure and/or report DM&R and the rationale for the exclusion

EFFECTIVE DATE

19. The requirements of this Statement are effective for reporting periods beginning after September 30, 2021. Early adoption is permitted.

The provisions of this Statement need not be applied to immaterial items.

APPENDIX A: BASIS FOR CONCLUSIONS

This appendix discusses some factors considered significant by Board members in reaching the conclusions in this Statement. It includes the reasons for accepting certain approaches and rejecting others. Individual members gave greater weight to some factors than to others. The standards enunciated in this Statement and not the material in this appendix should govern the accounting for specific transactions, events, or conditions.

PROJECT HISTORY

- A1. This project was added in February 2016 during FASAB's three-year plan review. The Board agreed that the project was necessary to address implementation issues arising from SFFAS 6, *Accounting for Property, Plant, and Equipment*; SFFAS 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*; SFFAS 29, *Heritage Assets and Stewardship Land*; and SFFAS 50, *Establishing Opening Balances for General Property, Plant, and Equipment: Amending Statement of Federal Financial Accounting Standards (SFFAS) 6, SFFAS 10, SFFAS 23, and Rescinding SFFAS 35*.
- A2. SFFAS 6 requires that land and land rights acquired for or in connection with other general PP&E be capitalized at the cost incurred to bring the assets to a form and condition suitable for use. "Acquired for or in connection with other general PP&E" is defined as land acquired with the intent to construct general PP&E and land acquired in combination with general PP&E, including not only land used as the foundation, but also adjacent land considered to be the general PP&E's common grounds.
- A3. In contrast, SFFAS 29 defines "stewardship land" as land other than land acquired for or in connection with other general PP&E. It requires disclosures regarding policies for land management, categories of land, and physical quantity information.
- A4. Most recently, SFFAS 50 amended SFFAS 6 and rescinded SFFAS 35, *Estimating the Historical Cost of General Property, Plant, and Equipment: Amending Statements of Federal Financial Accounting Standards 6 and 23*, to allow a reporting entity to apply alternative methods in establishing opening balances for general property, plant, and equipment (PP&E). Concerning land, the alternative methods include using deemed cost to establish opening balances of general PP&E land or excluding land and land rights from opening balances with disclosure of acres of land and expensing of future acquisitions.
- A5. Implementation of the above requirements has resulted in significant differences in accounting treatment for land holdings. Because the land acquired during our nation's formation is sometimes used in connection with other general PP&E, it is not generally valued as would be G-PP&E land acquired for similar purposes. That is, G-PP&E only includes land and land rights with an identifiable cost that was specifically acquired for or in connection with construction of general PP&E. It is important to note that SL is expensed when acquired, and quantity information is presented in the notes to the financial statements.

- A6. While developing and refining the project plan, some Board members requested that any forthcoming guidance be consistently applied. To that end, the Board directed staff to identify available options, along with associated benefits and drawbacks. In particular, the Board asked staff to consider user information needs; explore and identify the information agencies use to manage land; identify types of information, such as acres of land, that would help demonstrate the government's stewardship and accountability over federal lands; address whether land held for disposal (for example, sale, public-private partnerships, donated to state and local governments) should be valued; and consider whether a uniform land accounting policy is a viable option given initial agency and task force feedback that current land categorizations of SL and G-PP&E land be retained.
- A7. To assist in evaluating options for improving the consistency⁵ and relevance of information regarding land, a land task force was created consisting of representation from federal agencies, the commercial sector, and citizens. The task force held meetings between June 2016 and April 2017. Participants came from diverse disciplines, such as accounting, auditing, civil engineering, financial reporting, business consulting, and program management. The majority of participants agreed that there is significant interest in how agencies manage land on behalf of the public and how this information is communicated to financial statement users.
- A8. Due to the divergent views among task force participants, principally among preparers and users, reaching consensus on the major issues proved challenging. To best meet the project goals and objectives, staff, in addition to engaging in task force discussions, initiated fact-finding meetings with three land-holding agencies: the Department of Defense (DoD), the Department of Energy, and the Department of Interior. Notably, retaining the current land categorizations of SL and G-PP&E land was the one area in which preparers and users unanimously agreed.

User Needs

- A9. The Board has identified various user needs that consider citizens, federal executives and managers, and congressional users⁶ through a variety of initiatives and discrete projects over the years, including this project.
- A10. Citizen-users want understandable financial information that is verified or audited so that they can participate in the democratic process and engage in discussions about the nation's finances. They are generally interested in the federal government's

⁵ Criticisms over consistency have arisen because current standards differ in how entities report land; for example, G-PP&E land is capitalized, whereas SL is not. As such, some believe that reporting is inconsistent and obscures how a user can assess an entity's performance over land management.

⁶ For example, at the April 29, 2010, Board meeting, members discussed the comprehensive FASAB 2010 User Needs Study, wherein FASAB staff conducted a series of user studies involving citizens, executives and managers, and the Congress. Upon completion of the studies, staff developed a user-needs inventory for use in determining improvements in existing federal financial reports.

Additionally, FASAB's 2016 Annual Report and Three-year Plan survey solicited responses regarding the land project. These comments included those supporting and not supporting the project. Comments supporting the project's priority expressed concern with the lack of consistency (giving rise to lack of comparability) in financial accounting over land. Comments expressing disagreement with the project's priority noted that while in theory it is important to consistently report land holdings, land generally does not affect operating effectiveness because most of it is held in a stewardship capacity.

financial health, its use of resources, and its accomplishments with the funds provided. In particular, citizens want to know about the federal government's assets and liabilities, specific agency or program results, and whether funds were used for their intended purpose and not wasted. Citizens also rely on financial reporting to support their varied work through the use of financial statement amounts as control totals and disclosures for added contextual understanding. Specific to land, citizen-users desire transparency over how much land an entity manages and its use. For example, in FASAB's 2010 User Needs Survey, a citizen specifically asked about the amount of revenue that could be raised from the federal taxation of land values and mineral rights.

- A11. Federal executives and managers need information that is timely, accurate, and understandable regarding the status of their budgetary resources and the performance of their programs. Availability of this information is a key concern for them because they need information, in some cases, more timely than their existing financial systems can provide. As a result, they sometimes seek information outside of the financial system. In some cases, information from these outside systems is not verified or audited. As a result, multiple systems may be involved in federal executives and managers' efforts to obtain timely and accurate information. Moreover, these leaders admit they may not always understand the information provided in financial reports; therefore, they develop their own customized data and reports. Consequently, it appears individual leaders are using and/or developing specialized financial information beyond what is provided in their agency's financial system. Specific to land, over half of the land task force representatives believe information that management uses in its land portfolios is not reliable for financial reporting. Furthermore, in 2011 the Government Accountability Office (GAO) assessed the potential reliability of data elements five agencies collect and determined that less than half of the data elements stored in a primary agency data system were potentially reliable.⁷
- A12. Congressional users seek timely, easy to understand financial information to address particular issues about a variety of responsibilities. Congress uses many sources to obtain the information it needs, such as obtaining the information directly from agencies and utilizing legislative support organizations like GAO, the Congressional Budget Office, and the Congressional Research Service. Specific to land, congressional interest is evident in 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.

Land Valuation

- A13. As the Board evaluated input from the land task force and user sub-group, it became clear historical cost information is of limited value to most users. Although some users identified benefits of historical cost information, uses for this appear to be quite limited and benefits not derived solely from knowing land's historical cost. For example, one user noted the importance of using historical cost information to estimate fair value or ascertain the reasonableness of a fair market value appraisal (both, for example, by applying escalation factors). Another user pointed to the reporting objectives (that is,

⁷ GAO, *Federal Land Management: Availability and Potential Reliability of Selected Data Elements at Five Agencies*, GAO-11-377 (Washington, D.C.: April 20, 2011).

Stewardship and Systems and Controls) as directly benefiting from the requirement to report land's historical cost on the balance sheet and thus increasing reliability of the financial statements.

