



Federal Accounting Standards Advisory Board

February 2, 2018

Memorandum

To: Members of the Board

From: Domenic N. Savini, Assistant Director

Through: Wendy M. Payne, Executive Director

Subj: **Pre Ballot Exposure Draft
Accounting and Reporting of Government Land - Tab C**

MEMBER ACTION REQUESTED:

- Provide staff with feedback regarding the pre-ballot exposure draft by **February 12, 2018**.
- Answer three questions on page 4.

MEETING OBJECTIVE

The objective is to obtain feedback on the pre-ballot Exposure Draft (ED), *Accounting and Reporting of Government Land*. As a reminder, the pre-ballot offers members an opportunity for *minor edits* but not to make substantive changes.

BRIEFING MATERIAL

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

Attachment 1: Pre-ballot ED - **Marked**

Attachment 2: Pre-ballot ED - **Clean**

Thank you and look forward to our meeting.

BACKGROUND

At the December 20, 2017 Board meeting members addressed the following matters:

1. **Approval of the disclosure requirements.** The Board agreed with the proposed draft single note disclosure requirements.
2. **Defining physical units.** Members agreed that the Board should consider detailed implementation guidance after issuing the standards. Members also supported providing examples in the ED 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.
3. **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 draft language. Regarding non-conventional audit documentation, members noted that the accounting standards should not address audit requirements. However, members generally supported addressing in the basis for conclusions what the Board considers to be reasonable support for those estimates. In addition, implementation guidance addressing reasonable estimation methods and documentation might be appropriate after the standards are issued. Lastly, the basis for conclusions should describe the types of implementation guidance envisioned by the Board and solicit comments.
4. **Implementation period.** Staff included a two-year implementation period based on the October 2017 meeting. Mr. Dacey indicated his continued preference for a period of required supplementary information (RSI) prior to requiring disclosures. He suggested a one-year implementation period followed by two years as RSI with note disclosures thereafter. During the RSI period, the Board would be able to address any issues that arise. Members discussed the need to propose the most stringent possible timeframe so that comments regarding other options could be considered. The Board approved the draft wording and requested a specific question in the ED regarding implementation options.
5. **Open technical matters.** Mr. Bell requested that the illustrations be revised to include physical unit information. Also, the Board approved the following changes to the questions for respondents:
 - Eliminating questions 2, 4, 6, 8 and 9a.
 - Revising questions 3, 5, 7, 10, 11, and 13 to be more specific.
 - Combining questions 9 and 12.
 - Removing lengthy quotations.

BOARD MEMBER KEY REVISIONS

Staff has summarized key revisions to the draft ED to improve the clarity of the proposed statement. The revisions are based on members' input on the December Tab C materials.

Board Member Key Revisions	
Reference to Attachment 1: Pre-ballot ED – Marked Version	Content
1. Pages 9 – 14 – Editing Respondent Questions	<ul style="list-style-type: none"> Consolidating 11 questions to 8 questions. Remaining 8 questions either streamlined or bolstered to reflect Board member objectives.
2. Page 10, Q3	<ul style="list-style-type: none"> Asking respondents if they agree with retaining the G-PP&E land and SL categories.
3. Page 13, Q6	<ul style="list-style-type: none"> Asking respondents if they agree with the proposed effective date.
4. Page 13, Q7	<ul style="list-style-type: none"> Communicating Board's intent to issue future Implementation Guidance.
5. Page 21, Par. 10	<ul style="list-style-type: none"> Clarifying CFR requirements concerning G-PP&E land.
6. Page 45, Par. A50	<ul style="list-style-type: none"> Stating that supporting documentation need not be precise or tied to a singular approach.
7. Page 45, Par. A51	<ul style="list-style-type: none"> Communicating Board's intent to issue future Implementation Guidance pertaining to supporting documentation. Providing examples of reasonable supporting documentation.
8. Pages 46 - 48, Par. A52 – A54	<ul style="list-style-type: none"> Communicating Board's intent to issue future Implementation Guidance pertaining to physical unit information. Providing a physical units discussion.

NEXT STEPS

If all substantive issues have been satisfactorily addressed and resolved by the Board, staff will make any remaining editorial revisions and present a ballot draft of the final Land ED to the Board shortly after the February 2018 meeting.

MEMBER FEEDBACK

Please contact staff as soon as possible to convey your questions or suggestions. Communication before the meeting will help make the meeting more productive. You can contact Dom by telephone at 202-512-6841 or by e-mail at savinid@fasab.gov with a cc to PayneW@fasab.gov.

QUESTIONS FOR THE BOARD

Question 1: Does the Board agree with the pre-ballot *Questions for Respondents*, as revised?

Question 2: Does the Board agree that physical unit information should be required at the government-wide level? Please refer to Attachment 1, paragraphs 15b and 16.

Question 3: Does the Board agree with the remaining revisions to the Exposure Draft including Basis for Conclusions, as revised?

ATTACHMENTS

Attachment 1: Pre-ballot ED - Marked



Federal Accounting Standards Advisory Board

ACCOUNTING AND REPORTING OF GOVERNMENT LAND

Statement of Federal Financial Accounting Standards

Exposure Draft

Written comments are requested by [90-days from issuance].

ISSUE DATE

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

ISSUE DATE

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 **90-days from issuance**.

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
Mailstop 1155
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 Board is proposing to (1) reclassify general property, plant and equipment (G-PP&E) land as a non-capitalized asset, (2) clarify the definition for the stewardship land (SL) category, (3) require the reporting of G-PP&E land and SL using three predominant use sub-categories: conservation and preservation; operational; and commercial use; and (4) require consistent and comparable disclosures of information for land (that is, reporting estimated acreage, 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 acreage information.

For stewardship land, 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 be reported which results in information that is not necessarily comparable.

The different reporting requirements and options raise concerns that reporting objectives and qualitative characteristics such as relevance and comparability may not be met. Comparable non-financial measures (such as acreage) 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 (1) accounting for all land as a non-capitalized asset, (2) clarifying the SL definition so that SL used or acquired for in connection with items of general PP&E would not lose its distinction as stewardship land and would continue to be categorized as SL, (3) requiring the reporting of G-PP&E land and SL using three predominant use sub-categories, based on predominant use, and (4) requiring uniform disclosures for all land including reporting estimated acreage information in addition to physical quantity information, and (5) as well as identifying estimated acres of land held-for-disposal or exchange.

Comment [LK1]: Leigha Kiger's comment: Using the Chicago Manual, I applied the same rules to acre/acreage as percent/percentage. Acre = adjective / referring to the actual unit of measure, as in number of acres
Acreage = noun
Acres held for disposal I left as is.

With this change, some phrases sound awkward in the text. I'd recommend changing all references to acre for clarity and uniformity.

(See <http://www.chicagomanualofstyle.org/book/ed17/part1/ch03/psec082.html> for reference.)

Staff: Prior to making this change in the proposed standards section, I would like to seek Member advice as to what they'd prefer.

Comment [DS2]: Per P. McNamee email dated 16 Dec. Sounds like a tautology. Delete "based on...."

Comment [DS3]: Per P. McNamee email dated 16 Dec. Could held for disposal be a 5th category?

¹ SFFAS 50, *Establishing Opening Balances for General Property, Plant, and Equipment*, et al.

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 identified as being most important for land reporting. Land reporting is important to meeting 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 in order to assist report users in determining: (a) how much land is managed, (b) how land is being predominantly used, and (c) 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 conditions have 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.

Comment [DS4]: 20 Dec Board meeting – members reviewed all questions and agreed to eliminate Q2, Q4, Q8, and Q9a. Members asked staff to streamline Q6, Q7, and Q10. Also, members asked staff to clarify Q3, Q5, Q11 and Q13.

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 www.fasab.gov/exposure.html.

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
Mailstop 1155
441 G Street, NW, Suite 1155
Washington, DC 20548

All responses are requested by [90-days from issuance].

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 to be accompanied by disclosures. 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 through 10 and 16 (consolidated financial report of the U.S. Government). For a detailed discussion and related explanation refer to paragraphs A9 through A12 and A13 through A16, A21 through A24 and A39 through A41 in Appendix A; Basis for Conclusions.

a. **Do you agree or disagree with the Board’s proposal to reclassify general PP&E land as a non-capitalized asset with no dollar amounts reported on the balance sheet? 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. ~~(In connection with the proposed reclassification noted above, the Board proposes predominant use reporting for G-PP&E land consistent with the existing stewardship land (SL) requirements contained at Statement of Federal Financial Accounting Standards (SFFAS) 29, *Heritage Assets and Stewardship Land*. For the proposed amendments, refer to paragraphs 11 through 13. For a detailed discussion and related explanation refer to paragraphs A17–A24 in Appendix A; Basis for Conclusions.~~

Do you believe that predominant use reporting should apply to both SL and G-PP&E land? Please provide the rationale for your answer.

~~Q3-Q2. (The Board has developed uniform disclosure requirements for G-PP&E land and SL. Both G-PP&E and SL would be further disaggregated into three predominant use sub-categories. For each of the sub-categories, the following disclosures that would be required from component reporting entities the reporting of (a) G-PP&E land and SL using three predominant use sub-categories, (a) a description of the entity’s policies, (b) physical quantity information, (c) estimated acreage ~~acreage~~ information in addition to physical quantity information, and (d) estimated acres of land held-for-disposal or exchange, (e) a general description of the types of land rights acquired by the entity, and (f) a reference to deferred maintenance and repairs information. Required disclosures for the government-wide financial statements include items (a), (c), and (d) above as well as a general reference to agency reports for additional information.) For the proposed amendments, refer to paragraphs 10, and 13, 15 and through 16. For a detailed discussion and related explanation refer to paragraphs A25, A33 through A38, A39 through A41 and A53 - A54 in Appendix A; Basis for Conclusions.~~

a. **Do you agree or disagree with the Board’s proposed (establishment) of uniform 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.**

Comment [DS5]: 20 Dec Board meeting – members asked staff to streamline Q6, Q7, and Q10.

Staff has taken Q10 that deals with our requirement to Disclose information as opposed to RSI or OI, and folded it into Q1 and expanded the BFC and list of sub-questions.

Comment [DS6]: 20 Dec Board meeting – members reviewed all questions and agreed to eliminate Q2, Q4, Q8, and Q9a.

Comment [DS7]: 20 Dec meeting - members asked staff to clarify Q3, Q5, Q11 and Q13.

This was formerly Q3. M. Granof advised that this question be altered to encompass disclosure requirements. Transcript page 147, line 11.

Comment [WP8]: To highlight that these are for components.

Comment [WP9]: Added to ensure readers are aware that the CFR requirements differ from agency requirements.

Comment [WP10]: Modified to ensure responses are clear about which set of disclosures they are commenting upon.

Comment [WP11]: Staff edit.

~~(To) augment existing requirements concerning the categorization and reporting of land, the Board proposes each category established by SFFAS 6, G-PP&E and SL, be additionally reported in three sub-categories based on predominant use: conservation and preservation; operational; and commercial use. For the proposed amendments, refer to paragraphs 8 through 10 (G-PP&E land) and 11 through 13 (SL and government-wide requirements). For a detailed discussion and related explanation refer to paragraphs A17 through A31 in Appendix A; Basis for Conclusions. For an illustration of the three sub-categories, refer to Appendix B.~~

Comment [DS12]: 20 Dec Board meeting – members reviewed all questions and agreed to eliminate Q2, Q4, Q8, and Q9a.

Do you agree or disagree that the three proposed sub-categories predicated on predominant use, would result in information useful in meeting reporting objectives? Please provide the rationale for your answer.

—How would you sufficiently define predominant use and what factors would influence your assessment of a land holdings' predominant use? Please be as specific as possible and provide examples with your answer.

~~Q4. Q3. (Another) option is to eliminate The Board proposes retaining both the G-PP&E land and SL distinctions and established categories for entity's land holdings solely based on predominant use. This option would combine disclosures into a single note disclosure for land with disaggregation based on predominant use categories. For the proposed amendments, refer to paragraphs 8 through 10 (G-PP&E land) and 11 through 13 (SL and government wide requirements). For a detailed discussion and related explanation refer to paragraphs A17 through A24 in Appendix A; Basis for Conclusions.~~

Comment [DS13]: 20 Dec meeting - members asked staff to clarify Q3, Q5, Q11 and Q13.

This was formerly Q5. See transcripts pages 149-150; Messrs Dacey and Grand and Ms. Payne.

Eliminate reference to another option as it begs why an alternative view is not being presented and simply ask respondents if they agree with retaining 2 distinct categories.

Comment [WP14]: Staff edit.

Do you agree with retaining the G-PP&E land and SL distinctions and established categories support or oppose the option to eliminate both the G-PP&E land and SL distinctions and establish categories of land holdings solely based on predominant use? Please provide the rationale for your answer.

a. If you do not support this option, do you believe that the separate disclosures for G-PP&E land and SL should be combined into a single note disclosure regarding land? Please provide the rationale for your answer.

Comment [DS15]: 29 Jan Staff edit – ED and staff advise simplifying sentence by not distinguishing between references for SL and G-PP&E Land.

~~Q5. Q4. (The Board wishes to clarify that proposes to revise the G-PP&E land and permanent land rights are to remain in the G-PP&E category but are not to be capitalized 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 through 10. For a detailed discussion and related explanation refer to paragraphs A9 through A16, A25, A26 through A32 and A33 in Appendix A; Basis for Conclusions.~~

Comment [WP16]: Staff edit.

~~(SFFAS) 6, paragraph 25 is amended as follows:~~

~~25. Land and permanent land rights (land rights of unlimited duration) acquired for or in connection with other general PP&E shall be included in are considered general PP&E for purposes of disclosure but will not be capitalized on the balance sheet. General PP&E land shall exclude (1) any withdrawn public lands or (2) land restricted for conservation, preservation, historical or~~

Comment [DS17]: 20 Dec Board meeting – members reviewed all questions asked staff to streamline Q6, Q7, and Q10.

~~other like restrictions. Such land would remain categorized as stewardship land, unless the reporting entity made the election to implement the provisions of paragraph 40.f.i.. In some instance, 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 29—^{29u}“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.~~

Do you agree or disagree with the Board’s proposed al to amend the existing definition of G-PP&E land to clarify that G-PP&E land and permanent land rights are to remain in the G-PP&E category but are not to be capitalized as shown above definition and the related sub-category definitions? Please provide the rationale for your answer.

Comment [WP18]: To cover both types of new definitions.

~~Q6-Q5. To clarify the existing definition of stewardship land (SL), t~~The Board proposes amending the current definition of stewardship land (SL) including footnote 16 as shown below. 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 44-12 through and 12a14. For a detailed discussion and related explanation refer to paragraphs A9 through A16, A21 through A24, A26 through A32 and A33 in Appendix A; Basis for Conclusions.

