



October 4, 2018

Memorandum

To: Members of the Board

From: Domenic N. Savini, Assistant Director

Through: Wendy M. Payne, Executive Director

Subject: **Clarification Discussion on the Accounting and Reporting of Government Land Exposure Draft.¹ – Tab A**

MEMBER ACTIONS REQUESTED:

Be prepared for an open dialog with several federal agency representatives and subject matter experts concerning their views on the *Accounting and Reporting of Government Land* proposal.

MEETING OBJECTIVE

Over the 2-day period respondent representatives and subject matter experts will clarify views and provide professional input respectively, on the *Accounting and Reporting of Government Land* Exposure Draft. Following the presentations with all the panels, Board members will discuss with staff any high-level issues they feel should be addressed.

BRIEFING MATERIAL

The briefing material includes this memorandum and the following attachments and appendices:

Attachment 1: Discussion agenda

Attachment 2: Speaker biographies and potential panel questions

Attachment 3: Comment letters of presenters

Appendix A: *Accounting and Reporting of Government Land* exposure draft

Appendix B: History of Board discussions

¹ The staff prepares Board meeting materials to facilitate discussion of issues at the Board meeting. This material is presented for discussion purposes only; it is not intended to reflect authoritative views of the FASAB or its staff. Official positions of the FASAB are determined only after extensive due process and deliberations.

BACKGROUND

At the August Board meeting, staff provided a brief overview of the 18 comment letters received on the Accounting and Reporting of Government Land ED. The Board clearly noted its desire to achieve a balanced view and perspective regarding land reporting and asked staff to continue its outreach in that regard.

Although there were no Board deliberations or decisions based on the respondent comments, members desired additional clarification from the respondents and directed staff to extend an invitation to them all to address the Board at the October meeting.

As such, members identified certain technical issues arising from their review of the respondent comments where the Board desires further information, clarification, and feedback. The technical issues include but are not limited to the following:

- Data availability and reliability
- Impact of expensing land to the Statement of Net Cost
- Preparer's perspective concerning audit burden related to estimating acres
- Auditor's perspective concerning audit burden related to estimating acres
- Application of materiality to non-financial information
- Extent to which if any, audit burden acts as a constraint to reporting (acres)
- Consistency within FASAB's conceptual framework
- Preparer concerns over removal of general property, plant, and equipment land from the balance sheet

Thank you and I look forward to our meeting.

Attachment 1

Discussion Agenda

Attachment 1: Discussion Agenda

Attachment 1: Discussion Agenda

Wednesday, October 24th, 2018

AM	<u>Time Slot: 11:00am - 12:00pm</u>	<u>Panel Stop Time</u>
	Panel 1 - DoD	11:00 - 11:20
	Panel 2 - Interior	11:20 - 11:40
PM	<u>Time Slot: 1:00pm - 2:30pm</u>	<u>Panel Stop Time</u>
	Panel 3 - GSA	1:00 - 1:20
	Panel 4 - Energy	1:20 - 1:40
	Panel 5 - NASA	1:40 - 2:00
	Panel 6 - Forest Service	2:00 - 2:20

Thursday, October 25th, 2018

PM	<u>Time Slot: 1:00pm - 4:15pm</u>	<u>Panel Stop Time</u>
	Panel 7 - GAO	1:00 - 1:20
	Panel 8 – Mr. Dan Murrin	1:20 - 1:40
	Panel 9 – EY and Cotton & Co	1:40 - 2:00
	Panel 10 - AGA/FMSB	2:00 - 2:20
	Panel 11 - Mr. H. Steinberg	2:20 - 2:40
	Panel 12 - Bureau Land Mgmnt	2:40 - 3:00

Attachment 2
Speaker Biographies
and
Potential Panel Questions

October FASAB Meeting – Land Exposure Draft Speaker Biographies

Wednesday, October 24

Panel 1 – Department of Defense

Mr. Brian Sykes is a Staff Accountant within the Department of Defense, Deputy Chief Financial Officer (DCFO) organization of the Office of the Undersecretary of Defense (Comptroller). He currently serves as the Financial Improvement and Audit Remediation (FIAR) lead for property accounting policy and property audit strategy. He and his team provide subject matter expertise on accounting and auditability issues related to Real Property, General Equipment, Internal Use Software, Inventory and Related Property, Environmental and Disposal Liabilities, and Government-Furnished Property. He has previously held positions at the Naval Air Systems Command (NAVAIR) and the Defense Finance and Accounting Service (DFAS), and has over eight years of audit remediation experience, including over six years working in the area of asset auditability. Mr. Sykes is a licensed Certified Public Accountant (CPA). He holds a Master's Degree in Accounting and Financial Management and a Bachelor of Science in Economics.

Mr. Bob Coffman has served since 2007 as the Program Manager for Real Property Accountability and Audit Remediation for the Department of Defense, Office of the Assistant Secretary of Defense (Energy, Installations and Environment). In this position he provides policy, coordination, implementation, and program oversight on business enterprise transformation strategies associated with real property reporting and accountability, information requirements, data standards, and regularly represents the DoD Senior Real Property Officer on the Federal Real Property Council. He has completed a rotation tour as the Director, Financial Improvement and Audit Readiness in the Office of the Deputy Chief Financial Officer, coordinated extensively with the Federal Accounting Standards Advisory Board staff on financial reporting requirements for real property, and Chairs various OSD real property related Working Groups.

Mr. David LaBranche has served since 2008 as the Geospatial Information Officer (GIO) in the Department of Defense, Office of the Assistant Secretary of Defense for Energy, Installations and Environment. He is a licensed professional engineer in Virginia and also served for twenty years as an officer in the US Army Corps of Engineers. In April, 2015 the Department published a policy which he authored titled "Installation Geospatial Information and Services."

October FASAB Meeting – Land Exposure Draft Speaker Biographies

Panel 2 – Department of the Interior

Ms. Jennifer De Nardo, CPA, MBA, manages the Financial Reporting Division in the Office of Financial Management at the Department of the Interior. Jennifer has been with the Department of the Interior for 16 years beginning with the Bureau of Reclamation in 2002. She holds a Masters degree in Business Administration from Regis University in Denver and is proud to call Colorado home.

Panel 3 – General Services Administration

Mr. Edward Gramp has served as a GSA staff accountant since 1985 working in Financial Policy Division. He has over 30 years of experience in preparing GSA's AFR, especially focused on Consolidated Financial Statements, including footnotes and supplemental schedules, and leading communication/coordination of audit issues. Ed develops agency-wide and GSA Service-specific policies concerning reporting requirements to comply with the FASAB standards, and similar pronouncements from OMB and Treasury, impacting financial management and reporting. Ed is one of GSA's most trusted advisors on financial and budgetary accounting treatment and practices and is sought after for his expertise in developing accounting and financial management systems requirements and specifications.

Panel 4 – Department of Energy

Mr. William Truitt serves as Director, Financial Policy Division, within the U.S. Department of Energy's Office of the Chief Financial Officer. As such, he and his organization coordinate with stakeholders within and outside of the Department to understand and communicate the impacts of laws, regulations, and FASAB Standards on DOE's financial policies and operations. The Financial Policy Division also coordinates all audits of Department components by the Government Accountability Office and the DOE Inspector General to ensure timely responses to audit reports and resolution of audit recommendations. Prior to joining DOE, Mr. Truitt served for more than 20 years in the U.S. Department of Justice (DOJ) in various financial management roles including Chief of the Drug Enforcement Administration's Financial Integrity Section, Chief of the U.S. Marshals Service's Office of Finance, and Functional Manager of the DOJ's Unified Financial Management System (UFMS). Before DOJ, he was a systems accountant in the Department of Health and Human Services and an accountant in public practice. Mr. Truitt's academic background includes BS degrees from the University of Maryland in Accounting and Personnel/Labor Relations.

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Panel 5 - National Aeronautics and Space Administration

Ms. Laura Ann Koren, CPA, CFF is the Deputy Director of the Policy Division in the NASA Office of the Chief Financial Officer. Prior to joining NASA, Ms. Koren served notably for over 10 years in the National Science Foundation Office of Inspector as the Director of Forensic Accounting (OIG-Office of Investigations), the Director of Compliance Analytics (OIG – Office of Audit) and an Audit Manager. Ms. Koren’s professional achievements include being a Certified Public Accountant and Certified in Financial Forensics by the American Institute of Certified Public Accountants. She holds the following distinguished degrees: B.A. degree in Social Science/History from St. John’s University (NYC), a B.S. Degree in Accounting from University of Maryland University College, a Master’s Degree in History from New York University, and both a Master’s Degree in History and ABD, PhD coursework completed, at Columbia University in the City of New York.

Panel 6 - Forest Service, USDA

Mr. Kevin Heikkila is the Acting Director of Land at the USDA’s Forest Service. Beginning his career as a forest technician at the beautiful Olympic National Park in Washington State, he served at the ranger station where he first began honing his land management skills. His admiration for the great outdoors served him well as a realty specialist at several national forests including Minnesota and Nebraska. True to his character, he enjoys exploring places and the outdoors spending time with his grandchildren. He holds a B.S. Forest Management from the University of Minnesota.

***** **End Wednesday October 24th Panels** *****

October FASAB Meeting – Land Exposure Draft Speaker Biographies

Thursday, October 25

Panel 7 - GAO

Ms. Elizabeth Erdmann, Assistant Director, Natural Resources & Environment

Mr. Richard Johnson, is an attorney with GAO's Office of General Counsel, working with GAO's Natural Resources and Environment team. He provides legal advice on GAO engagements involving environmental protection, federal lands, and nuclear waste cleanup issues. He has worked in GAO since 1991. Mr. Johnson holds a bachelor's degree in history from the University of Illinois and a J.D. from Washington University in St. Louis.

Panel 8 – Mr. Dan J. Murrin is a recently retired Ernst & Young LLP partner who was the Americas Director of Government and Public Sector Services - Professional Practice. He is a certified public accountant and certified government financial manager possessing over 33 years of experience in the public sector audit services arena. Mr. Murrin served as a resource within E&Y on public sector auditing issues and liaison to the Government Accountability Office, Office of Management and Budget (OMB), and Federal Inspectors General community. Additionally, he was a Professional Accounting Fellow at the U.S. Government Accountability Office (GAO) for two years where his term coincided with the passage and implementation of the Chief Financial Officers (CFO) Act. Mr. Murrin's expertise and keen insights greatly contributed to the firm's success in developing and interpreting guidance for audit and advisory services in the federal, state, local and grantee communities and more broadly in the application of government auditing standards. Mr. Murrin is a frequent speaker on issues impacting the public sector and has served on committees, in board, officer, or other leadership roles for the Greater Washington Society of Certified Public Accountants, the AICPA and Association of Government Accountants (AGA). His leadership in the implementation of government auditing standards and the CFO's Act is recognized in the federal financial management community, including receipt of the Andy Barr Award from AGA in 2008, the Distinguished Service to the Financial Management Community Award from the Washington DC Chapter and the 2011 President's Award from the Greater Washington Society of CPAs. Mr. Murrin received his B.S. in Economics with highest honors from the Wharton School at the University of Pennsylvania.

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Panel 9 – EY and Cotton & Company

Kimberly M. Hancy is a Partner at Ernst & Young LLP (EY), where she focuses on federal government financial statement audits. From 2011 to 2014, she served as a resident in EY's Professional Practice Group, providing technical assistance to engagement teams in the areas of governmental accounting, auditing and reporting. She previously performed and managed financial statement and compliance audits of state and local governments for more than 10 years. Kimberly received a bachelor's degree in accounting and finance from Lehigh University and is a CPA in Virginia, New Jersey and New York. She is a member of the American Institute of Certified Public Accountants (AICPA), American Society of Military Comptrollers (ASMC) and Association of Government Accountants (AGA).

Mr. Alan Rosenthal has over 41 years of experience in public accounting providing audit, accounting, consulting, tax, and litigation support services. He joined Cotton & Company as a partner in 2001 and currently serves as the firm's quality control (QC) partner. He has directed a number of federal financial statement audits, performance audits, attestation services, consulting services, litigation support, expert witness testimony, and tax engagements. Additionally, Mr. Rosenthal currently serves as a subject matter expert and QC partner on several Department of Defense engagements. Mr. Rosenthal's public service includes presenting numerous continuing education courses for professional organizations and prestigious appointments to a number of committees and taskforces for both the American Institute of Certified Public Accountants (AICPA) and the Maryland Association of Certified Public Accountants (MACPA), including the AICPA's Professional Ethics Technical Standards Subcommittee (six years), the AICPA's Auditing Standards Board (three years), and a joint OMB-AICPA taskforce on the quality of federal financial assistance audits. Mr. Rosenthal earned a Master of Science in Taxation from American University and a Bachelor of Science in Accounting from the University of Maryland. He is a Certified Public Accountant (CPA) licensed in Virginia, Maryland and the District of Columbia and is a Certified Fraud Examiner (CFE). Mr. Rosenthal is also a member of the Association of Government Accountants (AGA).

Panel 10 – Association of Government Accountants / Financial Management Standards Board

Ms. Jean Dalton is a Certified Public Accountant (CPA) and Certified Government Financial Manager (CGFM). She earned her Bachelor of Science (BS) degree from James Madison University with a major in pre-public health and minor in business administration. She earned a Master of Business Administration (MBA) degree from George Mason University with a concentration in Information Systems. Ms. Dalton possesses 13 years of experience in federal accounting, performing internal control

October FASAB Meeting – Land Exposure Draft Speaker Biographies

reviews, audit readiness reviews, and financial statement audits. She has been with her current employer, Kearney and Company, a local CPA firm, for over seven years, and previously worked for KPMG. She has reviewed new laws, federal accounting standards, and OMB Circulars to advise her clients of reporting requirements. Ms. Dalton also worked for a local county school system as a Senior Budget Analyst for eight years, and Manager of Accounting Operations for five years. As Manager of Accounting Operations, she put together the annual financial statements and received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for five consecutive years. Ms. Dalton lives in Gambrills, MD with her husband, Bob. They have a grown daughter, Holly, who has been travelling the world and is currently working at a winery in Paso Robles, CA.

Panel 11 – Mr. Harold (Hal) I. Steinberg, a former member of the Federal Accounting Standards Advisory Board was the first Deputy Controller/Acting Controller, Office of Federal Financial Management (OFFM), Office of Management and Budget and also served as the Associate Director for Management at the U. S. Office of Management and Budget. He is a member of the American Institute of Certified Public Accountants, the Association of Government Accountants where he serves as Technical Director for the Certificate of Excellence in Accountability Reporting program and the National Academy for Public Administration. Hal is recognized and well respected for being a driving force during his career in such governmental financial management programs as the implementation of the Chief Financial Officers Act and numerous federal financial management improvement initiatives including internal control evaluations, implementation of the Inspector General program, the single audit program, the governmental audit peer review program, and performance measurement. Prior to his public service, Hal began his accounting career as a senior auditor and management consulting manager with KPMG LLC. Serving with notable distinction, he was promoted to partner leading the firm's Federal Government practice after being in charge of the firm's practice with State and local governments specializing in governments and not-for-profit organizations. Hal is a prolific writer writing numerous journal articles and books for the Financial Accounting Standards Board and performing research projects for the Association of Government Accountants. Hal is a Certified Public Accountant and also a Certified Government Financial Manager, and Certified Defense Financial Manager.

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Panel 12 – Bureau of Land Management, Department of the Interior

Mr. Robert Jolley works for the Department of the Interior’s Bureau of Land Management as the Division Chief for Lands, Realty and Cadastral Survey since October 2016. In that position he facilitates land status and land uses on more than 245 million acres of public lands managed by the BLM. Robert came to the Washington Office from Amarillo, Texas where he managed the Federal Helium Program for the BLM for 3 years. He has also worked for the U.S. Bureau of Reclamation, the U.S. Air Force, the U.S. Army Corp of Engineers, the U.S. Army Materiel Command, and the U.S. Army Garrison-Bagram. During his career, he has worked for the BLM’s Washington Office on two other occasions: once from 2005-2007 and again from 2008-2010, both times as an environmental engineer. He served in the United States Marine Corps from 1981 to 1992. Robert earned a Bachelor of Science degree in civil engineering from the University of Tennessee and earned a Master of Science degree in Environmental and Resource Management from Arizona State University. Robert holds an active professional engineer license in both Texas and Tennessee. Robert was born and raised in Tennessee. He has been married for over 33 years to his wife Phyllis. In his free time he enjoys visiting national parks, riding his motorcycle, and fishing.

***** **End Thursday October 25th Panels** *****

October FASAB Meeting –Land Exposure Draft Potential Panel Questions

Preparers – Panels 1 through 6

1. Did any bureau take a position different from the agency's overall position? If so, what were their concerns?
2. What land information are you currently providing the public and why? Please note if the information is required (i.e., by Congress or Executive Order) or voluntarily provided.
3. Where is the information provided/located and what controls exist to ensure its accuracy and timeliness?
4. Are there any notable differences between the current and proposed reporting requirements regarding either records retention or data quality?
5. What questions arise concerning land and from whom?
6. Do you believe this proposal affects your entity's *fair* presentation of financial information? If so, how and if not, why not?
7. Do you see value in standardizing land information across the Government in financial reporting?
8. If the Board were to proceed with removing G-PP&E land from the balance sheet and require estimated acres for all land to include Stewardship Land, which specific disclosure requirements do you believe should not be required? Please explain.
9. Does land information factor into any overhead calculation, cost-recovery, rate-setting, or other types of managerial or cost consideration?
10. Are land holdings routinely evaluated for disposal? If so, what disposal options exist?

October FASAB Meeting –Land Exposure Draft Potential Panel Questions

Auditors – Panels 8 and 9

1. How would the proposed requirement to “estimate” acres rather than simply report “acres” affect your audit procedures, if at all?
2. Does the use of estimated acres as a measurement attribute for land add to measurement uncertainty? Please explain.
3. In measuring estimated acres, how do methods such as the use of geospatial technology, use of 3rd party experts, or reliance on State boundary lines affect measurement uncertainty?
4. When land records such as deeds or surveys are not available, how could *alternative* forms of information such as historical maps or treaties, historical maintenance records, Congressional appropriations, local tax authority records, or a long-standing history of control (to include restricting use by others) be used to establish ownership? What other relevant sources of *alternative* information would be sufficient evidence to establish government ownership of land?
5. Would an entity’s documented “rights and obligations” to manage land be evidence of ownership?
6. How could an entity’s established record of managing land or controlling land use be useful in determining ownership?
7. When would physical inspections of land be required?
8. What other audit issues in standardizing land information across the Government in financial reporting should we consider?
9. Is there a significant difference in audit effort between auditing physical units versus estimated acres?
10. When auditing estimated acres, how different are 1st year audit procedures compared to later years? That is, what types of procedures or documentation might apply to each?

October FASAB Meeting –Land Exposure Draft Potential Panel Questions

Experts / Others – Panels 7, 10 through 12

1. TO ALL - What is the value, if any of standardizing land information across the Government in financial reporting?

2. TO ALL - How could the Board’s proposal be improved given your concern?

3. GAO – What information has Congress sought and for what purposes? Is Congress fairly satisfied with the information currently available to them concerning land?

4. GAO – How could land information be improved for Congress?

5. GAO – Do you see value in standardizing land information across the Government in financial reporting?

6. Mr. Steinberg – In your opinion, how does presenting acreage information other than disclosure (i.e., RSI or OI), affect the fair presentation of financial information?

7. Mr. Steinberg – Given the requirement to report estimated acres, you note that if NFI is treated as basic, it is likely that preparers would present parcels of land. Can you please explain?

BLM Questions -

8. Why do you generate the Public Land Statistics report?

9. How long has it been published and is this report required by Congress?

10. Who are its principal users?

11. On balance, given the resources expended to publish such a report, do you believe it benefits the public?

12. Has the information ever been audited? If not, is there an established process in place that could be audited?

Attachment 3

Comment Letters

1. Department of Defense, Respondent # 7
2. Department of the Interior, Respondent # 11
3. General Services Administration Respondent # 15
4. Department of Energy, Respondent # 17
5. National Aeronautics and Space Administration (CFO), Respondent # 10
6. Forest Service, Department of Agriculture Respondent # 18
7. Association of Government Accountants, Respondent # 13
8. Mr. Hal Steinberg, Respondent # 2



OFFICE OF THE UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

COMPTROLLER

Wendy M. Payne
Executive Director
Federal Accounting Standards Advisory Board
Mailstop 6H19
441 G Street, NW, Suite 6814
Washington, DC 20548

Dear Ms. Payne:

The Department of Defense (DoD) is pleased to submit the attached comments to the Federal Accounting Standards Advisory Board on the proposed Exposure Draft (ED), *Accounting and Reporting of Government Land*. The DoD understands the importance of providing useful, understandable information to users of the financial statements while considering the efficient use of resources when preparing such information. The DoD generally agrees with the proposed ED with a few specific exceptions. Detailed answers to FASAB's questions are contained in the attached response, including the areas where we disagree or request additional clarification.

Thank you for considering the DoD's input.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mobola A. Kadiri".

Mobola A. Kadiri
Director, Financial Improvement and Audit
Remediation

Enclosure:
As stated



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.**

DoD Response: *Agree. Historical cost for federal land is not useful, and in many cases, immeasurable. Most GPPE land was acquired (either by purchase or annexation) long ago. The remainder is a very small percentage of federal land. To spend significant time and cost to support the historical costs of such a small percentage of the federal portfolio would not serve the tax payers or users of the statements.*

- 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.**

DoD Response: *Agree. Accountability information that is important to users should be presented in the G-PP&E note disclosure. Acreage is a measure that is readily available and consistently defined.*

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.**

DoD Response: *Partially Agree. Disclosures need further clarification, as follows:*

(1) **DISAGREE.** *Description of the entity’s policies: Excess information; readdress requirement after initial data collected to see if additional policies are needed.*

(2) **Partially Agree.** *Physical quantity information; Need further clarification on this definition. If this is the "Physical Unit" information, it can be useful. Also, does this relate to "Unit Count"? Nomenclature for the above terms needs clarification.*

(3) **Agree.** *Estimated acres of land should be a data requirement.*

(4) **Partially Agree.** *Estimated acres of land held for disposal or exchange: Coordination for land disposals is generally accomplished through GSA. Processes for meeting the reporting criteria based on when the service has "satisfied legislative disposal authority requirements" for the land must be established.*

(5) **Partially Agree.** *Land rights information should include a general description of the types of land rights acquired by the entity; Requirement needs refinement. In general, there is Fee and less than Fee interest in land, with innumerable variations.*

(6) **DISAGREE.** *Reference to deferred maintenance and repairs information; It is not clear how this DM&R concept would apply to land. If the intent is for use with improvements on/in the land (i.e., facilities), those requirements and processes are already in place.*

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.

