

From: Edward Gramp - BGN
To: [Savini, Domenic N](#)
Cc: [FASAB; Erik Dorman \(BC\)](#)
Subject: Re: Land ED Comment from GSA
Date: Wednesday, August 08, 2018 5:16:29 PM
Attachments: [FASAB Comment Template](#) [FASAB Exposure Draft, Reporting of Government Land.xlsx](#)
[Land questions for respondents - EG 7.24.docx](#)

Domenic,

In following up to our conversation yesterday, I appreciate the opportunity to submit an amendment to the initial GSA response to the Land ED. Unfortunately the Word document originally submitted as responses to the Board's questions was an incomplete draft. The Excel document of additional editorial comments remains unchanged.

Attached below is the file with the completed responses. The most significant differences that GSA would want you and the Board to be aware of are the responses to questions 7 and 8, which were not included in the previous document, as well as additional discussion that was added as the second paragraph of our response to question 1.b., related to overlapping FRPP reporting of federal real property holdings. These additional comments are significant as they provide further discussions and justifications for our significant concerns with the proposal for reporting of acres of land.

Thank you for considering this additional input as the Board and staff deliberate next steps and make decisions regarding changes in the accounting standards for land. If you have further questions in this regard, please let me know.

Ed Gramp
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On Mon, Jul 30, 2018 at 3:33 PM, Erik Dorman (BC) <erik.dorman@gsa.gov> wrote:
Dear FASAB:

Attached are the GSA comments to the Land Exposure Draft. Please contact me or those identified if clarification is required.

Thank you,
Erik Dorman, CPA, CISA, CIA
Chief of Staff
Office of the Chief Financial Officer (B)
erik.dorman@gsa.gov
202-501-4568

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 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 SFFAC 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 define 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 G-PP&E balances, often more significant to a reporting entity, are generally not required for disclosure.

As is noted in the ED, information regarding Federal real property holdings is collected and disseminated to the public via Federal Real Property Profile (FRPP) reporting. The FRPP scope includes virtually all lands as would be reported under G-PP&E. While we recognize that such data is not certified to the same extent as audited financial data, agencies are improving the accuracy of such results. With implementation of the Federal Property Management Reform Act of 2016 and OMB requirements for validation and verification testing and certifications agencies to be perform related to data submissions, accuracy of the FRPP reporting is expected to continue improving. As noted in a 2017 GAO report (GAO-17-321), FRPP data reviewed related to FY 2014 and 2015 property disposals was found to be generally reliable. We believe the FRPP reporting, with the significant amount of detail it provides, to be the preferred source of information on acres and usage categories for the broad user community. The disclosures requirements proposed by the Board, for comparable, but potentially slightly different information sets, creates duplication and undue burden on the Federal financial reporting community, when the more comprehensive land data sets are available from the FRPP. Summarized disclosures, such as those likely to be produced to meet proposals of the Board in Federal financial reports, would not seem to provide meaningful information for user communities to gauge the effectiveness of agency oversight over real property.

If the proposals in this ED are implemented in a final Standard, 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. 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, if disclosed at all. Particularly for SL, we believe the aggregation by sub-categories of acreage of the massive land holdings managed by some Departments/agencies will be of little value, other than for readers to appreciate the magnitude of such holdings. Such estimates of magnitudes need not have audit precision for readers to understand the scope of such responsibility.

Further, if the proposed requirement for reporting 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 a significant user need for the disclosure.

Lastly, we recommend rewording the disclosure requirement, “(6) a reference to deferred maintenance and repairs information” to 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 elements of 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 that 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 is 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 remains 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.**

We recommend the Board consider a review and updating of TR 9 to make it current with any final standard issued regarding land as a result of this ED, and any other changes to standards implemented subsequent to the issuance of that TR. Such a review would also help identify potential issues that are worthy of adding greater clarity in a new standard. The language in TR 9 paragraph 85 addressed in this question would appear to be appropriate for implementation guidance, rather than statements to be included in a standard, or possibly as a part of the Basis for Conclusions section included with the standard, to further relay the Board's intent on such issues.

- 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.**

We would request that implementation guidance provide examples of estimating techniques considered reasonable by the Board. Further, we would request guidance on factors to be used related to precision and accuracy of such estimates, particularly methods preparers should apply in determining materiality considerations of such non-financial information.

- 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.**

Regarding item Q8.(1), we recommend the Board apply significant caution and tempering of implementing NFI requirements. We recommend the Board consider

further developing key concepts, like the SFFAC documents, specific to NFI reporting that would be used as a guide in Boards considerations prior to implementing standards requiring NFI reporting. Selecting land as an element where NFI would be required with financial reporting seems to be short-sighted, or is being seen in a vacuum, rather than being considered in the whole of information the Board might consider being reportable for property management as a whole. For some agencies, G-PP&E land is a required but much less consequential element of overall real property development for use in agency operations, where buildings and facilities are the more significant components of a real property holding. In such cases, information regarding acres or counts of land by categories is almost inconsequential to the primary purpose of having facilities for agencies to perform day-to-day operations. There is no explanation provided by the Board as to why land was identified as necessary for NFI reporting when other elements of property have no such requirement. The Federal community provides the public with both land and other real property information via the FRPP, yet the Board only discusses that information on land is insufficient for user needs. With any proposed NFI reporting, we recommend the Board provide more expansive discussions of: 1) specific user needs (vs wants or information that may be potentially useful) for the NFI and communities requiring such information; 2) the degree to which other sources of the NFI fail to meet the needs of the financial user communities and issues this creates; and 3) why the Board finds it incumbent upon the financial reporting community to provide such NFI.

In response to Q8.(2), we do agree that including the word "estimated" with the acres of land definitions will be helpful to make it clear that such counts are not expected to be precise, and that estimation techniques may be used, rather requiring hard documented evidence of acreage information, such as surveys. Agencies will face challenges in gathering information regarding the acreage counts, and use of estimating techniques may be vital to meet the reporting requirement in a practical and efficient manner.

In response to Q8.(3), we do believe it necessary for the Board to discuss materiality considerations expected to be applied with NFI reporting. Especially with the reporting of acres as estimated amounts, an understood basis for determining the material accuracy of such estimates is vital, especially in addressing the perspective of materiality when assessing the financial reporting taken as a whole. As noted previously, land itself might be a relatively insignificant element of a reporting entity's real property assets, and even less significant from the perspective of total assets. Accordingly, understanding how the Board expects entities to make determinations of accuracy required for NFI reporting of just one element of assets in the context of total asset reporting must be communicated.

In response to Q8.(4), we do believe the defining of materiality is affected by the type of reporting that is required (i.e. the three types noted in the question). We believe materiality considerations for the different reporting types should each carry a unique context that allows preparers and auditors to consistently gauge importance and relevance of the information to a specific entity and to the components in the entity's financial reporting, which influence the need for accuracy.

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 40.f.ii - 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 language: "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