

Questions for Respondents**Responses Due: September 15, 2023**


Invitation to Comment
Reexamination of Existing Standards

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 type="checkbox"/>	
Federal Entity (auditor)	<input type="checkbox"/>	
Federal Entity (other)	<input checked="" type="checkbox"/>	If other, please specify: Associate Deputy Chief, National Forest System
Association/Industry Organization	<input type="checkbox"/>	
Nonprofit organization/Foundation	<input type="checkbox"/>	
Other	<input type="checkbox"/>	If other, please specify:
Individual	<input type="checkbox"/>	

Please provide your name.

Name:

<div style="border: 1px solid black; padding: 5px;"> <div style="display: flex; align-items: center;"> <div style="font-size: 2em; margin-right: 10px;">X</div> <div>  </div> </div> <hr/> <div> Troy Heithecker Associate Deputy Chief, National Forest Syst... Signed by: TROY HEITHECKER </div> </div>	<div>9/15/2023</div> <div style="border: 1px solid black; height: 100px; width: 100%; background-color: #cccccc;"></div>
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Choose an item.

Please explain your response, including any perceived challenges with applying SFFAS 34 (for example, utility in applying SFFAS 34 to resolving accounting and reporting issues, need to clarify authoritative vs non-authoritative guidance, relationship to other standard setters when FASAB guidance is silent, inconsistencies with different levels of GAAP, or questions regarding the application of “practices that are widely recognized and prevalent in the federal government.”) **Click here to enter text.**

REEXAMINATION OF FASAB STANDARDS QUESTION

QUESTION 2: Below are the 23 reexamination topic areas for which the Board is requesting your response. Respondents may review [Appendix A: Reexamination Table of Pronouncements](#)¹ in its entirety for a full understanding. **For each reexamination topic (column 1), please indicate the priority level for reexamination from the following options:**

(1) High priority: topic and related SFFASs are of significant concern and should be included in the reexamination with priority. Please provide ***no more than five*** high priority topics.

(2) Medium priority: topic and related SFFASs are of concern and should be included in the reexamination, but after high priority topics are addressed.

(3) Low priority: topic and related SFFASs are not of concern and do not need to be reexamined at this time.²

Please explain your response, including specific details³ and examples to support your rationale, especially those ranked high priority and medium priority. Provide information (including specific SFFAS references where appropriate) that would help the Board understand why the reexamination of a particular SFFAS might take precedence or be considered more important than other SFFASs. To accomplish this, the Board is seeking feedback from respondents on where they believe there are opportunities for the Board to improve guidance within the 23 reexamination topics. This includes the following potential improvements:

- Streamlining authoritative guidance
- Eliminating or revising unclear requirements
- Eliminating disclosures and other required information that may no longer benefit users

¹ [Appendix A: Reexamination Table of Pronouncements](#) provides more details regarding how the 61 SFFASs result in 23 reexamination topics for consideration.

² The Board anticipates that the topics for reexamination will need to be reassessed in the future.

³ For example, respondents may offer detail in terms of materiality, audit findings, cost-benefit, or other significant information to explain the need for reexamination of the SFFAS.

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- Filling gaps in the standards where the guidance either does not address or does not adequately address areas where federal financial reporting objectives are not being met
- Resolving inconsistencies in current practice
- Clarifying the standards (including addressing areas where the standards are difficult to apply)
- Reconsidering areas where there is significant preparer or audit burden versus perceived value of the information or other cost/benefit concerns
- Considering overlaps or redundancy in requirements

Please be explicit regarding opportunities to eliminate or revise requirements, whether those are in the standards or elsewhere. Stakeholder feedback will give the Board insight on respondent's views on these matters.