~~(SFFAS) 29, paragraphs 33 and 36 and footnote 16 are amended as follows:~~

Comment [DS19]: 20 Dec Board meeting – members reviewed all questions asked staff to streamline Q6, Q7, and Q10.

~~Stewardship Land is includes both public domain and acquired lands and land rights⁴⁵ owned by the Federal Government intended to be held indefinitely, but not acquired for or in connection with⁴⁶ items of general PP&E. Examples of stewardship land include land reserved, managed, planned, used or acquired for⁴⁶ as forests and parks, and land used for wildlife and grazing.~~

- ~~1. forests and parks,~~
- ~~2. recreation and conservation,~~
- ~~3. wildlife habitat and grazing,~~
- ~~4. historic landmarks and/or to preserve pre-historic and historic structures (those listed on or eligible for listing on the National Register of Historic Places),~~
- ~~5. multiple purpose ancillary revenue generating activity (for example, special use permits, mineral development activities and timber production),~~
- ~~6. buffer zones for security, flood management, and noise and view sheds.~~

~~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.~~

~~FN16—“Used or Acquired for or in connection with” is defined as including (1) public land or acquired land used acquired with the intent to construct general PP&E and (2) 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 in connection with items of general PP&E but meeting the definition of stewardship land should be classified as stewardship land unless such land is not distinct or clearly identifiable. In such cases, categorization as general PP&E would be appropriate.~~

Do you agree or disagree with the Board’s **proposal proposed to amend the existing** definition of stewardship land (SL) including footnote 16 **and the related subcategory definitions**? Please provide the rationale for your answer.

~~Q7. (The) Board believes that the estimated number of acres of land held for disposal or exchange should be included as additional specific disclosures. For the proposed amendments, refer to paragraphs 10, through 14. For a detailed discussion and related explanation refer to paragraphs A9 through A12, A28, and A33 through A37 in Appendix A; Basis for Conclusions.~~

Do you agree or disagree with the Board’s position that and the estimated number of acres of land held for disposal or exchange should be included as additional specific disclosures? Please provide the rationale for your answer.

~~Q8. (To) assist preparers in identifying estimated acres of land held for disposal or exchange, (The Board proposes to the definition “estimated acres of land held for disposal or exchange” as shown below.~~

~~Q9.~~

~~Q10. Land (acreage) is considered held for disposal or exchange when the entity has satisfied the legislative disposal authority requirements specific to the land in question. Disposal includes conveyances of federal land not limited to sale, transfer, exchange, lease, public-private partnership, and donation or any combination thereof. (FN)~~

~~Q11. Footnote—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.~~

~~Q12. For the proposed amendments, refer to paragraphs 10, through 14. For a detailed discussion and related explanation refer to paragraphs A9 through A12, A28, and A33 through A37 in Appendix A; Basis for Conclusions.~~

(Do you agree or disagree with the Board’s proposal to include a definition of acres of land held for disposal or exchange including a footnote as shown above to assist preparers in identifying estimated acres of land held for disposal or exchange? Please provide the rationale for your answer.

Comment [DS20]: 18 Jan Staff edit. Acres of land held for disposal or exchange will be addressed in Q4 (G-PP&E definition question) and Q5 (SL definition question).

Accordingly, we can eliminate this question.

However, please note that because disposal authority/legislation concerning G-PP&E land and SL may differ, staff advises that we seek specific respondent comments relative to each respective category.

Comment [DS21]: 20 Dec Board meeting – members reviewed all questions and agreed to eliminate Q2, Q4, Q8, and Q9a.

Comment [DS22]: 19 Jan Staff edit. Acres of land held for disposal or exchange will be addressed in Q4 (G-PP&E definition question) and Q5 (SL definition question).

Accordingly, we can eliminate this question.

Comment [DS23]: 17 Jan Staff edit. We are defining acres held and not estimating such acres.

Comment [DS24]: Per P. McNamee email dated 16 Dec, the FN clarifies the first sentence and not the second.

Staff: Concur and thank you.

Comment [DS25]: 20 Dec Board meeting – members reviewed all questions and agreed to eliminate Q2, Q4, Q8, and Q9a.

Do you agree or disagree with the proposed definition? If not, suggest how you would define estimated acres of land held for disposal or exchange? Please provide the rationale for your answer.

~~(The Board proposes that entities report land information (that is, estimated acreage information, predominant use sub-categories, estimated acres held for disposal or exchange and all other information requirements) as a Note disclosure. For the proposed amendments, refer to paragraphs 10 and (G PP&E land), 12 and 13 (SL), and 14 (consolidated financial report of the U.S. Government). For a detailed discussion and related explanation refer to paragraphs A3838 through A4040 in Appendix A; Basis for Conclusions. For an illustration of the three categories, refer to Appendix B.~~

Do you agree or disagree that this land information should be presented as basic information via note disclosure? Please provide the rationale for your answer. If you disagree that land information should be presented as basic information via note disclosure, please suggest other reporting alternatives that the Board should consider. Please provide the rationale for your alternative(s).

Are there any other types of information relevant to the reporting of land that the Board should consider? Please provide the rationale for your answer.

~~Q13. Q6. (In)balancing user needs and preparer burden, the Board is proposing a two year implementation period which would make the proposed requirements effective for reporting periods beginning after September 30, 2021. would like to consider specific factors respondents believe should be taken into consideration when establishing an effective date for this proposed Statement. For a detailed discussion and related explanation refer to paragraphs 19, A9 through A12 and A42 through A45 in Appendix A; Basis for Conclusions. For an illustration of the proposed strategies, refer to Appendix B-4.~~

Do you agree or disagree with the proposed implementation period and effective date? What specific factors should the Board take into consideration when considering an effective date? Please note how such factors might affect both users and preparers and provide the rationale for your answer.

~~Q14. Q7. The Board has continually noted the fundamental problems associated with providing corroborating, developing and documenting information regarding historical assets including land. To that end, Technical Release 9: *Implementation Guide for Statement of Federal Financial Accounting Standards 29: Heritage Assets and Stewardship Land*, addresses this difficulty. Specifically, paragraph 85, discussing *Methodology for Developing Supporting Documentation*, states in part that a methodology needs to be employed in order to develop alternative documentation to support management's assertions of federal ownership. For a detailed discussion and related explanation refer to paragraphs A51 through and A54 in Appendix A; Basis for Conclusions.~~

a. Would incorporating any of the guidance contained in Technical Release 9 into the proposed accounting standards facilitate the preparation and auditing attestation processes? For example, should the list of examples of

Comment [DS26]: 20 Dec Board meeting – members asked staff to streamline Q6, Q7, and Q10.

Staff: This was formerly Q10. Staff has folded this into Q1. As a result, we are able to eliminate this question because Q1 also addresses the CFR proposed requirements.

Comment [DS27]: 20 Dec meeting – members asked staff to clarify Q3, Q5, Q11 and Q13.

This was formerly Q11.

Comment [WP28]: Don't need both.

Comment [DS29]: Per P. McNamee email dated 16 Dec.

the supporting documentation contained at paragraph 85 in Technical Release 9, be incorporated, changed or expanded to facilitate implementation of the proposed requirements? Please provide the rationale for your answer.

- b. If any, what type of ~~accounting~~ **implementation** guidance should be provided that ~~enables/provides~~ (1) flexibility for supporting estimated acreage disclosures and (2) assistance in identifying predominant use as well as selecting appropriate physical unit categories? Please provide the rationale for your answer.

Comment [DS30]: Per December meeting. Announce that we intend developing implementation guidance in a question.

Ref.: Transcript page 128, lines 21-23. Dacey comments.

Comment [DS31]: Per P. McNamee email dated 16 Dec.

Q15-Q8. ~~The~~ Board encourages respondents to not only provide input concerning any and all aspects of the proposed changes, ~~including whether concepts are sufficiently clear and the proposed effective date,~~ but also other matters which may not have been specifically addressed in this exposure draft. In addition, the basis for conclusions explains the Board's goals for this ~~project proposal~~ (see comments beginning at paragraph 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 paragraphs A1 through A8, ~~A9 through A12, A42 through A45, and A46 through A50~~).

Comment [DS32]: 20 Dec meeting - members asked staff to clarify Q3, Q5, Q11 and Q13.

This was formerly Q13.

Comment [DS33]: 29 Jan ED and staff edit. These items are covered in other questions and should not be duplicated here.

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

(1) its proposed use of non-financial information (NFI) related to land as a means to provide information more relevant than the financial recognition and measurement of land,

(2) whether requiring the disclosure of "estimated ~~acresageacreage~~" instead of "~~acresageacreage~~" 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, what are the considerations you think would be appropriate for materiality in NFI~~, and

(4) whether materiality is affected by the presentation of land information as basic, required supplementary information, or other information. ~~For example, what difficulty do you see in estimating the non-financial information in each of the three above presentation categories identified above?~~

Comment [DS34]: Per S. Showalter email 16 Dec.

Comment [DS35]: December Board Meeting.

See Transcript page 162, line 8. B. Dacey comments.

Comment [DS36]: December Board Meeting.

See Transcript page 163, lines 4-9. M. Grand and S. Showalter comments.

- 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 areas which 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 (1) reclassify general property, plant and equipment (G-PP&E) land as a non-capitalized asset; (2) clarify the definition for the **stewardship land (SL)**² category; (3) require the reporting of G-PP&E and SL using three predominant use sub-categories: **conservation and preservation**, **operational**, and **commercial use**; (4) require consistent and uniform disclosures of information for all land (that is, reporting estimated acreage, physical quantity information, estimated **acres of land held-for-disposal or exchange**, and predominant land use).
2. Consistent measurement and recognition practices can be expected to increase user comparability and understandability while eliminating different accounting and reporting requirements especially 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, 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 whereas SFFAS 29, *Heritage Assets and Stewardship Land*, requires SL to 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 can be expected to reduce accounting and reporting differences and reduce preparer burden while benefiting users. Additionally, implementation differences and in some cases preparer difficulties have arisen due to the definitions contained in existing guidance. As a result, differences exist for example due to (1) the current use of a land holding is sometimes different from the initial intent at the time of acquisition and (2) inconsistent treatment of withdrawn public land placed into operations.
4. Comparability³ among entity disclosures can be expected to 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 other reporting entities. To the extent possible, the Board desires to reduce the lack of comparability by (1) treating all

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

³ SFFAC 1, par. 164, provides that "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."

land as a non-capitalized asset, (2) clarifying the SL definition so that SL used or acquired for in connection with items of general PP&E would continue to be categorized as SL, (3) requiring the reporting of G-PP&E land and SL using three predominant use sub-categories; and (4) requiring that disclosures for all land include estimated acreage information in addition to physical quantity information as well as estimated acres held-for-disposal or exchange. These changes should result in comparable land information and any remaining lack of comparability would 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.

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: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*
 - 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*
 - f. SFFAS 50: Establishing Opening Balances for General PP&E

Comment [DS37]: 29 Jan ED and staff technical QA review. To ensure consistency among our guidance, handbook and individual standards, SFFAS 50 will also be amended. In this way the language in SFFAS 6 as amended by this proposed standard will be the same as the amended SFFAS 50. Otherwise two versions of 40.f. will appear in the handbook.

⁴ Proposed amendments to each of the Statements include, where applicable, (1) strikethrough deletions of existing text and (2) red-underlined additions.

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

8. This paragraph amends SFFAS 6 to clarify 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 (land rights of unlimited duration) acquired for or in connection with other general PP&E²⁹ shall be included in are considered general PP&E for purposes of disclosure but will not be capitalized on the balance sheet. General PP&E land shall exclude (1) any withdrawn public lands or (2) land restricted for conservation, preservation, historical or other like restrictions. Such land would remain categorized as stewardship land. ~~unless the reporting entity made the election to implement the provisions of paragraph 40.f.i. In some instance, 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 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.

b. Footnote 46 which provides examples of major classes of assets is amended as follows:

"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~~.

c. Revise paragraph 26 as follows:

26. ~~All~~ 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]

d. Insert a new paragraph and footnote following the heading "Expense Recognition" and before existing paragraph 35 as follows:

Comment [DS38]: Per Chairman's 16 Dec email – add comas.

34A. The cost of acquiring general PP&E land and permanent land rights should be recognized on the statement of net cost for the period in which the cost is incurred. The cost should include all costs to prepare general PP&E land or a permanent land right for its intended use (e.g., 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 should be estimated and capitalized while the amount related to the land should be expensed. If acquisition of the structure is a byproduct of the acquisition of the land, the cost of the entire acquisition should be expensed. No amounts for general PP&E land or permanent land rights acquired through donation or devise^{17.1} shall be recognized in the financial statements.

FN 17.1 - Acquisition of general PP&E can also occur due to legal devise or instrument such as a will or clause within a will that bequeaths property to an entity.

- e. Amend existing paragraph 35 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

FN 41 - Software and land [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 - Land rights that are for a specified period of time shall be depreciated or amortized over that time period.

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. [In addition, SFFAS 50, paragraph 13, is amended to conform to amended paragraph 40 shown below.]

40.f. Alternative methods for ~~land and~~ land rights of limited duration. A reporting entity should choose among the following alternative methods for establishing an opening balance for ~~land and~~ 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.

Comment [DS39]: 29 Jan ED and staff technical QA review. To ensure consistency among our guidance, handbook and individual standards, SFFAS 50 will also be amended. In this way the language in SFFAS 6 as amended by this proposed standard will be the same as the amended SFFAS 50. Otherwise two versions of 40.f. will appear in the handbook.

i. The reporting entity may exclude ~~land and~~ land rights ~~of limited duration~~ 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.

ii. Land ~~and land~~ rights ~~of limited duration~~ 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~~ land rights ~~of limited duration~~ 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 of limited duration 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 land rights of limited duration from its general PP&E opening balance should continue to exclude future land and land rights acquisition amounts and provide the disclosures disclose this practice. In the event different alternative methods are applied to land and 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~~ land rights ~~of unlimited duration~~, 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 by (i) inserting a new paragraph immediately following paragraph 45 that adds disclosure requirements applicable to G-PP&E land and (ii) amending disclosure requirements for the government-wide financial statements. ~~(Proposed) disclosure requirements related to land are (a) estimated acreage and physical unit information, (b) land information presented in three new sub-categories based on predominant use, and (c) information regarding land held for disposal or exchange.~~

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

- A concise statement explaining how land relates to the mission of the entity.
- A brief description of the entity's policies for land. 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.

Comment [DS40]: Per Chairman's 16 Dec email – is this needed?

Staff: This language came directly out of SFFAS 50's amendment to SFFAS 6. Yes, I think it is needed just from the view-point we are distinguishing between permanent land rights versus temporary land rights; that is, we allow temporary LR's to be amortized.

However, I see problems with the wording and suggest the following edits:

1. Delete reference to land in second sentence and
2. Clarify that we are discussing TLRs.

Comment [DS41]: Jan 2018 staff edit. QC review see email to WP dated 12/12/2017 mark-up to SFFAS 6.