DoD Response: *Disagree. See response to Question 2a.*

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.

DoD Response: *Agree.*

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.

DoD Response: *Agree. Definitions are reasonable. However, recommend clarifying that "acres of land held for disposal or exchange" does not include land transferring between federal entities and, whether it's two component reporting entities within a single reporting entity, two*

independent federal reporting entities, or any other interaction between federal reporting entities.

- 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.

DoD Response: *Agree.*

- 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.

DoD Response: *Agree. However, a 3 year timeline would be preferable due to process and system changes, and training that will need to occur to implement the standard.*

- 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.**

DoD Response: *Agree. It would be beneficial to include and expand on the examples of documentation from paragraph 85 in TR 9 in this new standard. Examples of supporting documentation will assist implementation.*

- 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.**

DoD Response: *Provide examples of acceptable approaches to estimating physical acres such as surveys, geospatial tools, plats, records, etc. Provide examples of how to identify “predominant use” when land has more than one use simultaneously.*

- 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.**

DoD Response:

- 1) *Agree.*
- 2) *Agree that estimating acres of land is preferable.*
- 3) *Materiality is relevant. Omission of a material disclosure would be a departure from GAAP.*
- 4) *One challenge is if two categories overlap on a given acre of land. For example, if a revenue generating activity exists on conservation land. If each reporting entity develops its own business rules, it could result in inconsistent reporting.*

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.

DoD Response:

1. Reference to land being “one of the most ‘valuable’ assets” on pg. 5 raises a question about why the focus is not on value. It may be more appropriate to highlight volume and related reporting burden as a justification for change.
2. SFFAS 7 and 42, use term ‘stewardship PP&E’ while SFFAS 29 refers to ‘heritage assets’; there should be consistency of terms across standards to minimize confusion.
3. For both GPP&E land and SL land, are unclear what is deemed by FASAB as deferred maintenance and repair for land.(SFFAS 42)
4. SFFAS 29, paragraph 40 (paragraph 13 of the Exposure Draft) states: “Entities with stewardship land should reference a note on the balance sheet that discloses information about stewardship land, but no asset dollar amount should be shown.” We suggest adding similar language for G-PP&E land in paragraph 25 of SFFAS 6 (paragraph 8a of the Exposure Draft) for clarity and consistency purposes. Accordingly, we suggest to make reference to the note on the balance sheet and to specify that no asset dollar amount should be shown.
5. For purposes of clarification, suggest that the FN 42 in paragraph 8 d of the exposure draft be modified to read as follows:

FN 42 – Temporary land rights, such as easements or rights-of-way, that are for a specified period of time or limited duration, and which have been capitalized, under paragraph 40.f.ii, shall be depreciated or amortized over that period of time.
6. The disclosure on physical unit information (paragraphs 10 and 13 of the Exposure Draft) seems to imply that there will be continuous accounting and reporting of physical units throughout the year in order to be able to account for the beginning balance, units acquired, units withdrawn, transfers, and an ending balance. Since the identification and reporting of physical unit information are not readily available in current financial reporting systems, we believe that compiling this information will be labor intensive and will provide limited value. This will also require additional time and effort to collect, update and report the information. Furthermore, the required physical unit information is beyond the information provided in the sample illustrations on pages 52 and 53 of the Exposure Draft. Accordingly, the provided illustrations do not provide enough information of what is expected to be reported. We believe the illustrations should include all of the required disclosure information for physical units in order for users to have a better understanding of what information is expected to be disclosed.



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

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.**

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

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.)

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
GSA, OCFO, Office of Financial Management
Financial Policy Division
(202) 501-0593
edward.gramp@gsa.gov

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.ii	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	Updates to 20A - 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	follows, "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



Department of Energy

Washington, DC 20585

July 30, 2018

MEMORANDUM FOR THE FEDERAL ACCOUNTING STANDARDS ADVISORY BOARD

FROM:

Karin Dasuki

Deputy Director, Office of Finance and Accounting
Office of the Chief Financial Officer

Karin Dasuki

Digitally signed by Karin Dasuki

Date: 2018.08.10 12:21:41

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SUBJECT:

Comments on the Federal Accounting Standards Advisory Board's (FASAB's) Statement of Federal Financial Standards Exposure Draft: *Accounting and Reporting of Government Land*

The Department of Energy (Department) appreciates the opportunity to comment on the FASAB's Exposure Draft: *Accounting and Reporting of Government Land*. Responses to the questions in the Exposure Draft are provided below.

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 Department agrees with the Board's proposal for the reasons identified in the Exposure Draft. The non-financial measures to be included in the note disclosure would provide more relevant and comparable information than the historic cost of land. In addition, the relevance of the historic cost of land owned by the Department of Energy is diminished considerably by the significant environmental liabilities that pertain to some of the Department's land holdings.

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. Land information should be presented as basic information in the G-PP&E note disclosure. Use of acreage as a basis of disclosure will provide a level of comparability under the three subcategories proposed by the Board.

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.

Agree. The Department currently maintains property management records that can provide the required note disclosure information.

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. The Department agrees based on the rationale provided in the Exposure Draft.

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. The G-PP&E land and SL categories should be retained, and the definitions of the sub-categories based on land use are appropriate.

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 proposed revised definitions of G-PP&E land, permanent land rights, and the other terms in Q4 above should be adopted based on the explanations provided in the Exposure Draft.

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 amendments to the current definition of SL, including footnote 16 and the related subcategory definitions, are appropriate.

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. Departmental compliance with the proposed implementation date is feasible.

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 the guidance and examples in Technical Release 9 would facilitate the financial statement preparation and auditing processes. The guidance should include management’s ability to assert land ownership based on non-traditional supporting documentation.

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.

DOE Response: Implementation guidance for supporting estimated acres of land and predominant use should be consistent with the information in the Exposure Draft paragraphs A51 and A52, i.e., the Board does not seek exact precision in determining estimated acres of land or predominant use assessments; the Board does not intend to direct or prescribe the use of any particular approach; and preparers may apply a variety of methods and techniques in arriving at estimates, including non-traditional supporting documentation, to develop reasonable acre estimates to satisfy the requirements.

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.

DOE Response: The responses to the previous questions adequately address the Department's views regarding the four matters above.

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.

DOE Response: The Department does not have any additional comments or suggestions regarding this Exposure Draft.

Questions concerning the Department's responses may be referred to William Truitt, Director, Financial Policy Division, Office of Finance and Accounting, at William.Truitt@hq.doe.gov or (202) 586-1065.

National Aeronautics and Space Administration**Comments to Government Land Accounting and Reporting Exposure Draft**

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.**

Response: Yes, we agree with the Board’s proposal to reclassify G-PP&E land as a non-capitalized asset without dollar amounts reported on the Balance Sheet and expense future acquisitions on the Statement of Net Cost.

We agree in general with the Board’s position as stated in Paragraph A14 of the Basis of Conclusion that both entity accountability and comparable reporting of federal land holdings (both within and across entities) are satisfied from a non-financial information disclosure. We also believe that, as stated by the Board in Paragraph A16, adoption of non-financial information will mitigate Agency burden by eliminating the requirement to capitalize land associated with G-PP&E, and utilizing NFI that many agencies might collect for program management or other extra reporting purposes.

- 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.**

Please see Paragraph A-40 (page 39-40) for Board’s reasoning for presenting information as basic information in the disclosure. But in an earlier response to FASAB, we recommended presenting information as RSI, need to decide what our response should be. I prepared for discussion purpose the following response.

Response: We believe that Required Supplementary Information (RSI) instead of basic information should be sufficient for General PP&E land and Stewardship Land note-disclosure. We also believe that management representations should be sufficient to satisfy auditor concerns. We do not believe it would be cost effective to require audit procedures such as on site reviews or remeasurement when information is presented as 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

National Aeronautics and Space Administration**Comments to Government Land Accounting and Reporting Exposure Draft**

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.**

Response: Yes, we agree with the Board's proposed component reporting entity disclosure requirements for G-PP&E, and stewardship land (SL).

- 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.**

Response: Yes, we agree with the Board's proposed government-wide financial statement disclosure requirements.

- 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.

Response: Yes, the separation of G-PP&E land and Stewardship Land Categories will assist agencies in complying with SFFAS No. 6 and 29. The distinction between General PP&E land and SL should be retained as agencies are currently reporting this way and it will help to maintain consistency in reporting categories.

- 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.

National Aeronautics and Space Administration**Comments to Government Land Accounting and Reporting Exposure Draft**

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.

Response: Yes, we agree with the Board's proposed definition of G-PP&E land and permanent land rights and the related sub-category definitions.

- 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.

Response: Yes, we agree with the Board's proposed definition of SL, including footnote 16 and the related subcategory 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.

Response: Yes, we agree with the proposed effective date for reporting periods beginning after September 30, 2021.

- 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**

National Aeronautics and Space Administration**Comments to Government Land Accounting and Reporting Exposure Draft**

facilitate implementation of the proposed requirements? Please provide the rationale for your answer.

Response: We believe that incorporating appropriate guidance contained in TR 9, with necessary modification or expansion and examples into the proposed accounting standards, would facilitate the implementation of the proposed requirements.

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. Additional implementation guidance in selecting physical unit categories and predominant use categories would help agencies to meet the new land reporting requirements.

Response: FASAB's implementation guidance should aim to achieve disclosure format, content, and level of detail consistency across agencies. Thus, it would be most helpful if FASAB's implementation guidance could include:

- Examples of envisioned disclosure statements so agencies can get a better sense of the most appropriate format (e.g., land use breakdown tables) and level of detail (e.g., for narrative discussions of entity land policies, land rights, deferred maintenance, and relationship to mission) required.
- Help with physical unit selection/determination.
- Explanations of acceptable acreage estimation techniques.

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.

Response: We believe that requiring disclosure of "estimated acres of land" instead of "acres of land" will be more cost effective while still providing readers of the financial statements the information they need. If the standard requires "acres of land", financial statement auditors may require agencies to update the documentation for many parcels of land at significant cost.

National Aeronautics and Space Administration**Comments to Government Land Accounting and Reporting Exposure Draft**

(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.

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.

Department of Agriculture; Forest Service, Office of the CFO
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

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.

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**

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.

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**

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.



July 30, 2018

Ms. Wendy M. Payne
Executive Director
Federal Accounting Standards Advisory Board
Mailstop 6H19
441 G Street, NW, Suite 6814
Washington, DC 20548

Dear Ms. Payne:

On behalf of the Association of Government Accountants (AGA), the Financial Management Standards Board (FMSB) appreciates the opportunity to provide comments to the Federal Accounting Standards Advisory Board (FASAB) on its Exposure Draft of *Accounting and Reporting of Government Land*. The FMSB is comprised of 19 members (list attached) with accounting and auditing backgrounds in federal, state and local government, as well as academia and public accounting. The FMSB reviews and responds to proposed standards and regulations of interest to AGA members. Local AGA chapters and individual members are also encouraged to comment separately. For full disclosure and transparency, current members of the FMSB do not work with or provide consulting services with classified organizations within the Federal Government.

We appreciate the FASAB's continued effort in setting and providing clarification of the standards relating to the Federal Government. We have reviewed the Exposure Draft and have provided our responses below based on the questions in the Exposure Draft and have provided additional 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.**

Overall, we disagree with the proposal. Traditionally, for the federal government -- as well as other sectors -- GPP&E land is a capitalized asset that is not depreciated. We do not believe a blanket exclusion of all federal land from the balance sheet is warranted. Accounting measurement of GPP&E land and land rights would be feasible in some cases. In those special cases where unique federal circumstances render such measurement impracticable, in the practical expedients contained in SFFAS 50, paragraphs 12 and 13, amending SFFAS 6 paragraphs 25, 26

and 40 (particularly 40(d) and (f) as amended) would be appropriate. Therefore, the entity is not tied to historical cost valuation of Land.

ED paragraphs A15 and A16 seem to contain the Board's rationale for not capitalizing GPP&E land and land rights. The two measurement possibilities cited by the Board, fair value and value-in-use, are rejected because they would be "cost prohibitive" and / or "lack reliability" and / or "require re-estimations that would reduce relevance and comparability and increase cost." Should the FASAB apply that rationale across the board, few complex accounting estimates would survive. Re-estimation techniques could be developed to mitigate incomparability, which is preferable to excluding an asset from the balance sheet. Reasonable exceptions could be developed to accommodate instances where more rigorous measurement is not feasible.

Assertions of current inconsistencies and incomparability seem to be an overriding consideration. Presumably these could be remedied with a reasonable approach for estimation, for example, a specified deemed cost approach

Most federal land is stewardship land, which has unique valuation issues, rather than general PP&E, where traditional accounting principles for land would be applicable. However, much GPP&E land and land rights associated with operations can be measured using traditional methods.

In SFFAC 1 and in the basis for conclusions for SFFAS 6 (paragraph 122), the Board noted the importance of cost information and the allocation of cost to periods in measuring federal performance, while explicitly excluding land from that allocation, which is the traditional accounting principle for land. GPP&E land does not factor into net results until disposal. Thus, the cost of federal land has not been a factor in measuring performance, nor has the balance sheet value of general PP&E been significant on federal balance sheets. However, transparency and accountability require assets to be reported on the balance sheet.

The following are other members' comments

The view expressed in the Basis for Conclusions seems reasonable that both historical cost and fair value are not meaningful and would (regardless) be impossible or impracticable for the majority of public land. In other words, it is our view that the current reporting of land at historical cost is:

- not meaningful,*
- not decision-useful and*
- not representative of the majority of land assets for governments at all levels (not just the Federal government).*

Switching to fair value would be no better (just a different kind of meaninglessness) and has the added defect of being cost prohibitive.

However, land assets are an essential aspect of financial position, and information, about the full portfolio of land assets needs to be included in the financial reporting model.

There is a compelling reason to require land assets to be a part of the financial reporting model to demonstrate accountability for these assets. The statements should demonstrate that the government is able to identify, track and classify these assets in support of its mission.

We have answered the remaining questions as though we agreed with the Board's proposed non-capitalization of G-PP&E 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 agree the information is essential to understand the entity's financial condition.

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.**

We agree with the proposed component disclosures since the requirements reflect SFFAS 29 requirements. In particular, we agree with how land relates to an entity's mission, its policies over land, and physical unit information as well as the Board's analysis of the land task force's findings. - While we disagree with removing the G-PP&E land from the capitalized assets, several of our members liked the disclosures G-PP&E and the SL. We recommend the Board evaluate the proposed component reporting even if the GPP&E land is still capitalized.

- 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 proposed disclosure since it reflects SFFAS 29 requirements (how land relates to an entity's mission, its policies over land, and physical unit information) and the Board's analysis of the land task force's findings.

- 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 agree with the proposal. There is a reported consensus among users as well as task force members that the two categories are meaningful and useful.

- 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 agree with the proposed definitions and sub-category definitions. The Board asserts that there is a need to clarify the GPP&E definition and create and define the three sub-categories. The modifications do clarify the GPP&E definitions, and the sub-categories provide additional breakdowns. However, the ED does not include a comprehensive explanation of the rationale for the modified definitions and new sub-categories, although there is reference to task force research and asserted user needs. We recommend the Board provide a comprehensive explanation for the proposed changes in the Basis of Conclusions.

- 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 agree with the proposed definition. We also believe the Board should clarify the SL definition and create and define the three sub-categories. While the modifications to the SL definition do clarify the definitions, and the sub-categories seem reasonable we believe to further help the preparers and auditors of the financial statement the ED does not include a comprehensive explanation of the rationale for the modified definition, although there is reference to task force research and asserted user needs.

- 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 with the proposed effective date and period of implementation.

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.**

Examples like those in TR 9 would facilitate preparation of the material. They can provide a broad range of acceptable methods consistent with the purposes and intent of the proposed standard.

- 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.**

The ED's illustrations provide very helpful guidance.

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.

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

2) 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.

Use of NFI to provide information more relevant than the financial recognition and measurement of land.

Most federal land, measured in acres, is SL and present difficult measurement challenges. Some federal entities are engaged in business-type activities for which traditional balance sheet recognition and measurement would be useful. This is the case with regard to GSA. However, other entities within the federal government may not find this information useful. For entities with SL, NFI offers much more useful information than financial recognition and measurement.

Disclosing “estimated acres of land” instead of “acres of land” ...

The ED does not contain a basis for the conclusion that estimates should be used. However, it is our view that the use of estimates seems reasonable, following the guidance contained in SFFAS 50, based upon the difficulties federal preparers confront.

The determination and application of materiality to NFI ... Whether materiality is affected by the presentation of land information as basic, RSI, or other information. ...

The proposed materiality approach seems reasonable.

Other comments

Capitalization needs to be sorted with respect to “federal” at least. Prior standards capitalize “Federal” while the ED does not, causing a jarring effect. Also, capitalization of “federal” isn’t consistent within the ED, see paragraph 16 that amends paragraph 23 of SFFAS 32.

Other members of our board recommended considering the following:

The Board may wish to consider certain carve-outs, namely:

- *Land associated with buildings used in operations that is not part of a reservation intended to be held permanently. (As an example, land associated with a building in a downtown area should be valued differently than land that is part of a military base that has a building on it or land that is on a nuclear waste reservation.)*
- *Land held for investment purposes (for example land that is part of a trust)*

There should be clarification that land rights, including rights-of-way associated with infrastructure assets, should be treated as a cost of placing the infrastructure asset into place in a similar manner to permitting costs. This is particularly important for pipelines or transmission lines.

These and other carve outs would allow stewardship land, parks, infrastructure and similar land that is the majority of all acreage to be limited to a disclosure, while retaining conventional accounting for areas that are similar to private business operations.

We appreciate the opportunity to comment on this document and will be pleased to discuss this letter with you at your convenience. If there are any questions regarding the comments in this letter, please contact Lealan Miller, Chair at lmiller@eidebailly.com or at 208-383-4756.

Sincerely,



Lealan Miller, CGFM, CPA

Chair- AGA Financial Management Standards Board
cc: John H. Lynskey, CGFM, CPA, AGA National President

Association of Government Accountants

Financial Management Standards Board
July 2018 – June 2019

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July 16, 2018

Wendy M. Payne, Executive Director
Federal Accounting Standards Advisory Board
441 G Street, NW
Suite 1155
Washington, DC 20548

Dear Wendy,

I have reviewed the Exposure Draft titled *Accounting and Reporting of Government Land*. My answers to the questions are as follows:.

Q1. 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.

I disagree for many reasons 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.

1. First, FASAB's Mission Statement, which has been repeated in every Annual Report and Three Year Plan, states "FASAB serves the public interest by **improving** federal financial reporting through issuing federal financial accounting standards and providing guidance...." Statement of Federal Financial Accounting Concepts No. 1 *Objectives of Federal Financial Reporting* expands upon that statement by averring that the Board would be developing accounting standards that would **enhance the financial information** reported by the federal government to (1) **demonstrate its accountability** to internal and external users of federal financial reports, (2) provide useful information to internal and external users of federal financial reports, and (3) help internal users of financial information **improve the government's management**.¹ⁱ

These statements establish that the **first** purpose for Federal financial statements is to enable the government and its agencies to demonstrate accountability. The fact that the historical cost of land is of limited value to users, and particularly for users responsible for making management decisions, should not be a factor. The highly summarized nature of agency financial statements, the infrequency of their issuance, and the lengthy time frame between the end of the reporting period and the statements' issuance date means that hardly any of the information in the financial statements is of value for users' decision-making.

¹ Statement of Federal Financial Accounting Concepts No. 1 *Objectives of Federal Financial Reporting*, paragraph 3.

The demonstrated far more important purpose for Federal financial statements is that they drive reliability of financial information through the examination of the statements by independent auditors. Dollars are the only measure that is common to all assets, liabilities, revenues, expenditures, etc. This is a major reason why dollars have been used for reporting items on the financial statements. For property, plant, and equipment, measurement bases such as fair value or value-in-use provide users relevant information. However, these financial measurements have been deemed cost-prohibitive to apply plus the results would be less reliable, less comparable, and inconsistent. Historical cost, therefore, has been deemed the most reliable, consistent, comparable, and understandable financial measure with which agencies can report their land holdings. By abandoning historical cost as the reporting measure for land, FASAB would cause agency financial statements to be less reliable. This is contrary to the third objective listed above, namely help internal users of financial information improve the government's management.

2. Second, it will be said that the decision to eliminate the cost of land from the classification of general property, plant, and equipment line on the balance sheet is in order that the government can avoid the problem of having all but one agency report their G-PP&E land at historical cost, and one agency report its land holdings using another measure; that the problem arose because FASAB earlier issued a standard permitting the one agency to report its G-PP&E land using a different measure; and that standard was issued to accommodate that agency's inability to maintain the necessary records. In short, Federal financial reporting will have lowered its accounting standards and requirements to accommodate an agency who does not maintain reliable information, instead of using accounting standards to induce improvement of the agency's and thus the entire government's management, again conflicting with the purpose for which FASAB is supposed to develop accounting standards, namely improve the government's management..

A related undesired ramification if this proposal goes forward is that it will send a signal to the other government agencies that they do not have to maintain complete, reliable financial information. The standards will be tailored to what they do maintain. Moreover, there will be a significant negative impact on the morale of the personnel in agencies that made the extremely difficult effort to obtain and maintain the necessary historical cost information.

3. The Exposure Draft's Paragraph A43 states "the Board has elected to focus on ensuring that the costs of providing land information are commensurate with user benefits." FASAB's Mission Statement states that FASAB "strives to ensure due consideration of the costs and the benefits to the preparers and users of financial information prepared in conformity with generally accepted accounting principles." The agencies presently report cost of land information for G-PP&E land meaning the present reporting of land has already met the cost benefit test. Requiring agencies to replace historical cost with estimated acres and/or other

physical quantity information, particularly since many agencies do not have that information in verifiable form, will force them to incur substantial costs, while the cessation of reporting the one auditable measure—historical cost—means there will be no benefit resulting from adapting this standard. In short, there will be no cost-benefit with issuance of this standard; in fact, there will be a negative cost-benefit.