Topic #1	SFFAS 1 , <i>Accounting for Selected Assets and Liabilities</i> Interpretation 10 , <i>Clarification of Non-federal Non-entity FBWT Classification (SFFAS 1, Paragraph 31): An Interpretation of SFFAS 1 and SFFAS 31</i> TB 2020-1 , <i>Loss Allowance for Intragovernmental Receivables</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #2	SFFAS 2 , <i>Accounting for Direct Loans and Loan Guarantees</i> AS AMENDED BY: SFFAS 18 , SFFAS 19
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #3	SFFAS 3 , <i>Accounting for Inventory and Related Property</i> AS AMENDED BY: SFFAS 48 Interpretation 7 , <i>Items Held for Manufacture</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #4	SFFAS 4 , <i>Managerial Cost Accounting Standards and Concepts</i> AS AMENDED BY: SFFAS 55
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #5	SFFAS 5 , <i>Accounting for Liabilities of The Federal Government</i> AS AMENDED BY: SFFAS 12 , SFFAS 25
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	Interpretation 2, Accounting for Treasury Judgment Fund Transactions: An Interpretation of SFFAS 4 and SFFAS 5 Interpretation 4, Accounting for Pension Payments in Excess of Pension Expense TB 2002-1, Assigning to Component Entities Costs and Liabilities that Result from Legal Claims Against the Federal Government TB 2017-1, Intragovernmental Exchange Transactions
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #6	SFFAS 6, Accounting for Property, Plant, and Equipment AS AMENDED BY: SFFAS 23 , SFFAS 40 , SFFAS 50 Interpretation 9, Cleanup Cost Liabilities Involving Multiple Component Reporting Entities: An Interpretation of SFFAS 5 & SFFAS 6 TB 2006-1, Recognition and Measurement of Asbestos-Related Cleanup Costs (as amended by TB 2009-1 and TB 2011-2) TB 2017-2, Assigning Assets to Component Reporting Entities
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #7	SFFAS 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting AS AMENDED BY: SFFAS 20 , SFFAS 21 , SFFAS 53 Interpretation 5, Recognition by Recipient Entities of Receivable Nonexchange Revenue: An Interpretation of SFFAS 7 Interpretation 11, Debt Cancellation: An Interpretation of SFFAS 7, Paragraph 313 TB 2002-2, Disclosures Required by Paragraph 79(g) of SFFAS 7 Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting TB 2017-1, Intragovernmental Exchange Transactions
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High Priority

Page 38-SFFAS 7, Factor 110.

Current Wording: Where Government goods and services are provided in exchange for revenue, prices may be set to cover cost. Sometimes they may be set in the market as they would be set by a business (such as auctioning the right to drill for oil on Government land). However, law or policy sets many prices below the amount that might be obtained in an auction or other market transaction (such as fees for grazing rights). In some of these cases, prices may be set with little or no regard to the related cost (such as fees to visit national parks).

Comment: Grazing permits convey no right, title, or interest held by the United States in any lands or resources; rather, grazing permits merely confer the privilege to graze on federal land. The Forest Service recommends revising factor 110 as follows:

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Suggested Revision to Language: Where Government goods and services are provided in exchange for revenue, prices may be set to cover cost. Sometimes they may be set in the market as they would be set by a business (such as auctioning the right to drill for oil on Government land). However, law or policy sets many prices below the amount that might be obtained in an auction or other market transaction (such as fees for authorized grazing use). In some of these cases, prices may be set with little or no regard to the related cost (such as fees to visit national parks).

Rationale/Supporting Information: Congress retained “right, title, or interest of the United States in any land or resources” in laws providing for the controlled use of federal land for livestock grazing through permit systems managed by federal land management agencies such as the Forest Service (see 16 U.S.C. §5801). Further, courts have consistently found no property rights associated with grazing permits. See *Diamond Bar Cattle Co. v. United States*, 168 F.3d 1209, 1215 (10th Cir. 1999); see also *Oregon Nat. Desert Ass'n v. U.S. Forest Serv.*, 465 F.3d 977, 979–80 (9th Cir. 2006).

36 CFR §222.3(b) states “Grazing permits and livestock use permits convey no right, title, or interest held by the United States in any lands or resources”.

Topic #8	SFFAS 10 , <i>Accounting for Internal Use Software</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

	SFFAS 15 , <i>Management's Discussions and Analysis</i> ⁴
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Please provide feedback if you wish to do so. [Click here to enter text.](#)

Topic #9	SFFAS 17 , <i>Accounting for Social Insurance</i> AS AMENDED BY: SFFAS 26 , SFFAS 37
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #10	SFFAS 24 , <i>Selected Standards for the Consolidated Financial Report of the United States Government</i> SFFAS 32 , <i>Consolidated Financial Report of the United States Government Requirements: Implementing Statement of Federal Financial Accounting Concepts 4</i> <i>“Intended Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government”</i>
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⁴ SFFAS 15, *Management's Discussions and Analysis*, is excluded from reexamination because the SFFAS is currently being reviewed under an active Board project. Respondents may provide general comments and feedback for the Board's consideration.

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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #11	SFFAS 27 , <i>Identifying and Reporting Funds from Dedicated Collections</i> AS AMENDED BY: SFFAS 43
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #12	SFFAS 29 , <i>Heritage Assets and Stewardship Land</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #13	SFFAS 31 , <i>Accounting for Fiduciary Activities</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #14	SFFAS 33 , <i>Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #15	SFFAS 34 , <i>The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #16	SFFAS 36 , <i>Comprehensive Long-Term Projections for the U.S. Government</i>
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #17	SFFAS 38 , <i>Accounting for Federal Oil and Gas Resources</i> TB 2011-1 , <i>Accounting for Federal Natural Resources Other Than Oil and Gas</i>
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High Priority

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Page 13 – SFFAS 38, Accounting for Other Types of Natural Resources, Factor A9.