- A14. In considering how to value land, the Board is guided by two overarching principles: (1) entity accountability and (2) comparable reporting of federal land holdings (both within and across entities). In evaluating these principles, the Board believes both can be satisfied from a financial display, by presentation of non-financial information (NFI),⁸ or a combination of both (for example, incorporating information into the Statement of Financial Position using appropriate recognition and measurement criteria).
- A15. Because historical cost information is not useful to the majority of users and the majority of the task force and users believe that reporting of land is currently deficient, the Board considered alternate measurement attributes such as fair value and value-in-use. The Board explored fair value and value-in-use measurement attributes.

Fair Value

Although fair value was considered important to users, requiring fair value estimates for all federal land would not only be cost prohibitive, but could in many cases lack reliability. This could especially be true for land where no comparable tracts or active markets exist. Because few active markets exist, estimating fair values would require different approaches resulting in inconsistencies and lack of comparability. Such conditions undermine relevance and contribute to user uncertainty. Moreover, many entities do not have the internal expertise or systems to make such measurements and would therefore be required to engage outside experts. Such a requirement would impose significant costs and burden agencies unreasonably, especially given that frequent re-measurements would also become necessary. This process would involve deciding whether to use nominal or constant dollars. That is, isolating holding gains between general price increases from specific land or asset value increases would not be cost beneficial. Given that no active market exists, this would result in less reliable user information at an unjustifiably high cost and preparer burden.

Value-in-Use

The Board determined that value-in-use estimates might be cost-beneficial in limited cases. However, because they are entity specific and may be subjective, applying a value-in-use measurement attribute to land would undermine consistency and comparability, adversely affecting relevance and user reliability.

- A16. Accordingly, the Board believes that fair value and value-in-use measurements would require re-estimations that would reduce relevance and comparability and increase cost. However, the Board believes the proposed standards can help better meet user needs through the presentation of NFI (for example, acres of land), which does not suffer from recurring price variability or service-capacity assessments. Furthermore, users benefit from NFI because distortions caused by differing accounting standards or financial re-measurements of the land are eliminated and replaced by more static metrics, such as acres of land and predominant use categorizations. The Board

⁸ The Board noted in SFFAC 1, par. 70, that in some cases, financial information alone is insufficient for decision-making. Within this exposure draft, the Board has identified that "nonfinancial information" includes information on acres of land, land held for disposal or exchange, predominant use, revenue generating land, and unit count.

believes that adopting NFI will mitigate preparer burden by (1) eliminating the requirement to capitalize land associated with G-PP&E and (2) utilizing NFI that most agencies collect for program management or other external reporting purposes. Therefore, the Board proposes reclassifying G-PP&E land as a non-capitalized asset with no dollar amounts reported on the balance sheet.

Land Use – Categorizing Land Consistently

- A17. To improve the comparability of reporting federal land holdings and the uniformity of disclosures, the Board requested the task force to identify categories in addition to the land categories currently in use: SL and G-PP&E land.
- A18. The task force reviewed two primary federal sources that address land use designations for federal lands: *Federal Real Property Inventory Reporting* from the General Services Administration (GSA) and a GAO report entitled *Federal Land Management: Availability and Potential Reliability of Selected Data Elements at Five Agencies*. The GSA reporting guidelines identified 24 discrete (plus an “all other” category) land-use designations. The GAO report examined 57 discrete land and resource data elements collected by five federal agencies: the United States Department of Agriculture’s U.S. Forest Service, the Department of the Interior’s Bureau of Land Management, Fish and Wildlife Service, National Park Service, and Bureau of Reclamation, and DoD.
- A19. After several iterations and separate analyses, the task force and the user sub-group narrowed land classification to three sub-categories predicated on land-use that both G-PP&E and SL could be classified under: (1) conservation and preservation land; (2) operational land; and (3) commercial use land.
- A20. Consistent with the task force’s recommendation to retain the current land categorizations of SL and G-PP&E land, the Board believes that these three sub-categories would help clarify the existing requirements concerning the categorization and reporting of land and better reflect user needs.

Retaining Property, Plant, and Equipment (PP&E) Categories

- A21. SFFAS 6 establishes three categories of PP&E: (1) general PP&E, (2) heritage assets, and (3) stewardship land. General PP&E includes land and land rights acquired for or in connection with other general PP&E (such as office buildings or infrastructure) used to provide general government services or goods. 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. Examples of stewardship land include forests, parks, and land used for wildlife and grazing. Categorizing land in accordance with SFFAS 6 is predicated on an entity’s intended use of the land at acquisition and not necessarily how the land is ultimately used. Due to concerns over inconsistent accounting and reporting of federal land, the Board asked the task force to assess whether the two PP&E land categories should be replaced with one land category.
- A22. Although some on the task force noted that a single land category would in theory simplify reporting, others were concerned the existing distinction between G-PP&E land and SL would be lost. Also, some noted that such an approach would change current measurement and recognition requirements for SL with no benefits. To

explore the matter further, the task force analyzed the two primary federal sources identified at paragraph A18.

- A23. After separate analyses, the task force (1) developed three broad sub-categories for the Board's consideration and (2) concluded that because users are in fact benefitting from the existing distinction between G-PP&E and SL, those categories should be retained. Accordingly, the task force advised the Board to consider adding the three sub-categories based on how the entities use the land they manage. Such land-use designations would greatly improve information for existing users, broaden readership, and help meet financial reporting objectives. The three land-use sub-categories are (1) conservation and preservation land; (2) operational land; and (3) commercial use land. Refer to Appendix B: Illustrations for illustrations concerning the three sub-categories.
- A24. The Board is proposing to adopt these three sub-categories of land use to complement the general PP&E and SL land categories. In addition, the Board is proposing to refine the distinction between general PP&E land and SL in two ways. First, rather than base categorization on intent at the time of acquisition (which may have been many decades ago), the Board proposes to make the general PP&E and SL distinctions based on actual use during the reporting period. Second, the Board proposes clarifying that general PP&E land should (1) possess one or more of the characteristics identified in SFFAS 6, paragraph 23⁹ and (2) exclude any withdrawn public lands or land restricted for conservation, preservation, historical, or other like restrictions. That is, such land would remain categorized as stewardship land.

Developing Uniform Land Disclosure Requirements

- A25. In addressing long-standing issues concerning disclosures over federally managed land and questions arising from the Board's decision¹⁰ to allow, under specific conditions, an exclusion of G-PP&E land and land rights from opening balances with disclosure of acres of land (and expensing of future acquisitions), the Board has developed uniform disclosure requirements that would apply to both G-PP&E land and SL. The most notable issues this project addresses include the following:
- a. Inconsistent reporting of G-PP&E land arising from differences in how opening balances are valued as permitted by SFFAS 50—exclusion of land and land rights from opening balances
 - b. Incomplete reporting on land where neither the total cost of land nor the total physical quantity of land is consistently reported
 - c. Concerns that some information that is currently reported is inconsistent with FASAB's reporting objectives and qualitative characteristics

⁹"General property, plant, and equipment is any property, plant, and equipment used in providing goods or services. General PP&E typically has one or more of the following characteristics: • it could be used for alternative purposes (e.g., by other Federal programs, state or local governments, or non-governmental entities) but is used to produce goods or services, or to support the mission of the entity, or • it is used in business-type activities, or • it is used by entities in activities whose costs can be compared to those of other entities performing similar activities (e.g., Federal hospital services in comparison to other hospitals)." SFFAS 6, par. 23.

¹⁰ SFFAS 50.

- d. Limited value of historical/acquisition cost information for capitalized land, given that such information may lose relevance over time due to general inflation and specific changes in the value of land
- e. Whether stewardship land and G-PP&E land should follow a consistent accounting and reporting approach

In connection with the Board's proposal to reclassify G-PP&E land as a non-capitalized asset, the Board believes that developing uniform disclosure requirements would satisfactorily address these issues and increase informational value. The development of the proposed requirements has been primarily taken from existing requirements contained in SFFAS 29 (disclosure of how land relates to an entity's mission, its policies over land, and physical unit information) and modified based on the Board's analysis of the land task force's findings and recommendations (requiring the reporting of acres in three predominant use sub-categories, identification of land held for disposal or exchange, and disclosure of land rights information).