4. The one agency referred to above (DOD) advised during my tenure on the Board that it not only did not have cost information for the land it uses, it did not have the acreage or other physical quantity information for the land. I remember expressing surprise, stating that every military installation is encircled by a fence within which the acres can be measured. The DOD representative responded that much of its land was acquired as long as two centuries ago, i. e., before land acquisitions were recorded, and DOD does not know the status of the legal titles for significant portions of its land and installations. Hence an accounting standard would be changed to accommodate DOD by having all agencies switch from reporting cost information to physical quantity information even though it is doubtful whether DOD will be able to meet the new standard.
5. Paragraph A11 states Federal executives and managers sometimes feel the need to seek and/or develop financial information outside the agency's financial system, yet they believe this information is not reliable. The most effective way to assure reliability of financial information is to subject it to audit. Issuing a standard which would make it no longer necessary to maintain data bases that provide information reliable enough to pass audit would be counterproductive for the Federal executives and managers.
6. Paragraph A34 states "Prior FASAB analyses of user needs revealed that financial statements are a starting point for users. However, the Board believes additional information should be included within the financial report to allow users to assist them in their analyses of entity performance. The Board believes this can be best accomplished using NFI." By all means, additional information should be included if it assists users' analyses of entity performance. This, however, does not require discontinuance of the financial information which, as stated, is the starting point and provides the foundation for assuring reliability. Rather, NFI should be **in addition to** the financial information.
7. Finally, the lack of comparability is cited as the reason for abandoning reporting G-PP&E land using the historical cost measure.

There are two aspects of comparability that this proposal is intended to address. The first is the lack of comparability between the non-defense agencies who have determined and are reporting the cost of their G-PP&E land and the Department of Defense, who allegedly will not be able to ascertain and report historical cost for its land. The foregoing presents many reasons why this lack of comparability should not be sought by eliminating the standard requiring that G-

PP&E land be presented at historical cost. Financial reporting should not be reduced to only that which agencies have the information to report.

The other “lack of comparability,” while admittedly harder to rationalize, is between G-PP&E land and stewardship land (for which cost is not reported). This lack of reporting cost for stewardship land does not represent a lack of comparability as much as a recognition of the different nature of the two categories of land. G-PP&E land is used to support the current delivery of government services, in the same manner as other types of general property, plant, and equipment, e. g., buildings, equipment, etc. It is appropriate to present, to the extent one exists, a cost for this type of asset. Stewardship land is the land other than the land that supports the delivery of government services. Although it might in itself provide a service, e. g., national parks, grazing land, national forests, the key difference is that the government, as a steward, intends to hold this land indefinitely for the benefit of both current and future generations. The cost to acquire this land, much of which occurred centuries ago, is insignificant in terms of current dollars, and thus meaningless to present in dollar terms on the balance sheet. While some of this stewardship land is used for constructing general property, plant, and equipment buildings, the historical cost of that land is likely to be insignificant.

Having disagreed 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, it is incumbent upon me to suggest an alternative that

- is consistent with Federal financial reporting objectives,
- meets the quality characteristics for information in financial reports,
- addresses the implementation issues in the previously-issued statements of federal financial accounting standards, and
- provides a means with which DOD can conform to generally accepted accounting principles.

Statement of Federal Financial Accounting Standards No.48 *Opening Balances for Inventory, Operating Materials and Supplies*, and No. 50 *Stockpile Materials and Establishing Opening Balances for General Property, Plant, and Equipment: Amending Statement of Federal Financial Accounting Standards (SFFAS) 6, SFFAS 10, SFFAS 23, and Rescinding SFFAS 35* permit a reporting entity to apply an alternative valuation method in establishing opening balances for inventory, operating materials and supplies, and stockpile materials when presenting financial statements, or one or more line items addressed by the Statement, following generally accepted accounting principles (GAAP) promulgated by the Federal Accounting Standards Advisory Board either (1) for the first-time or (2) after a period during which existing systems could not provide the information necessary for producing such GAAP-based financial statements

without use of the alternative valuation method. Deemed cost is identified as one of the acceptable alternative valuation methods, and is defined as based on one, or a combination, of several valuation methods, including: standard price, i. e., selling price or fair value, latest acquisition cost, replacement cost, estimated historical cost, and actual historical cost.

I propose that the inadequacies in DOD's records can be accommodated with the issuance of a standard that

- states that agencies reporting G-PP&E land (1) for the first-time or (2) after a period during which existing systems could not provide the information necessary for producing such GAAP-based financial statements without use of the alternative valuation method, can use deemed cost; and
- includes as a deemed cost, current fair market value for comparable land adjacent to the G-PP&E land applied to the estimated number of acres considered as G-PP&E.

I submit this standard should not be impossible or impracticable for DOD to apply. DOD knows what land it uses, and therefore the acres.. An inability to verify title to the land is not a cogent argument; its use of the land over time and its restriction to use by others is tantamount to owning the land. Furthermore, the inability to verify legal title would also preclude reporting acres of G-PP&E land. Finally, there should be no problem in ascertaining from appraisers, brokers, and other professionals, a current fair market value of comparable, adjacent 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.

I do not agree that all of the land information specified in paragraph 10 should be presented as basic information in the G-PP&E note disclosure. Sub-categorizing the land into commercial use land; conservation and preservation land; and operational land could be useful.

On the other hand, I suspect many agencies do not maintain land records in acres. It would therefore be extremely costly for all agencies to aggregate such information in a form auditors would consider sufficiently reliable to support an unmodified opinion. The Board need look no further than what happened as a result of issuing Statement of Federal Financial Accounting Standard No. 29 *Heritage Assets and Stewardship Land* to understand the reason for my response. Agencies maintain the number of acres or miles of stewardship land they manage in systems of record. Prior to the issuance of SFFAS No. 29, auditors applied certain limited procedures to these systems, which enabled the agencies to present as required supplementary information, the quantities of acres and/or miles. SFFAS No. 29 required the agencies to disclose the non-financial information in the footnotes as basic financial information. The agencies

realized the lack of reliability in the systems of record for stewardship land and, to avoid receiving a modified auditors' opinion, stopped reporting the numbers of acres and miles for their stewardship land and instead reported the numbers of parcels and units of land. Hence, if the Board believes categorizing the land into commercial use land; conservation and preservation land; and operational land would be useful, and it wants the information to be reported in acres rather than parcels, the information should be first designated as required supplementary information and not moved to basic information until there is sufficient confidence in its reliability.

The above said, I would observe that the wide variety in what agencies call units of land, combined with the fact that for operating purposes, agencies can and frequently do adjust what is part of an operating unit, will make this data point not very comparable, consistent, reliable, meaningful, and therefore useful.

Q2. 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.

I agree and I disagree with the Board's proposed component reporting entity disclosure requirements for G-PP&E land and SL. I think the classification of land into the three predominant sub-categories can be useful for understanding how both G-PP&E land and SL can be used.

Since the illustrative examples in Appendix B of how the non-financial information can be displayed are useful, I would add a third example. The examples in Appendix B-1 and B-2 present the non-financial information for the predominant use categories in two tables: one for the G-PP&E land and one for the SL. The example in Appendix B-3 presents the non-financial information in a single table: the information for both the G-PP&E land and SL is presented on the left and the information for the predominant use categories is presented in total on the right.

I would add a single matrix table in which the G-PP&E land and SL non-financial information is presented in two columns, with a third column presenting the total for both. The columns would be broken into four lines: three for presenting the non-financial information for each of the predominant use categories, and a fourth for presenting the total non-financial information data for G-PP&E land, for SL, and for both combined.

There is also a correction I suggest for the exhibits. I can envision situations where land acquired for stewardship purposes is used for G-PP&E purposes (and visa versa). When that happens the, agency should adjust its records to reflect the change. Therefore, the tables in Exhibit B should be labeled Categorized by Purpose or Intent, and not Categorized by Purpose or Intent at Acquisition.

I believe the concise statement explaining how land relates to the mission of the entity should be limited to the stewardship land and not be required for G-PP&E land. FASAB

has undertaken a project to address and hopefully reduce footnote disclosures. A statement of how G-PP&E land relates to the mission of any agency is superfluous.

Finally, I reiterate that non-financial information, while useful information, should be presented as required supplementary information and not in the footnotes as basic information. As stated, when agencies do not have information that auditors can consider sufficiently reliable, they reduce the specificity of the information to less meaningful information.

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.

My response to whether I agree or disagree with the Board's proposed government-wide financial statement disclosure requirements for G-PP&E land and SL is consistent with my response to the requirements for component-level disclosure for G-PP&E land and SL.

Q3. Do you agree with retaining the G-PP&E land and SL categories? Please provide the rationale for your answer.

I agree with retaining the G-PP&E land and SL categories. It provides minimal measurable and reliable information about the land the government uses to support its general services. For reasons described above, SL is not reported with financial measures, but with non-financial measures. Eliminating the G-PP&E land and SL categories would require all land to be reported with non-financial measures. Implementing a requirement to obtain and present non-financial information for G-PP&E land would be extremely disruptive and costly for the agencies. Moreover, the data is likely to be not as reliable as the financial information, and thus not auditable nor as meaningful.

Paragraph 3's concern that current use of a land holding (e. g., G-PP&E land) is sometimes different from the initial intent at time of acquisition (e. g. SL) is not the result of a deficient accounting standard. It is the result of inadequate record keeping and reporting. The problem should be addressed not by changing the accounting standard, but by proper following of appropriate accounting procedures and assuring that following through sufficient auditing.

Q.4 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.

I agree with the Board's proposed G-PP&E land definition.

I agree with the Board's proposed permanent land rights definition.

I agree with the related sub-category definitions, recognizing that the agencies will have implementation challenges categorizing certain lands. For instance, I assume national parks would be considered Conservation and Preservation Land, or even Operational Land because they are mission related. However, many national parks have campsites that are rented, which Paragraph 11/20B identifies as Commercial Use Land. Implementation guidance will be needed.

I believe the physical unit measures will be meaningless. Agencies' missions, the type of land they manage, and their related asset management practices differ widely. Presenting information based on these criteria, as required by paragraph 10A/45A.c.ii, means there will be no comparability for the information for users of component financial statements and an inability to consolidate the information for the government-wide financial statements .

Q5. 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.

I agree with the Board's proposed definition of SL, including footnote 16 and the related subcategory definitions

Q6. Do you agree or disagree with the proposed effective date? Please provide the rationale for your answer.

The implementation of this standard as proposed would require more than modifying the manner in which transactions are reported. It would require obtaining and organizing considerable amounts of data, much of which may not be in existence. Hence, the feasibility of the proposed effective date can best be answered by preparers of the financial statements.

Q7. 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 guidance in Technical Release No. 9 would be helpful for determining and reporting non-financial information. In regard to paragraph 85 in Technical Release No. 9, I would add the "history of use and/or of restricting use by others" in order to help DOD recognize the land for which it claims no record of legal ownership, but still uses to the exclusion of others. Also, incorporating portions of the Technical Release into the standard would increase its authoritativeness and thus likelihood for adherence. Finally, the guidance in Technical Release No. 9 provides agencies preparing financial statements (1) for the first time or (2) after a period during which existing systems could not provide the information necessary for producing such GAAP-based financial

statements without use of an alternative valuation method with the physical quantity of land that can be combined with a financial measure (e. g., current fair market value for comparable land adjacent to the G-PP&E land) to arrive at a deemed cost.

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.

I am not aware of any additional implementation guidance for supporting estimated acres of land beyond what is in Technical Release No. 9. Nor am I aware of implementation guidance for identifying predominant use beyond what is in the Exposure Draft. As stated, I think reporting physical units is meaningless and thus categorizing the different ways is meaningless.

Q8. 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) Certain types of non-financial information (i. e., the magnitude of land holdings rather than the number of land holdings) are more relevant than financial information. However, relevance is only one of six characteristics of quality information. Two others are reliability and comparability. The Federal government’s non-financial information for land is generally not reliable, and in many instances, non-existent. The wide diversity of purposes for the different financial agencies means that presentations of parcels of land would not be comparable among agencies; and of acres or miles, would not be meaningful.

Hence, non-financial information is relevant, but only in combination with the more reliable and comparable financial information.

- (2) Requiring the disclosure of “estimated acres of land” instead of “acres of land” would provide preparers greater flexibility and reduced burden. With either, however, the absence of reliability of the information means that users’ needs would be only partially met.
- (3) No comment.
- (4) If non-financial land information is required as basic information, it is likely to be presented as numbers of parcels of land. This type of information would be less material than acres and/or miles of land. The best hope for obtaining the more material—and meaningful—acres and miles information is to require the non-financial information as required supplementary information. Suggesting that non-financial land information be presented as Other Information means the auditors will do no more than read the information for inconsistency with other portions of the financial report. This approach reflects zero concern for the non-financial information’s reliability.

(2) 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. Paragraph 3 states “Clarifying the SL definition and requiring the use of three predominant use sub-categories should reduce accounting and reporting differences and preparer burden....” Requiring the presentation of land information in three new sub-categories will not reduce preparer burden. It will increase it.
2. Paragraph 11/Footnote 20b and paragraph 14/footnote 36b
 - 2nd bullet—add dams as an example.
 - 5th bullet—Would the fact that most licenses for photography are temporary affect the definition?
3. Paragraph 11/20C and paragraph 14/footnote 36c —Should this sub-category include national parks?
4. Paragraph 16, which adds paragraph 23b to SFFAS 32, states there should be a note on the government-wide balance sheet that discloses information about general PP&E land and permanent land rights, but no asset dollar amounts. The standard should be more specific about the information to be disclosed.
5. Appendix B-1. It seems unlikely that an agency would have 2,600,000 acres of General PP&E categorized as Preservation and Conservation.

6. Paragraph A31—office building locations are mentioned twice.

I hope these responses are helpful. I would be glad to discuss them further.

Sincerely

Hal Steinberg

Hal Steinberg

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Appendix A

Accounting and Reporting of Government Land exposure draft



Federal Accounting Standards Advisory Board

ACCOUNTING AND REPORTING OF GOVERNMENT LAND

Statement of Federal Financial Accounting Standards

Exposure Draft

Written comments are requested by July 30, 2018

April 30, 2018

THE FEDERAL ACCOUNTING STANDARDS ADVISORY BOARD

The Secretary of the Treasury, the Director of the Office of Management and Budget (OMB), and the Comptroller General of the United States established the Federal Accounting Standards Advisory Board (FASAB or “the Board”) in October 1990. FASAB is responsible for promulgating accounting standards for the United States government. These standards are recognized as generally accepted accounting principles (GAAP) for the federal government.

An accounting standard is typically formulated initially as a proposal after considering the financial and budgetary information needs of citizens (including the news media, state and local legislators, and analysts from private firms, academe, and elsewhere), Congress, federal executives, federal program managers, and other users of federal financial information. The proposed standards are published in an exposure draft for public comment. In some cases, a discussion memorandum, invitation for comment, or preliminary views document may be published before an exposure draft is published on a specific topic. A public hearing is sometimes held to receive oral comments in addition to written comments. The Board considers comments and decides whether to adopt the proposed standard with or without modification. After review by the three officials who sponsor FASAB, the Board publishes adopted standards in a Statement of Federal Financial Accounting Standards. The Board follows a similar process for Statements of Federal Financial Accounting Concepts, which guide the Board in developing accounting standards and formulating the framework for federal accounting and reporting.

Additional background information is available from FASAB or its website:

- [Memorandum of Understanding among the Government Accountability Office, the Department of the Treasury, and the Office of Management and Budget, on Federal Government Accounting Standards and a Federal Accounting Standards Advisory Board](#)
- [Mission Statement: Federal Accounting Standards Advisory Board, exposure drafts, Statements of Federal Financial Accounting Standards and Concepts, FASAB newsletters](#), and other items of interest are posted on FASAB’s website at www.fasab.gov.

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Federal Accounting Standards Advisory Board

April 30, 2018

TO: ALL WHO USE, PREPARE, AND AUDIT FEDERAL FINANCIAL INFORMATION

Your comments on the exposure draft of a proposed Statement of Federal Financial Accounting Standards, entitled *Accounting and Reporting of Government Land*, are requested. Specific questions for your consideration appear on page 8 but you are welcome to comment on any aspect of this proposal. If you do not agree with the proposed approach, your response would be more helpful to the Board if you explain the reasons for your position and any alternative you propose. Responses are requested by July 30, 2018.

All comments received by FASAB are considered public information. Those comments may be posted to FASAB's website and will be included in the project's public record.

Mail delivery is delayed by screening procedures. Therefore, please provide your comments in electronic form by e-mail to fasab@fasab.gov. If you are unable to e-mail your responses, we encourage you to fax the comments to 202-512-7366. Alternatively, you may mail your comments to:

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

441 G Street, NW
Suite 1155
Washington, DC 20548

We will confirm receipt of your comments. If you do not receive confirmation, please contact our office at 202.512.7350 to determine if your comments were received.

The Board's rules of procedure provide that it may hold one or more public hearings on any exposure draft. No hearing has yet been scheduled for this exposure draft.

Notice of the date and location of any public hearing on this document will be published in the Federal Register and in FASAB's newsletter.

Sincerely,

D. Scott Showalter
Chairman

EXECUTIVE SUMMARY

WHAT IS THE BOARD PROPOSING?

To ensure consistent accounting treatment and reporting for land holdings while considering user information needs, the Federal Accounting Standards Advisory Board (FASAB or “the Board”) is proposing to do the following:

- Reclassify general property, plant, and equipment (G-PP&E) land as a non-capitalized asset
- Clarify the definition for stewardship land (SL)
- Require the reporting of G-PP&E land and SL using three predominant use sub-categories
 - Conservation and preservation land
 - Operational land
 - Commercial use land
- Require consistent and comparable disclosures of information for land (that is, reporting estimated acres of land, physical quantity information, estimated acres of land held for disposal or exchange, and predominant land use)

Current accounting standards have resulted in significant differences in accounting and reporting for land. Specifically, Statement of Federal Financial Accounting Standards (SFFAS) 6, *Accounting for Property, Plant, and Equipment*, as amended, requires that land and land rights acquired for or in connection with other G-PP&E be capitalized at the cost incurred to bring the land to a form and condition suitable for use. Some land used in connection with G-PP&E was not acquired for that purpose. Instead it was acquired as public land and subsequently transferred to reporting entities for use in connection with G-PP&E. Therefore, not all land used in connection with G-PP&E has been capitalized. In addition, recent amendments to SFFAS 6¹ allow reporting entities adopting generally accepted accounting principles for the first time to elect to exclude land and land rights from G-PP&E opening balances. Reporting entities making the election would disclose acres of land.

For SL, SFFAS 29, *Heritage Assets and Stewardship Land*, requires disclosures regarding policies for managing land, categories of land, and physical quantity information. Reporting entities select the physical quantity information to report, which results in information that is not necessarily comparable.

The different reporting requirements and options raise concerns that the Board’s reporting objectives and qualitative characteristics of information in financial reports, such as relevance and comparability, may not be met. Comparable non-financial measures (such as acres of land) would better meet reporting objectives and qualitative characteristics.

To address these concerns, the Board is proposing a consistent accounting and reporting approach that provides relevant and comparable non-financial information. To that end, the proposed changes would include the following:

¹ SFFAS 50, *Establishing Opening Balances for General Property, Plant, and Equipment: Amending Statement of Federal Financial Accounting Standards (SFFAS) 6, SFFAS 10, SFFAS 23, and Rescinding SFFAS 35.*

- Accounting for all land as a non-capitalized asset
- Clarifying the SL definition so that SL used or acquired for or in connection with items of G-PP&E would not lose its distinction as SL
- Requiring the reporting of G-PP&E land and SL using three predominant use sub-categories
- Requiring uniform disclosures for all land including reporting estimated acres of land and physical quantity information
- Identifying estimated acres of land held for disposal or exchange

HOW WOULD THIS PROPOSAL IMPROVE FEDERAL FINANCIAL REPORTING AND CONTRIBUTE TO MEETING THE FEDERAL FINANCIAL REPORTING OBJECTIVES?

The proposed reporting of land would enable the government to demonstrate accountability to citizens for G-PP&E land and SL.

Of the four objectives outlined in Statement of Federal Financial Accounting Concepts (SFFAC) 1, *Objectives of Federal Financial Reporting*, the Operating Performance and Stewardship objectives are most important for land reporting. Land reporting is important to meet these objectives because the federal government is accountable to citizens for the proper administration of its resources. Because federal land is held on behalf of the American people and some argue “priceless,” it is likely one of the most “valuable” assets the government possesses. Accordingly, land should be adequately disclosed to assist report users in determining (1) how much land is managed, (2) how land is predominantly used, and (3) how much land is held for disposal or exchange. Such disclosures help readers determine the efficiency and effectiveness of the government’s management over land.

Operating Performance Objective

Federal financial reporting should assist report users in evaluating the service efforts, costs, and accomplishments of the reporting entity; the manner in which these efforts and accomplishments have been financed; and the management of the entity’s assets and liabilities. Federal financial reporting should provide information that helps the reader to determine

- the costs of providing specific programs and activities and the composition of, and changes in, these costs;
- the efforts and accomplishments associated with federal programs and the changes over time and in relation to costs; and
- the efficiency and effectiveness of the government’s management of its assets and liabilities.

Source: SFFAC 1

Stewardship Objective

Federal financial reporting should assist report users in assessing the impact on the country of the government's operations and investments for the period and how, as a result, the government's and the nation's financial condition has changed and may change in the future.

Federal financial reporting should provide information that helps the reader to determine whether

- the government's financial position improved or deteriorated over the period,
- future budgetary resources will likely be sufficient to sustain public services and to meet obligations as they come due, and
- government operations have contributed to the nation's current and future well-being.

Source: SFFAC 1

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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.**
- 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.**

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.**
- 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.**

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.

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.

- 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.

- 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.

- 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.**
- 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.**

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.**
- 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.**

INTRODUCTION

PURPOSE

1. The purpose of this Statement is to ensure consistent accounting treatment and reporting for land holdings by proposing to do the following:
 - a. Reclassify **general property, plant, and equipment (G-PP&E)**² land as a non-capitalized asset
 - b. Clarify the definition for **stewardship land (SL)**
 - c. Require the reporting of G-PP&E and SL using three predominant use sub-categories
 - i. **Conservation and preservation land**
 - ii. **Operational land**
 - iii. **Commercial use land**
 - d. Require consistent and uniform disclosures of information for all land (that is, reporting estimated acres of land, physical quantity information, estimated **acres of land held for disposal or exchange**, and predominant land use)
2. Consistent measurement and recognition practices should increase comparability and understandability while eliminating different accounting and reporting requirements and mitigating their inconsistent application, given that all land is a non-depreciable asset regardless of its purpose or use. Implementation of existing standards has resulted in significant differences in the accounting and reporting treatment for federal land holdings. For example, Statement of Federal Financial Accounting Standards (SFFAS) 6, *Accounting for Property, Plant, and Equipment*, requires that land and land rights acquired for or in connection with other G-PP&E be capitalized on the balance sheet. SFFAS 29, *Heritage Assets and Stewardship Land*, requires SL be reflected on the balance sheet at no cost but recognized on the statement of net cost for the period in which any acquisition cost is incurred. Additionally, existing accounting standards provide for measurement, recognition, and reporting of G-PP&E land and the reporting of SL predicated on the intent at the time of acquisition. That intent does not necessarily reflect how the land was predominantly used during the reporting period. As a result of this difference between intent at acquisition and actual land use for G-PP&E land and the differing accounting policies between G-PP&E land and SL, significant reporting differences exist for land.
3. Clarifying the SL definition and requiring the use of three predominant use sub-categories should reduce accounting and reporting differences and preparer burden while benefiting users. Additionally, implementation differences and, in some cases, preparer difficulties have arisen due to the definitions contained in existing guidance. For example, the current

² Terms defined in the Glossary are shown in **bold-face** the first time they appear.

use of a land holding is sometimes different from the initial intent at the time of acquisition. There can also be inconsistent treatment of withdrawn public land placed into operations.