Current Wording: Federal lands contain a variety of natural resources that are not specifically addressed by this Statement, including coal, gold, and silver, as well as timber and grazing rights. Originally, the Board intended to address each category of resources in separate phases as noted in paragraph A2. Although in principle a broader application was desirable to several Board members, the majority believes that the Board has already devoted a substantial amount of time to the oil and gas standard and developing additional guidance for the other types of resources would significantly delay implementation of a broad standard. Therefore, because federal oil and gas resources represent the most significant portion of all federal natural resources, the majority of members felt it was important to begin recognizing them as soon as possible.

Comment: Grazing permits convey no right, title, or interest held by the United States in any lands or resources; rather, grazing permits merely confer the privilege to graze on federal land. The Forest Service recommends revising factor A9 as follows:

Suggested Revision to Language: Federal lands contain a variety of natural resources that are not specifically addressed by this Statement, including coal, gold, and silver, as well as timber and grazing opportunities. Originally, the Board intended to address each category of resources in separate phases as noted in paragraph A2....

Rationale/Supporting Information: Congress retained “right, title, or interest of the United States in any land or resources” in laws providing for the controlled use of federal land for livestock grazing through permit systems managed by federal land management agencies such as the Forest Service. See 16 U.S.C. §5801. Further, courts have consistently found no property rights associated with grazing permits. See *Diamond Bar Cattle Co. v. United States*, 168 F.3d 1209, 1215 (10th Cir. 1999) (holding that “owners did not have possessory property interest entitling them to graze cattle on range located on national forest lands even if they held valid water rights protected by Mining Act”); see also *Oregon Nat. Desert Ass’n v. U.S. Forest Serv.*, 465 F.3d 977, 979–80 (9th Cir. 2006) (“The permit does not authorize the permit holder to graze continuously for the permit’s ten-year duration. Rather, the permit authorizes the permit holder to graze livestock only after the Forest Service has approved the permittee’s annual application. In practice, the Forest Service approves the application in conjunction with issuance of the AOI. Although the annual application calls for basic information, it is the AOI that indicates the detailed terms and conditions by which the Forest Service expects the permit holder to graze his livestock in the upcoming season.”)

36 CFR §222.3(b) states “Grazing permits and livestock use permits convey no right, title, or interest held by the United States in any lands or resources”.

Appendix A: Basis For Conclusions

Page 10 – Technical Bulletin 2011-1, Accounting for Other Types of Natural Resources, Factor A2.

Current Wording: Federal lands contain a variety of natural resources that are not specifically addressed by SFFAS 38, including coal, gold, and silver, as well as timber and grazing rights. Originally, the Board intended to address each category of resources in separate phases as noted in paragraph A2 of SFFAS 38. Although in principle a broader application was desirable to several Board members, the majority believes that the Board has already devoted a substantial

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amount of time to the oil and gas standard and developing additional guidance for the other types of resources would significantly delay implementation of a broad standard. Therefore, because federal oil and gas resources represent the most significant portion of all federal natural resources, the majority of members felt it was important to begin recognizing them as soon as possible.

Comment: Grazing permits convey no right, title, or interest held by the United States in any lands or resources; grazing permits merely provide a privilege to graze on federal land. The Forest Service recommends revising factor A2 as follows:

Suggested Revision to Language: Federal lands contain a variety of natural resources that are not specifically addressed by SFFAS 38, including coal, gold, and silver, as well as timber and grazing **opportunities**. Originally, the Board intended to address each category of resources in separate phases as noted in paragraph A2 of SFFAS 38...

Rationale/Supporting Information: Congress retained “right, title, or interest of the United States in any land or resources” in laws providing for the controlled use of federal land for livestock grazing through permit systems managed by federal land management agencies such as the Forest Service (See 16 U.S.C. §5801. Further, courts have consistently found no property rights associated with grazing permits. See *Diamond Bar Cattle Co. v. United States*, 168 F.3d 1209, 1215 (10th Cir. 1999); see also *Oregon Nat. Desert Ass'n v. U.S. Forest Serv.*, 465 F.3d 977, 979–80 (9th Cir. 2006).

36 CFR §222.3(b) states “Grazing permits and livestock use permits convey no right, title, or interest held by the United States in any lands or resources”.

Topic #18	SFFAS 39, Subsequent Events: Codification of Accounting and Financial Reporting Standards Contained in the AICPA Statement on Auditing Standards
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #19	SFFAS 44, Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #20	SFFAS 47, Reporting Entity
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #21	SFFAS 49, Public-Private Partnerships: Disclosure Requirements
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #22	SFFAS 51, Insurance Programs
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

Topic #23	SFFAS 52, Tax Expenditures
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Choose a priority level.