Proposed Definitions

A26. As previously noted, the task force recommended that the current land categorizations of SL and G-PP&E land be retained. Also, as a result of task force efforts to identify land-use categories, the Board believes there is a need to (1) clarify the SL and G-PP&E definitions, (2) define acres of land held for disposal or exchange, and (3) define definitions for the three land-use sub-categories (illustrated at Appendix B: Illustrations). The Board believes that these actions would help clarify existing requirements concerning the categorization and reporting of land and better reflect user needs. Please refer to the Glossary at Appendix D for the proposed definitions.

A27. Clarifying the SL and G-PP&E land definitions

- a. The current definition of stewardship land contained in SFFAS 29, paragraph 33 reads as follows:

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. Examples of stewardship land include land used as forests and parks, and land used for wildlife and grazing.

- b. It is the Board's opinion that the definition of SL can be improved by
 - i. noting that SL includes both public domain land and land subsequently acquired;
 - ii. clarifying that, in some cases, SL may be acquired for or used in connection with G-PP&E, such as SL used for military security or aircraft noise buffer zones; and
 - iii. expanding the list of SL examples.

Please refer to paragraph 12 for the proposed amendments to the SL definition.

- c. The Board noted that reclassifying G-PP&E land and permanent land rights as a non-capitalized asset with no dollar amounts reported on the balance sheet requires several amendments in addition to revising the G-PP&E land definition. Please refer to the proposed amendments at paragraphs 8–10.
- A28. Concerning land held for disposal or exchange, disposal authorities are generally designed to permit entities to dispose of or exchange land that is no longer required for a federal purpose. Disposal authority might authorize an entity to sell or lease federal land to a state or municipal government or non-profit entity for educational or community development purposes. Additionally, disposal authority might authorize an entity to exchange federal land for non-federal land. Disposal includes conveyances of federal land not limited to sale, transfer, exchange, lease, public-private partnership, and donation or any combination thereof.
- A29. The Board proposes that, consistent with the proposed disclosure of estimated acres of land, land held for disposal or exchange be disclosed in terms of physical units and acres of land. The Board notes that land is considered held for disposal or exchange only when the entity has satisfied its legislative disposal authority requirements. For example, entity decisions to identify and classify land as held for disposal or exchange often require public participation and diverse clearances, such as environmental and economic impact studies, surveys, and appraisals. Disposal includes conveyances of federal land not limited to sale, transfer, exchange, lease, public-private partnership, and donation or any combination thereof.
- A30. Conservation and preservation land - The Board proposes that, consistent with the proposed disclosure of estimated acres of land, conservation and preservation land be disclosed in terms of physical units and acres of land. For example, the Board proposes that the following land-use activities be included in this sub-category: wilderness/non-wilderness, wildlife, fish habitat, endangered species, critical environment, timber preservation, watershed and water resources, national forests, reserves, preserves, refuges, national parks, monuments, cemeteries, and recreation.
- A31. Operational land - The Board proposes that, consistent with the proposed disclosure of estimated acres of land, operational land be disclosed in terms of physical units and acres of land. For example, the Board proposes that the following land-use activities be included in this sub-category: military, scientific, nuclear, administrative, office building locations, training facilities, airfields, office building locations, power development and distribution areas, research and development, space exploration, outpatient healthcare, communication systems locations, flood control and navigation, housing and institutional, storage, and vacant.
- A32. Commercial use land – The Board proposes that, consistent with the proposed disclosure of estimated acres of land, commercial use land be disclosed in terms of physical units and acres of land. For example, the Board proposes that the definition include land or land rights that are used to generate inflows of resources from non-federal third parties. Examples of land use activities that would be included in this sub-category include revenue or inflows derived from concession arrangements, grants, land sales or exchanges, leases, permits for public use, and public-private partnerships.

Permanent Land Rights

- A33. Due to their nature, permanent land rights, such as easements and rights-of-way, permit an entity to use land legally owned by another. For example, an entity may enter into an agreement for the purpose of acquiring certain rights to build and maintain a utility sub-station and transmission lines. In exchange, the landowner is paid for the easement and may or may not continue to use the land depending on the nature of the easement. Should the easement instrument signed by the landowner (1) convey the majority of rights to the entity either indefinitely or long-term and (2) limit the landowner's use of the land, such rights should be considered permanent in nature and subject to the requirements of this statement. The Board intends this Statement to apply to permanent land rights acquired from non-federal entities.

Types of Non-financial Information (NFI)

- A34. Prior FASAB analyses of user needs revealed that financial statements are a starting point for users, and they often consult other sources to obtain desired information. Because general purpose financial reporting is primarily designed for external users of financial reports, the Board believes it should not overestimate the importance of land information in financial statements to any one set or group of users. However, the Board believes additional information should be included within the financial report to allow users to assist them in their analyses of entity performance. The Board believes this can be best accomplished using NFI.
- A35. The task force initially developed five types of NFI (data-points) as a result of its evaluation of the types of information that should be reported. For each data-point, task force feedback suggests benefits would exceed the costs of providing the information. The types of NFI along with reasons they were included follow:
- a. Acres of land – Without information regarding acres of land, any financial information on land becomes less meaningful. Reporting acres of land was also seen as critical to meeting the reporting objectives. Of all the types of NFI that the task force reviewed, acres of land received the most support for presentation as NFI (disclosure being the most favored).
 - b. Held for disposal or exchange – Valuing and reporting on land held for disposal or exchange would help to meet FASAB's Operating Performance, Stewardship, and Systems and Controls reporting objectives. Also, it would increase accountability and transparency. The task force was evenly split on presenting this information as a note disclosure and excluding this information from NFI.
 - c. Predominant use – Information for academic or commercial analyses of public land allows for more uses of financial statement information. It also increases comparability in land reporting across agencies. The majority of task force members supported predominant use for presentation (RSI being the most favored).
 - d. Revenue-generating land – Information about land that generates revenue is essential for analyses of public land options. This is also needed for transparency, visibility, and comprehension of federal revenues reported in the financials. This is an area of congressional interest as noted by GAO in their

report entitled, *Federal Land Management, Availability and Potential Reliability of Selected Data Elements at Five Agencies*, report GAO-11-377 dated April 2011. In addition, this information allows for more uses of financial statement information and would make connecting acres of land and value to other entries in the financials more straightforward. The majority of the task force members supported this information for presentation (RSI being the most favored).

- e. Unit count information – The value of this information increases significantly when combined with acres of land and any of the other supported information types. The task force was evenly split on presenting unit count information as a note disclosure and excluding this information from NFI.
- A36. In reviewing the five recommended types of NFI, the Board determined acres of land held for disposal should be disclosed because acres of land is the common denominator among preparers and users. Disclosing acres of land provides context for financial information and addresses concerns regarding stewardship, accountability, and transparency. That is, financial information (historical cost) about land thus far provided to users without number of acres has been less meaningful to users.
- A37. The Board agrees valuing and reporting land held for disposal supports the reporting objectives. As demonstrated by the task force’s research into this area, citizen-users are keenly interested in how an entity uses its land and desire greater transparency. Moreover, congressional users are also interested in the amount of land an entity manages and how it is used, revenues generated from selected activities on land, and land subject to selected land-use designations including potential disposal.
- A38. Given that the Board believes land should not be capitalized (that is, measured or recognized) on the balance sheet, information on acres of land and land held for disposal along with the other NFI proposals contained herein allow entities to continue meeting the reporting objectives.

Determining Where Information Should Reside

- A39. To communicate information to users, the Board analyzed and categorized the five types of NFI to determine where this information should be included within the financial report. To this end, the Board was primarily guided by (1) existing reporting/disclosure requirements, (2) prior Board decisions concerning the importance of PP&E including SL, and (3) the extent to which this information interests a wide audience.
- A40. With the assistance of the task force and sub-group users, the Board determined predominant use, acres of land, and land held for disposal or exchange are items of great interest to users. Additionally, members believe the fair presentation of this information is important. That is, in SFFAS 29, *Heritage Assets and Stewardship Land*, the Board concluded information on heritage assets (HA) and SL (except for condition) should be basic information because it (1) was deemed essential to fair presentation and understanding the entirety of an entity’s financial condition, (2) required more audit scrutiny than would be afforded if it were considered RSI, and (3) was deemed consistent with the Governmental Accounting Standards Board

(reporting on art and historical treasures) and the Financial Accounting Standards Board (collections, other works of art, and historical treasures).