4. Comparability³ among entity disclosures should benefit users of land information. As a result of the differing accounting standards, entity-specific disclosures are not comparable between G-PP&E land and SL, as well as among reporting entities. To the extent possible, the Federal Accounting Standards Advisory Board (FASAB or “the Board”) desires to improve comparability by doing the following:
 - a. Accounting for all land as a non-capitalized asset
 - b. Clarifying the SL definition so that SL used or acquired for or in connection with items of G-PP&E would continue to be categorized as SL
 - c. Requiring the reporting of G-PP&E land and SL using three predominant use sub-categories
 - d. Requiring uniform disclosures for all land including reporting estimated acres of land and physical quantity information
 - e. Identifying estimated acres of land held for disposal or exchange

These changes should result in comparable land information, and any remaining inconsistencies should reflect unique entity mission requirements and operations.

MATERIALITY

5. The provisions of this Statement need not be applied to immaterial items. 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.

³ “Financial reporting should help report users make relevant comparisons among similar federal reporting units, such as comparisons of the costs of specific functions or activities. Comparability implies that differences among financial reports should be caused by substantive differences in the underlying transactions or organizations rather than by the mere selection of different alternatives in accounting procedures or practices.” Statement of Federal Financial Accounting Concepts (SFFAC) 1, *Objectives of Federal Financial Reporting*, par. 164.

PROPOSED STANDARDS

SCOPE

6. This Statement applies to federal entities that present general purpose federal financial reports, including the consolidated financial report of the U.S. Government (CFR), in conformance with generally accepted accounting principles, as defined by paragraphs 5 through 8 of Statement of Federal Financial Accounting Standards (SFFAS) 34, *The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board*.
7. This Statement amends the following guidance:⁴
 - a. SFFAS 6, *Accounting for Property, Plant, and Equipment*
 - b. SFFAS 29, *Heritage Assets and Stewardship Land*
 - c. SFFAS 32, *Consolidated Financial Report of the United States Government Requirements: Implementing Statement of Federal Financial Accounting Concepts 4 "Intended Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government"*
 - d. SFFAS 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*
 - e. SFFAS 42, *Deferred Maintenance and Repairs: Amending Statements of Federal Financial Accounting Standards 6, 14, 29, and 32*
 - f. SFFAS 50, *Establishing Opening Balances for General Property, Plant, and Equipment: Amending SFFAS 6, 10, and 23, and Rescinding SFFAS 35*

⁴Proposed amendments to each of the Statements include, where applicable, (1) strikethrough deletions of existing text and (2) red, underlined additions. In some amendments red-underlining has been omitted for reading ease.

AMENDMENTS TO SFFAS 6, ACCOUNTING FOR PROPERTY, PLANT, AND EQUIPMENT

8. This paragraph amends SFFAS 6 to clarify that land and permanent land rights are to remain in the G-PP&E category but are not to be capitalized.

- a. Paragraph 25 is amended as follows:

25. Land and permanent land rights^{28.1} acquired for or in connection with other general PP&E²⁹ ~~shall be included in~~ are considered general PP&E for purposes of disclosure but are not to be capitalized on the balance sheet. General PP&E land shall exclude (1) withdrawn public lands^{29.1} or (2) land restricted for conservation, preservation, historical, or other like restrictions. Such land shall remain categorized as stewardship land. ~~unless the reporting entity made the election to implement the provisions of paragraph 40.f.i.. In some instances, general PP&E may be built on existing Federal lands. In this case, the land cost would often not be identifiable. In these instances, general PP&E shall include only land and land rights with an identifiable cost that was specifically acquired for or in connection with construction of general PP&E.~~

FN 28.1 – Land rights such as easements or rights-of-way that are for an unspecified period of time or unlimited duration are considered permanent land rights. Temporary land rights are those land rights that are for a specified period of time or limited duration.

FN 29 – “Acquired for or in connection with other general PP&E” is defined as land acquired with the intent to construct general PP&E and land acquired in combination with general PP&E, including not only land used as the foundation, but also adjacent land considered to be the general PP&E’s common grounds.

FN 29.1 – Consistent with Congressional authorities, an entity may withdraw public lands from the public domain for specific uses. For example, an entity may withdraw public land from sale, settlement, or recreational use to expand buffer zones for security or training needs.

- b. Paragraph 26 is amended as follows:

26. ~~All-g~~ General PP&E, other than land and permanent land rights, shall be recognized as an asset on the balance sheet and recorded at cost. Although the measurement basis for valuing general PP&E remains historical cost, reasonable estimates may be used to establish the historical cost of general PP&E, in accordance with the asset recognition and measurement provisions herein. Cost shall include all costs incurred to bring the PP&E to a form and location suitable for its intended use. For example, the cost of acquiring property, plant, and equipment may include: [no changes to the list that follows]

- c. A new paragraph and footnote is inserted following the heading “Expense Recognition” and before existing paragraph 35 as follows:

34A. The cost of acquiring general PP&E land and permanent land rights shall be recognized on the statement of net cost for the period in which the cost is incurred. The cost shall include all costs to prepare general PP&E land or a permanent land right for its intended use (for example, razing a building). In some cases, land may be acquired

along with existing structures. If the structure is to be used in operations, the amount related to the structure shall be estimated and capitalized while the amount related to the land shall be expensed. If acquisition of the structure is a byproduct of the acquisition of the land, the cost of the entire acquisition shall be expensed. No amounts for general PP&E land or permanent land rights acquired through donation or devise^{40.1} shall be recognized in the financial statements.

FN 40.1 – Acquisition of general PP&E can also occur due to legal devise or instrument, such as a will or a clause within a will that bequeaths property to an entity.

- d. Paragraph 35 is amended as follows:

35. Depreciation expense is calculated through the systematic and rational allocation of the cost of general PP&E, less its estimated salvage/residual value, over the estimated useful life of the general PP&E. Depreciation expense shall be recognized on all general PP&E,⁴¹ except land and permanent land rights, which shall be expensed as incurred ~~of unlimited duration.~~⁴² [no changes to the list that follows]

FN 41 – Software [See SFFAS 10 for standard regarding internally developed software] and land ~~[See SFFAS 10 for standard regarding internally developed software]~~ rights, while associated with tangible assets, may be classified as intangible assets by some entities. In this event, they would be subject to amortization rather than depreciation. “Amortization” is applied to intangible assets in the same manner that depreciation is applied to general PP&E—tangible assets.

FN 42 – Temporary ~~land~~ rights, such as easements or rights-of-way, that are for a specified period of time or limited duration shall be depreciated or amortized over that time period.

- e. Footnote 46 of paragraph 44 provides examples of major classes of assets. Footnote 46 is amended as follows:

FN 46 – “Major classes” of general PP&E shall be determined by the entity. Examples of major classes include buildings and structures, furniture and fixtures, equipment, and vehicles, ~~and land.~~

9. This paragraph amends SFFAS 6, paragraph 40 by providing guidance for establishing opening balances consistent with the amended reporting requirements for general PP&E land. Because SFFAS 50 first amended this paragraph in SFFAS 6, SFFAS 50, paragraph 13 is also amended to conform to amended paragraph 40 shown below. There are no changes to paragraph 40.a–40.e.ii, 40.g, 40.h.i, and 40.i.i.

40.f. Alternative methods for ~~land and~~ temporary land rights. A reporting entity should choose among the following alternative methods for establishing an opening balance for ~~land and~~ temporary land rights. Because a reporting entity may have multiple component or subcomponent reporting entities selecting different alternative methods, a reporting entity should establish an opening balance based on one, or a combination, of these alternative methods. However, application of a particular alternative method must be consistent within each individual subcomponent reporting entity prior to consolidation into the larger component reporting or reporting entity.

40.f.i. The reporting entity may exclude ~~land and~~ temporary land rights from the opening balance of general PP&E. If this alternative method is applied, the reporting entity should expense future ~~land and~~ temporary land right acquisitions.

40.f.ii. Temporary ~~land and~~ land rights may be recognized in opening balances based on the provisions of the alternative valuation method (deemed cost) provided in paragraph 40.d.

40.h.ii. A component reporting entity electing to apply the provisions of paragraph 40.f.i. to ~~land and~~ temporary land rights should disclose this fact and describe the alternative methods used in the first reporting period in which the reporting entity makes an unreserved assertion that its financial statements, or one or more line items, are presented fairly in accordance with GAAP. ~~A component reporting entity electing to exclude land and land rights from its general PP&E opening balances must disclose, with a reference on the balance sheet to the related disclosure, the number of acres held at the beginning of each reporting period, the number of acres added during the period, the number of acres disposed of during the period, and the number of acres held at the end of each reporting period.~~ A reporting entity electing to exclude ~~land and~~ temporary land rights from its general PP&E opening balance should continue to exclude future ~~land and~~ temporary land rights acquisition amounts and ~~provide the disclosures~~ disclose this election. In the event different alternative methods are applied to ~~land and~~ temporary land rights (as permitted by paragraph 40.f.) by subcomponent reporting entities consolidated into a larger reporting entity, the alternative method adopted by each significant subcomponent should be disclosed.

40.i.ii. When a component reporting entity elects to apply the provisions of paragraph 40.f.i. to ~~land and~~ temporary land rights, the U. S. government-wide financial statements should disclose this fact, ~~the number of acres held at the end of each reporting period,~~ an explanation of the election, the identity of the component reporting entity, and a reference to the component reporting entity's financial report.

10. This paragraph amends SFFAS 6 disclosure requirements.

- a. A new paragraph is inserted immediately following paragraph 45 that adds disclosure requirements applicable to G-PP&E land:

45A. The following information should be provided regarding G-PP&E land and permanent land rights:

- a. A concise statement explaining how land relates to the mission of the entity should be provided.
- b. A brief description of the entity's policies for land should be provided. Policies for land are the goals and principles the entity established to guide its acquisition, maintenance, use, and disposal of land consistent with statutory requirements, prohibitions, and limitations governing the entity and the land.
- c. Land and permanent land rights should be assigned to one of three sub-categories based on predominant use and reported both in physical units and estimated acres of land. The three sub-categories are commercial use land; conservation and preservation land; and operational land. Where land and permanent land rights have more than one use, the predominant use of the land should be used to sub-

categorize the land. The following information should be presented by sub-category of land use:

- i. Acres of land. The estimated number of acres of land at the beginning of each reporting period, the number added during the period, the number disposed during the period, the net number transferred between categories (that is, SL and G-PP&E land) or transferred among the three sub-categories during the period, and the number of acres at the end of each reporting period for land and permanent land rights should be provided.
 - ii. Physical unit information (in addition to acres of land). The appropriate physical units of measure of land use should be meaningful and determined by the preparer based on the entity's mission, sub-category of land use, and management of the land. For example, a physical unit might be based on the nature of the land, geographic management units, projects, goals, or activity levels. Physical unit information should include a concise definition of the physical unit, a beginning balance, units acquired, units withdrawn, transfers, and an ending balance.
 - d. The number of physical units and estimated acres held for disposal or exchange. For purposes of this Statement, land is considered held for disposal or exchange when the entity has satisfied the legislative disposal authority requirements specific to the land in question.
 - e. Land rights information should include a general description of the different types of rights acquired by the entity, whether such rights are permanent or temporary, and amounts paid during the year to maintain such rights.
 - f. Entities should explain that information regarding deferred maintenance and repairs may be found in unaudited required supplementary information.
- b. The disclosure requirements for the government-wide financial statements at paragraph 45 are amended as follows:
45. The above listed disclosure requirements for G-PP&E and G-PP&E land are not applicable to the U.S. Government-wide financial statements. SFFAS 32 provides for disclosure applicable to the U.S. Government-wide financial statements for these activities.

NOTE TO RESPONDENTS – SFFAS 6 (as amended through SFFAS 50) does not establish disclosure requirements for the government-wide report and refers readers to SFFAS 32, which establishes said requirements. This exposure draft follows this practice. As such, please refer to the proposed amendments to SFFAS 32 regarding G-PP&E land disclosure requirements for government-wide reporting purposes.

11. This paragraph amends SFFAS 6 by inserting additional definitions immediately after paragraph 20 as follows:

20A. Acres of land held for disposal or exchange includes land for which the entity has satisfied the legislative disposal authority requirements specific to the land in question.^{24.1} Disposal includes conveyances of federal land not limited to sale, transfer, exchange, lease, public-private partnership, and donation or any combination thereof.

Footnote 24.1 – Entity decisions to identify and classify land as held for disposal or exchange often require public participation and diverse clearances, such as environmental and economic impact studies, surveys, and appraisals.

20B. Commercial use land includes land or land rights that are predominantly used to generate inflows of resources from non-federal third parties, usually through special use permits, right-of-way grants, and leases. Such inflows may arise from exchange or non-exchange activities and may or may not be considered dedicated collections. Examples include revenue or inflows derived from

- concession arrangements;
- grants for a specific project such as electric transmission lines, communication sites, roads, trails, fiber optic lines, canals, air rights, flumes, pipelines, and reservoirs;
- land sales or land exchanges;
- leases;
- permits for public use such as commercial filming and photography, advertising displays, agriculture, recreation residences and camping, recreation facilities, temporary use permits for construction equipment storage and assembly yards, well pumps, and other such uses;
- forest product sales such as timber, or sales arising from national forests and grasslands; and/or
- public-private partnerships.

20C. Conservation and preservation land includes land or land rights that are predominantly used for conservation or preservation purposes. Conservation and preservation, although closely linked, are distinct terms. Each term involves a certain type or degree of protection. Specifically, conservation is generally associated with the protection and proper use of natural resources, whereas preservation is associated with the protection of buildings, objects, and landscapes from use.

20D. Operational land includes land or land rights predominantly used for general or administrative purposes. For example, the following functions performed by entities would be included in this sub-category:

- Military functions include preparing for the effective pursuit of war and military operations short of war; conducting combat, peacekeeping, and humanitarian military operations; and supporting civilian authorities during civil emergencies.
- Scientific functions include conducting and managing research, experimentation, exploration, and operations (including the development of commercial capabilities). Broad scientific fields of study generally include (1) physical sciences (physics, astronomy, chemistry, geology, metallurgy), (2) biological sciences (zoology, botany, genetics, paleontology, molecular biology, physiology), and (3) social sciences (psychology, sociology, anthropology, economics).

- Nuclear functions include managing or regulating the use of nuclear energy, power plants, radioactive materials, radioactive material shipments, nuclear storage, and nuclear reactor decommissioning.
- Other Related functions include those that are administrative or other mission related in nature. For example, land used for readiness and training, office building locations, storage, or vacant properties fall under this category.

AMENDMENTS TO SFFAS 29, *HERITAGE ASSETS AND STEWARDSHIP LAND*

12. This paragraph amends SFFAS 29 to clarify the definition of stewardship land and references to general PP&E.

a. Paragraph 33 is amended as follows:

33. Stewardship Land is ~~is~~ includes both public domain^{14.1} and acquired land and land rights¹⁵ owned by the Federal Government intended to be held indefinitely, ~~but not acquired for or in connection with¹⁶ items of general PP&E~~. Examples of stewardship land include land reserved, managed, planned, used, or acquired for¹⁶ as forests and parks, and land used for wildlife and grazing.

- a. forests and parks;
- b. recreation and conservation;
- c. wildlife habitat and grazing;
- d. historic landmarks and/or the preservation of pre-historic and historic structures (those listed on or eligible for listing on the National Register of Historic Places);
- e. multiple purpose ancillary revenue generating activity (for example, special use permits, mineral development activities, and timber production); and/or
- f. buffer zones for security, flood management , and noise and view sheds.

FN14.1 – Public domain land is land that was originally ceded to the United States by treaty, purchase, or conquest in contrast to acquired lands, which have been purchased by, given to, exchanged with, or transferred through condemnation proceedings to the federal government.

FN15 – Land rights are interests and privileges held by the entity in land owned by others, such as leaseholds, easements, water and water power rights, diversion rights, submersion rights, rights-of-way, mineral rights, and other like interests in land. Land rights such as easements or rights-of-way that are for an unspecified period of time or unlimited duration are considered permanent land rights. Temporary land rights are those land rights that are for a specified period of time or limited duration.

FN16 – ~~“Acquired for or in connection with” is defined as including land acquired with the intent to construct general PP&E and land acquired in combination with general PP&E, including not only land used as the foundation, but also adjacent land considered to be the general PP&E's common grounds.~~ Land used or acquired for or in connection with items of general PP&E but meeting the definition of stewardship land should be classified as stewardship land.

b. Paragraph 35 is amended as follows:

35. Land and land rights ~~owned by the Federal Government and acquired for or in connection with items of~~ meeting the definition of general PP&E established in SFFAS 6.

as amended, should be accounted for in accordance with SFFAS 6, as amended, and reported as general PP&E.

c. Paragraph 39 is amended and footnote 20 rescinded as follows:

39. Transfers of stewardship land from one Federal entity to another, does not affect the net cost of operations or net position of either entity. ~~However, in some cases, land included in general PP&E may be transferred to an entity for use as stewardship land. In this instance, t~~The transferring entity entities should properly adjust for estimated acres of land and physical unit information ~~recognize a transfer out of capitalized assets.~~²⁰

FN 20 – Footnote rescinded by SFFAS ##. SFFAS 7, *Accounting for Revenue and Other Financing Sources*, par. 74 and par. 345-346.

13. This paragraph amends SFFAS 29 by rescinding paragraph 40.a–40.d.3 and replacing it with the proposed disclosure requirements to require estimated acres of land and physical unit information and clarify the sub-categorization and reporting of land use. Sub-categorization should be based on predominant use using three new sub-categories. Further, disclosures should provide information regarding land held for disposal and transfers of land.

Paragraph 40 is amended as follows:

40. Entities with stewardship land should reference a note²¹ on the balance sheet that discloses information about stewardship land, but no asset dollar amount should be shown. The note disclosure related to stewardship land should provide the following:

~~a. A concise statement explaining how it relates to the mission of the entity.~~

~~b. A brief description of the entity's stewardship policies for stewardship land. Stewardship policies for stewardship land are the goals and principles the entity established to guide its acquisition, maintenance, use, and disposal of stewardship land consistent with statutory requirements, prohibitions, and limitations governing the entity and the stewardship land.~~

~~c. A concise description of each major category of stewardship land use. Where parcels of land have more than one use, the predominant use of the land should be considered the major use. In cases where land has multiple uses, none of which is predominant, a description of the multiple uses should be presented. The appropriate level of categorization of stewardship land use should be meaningful and determined by the preparer based on the entity's mission, types of stewardship land use, and how it manages the assets.~~

~~d. Stewardship land should be quantified in terms of physical units. The appropriate level of aggregation and physical units of measure for each major category of stewardship land use should be meaningful and determined by the preparer based on the entity's mission, types of stewardship land use, and how it manages the assets. For each major category of stewardship land use the following should be reported:~~

~~1. The number of physical units by major category of stewardship land use for which the entity is the steward as of the end of the reporting period;~~

~~2. The number of physical units by major category of stewardship land use that were acquired and the number of physical units by major category of stewardship land use that were withdrawn during the reporting period; and~~

~~3. A description of the major methods of acquisition and withdrawal of stewardship land during the reporting period. This should include disclosure of physical units (by major category of stewardship land use) of transfers of stewardship land between Federal entities and the number of physical units (by major category of stewardship land use) of stewardship land acquired through donation or devise, if material. In addition, the fair value of stewardship land acquired through donation or devise during the reporting period should be disclosed, if known and material.~~

- a. A concise statement explaining how stewardship land relates to the mission of the entity should be provided.
- b. A brief description of the entity's policies for stewardship land should be provided. Policies for land are the goals and principles the entity established to guide its acquisition, maintenance, use, and disposal of land consistent with statutory requirements, prohibitions, and limitations governing the entity and the land.
- c. Information of land use by sub-category. Stewardship land and permanent land rights should be assigned to one of three sub-categories based on predominant use and reported both in physical units and estimated acres of land. The three sub-categories are commercial use land; conservation and preservation land; and operational land. Where stewardship land and permanent land rights have more than one use, the predominant use of the land should be used to sub-categorize the land.
 1. Acres of land. The estimated number of acres of land at the beginning of each reporting period, the number added during the period, the number disposed during the period, the net number transferred between categories (that is, SL and general PP&E land) or transferred among the three sub-categories during the period, and the number of acres at the end of each reporting period for land and permanent land rights should be provided.
 2. Physical unit information (in addition to acres of land). The appropriate physical units of measure of stewardship land use should be meaningful and determined by the preparer based on the entity's mission, sub-category of land use, and management of the land. For example, a physical unit might be based on the nature of the land, geographic management units, projects, goals, or activity levels. Physical unit information should include a concise definition of the physical unit, a beginning balance, units acquired, units withdrawn, transfers, and an ending balance.
- d. The number of physical units and estimated acres of land held for disposal or exchange. For purposes of this Statement, stewardship land is considered held for disposal or exchange when the entity has satisfied the legislative disposal authority requirements specific to the land in question.
- e. Stewardship land rights information should include a general description of the different types of rights acquired by the entity, whether such rights are permanent or temporary, and amounts paid during the year to maintain such rights.
- f. Entities should explain that information regarding deferred maintenance and repairs may be found in unaudited required supplementary information.

FN 21 – This standard does not prescribe a specific reference or line item entitled “Stewardship Land” as it may be included with other items for which no dollar amounts are recognized (such as heritage assets and other items that in the future may require similar non-financial disclosure) for presentation. Instead, the standard allows entities flexibility in determining the best presentation.