Please explain your response. [Click here to enter text.](#)

	SFFAS 54, Leases⁵ AS AMENDED BY: SFFAS 57, SFFAS 60, SFFAS 61 TB 2023-1, Intragovernmental Leasehold Reimbursable Work Agreements
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High Priority

Technical Release 20: Implementation Guidance for Leases

Page 6 – Technical Release 20, Question 7. and answer 7(b)

Current Wording:

- **Question 7. A reporting entity enters into separate and distinct agreements, each with a private party, for the right to use public lands, each for a period of 10 years, in exchange for consideration. Do each of these respective agreements meet the definition of a lease?**
- **Answer b. Agreement #2: Public lands for livestock grazing. These lands must by law be managed for multiple uses, including public access and enjoyment, wildlife habitat conservation, wilderness, watershed protection, and other uses under various federal statutes. The terms and conditions, such as stipulations on forage use and seasons of use, for grazing on the lands are set forth in permits.**

Yes. Although other economic benefits or services may be derived by other parties from use of the public land, such rights are not relevant in establishing the right that was specified in the contract to control the use of this particular economic benefit (grazing rights) derived from the underlying asset.

Comment: Forest Service grazing permits do not convey a right to graze National Forest System (NFS) lands. The language “*right to use public lands*” in question 7 and “*the right that was*

⁵ SFFAS 54, *Leases*, is excluded from the reexamination project because the SFFAS is not yet effective. Respondents may provide general comments and feedback for the Board’s consideration.

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specified in the contract to control the use of this particular economic benefit (grazing rights) derived from the underlying asset” is technically incorrect. The language conflicts with existing regulations and case law, which affirm that a Forest Service grazing permit constitutes a revocable license that confers a privilege rather than a right. (See 16 U.S.C. §5801. Further, courts have consistently found no property rights associated with grazing permits. See *Diamond Bar Cattle Co. v. United States*, 168 F.3d 1209, 1215 (10th Cir. 1999); see also *Oregon Nat. Desert Ass'n v. U.S. Forest Serv.*, 465 F.3d 977, 979–80 (9th Cir. 2006).

Per 36 CFR §222.1(b), the term “grazing permit means any document authorizing livestock to use National Forest System or other lands under Forest Service control for the purpose of livestock production.” Grazing permits “convey no right, title, or interest held by the United States in any lands or resources (see 36 CFR §222.3[b]). Grazing permittees must abide by the terms and conditions of their grazing permits. The amount of grazing use authorized is variable from year to year and the total permitted use is subject to change according to the procedures outlined in the grazing permit. Grazing permits explicitly state that the number, kind, and class of livestock, period of use and grazing allotment specified in the permit may be modified if needed as determined by the Forest Service and that the permit may be suspended or cancelled when certain conditions exist.

We recommend revising question 7 and answer 7.(b) as follows:

Suggested Revision to Language: A reporting entity enters into separate and distinct agreements, each with a private party, for the **opportunity and authorization** to use public lands, each for a period of 10 years, in exchange for consideration. Do each of these respective agreements meet the definition of a lease?

- Yes. Although other economic benefits or services may be derived by other parties from use of the public land, such **opportunities and authorizations for use** are not relevant in establishing **whether the grazing permit gives the permittee the ability to obtain and control economic benefits derived from the opportunity to graze livestock on public lands.**

Rationale/Supporting Information:

Congress retained “right, title, or interest of the United States in any land or resources” in laws providing for the controlled use of federal land for livestock grazing through permit systems managed by federal land management agencies such as the Forest Service See 16 U.S.C. §5801. Further, courts have consistently found no property rights associated with grazing permits. See *Diamond Bar Cattle Co. v. United States*, 168 F.3d 1209, 1215 (10th Cir. 1999); see also *Oregon Nat. Desert Ass'n v. U.S. Forest Serv.*, 465 F.3d 977, 979–80 (9th Cir. 2006).

36 CFR §222.4(a)(8) states that the Forest Service may “Modify the seasons of use, numbers, kind, and class of livestock allowed or the allotment to be used under the permit, because of resource condition, or permittee request. One year's notice will be given of such modification, except in cases of emergency.”

36 CFR 222.4(a) states that “The Chief, Forest Service, is authorized to cancel, modify, or suspend grazing and livestock use permits in whole or in part.”

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	SFFAS 56, Classified Activities ⁶ Interpretation 8, An Interpretation of Statement of Federal Financial Accounting Standards 56, Classified Activities
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Please provide feedback if you wish to do so. [Click here to enter text.](#)

	SFFAS 59, Accounting and Reporting of Government Land ⁷
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Please provide feedback if you wish to do so. [Click here to enter text.](#)

⁶ SFFAS 56, *Classified Activities*, is excluded from the reexamination project due to the topic. Respondents may provide general comments and feedback for the Board's consideration.

⁷ SFFAS 59, *Accounting and Reporting of Government Land*, is excluded from the reexamination project because the SFFAS is not yet effective. Respondents may provide general comments and feedback for the Board's consideration.