Staff: Per ED's SFFAS 6 Quality Review.

Comment [DS42]: 29 Jan ED and staff QA review. Sentence is not necessary as detailed requirements are included below in their entirety as amendments.

- ~~The following information should be provided by sub-category of land use.~~ Land and permanent land rights should be assigned to one of three sub-categories based on its predominant use and reported both in physical units and estimated acreage. The three sub-categories are: conservation and preservation; operational; and commercial use. 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 provided by sub-category of land use.

(a) Acres. The estimated number of acres at the beginning of each reporting period, the number added during the period, and the number disposed during the period, and 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.

(b) Physical unit information (other than acreage). 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 how it manages 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.

- The ~~amount~~ number of physical units and estimated acres held for disposal or exchange. For purposes of this standard, land is considered held-for-disposal or exchange when the entity has satisfied the legislative disposal authority requirements specific to the land in question.
- 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.
- Entities should include a reference to the deferred maintenance and repairs information reported in required supplementary information.

- iii. The above listed disclosure requirements ~~for~~ G-PP&E and 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.

Comment [DS43]: Per P. McNamee email dated 16 Dec.

Comment [DS44]: Per December meeting. B. Dacey asked about CFR requirements. See Transcript page 143, line 15. Bob suggested a FN to explain relative confusion between 6 and 29 regarding disclosure requirements.

Staff advises that we specify both G-PP&E and G-PP&E Land. See suggested edits.

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 proposed ED 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, Chapter 2: Property, Plant, And Equipment, Definitions beginning immediately after paragraph 20 as follows:

Comment [WP45]: Just for consistency. We did not mention the chapters amended before.

20A. Acres of land held for disposal or exchange - For purposes of this standard, land (acreage) is considered held-for-disposal or exchange when the entity has satisfied the legislative disposal authority requirements specific to the land in question. FN Disposal includes conveyances of federal land not limited to sale, transfer, exchange, lease, public-private partnership, and donation or any combination thereof.

Footnote - 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 – Land or land rights which 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. Some examples include revenue or inflows derived from:

1. concession arrangements,
2. grants for a specific project such as electric transmission lines, communication sites, roads, trails, fiber optic lines, canals, air rights, flumes, pipelines, and reservoirs,
3. land sales or land exchanges,
4. leases,
5. 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,
6. forest product sales such as timber, or sales arising from national forests and grasslands,
7. public-private partnerships.

20C. Conservation and preservation land - Land or land rights which 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 – 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 - to prepare for the effective pursuit of war and military operations short of war; to conduct combat, peacekeeping, and humanitarian military operations; and to support civilian authorities during civil emergencies.

Scientific – to conduct and manage research, experimentation, exploration and operations to include 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 – to manage or regulate the use of nuclear energy, power plants, radioactive materials, radioactive material shipments, nuclear storage, and nuclear reactor decommissioning.

Other Related – that are operational, administrative, or other in nature. For example, land used for readiness and training, office building locations, storage or vacant.

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 and footnote 16 are amended as follows:

Stewardship Land ~~is~~ includes both public domain and acquired lands and land rights¹⁵ owned by the Federal Government intended to be held indefinitely, ~~but not acquired for or in connection with~~¹⁶ 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.~~

1. forests and parks,
2. recreation and conservation,
3. wildlife habitat and grazing,
4. historic landmarks and/or to preserve pre-historic and historic structures (those listed on or eligible for listing on the National Register of Historic Places),
5. multiple purpose ancillary revenue generating activity (for example, special use permits, mineral development activities and timber production),
6. buffer zones for security, flood management, and noise and view sheds.

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.

FN16 - ~~"Used or Acquired for or in connection with" is defined as including (1) public land or acquired land used acquired with the intent to construct general PP&E and (2) 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 in connection with items of general PP&E but meeting the definition of stewardship land should be classified as stewardship land.~~

~~(unless such land is not distinct or clearly identifiable. In such cases, categorizing the landation as general PP&E would be appropriate.~~

Paragraph 35 is amended as follows:

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.

Comment [DS46]: 29 Jan ED and staff QA review. Initial intent was to build-in flexibility for SL too difficult to identify in cases where public domain land is withdrawn. However, such matters are best reserved for implementation guidance.

Comment [DS47]: Per S. Showalter email dated 16 Dec.

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

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, the transferring entity entities should properly adjust for estimated acreage and physical unit disclosures 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, paragraph 40 to revise disclosure requirements to require estimated acreage and physical unit information and clarify the sub-categorization and reporting of land use. Sub-categorization will be based on predominant use using three new sub-categories. Further, disclosures will 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 concise statement explaining how stewardship land relates to the mission of the entity.
- A brief description of the entity's policies for stewardship land. 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.
- The following information should be provided as well as by sub-category of land use. Stewardship land and permanent land rights should be assigned to one of three sub-categories based on its predominant use and reported both in physical units and estimated acreage. The three sub-categories are: conservation and preservation; operational; and commercial use. 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.
 - (a) Acres. The estimated number of acres at the beginning of each reporting period, the number added during the period, and the number disposed during the period, and the net number transferred between categories (that is, SL and general 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.
 - (b) Physical unit information (other than acreage). 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 how it manages 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.

- The ~~(amount)~~ number of physical units and estimated ~~acreage~~^{acres} held for disposal or exchange. For purposes of this standard, 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.
- 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.
- Entities should include a reference to the deferred maintenance and repairs information reported in required supplementary information.

Comment [DS48]: Per P. McNamee email dated 16 Dec.

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, stewardship land definitions, beginning immediately after paragraph 36 as follows:

36A. Acres of land held for disposal or exchange - For purposes of this standard, land (acreage) is considered held-for-disposal or exchange when the entity has satisfied the legislative disposal authority requirements specific to the land in question. FN Disposal includes conveyances of federal land not limited to sale, transfer, exchange, lease, public-private partnership, and donation or any combination thereof.

Footnote - 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 – land or land rights which 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. Some examples include revenue or inflows derived from:

1. concession arrangements,
2. grants for a specific project such as electric transmission lines, communication sites, roads, trails, fiber optic lines, canals, air rights, flumes, pipelines, and reservoirs,
3. land sales or land exchanges,
4. leases,

5. 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,
6. forest product sales such as timber, or sales arising from national forests and grasslands,
7. public-private partnerships.

36C. Conservation and preservation land - Land or land rights which 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 - 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 - to prepare for the effective pursuit of war and military operations short of war; to conduct combat, peacekeeping, and humanitarian military operations; and to support civilian authorities during civil emergencies.

Scientific - to conduct and manage research, experimentation, exploration and operations to include 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 - to manage or regulate the use of nuclear energy, power plants, radioactive materials, radioactive material shipments, nuclear storage, and nuclear reactor decommissioning.

Other Related - that are operational, administrative, or other in nature. For example, land used for readiness and training, office building locations, storage or vacant.

15. The U.S. government-wide financial statement disclosures at paragraph 42 are amended as follows to require presentation of estimated acreage by category:

42. The U.S. Government-wide financial statement should reference a note on the balance sheet that discloses information about stewardship land and permanent 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, estimated acreage and the number of physical units by sub-category of stewardship land predicated on of its predominant uses, and estimated acreage and the number of physical units of stewardship land held for disposal or exchange by of the Federal Government.

Comment [DS49]: Per P. McNamee email dated 16 Dec. Use number and not amount.

c. A reference to the deferred maintenance and repairs information reported in required supplementary information, and

Comment [DS50]: 29 Jan staff edit. Suggest reference to DM&R in RSI.

d. A general reference to agency reports for additional information about stewardship land, such as agency stewardship policies for stewardship land, and detailed physical unit balance information such as units acquired, units withdrawn, and transfers. units and acreage amounts by major categories of stewardship land use.

Comment [DS51]: 29 Jan staff edit. Suggest that the reference to agency reports specify that detail concerning balances will be found there.

That is, paragraph b requirements above are presumably year-end balances.

AMENDMENTS TO SFFAS 32: CONSOLIDATED FINANCIAL REPORT OF THE UNITED STATES GOVERNMENT REQUIREMENTS

16. This paragraph revises the government-wide disclosure requirements for property, plant, and equipment. Paragraph 23 is amended as follows:

Property, Plant, and Equipment

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

a. broad description of PP&E,

b. for general G-PP&E land,

- A reference note on the balance sheet that discloses information about G-PP&E land and permanent land rights, but no asset dollar amounts should be shown. The note disclosure related to G-PP&E land should provide the following:
- A concise statement explaining how general G-PP&E land relates to the mission of the Federal Government.
- A description, estimated acreage and the number of physical units by sub-category of G-general PP&E land predicated on its predominant uses, and estimated acreage of G-general PP&E land and the number of physical units held for disposal or exchange by the Federal Government.
- A reference to the deferred maintenance and repairs information reported in required supplementary information, and
- A general reference to agency reports for additional information about G-PP&E land, such as agency policies for general PP&E land, and detailed physical unit balance information such as units acquired, units withdrawn, and transfers.

Comment [DS52]: 29 Jan ED and staff edit. Conform SFFAS 32 G-PP&E land disclosure requirements with finalized SFFAS 29 requirements on prior page.

Comment [DS53]: Per Chairman's 16 Dec email – fix "reference note" – unfamiliar term.
Staff: Concur. I will delete "reference" and leave note.

c. the cost (excluding land and permanent land rights), associated accumulated depreciation, and book value by major class, and

Comment [DS54]: Per P. McNamee email dated 16 Dec.

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

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

17. Amendments to guidance regarding transfers and donations of land.

- a. Amend footnote 14 at paragraph 62 which discusses revenue arising from donations, to include reference to new SFFAS 6 paragraph 34A entitled, "Expense Recognition."

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. At paragraph 258, which discusses non-exchange transactions with the public, specifically donations, revise the paragraph to include G-PP&E land.

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 non-financial resources (except general G-PP&E land and permanent land rights and stewardship property, plant, and equipment) is therefore a non-exchange revenue.

- b.c. At paragraph 259, which discusses non-exchange transactions with the public, specifically donations, revise the paragraph to include G-PP&E land.

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.

- e.d. At paragraph 296 and footnote 62 which discusses sales of PP&E, revise language to include G-PP&E land and permanent land rights.

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 G-PP&E land or 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 G-PP&E land and 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. At paragraph 345, which discusses intra-governmental transfers of PP&E, add G-PP&E land to the requirement.

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., G-general PP&E land and stewardship PP&E) may be transferred from one Government entity to another. If the asset was classified as either G-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. At paragraph 346, which discusses intra-governmental transfers of PP&E classified as G-PP&E by the transferor but as SL by the recipient, delete the de-recognition requirement in its entirety.

346. ~~However, if the asset that is transferred was classified as general PP&E 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. [Rescinded by SFFAS ##.]~~

- g. At paragraph 358, which discusses transfers of PP&E, revise language to include G-PP&E.

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 G-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 G-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. At paragraph 361, which discusses donations of PP&E, revise language to include G-PP&E.

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 ~~another~~ financing source.

AMENDMENTS TO SFFAS 42: DEFERRED MAINTENANCE AND REPAIRS, ET AL

18. ~~46.~~ Amending guidance at paragraphs 13, 15(d) and 15(e) to ensure that deferred maintenance and repair information is reported in non-capitalized G-PP&E land.

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.

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, as amended, should be included) regardless of the measurement method chosen.

Qualitative (NOTE: No edits are proposed for items a thru c.)

d. Whether DM&R relates solely to capitalized general PP&E and non-capitalized general PP&E land or 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 needed to address implementation issues arising from SFFAS 6, *Accounting for Property, Plant, and Equipment*; SFFAS 29, *Heritage Assets and Stewardship Land*; and SFFAS 50, *Establishing Opening Balances for General Property, Plant, and Equipment*.
- 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 managing land, 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*, 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 acreage information 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 GPP&E land acquired for similar purposes. That is, GPP&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 stewardship land is expensed when acquired and quantity information is presented in the notes to the financial statements.
- A6. While developing and refining the project plan, certain 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 what the 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 categorizations of stewardship land (SL) and general property, plant and equipment (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, commercial sector(s), and citizens. Meetings were held between June 2016 and April 2017. Participants came from diverse disciplines such as accounting, auditing, civil engineering, financial reporting, business consultants, 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; Department of Defense (DoD), 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 for which preparers and users seemed to unanimously agree.

User Needs

- A9. The Board has identified various user needs covering citizens, federal executives and managers, and congressional users⁶ through a variety of initiatives and discrete projects over the years, to include this project.
- A10. Citizen-users tend to want understandable financial information which 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 financial health, how it uses its resources, and what was accomplished 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

⁵ Criticisms over consistency have arisen because current standards differ in how entities report land; for example, general property, plant, and equipment (G-PP&E) land is capitalized whereas Stewardship Land (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 a comprehensive 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 that included comments 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 have an effect on operating effectiveness because most of it is held in a stewardship capacity.

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 executive leaders and manager users tend to need accurate information regarding the status of their budgetary resources and the performance of their programs. Availability of this information seems to be a key concern for them. Additionally, they need information in a timely manner and in some cases more timely than their existing financial systems can provide. Further, they seek information from systems in addition to or in lieu of the financial system where; in some cases information from such systems is not verified or audited. As a result, multiple systems may be involved in their efforts to obtain useful information. Moreover, these leaders admit they may not always understand the information provided in financial reports; therefore, they develop their own 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 to manage its land portfolios is not reliable for financial reporting. Furthermore, in 2011 GAO assessed⁷ 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.

A12. To fulfill Congress' wide range of responsibilities, congressional users tend to 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 the Government Accountability Office, Congressional Budget Office, and Congressional Research Service. To obtain the needed information, Congress may conduct hearings, make requests for data from the agency or rely on legislative support organizations and other sources. 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 cost information 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 ascertaining the reasonableness of a fair market value appraisal (both for example by applying escalation factors). Another user pointed to the reporting objectives (that is, stewardship and systems and controls) as directly benefiting from the requirement to report land's historical costs on the balance sheet and thus, increasing reliability of the financial statements.

⁷ Federal Land Management, *Availability and Potential Reliability of Selected Data Elements at Five Agencies*. GAO report No. GAO-11-377, date April 2011.

A14. In considering this matter, 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 (for example, incorporating information into the Statement of Financial Position using appropriate recognition and measurement criteria), by presentation of non-financial information (NFI)⁸, or a combination of both.

A15. To that end, because it appears that historical cost information is not particularly useful to the majority of users and that 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. With assistance from the task force, fair value and value-in-use measurement attributes were explored.

Fair Value

Although fair value was considered to be of importance to users, requiring fair value estimates for all federal land would not only be cost prohibitive, but could in many cases lack reliability especially regarding land where no comparable tracts or active markets exist. Specifically, trying to determine the fair value of land especially given that no active market exists in many, if not most cases, would require estimating fair values using 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 in place to make such measurements and would therefore be required to engage outside experts. Such a requirement would impose significant costs and burden agencies beyond what is reasonable especially given that (frequent) re-measurements would also become necessary. Regarding re-measurements, such a 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 and given that no active market exists, result in less reliable user information at a unjustifiably increased cost and preparer burden.

