

Accounting and Reporting of Government Land - Exposure Draft

Statement of Federal Financial Accounting Standards (SFFAS)

Organization: Social Security Administration (SSA)

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.**

SSA response: We agree, as the new methodology will report land and permanent land rights information consistently amongst all Federal agencies. The presentation of non-financial information that includes acres of land and predominant use categorizations will provide quality information in understanding the entity’s financial condition and will also allow for enhanced capabilities of comparing agency financial and footnote data with other agencies with respect to land information.

- 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.**

SSA response: We agree that land information should be presented as basic information in the G-PP&E note disclosure, since amounts will no longer be capitalized. Information presented on predominant use, acres of land, and land held for disposal or exchange are items of relevance and provide useful 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.**

SSA response: We agree that the proposed disclosure requirements provide uniformity and comparability, while also addressing concerns regarding accountability and transparency.

- 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.**

SSA response: We agree that the proposed disclosure requirements provide uniformity and comparability, while also addressing concerns regarding accountability and transparency.

- 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.

SSA response: We agree, as retaining the current SL and G-PP&E land categorizations provides a clear distinction between the nature of these two types of land, resulting in more accurate and understandable reporting.

- 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.

SSA response: We agree. The definitions provided are comprehensive, thorough, and clear regarding the categorization and reporting of G-PP&E land, permanent land rights, and related sub-categories.

- 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.

SSA response: We agree with the proposed definitions, but because we do not have SL we defer to those agencies who report this type of information.

- 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.

SSA response: The two-year implementation period seems reasonable; however, as we do not have land on our financial statements, this Exposure Draft is not currently applicable to our agency. We defer to those agencies who report on this subject matter.

- 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.**

SSA response: We agree that including the list of examples of what would constitute supporting documentation of land ownership, per paragraph 85 of TR 9, in the proposed accounting standard would facilitate management’s assertions of Federal land owned and aid in auditing land information.

- 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.**

SSA response: We believe FASAB should incorporate guidance from TR 9 and, as stated in paragraph 52, remind readers that because most Federal land was acquired in a variety of ways and over the Nation's early settlement and formation, it is not unreasonable that supporting documentation will be developed using alternative methods or different forms of corroboration.

- 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:

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

- (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.

SSA response: The proposed non-financial information (NFI) that will be included in the financial report will adequately meet user needs in analyzing entity land information. Information on acres of land and land held for disposal along with the other NFI proposals contained within this Exposure Draft will allow entities to continue meeting reporting objectives.

- (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.

SSA response: We agree that Federal entities disclosing "estimated acres of land" instead of "acres of land" provides greater flexibility and still ensures the proper reporting of land information.

- (3) The determination and application of materiality to NFI (that is, the appropriate considerations for NFI).

SSA response: We believe the standard definition of materiality holds true in that, "the determination of whether an item is material depends on the degree to which omitting or misstating information about the item makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or the misstatement," can be applicable for both financial and NFI.

(4) Whether materiality is affected by the presentation of land information as basic, required supplementary information (RSI), or other information. For example, identify challenges in estimating the NFI in each of the three categories identified above.

SSA response: We believe the standard definition of materiality holds true in any of the presentations of land information (basic, RSI, or other information). However, as the data moves from “other information” to “RSI” or to “basic information,” the data becomes more subject to audit review and analysis. Thus, each entity must ensure policy and procedures are in place to maintain valid supporting documentation of land information.

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.

SSA response: We do not have any additional comments or suggestions.