

Federal Accounting Standards Advisory Board (FASAB)**Accounting and Reporting of Government Land**

Final Exposure Draft Questionnaire

Comments Due: August 21, 2018**USDA – Forest Service Comments**

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

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

Agree: The majority of G-PP&E lands has been in federal ownership since the formulation of the United States. Federal lands that were not transferred over to states or other local governmental entities by federal law became available for other federal purposes including National Parks, National Forests, Fish & Wildlife Service Lands, etc. If the lands did not have an appraised value then, it would not be practical now to assign a dollar value to them. Lands acquired by federal agencies through fee acquisition represent a small fraction of the overall land base administered by the United States.

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

Agree: Disclosing land information as basic information in Note 10 or in other Note to the financial statements will be more consistent with other standards. Increasing the understandability of federal financial statement users regarding federal lands is important.

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.

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Agree: Concur with items 1 through 5 as disclosure items however, we do not see the relevance of deferred maintenance and repairs information from an overall land valuation perspective.

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.

Agree: Permitting land and land rights purchased in connection with G-PP&E to be capitalized at cost to place the land at best use government-wide, will improve consistency and relevance to the financial statement users.

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: G-PPE land could easily be subdivided into operational land and commercial use lands. Stewardship Lands would be conservation and preservation land.

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

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

Agree: The definitions in paragraphs A25–A33 are appropriate, however there may be instances where the land definition and the actual use overlap especially with land management agencies. For instance, you could have rights of way (commercial use land) for a telephone line or a gas line cutting across a national forest (conservation and preservation land). The hybrid use of the land may pose a classification issue. This may lead to inaccurate classification. We do understand the predominant use principle.

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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.

Agree: The FN16 explanation clarifies how FASAB wants to classify mixed or hybrid use lands. As you know, the Forest Service has approximately 193 million acres of SL. The other acreage is predominantly non-Forest Service within the proclaimed forest boundary.

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

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

Agree: The proposed effective date is reasonable.

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

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

Agree: Incorporating TR-9 examples would facilitate tremendously the preparation and audit of statements and processes. For example, looking at the physical unit measurement types, land management agencies should be able to classify their resources within categories 1- 3.

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.

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Forest Service Response: Providing a template for agencies to report their land acres beginning with the Congressional mandate of the land and build upon the predominant will create more flexibility for reporting agencies.

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.

Forest Service Response: No additional comments.

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

Forest Service Response: Users of federal financial statements will benefit immensely from the consistency of reporting federal lands.