Value-in-Use

Regarding value-in-use measurements, although the Board determined that such estimates could be cost-beneficial in limited cases, because such measurements are entity specific and somewhat 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 measurement attributes each would require re-estimations that as explained above, would affect relevance and potentially result in subjective measurements while being cost-prohibitive. However, the Board believes it can help better meet user needs through the presentation of non-financial information (for example, acreage) 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 by financially (re)measuring land are eliminated and replaced by more static metrics such as acreage and predominant use categorizations.

⁸ The Board noted in (SFFAC 1: *Objectives of Federal Financial Reporting*; par. 73, that in some cases, the most relevant measures of performance are nonfinancial. Within this Exposure Draft the Board has identified that "nonfinancial information" includes information on acreage, land held for disposal or exchange, predominant use, revenue generating land, and unit count..

The Board believes that adopting NFI will mitigate, if not reduce preparer burden by (1) eliminating the requirement to capitalize land associated with general PP&E and (2) considering the use of NFI that most agencies collect for program management or other external reporting purposes. Therefore, the Board proposes reclassifying general 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; stewardship land (SL) and general property, plant, and equipment (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 Government Accountability Office (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 and the GAO report examined 57 discrete land and resource data elements collected by five federal agencies; Forest Service (USDA) and Interior’s Bureau of Land Management (BLM), Fish and Wildlife Service (FWS), National Park Service (NPS), and Bureau of Reclamation and Department of Defense (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 use 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, as amended, 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. Whereas 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. 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. Therefore, as a result and 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 category—land.
- 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 and SL would be lost. Also, some noted that such an approach would change current measurement and recognition requirements for SL with no perceived benefits. To explore the matter further, the task force analyzed two primary federal sources to address land use

designations for federal lands: (1) *Federal Real Property Inventory Reporting from the General Services Administration (GSA)* and (2) a Government Accountability Office (GAO) report entitled *Federal Land Management: Availability and Potential Reliability of Selected Data Elements at Five Agencies* (2011). The GSA reporting guidelines currently identify 24 (plus “all other”) discrete land-use designations and the GAO report examined 57 discrete land and resource data elements collected by five federal agencies; Forest Service (USDA) and Interior’s Bureau of Land Management (BLM), Fish and Wildlife Service (FWS), National Park Service (NPS), and Bureau of Reclamation and Department of Defense (DOD).

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 broad land use sub-categories are: (1) conservation and preservation; (2) operational; and (3) commercial use. Refer to Appendix B for Illustrations concerning the three sub-categories.

A24. The Board is proposing to adopt these three broad areas 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 basing categorization on intentions at the time of acquisitions (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 and second, clarifying that general PP&E land should (1) have 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 as well as 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 acreage information (and expensing of future acquisitions), the Board has developed uniform disclosure requirements that would apply to both G-PP&E land and stewardship land (SL). The most notable issues include:

- a. Inconsistent reporting of G-PP&E land brought about by eligible entities adopting SFFAS 50; exclusion of land and land rights from opening balances.

⁹SFFAS 6, paragraph 23. “General 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).

¹⁰ SFFAS 50: *Establishing Opening Balances for General Property, Plant, and Equipment: Amending SFFAS 6, 10, and 23, and Rescinding SFFAS 35*

- 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 consistent with FASAB's reporting objectives and qualitative characteristics.
- d. Limited value of historical/acquisition cost information for capitalized land given that such information may lose relevance over time due to general inflation as well as specific changes in the value of land.
- e. Whether stewardship land and GPP&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 will satisfactorily address the issues noted above and increase informational value. The development of the proposed requirements has been primarily taken from existing requirements contained at SFFAS 29 (for example, existing requirements include 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 (that is, requiring acreage reporting in three predominant use sub-categories, identification of land held for disposal or exchange, and disclosure (general description) 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 that there is a need to (1) clarifying the SL [and revising the 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). 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 Revising G-PP&E land definitions](#)

- a. Stewardship land – the current definition contained in SFFAS 29, at 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 above definition can be improved by (1) noting that SL includes both public domain land and land subsequently acquired, (2) clarifying that in some cases, SL may in fact be acquired for or used in connection with G-PP&E such as SL used for military security or aircraft noise buffer zones, and (3) expanding the list of SL examples. [Please refer to Paragraph 12 for the proposed amendments to the SL definition.](#)

- c. G-PP&E land – The Board noted that reclassifying general property, plant and equipment (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. As such, respondents should refer to the proposed amendments at paragraphs 8 through 10.

A28. ~~(Acres) of Land Held for Disposal or Exchange~~ – Concerning land held for disposal or exchange, ~~Disposal~~ authorities are generally designed to permit entities to dispose 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.

Comment [DS55]: 30 Jan 2018 staff edit.
Cosmetic - eliminate underline title to clearly distinguish from above paragraph.

A29. The Board proposes that consistent with the proposed acreage disclosure requirements, land held for disposal or exchange should be disclosed in terms of physical units and acreage. The Board notes that land (acreage) 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 acreage disclosure requirements, conservation and preservation land shall be disclosed in terms of physical units and acreage. 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 acreage disclosure requirements, land in this sub-category shall be disclosed in terms of physical units and acreage. 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 acreage disclosure requirements, commercial use land shall be disclosed in terms of physical units and acreage. For example, the Board proposes that the following definition include land or land rights which are used to generate inflows of resources from non-federal third parties. Some 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 standard to apply to permanent land rights acquired from non-federal entities.

Types of Non-financial Information (NFI)

A34. Prior FASAB analyses of user needs reveal that financial statements are a starting point for users wherein they often consult other venues 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 (needs). However, the Board does believe additional information should be included within the financial report to allow users to have a starting point to assist them in their analyses or assessments of entity performance. As such, the Board believes this can be best accomplished using NFI.

A35. Five types of non-financial information were initially developed as a result of the task force's 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 information. The NFI types along with reasons they were included follow:

- a. Acreage – without acreage, any financial information on land becomes less meaningful and much more limited in value. Also seen as critical to meeting the reporting objectives. Of all the types reviewed, acreage received the highest support from the task force 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 have a positive effect on meeting Operating Performance, Stewardship, and Systems and Controls reporting objectives. Also, it would increase accountability and transparency. The task force supported this information for presentation as a note disclosure. However, an equal number of task force members supported excluding this information from NFI.
- c. Predominant Use - information for academic or commercial analyses of public land allows more uses of financial statement information. Also, increases comparability in land reporting across agencies. Although the majority of task force members supported predominant use for presentation (RSI being the most favored), some task force members supported excluding this information from NFI.
- d. Revenue-generating Land - essential information for analyses of public land options and needed for transparency and visibility to understand Federal revenues reported in the financials. This is a key area of congressional interest as reported by GAO. Also,

allows for more uses of financial statement information and would make connecting land acreage and value to other entries in the financials more straightforward. Although the majority of the task force members supported this information for presentation (RSI being the most favored), some task force members supported excluding this information from NFI.

- e. Unit count information - value of this information increases significantly when combined with acreage and anyone of the other above supported information types. Task force members supported unit count information for presentation as a note disclosure. However, an equal number of task force members supported 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 included as additional specific disclosures. It is the Board's opinion that acreage is the common denominator among preparers and users. Providing acreage addresses criticisms and helps meet stewardship, accountability, and transparency concerns. That is, financial information (historical cost) about land thus far provided to users without acreage information has been less meaningful to users.

A37. The Board agrees valuing and reporting land held for disposal supports the reporting objectives. As borne out 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 to also include potential disposal.

A38. Given the fact the Board believes land should not be capitalized (that is, measured or recognized) on the balance sheet, information on acreage and land held for disposal along with the other NFI proposals contained herein allows 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 non-financial information 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 (that is, categorizing land), acreage, and land held-for-disposal or exchange are items of great interest to users. Additionally, members concluded the relevance of this information to fair presentation is of utmost importance. That is, in SFFAS 29, *Heritage Assets and Stewardship Land*, the Board concluded information on HA and SL (except for condition) should be basic information because it (1) is deemed essential to fair presentation and may be crucial to understanding the entirety of an entity's financial condition and (2) addresses accountability and thus requires more audit scrutiny than would be afforded if considered RSI, and (3) was deemed consistent with GASB (reporting on art and historical treasures) and FASB (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 stewardship land¹¹. SFFAS 6 currently requires categorization of PP&E as either general, HA, or SL. Currently, land categorization reflects intended usage 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 usage during the reporting period. This information is useful for academic or 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. Refer to the discussion entitled, *Land Use – Categorizing Land Consistently*, at paragraphs A22 through A25 for additional discussion regarding the presentation of this information. The Board proposes 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 analyses 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 land acreage and value to other entries in the financials more straightforward. 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. Acreage – financial information on land becomes less meaningful and valuable without acreage information. Given the fact that the Board concluded to not 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 acreage information should be reported as basic information in order 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 has 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 increases significantly when combined with acreage information and any one of the other above types of NFI. The Board proposes this information remain as basic information.

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

¹¹ Where parcels of land have more than one use, the predominant use of the land should be considered the major use. SFFAS 29, *Heritage Assets and Stewardship Land*, paragraph 40(c).

Preparer Burden

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

- i. Inadequately trained staff
- ii. Lack of experienced staff
- iii. Requirements overload
- iv. Continually shifting priorities
- v. Lack of senior level management support

Additionally, some preparers noted they are not the operational or program people 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 to which in some cases, accounting requirements have little to no bearing on supporting their mission.

A43. The Board realizes that the financial management community as well as operational and program personnel have difficult tasks and 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 is commensurate with user benefits.

A44. The Board further realizes that in general, resources are limited and because new requirements take time to implement, accounting requirements could compete with internally perceived needs. The Board acknowledges this trade-off as just one of many cost-benefit factors that the Board needs to consider as it addresses each specific issue in this proposed Statement.

A45. In addition to considering user needs and preparer burden, other key factors contributing to a cost-benefit analysis include: (1) budget constraints and uncertainties are not infrequent in the federal space and should not, by themselves, be a basis for not improving financial reporting; (2) identifying the proper accounting for land is of paramount importance and separate from implementation issues; and (3) standards can be written in a manner to help ease implementation issues; for example, proposing longer lead-times to effective dates or using a phase-in approach to help ease implementation. ~~Appendix B-1 includes four proposed implementation schedules which the Board is considering.~~

Other Conforming Revisions

A46. In order to ensure linkage between component unit reporting and the government-wide disclosure requirements, conforming amendments to SFFAS 32, *Consolidated Financial Report of the United States Government Requirements*, are required. ~~(Additionally, because the amendments contained in this proposed Statement either incorporate, clarify or supersede a significant part of SL guidance contained, conforming amendments will be~~

Comment [DS56]: Dec 22 Staff edit.

~~made to Technical Release 9: Implementation Guide for Statement of Federal Financial Accounting Standards 29: Heritage Assets and Stewardship Land. guidance pertaining to SL should be rescinded.~~ 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 is 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 of the federal entity from all other activities of that federal entity. Accordingly, fiduciary assets are not recognized on the balance sheet. Instead, a note disclosure providing the following information¹² about its fiduciary activities is required:

- a. An explanation of the nature of the fiduciary relationship,
- b. A schedule of fiduciary net assets, and
- c. A schedule of fiduciary activity.

A49. Because federal GAAP provides for certain assets - stewardship land and heritage assets - to be disclosed rather than recognized, SFFAS 31 includes requirements for a Schedule of Changes in Non-Valued Fiduciary Assets including 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, heritage assets, 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 given the cooperative arrangements between beneficiaries, such as tribal governments, and federal reporting entities, such as the Bureau of Indian Affairs (BIA). Also, the cost-benefit of expanding the fiduciary activities disclosures should be considered; costs and benefits may differ from those regarding federally-owned land. Therefore, the Board concluded this proposed Statement does not directly impact fiduciary activities.

Supporting Documentation

A51. The Board has continually noted the ~~(concerns) problems~~ associated with providing corroborating documentation ~~to auditors~~ on historical assets including land. In the Basis for

Comment [DS57]: Per Chairman's 16 Dec email. Drop "problems".

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

Conclusions to SFFAS 29, *Heritage Assets and Stewardship Land*, (par. 86-88) the Board briefly discusses the fundamental ~~issues problems~~ associated with historical assets and stewardship land. In addition, Technical Release 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. Furthermore, acquisitions and disposals of land were not documented in the same manner as are modern-day land transactions. As a result, Technical Release 9 (TR9) makes the point that records and detailed listings from these periods generally do not exist. As a result, the Board believes that managements' assertion concerning land ownership and its related acreage measurements ~~can be accommodated by~~ must be based on the use of non-traditional supporting documentation and reasonable acreage estimates, respectively. For this reason, the Board notes that it (1) does not seek exact precision in determining estimated acreage or predominant use assessments and (2) does not intend to direct or prescribe the use of any particular approach.

Comment [DS58]: Per December Meeting – staff notes that this sentence is intended to make clear that “estimates” do not have to be (1) as precise as a ground survey would be and (2) limited to any particular method such as GIS.

NOTE: we used similar “exact precision” language in SFFAS 44, Asset Impairment.

A52. The Board believes that it can facilitate ~~the land attestation process~~ reporting on land by (1) providing subsequent implementation guidance incorporating aspects of TR9 and (2) reminding preparers and auditors readers that because most federal land was primarily acquired in a variety of ways and over the nation's early settlement and formation, it is not unreasonable that supporting documentation will employ be developed using alternative methods and/or take on different forms of corroboration as foreseen by Technical Release 9. For example, ownership can be evidence by public law, treaties, entity certifications, maintenance or renovation contracts, historical maintenance records or a history of payment of invoices, minutes of meetings, historical data bases, 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 ~~alternative~~ evidence of government ownership. Entities ~~can also adopt many of could use~~ the above forms of supporting documentation to reasonably estimate acreage or rely on management tools such as Geospatial Information (GIS). As a result, it is expected for preparers to apply a variety of methods and techniques in arriving at estimates measurements can be made using different methods or techniques.

Comment [DS59]: Per December Meeting – staff notes that this paragraph is intended to reflect the Board sentiment that we assist the community identifying the types of “reasonable” support we think would be acceptable for required disclosures.

Ref: Transcript Page 126 lines 19-25. Chair remarks.

Comment [DS60]: Per Chairman's 16 Dec email

Physical Unit Information (Measurements)

A53. The Board envisions addressing physical unit measurements in subsequent implementation guidance and until such time notes that physical unit information should be meaningful, relevant and determined based on how an entity manages its land holdings. That is, 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:

Comment [DS61]: Per December Meeting – Members supported providing 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.