- a. Predominant use – Predominant use information is currently required to be reported as basic information by SFFAS 29 for SL.¹¹ SFFAS 6 currently requires categorization of PP&E as either general, HA, or SL. Currently, land categorization reflects intended use at the time of acquisition/construction. This proposal refines the classification between general PP&E land and SL by basing the sub-categorization on predominant use during the reporting period. This information is useful for academic and commercial analyses of public land and allows for more uses of financial statement information. Also, predominant use information increases comparability in land reporting across agencies. Please refer to the discussion entitled *Land Use – Categorizing Land Consistently* at paragraphs A22 –A25 for additional discussion regarding the presentation of this information. The Board proposes that this information remain as basic information.
- b. Revenue generating –Because information regarding revenue generating land reflects a land (resource) use, the task force recommended that this information be considered a distinct and separate element for reporting. However, the Board concluded it can be satisfactorily reported under the predominant use disclosure. Such disclosure can be accomplished by categorizing revenue generating land under the commercial use sub-category. The Board concluded this is essential information for analysis of public land options and needed to understand federal revenues reported in the financials. Also, this allows for more uses of financial statement information and facilitates connecting acres of land and value to other entries in the financials more directly. Lastly, the GAO and task force have noted that information pertaining to revenues generated from federal land is important to Congress as well as other financial report users.
- c. Acres of land – Financial information on land becomes more meaningful with the number of acres. Given that the Board concluded not to require land to be measured or recognized on the balance sheet, this information should be subjected to the same audit scrutiny as information about other assets. Therefore, the Board concluded that the number of acres should be reported as basic information to continue meeting the reporting objectives.
- d. Land held for disposal or exchange – The Board agrees that valuing and reporting on land held for disposal or exchange have a positive effect on the reporting objectives. However, to be consistent with its position to not require recognition or measurement of land on the balance sheet, the Board proposes this information be reported as basic information.
- e. Unit count information – Unit count information is currently required by SFFAS 29 to be reported as basic information. The value of this information is enhanced when combined with the number of acres and any one of the other above types of NFI. The Board proposes this information remain as basic information.

¹¹ “Where parcels of land have more than one use, the predominant use of the land should be considered the major use.” SFFAS 29, par. 40.c.

- A41. Due to its importance to users and relevance to the reporting objectives, the Board proposes that entities report this additional information (that is, the requirement to categorize land and acres of land held for disposal) as basic information through note disclosure.

Preparer Burden

- A42. The land task force addressed preparer burden and ranked several constraints other than system integration issues that impede federal preparers' ability to prepare financial statements. In order of task force ranking, the constraints are as follows:

- a. Inadequately trained staff
- b. Lack of experienced staff
- c. Requirements overload
- d. Continually shifting priorities
- e. Lack of senior level management support

Additionally, some preparers noted they are not the operational or program leads who have to implement the multitude of requirements and reporting standards put into effect. Implementation of said requirements and standards falls to a very limited staff at local levels. In some cases, accounting requirements have little to no bearing on supporting the mission.

- A43. The Board realizes that the financial management community as well as operational and program personnel have difficult challenges they face day-to-day in accomplishing their mission. To that end, the Board has elected to focus on ensuring that the costs of providing land information are commensurate with user benefits.
- A44. The Board acknowledges that, in general, resources are limited. Because new requirements take time to implement, accounting requirements compete with internal needs. Members believe this trade-off is just one of many cost-benefit factors that the Board should consider as it addresses the issues outlined in this proposed Statement.
- A45. In addition to considering user needs and preparer burden, other key factors contributing to a cost-benefit analysis include the following:
- a. Budget constraints and uncertainties are not infrequent in the federal space and should not solely be the basis for not improving financial reporting.
 - b. Identifying the proper accounting for land is paramount and separate from implementation issues.
 - c. Standards can be written to help ease implementation issues; For example, proposing longer lead-times to effective dates or using a phase-in approach can help ease implementation issues.

Other Conforming Revisions

- A46. To ensure linkage between component entity reporting and the government-wide disclosure requirements, conforming amendments to SFFAS 32, *Consolidated Financial Report of the United States Government Requirements*, are required. Conforming amendments to SFFAS 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, are also proposed given that SFFAS 7 provides guidance regarding transfers and donations of land.
- A47. In addition to federally owned lands, some agencies hold land in trust (fiduciary land). Most notable are the tribal lands held in trust by the Bureau of Indian Affairs (BIA). The Board considered whether land held in trust should be addressed through these amendments and decided that doing so would require significantly more research. Research areas include (1) the effectiveness of existing requirements, (2) consultation with users including trust beneficiaries, (3) appropriateness of federal financial reporting objectives, and (4) the costs and benefits of expanding fiduciary activity reporting.
- A48. SFFAS 31, *Accounting for Fiduciary Activities*, applies to land held in fiduciary activities. It requires federal entities to distinguish the information relating to fiduciary activities from all other activities. Accordingly, fiduciary assets are not recognized on the balance sheet. Instead, a note disclosure providing the following information¹² about the federal entity's fiduciary activities is required:
- a. An explanation of the nature of the fiduciary relationship
 - b. A schedule of fiduciary net assets
 - c. A schedule of fiduciary activity
- A49. Because federal generally accepted accounting principles provide for certain assets—SL and HA—to be disclosed rather than recognized, SFFAS 31 includes requirements for a Schedule of Changes in Non-Valued Fiduciary Assets. This includes a description of the assets, beginning quantity, quantity received, quantity disposed of, net increase/decrease in non-valued fiduciary assets, and ending total quantity. Non-valued fiduciary assets may include land, HA, and natural resources.
- A50. While including amendments to reporting for land managed through fiduciary activities in the scope of this project might be expected, the issues are broader, reporting objectives are potentially different, and the stakeholders are different than those for federally owned land. Also, there may be factors regarding land use and management that should be considered before determining the most appropriate information (including categorization) to report. For example, there are cooperative arrangements between beneficiaries, such as tribal governments, and federal reporting entities, such as the BIA. The cost-benefit of expanding the fiduciary activities disclosures should be considered; costs and benefits may differ from federally owned land.

¹² Items reported in the fiduciary schedules must be measured in accordance with any of the generally accepted accounting principles recognized by the Association of International Certified Professional Accountants (formerly the American Institute of Certified Public Accountants).

Therefore, the Board concluded this proposed Statement does not directly affect fiduciary activities.

