



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

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

Dear Ms. Payne:

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

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

Sincerely,

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

Enclosure

cc: Kristin Salzer

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

#### *Exposure Draft - Accounting and Reporting of Government Land*

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

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

**Please provide your name.**

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**Please identify your organization, if applicable.**

Organization:

#### **Questions and Answers**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3. The information presented as NFI should allow those involved with the financial management decision-making process to make informed decisions. Materiality should be a significant consideration when assessing disclosures.
4. Materiality should not be affected by the presentation of land information as basic, required supplementary information, or other information.

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

The Department has no other comments or suggestions.