Please note that staff collaborated this written discussion (A52 and A53) with Ms. Batchelor who worked on SFFAS 29 and TR9.

¹³ The physical unit measurements and 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 Statement even if not specifically identified.

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, parcels, and tracts. Administrative offices.
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).

A54. **(The)** Board notes that each of the items in the above table can be stand-alone measurements or be used in connection with other items. For example, an entity in addition to reporting land holdings by their physical nature (PN) 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 and relevant, and reflect how an entity managed its land holdings during the reporting period.

Comment [DS62]: Per December meeting – S. Bell suggestion.

Although the Board has previously noted that such determinations are highly subjective and require the use of professional judgment, certain 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, entities may have been created or administratively established to manage or acquire land for specific purposes such as environmental protection, mineral or mining exploration

Comment [DS63]: Staff January 10, 2018 suggestion.

¹⁴ A hydrological code or hydrologic unit code is a sequence of numbers or letters that identify a hydrological feature like a river, river reach, lake, or area like a drainage basin (also called watershed (in North America)) or catchment. 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. Source: <https://water.usgs.gov/GIS/huc.html> and https://en.wikipedia.org/wiki/Hydrological_code.

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

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.** For example, if an entity's land holdings has resulted in the creation of separate bureaus or departments to manage and control discrete entity land holdings used in different ways, management should consider reporting physical unit information in the context of a Geographic Management Unit (GMU) such as number of regional or district offices. However, if the entity assigns land holdings to a bureau or department primarily based on the specific uses of the land holdings, management should consider reporting physical unit information in another category such as Physical Nature (PN) or Project (P).
- c. **Internal asset (land) management practices.** For example, assume an entity has 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 such a case, an entity should consider reporting physical unit information reflecting the distinct asset management practices. As a result, 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 acreage.** For example, an entity may have significant amounts of land deployed as buffer-zones at its major installations for security purposes that are fenced-off and constantly surveilled or patrolled. 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). 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 compromising the view shed could also be reported as being Inactive (Operational Status) and Mission Critical (MC).

Comment [DS64]: Per December meeting – S. Showalter suggestion.

Comment [DS65]: Per December meeting – P. McNamee suggestion.

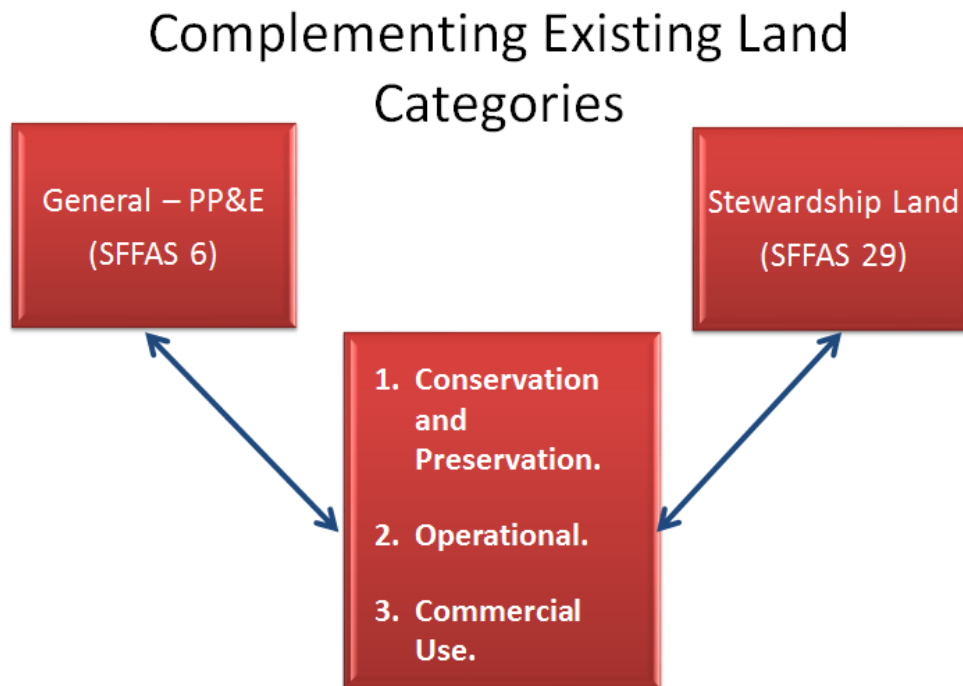
Comment [DS66]: Per December meeting – G. Smith suggestion.

APPENDIX B: ILLUSTRATIONS

Sub-Categorizing Land – Predicated on Predominant Land-use

This appendix illustrates the application of the provisions of this proposed Statement to assist in clarifying their meaning. The following illustrations are intended to aid in the application of the provisions proposed on pages 14 through 27.

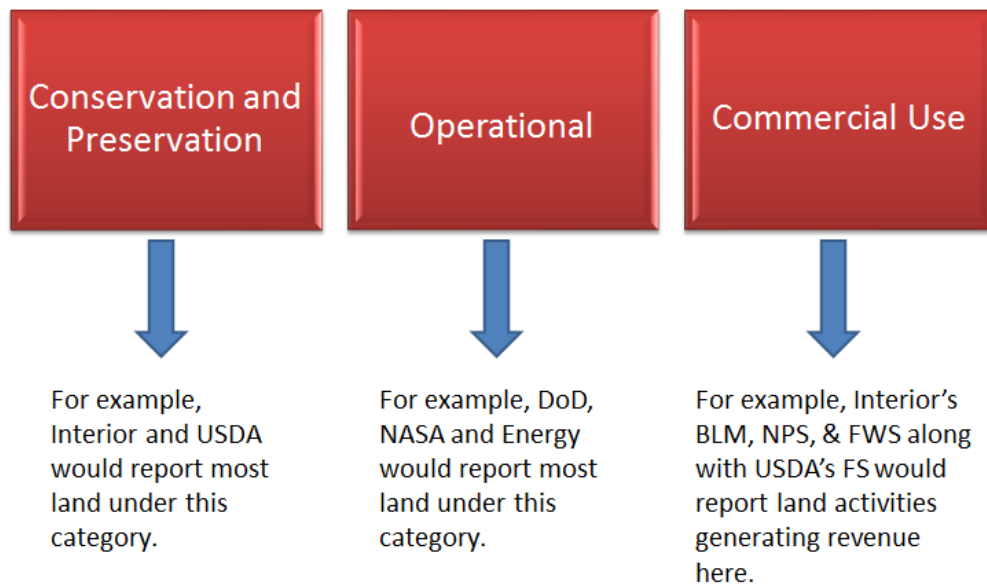
The Board has noted the potential need to have additional sub-categories predicated on predominant land-use to complement the land categories currently in use; SL and G-PP&E Land. An illustration demonstrating how the Board envisions the sub-categories complementing the existing requirements follows:



The additional sub-categories follow:

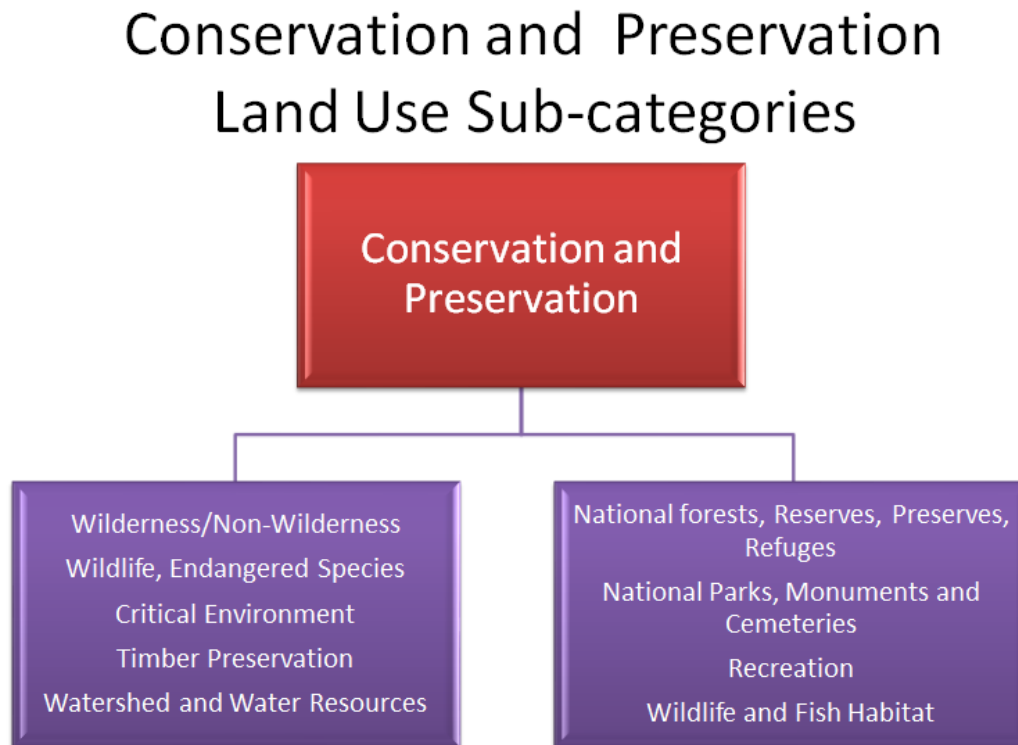
- (1) **Conservation and Preservation** Land
- (2) **Operational** Land
- (3) **Commercial Use** Land

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.



Operational Land Use Sub-categories

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

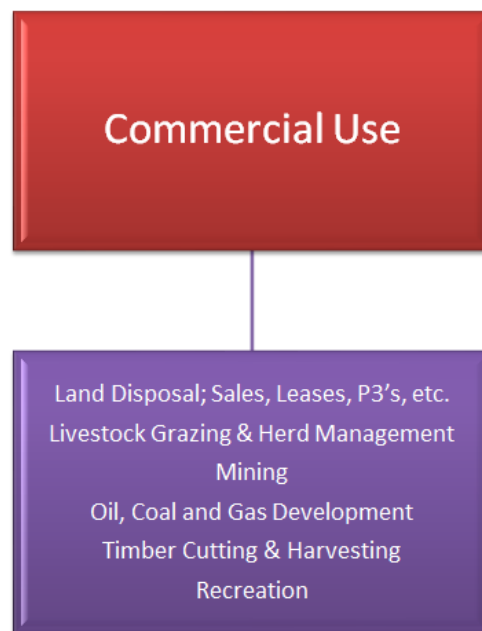
Operational Land Use Sub-categories



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



Sample Illustration: Appendix B: Consolidated Financial Report of the U.S. Government

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	Physical Units	
Department A	234,889,617	12,362,611	247,252,228	223,145,136	12,362,611	11,744,481	247,252,228	Various	1
Department B	183,285,805	9,646,621	192,932,426	176,721,515	7,046,621	9,164,290	192,932,426	GMU, PT & AL	2
Agency 1	84,626,746	4,454,039	89,080,785	84,626,746	4,454,039	0	89,080,785	PN	3
Agency 2	75,666,349	3,982,439	79,648,788	37,833,174	3,982,439	37,833,174	79,648,788	PN & MC	4
Bureau 1	5,871,628	8,528,076	14,399,704	5,871,628	6,396,057	2,132,019	14,399,704	MC & AL	5
Total	584,340,144	38,973,787	623,313,931	528,198,199	34,241,768	60,873,964	623,313,931		

Physical Units legend: GMU = geographic management unit, PT = project type, AL = activity level, PN = physical nature, MC = mission criticality

Explanatory Comments

- 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. The department uses a variety of physical unit measurements to manage its estimated acreage portfolio. Most SL is categorized by its physical nature whereas its G-PP&E land is primarily categorized by geographic management unit such as regional or district offices. For related details please refer to Department A's annual financial report.
- 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. The department categorizes its G-PP&E land and SL portfolio by regional geographic management unit (GMU). Additionally, for Congressional reporting purposes G-PP&E land (refer to Agency X) is also reported by activity level (AL) such as active, inactive, or excess and some SL (refer to Bureaus A and B) is also reported by project type (PT) such as water or energy. For related details please refer to Department B's annual financial report.
- Agency 1** has not been granted any commercial use authority and operates under a strict mandate to preserve land under its care. SL is categorized by its physical nature (PN). For related details please refer to Agency 1's annual financial report.
- 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. SL is categorized by its physical nature (PN) whereas G-PP&E land is categorized by mission criticality (MC). For related details please refer to Agency 2's annual financial report.
- 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. All land is categorized by mission criticality (MC) and activity level (AL). For related details please refer to Bureau 1's annual financial report.

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

Entity	Categorized by Purpose or Intent at Acquisition	Sub-categorized by Predominant Use					Explanatory Comments
	General PP&E Land Acres	Conservation and Preservation	Operational	Commercial Use	Total Land Acres	Physical Units	
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

- 1 - **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).
- 2 - **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.

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

Entity	Categorized by Purpose or Intent at Acquisition	Sub-categorized by Predominant Use				Physical Units	Explanatory Comments
	Stewardship Land Acres	Conservation and Preservation	Operational	Commercial Use	Total Land Acres		
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).

APPENDIX C: ABBREVIATIONS

AICPA	American Institute of Certified Public Accountants
BIA	Bureau of Indian Affairs
BLM	Bureau of Land Management (Department of Interior)
CFR	Consolidated financial report of the U.S. government
DoD	Department of Defense
DOE	Department of Energy
ED	Exposure draft
FASAB	Federal Accounting Standards Advisory Board
FRPC	Federal Real Property Council
FRPP	Federal Real Property Profile
FS	Forest Service (Department of Agriculture)
FWS	Fish and Wildlife Service (Department of Interior)
GAAP	Generally Accepted Accounting Principles
GAO	Government Accountability Office
GPP&E	General Property Plant and Equipment
NFI	Non-financial Information
NPS	National Park Service (Department of Interior)
OI	Other Information
OMB	Office of Management and Budget
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

APPENDIX D: GLOSSARY

Acres of land held for disposal or exchange - For purposes of this standard, land (acres) is considered held-for-disposal or exchange when the entity has satisfied the legislative disposal authority requirements specific to the land in question. FN Disposal includes conveyances of federal land not limited to sale, transfer, exchange, lease, public-private partnership, and donation or any combination thereof.

Footnote - 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 land¹⁶ – land or land rights which 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. Some examples include revenue or inflows derived from:

1. concession arrangements,
2. grants for a specific project such as electric transmission lines, communication sites, roads, trails, fiber optic lines, canals, air rights, flumes, pipelines, and reservoirs,
3. land sales or land exchanges,
4. leases,
5. 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,
6. forest product sales such as timber, or sales arising from national forests and grasslands,
7. public-private partnerships.