Supporting Documentation

- A51. The Board has continually noted the concerns associated with providing corroborating documentation on historical assets including land. In the Basis for Conclusions to SFFAS 29 (par. 86-88), the Board briefly discusses the fundamental issues associated with historical assets and SL. In addition, Technical Release (TR) 9, *Implementation Guide for Statement of Federal Financial Accounting Standards 29: Heritage Assets and Stewardship Land*, addresses this difficulty by specifically noting the complexities regarding land. For example, federal land was acquired through (1) ceded territory by the original thirteen colonies, (2) territorial annexations, (3) purchases, and (4) treaties. Acquisitions and disposals of land were not documented in the same manner as modern-day land transactions. TR 9 addresses that records and detailed listings from these periods generally do not exist. As a result, the Board believes that management's assertion concerning land ownership and its related estimates of acres of land must be based on non-traditional supporting documentation and reasonable acre estimates, respectively. The Board notes that it (1) does not seek exact precision in determining estimated acres of land or predominant use assessments and (2) does not intend to direct or prescribe the use of any particular approach.
- A52. The Board believes that it can facilitate effective reporting on land by (1) providing implementation guidance incorporating aspects of TR 9 and (2) reminding readers that because most federal land was acquired in a variety of ways and over the nation's early settlement and formation, it is not unreasonable that supporting documentation will be developed using alternative methods and/or take on different forms of corroboration as foreseen by T R 9. For example, ownership can be evidenced by public law, treaties, entity certifications, maintenance or renovation contracts, historical maintenance records, a history of payment of invoices, minutes of meetings, historical databases, initial surveys of land, a history of past/historical practices (for example, the length of time an entity controls the land establishing de facto ownership), or other relevant sources of information. These alternatives may provide acceptable evidence of government ownership. Entities could use the above forms of supporting documentation to reasonably estimate acres of land or rely on management tools such as Geospatial Information. The Board expects preparers to apply a variety of methods and techniques in arriving at estimates. Acknowledging that non-traditional supporting documentation to develop reasonable acre estimates would satisfy the proposed requirements, the Board proposes that the requirements become effective for reporting periods beginning after September 30, 2021. In establishing the proposed effective date, the Board considered the time needed for reporting entities to (1) develop and implement related policies and procedures, (2) establish acres of land and physical unit information as of the beginning of the year of implementation, (3) develop and maintain supporting documentation, (4) develop and implement processes for capturing and recording transactions during the year, and (5) validate that the required information is independently verifiable or auditable.

Physical Unit Information (Measurements)

- A53. The Board envisions addressing physical unit measurements in subsequent implementation guidance. Until such time, the Board notes that physical unit information should be meaningful, relevant, and determined based on how an entity manages its land holdings. Physical unit information should reflect an entity's mission, the type of land being managed, and related asset management practices employed during the reporting period. The following physical unit measurements and related examples¹³ are provided to assist preparers in selecting meaningful and relevant physical unit information:

Physical Unit Measurement Types	Examples
1. Physical nature (PN)	<ul style="list-style-type: none">• Parks, forests, refuges, and installations• Annexes, buffer zones• National monuments, national labs
2. Geographic management unit (GMU)	<ul style="list-style-type: none">• State, region, field, district, zone, township, parcel, and tract• Administrative office
3. Project (P)	<ul style="list-style-type: none">• Water and/or energy• Watershed based: catchment, hydrologic units, etc.¹⁴
4. Activity level (AL)	<ul style="list-style-type: none">• Active / inactive / excess
5. Operational status (OP)	<ul style="list-style-type: none">• Mission critical (MC) vs. non-critical (NC)

¹³ Physical unit measurement types should reflect a characteristic or distinguishing feature to categorize and quantify land holdings in non-monetary terms. Such characteristics or distinguishing features should be consistent with information contained in internal management systems. The related examples are provided to assist preparers in selecting meaningful physical unit information in accordance with the proposed Statement. The list is not exhaustive and additional items of information may be necessary to meet the proposed requirements, even if not specifically identified.

¹⁴ The United States is divided and sub-divided into successively smaller hydrologic units which are classified into four levels: regions, sub-regions, accounting units, and cataloging units. The hydrologic units are arranged or nested within each other, from the largest geographic area (regions) to the smallest geographic area (cataloging units). Each hydrologic unit is identified by a unique hydrologic unit code (HUC) consisting of two to eight digits based on the four levels of classification in the hydrologic unit system. The USGS Hydrologic Unit Maps; available online at <https://water.usgs.gov/GIS/huc.html>; last accessed March 14, 2018.

- A54. The Board notes that each of the items in the above table can be standalone measurements or be used in connection with other items. For example, in addition to reporting land holdings by their physical nature (PN), an entity may elect to also report the related activity level or operational status. Preparers should be guided by the Board's principle that physical unit measurements be meaningful, relevant, and reflect how an entity managed its land holdings during the reporting period.

Although the Board has previously noted that such determinations are highly subjective and require the use of professional judgment, criteria exist to help preparers consistently develop meaningful and relevant physical unit measurements. The following criteria¹⁵ should be considered in the aggregate when selecting physical unit measurement(s):

- a. **The entity's mission and relationship to its land portfolio.** For example, an entity may have been created or administratively established to manage or acquire land for specific purposes, such as environmental protection, mineral or mining exploration and recovery, and nuclear or scientific studies. In such cases, management should consider reporting physical unit information in the context of the entity's primary mission. As such, reporting physical unit measurement in terms of Project (P), Activity Level (AL), and Operational Status (OP) may be most appropriate.
- b. **The entity's organizational structure and relationship to its land portfolio.** If an entity's land holdings have resulted in the creation of separate bureaus or departments to manage and control them in different ways, management should consider reporting physical unit information in the context of a Geographic Management Unit (GMU). This can include the number of regional or district offices. If the entity assigns land holdings to a bureau or department primarily based on their specific uses, management should consider reporting physical unit information in another category such as Physical Nature (PN) or Project (P).
- c. **Internal asset (land) management practices.** An entity may have a dual mandate to both conserve and preserve land holdings. Although conservation and preservation are closely linked, they are distinct terms involving a certain type or degree of protection. As such, they often require different management practices. Specifically, conservation is generally associated with the protection and proper use of natural resources, whereas preservation is associated with the protection of objects and landscapes from use. In this case, an entity should consider reporting physical unit information reflecting the distinct asset management practices. The entity may elect to report preservation land by its Physical Nature (PN) and its conservation land by Project (P) or Geographic Management Unit (GMU).
- d. **Relationship to estimated acres of land.** An entity may have significant amounts of land deployed as buffer-zones at its major installations for security purposes. Entity management should consider reporting physical unit information in the context of its Operational Status (OP) and Activity Level (AL). Therefore, such buffer-zones could be reported as being Active and Mission Critical (MC).

¹⁵ The criteria are presented in a non-prioritized list for consideration in the aggregate. Assignment of individual weight to any of the criteria is a matter of professional judgement.

Similarly, another entity may also have significant amounts of land deployed as view-sheds (that is, all land surrounding a point-of-interest that is in a line-of-sight with that location and excludes points that are beyond the horizon) that are not fenced-off and are open to the public for recreational purposes. In this case, entity management should consider reporting physical unit information in the context of its Physical Nature (PN) and Geographic Management Unit (GMU). Moreover, land comprising the view shed could also be reported as being Inactive (Operational Status) and Mission Critical (MC).