14. This paragraph amends SFFAS 29 by inserting additional definitions immediately after paragraph 36 as follows:

36A. Acres of land held for disposal or exchange includes land for which the entity has satisfied the legislative disposal authority requirements specific to the land in question.^{17.1} Disposal includes conveyances of federal land not limited to sale, transfer, exchange, lease, public-private partnership, and donation or any combination thereof.

Footnote 17.1 – Entity decisions to identify and classify land as held for disposal or exchange often require public participation and diverse clearances, such as environmental and economic impact studies, surveys, and appraisals.

36B. Commercial use land includes land or land rights that are predominantly used to generate inflows of resources from non-federal third parties, usually through special use permits, right-of-way grants, and leases. Such inflows may arise from exchange or non-exchange activities and may or may not be considered dedicated collections. Examples include revenue or inflows derived from

- a. concession arrangements;
- b. grants for a specific project such as electric transmission lines, communication sites, roads, trails, fiber optic lines, canals, air rights, flumes, pipelines, and reservoirs;
- c. land sales or land exchanges;
- d. leases;
- e. permits for public use such as commercial filming and photography, advertising displays, agriculture, recreation residences and camping, recreation facilities, temporary use permits for construction equipment storage and assembly yards, well pumps, and other such uses;
- f. forest product sales such as timber, or sales arising from national forests and grasslands; and/or
- g. public-private partnerships.

36C. Conservation and preservation land includes land or land rights that are predominantly used for conservation or preservation purposes. Conservation and preservation, although closely linked, are distinct terms. Each term involves a certain type or degree of protection. Specifically, conservation is generally associated with the protection and proper use of natural resources, whereas preservation is associated with the protection of buildings, objects, and landscapes from use.

36D. Operational land includes land or land rights predominantly used for general or administrative purposes. For example, the following functions performed by entities would be included in this sub-category:

- a. Military functions include preparing for the effective pursuit of war and military operations short of war; conducting combat, peacekeeping, and humanitarian military operations; and supporting civilian authorities during civil emergencies.
- b. Scientific functions include conducting and managing research, experimentation, exploration, and operations (including the development of commercial capabilities). Broad scientific fields of study generally include (1) physical sciences (physics, astronomy, chemistry, geology, metallurgy), (2) biological sciences (zoology, botany, genetics, paleontology, molecular biology, physiology), and (3) social sciences (psychology, sociology, anthropology, economics).
- c. Nuclear functions include managing or regulating the use of nuclear energy, power plants, radioactive materials, radioactive material shipments, nuclear storage, and nuclear reactor decommissioning.
- d. Other Related functions include those that are administrative or other mission related in nature. For example, land used for readiness and training, office building locations, storage, or vacant properties fall under this category.

15. This paragraph amends SFFAS 29 at paragraph 42 concerning the U.S. government-wide financial statement disclosures to require presentation of estimated acres of land by category as follows:

42. The U.S. Government-wide financial statement should reference a note on the balance sheet that discloses information about stewardship land and land rights, but no asset dollar amounts should be shown. The note disclosure ~~related to stewardship land~~ should provide the following:

- a. A concise statement explaining how stewardship land ~~it~~ relates to the mission of the Federal Government.
- b. A description of the estimated acres of land by sub-category predicated on the predominant uses and estimated acres of land held for disposal or exchange by ~~of the stewardship land of the Federal Government.~~
- c. An explanation that information regarding deferred maintenance and repairs may be found in unaudited required supplementary information.
- d.e. A general reference to agency reports for additional information about stewardship land, such as agency stewardship policies for stewardship land and estimated acres of land, ~~and physical units by major categories of stewardship land use.~~

AMENDMENTS TO SFFAS 32, CONSOLIDATED FINANCIAL REPORT OF THE UNITED STATES GOVERNMENT REQUIREMENTS: IMPLEMENTING STATEMENT OF FEDERAL FINANCIAL ACCOUNTING CONCEPTS 4 “INTENDED AUDIENCE AND QUALITATIVE CHARACTERISTICS FOR THE CONSOLIDATED FINANCIAL REPORT OF THE UNITED STATES GOVERNMENT”

16. This paragraph amends SFFAS 32 to revise the government-wide disclosure requirements for property, plant, and equipment. Paragraph 23 is amended as follows:

23. The U.S. government-wide financial statements should include the following disclosures:

a. ~~a~~ A broad description of PP&E;

b. For general PP&E land

- A note on the balance sheet that discloses information about general PP&E land and permanent land rights, but no asset dollar amounts
- A concise statement explaining how general PP&E land relates to the mission of the Federal government
- A description of estimated acres of land by sub-category predicated on the predominant uses and estimated acres of land held for disposal or exchange by the Federal government
- An explanation that information regarding deferred maintenance and repairs may be found in unaudited required supplementary information
- A general reference to agency reports for additional information about general PP&E land, such as agency policies for general PP&E land and estimated acres of land

~~c. b. t~~ The cost (excluding land and permanent land rights), associated accumulated depreciation, and book value by major class, and

~~d. e. a~~ A general reference to agency component entity reports for additional information about general PP&E and general PP&E land.

AMENDMENTS TO SFFAS 7, ACCOUNTING FOR REVENUE AND OTHER FINANCING SOURCES AND CONCEPTS FOR RECONCILING BUDGETARY AND FINANCIAL ACCOUNTING

17. This paragraph amends SFFAS 7 to clarify guidance regarding transfers and donations of land.

- a. Footnote 14 at paragraph 62, which discusses revenue arising from donations, should include a reference to the amended SFFAS 6, paragraph 34A entitled “Expense Recognition.” Footnote 14 is amended as follows:

FN14 – For the recognition criteria for donated property, plant, and equipment, see SFFAS No. 6, *Accounting for Property, Plant, and Equipment*, para. 30, [34A](#), 62, and 71.

- b. Paragraph 258 discusses non-exchange transactions with the public, specifically donations. This should include G-PP&E land. Paragraph 258 is amended as follows:

258. Donations: except types of property, plant, and equipment that are expensed.— Donations are contributions to the Government, i.e., voluntary gifts of resources to a Government entity by a non-Federal entity.⁵¹ The Government does not give anything of value to the donor, and the donor receives only personal satisfaction. The donation of cash, other financial resources, or nonfinancial resources (except [general PP&E land, permanent land rights, and](#) stewardship property, plant, and equipment) is therefore a nonexchange revenue.

- c. Paragraph 259 discusses non-exchange transactions with the public, specifically donations. This should include G-PP&E land. In addition, this paragraph is amended to conform to SFFAS 23, paragraph 9d which rescinded the category name “Federal mission property, plant, and equipment.” Paragraph 259 is amended as follows:

259. The exceptions [s are for donations of assets that are expensed rather than capitalized. These include general PP&E land and permanent land rights](#), stewardship PP&E, ~~consists of Federal mission PP&E~~, heritage assets, and stewardship land. Such PP&E is expensed if purchased, but no amount is recognized if it is received as a donation.⁵² Correspondingly, no revenue is recognized for such donations.

- d. Paragraph 296 and footnote 62 discuss sales of PP&E. This should include G-PP&E land and permanent land rights. In addition, footnote 62 is amended to conform to SFFAS 23, paragraph 9d which rescinded the category name “Federal mission property, plant, and equipment.” Paragraph 296 and footnote 62 are amended as follows:

296. The entire sales price is a gain if the book value of the asset is zero. The book value is zero (a) if the asset is general property, plant, and equipment (PP&E) that is fully depreciated or written-off or (b) if the asset is [general PP&E land, permanent land rights, or](#) stewardship PP&E, for which the entire cost is expensed when the asset is purchased.⁶²

FN62 – SFFAS No. 6, *Accounting for Property, Plant, and Equipment*, has divided property, plant, and equipment (PP&E) into two basic categories: general PP&E and stewardship PP&E (which consists of ~~federal mission PP&E~~, heritage assets, and stewardship land). General PP&E [other than land and permanent land rights](#) is capitalized and recognized on the balance sheet; [general PP&E](#)

land, permanent land rights, and stewardship PP&E ~~is~~ are expensed and thus ~~has~~ have no book value. (Stewardship PP&E is presented in a stewardship statement.)

- e. Paragraph 345 discusses intra-governmental transfers of PP&E. This should include G-PP&E land in the requirement. Paragraph 345 is amended as follows:

345. Transfer of property, plant, and equipment without reimbursement: types that are expensed.—Property, plant, and equipment (PP&E) of types that are expensed (i.e., general PP&E land and stewardship PP&E) may be transferred from one Government entity to another. If the asset was classified as either general PP&E land (including permanent land rights) or stewardship PP&E in its entirety by both the transferring entity and the recipient entity, the transfer does not affect the net cost of operations or net position of either entity and therefore in such a case it is not a revenue, a gain or loss, or other financing source.

- f. Paragraph 346 discusses intra-governmental transfers of PP&E classified as G-PP&E by the transferor but as SL by the recipient. This should not include the de-recognition requirement for G-PP&E land and permanent land rights. Paragraph 346 is amended as follows:

346. However, if the asset that is transferred was classified as general PP&E (excluding non-capitalized general PP&E land and permanent land rights) for the transferring entity but stewardship PP&E for the recipient entity, it is recognized as a transfer-out (a negative other financing source) of capitalized assets by the transferring entity.

- g. Paragraph 358 discusses transfers of PP&E. This should include G-PP&E. Paragraph 358 is amended as follows:

358. Transfer of property, plant, and equipment without reimbursement: types that are expensed. —Property, plant, and equipment (PP&E) of types that are expensed (i.e., general PP&E land [including permanent land rights] and stewardship PP&E) may be transferred from one Government entity to another. If the asset was classified as either general PP&E land (including permanent land rights) or stewardship PP&E in its entirety by both the transferring entity and the recipient entity, the transfer does not affect the net cost of operations or net position of either entity and therefore in such a case it is not a revenue, a gain or loss, or other financing source.

- h. Paragraph 361 discusses donations of PP&E. This should include G-PP&E. In addition, this paragraph is amended to conform to SFFAS 23, paragraph 9d which rescinded the category name "Federal mission property, plant, and equipment." Paragraph 361 is amended as follows:

361. Donation of property, plant, and equipment: types that are expensed.—The acquisition costs of general PP&E land (including permanent land rights), heritage assets, and stewardship ~~land~~ property, plant, and equipment (PP&E) ~~is~~ are recognized as a cost when incurred. ~~Such PP&E consists of Federal mission PP&E, heritage assets, and stewardship land.~~ When such PP&E is donated to the Government, however, no amount is recognized as a cost.⁸¹ Since the donation of such PP&E does not affect the net cost or net position of the recipient entity, it is not a revenue, a gain, or an other financing source.

AMENDMENTS TO SFFAS 42, DEFERRED MAINTENANCE AND REPAIRS:
AMENDING STATEMENTS OF FEDERAL FINANCIAL ACCOUNTING
STANDARDS 6, 14, 29, AND 32

18. Paragraphs 13, 15(d), and 15(e) are amended to ensure that deferred maintenance and repair information is reported in non-capitalized G-PP&E land.

a. Paragraph 13 is amended as follows:

13. DM&R should be measured and reported for capitalized general PP&E, non-capitalized general PP&E land (to include permanent land rights), and stewardship PP&E. DM&R also may be measured and reported for general PP&E other than land and permanent land rights that is non-capitalized or fully depreciated general PP&E. DM&R should include funded maintenance and repairs (M&R) that have been delayed for a future period as well as unfunded M&R. DM&R on inactive and/or excess PP&E should be included to the extent that it is required to maintain inactive or excess PP&E in acceptable condition. For example, inactive PP&E may be maintained or repaired either to comply with existing laws and regulations, or to preserve the value of PP&E pending disposal.

b. Paragraph 15 is amended as follows:

15. At a minimum, the following information should be presented as required supplementary information (RSI) for all PP&E (each category established in SFFAS 6 should be included) regardless of the measurement method chosen.

Qualitative **(NOTE: No edits are proposed for items 15.a–15.c or 15.f–15.g.)**

d. Whether DM&R relates solely to capitalized general PP&E and non-capitalized general PP&E land, stewardship PP&E, or also to amounts relating to non-capitalized or fully depreciated general PP&E

e. Capitalized and non-capitalized general PP&E, ~~and~~ non-capitalized heritage assets, and stewardship land for which management does not measure and/or report DM&R and the rationale for the exclusion

EFFECTIVE DATE

19. The requirements of this Statement are effective for reporting periods beginning after September 30, 2021. Early adoption is permitted.

The provisions of this Statement need not be applied to immaterial items.

APPENDIX A: BASIS FOR CONCLUSIONS

This appendix discusses some factors considered significant by Board members in reaching the conclusions in this Statement. It includes the reasons for accepting certain approaches and rejecting others. Individual members gave greater weight to some factors than to others. The standards enunciated in this Statement and not the material in this appendix should govern the accounting for specific transactions, events, or conditions.

PROJECT HISTORY

- A1. This project was added in February 2016 during FASAB's three-year plan review. The Board agreed that the project was necessary to address implementation issues arising from SFFAS 6, *Accounting for Property, Plant, and Equipment*; SFFAS 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*; SFFAS 29, *Heritage Assets and Stewardship Land*; and SFFAS 50, *Establishing Opening Balances for General Property, Plant, and Equipment: Amending Statement of Federal Financial Accounting Standards (SFFAS) 6, SFFAS 10, SFFAS 23, and Rescinding SFFAS 35*.
- A2. SFFAS 6 requires that land and land rights acquired for or in connection with other general PP&E be capitalized at the cost incurred to bring the assets to a form and condition suitable for use. "Acquired for or in connection with other general PP&E" is defined as land acquired with the intent to construct general PP&E and land acquired in combination with general PP&E, including not only land used as the foundation, but also adjacent land considered to be the general PP&E's common grounds.
- A3. In contrast, SFFAS 29 defines "stewardship land" as land other than land acquired for or in connection with other general PP&E. It requires disclosures regarding policies for land management, categories of land, and physical quantity information.
- A4. Most recently, SFFAS 50 amended SFFAS 6 and rescinded SFFAS 35, *Estimating the Historical Cost of General Property, Plant, and Equipment: Amending Statements of Federal Financial Accounting Standards 6 and 23*, to allow a reporting entity to apply alternative methods in establishing opening balances for general property, plant, and equipment (PP&E). Concerning land, the alternative methods include using deemed cost to establish opening balances of general PP&E land or excluding land and land rights from opening balances with disclosure of acres of land and expensing of future acquisitions.
- A5. Implementation of the above requirements has resulted in significant differences in accounting treatment for land holdings. Because the land acquired during our nation's formation is sometimes used in connection with other general PP&E, it is not generally valued as would be G-PP&E land acquired for similar purposes. That is, G-PP&E only includes land and land rights with an identifiable cost that was specifically acquired for or in connection with construction of general PP&E. It is important to note that SL is expensed when acquired, and quantity information is presented in the notes to the financial statements.

- A6. While developing and refining the project plan, some Board members requested that any forthcoming guidance be consistently applied. To that end, the Board directed staff to identify available options, along with associated benefits and drawbacks. In particular, the Board asked staff to consider user information needs; explore and identify the information agencies use to manage land; identify types of information, such as acres of land, that would help demonstrate the government's stewardship and accountability over federal lands; address whether land held for disposal (for example, sale, public-private partnerships, donated to state and local governments) should be valued; and consider whether a uniform land accounting policy is a viable option given initial agency and task force feedback that current land categorizations of SL and G-PP&E land be retained.
- A7. To assist in evaluating options for improving the consistency⁵ and relevance of information regarding land, a land task force was created consisting of representation from federal agencies, the commercial sector, and citizens. The task force held meetings between June 2016 and April 2017. Participants came from diverse disciplines, such as accounting, auditing, civil engineering, financial reporting, business consulting, and program management. The majority of participants agreed that there is significant interest in how agencies manage land on behalf of the public and how this information is communicated to financial statement users.
- A8. Due to the divergent views among task force participants, principally among preparers and users, reaching consensus on the major issues proved challenging. To best meet the project goals and objectives, staff, in addition to engaging in task force discussions, initiated fact-finding meetings with three land-holding agencies: the Department of Defense (DoD), the Department of Energy, and the Department of Interior. Notably, retaining the current land categorizations of SL and G-PP&E land was the one area in which preparers and users unanimously agreed.

User Needs

- A9. The Board has identified various user needs that consider citizens, federal executives and managers, and congressional users⁶ through a variety of initiatives and discrete projects over the years, including this project.
- A10. Citizen-users want understandable financial information that is verified or audited so that they can participate in the democratic process and engage in discussions about the nation's finances. They are generally interested in the federal government's

⁵ Criticisms over consistency have arisen because current standards differ in how entities report land; for example, G-PP&E land is capitalized, whereas SL is not. As such, some believe that reporting is inconsistent and obscures how a user can assess an entity's performance over land management.

⁶ For example, at the April 29, 2010, Board meeting, members discussed the comprehensive FASAB 2010 User Needs Study, wherein FASAB staff conducted a series of user studies involving citizens, executives and managers, and the Congress. Upon completion of the studies, staff developed a user-needs inventory for use in determining improvements in existing federal financial reports.

Additionally, FASAB's 2016 Annual Report and Three-year Plan survey solicited responses regarding the land project. These comments included those supporting and not supporting the project. Comments supporting the project's priority expressed concern with the lack of consistency (giving rise to lack of comparability) in financial accounting over land. Comments expressing disagreement with the project's priority noted that while in theory it is important to consistently report land holdings, land generally does not affect operating effectiveness because most of it is held in a stewardship capacity.

financial health, its use of resources, and its accomplishments with the funds provided. In particular, citizens want to know about the federal government's assets and liabilities, specific agency or program results, and whether funds were used for their intended purpose and not wasted. Citizens also rely on financial reporting to support their varied work through the use of financial statement amounts as control totals and disclosures for added contextual understanding. Specific to land, citizen-users desire transparency over how much land an entity manages and its use. For example, in FASAB's 2010 User Needs Survey, a citizen specifically asked about the amount of revenue that could be raised from the federal taxation of land values and mineral rights.

- A11. Federal executives and managers need information that is timely, accurate, and understandable regarding the status of their budgetary resources and the performance of their programs. Availability of this information is a key concern for them because they need information, in some cases, more timely than their existing financial systems can provide. As a result, they sometimes seek information outside of the financial system. In some cases, information from these outside systems is not verified or audited. As a result, multiple systems may be involved in federal executives and managers' efforts to obtain timely and accurate information. Moreover, these leaders admit they may not always understand the information provided in financial reports; therefore, they develop their own customized data and reports. Consequently, it appears individual leaders are using and/or developing specialized financial information beyond what is provided in their agency's financial system. Specific to land, over half of the land task force representatives believe information that management uses in its land portfolios is not reliable for financial reporting. Furthermore, in 2011 the Government Accountability Office (GAO) assessed the potential reliability of data elements five agencies collect and determined that less than half of the data elements stored in a primary agency data system were potentially reliable.⁷
- A12. Congressional users seek timely, easy to understand financial information to address particular issues about a variety of responsibilities. Congress uses many sources to obtain the information it needs, such as obtaining the information directly from agencies and utilizing legislative support organizations like GAO, the Congressional Budget Office, and the Congressional Research Service. Specific to land, congressional interest is evident in three broad areas: (1) identification of federal land and the resources managed by agencies, (2) revenues generated from selected activities on federal land, and (3) federal land subject to selected land use designations.

Land Valuation

- A13. As the Board evaluated input from the land task force and user sub-group, it became clear historical cost information is of limited value to most users. Although some users identified benefits of historical cost information, uses for this appear to be quite limited and benefits not derived solely from knowing land's historical cost. For example, one user noted the importance of using historical cost information to estimate fair value or ascertain the reasonableness of a fair market value appraisal (both, for example, by applying escalation factors). Another user pointed to the reporting objectives (that is,

⁷ GAO, *Federal Land Management: Availability and Potential Reliability of Selected Data Elements at Five Agencies*, GAO-11-377 (Washington, D.C.: April 20, 2011).

Stewardship and Systems and Controls) as directly benefiting from the requirement to report land's historical cost on the balance sheet and thus increasing reliability of the financial statements.

- A14. In considering how to value land, the Board is guided by two overarching principles: (1) entity accountability and (2) comparable reporting of federal land holdings (both within and across entities). In evaluating these principles, the Board believes both can be satisfied from a financial display, by presentation of non-financial information (NFI),⁸ or a combination of both (for example, incorporating information into the Statement of Financial Position using appropriate recognition and measurement criteria).
- A15. Because historical cost information is not useful to the majority of users and the majority of the task force and users believe that reporting of land is currently deficient, the Board considered alternate measurement attributes such as fair value and value-in-use. The Board explored fair value and value-in-use measurement attributes.

Fair Value

Although fair value was considered important to users, requiring fair value estimates for all federal land would not only be cost prohibitive, but could in many cases lack reliability. This could especially be true for land where no comparable tracts or active markets exist. Because few active markets exist, estimating fair values would require different approaches resulting in inconsistencies and lack of comparability. Such conditions undermine relevance and contribute to user uncertainty. Moreover, many entities do not have the internal expertise or systems to make such measurements and would therefore be required to engage outside experts. Such a requirement would impose significant costs and burden agencies unreasonably, especially given that frequent re-measurements would also become necessary. This process would involve deciding whether to use nominal or constant dollars. That is, isolating holding gains between general price increases from specific land or asset value increases would not be cost beneficial. Given that no active market exists, this would result in less reliable user information at an unjustifiably high cost and preparer burden.

Value-in-Use

The Board determined that value-in-use estimates might be cost-beneficial in limited cases. However, because they are entity specific and may be subjective, applying a value-in-use measurement attribute to land would undermine consistency and comparability, adversely affecting relevance and user reliability.

- A16. Accordingly, the Board believes that fair value and value-in-use measurements would require re-estimations that would reduce relevance and comparability and increase cost. However, the Board believes the proposed standards can help better meet user needs through the presentation of NFI (for example, acres of land), which does not suffer from recurring price variability or service-capacity assessments. Furthermore, users benefit from NFI because distortions caused by differing accounting standards or financial re-measurements of the land are eliminated and replaced by more static metrics, such as acres of land and predominant use categorizations. The Board

⁸ The Board noted in SFFAC 1, par. 70, that in some cases, financial information alone is insufficient for decision-making. Within this exposure draft, the Board has identified that "nonfinancial information" includes information on acres of land, land held for disposal or exchange, predominant use, revenue generating land, and unit count.

believes that adopting NFI will mitigate preparer burden by (1) eliminating the requirement to capitalize land associated with G-PP&E and (2) utilizing NFI that most agencies collect for program management or other external reporting purposes. Therefore, the Board proposes reclassifying G-PP&E land as a non-capitalized asset with no dollar amounts reported on the balance sheet.