Conservation and preservation land - Land or land rights which 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.¹⁷

¹⁶ <https://www.blm.gov/programs/lands-and-realty/> and <https://www.fs.fed.us/sites/default/files/usfs-fy18-budget-overview.pdf> and Congressional Research Service, 7-5700, www.crs.gov R43822

¹⁷ <https://www.nps.gov/klgo/learn/education/classrooms/conservation-vs-preservation.htm>

General property, plant and equipment

G-PP&E Land - Land and permanent land rights (land rights of unlimited duration) acquired for or in connection with other general PP&E²⁹ ~~shall be included in~~ are considered general PP&E for purposes of disclosure but will not be capitalized on the balance sheet. General PP&E land should have one or more of the characteristics identified in paragraph 23. General PP&E land shall exclude (1) any withdrawn public lands or (2) land restricted for conservation, preservation, historical or other like restrictions. Such land would remain categorized as stewardship land. ~~unless the reporting entity made the election to implement the provisions of paragraph 40.f.i.. In some instance, 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 29 - 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.~~

Operational land – 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:

Military¹⁸ - to prepare for the effective pursuit of war and military operations short of war; to conduct combat, peacekeeping, and humanitarian military operations; and to support civilian authorities during civil emergencies.

Scientific¹⁹ – to conduct and manage research, experimentation, exploration and operations to include 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).

¹⁸ REF: FASAB Appendix E

¹⁹ REF: https://www.nasa.gov/about/highlights/what_does_nasa_do.html, and *Two Types of Science*, by Colin McGinn <http://www.oxfordscholarship.com/view/10.1093/acprof:oso/9780199841103.001.0001/acprof-9780199841103-chapter-9>

Nuclear²⁰ – to manage or regulate the use of nuclear energy, power plants, radioactive materials, radioactive material shipments, nuclear storage, and nuclear reactor decommissioning.

Other Related – that are operational, administrative, or other in nature. For example, land used for readiness and training, office building locations, storage or vacant.

Stewardship land - Stewardship Land is includes both public domain and acquired lands 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.

1. forests and parks,
2. recreation and conservation,
3. wildlife habitat and grazing,
4. historic landmarks and/or to preserve pre-historic and historic structures (those listed on or eligible for listing on the National Register of Historic Places),
5. multiple purpose ancillary revenue generating activity (for example, special use permits, mineral development activities and timber production),
6. buffer zones for security, flood management, and noise and view sheds.

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.

FN16 - "Used or Acquired for or in connection with" is defined as including (1) public land or acquired land used acquired with the intent to construct general PP&E and (2) 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 in connection with items of general PP&E but meeting the definition of stewardship land should be classified as stewardship land unless such land is not distinct or clearly identifiable. In such cases, categorization as general PP&E would be appropriate.

²⁰ <https://www.nrc.gov/reading-rm/basic-ref/students/what-is-nuclear-energy.html>

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

Task Force Member Firms

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Cotton and Company
Deloitte
Dennis M. Giaino, MBA
EY
Helwig, LLC
Kearney
Management Analysis Incorporated
National Council for Public Private Partnerships
Navigant Capital Advisors
Patawomeck Indian Tribe of Virginia
University of Tennessee, Department of Ecology & Evolutionary Biology
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ATTACHMENTS

Attachment 2: Pre-ballot ED - Clean



Federal Accounting Standards Advisory Board

ACCOUNTING AND REPORTING OF GOVERNMENT LAND

Statement of Federal Financial Accounting Standards

Exposure Draft

Written comments are requested by [90-days from issuance].

ISSUE DATE

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

ISSUE DATE

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 **90-days from issuance**.

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
Mailstop 1155
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 Board is proposing to (1) reclassify general property, plant and equipment (G-PP&E) land as a non-capitalized asset, (2) clarify the definition for the stewardship land (SL) category, (3) require the reporting of G-PP&E land and SL using three predominant use sub-categories: conservation and preservation; operational; and commercial use; and (4) require consistent and comparable disclosures of information for land (that is, reporting estimated acreage, 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 acre information.

For stewardship land, 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 be reported which results in information that is not necessarily comparable.

The different reporting requirements and options raise concerns that reporting objectives and qualitative characteristics such as relevance and comparability may not be met. Comparable non-financial measures (such as acreage) 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 (1) accounting for all land as a non-capitalized asset, (2) clarifying the SL definition so that SL used or acquired for in connection with items of general PP&E would not lose its distinction as stewardship land and would continue to be categorized as SL, (3) requiring the reporting of G-PP&E land and SL using three predominant use sub-categories, (4) requiring uniform disclosures for all land including reporting estimated acre information in addition to physical quantity information, and (5) identifying estimated acres of land held-for-disposal or exchange.

¹ SFFAS 50, *Establishing Opening Balances for General Property, Plant, and Equipment, et al.*

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 identified as being most important for land reporting. Land reporting is important to meeting 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 in order to assist report users in determining: (a) how much land is managed, (b) how land is being predominantly used, and (c) 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 conditions have 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 www.fasab.gov/exposure.html.

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
Mailstop 1155
441 G Street, NW, Suite 1155
Washington, DC 20548

All responses are requested by [90-days from issuance].

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 through 10 and 16 (consolidated financial report of the U.S. Government). For a detailed discussion and related explanation refer to paragraphs A9 through A16, A21 through A24 and A39 through A41 in Appendix A; Basis for Conclusions.

- a. **Do you agree or disagree with the Board’s proposal to reclassify general PP&E land as a non-capitalized asset with no dollar amounts reported on the balance sheet? 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 SL. Both G-PP&E 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 component reporting entities (a) a description of the entity’s policies, (b) physical quantity information, (c) estimated acreages, (d) estimated acres of land held-for-disposal or exchange, (e) a general description of the types of land rights acquired by the entity, and (f) a reference to deferred maintenance and repairs information. Required disclosures for the government-wide financial statements include items (a), (c), and (d) 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 through A38, A39 through 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 entity’s land holdings. For the proposed amendments, refer to paragraphs 8 through 12 through 13. For a detailed discussion and related explanation refer to paragraphs A17 through 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 through 11. For a detailed discussion and related explanation refer to paragraphs A9 through A16, A25, A26 through A32 and 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 amending the current definition of stewardship land (SL) including footnote 16. 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 12 through 14. For a detailed discussion and related explanation refer to paragraphs A9 through A16, A21 through A24, A26 through A32 and A33 in Appendix A; Basis for Conclusions.

Do you agree or disagree with the Board's proposed definition of stewardship land (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 through A12 and A42 through A45 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 problems associated with developing and documenting information regarding historical assets including land. To that end, Technical Release 9: *Implementation Guide for Statement of Federal Financial Accounting Standards 29: Heritage Assets and Stewardship Land*, addresses this difficulty. Specifically, paragraph 85, discussing *Methodology for Developing Supporting Documentation*, states in part that a methodology needs to be employed in order to develop alternative documentation to support management's assertions of federal ownership. For a detailed discussion and related explanation refer to paragraphs A51 through A54 in Appendix A; Basis for Conclusions.

- a. **Would incorporating any of the guidance contained in Technical Release 9 into 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 Technical Release 9, be incorporated, changed or expanded to facilitate implementation of the proposed requirements? Please provide the rationale for your answer.**

- b. If any, what type of implementation guidance should be provided that enables (1) flexibility for supporting estimated acre disclosures 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 which 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 comments beginning at paragraph 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 paragraphs A1 through A8, A9 through A12, A42 through A45, and A46 through A50).

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

- (1) its proposed use of non-financial information (NFI) related to land as a means to provide information more relevant than the financial recognition and measurement of land,
 - (2) whether requiring the disclosure of "estimated acreage" instead of "acreage" 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, what are the considerations you think would be appropriate for materiality in NFI, and
 - (4) whether materiality is affected by the presentation of land information as basic, required supplementary information, or other information. For example, what difficulty do you see in estimating the non-financial information 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 areas which 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 (1) reclassify general property, plant and equipment (G-PP&E) land as a non-capitalized asset; (2) clarify the definition for the **stewardship land (SL)**² category; (3) require the reporting of G-PP&E and SL using three predominant use sub-categories: **conservation and preservation**; **operational**; and **commercial use**; (4) require consistent and uniform disclosures of information for all land (that is, reporting estimated acreage, physical quantity information, estimated **acres of land held-for-disposal or exchange**, and predominant land use).
2. Consistent measurement and recognition practices can be expected to increase user comparability and understandability while eliminating different accounting and reporting requirements especially 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, 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 whereas SFFAS 29, *Heritage Assets and Stewardship Land*, requires SL to 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 can be expected to reduce accounting and reporting differences and reduce preparer burden while benefiting users. Additionally, implementation differences and in some cases preparer difficulties have arisen due to the definitions contained in existing guidance. As a result, differences exist for example due to (1) the current use of a land holding is sometimes different from the initial intent at the time of acquisition and (2) inconsistent treatment of withdrawn public land placed into operations.
4. Comparability³ among entity disclosures can be expected to 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 other reporting entities. To the extent possible, the Board desires to reduce the lack of comparability by (1) treating all

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

³ SFFAC 1, par. 164, provides that “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.”

land as a non-capitalized asset, (2) clarifying the SL definition so that SL used or acquired for in connection with items of general PP&E would continue to be categorized as SL, (3) requiring the reporting of G-PP&E land and SL using three predominant use sub-categories; and (4) requiring that disclosures for all land include estimated acre information in addition to physical quantity information as well as estimated acres held-for-disposal or exchange. These changes should result in comparable land information and any remaining lack of comparability would 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.

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: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*
 - 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*
 - f. SFFAS 50: *Establishing Opening Balances for General PP&E*

⁴ Proposed amendments to each of the Statements include, where applicable, (1) strikethrough deletions of existing text and (2) red-underlined additions.

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

8. This paragraph amends SFFAS 6 to clarify 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 (land rights of unlimited duration) acquired for or in connection with other general PP&E²⁹ ~~shall be included in~~ are considered general PP&E for purposes of disclosure but will not be capitalized on the balance sheet. General PP&E land shall exclude (1) any withdrawn public lands or (2) land restricted for conservation, preservation, historical or other like restrictions. Such land would remain categorized as stewardship land. ~~unless the reporting entity made the election to implement the provisions of paragraph 40.f.i.. In some instance, 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 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.

- b. Footnote 46 which provides examples of major classes of assets is amended as follows:

"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.~~

- c. Revise paragraph 26 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]

- d. Insert a new paragraph and footnote 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 should be recognized on the statement of net cost for the period in which the cost is incurred. The cost should include all costs to prepare general PP&E land or a permanent land right for its intended use (e.g., 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 should be estimated and capitalized while the amount related to the land should be expensed. If acquisition of the structure is a byproduct of the acquisition of the land, the cost of the entire acquisition should be expensed. No amounts for general PP&E land or permanent land rights acquired through donation or devise^{17.1} shall be recognized in the financial statements.

FN 17.1 - Acquisition of general PP&E can also occur due to legal devise or instrument such as a will or clause within a will that bequeaths property to an entity.

- e. Amend existing paragraph 35 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

FN 41 - Software ~~and land~~ [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 - Land rights that are for a specified period of time shall be depreciated or amortized over that time period.

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. In addition, SFFAS 50, paragraph 13, is amended to conform to amended paragraph 40 shown below.

40.f. Alternative methods for ~~land and~~ land rights of limited duration. A reporting entity should choose among the following alternative methods for establishing an opening balance for ~~land and~~ 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.

i. The reporting entity may exclude ~~land and~~ land rights of limited duration 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.

ii. Land ~~and land~~ rights of limited duration 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~~ land rights of limited duration 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 of limited duration 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~~ land rights of limited duration from its general PP&E opening balance should continue to exclude future ~~land and~~ land rights acquisition amounts and ~~provide the disclosures~~ disclose this practice. In the event different alternative methods are applied ~~to land and 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 rights of limited duration, the U. S. government-wide financial statements should disclose this fact, 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 by (i) inserting a new paragraph immediately following paragraph 45 that adds disclosure requirements applicable to G-PP&E land and (ii) amending disclosure requirements for the government-wide financial statements.

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

- A concise statement explaining how land relates to the mission of the entity.
- A brief description of the entity's policies for land. 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.
- Land and permanent land rights should be assigned to one of three sub-categories based on its predominant use and reported both in physical units and estimated acreage. The three sub-categories are: conservation and preservation; operational; and commercial use. 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 provided by sub-category of land use.

(a) Acres. The estimated number of acres at the beginning of each reporting period, the number added during the period, and the number disposed during the period, and 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.

(b) Physical unit information (other than acreage). 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 how it manages 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.

- The number of physical units and estimated acres held for disposal or exchange. For purposes of this standard, land is considered held-for-disposal or exchange when the entity has satisfied the legislative disposal authority requirements specific to the land in question.
- 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.
- Entities should include a reference to the deferred maintenance and repairs information reported in required supplementary information.

- iii. The above listed disclosure requirements for G-PP&E and 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 proposed ED 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 - For purposes of this standard, land (acreage) is considered held-for-disposal or exchange when the entity has satisfied the legislative disposal authority requirements specific to the land in question. FN Disposal includes conveyances of federal land not limited to sale, transfer, exchange, lease, public-private partnership, and donation or any combination thereof.

Footnote - 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 – Land or land rights which 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. Some examples include revenue or inflows derived from:

1. concession arrangements,
2. grants for a specific project such as electric transmission lines, communication sites, roads, trails, fiber optic lines, canals, air rights, flumes, pipelines, and reservoirs,
3. land sales or land exchanges,
4. leases,
5. 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,
6. forest product sales such as timber, or sales arising from national forests and grasslands,
7. public-private partnerships.

20C. Conservation and preservation land - Land or land rights which 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 – 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 - to prepare for the effective pursuit of war and military operations short of war; to conduct combat, peacekeeping, and humanitarian military operations; and to support civilian authorities during civil emergencies.

Scientific – to conduct and manage research, experimentation, exploration and operations to include 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 – to manage or regulate the use of nuclear energy, power plants, radioactive materials, radioactive material shipments, nuclear storage, and nuclear reactor decommissioning.

Other Related – that are operational, administrative, or other in nature. For example, land used for readiness and training, office building locations, storage or vacant.

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 and footnote 16 are amended as follows:

Stewardship Land is includes both public domain and acquired lands 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.

1. forests and parks,
2. recreation and conservation,
3. wildlife habitat and grazing,
4. historic landmarks and/or to preserve pre-historic and historic structures (those listed on or eligible for listing on the National Register of Historic Places),
5. multiple purpose ancillary revenue generating activity (for example, special use permits, mineral development activities and timber production),
6. buffer zones for security, flood management , and noise and view sheds.

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.

FN16 - ~~"Used or Acquired for or in connection with" is defined as including (1) public land or acquired land used acquired with the intent to construct general PP&E and (2) 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 in connection with items of general PP&E but meeting the definition of stewardship land should be classified as stewardship land.

Paragraph 35 is amended as follows:

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.