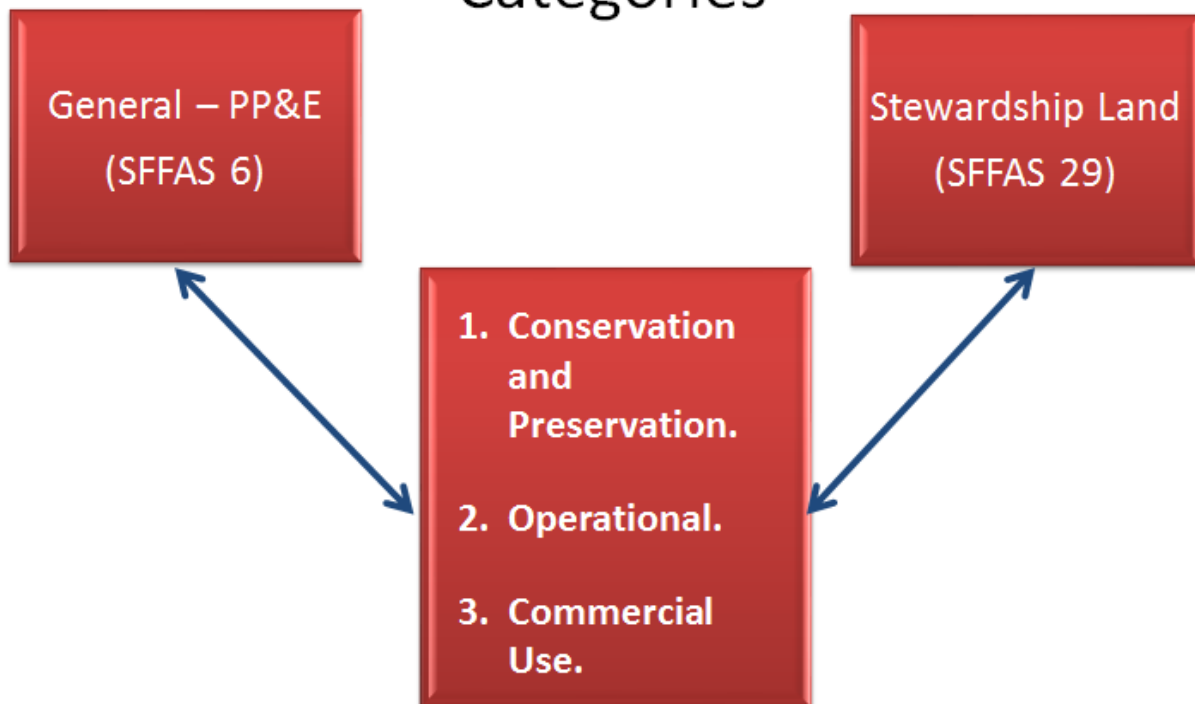
APPENDIX B: ILLUSTRATIONS

Sub-Categorizing Land – Predicated on Predominant Land-use

This appendix illustrates the application of certain key provisions of this proposed Statement to assist in clarifying their meaning. The following partial sample illustrations at Appendices B-1 through B-2 are intended to aid in the application of these key provisions and not illustrate compliance with all of the proposed disclosure requirements.

The Board has noted the potential need to have additional sub-categories predicated on predominant land-use to complement the land categories currently in use: SL and G-PP&E land. Illustrations demonstrating how the Board envisions the sub-categories complementing the existing requirements follow:

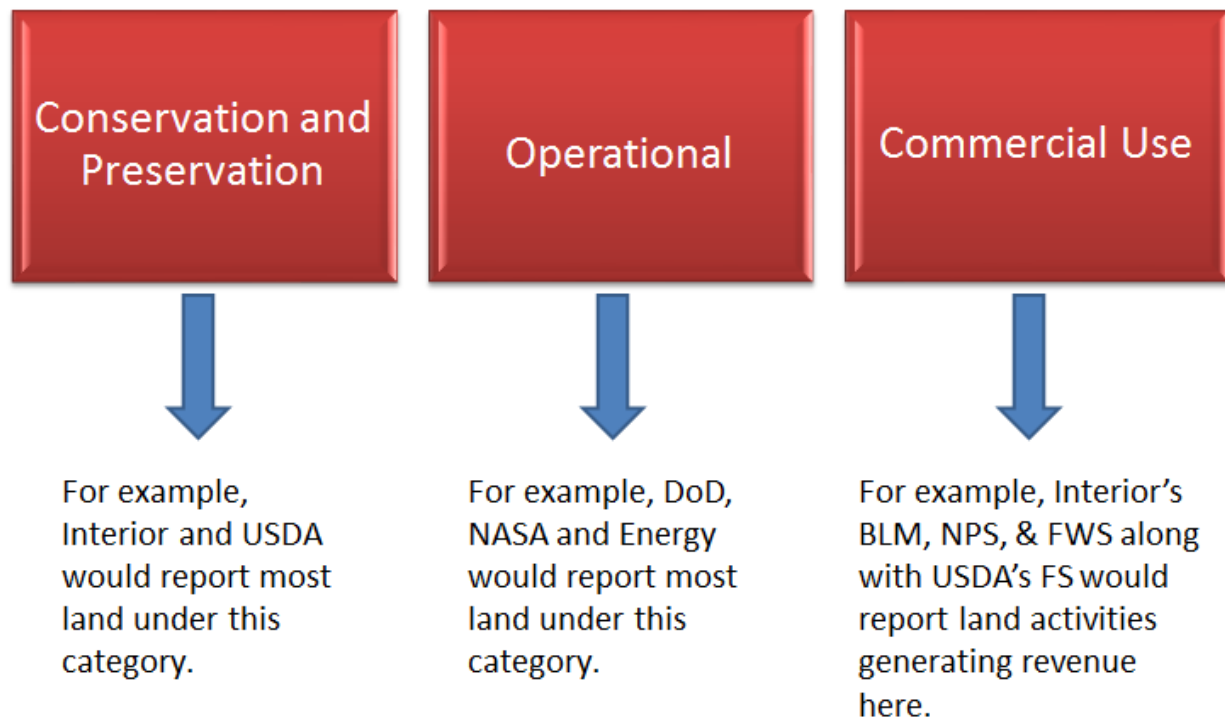
Complementing Existing Land Categories



The additional sub-categories follow:

- (1) **Conservation and preservation land**
- (2) **Operational land**
- (3) **Commercial use land**

Three Proposed NFI Land-Use Reporting Sub-categories



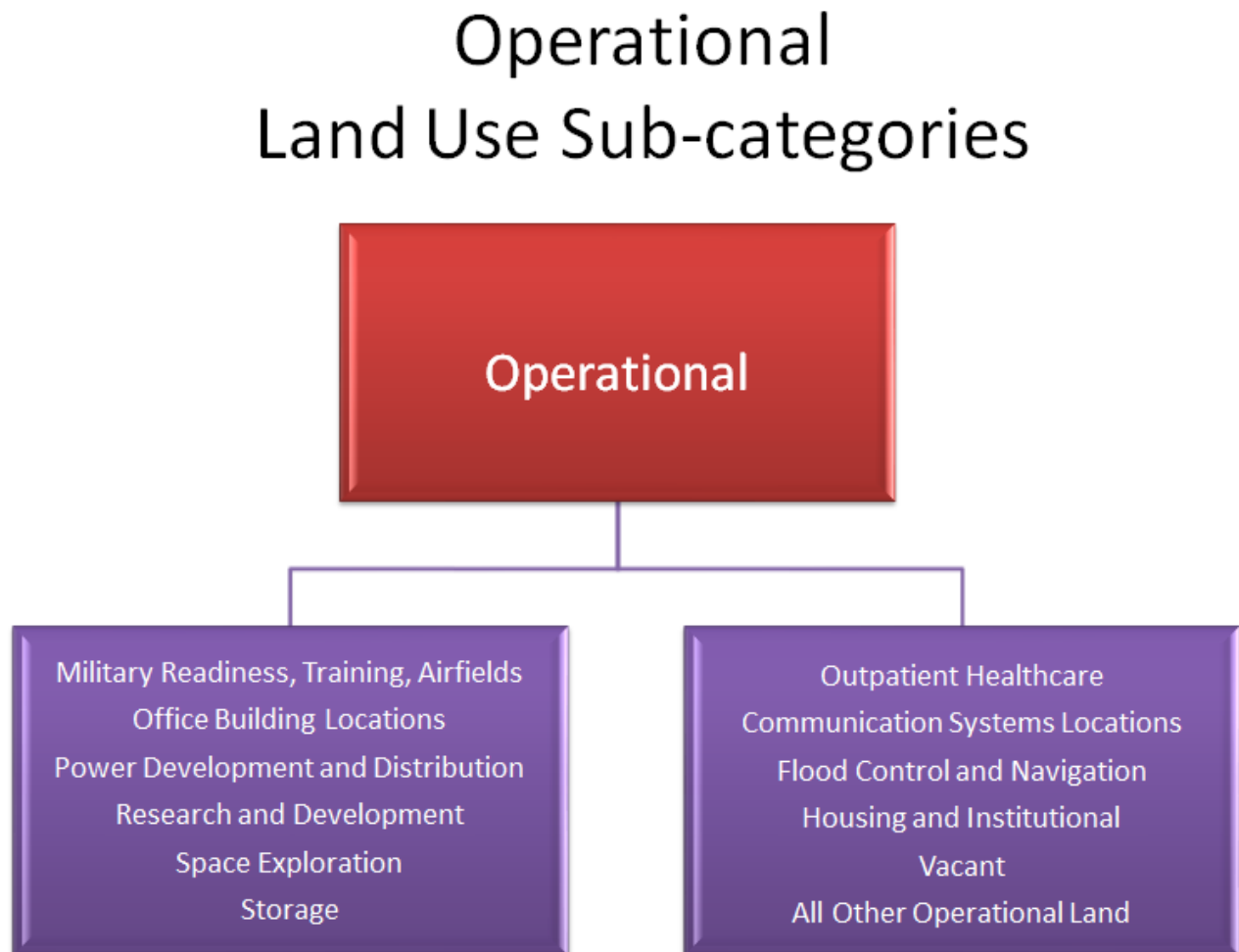
Conservation and Preservation Land Use Sub-categories

The following illustration shows what sub-categories or activities could be included within the conservation and preservation land use sub-category.