Land Use – Categorizing Land Consistently

- A17. To improve the comparability of reporting federal land holdings and the uniformity of disclosures, the Board requested the task force to identify categories in addition to the land categories currently in use: SL and G-PP&E land.
- A18. The task force reviewed two primary federal sources that address land use designations for federal lands: *Federal Real Property Inventory Reporting* from the General Services Administration (GSA) and a GAO report entitled *Federal Land Management: Availability and Potential Reliability of Selected Data Elements at Five Agencies*. The GSA reporting guidelines identified 24 discrete (plus an “all other” category) land-use designations. The GAO report examined 57 discrete land and resource data elements collected by five federal agencies: the United States Department of Agriculture’s U.S. Forest Service, the Department of the Interior’s Bureau of Land Management, Fish and Wildlife Service, National Park Service, and Bureau of Reclamation, and DoD.
- A19. After several iterations and separate analyses, the task force and the user sub-group narrowed land classification to three sub-categories predicated on land-use that both G-PP&E and SL could be classified under: (1) conservation and preservation land; (2) operational land; and (3) commercial use land.
- A20. Consistent with the task force’s recommendation to retain the current land categorizations of SL and G-PP&E land, the Board believes that these three sub-categories would help clarify the existing requirements concerning the categorization and reporting of land and better reflect user needs.

Retaining Property, Plant, and Equipment (PP&E) Categories

- A21. SFFAS 6 establishes three categories of PP&E: (1) general PP&E, (2) heritage assets, and (3) stewardship land. General PP&E includes land and land rights acquired for or in connection with other general PP&E (such as office buildings or infrastructure) used to provide general government services or goods. Stewardship land is land and land rights owned by the federal government but not acquired for or in connection with items of general PP&E. Examples of stewardship land include forests, parks, and land used for wildlife and grazing. Categorizing land in accordance with SFFAS 6 is predicated on an entity’s intended use of the land at acquisition and not necessarily how the land is ultimately used. Due to concerns over inconsistent accounting and reporting of federal land, the Board asked the task force to assess whether the two PP&E land categories should be replaced with one land category.
- A22. Although some on the task force noted that a single land category would in theory simplify reporting, others were concerned the existing distinction between G-PP&E land and SL would be lost. Also, some noted that such an approach would change current measurement and recognition requirements for SL with no benefits. To

explore the matter further, the task force analyzed the two primary federal sources identified at paragraph A18.

- A23. After separate analyses, the task force (1) developed three broad sub-categories for the Board's consideration and (2) concluded that because users are in fact benefitting from the existing distinction between G-PP&E and SL, those categories should be retained. Accordingly, the task force advised the Board to consider adding the three sub-categories based on how the entities use the land they manage. Such land-use designations would greatly improve information for existing users, broaden readership, and help meet financial reporting objectives. The three land-use sub-categories are (1) conservation and preservation land; (2) operational land; and (3) commercial use land. Refer to Appendix B: Illustrations for illustrations concerning the three sub-categories.
- A24. The Board is proposing to adopt these three sub-categories of land use to complement the general PP&E and SL land categories. In addition, the Board is proposing to refine the distinction between general PP&E land and SL in two ways. First, rather than base categorization on intent at the time of acquisition (which may have been many decades ago), the Board proposes to make the general PP&E and SL distinctions based on actual use during the reporting period. Second, the Board proposes clarifying that general PP&E land should (1) possess one or more of the characteristics identified in SFFAS 6, paragraph 23⁹ and (2) exclude any withdrawn public lands or land restricted for conservation, preservation, historical, or other like restrictions. That is, such land would remain categorized as stewardship land.

Developing Uniform Land Disclosure Requirements

- A25. In addressing long-standing issues concerning disclosures over federally managed land and questions arising from the Board's decision¹⁰ to allow, under specific conditions, an exclusion of G-PP&E land and land rights from opening balances with disclosure of acres of land (and expensing of future acquisitions), the Board has developed uniform disclosure requirements that would apply to both G-PP&E land and SL. The most notable issues this project addresses include the following:
- a. Inconsistent reporting of G-PP&E land arising from differences in how opening balances are valued as permitted by SFFAS 50—exclusion of land and land rights from opening balances
 - b. Incomplete reporting on land where neither the total cost of land nor the total physical quantity of land is consistently reported
 - c. Concerns that some information that is currently reported is inconsistent with FASAB's reporting objectives and qualitative characteristics

⁹General property, plant, and equipment is any property, plant, and equipment used in providing goods or services. General PP&E typically has one or more of the following characteristics: • it could be used for alternative purposes (e.g., by other Federal programs, state or local governments, or non-governmental entities) but is used to produce goods or services, or to support the mission of the entity, or • it is used in business-type activities, or • it is used by entities in activities whose costs can be compared to those of other entities performing similar activities (e.g., Federal hospital services in comparison to other hospitals)." SFFAS 6, par. 23.

¹⁰ SFFAS 50.

- d. Limited value of historical/acquisition cost information for capitalized land, given that such information may lose relevance over time due to general inflation and specific changes in the value of land
- e. Whether stewardship land and G-PP&E land should follow a consistent accounting and reporting approach

In connection with the Board's proposal to reclassify G-PP&E land as a non-capitalized asset, the Board believes that developing uniform disclosure requirements would satisfactorily address these issues and increase informational value. The development of the proposed requirements has been primarily taken from existing requirements contained in SFFAS 29 (disclosure of how land relates to an entity's mission, its policies over land, and physical unit information) and modified based on the Board's analysis of the land task force's findings and recommendations (requiring the reporting of acres in three predominant use sub-categories, identification of land held for disposal or exchange, and disclosure of land rights information).

Proposed Definitions

A26. As previously noted, the task force recommended that the current land categorizations of SL and G-PP&E land be retained. Also, as a result of task force efforts to identify land-use categories, the Board believes there is a need to (1) clarify the SL and G-PP&E definitions, (2) define acres of land held for disposal or exchange, and (3) define definitions for the three land-use sub-categories (illustrated at Appendix B: Illustrations). The Board believes that these actions would help clarify existing requirements concerning the categorization and reporting of land and better reflect user needs. Please refer to the Glossary at Appendix D for the proposed definitions.

A27. Clarifying the SL and G-PP&E land definitions

- a. The current definition of stewardship land contained in SFFAS 29, paragraph 33 reads as follows:

Stewardship Land is land and land rights owned by the Federal Government but not acquired for or in connection with items of general PP&E. Examples of stewardship land include land used as forests and parks, and land used for wildlife and grazing.

- b. It is the Board's opinion that the definition of SL can be improved by
 - i. noting that SL includes both public domain land and land subsequently acquired;
 - ii. clarifying that, in some cases, SL may be acquired for or used in connection with G-PP&E, such as SL used for military security or aircraft noise buffer zones; and
 - iii. expanding the list of SL examples.

Please refer to paragraph 12 for the proposed amendments to the SL definition.

- c. The Board noted that reclassifying G-PP&E land and permanent land rights as a non-capitalized asset with no dollar amounts reported on the balance sheet requires several amendments in addition to revising the G-PP&E land definition. Please refer to the proposed amendments at paragraphs 8–10.
- A28. Concerning land held for disposal or exchange, disposal authorities are generally designed to permit entities to dispose of or exchange land that is no longer required for a federal purpose. Disposal authority might authorize an entity to sell or lease federal land to a state or municipal government or non-profit entity for educational or community development purposes. Additionally, disposal authority might authorize an entity to exchange federal land for non-federal land. Disposal includes conveyances of federal land not limited to sale, transfer, exchange, lease, public-private partnership, and donation or any combination thereof.
- A29. The Board proposes that, consistent with the proposed disclosure of estimated acres of land, land held for disposal or exchange be disclosed in terms of physical units and acres of land. The Board notes that land is considered held for disposal or exchange only when the entity has satisfied its legislative disposal authority requirements. For example, entity decisions to identify and classify land as held for disposal or exchange often require public participation and diverse clearances, such as environmental and economic impact studies, surveys, and appraisals. Disposal includes conveyances of federal land not limited to sale, transfer, exchange, lease, public-private partnership, and donation or any combination thereof.
- A30. Conservation and preservation land - The Board proposes that, consistent with the proposed disclosure of estimated acres of land, conservation and preservation land be disclosed in terms of physical units and acres of land. For example, the Board proposes that the following land-use activities be included in this sub-category: wilderness/non-wilderness, wildlife, fish habitat, endangered species, critical environment, timber preservation, watershed and water resources, national forests, reserves, preserves, refuges, national parks, monuments, cemeteries, and recreation.
- A31. Operational land - The Board proposes that, consistent with the proposed disclosure of estimated acres of land, operational land be disclosed in terms of physical units and acres of land. For example, the Board proposes that the following land-use activities be included in this sub-category: military, scientific, nuclear, administrative, office building locations, training facilities, airfields, office building locations, power development and distribution areas, research and development, space exploration, outpatient healthcare, communication systems locations, flood control and navigation, housing and institutional, storage, and vacant.
- A32. Commercial use land – The Board proposes that, consistent with the proposed disclosure of estimated acres of land, commercial use land be disclosed in terms of physical units and acres of land. For example, the Board proposes that the definition include land or land rights that are used to generate inflows of resources from non-federal third parties. Examples of land use activities that would be included in this sub-category include revenue or inflows derived from concession arrangements, grants, land sales or exchanges, leases, permits for public use, and public-private partnerships.

Permanent Land Rights

- A33. Due to their nature, permanent land rights, such as easements and rights-of-way, permit an entity to use land legally owned by another. For example, an entity may enter into an agreement for the purpose of acquiring certain rights to build and maintain a utility sub-station and transmission lines. In exchange, the landowner is paid for the easement and may or may not continue to use the land depending on the nature of the easement. Should the easement instrument signed by the landowner (1) convey the majority of rights to the entity either indefinitely or long-term and (2) limit the landowner's use of the land, such rights should be considered permanent in nature and subject to the requirements of this statement. The Board intends this Statement to apply to permanent land rights acquired from non-federal entities.

Types of Non-financial Information (NFI)

- A34. Prior FASAB analyses of user needs revealed that financial statements are a starting point for users, and they often consult other sources to obtain desired information. Because general purpose financial reporting is primarily designed for external users of financial reports, the Board believes it should not overestimate the importance of land information in financial statements to any one set or group of users. However, the Board believes additional information should be included within the financial report to allow users to assist them in their analyses of entity performance. The Board believes this can be best accomplished using NFI.
- A35. The task force initially developed five types of NFI (data-points) as a result of its evaluation of the types of information that should be reported. For each data-point, task force feedback suggests benefits would exceed the costs of providing the information. The types of NFI along with reasons they were included follow:
- a. Acres of land – Without information regarding acres of land, any financial information on land becomes less meaningful. Reporting acres of land was also seen as critical to meeting the reporting objectives. Of all the types of NFI that the task force reviewed, acres of land received the most support for presentation as NFI (disclosure being the most favored).
 - b. Held for disposal or exchange – Valuing and reporting on land held for disposal or exchange would help to meet FASAB's Operating Performance, Stewardship, and Systems and Controls reporting objectives. Also, it would increase accountability and transparency. The task force was evenly split on presenting this information as a note disclosure and excluding this information from NFI.
 - c. Predominant use – Information for academic or commercial analyses of public land allows for more uses of financial statement information. It also increases comparability in land reporting across agencies. The majority of task force members supported predominant use for presentation (RSI being the most favored).
 - d. Revenue-generating land – Information about land that generates revenue is essential for analyses of public land options. This is also needed for transparency, visibility, and comprehension of federal revenues reported in the financials. This is an area of congressional interest as noted by GAO in their

report entitled, *Federal Land Management, Availability and Potential Reliability of Selected Data Elements at Five Agencies*, report GAO-11-377 dated April 2011. In addition, this information allows for more uses of financial statement information and would make connecting acres of land and value to other entries in the financials more straightforward. The majority of the task force members supported this information for presentation (RSI being the most favored).

- e. Unit count information – The value of this information increases significantly when combined with acres of land and any of the other supported information types. The task force was evenly split on presenting unit count information as a note disclosure and excluding this information from NFI.
- A36. In reviewing the five recommended types of NFI, the Board determined acres of land held for disposal should be disclosed because acres of land is the common denominator among preparers and users. Disclosing acres of land provides context for financial information and addresses concerns regarding stewardship, accountability, and transparency. That is, financial information (historical cost) about land thus far provided to users without number of acres has been less meaningful to users.
- A37. The Board agrees valuing and reporting land held for disposal supports the reporting objectives. As demonstrated by the task force’s research into this area, citizen-users are keenly interested in how an entity uses its land and desire greater transparency. Moreover, congressional users are also interested in the amount of land an entity manages and how it is used, revenues generated from selected activities on land, and land subject to selected land-use designations including potential disposal.
- A38. Given that the Board believes land should not be capitalized (that is, measured or recognized) on the balance sheet, information on acres of land and land held for disposal along with the other NFI proposals contained herein allow entities to continue meeting the reporting objectives.

Determining Where Information Should Reside

- A39. To communicate information to users, the Board analyzed and categorized the five types of NFI to determine where this information should be included within the financial report. To this end, the Board was primarily guided by (1) existing reporting/disclosure requirements, (2) prior Board decisions concerning the importance of PP&E including SL, and (3) the extent to which this information interests a wide audience.
- A40. With the assistance of the task force and sub-group users, the Board determined predominant use, acres of land, and land held for disposal or exchange are items of great interest to users. Additionally, members believe the fair presentation of this information is important. That is, in SFFAS 29, *Heritage Assets and Stewardship Land*, the Board concluded information on heritage assets (HA) and SL (except for condition) should be basic information because it (1) was deemed essential to fair presentation and understanding the entirety of an entity’s financial condition, (2) required more audit scrutiny than would be afforded if it were considered RSI, and (3) was deemed consistent with the Governmental Accounting Standards Board

(reporting on art and historical treasures) and the Financial Accounting Standards Board (collections, other works of art, and historical treasures).

- a. Predominant use – Predominant use information is currently required to be reported as basic information by SFFAS 29 for SL.¹¹ SFFAS 6 currently requires categorization of PP&E as either general, HA, or SL. Currently, land categorization reflects intended use at the time of acquisition/construction. This proposal refines the classification between general PP&E land and SL by basing the sub-categorization on predominant use during the reporting period. This information is useful for academic and commercial analyses of public land and allows for more uses of financial statement information. Also, predominant use information increases comparability in land reporting across agencies. Please refer to the discussion entitled *Land Use – Categorizing Land Consistently* at paragraphs A22 –A25 for additional discussion regarding the presentation of this information. The Board proposes that this information remain as basic information.
- b. Revenue generating –Because information regarding revenue generating land reflects a land (resource) use, the task force recommended that this information be considered a distinct and separate element for reporting. However, the Board concluded it can be satisfactorily reported under the predominant use disclosure. Such disclosure can be accomplished by categorizing revenue generating land under the commercial use sub-category. The Board concluded this is essential information for analysis of public land options and needed to understand federal revenues reported in the financials. Also, this allows for more uses of financial statement information and facilitates connecting acres of land and value to other entries in the financials more directly. Lastly, the GAO and task force have noted that information pertaining to revenues generated from federal land is important to Congress as well as other financial report users.
- c. Acres of land – Financial information on land becomes more meaningful with the number of acres. Given that the Board concluded not to require land to be measured or recognized on the balance sheet, this information should be subjected to the same audit scrutiny as information about other assets. Therefore, the Board concluded that the number of acres should be reported as basic information to continue meeting the reporting objectives.
- d. Land held for disposal or exchange – The Board agrees that valuing and reporting on land held for disposal or exchange have a positive effect on the reporting objectives. However, to be consistent with its position to not require recognition or measurement of land on the balance sheet, the Board proposes this information be reported as basic information.
- e. Unit count information – Unit count information is currently required by SFFAS 29 to be reported as basic information. The value of this information is enhanced when combined with the number of acres and any one of the other above types of NFI. The Board proposes this information remain as basic information.

¹¹ “Where parcels of land have more than one use, the predominant use of the land should be considered the major use.” SFFAS 29, par. 40.c.

- A41. Due to its importance to users and relevance to the reporting objectives, the Board proposes that entities report this additional information (that is, the requirement to categorize land and acres of land held for disposal) as basic information through note disclosure.

Preparer Burden

- A42. The land task force addressed preparer burden and ranked several constraints other than system integration issues that impede federal preparers' ability to prepare financial statements. In order of task force ranking, the constraints are as follows:

- a. Inadequately trained staff
- b. Lack of experienced staff
- c. Requirements overload
- d. Continually shifting priorities
- e. Lack of senior level management support

Additionally, some preparers noted they are not the operational or program leads who have to implement the multitude of requirements and reporting standards put into effect. Implementation of said requirements and standards falls to a very limited staff at local levels. In some cases, accounting requirements have little to no bearing on supporting the mission.

- A43. The Board realizes that the financial management community as well as operational and program personnel have difficult challenges they face day-to-day in accomplishing their mission. To that end, the Board has elected to focus on ensuring that the costs of providing land information are commensurate with user benefits.
- A44. The Board acknowledges that, in general, resources are limited. Because new requirements take time to implement, accounting requirements compete with internal needs. Members believe this trade-off is just one of many cost-benefit factors that the Board should consider as it addresses the issues outlined in this proposed Statement.
- A45. In addition to considering user needs and preparer burden, other key factors contributing to a cost-benefit analysis include the following:
- a. Budget constraints and uncertainties are not infrequent in the federal space and should not solely be the basis for not improving financial reporting.
 - b. Identifying the proper accounting for land is paramount and separate from implementation issues.
 - c. Standards can be written to help ease implementation issues; For example, proposing longer lead-times to effective dates or using a phase-in approach can help ease implementation issues.

Other Conforming Revisions

- A46. To ensure linkage between component entity reporting and the government-wide disclosure requirements, conforming amendments to SFFAS 32, *Consolidated Financial Report of the United States Government Requirements*, are required. Conforming amendments to SFFAS 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, are also proposed given that SFFAS 7 provides guidance regarding transfers and donations of land.
- A47. In addition to federally owned lands, some agencies hold land in trust (fiduciary land). Most notable are the tribal lands held in trust by the Bureau of Indian Affairs (BIA). The Board considered whether land held in trust should be addressed through these amendments and decided that doing so would require significantly more research. Research areas include (1) the effectiveness of existing requirements, (2) consultation with users including trust beneficiaries, (3) appropriateness of federal financial reporting objectives, and (4) the costs and benefits of expanding fiduciary activity reporting.
- A48. SFFAS 31, *Accounting for Fiduciary Activities*, applies to land held in fiduciary activities. It requires federal entities to distinguish the information relating to fiduciary activities from all other activities. Accordingly, fiduciary assets are not recognized on the balance sheet. Instead, a note disclosure providing the following information¹² about the federal entity's fiduciary activities is required:
- a. An explanation of the nature of the fiduciary relationship
 - b. A schedule of fiduciary net assets
 - c. A schedule of fiduciary activity
- A49. Because federal generally accepted accounting principles provide for certain assets—SL and HA—to be disclosed rather than recognized, SFFAS 31 includes requirements for a Schedule of Changes in Non-Valued Fiduciary Assets. This includes a description of the assets, beginning quantity, quantity received, quantity disposed of, net increase/decrease in non-valued fiduciary assets, and ending total quantity. Non-valued fiduciary assets may include land, HA, and natural resources.
- A50. While including amendments to reporting for land managed through fiduciary activities in the scope of this project might be expected, the issues are broader, reporting objectives are potentially different, and the stakeholders are different than those for federally owned land. Also, there may be factors regarding land use and management that should be considered before determining the most appropriate information (including categorization) to report. For example, there are cooperative arrangements between beneficiaries, such as tribal governments, and federal reporting entities, such as the BIA. The cost-benefit of expanding the fiduciary activities disclosures should be considered; costs and benefits may differ from federally owned land.

¹² Items reported in the fiduciary schedules must be measured in accordance with any of the generally accepted accounting principles recognized by the Association of International Certified Professional Accountants (formerly the American Institute of Certified Public Accountants).

Therefore, the Board concluded this proposed Statement does not directly affect fiduciary activities.

Supporting Documentation

- A51. The Board has continually noted the concerns associated with providing corroborating documentation on historical assets including land. In the Basis for Conclusions to SFFAS 29 (par. 86-88), the Board briefly discusses the fundamental issues associated with historical assets and SL. In addition, Technical Release (TR) 9, *Implementation Guide for Statement of Federal Financial Accounting Standards 29: Heritage Assets and Stewardship Land*, addresses this difficulty by specifically noting the complexities regarding land. For example, federal land was acquired through (1) ceded territory by the original thirteen colonies, (2) territorial annexations, (3) purchases, and (4) treaties. Acquisitions and disposals of land were not documented in the same manner as modern-day land transactions. TR 9 addresses that records and detailed listings from these periods generally do not exist. As a result, the Board believes that management's assertion concerning land ownership and its related estimates of acres of land must be based on non-traditional supporting documentation and reasonable acre estimates, respectively. The Board notes that it (1) does not seek exact precision in determining estimated acres of land or predominant use assessments and (2) does not intend to direct or prescribe the use of any particular approach.
- A52. The Board believes that it can facilitate effective reporting on land by (1) providing implementation guidance incorporating aspects of TR 9 and (2) reminding 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 and/or take on different forms of corroboration as foreseen by T R 9. For example, ownership can be evidenced by public law, treaties, entity certifications, maintenance or renovation contracts, historical maintenance records, a history of payment of invoices, minutes of meetings, historical databases, initial surveys of land, a history of past/historical practices (for example, the length of time an entity controls the land establishing de facto ownership), or other relevant sources of information. These alternatives may provide acceptable evidence of government ownership. Entities could use the above forms of supporting documentation to reasonably estimate acres of land or rely on management tools such as Geospatial Information. The Board expects preparers to apply a variety of methods and techniques in arriving at estimates. Acknowledging that non-traditional supporting documentation to develop reasonable acre estimates would satisfy the proposed requirements, the Board proposes that the requirements become effective for reporting periods beginning after September 30, 2021. In establishing the proposed effective date, the Board considered the time needed for reporting entities to (1) develop and implement related policies and procedures, (2) establish acres of land and physical unit information as of the beginning of the year of implementation, (3) develop and maintain supporting documentation, (4) develop and implement processes for capturing and recording transactions during the year, and (5) validate that the required information is independently verifiable or auditable.