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

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, the transferring entity entities should properly adjust for estimated acreage and physical unit disclosures recognize a transfer out of capitalized assets.²⁰

13. FN 20 – Footnote rescinded by SFFAS ##. SFFAS 7, Accounting for Revenue and Other Financing Sources, par. 74 and par. 345-346. This paragraph amends SFFAS 29, paragraph 40 to revise disclosure requirements to require estimated acreage and physical unit information and clarify the sub-categorization and reporting of land use. Sub-categorization will be based on predominant use using three new sub-categories. Further, disclosures will 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 concise statement explaining how stewardship land relates to the mission of the entity.
- A brief description of the entity's policies for stewardship land. 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.
- The following information should be provided as well as by sub-category of land use. Stewardship land and permanent land rights should be assigned to one of three sub-categories based on its predominant use and reported both in physical units and estimated acreage. The three sub-categories are: conservation and preservation; operational; and commercial use. 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.
 - (a) Acres. The estimated number of acres at the beginning of each reporting period, the number added during the period, and the number disposed during the period, and 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.
 - (b) Physical unit information (other than acreage). 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 how it manages 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.

- The number of physical units and estimated acres held for disposal or exchange. For purposes of this standard, 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.
- 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.
- Entities should include a reference to the deferred maintenance and repairs information reported in 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, stewardship land definitions, beginning immediately after paragraph 36 as follows:

36A. Acres of land held for disposal or exchange - For purposes of this standard, land (acreage) is considered held-for-disposal or exchange when the entity has satisfied the legislative disposal authority requirements specific to the land in question. FN Disposal includes conveyances of federal land not limited to sale, transfer, exchange, lease, public-private partnership, and donation or any combination thereof.

Footnote - 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 – land or land rights which 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. Some examples include revenue or inflows derived from:

1. concession arrangements,
2. grants for a specific project such as electric transmission lines, communication sites, roads, trails, fiber optic lines, canals, air rights, flumes, pipelines, and reservoirs,
3. land sales or land exchanges,
4. leases,
5. 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,

- 6. forest product sales such as timber, or sales arising from national forests and grasslands,
- 7. public-private partnerships.

36C. Conservation and preservation land - Land or land rights which 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 - 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 - to prepare for the effective pursuit of war and military operations short of war; to conduct combat, peacekeeping, and humanitarian military operations; and to support civilian authorities during civil emergencies.

Scientific – to conduct and manage research, experimentation, exploration and operations to include 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 – to manage or regulate the use of nuclear energy, power plants, radioactive materials, radioactive material shipments, nuclear storage, and nuclear reactor decommissioning.

Other Related – that are operational, administrative, or other in nature. For example, land used for readiness and training, office building locations, storage or vacant.

15. The U.S. government-wide financial statement disclosures at paragraph 42 are amended as follows to require presentation of estimated acreage by category:

42. The U.S. Government-wide financial statement should reference a note on the balance sheet that discloses information about stewardship land and permanent 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, estimated acreage and the number of physical units by sub-category of stewardship land predicated on ~~of~~ its predominant uses, and estimated acreage and the number of physical units of stewardship land held for disposal or exchange by ~~of~~ the Federal Government.

c. A reference to the deferred maintenance and repairs information reported in required supplementary information, and

d. e. A general reference to agency reports for additional information about stewardship land, such as agency stewardship policies for stewardship land, and detailed physical unit balance information such as units acquired, units withdrawn, and transfers. units and acreage amounts by major categories of stewardship land use.

AMENDMENTS TO SFFAS 32: CONSOLIDATED FINANCIAL REPORT OF THE UNITED STATES GOVERNMENT REQUIREMENTS

16. This paragraph revises the government-wide disclosure requirements for property, plant, and equipment. Paragraph 23 is amended as follows:

Property, Plant, and Equipment

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

a. broad description of PP&E,

b. for general PP&E land,

- A note on the balance sheet that discloses information about G-PP&E land and permanent land rights, but no asset dollar amounts should be shown.
- A concise statement explaining how general PP&E land relates to the mission of the Federal Government.
- A description, estimated acreage and the number of physical units by sub-category of general PP&E land predicated on its predominant uses, and estimated acreage of general PP&E land and the number of physical units held for disposal or exchange by the Federal Government.
- A reference to the deferred maintenance and repairs information reported in required supplementary information, and
- A general reference to agency reports for additional information about G-PP&E land, such as agency policies for general PP&E land, and detailed physical unit balance information such as units acquired, units withdrawn, and transfers.

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

~~d. e.~~ 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. Amendments to guidance regarding transfers and donations of land.

- a. Amend footnote 14 at paragraph 62 which discusses revenue arising from donations, to include reference to new SFFAS 6 paragraph 34A entitled, "Expense Recognition."

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. At paragraph 258, which discusses non-exchange transactions with the public, specifically donations, revise the paragraph to include G-PP&E land.

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 non-financial resources (except general PP&E land and permanent land rights and stewardship property, plant, and equipment) is therefore a non-exchange revenue.

- c. At paragraph 259, which discusses non-exchange transactions with the public, specifically donations, revise the paragraph to include G-PP&E land.

259. The exceptions 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. At paragraph 296 and footnote 62 which discusses sales of PP&E, revise language to include G-PP&E land and permanent land rights.

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 or 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 and 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. At paragraph 345, which discusses intra-governmental transfers of PP&E, add G-PP&E land to the requirement.

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. At paragraph 346, which discusses intra-governmental transfers of PP&E classified as G-PP&E by the transferor but as SL by the recipient, delete the de-recognition requirement in its entirety.

~~346. However, if the asset that is transferred was classified as general PP&E 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. [Rescinded by SFFAS ##.]~~

- g. At paragraph 358, which discusses transfers of PP&E, revise language to include G-PP&E.

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. At paragraph 361, which discusses donations of PP&E, revise language to include G-PP&E.

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 another financing source.

AMENDMENTS TO SFFAS 42: DEFERRED MAINTENANCE AND REPAIRS

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

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. 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.

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, as amended, should be included) regardless of the measurement method chosen.

Qualitative **(NOTE: No edits are proposed for items a thru c.)**

d. Whether DM&R relates solely to capitalized general PP&E and non-capitalized general PP&E land or 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 needed to address implementation issues arising from SFFAS 6, *Accounting for Property, Plant, and Equipment*; SFFAS 29, *Heritage Assets and Stewardship Land*; and SFFAS 50, *Establishing Opening Balances for General Property, Plant, and Equipment*.
- 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 managing land, 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*, 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 acre information 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 GPP&E land acquired for similar purposes. That is, GPP&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 stewardship land is expensed when acquired and quantity information is presented in the notes to the financial statements.
- A6. While developing and refining the project plan, certain 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 what the 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 categorizations of stewardship land (SL) and general property, plant and equipment (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, commercial sector(s), and citizens. Meetings were held between June 2016 and April 2017. Participants came from diverse disciplines such as accounting, auditing, civil engineering, financial reporting, business consultants, 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; Department of Defense (DoD), 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 for which preparers and users seemed to unanimously agree.

User Needs

- A9. The Board has identified various user needs covering citizens, federal executives and managers, and congressional users⁶ through a variety of initiatives and discrete projects over the years, to include this project.
- A10. Citizen-users tend to want understandable financial information which 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 financial health, how it uses its resources, and what was accomplished 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

⁵ Criticisms over consistency have arisen because current standards differ in how entities report land; for example, general property, plant, and equipment (G-PP&E) land is capitalized whereas Stewardship Land (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 a comprehensive 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 that included comments 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 have an effect on operating effectiveness because most of it is held in a stewardship capacity.

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 executive leaders and manager users tend to need accurate information regarding the status of their budgetary resources and the performance of their programs. Availability of this information seems to be a key concern for them. Additionally, they need information in a timely manner and in some cases more timely than their existing financial systems can provide. Further, they seek information from systems in addition to or in lieu of the financial system where; in some cases information from such systems is not verified or audited. As a result, multiple systems may be involved in their efforts to obtain useful information. Moreover, these leaders admit they may not always understand the information provided in financial reports; therefore, they develop their own 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 to manage its land portfolios is not reliable for financial reporting. Furthermore, in 2011 GAO assessed⁷ 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.
- A12. To fulfill Congress' wide range of responsibilities, congressional users tend to 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 the Government Accountability Office, Congressional Budget Office, and Congressional Research Service. To obtain the needed information, Congress may conduct hearings, make requests for data from the agency or rely on legislative support organizations and other sources. 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 cost information 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 ascertaining the reasonableness of a fair market value appraisal (both for example by applying escalation factors). Another user pointed to the reporting objectives (that is, stewardship and systems and controls) as directly benefiting from the requirement to report land's historical costs on the balance sheet and thus, increasing reliability of the financial statements.
- A14. In considering this matter, the Board is guided by two overarching principles: (1) entity accountability and (2) comparable reporting of federal land holdings (both within and across

⁷ Federal Land Management, *Availability and Potential Reliability of Selected Data Elements at Five Agencies*. GAO report No. GAO-11-377, date April 2011.

entities) . In evaluating these principles, the Board believes both can be satisfied from a financial display (for example, incorporating information into the Statement of Financial Position using appropriate recognition and measurement criteria), by presentation of non-financial information (NFI)⁸, or a combination of both.

- A15. To that end, because it appears that historical cost information is not particularly useful to the majority of users and that 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. With assistance from the task force, fair value and value-in-use measurement attributes were explored.

Fair Value

Although fair value was considered to be of importance to users, requiring fair value estimates for all federal land would not only be cost prohibitive, but could in many cases lack reliability especially regarding land where no comparable tracts or active markets exist. Specifically, trying to determine the fair value of land especially given that no active market exists in many, if not most cases, would require estimating fair values using 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 in-place to make such measurements and would therefore be required to engage outside experts. Such a requirement would impose significant costs and burden agencies beyond what is reasonable especially given that (frequent) re-measurements would also become necessary. Regarding re-measurements, such as 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 and given that no active market exists, result in less reliable user information at a unjustifiably increased cost and preparer burden.

Value-in-Use

Regarding value-in-use measurements, although the Board determined that such estimates could be cost-beneficial in limited cases, because such measurements are entity specific and somewhat 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 measurement attributes each would require re-estimations that as explained above, would affect relevance and potentially result in subjective measurements while being cost-prohibitive. However, the Board believes it can help better meet user needs through the presentation of non-financial information (for example, acreage) 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 by financially (re)measuring land are eliminated and replaced by more static metrics such as acreage and predominant use categorizations. The Board believes that adopting NFI will mitigate, if not reduce preparer burden by (1) eliminating the requirement to capitalize land associated with general PP&E and (2)

⁸ The Board noted in (SFFAC 1: *Objectives of Federal Financial Reporting*; par. 73, that in some cases, the most relevant measures of performance are nonfinancial. Within this Exposure Draft the Board has identified that "nonfinancial information" includes information on acreage, land held for disposal or exchange, predominant use, revenue generating land, and unit count..

considering the use of NFI that most agencies collect for program management or other external reporting purposes. Therefore, the Board proposes reclassifying general 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; stewardship land (SL) and general property, plant, and equipment (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 Government Accountability Office (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 and the GAO report examined 57 discrete land and resource data elements collected by five federal agencies; Forest Service (USDA) and Interior’s Bureau of Land Management (BLM), Fish and Wildlife Service (FWS), National Park Service (NPS), and Bureau of Reclamation and Department of Defense (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 use 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, as amended, 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. Whereas 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. 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. Therefore, as a result and 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 category -- land.
- 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 and SL would be lost. Also, some noted that such an approach would change current measurement and recognition requirements for SL with no perceived benefits. To explore the matter further, the task force analyzed two primary federal sources to address land use designations for federal lands: (1) *Federal Real Property Inventory Reporting from the General Services Administration (GSA)* and (2) a Government Accountability Office (GAO)

report entitled *Federal Land Management: Availability and Potential Reliability of Selected Data Elements at Five Agencies* (2011). The GSA reporting guidelines currently identify 24 (plus “all other”) discrete land-use designations and the GAO report examined 57 discrete land and resource data elements collected by five federal agencies; Forest Service (USDA) and Interior’s Bureau of Land Management (BLM), Fish and Wildlife Service (FWS), National Park Service (NPS), and Bureau of Reclamation and Department of Defense (DOD).

- 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 broad land use sub-categories are: (1) conservation and preservation; (2) operational; and (3) commercial use. Refer to Appendix B for Illustrations concerning the three sub-categories.
- A24. The Board is proposing to adopt these three broad areas 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 basing categorization on intentions at the time of acquisitions (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 and second, clarifying that general PP&E land should (1) have 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 as well as 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 acre information (and expensing of future acquisitions), the Board has developed uniform disclosure requirements that would apply to both G-PP&E land and stewardship land (SL). The most notable issues include:
- a. Inconsistent reporting of G-PP&E land brought about by eligible entities adopting 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.

⁹SFFAS 6, paragraph 23. “General 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).

¹⁰ SFFAS 50: *Establishing Opening Balances for General Property, Plant, and Equipment: Amending SFFAS 6, 10, and 23, and Rescinding SFFAS 35*

- c. Concerns that some information that is currently reported is consistent with FASAB's reporting objectives and qualitative characteristics.
- d. Limited value of historical/acquisition cost information for capitalized land given that such information may lose relevance over time due to general inflation as well as specific changes in the value of land.
- e. Whether stewardship land and GPP&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 will satisfactorily address the issues noted above and increase informational value. The development of the proposed requirements has been primarily taken from existing requirements contained at SFFAS 29 (for example, existing requirements include 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 (that is, requiring acreage reporting in three predominant use sub-categories, identification of land held for disposal or exchange, and disclosure (general description) 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 that there is a need to (1) clarifying the SL and revising the 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). 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 Revising G-PP&E land definitions

- a. Stewardship land – the current definition contained in SFFAS 29, at 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 above definition can be improved by (1) noting that SL includes both public domain land and land subsequently acquired, (2) clarifying that in some cases, SL may in fact be acquired for or used in connection with G-PP&E such as SL used for military security or aircraft noise buffer zones, and (3) expanding the list of SL examples. Please refer to Paragraph 12 for the proposed amendments to the SL definition.
- c. G-PP&E land – The Board noted that reclassifying general property, plant and equipment (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. As such, respondents should refer to the proposed amendments at paragraphs 8 through 10.

- A28. Concerning land held for disposal or exchange, disposal authorities are generally designed to permit entities to dispose 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 acreage disclosure requirements, land held for disposal or exchange should be disclosed in terms of physical units and acreage. The Board notes that land (acreage) 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 acreage disclosure requirements, conservation and preservation land shall be disclosed in terms of physical units and acreage. 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 acreage disclosure requirements, land in this sub-category shall be disclosed in terms of physical units and acreage. 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 acreage disclosure requirements, commercial use land shall be disclosed in terms of physical units and acreage. For example, the Board proposes that the following definition include land or land rights which are used to generate inflows of resources from non-federal third parties. Some 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 standard to apply to permanent land rights acquired from non-federal entities.