Operational Land Use Sub-categories

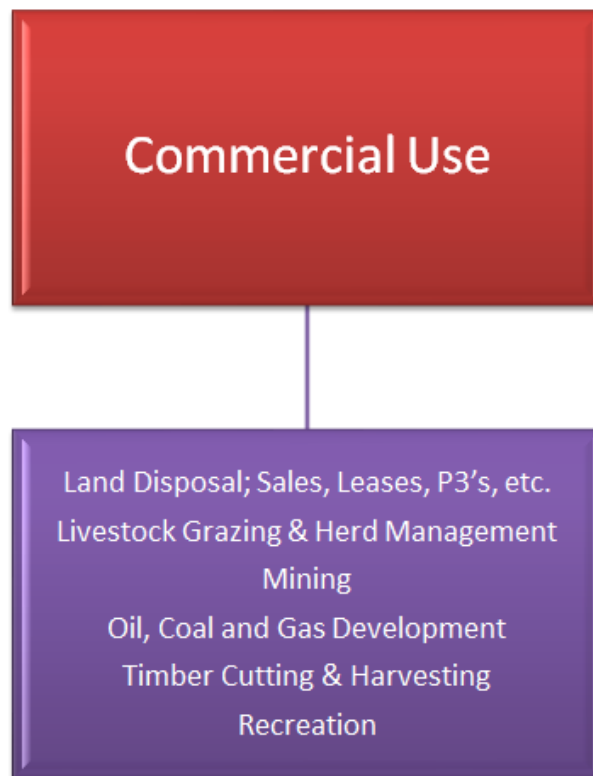
The following illustration shows what sub-categories or activities could be included within the operational land use sub-category.



Commercial Use Land Use Sub-categories

The following illustration shows what sub-categories or activities could be included within the commercial use land use sub-category.

Commercial Use Land Use Sub-categories



Partial Sample Illustration: Appendix B-1: Component Entity G-PP&E Note Disclosure (Proposed amendment to SFFAS 6, paragraph 45)

<u>Entity</u>	Categorized by Purpose or Intent at Acquisition	Sub-categorized by Predominant Use				<u>Physical Units</u>	<u>Explanatory Comments</u>
	General PP&E Land Acres	Conservation and <u>Preservation</u>	<u>Operational</u>	Commercial <u>Use</u>	Total <u>Land Acres</u>		
Agency X	6,563,954	2,600,000	3,963,954	0	6,563,954	12 RO's and Active	1
Bureau A	2,219,324	0	2,219,324	0	2,219,324	2 DO's and Active	2
Bureau B	863,343	0	863,343	0	863,343	1 DO and Inactive	2
G-PP&E Total - Department B	9,646,621	2,600,000	7,046,621	0	9,646,621		

Physical Units legend: RO = regional office, Active/Inactive = activity level

Explanatory Comments

- 1 - **Agency X** has reclaimed 2,600,000 acres of its operational land for conservation/preservation purposes.
Although some of the agency's operational land generates commercial revenue, it is incidental to the land's predominant use and its reporting does not change. All land is managed by 12 regional offices and the agency's land is considered to be active (in current use).
- 2 - **Bureaus A and B** maintain land strictly for operational purposes. Bureau A's land portfolio is managed by 2 district offices (DO's) and all land is considered to be active (in current use).
Bureau B's land portfolio is managed by 1 district offices (DO's) and all land is considered to be inactive (not in current use) awaiting Congressional reviews.

Partial Sample Illustration: Appendix B-2: Component Entity SL Note Disclosure (Proposed amendment to SFFAS 29, paragraph 40)

Entity	Categorized by Purpose or Intent at Acquisition	Sub-categorized by Predominant Use					Explanatory Comments
	Stewardship Land Acres	Conservation and Preservation	Operational	Commercial Use	Total Land Acres	Physical Units	
Agency X	96,251,797	89,507,814	0	6,743,983	96,251,797	12 RO's and Active	1
Bureau A	46,932,741	44,512,434	0	2,420,307	46,932,741	2 RO's and 100 Water projects	2
Bureau B	40,101,267	40,101,267	0	0	40,101,267	2 RO's and 20 Energy projects	3
SL Total - Department B	183,285,805	174,121,515	0	9,164,290	183,285,805		

Physical Units legend: RO = regional office, Active/Inactive = activity level, water and energy = project types

Explanatory Comments

1 - **Agency X** has reclaimed 2,600,000 acres of its operational land for conservation/preservation purposes (see Appendix B-1). Note that the reclaimed land retains its G-PP&E distinction and accordingly, is NOT added to the SL category illustrated above in this Appendix; that is, the land's predominant use is reflected within its G-PP&E category.

The agency been granted authority to generate revenue on additional SL currently sub-categorized as Conservation and Preservation land and as a result, has placed such land in a revenue-generating operating mode. However, because the land only generates an immaterial amount of revenue sporadically during the year, its predominant use is not re-categorized to Commercial Use. All land is managed by 12 regional offices and the agency's land is considered to be active (in current use).

2 - **Bureau A** has been granted authority to generate revenue on all of its SL and required to increase commercial uses where practical.

During the year additional SL has been placed in a revenue generating status and appropriately added to the existing Commercial Use sub-category balance. All land is managed by 2 regional offices that oversee 100 different watershed projects (e.g., drainage basins and catchments).

3 - **Bureau B** maintains land strictly for conservation/preservation purposes. Any operational use of the land is incidental and is not considered to be a predominant use. All land is managed by 2 regional offices that oversee 20 different energy projects (e.g., nuclear, solar, and water).

Partial Sample Illustration: Appendix B-3: Consolidated Financial Report of the U.S. Government (Proposed amendments to SFFAS 29, paragraph 42 and SFFAS 32, paragraph 23)¹⁶

<u>Entity</u>	<u>Categorized by Purpose or Intent at Acquisition</u>			<u>Sub-categorized by Predominant Use</u>				<u>Explanatory Comments</u>
	<u>Stewardship Land Acres</u>	<u>General PP&E Land Acres</u>	<u>Total Land Acres</u>	<u>Conservation and Preservation</u>	<u>Operational</u>	<u>Commercial Use</u>	<u>Total Land Acres</u>	
Department A	234,889,617	12,362,611	247,252,228	223,145,136	12,362,611	11,744,481	247,252,228	1
Department B	183,285,805	9,646,621	192,932,426	176,721,515	7,046,621	9,164,290	192,932,426	2
Agency 1	84,626,746	4,454,039	89,080,785	84,626,746	4,454,039	0	89,080,785	3
Agency 2	75,666,349	3,982,439	79,648,788	37,833,174	3,982,440	37,833,174	79,648,788	4
Bureau 1	5,871,628	8,528,076	14,399,704	5,871,628	6,396,057	2,132,019	14,399,704	5
Total	584,340,145	38,973,786	623,313,931	528,198,199	34,241,768	60,873,964	623,313,931	

Explanatory Comments

- 1 - **Department A** has been granted authority to generate revenue on most of its SL. However, only 11.7 million acres is actively devoted to commercial use. SL which generates intermittent or insignificant revenues has been excluded because such land maintains its predominant use as conservation or preservation land. For related details please refer to Department A's annual financial report.
- 2 - **Department B** has also been granted authority to generate revenue on some of its SL but it has also reclaimed 2,600,000 acres of its operational land for conservation or preservation purposes. For related details please refer to Department B's annual financial report.
- 3 - **Agency 1** has not been granted any commercial use authority and operates under a strict mandate to preserve land under its care. For related details please refer to Agency 1's annual financial report.
- 4 - **Agency 2** has been granted authority to generate revenue on all of its SL. However, only half or 37.8 million acres is actively devoted to commercial use at any point in time during the reporting period. Although the remaining half is eligible for commercial use it remains in a conservation status because revenues generated are intermittent or insignificant and do not meet the predominant use requirement. For related details please refer to Agency 2's annual financial report.
- 5 - **Bureau 1** maintains buffer zones for national security purposes on land withdrawn from the public domain and also via acquisition from surrounding communities. It has been granted authority to lease, sell or otherwise dispose of operational land. One-quarter or 2.1 million acres of G-PP&E land is predominantly used for commercial purposes. For related details please refer to Bureau 1's annual financial report.