Physical Unit Information (Measurements)

A53. The Board envisions addressing physical unit measurements in subsequent implementation guidance. Until such time, the Board notes that physical unit information should be meaningful, relevant, and determined based on how an entity manages its land holdings. Physical unit information should reflect an entity’s mission, the type of land being managed, and related asset management practices employed during the reporting period. The following physical unit measurements and related examples¹³ are provided to assist preparers in selecting meaningful and relevant physical unit information:

Physical Unit Measurement Types	Examples
1. Physical nature (PN)	<ul style="list-style-type: none"> • Parks, forests, refuges, and installations • Annexes, buffer zones • National monuments, national labs
2. Geographic management unit (GMU)	<ul style="list-style-type: none"> • State, region, field, district, zone, township, parcel, and tract • Administrative office
3. Project (P)	<ul style="list-style-type: none"> • Water and/or energy • Watershed based: catchment, hydrologic units, etc.¹⁴
4. Activity level (AL)	<ul style="list-style-type: none"> • Active / inactive / excess
5. Operational status (OP)	<ul style="list-style-type: none"> • Mission critical (MC) vs. non-critical (NC)

¹³ Physical unit measurement types should reflect a characteristic or distinguishing feature to categorize and quantify land holdings in non-monetary terms. Such characteristics or distinguishing features should be consistent with information contained in internal management systems. The related examples are provided to assist preparers in selecting meaningful physical unit information in accordance with the proposed Statement. The list is not exhaustive and additional items of information may be necessary to meet the proposed requirements, even if not specifically identified.

¹⁴ The United States is divided and sub-divided into successively smaller hydrologic units which are classified into four levels: regions, sub-regions, accounting units, and cataloging units. The hydrologic units are arranged or nested within each other, from the largest geographic area (regions) to the smallest geographic area (cataloging units). Each hydrologic unit is identified by a unique hydrologic unit code (HUC) consisting of two to eight digits based on the four levels of classification in the hydrologic unit system. The USGS Hydrologic Unit Maps; available online at <https://water.usgs.gov/GIS/huc.html>; last accessed March 14, 2018.

- A54. The Board notes that each of the items in the above table can be standalone measurements or be used in connection with other items. For example, in addition to reporting land holdings by their physical nature (PN), an entity may elect to also report the related activity level or operational status. Preparers should be guided by the Board's principle that physical unit measurements be meaningful, relevant, and reflect how an entity managed its land holdings during the reporting period.

Although the Board has previously noted that such determinations are highly subjective and require the use of professional judgment, criteria exist to help preparers consistently develop meaningful and relevant physical unit measurements. The following criteria¹⁵ should be considered in the aggregate when selecting physical unit measurement(s):

- a. **The entity's mission and relationship to its land portfolio.** For example, an entity may have been created or administratively established to manage or acquire land for specific purposes, such as environmental protection, mineral or mining exploration and recovery, and nuclear or scientific studies. In such cases, management should consider reporting physical unit information in the context of the entity's primary mission. As such, reporting physical unit measurement in terms of Project (P), Activity Level (AL), and Operational Status (OP) may be most appropriate.
- b. **The entity's organizational structure and relationship to its land portfolio.** If an entity's land holdings have resulted in the creation of separate bureaus or departments to manage and control them in different ways, management should consider reporting physical unit information in the context of a Geographic Management Unit (GMU). This can include the number of regional or district offices. If the entity assigns land holdings to a bureau or department primarily based on their specific uses, management should consider reporting physical unit information in another category such as Physical Nature (PN) or Project (P).
- c. **Internal asset (land) management practices.** An entity may have a dual mandate to both conserve and preserve land holdings. Although conservation and preservation are closely linked, they are distinct terms involving a certain type or degree of protection. As such, they often require different management practices. Specifically, conservation is generally associated with the protection and proper use of natural resources, whereas preservation is associated with the protection of objects and landscapes from use. In this case, an entity should consider reporting physical unit information reflecting the distinct asset management practices. The entity may elect to report preservation land by its Physical Nature (PN) and its conservation land by Project (P) or Geographic Management Unit (GMU).
- d. **Relationship to estimated acres of land.** An entity may have significant amounts of land deployed as buffer-zones at its major installations for security purposes. Entity management should consider reporting physical unit information in the context of its Operational Status (OP) and Activity Level (AL). Therefore, such buffer-zones could be reported as being Active and Mission Critical (MC).

¹⁵ The criteria are presented in a non-prioritized list for consideration in the aggregate. Assignment of individual weight to any of the criteria is a matter of professional judgement.

Similarly, another entity may also have significant amounts of land deployed as view-sheds (that is, all land surrounding a point-of-interest that is in a line-of-sight with that location and excludes points that are beyond the horizon) that are not fenced-off and are open to the public for recreational purposes. In this case, entity management should consider reporting physical unit information in the context of its Physical Nature (PN) and Geographic Management Unit (GMU). Moreover, land comprising the view shed could also be reported as being Inactive (Operational Status) and Mission Critical (MC).

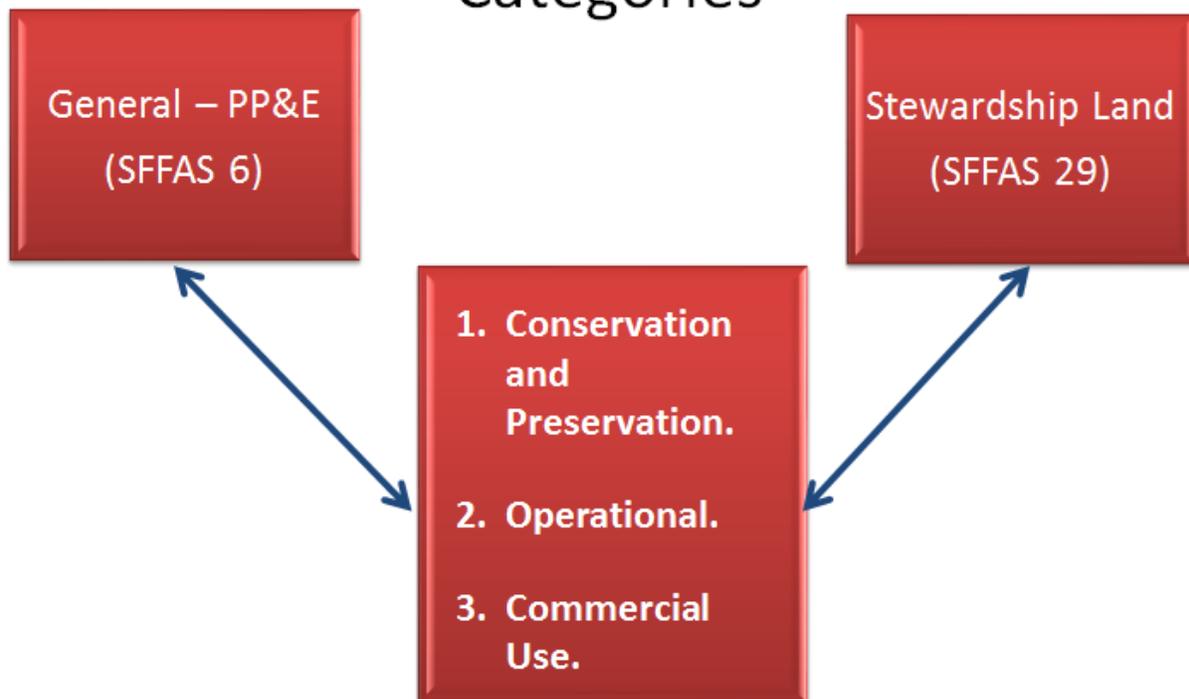
APPENDIX B: ILLUSTRATIONS

Sub-Categorizing Land – Predicated on Predominant Land-use

This appendix illustrates the application of certain key provisions of this proposed Statement to assist in clarifying their meaning. The following partial sample illustrations at Appendices B-1 through B-2 are intended to aid in the application of these key provisions and not illustrate compliance with all of the proposed disclosure requirements.

The Board has noted the potential need to have additional sub-categories predicated on predominant land-use to complement the land categories currently in use: SL and G-PP&E land. Illustrations demonstrating how the Board envisions the sub-categories complementing the existing requirements follow:

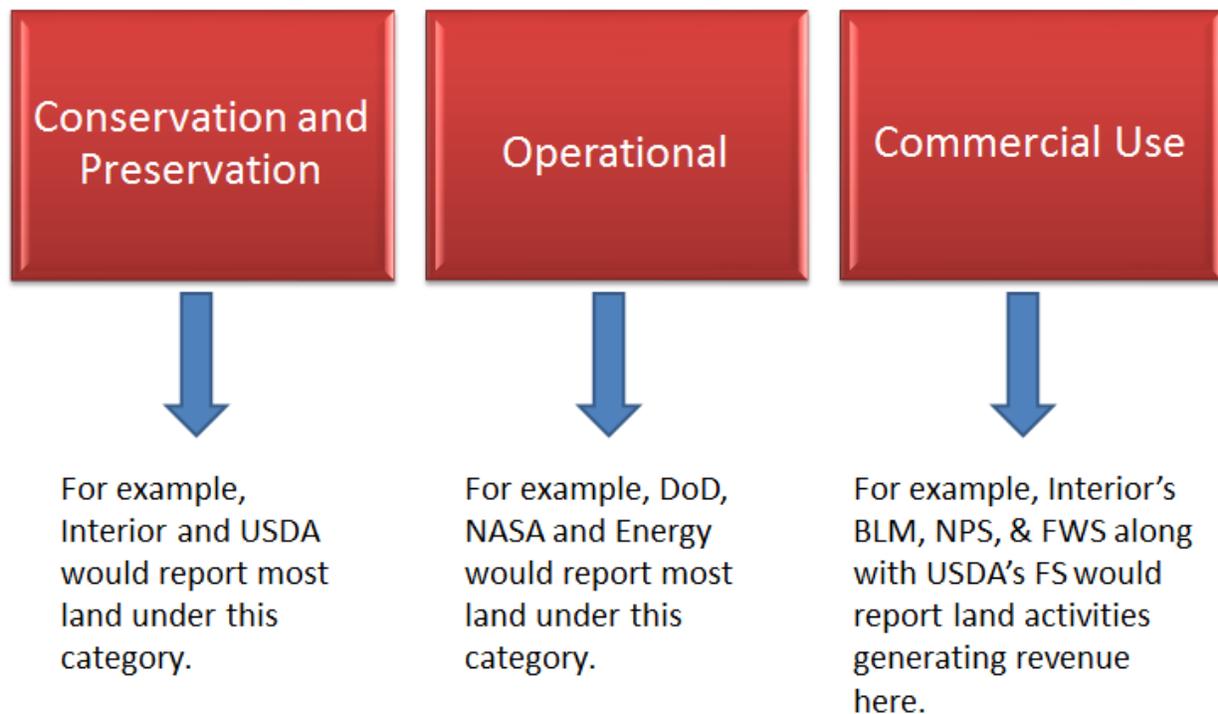
Complementing Existing Land Categories



The additional sub-categories follow:

- (1) **Conservation and preservation land**
- (2) **Operational land**
- (3) **Commercial use land**

Three Proposed NFI Land-Use Reporting Sub-categories



Conservation and Preservation Land Use Sub-categories

The following illustration shows what sub-categories or activities could be included within the conservation and preservation land use sub-category.

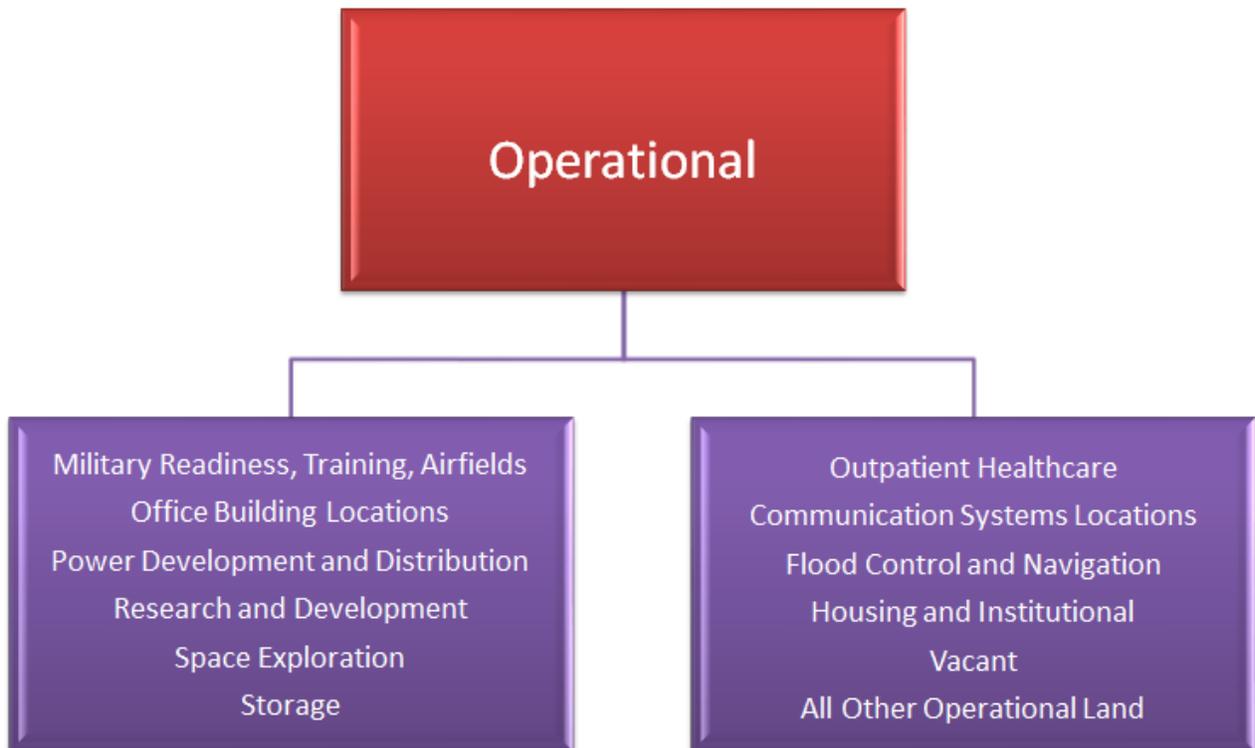
Conservation and Preservation Land Use Sub-categories



Operational Land Use Sub-categories

The following illustration shows what sub-categories or activities could be included within the operational land use sub-category.

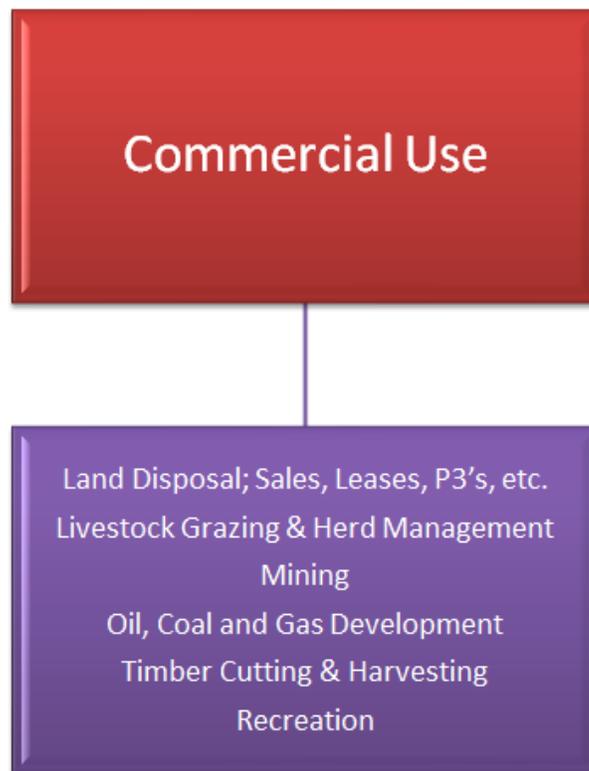
Operational Land Use Sub-categories



Commercial Use Land Use Sub-categories

The following illustration shows what sub-categories or activities could be included within the commercial use land use sub-category.

Commercial Use Land Use Sub-categories



Partial Sample Illustration: Appendix B-1: Component Entity G-PP&E Note Disclosure (Proposed amendment to SFFAS 6, paragraph 45)

<u>Entity</u>	<u>Categorized by Purpose or Intent at Acquisition</u>		<u>Sub-categorized by Predominant Use</u>				<u>Physical Units</u>	<u>Explanatory Comments</u>
	<u>General PP&E Land Acres</u>	<u>Conservation and Preservation</u>	<u>Operational</u>	<u>Commercial Use</u>	<u>Total Land Acres</u>			
Agency X	6,563,954	2,600,000	3,963,954	0	6,563,954	12 RO's and Active	1	
Bureau A	2,219,324	0	2,219,324	0	2,219,324	2 DO's and Active	2	
Bureau B	863,343	0	863,343	0	863,343	1 DO and Inactive	2	
G-PP&E Total - Department B	9,646,621	2,600,000	7,046,621	0	9,646,621			

Physical Units legend: RO = regional office, Active/Inactive = activity level

Explanatory Comments

- Agency X** has reclaimed 2,600,000 acres of its operational land for conservation/preservation purposes. Although some of the agency's operational land generates commercial revenue, it is incidental to the land's predominant use and its reporting does not change. All land is managed by 12 regional offices and the agency's land is considered to be active (in current use).
- Bureaus A and B** maintain land strictly for operational purposes. Bureau A's land portfolio is managed by 2 district offices (DO's) and all land is considered to be active (in current use). Bureau B's land portfolio is managed by 1 district offices (DO's) and all land is considered to be inactive (not in current use) awaiting Congressional reviews.

Partial Sample Illustration: Appendix B-2: Component Entity SL Note Disclosure (Proposed amendment to SFFAS 29, paragraph 40)

Entity	Categorized by Purpose or Intent at Acquisition	Sub-categorized by Predominant Use					Explanatory Comments
	Stewardship Land Acres	Conservation and Preservation	Operational	Commercial Use	Total Land Acres	Physical Units	
Agency X	96,251,797	89,507,814	0	6,743,983	96,251,797	12 RO's and Active	1
Bureau A	46,932,741	44,512,434	0	2,420,307	46,932,741	2 RO's and 100 Water projects	2
Bureau B	40,101,267	40,101,267	0	0	40,101,267	2 RO's and 20 Energy projects	3
SL Total - Department B	183,285,805	174,121,515	0	9,164,290	183,285,805		

Physical Units legend: RO = regional office, Active/Inactive = activity level, water and energy = project types

Explanatory Comments

1 - **Agency X** has reclaimed 2,600,000 acres of its operational land for conservation/preservation purposes (see Appendix B-1). Note that the reclaimed land retains its G-PP&E distinction and accordingly, is NOT added to the SL category illustrated above in this Appendix; that is, the land's predominant use is reflected within its G-PP&E category.

The agency been granted authority to generate revenue on additional SL currently sub-categorized as Conservation and Preservation land and as a result, has placed such land in a revenue-generating operating mode. However, because the land only generates an immaterial amount of revenue sporadically during the year, its predominant use is not re-categorized to Commercial Use. All land is managed by 12 regional offices and the agency's land is considered to be active (in current use).

2 - **Bureau A** has been granted authority to generate revenue on all of its SL and required to increase commercial uses where practical.

During the year additional SL has been placed in a revenue generating status and appropriately added to the existing Commercial Use sub-category balance. All land is managed by 2 regional offices that oversee 100 different watershed projects (e.g., drainage basins and catchments).

3 - **Bureau B** maintains land strictly for conservation/preservation purposes. Any operational use of the land is incidental and is not considered to be a predominant use. All land is managed by 2 regional offices that oversee 20 different energy projects (e.g., nuclear, solar, and water).

Partial Sample Illustration: Appendix B-3: Consolidated Financial Report of the U.S. Government (Proposed amendments to SFFAS 29, paragraph 42 and SFFAS 32, paragraph 23)¹⁶

Entity	Categorized by Purpose or Intent at Acquisition			Sub-categorized by Predominant Use				Explanatory Comments
	Stewardship Land Acres	General PP&E Land Acres	Total Land Acres	Conservation and Preservation	Operational	Commercial Use	Total Land Acres	
Department A	234,889,617	12,362,611	247,252,228	223,145,136	12,362,611	11,744,481	247,252,228	1
Department B	183,285,805	9,646,621	192,932,426	176,721,515	7,046,621	9,164,290	192,932,426	2
Agency 1	84,626,746	4,454,039	89,080,785	84,626,746	4,454,039	0	89,080,785	3
Agency 2	75,666,349	3,982,439	79,648,788	37,833,174	3,982,440	37,833,174	79,648,788	4
Bureau 1	5,871,628	8,528,076	14,399,704	5,871,628	6,396,057	2,132,019	14,399,704	5
Total	584,340,145	38,973,786	623,313,931	528,198,199	34,241,768	60,873,964	623,313,931	

Explanatory Comments

- 1 - **Department A** has been granted authority to generate revenue on most of its SL. However, only 11.7 million acres is actively devoted to commercial use. SL which generates intermittent or insignificant revenues has been excluded because such land maintains its predominant use as conservation or preservation land. For related details please refer to Department A's annual financial report.
- 2 - **Department B** has also been granted authority to generate revenue on some of its SL but it has also reclaimed 2,600,000 acres of its operational land for conservation or preservation purposes. For related details please refer to Department B's annual financial report.
- 3 - **Agency 1** has not been granted any commercial use authority and operates under a strict mandate to preserve land under its care. For related details please refer to Agency 1's annual financial report.
- 4 - **Agency 2** has been granted authority to generate revenue on all of its SL. However, only half or 37.8 million acres is actively devoted to commercial use at any point in time during the reporting period. Although the remaining half is eligible for commercial use it remains in a conservation status because revenues generated are intermittent or insignificant and do not meet the predominant use requirement. For related details please refer to Agency 2's annual financial report.
- 5 - **Bureau 1** maintains buffer zones for national security purposes on land withdrawn from the public domain and also via acquisition from surrounding communities. It has been granted authority to lease, sell or otherwise dispose of operational land. One-quarter or 2.1 million acres of G-PP&E land is predominantly used for commercial purposes. For related details please refer to Bureau 1's annual financial report.

¹⁶ For ease of illustration purposes only, G-PP&E land and SL presentations are combined in the above format. Disaggregated displays are permissible.

