



# 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

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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](mailto: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](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.)