¹⁶ For ease of illustration purposes only, G-PP&E land and SL presentations are combined in the above format. Disaggregated displays are permissible.

APPENDIX C: ABBREVIATIONS

BIA	Bureau of Indian Affairs
DoD	Department of Defense
FASAB	Federal Accounting Standards Advisory Board
GAO	Government Accountability Office
G-PP&E	General Property, Plant, and Equipment
GSA	General Services Administration
HA	Heritage Assets
NFI	Non-financial Information
PP&E	Property, Plant, and Equipment
RSI	Required Supplementary Information
SFFAC	Statement of Federal Financial Accounting Concepts
SFFAS	Statement of Federal Financial Accounting Standards
SL	Stewardship Land
TR	Technical Release

APPENDIX D: GLOSSARY

Acres of land held for disposal or exchange includes land for which the entity has satisfied the legislative disposal authority requirements specific to the land in question.²⁵ Disposal includes conveyances of federal land not limited to sale, transfer, exchange, lease, public-private partnership, and donation or any combination thereof.

FN 25 – Entity decisions to identify and classify land as held for disposal or exchange often require public participation and diverse clearances, such as environmental and economic impact studies, surveys, and appraisals.

Commercial use land includes land or land rights that are predominantly used to generate inflows of resources from non-federal third parties, usually through special use permits, right-of-way grants, and leases. Such inflows may arise from exchange or non-exchange activities and may or may not be considered dedicated collections. Examples include revenue or inflows derived from

- concession arrangements;
- grants for a specific project such as electric transmission lines, communication sites, roads, trails, fiber optic lines, canals, air rights, flumes, pipelines, and reservoirs;
- land sales or land exchanges;
- leases;
- permits for public use such as commercial filming and photography, advertising displays, agriculture, recreation residences and camping, recreation facilities, temporary use permits for construction equipment storage and assembly yards, well pumps, and other such uses;
- forest product sales such as timber, or sales arising from national forests and grasslands; and/or
- public-private partnerships.

Conservation and preservation land includes land or land rights that are predominantly used for conservation or preservation purposes. Conservation and preservation, although closely linked, are distinct terms. Each term involves a certain type or degree of protection. Specifically, conservation is generally associated with the protection and proper use of natural resources, whereas preservation is associated with the protection of buildings, objects, and landscapes from use.

G-PP&E land – Land and permanent land rights^{28.1} acquired for or in connection with other general PP&E²⁹ shall be included in are considered general PP&E for purposes of disclosure but are not to be capitalized on the balance sheet. General PP&E land shall exclude (1) withdrawn public lands^{29.1} or (2) land restricted for conservation, preservation, historical, or other like restrictions. Such land shall remain categorized as stewardship land.—unless the reporting entity made the election to implement the provisions of paragraph 40.f.i.. In some instances, general PP&E may be built on existing Federal lands. In this case, the land cost would often not

~~be identifiable. In these instances, general PP&E shall include only land and land rights with an identifiable cost that was specifically acquired for or in connection with construction of general PP&E.~~

FN 28.1 – Land rights such as easements or rights-of-way that are for an unspecified period of time or unlimited duration are considered permanent land rights. Temporary land rights are those land rights that are for a specified period of time or limited duration.

FN 29 – “Acquired for or in connection with other general PP&E” is defined as land acquired with the intent to construct general PP&E and land acquired in combination with general PP&E, including not only land used as the foundation, but also adjacent land considered to be the general PP&E’s common grounds.

FN 29.1 – Consistent with Congressional authorities, an entity may withdraw public lands from the public domain for specific uses. For example, an entity may withdraw public land from sale, settlement, or recreational use to expand buffer zones for security or training needs.

Operational land includes land or land rights predominantly used for general or administrative purposes. For example, the following functions performed by entities would be included in this sub-category:

- **Military** functions include preparing for the effective pursuit of war and military operations short of war; conducting combat, peacekeeping, and humanitarian military operations; and supporting civilian authorities during civil emergencies.
- **Scientific** functions include conducting and managing research, experimentation, exploration, and operations (including the development of commercial capabilities). Broad scientific fields of study generally include (1) physical sciences (physics, astronomy, chemistry, geology, metallurgy), (2) biological sciences (zoology, botany, genetics, paleontology, molecular biology, physiology), and (3) social sciences (psychology, sociology, anthropology, economics).
- **Nuclear** functions include managing or regulating the use of nuclear energy, power plants, radioactive materials, radioactive material shipments, nuclear storage, and nuclear reactor decommissioning.
- **Other Related** functions include those that are administrative or other mission related in nature. For example, land used for readiness and training, office building locations, storage, or vacant properties fall under this category.

Stewardship land is ~~includes both public domain^{14.1} and acquired~~ land and land rights¹⁵ owned by the Federal Government intended to be held indefinitely. ~~but not acquired for or in connection with¹⁶ items of general PP&E.~~ Examples of stewardship land include land reserved, managed, planned, used, or acquired for¹⁶ ~~as forests and parks, and land used for wildlife and grazing.~~

- forests and parks;
- recreation and conservation;

- c. wildlife habitat and grazing;
- d. historic landmarks and/or the preservation of pre-historic and historic structures (those listed on or eligible for listing on the National Register of Historic Places);
- e. multiple purpose ancillary revenue generating activity (for example, special use permits, mineral development activities, and timber production); and/or
- f. buffer zones for security, flood management , and noise and view sheds.

FN 14.1 – Public domain land is land that was originally ceded to the United States by treaty, purchase, or conquest in contrast to acquired lands, which have been purchased by, given to, exchanged with, or transferred through condemnation proceedings to the federal government.

FN 15 – Land rights are interests and privileges held by the entity in land owned by others, such as leaseholds, easements, water and water power rights, diversion rights, submersion rights, rights-of-way, mineral rights, and other like interests in land. Land rights such as easements or rights-of-way that are for an unspecified period of time or unlimited duration are considered permanent land rights. Temporary land rights are those land rights that are for a specified period of time or limited duration.

FN 16 – ~~“Acquired for or in connection with” is defined as including land used acquired with the intent to construct general PP&E and land acquired in combination with general PP&E, including not only land used as the foundation, but also adjacent land considered to be the general PP&E’s common grounds.~~ Land used or acquired for or in connection with items of general PP&E but meeting the definition of stewardship land should be classified as stewardship land.

Task Force Member Agencies

Air National Guard, 113th Wing, Base Civil Engineer
Department of Agriculture, U.S. Forest Service, Office of the CFO
Department of Agriculture, U.S. Forest Service, Minerals and Geology
Department of Defense, Office of the Secretary of Defense
Department of Defense, Comptroller
Department of Energy, Office of the CFO
Department of the Interior, Fish and Wildlife Service
Department of the Interior, Office of the Deputy CFO
Department of the Interior, National Park Services
Department of Labor, Office of the Inspector General
Department of the Navy, Naval Facilities Engineering Command
Department of State, Overseas Buildings Operations, Financial Management
Department of the Treasury, Office of the Fiscal Assistant Secretary
General Services Administration, Office of Financial Management
Government Accountability Office, Financial Management and Assurance
National Aeronautics and Space Administration, Office of the CFO

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Cotton and Company
Deloitte
Dennis M. Giaimo, MBA
EY
Helwig, LLC
Kearney
Management Analysis Incorporated
National Council for Public Private Partnerships
Navigant Capital Advisors
Patawomeck Indian Tribe of Virginia
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