APPENDIX C: ABBREVIATIONS

BIA	Bureau of Indian Affairs
DoD	Department of Defense
FASAB	Federal Accounting Standards Advisory Board
GAO	Government Accountability Office
G-PP&E	General Property, Plant, and Equipment
GSA	General Services Administration
HA	Heritage Assets
NFI	Non-financial Information
PP&E	Property, Plant, and Equipment
RSI	Required Supplementary Information
SFFAC	Statement of Federal Financial Accounting Concepts
SFFAS	Statement of Federal Financial Accounting Standards
SL	Stewardship Land
TR	Technical Release

APPENDIX D: GLOSSARY

Acres of land held for disposal or exchange includes land for which the entity has satisfied the legislative disposal authority requirements specific to the land in question.²⁵ Disposal includes conveyances of federal land not limited to sale, transfer, exchange, lease, public-private partnership, and donation or any combination thereof.

FN 25 – Entity decisions to identify and classify land as held for disposal or exchange often require public participation and diverse clearances, such as environmental and economic impact studies, surveys, and appraisals.

Commercial use land includes land or land rights that are predominantly used to generate inflows of resources from non-federal third parties, usually through special use permits, right-of-way grants, and leases. Such inflows may arise from exchange or non-exchange activities and may or may not be considered dedicated collections. Examples include revenue or inflows derived from

- concession arrangements;
- grants for a specific project such as electric transmission lines, communication sites, roads, trails, fiber optic lines, canals, air rights, flumes, pipelines, and reservoirs;
- land sales or land exchanges;
- leases;
- permits for public use such as commercial filming and photography, advertising displays, agriculture, recreation residences and camping, recreation facilities, temporary use permits for construction equipment storage and assembly yards, well pumps, and other such uses;
- forest product sales such as timber, or sales arising from national forests and grasslands; and/or
- public-private partnerships.

Conservation and preservation land includes land or land rights that are predominantly used for conservation or preservation purposes. Conservation and preservation, although closely linked, are distinct terms. Each term involves a certain type or degree of protection. Specifically, conservation is generally associated with the protection and proper use of natural resources, whereas preservation is associated with the protection of buildings, objects, and landscapes from use.

G-PP&E land – Land and permanent land rights^{28.1} acquired for or in connection with other general PP&E²⁹ shall be included in are considered general PP&E for purposes of disclosure but are not to be capitalized on the balance sheet. General PP&E land shall exclude (1) withdrawn public lands^{29.1} or (2) land restricted for conservation, preservation, historical, or other like restrictions. Such land shall remain categorized as stewardship land.—unless the reporting entity made the election to implement the provisions of paragraph 40.f.i.. In some instances, general PP&E may be built on existing Federal lands. In this case, the land cost would often not

be identifiable. In these instances, general PP&E shall include only land and land rights with an identifiable cost that was specifically acquired for or in connection with construction of general PP&E.

FN 28.1 – Land rights such as easements or rights-of-way that are for an unspecified period of time or unlimited duration are considered permanent land rights. Temporary land rights are those land rights that are for a specified period of time or limited duration.

FN 29 – “Acquired for or in connection with other general PP&E” is defined as land acquired with the intent to construct general PP&E and land acquired in combination with general PP&E, including not only land used as the foundation, but also adjacent land considered to be the general PP&E’s common grounds.

FN 29.1 – Consistent with Congressional authorities, an entity may withdraw public lands from the public domain for specific uses. For example, an entity may withdraw public land from sale, settlement, or recreational use to expand buffer zones for security or training needs.

Operational land includes land or land rights predominantly used for general or administrative purposes. For example, the following functions performed by entities would be included in this sub-category:

- **Military** functions include preparing for the effective pursuit of war and military operations short of war; conducting combat, peacekeeping, and humanitarian military operations; and supporting civilian authorities during civil emergencies.
- **Scientific** functions include conducting and managing research, experimentation, exploration, and operations (including the development of commercial capabilities). Broad scientific fields of study generally include (1) physical sciences (physics, astronomy, chemistry, geology, metallurgy), (2) biological sciences (zoology, botany, genetics, paleontology, molecular biology, physiology), and (3) social sciences (psychology, sociology, anthropology, economics).
- **Nuclear** functions include managing or regulating the use of nuclear energy, power plants, radioactive materials, radioactive material shipments, nuclear storage, and nuclear reactor decommissioning.
- **Other Related** functions include those that are administrative or other mission related in nature. For example, land used for readiness and training, office building locations, storage, or vacant properties fall under this category.

Stewardship land is includes both public domain^{14.1} and acquired land and land rights¹⁵ owned by the Federal Government intended to be held indefinitely. ~~but not acquired for or in connection with¹⁶ items of general PP&E.~~ Examples of stewardship land include land reserved, managed, planned, used, or acquired for¹⁶ as forests and parks, and land used for wildlife and grazing.

- forests and parks;
- recreation and conservation;

- c. wildlife habitat and grazing;
- d. historic landmarks and/or the preservation of pre-historic and historic structures (those listed on or eligible for listing on the National Register of Historic Places);
- e. multiple purpose ancillary revenue generating activity (for example, special use permits, mineral development activities, and timber production); and/or
- f. buffer zones for security, flood management , and noise and view sheds.

FN 14.1 – Public domain land is land that was originally ceded to the United States by treaty, purchase, or conquest in contrast to acquired lands, which have been purchased by, given to, exchanged with, or transferred through condemnation proceedings to the federal government.

FN 15 – Land rights are interests and privileges held by the entity in land owned by others, such as leaseholds, easements, water and water power rights, diversion rights, submersion rights, rights-of-way, mineral rights, and other like interests in land. Land rights such as easements or rights-of-way that are for an unspecified period of time or unlimited duration are considered permanent land rights. Temporary land rights are those land rights that are for a specified period of time or limited duration.

FN 16 – ~~“Acquired for or in connection with” is defined as including land used acquired with the intent to construct general PP&E and land acquired in combination with general PP&E, including not only land used as the foundation, but also adjacent land considered to be the general PP&E’s common grounds.~~ Land used or acquired for or in connection with items of general PP&E but meeting the definition of stewardship land should be classified as stewardship land.

Task Force Member Agencies

Air National Guard, 113th Wing, Base Civil Engineer
Department of Agriculture, U.S. Forest Service, Office of the CFO
Department of Agriculture, U.S. Forest Service, Minerals and Geology
Department of Defense, Office of the Secretary of Defense
Department of Defense, Comptroller
Department of Energy, Office of the CFO
Department of the Interior, Fish and Wildlife Service
Department of the Interior, Office of the Deputy CFO
Department of the Interior, National Park Services
Department of Labor, Office of the Inspector General
Department of the Navy, Naval Facilities Engineering Command
Department of State, Overseas Buildings Operations, Financial Management
Department of the Treasury, Office of the Fiscal Assistant Secretary
General Services Administration, Office of Financial Management
Government Accountability Office, Financial Management and Assurance
National Aeronautics and Space Administration, Office of the CFO

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Appendix B

History of Board Deliberations

APPENDIX B: Board Deliberations

February 24-25, 2016 Board Meeting

During the 3 Three-Year Plan review and pursuant to earlier project discussions, the Board members approved the proposed project plan and asked staff to carefully consider the following issues: the type of information entities need in order to manage program requirements; fair value measurements and potential valuation inconsistencies that intended-use classifications and related changes could have on said measurements; whether land held-for-sale should be fair valued and if so, subject to impairment; reliability of buyer-oriented appraisals; and whether a new standard on land should replace SFFAS 6 and/or SFFAS 29.

June 29-30, 2016 Board Meeting

At the June Board meeting, staff presented at tab B an update on the progress of the Accounting and Reporting of Government Land project and also sought approval of the proposed next steps, including the most efficient and economical use of the task force, identification of issues best suited for Board deliberations as opposed to task force deliberations, and a proposed timeline.

Although the Board was generally satisfied with the project plan's next steps, members asked staff for continued updates to ensure that options, along with associated benefits and drawbacks, be brought to the table for discussion.

In particular, the Board asked staff to

- consider user information needs;
- explore and identify what information agencies use to manage land;
- identify types of information, such as acreage, that would help demonstrate the government's stewardship and accountability over federal lands;
- address whether land held for disposal (for example, sale, public-private partnerships, donated to state and local governments) should be valued; and
- consider whether a uniform land accounting policy is a viable option given initial agency and task force feedback that current land classifications of stewardship land (SL) and general property, plant and equipment (G-PP&E) land be retained.

The Board discussed the remaining three items staff had proposed to exclude from additional agency fact finding within the project: land rights, land improvements, and land impairment. Members generally agreed with staff's recommendations not to pursue these matters with the task force at this time but reserved these items for future research and Board deliberations.

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October 19-20, 2016 Board Meeting

At the October 2016 Board meeting, members generally agreed on two major points: (1) greater clarity and uniformity in land reporting seems warranted and would foster greater transparency and (2) additional information is needed from users to inform deliberations.

Specifically, some members made the following observations:

- The importance of knowing how many acres an agency holds for the benefit of future generations
- Acreage information seems to be the common denominator needed by most, if not all, users
- The presentation of unit information alone has limited value
- Some level of audit assurance is needed
- A better grasp of overall user needs, including those of Congress, is warranted to help mitigate or reduce agency burden

Also, certain members expressed interest in better understanding the role of cost information and its relative importance to users.

Members noted that there seems to be competing interests among users. Specifically, there are users who desire better accountability over land reporting, users who desire specific property/parcel information for economic/financial exploitation, and users with local concerns over land holdings in their immediate jurisdictions.

Some members felt that in-depth deliberations could not commence until they had a broader understanding of user needs. However, other members noted that deliberations could begin by initially providing some clear guideposts or principles that were supported by task force discussions. For example, the Board could explore topics such as incorporation of non-financial information maintained by agencies and where such information should reside in the financial statements—as basic information, required supplementary information, or other information. Additionally, members expressed that deliberations could also commence predicated on FASAB's reporting objectives. Simply put, discussions could be based on what the Board considers to be effective reporting. For example, the Board could discuss reporting the total inventory of an agency's land holdings from the standpoint of what citizen-users expect from their government: accountability and stewardship.

In conclusion, members agreed to have staff contact additional users to obtain additional (or more specific) information about their requirements/data points. This additional outreach to the user community will better guide deliberations. As such, members of the user community are welcome and encouraged to contact staff to offer

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input or to join the existing task force. Regarding user input, staff expects to compile results from a brief 12 question survey by the end of December.

December 19-20, 2016

At the December 19, 2016, Board meeting, FASAB hosted two educational sessions. The morning session consisted of representatives from the Department of the Interior (Interior) and the Department of Defense (DoD), who were invited to share their views concerning the Board's accounting and reporting of government land project. Additionally, at this session, Interior provided an overview of its process for disposing land.

During the afternoon educational session, representatives from the Department of Energy, DoD, and the General Services Administration were invited to provide an overview of their processes for disposing of land.

The educational sessions assisted the members and staff in understanding land management decision making. The members greatly appreciate the time these agencies spent in preparing their remarks for the Board and will benefit from the expertise they shared.

February 22, 2017

At the February 22, 2017, Board meeting, members reviewed survey results addressing specific user opinions and information requirements needed by the user community regarding federal land. The Board also identified broad options to improve reporting on land so that they can be considered in detail at the next meeting. Some significant discussion points from the session include the following:

- It is clear that historical cost information is not useful to the majority of users, who believe that the reporting of land is currently deficient. Prior analyses of user needs reveal that financial statements are a starting point for users, wherein they often branch off into other venues to obtain information.
- Although it seems clear that historical cost information is of limited value, the use of non-financial information (NFI) does not seem supported by the survey.
- Members discussed performance reporting. Staff noted that citizens in particular want audited information, whereas internal managers prefer disaggregated information. For the latter group, reliance upon system internal controls is sufficient.
- The Board might be overestimating the importance of land information in financial statements to users.

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- In regards to measuring economic gain, members noted that the entire area of property is an important issue for management. However, in most cases sale or disposal of land for economic gain/loss would probably be immaterial, and immediate recognition might suffice as appropriate guidance.
- Consistency and accountability seem to be the two principles in play, and these objectives can be achieved either from financial display or NFI perspectives.

Members seemed to gravitate towards focusing on NFI for land, questioning the need for fair value recognition. The Board requested staff have the task force identify the type of audit coverage, if any, it would recommend for each type of NFI that it believes should be disclosed, presented, or referenced in the financial report. The end result should assist members in better identifying appropriate placement of key NFI in the financial report.

April 26-27, 2017 Board Meeting

At the April 27, 2017, Board meeting, members reviewed February's broad options A and B and the incorporation of non-financial information (NFI) into the financial report. Specifically, members discussed the following major topics: (1) potential suspension of the land project, (2) balance sheet reporting, (3) land held-for-disposal, and (4) NFI presentation.

After considering reasons for and against the suspension of the land project, members unanimously agreed that the land project should continue as scheduled. Members noted that budget uncertainties are insufficient reasons to suspend a project, and concerns over preparer burden are separate matters that can be addressed as the Board develops its standards.

Members generally agreed to adopt a modified broad option A: no balance sheet reporting of land (to include not valuing land held-for-disposal). Members noted the importance of having consistent accounting standards to improve financial reporting of land. Any conceptual limitations can be addressed via the incorporation of NFI. As such, members believe a modified option A best addresses consistency while maintaining, if not improving, reporting objectives.

Concerning NFI, members generally agreed with the five NFI data points contained in tab D but did not agree on their placement. Some members felt all data points should be presented as Required Supplementary Information, whereas others preferred broad acreage and unit-count information be reported as basic information. Members generally agreed with the three land use reporting categories and noted that predominant use would be reflected in the three categories. The revenue-generating data point could, in essence, be folded into the commercial use category.

The Board tasked staff with developing a draft ED for the next meeting.

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June 21-22, 2017 Board Meeting

At the June 22, 2017, Board meeting, members reviewed a draft ED. The Board agreed with the staff recommendation that the ED should highlight the two major proposed changes being considered: (a) reclassifying general property, plant, and equipment (G-PP&E) land as a non-capitalized asset with no dollar amounts reported on the balance sheet and (b) requiring consistent and uniform disclosures and presentation of information for G-PP&E land and stewardship land (SL).

Staff has initially identified four standards requiring amendments:

- SFFAS 6, Accounting for Property, Plant, and Equipment
- SFFAS 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting
- SFFAS 29, Heritage Assets and Stewardship Land
- SFFAS 32, Consolidated Financial Report of the United States Government Requirements: Implementing Statement of Federal Financial Accounting Concepts 4 “Intended Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government”

Additionally, staff has identified for rescission guidance regarding SL contained in Technical Release (TR) 9, Implementation Guide for Statement of Federal Financial Accounting Standards 29: Heritage Assets and Stewardship Land. Please note that TR 9 would retain guidance relating to heritage assets.

Members also identified three additional issues, two of which were resolved during the meeting: (1) land rights, (2) land leases, and (3) the lack of a distinct definition for SL. The Board agreed that because land rights are intangible assets, any open issues related to their treatment not addressed by SFFAS 6 should be excluded from the land project’s scope. Members also agreed that leased land should be subject to the revised lease standards and that disclosures should be harmonized to the extent practical. The Board requested staff develop a definition for SL along with the incorporation of additional edits.

Lastly, members requested the following questions be added to the draft ED:

- Should the disclosures related to G-PP&E and SL be combined into a single note disclosure?
- Do the three proposed predominant use categories supersede the G-PP&E and SL categories, making them obsolete?
- What type of audit guidance will preparers need to satisfy the proposed accounting standards? The Board tasked staff with developing a revised draft ED for further consideration.

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August 30-31, 2017

At the August 31, 2017, Board meeting, members offered edits on a draft ED, as well as suggested additional matters to be included in a revised draft ED for subsequent deliberations.

Concerning land rights, members agreed to treat permanent land rights consistent with proposed requirements for owned land. However, they did not agree to limit the reporting of remaining land rights to those only with a fixed term. The Board also did not come to a consensus on how to best address remaining land rights.

Some members believe that a disclosure should be added to the draft ED to concisely explain, in broad terms, what other remaining land rights an entity possesses. Members agreed to explore and evaluate available options regarding potential disclosure for these remaining land rights. Members agreed to retain the current stewardship land (SL) and general property, plant, and equipment (G-PP&E) distinctions accompanied by the three proposed sub-categories. Members asked that the draft ED clarify the intent that land be categorized based on predominant use in one of the three sub-categories to avoid duplication. Members asked staff to develop either a definition of predominant use or a list of factors for use in assessing predominant use.

The Board generally agreed with the proposed amendments and also agreed to consider amending Statement of Federal Financial Accounting Standards (SFFAS) 42, Deferred Maintenance and Repairs: Amending Statements of Federal Financial Accounting Standards 6, 14, 29, and 32. Current deferred maintenance and repairs (DM&R) requirements apply to capitalized G-PP&E and stewardship property, plant, and equipment (PP&E), whereas reporting is optional for non-capitalized G-PP&E or fully depreciated assets. As a result of the proposed amendment to SFFAS 6, Accounting for Property, Plant and Equipment, paragraph 25 that excludes land from capitalization, G-PP&E land would be unintentionally exempted from DM&R reporting. Amending SFFAS 42 would ensure that any DM&R on (non-capitalized) G-PP&E land would be measured and reported along with other (capitalized) general PP&E and SL.

Staff was tasked with developing a revised draft ED for further consideration at the next Board meeting.

October 25-26, 2017

At the October 26, 2017, Board meeting, members considered staff recommendations concerning issues raised during the review of the August meeting materials. Specifically, the following technical issues were addressed by the Board:

- Single note disclosure – The Board agreed that a single (uniform) set of note disclosure requirements should be adopted in both SFFAS 6, Accounting for Property, Plant, and Equipment, and SFFAS 29, Heritage Assets and Stewardship Land.

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- Definition of physical unit – Members asked staff to identify and/or illustrate the different types of “physical unit” measurements (for example, number of national parks, land parcels, regional offices, areas, zones, etc.) that are in use by entities.
- Predominant use definition and reporting – The Board decided that a predominant use definition and associated factors should be developed through implementation guidance.
- Multi-use land lacking predominant use – The Board did not agree with the staff recommendation to establish a fourth multi-use sub-category when an entity cannot ascertain predominant use.
- Application of materiality to non-financial information – Upon reconsideration of their August meeting decision to develop a materiality discussion in the basis for conclusions, members decided to defer this topic for potential development as implementation guidance.
- Supporting documentation – Some members asked that additional research be done concerning the types of evidence preparers will need to support the proposed disclosures.
- Implementation approach – The majority of members favored the two-year implementation timeline. At minimum, it allows the Board to address respondent concerns and adjust the Statement’s effective date accordingly.
- Amendments to SFFAS 42’s deferred maintenance and repairs (DM&R) requirements – The Board agreed with the proposed amendments to paragraphs 13 and 15 of SFFAS 42, Deferred Maintenance and Repairs: Amending Statements of Federal Financial Accounting Standards 6, 14, 29, and 32. This would ensure that any DM&R on (non-capitalized) general property, plant, and equipment (G-PP&E) land would be measured and reported along with other (capitalized) general PP&E and stewardship land.

Staff expects to present a revised draft ED at the December Board meeting and, pending deliberations, a pre-ballot draft thereafter.

December 20, 2017

At the December 20, 2017, Board meeting, members considered several open issues so that a pre-ballot draft could be reviewed at the February 2018 meeting. Specifically, the following key actions were taken by the Board:

- Disclosure requirements. The Board adopted staff’s revised single (uniform) set of note disclosure requirements. These would apply to both general property, plant, and equipment (G-PP&E) (SFFAS 6, Accounting for Property, Plant, and Equipment) and stewardship land (SL) (SFFAS 29, Heritage Assets and Stewardship Land). Revisions

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included (1) clarifying that both physical units and estimated acreage information would be required and (2) allowing preparers to report the net amount of transfers between G-PP&E land and SL categories and among the three sub-categories, as opposed to discretely identifying all transfers.

- Defining physical units. Members agreed that the Board should consider detailed implementation guidance after issuing the standards. However, members asked staff to provide examples indicating under what circumstances each type of physical unit would be an appropriate choice. Further, similar to segment reporting in the private sector, management should base selection of the type of physical unit on its internal management practices.
- Addressing supporting documentation. Staff recommended (1) requiring “estimated” acreage rather than “acreage,” so that it is clear that estimates are permitted and (2) including a discussion of non-conventional audit support in the basis for conclusions. Members approved the addition of “estimated” to the language. Members generally supported addressing the non-conventional audit documentation in the basis for conclusions. The Board will discuss what it considers to be reasonable support for those estimates. In addition, implementation guidance addressing reasonable estimation methods and documentation might be appropriate after FASAB issues the standards. The basis for conclusions should describe the types of implementation guidance envisioned by the Board and solicit comments.
- Other matters. Members reaffirmed proposing a two-year implementation period and asked staff to limit the amount of respondent questions by streamlining and clarifying select questions. Staff was also asked to revise the draft illustrations to include physical unit information.

February 21-22, 2018

Members reviewed a pre-ballot draft land exposure draft (ED) that contained revisions primarily based on members’ input from the December 2017 meeting. Major changes included (1) consolidating and clarifying the questions for respondents, (2) communicating the Board’s intent to issue future implementation guidance, and (3) stating that supporting documentation need not be precise or tied to a singular approach when disclosing acres of land.

Members generally agreed with the revised pre-ballot questions for respondents and revisions to the basis for conclusions. Additionally, the Board agreed that physical unit information should not be required at the government-wide level. Specifically, aggregating physical unit information that is not comparable among the reporting entities adversely affects FASAB’s qualitative characteristics of relevance and understandability. That is, logical relationships would not readily exist between the physical unit information provided and acres of land reported.

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Finally, the Board agreed to ballot the land ED proposing a two-year implementation period. Staff was asked to consider several remaining non-technical edits and prepare for a ballot draft.

April 25-26, 2018

On April 30, 2018, FASAB released for public comment the proposed SFFAS titled Accounting and Reporting of Government Land.

The exposure draft (ED) proposes to do the following:

- Reclassify general property, plant, and equipment (G-PP&E) land as a non-capitalized asset
- Clarify the definition for stewardship land (SL)
- Require the reporting of G-PP&E land and SL using three predominant use sub-categories
 - Conservation and preservation land
 - Operational land
 - Commercial use land
- Require consistent and comparable disclosures of information for land (that is, reporting estimated acres of land, physical quantity information, estimated acres of land held for disposal or exchange, and predominant land use)

Members believe that the proposed requirements address concerns that the Stewardship and Operating Performance reporting objectives and qualitative characteristics of information in financial reports, such as relevance and comparability, are not being met. The proposed changes would require disclosure of relevant and comparable non-financial information in a manner that meets user needs while also considering preparer concerns.

The Board requests comments on the ED by July 30, 2018. The ED and the specific questions raised are available at <http://www.fasab.gov/documents-for-comment/>.