Types of Non-financial Information (NFI)

A34. Prior FASAB analyses of user needs reveal that financial statements are a starting point for users wherein they often consult other venues 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 (needs). However, the Board does believe additional information should be included within the financial report to allow users to have a starting point to assist them in their analyses or assessments of entity performance. As such, the Board believes this can be best accomplished using NFI.

A35. Five types of non-financial information were initially developed as a result of the task force's 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 information. The NFI types along with reasons they were included follow:

- a. Acreage – without acreage, any financial information on land becomes less meaningful and much more limited in value. Also seen as critical to meeting the reporting objectives. Of all the types reviewed, acreage received the highest support from the task force 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 have a positive effect on meeting Operating Performance, Stewardship, and Systems and Controls reporting objectives. Also, it would increase accountability and transparency. The task force supported this information for presentation as a note disclosure. However, an equal number of task force members supported excluding this information from NFI.
- c. Predominant Use - information for academic or commercial analyses of public land allows more uses of financial statement information. Also, increases comparability in land reporting across agencies. Although the majority of task force members supported predominant use for presentation (RSI being the most favored), some task force members supported excluding this information from NFI.
- d. Revenue-generating Land - essential information for analyses of public land options and needed for transparency and visibility to understand Federal revenues reported in the financials. This is a key area of congressional interest as reported by GAO. Also, allows for more uses of financial statement information and would make connecting land acreage and value to other entries in the financials more straightforward. Although

the majority of the task force members supported this information for presentation (RSI being the most favored), some task force members supported excluding this information from NFI.

- e. Unit count information - value of this information increases significantly when combined with acreage and any one of the other above supported information types. Task force members supported unit count information for presentation as a note disclosure. However, an equal number of task force members supported 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 included as additional specific disclosures. It is the Board's opinion that acreage is the common denominator among preparers and users. Providing acreage addresses criticisms and helps meet stewardship, accountability, and transparency concerns. That is, financial information (historical cost) about land thus far provided to users without acre information has been less meaningful to users.

A37. The Board agrees valuing and reporting land held for disposal supports the reporting objectives. As borne out 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 to also include potential disposal.

A38. Given the fact the Board believes land should not be capitalized (that is, measured or recognized) on the balance sheet, information on acreage and land held for disposal along with the other NFI proposals contained herein allows 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 non-financial information 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 (that is, categorizing land), acreage, and land held-for-disposal or exchange are items of great interest to users. Additionally, members concluded the relevance of this information to fair presentation is of utmost importance. That is, in SFFAS 29, *Heritage Assets and Stewardship Land*, the Board concluded information on HA and SL (except for condition) should be basic information because it (1) is deemed essential to fair presentation and may be crucial to understanding the entirety of an entity's financial condition and (2) addresses accountability and thus requires more audit scrutiny than would be afforded if considered RSI, and (3) was deemed consistent with GASB (reporting on art and historical treasures) and FASB (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 stewardship land¹¹. SFFAS 6 currently requires

¹¹ Where parcels of land have more than one use, the predominant use of the land should be considered the

categorization of PP&E as either general, HA, or SL. Currently, land categorization reflects intended usage 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 usage during the reporting period. This information is useful for academic or 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. Refer to the discussion entitled, *Land Use – Categorizing Land Consistently*, at paragraphs A22 through A25 for additional discussion regarding the presentation of this information. The Board proposes 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 analyses 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 land acreage and value to other entries in the financials more straightforward. 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. Acreage – financial information on land becomes less meaningful and valuable without acre information. Given the fact that the Board concluded to not 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 acre information should be reported as basic information in order 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 has 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 increases significantly when combined with acre information and any one of the other above types of NFI. The Board proposes this information remain as basic information.
- A41. Due to its importance to users and relevance to the reporting objectives, the Board proposes that entities report this additional information (that is, requirement to categorize land, acres held for disposal) as basic information through note disclosure.

major use. SFFAS 29, *Heritage Assets and Stewardship Land*, paragraph 40(c).

Preparer Burden

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

- i. Inadequately trained staff
- ii. Lack of experienced staff
- iii. Requirements overload
- iv. Continually shifting priorities
- v. Lack of senior level management support

Additionally, some preparers noted they are not the operational or program people 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 to which in some cases, accounting requirements have little to no bearing on supporting their mission.

A43. The Board realizes that the financial management community as well as operational and program personnel have difficult tasks and 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 is commensurate with user benefits.

A44. The Board further realizes that in general, resources are limited and because new requirements take time to implement, accounting requirements could compete with internally perceived needs. The Board acknowledges this trade-off as just one of many cost-benefit factors that the Board needs to consider as it addresses each specific issue in this proposed Statement.

A45. In addition to considering user needs and preparer burden, other key factors contributing to a cost-benefit analysis include: (1) budget constraints and uncertainties are not infrequent in the federal space and should not, by themselves, be a basis for not improving financial reporting; (2) identifying the proper accounting for land is of paramount importance and separate from implementation issues; and (3) standards can be written in a manner to help ease implementation issues; for example, proposing longer lead-times to effective dates or using a phase-in approach to help ease implementation.

Other Conforming Revisions

A46. In order to ensure linkage between component unit 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 is 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 of the federal entity from all other activities of that federal entity. Accordingly, fiduciary assets are not recognized on the balance sheet. Instead, a note disclosure providing the following information¹² about its fiduciary activities is required:
- a. An explanation of the nature of the fiduciary relationship,
 - b. A schedule of fiduciary net assets, and
 - c. A schedule of fiduciary activity.
- A49. Because federal GAAP provides for certain assets - stewardship land and heritage assets - to be disclosed rather than recognized, SFFAS 31 includes requirements for a Schedule of Changes in Non-Valued Fiduciary Assets including 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, heritage assets, 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 given the cooperative arrangements between beneficiaries, such as tribal governments, and federal reporting entities, such as the Bureau of Indian Affairs (BIA). Also, the cost-benefit of expanding the fiduciary activities disclosures should be considered; costs and benefits may differ from those regarding federally-owned land. Therefore, the Board concluded this proposed Statement does not directly impact 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, *Heritage Assets and Stewardship Land*, (par. 86-88) the Board briefly discusses the fundamental issues associated with historical assets and stewardship land. In addition, Technical Release 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)

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

purchases, and (4) treaties. Furthermore, acquisitions and disposals of land were not documented in the same manner as are modern-day land transactions. As a result, Technical Release 9 (TR9) makes the point that records and detailed listings from these periods generally do not exist. As a result, the Board believes that managements' assertion concerning land ownership and its related acre measurements must be based on non-traditional supporting documentation and reasonable acre estimates, respectively. For this reason, the Board notes that it (1) does not seek exact precision in determining estimated acreage 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 reporting on land by (1) providing implementation guidance incorporating aspects of TR9 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 Technical Release 9. For example, ownership can be evidence by public law, treaties, entity certifications, maintenance or renovation contracts, historical maintenance records or a history of payment of invoices, minutes of meetings, historical data bases, 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 acreage or rely on management tools such as Geospatial Information (GIS). As a result, it is expected for preparers to apply a variety of methods and techniques in arriving at estimates.

Physical Unit Information (Measurements)

A53. The Board envisions addressing physical unit measurements in subsequent implementation guidance and until such time notes that physical unit information should be meaningful, relevant and determined based on how an entity manages its land holdings. That is, 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	<ul style="list-style-type: none"> • State, region, field, district, zone, township, parcels, and tracts.

¹³ The physical unit measurements and 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 Statement even if not specifically identified.

Physical Unit Measurement Types	Examples
unit (GMU)	<ul style="list-style-type: none"> Administrative offices.
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).

A54. The Board notes that each of the items in the above table can be stand-alone measurements or be used in connection with other items. For example, an entity in addition to reporting land holdings by their physical nature (PN) 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 and 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, certain 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, entities 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.** For example, if an entity's land holdings has resulted in the creation of separate bureaus

¹⁴ A hydrological code or hydrologic unit code is a sequence of numbers or letters that identify a hydrological feature like a river, river reach, lake, or area like a drainage basin (also called watershed (in North America)) or catchment. 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. Source: <https://water.usgs.gov/GIS/huc.html> and https://en.wikipedia.org/wiki/Hydrological_code.

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

or departments to manage and control discrete entity land holdings used in different ways, management should consider reporting physical unit information in the context of a Geographic Management Unit (GMU) such as number of regional or district offices. However, if the entity assigns land holdings to a bureau or department primarily based on the specific uses of the land holdings, management should consider reporting physical unit information in another category such as Physical Nature (PN) or Project (P).

- c. **Internal asset (land) management practices.** For example, assume an entity has 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 such a case, an entity should consider reporting physical unit information reflecting the distinct asset management practices. As a result, 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 acreage.** For example, an entity may have significant amounts of land deployed as buffer-zones at its major installations for security purposes that are fenced-off and constantly surveilled or patrolled. 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). 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 compromising the view shed could also be reported as being Inactive (Operational Status) and Mission Critical (MC).

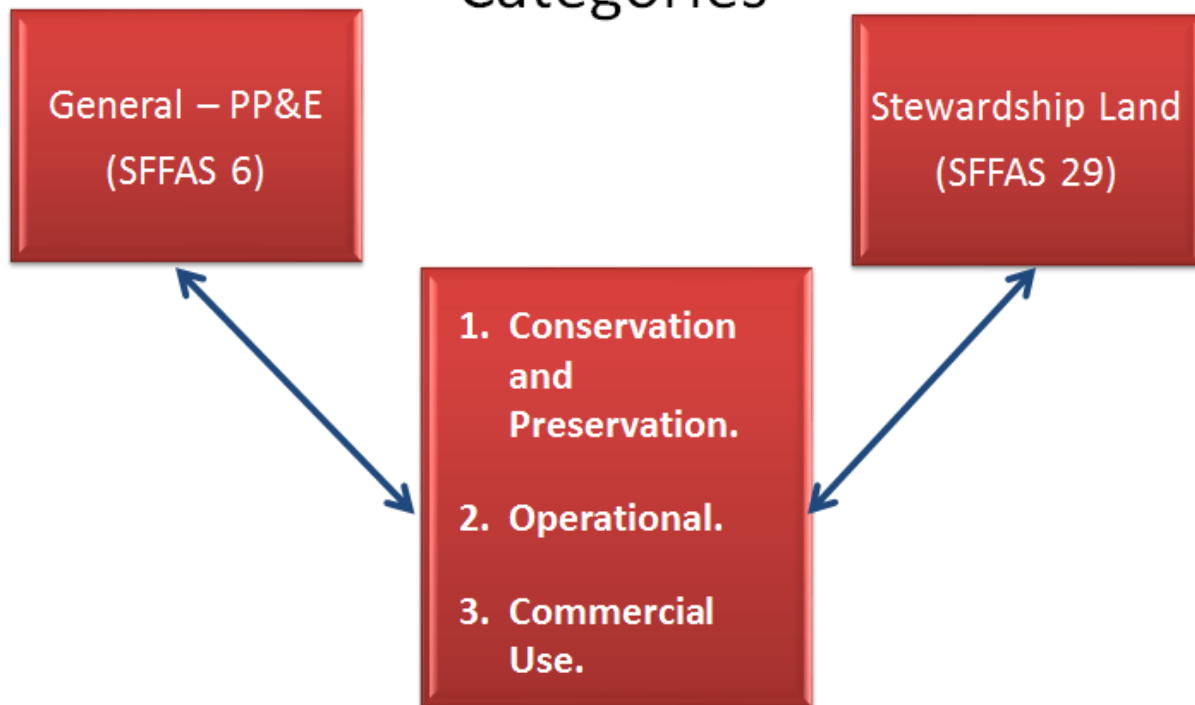
APPENDIX B: ILLUSTRATIONS

Sub-Categorizing Land – Predicated on Predominant Land-use

This appendix illustrates the application of the provisions of this proposed Statement to assist in clarifying their meaning. The following illustrations are intended to aid in the application of the provisions proposed on pages 14 through 27.

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. An illustration demonstrating how the Board envisions the sub-categories complementing the existing requirements follows:

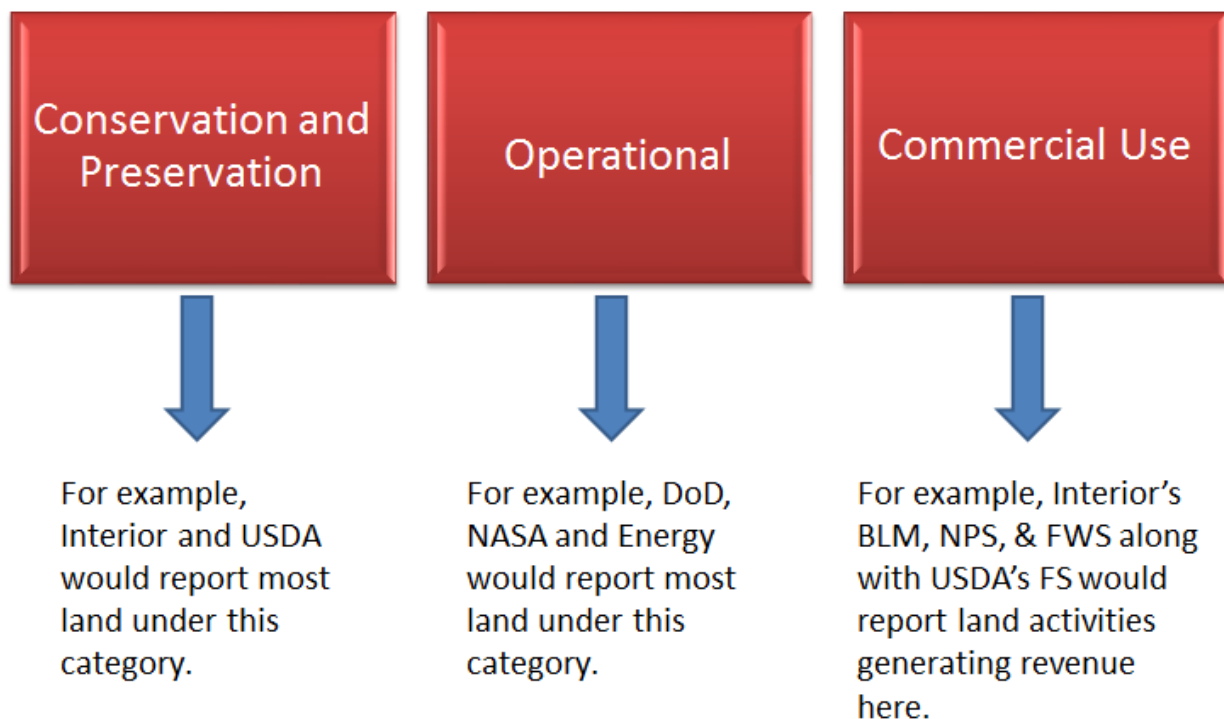
Complementing Existing Land Categories



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



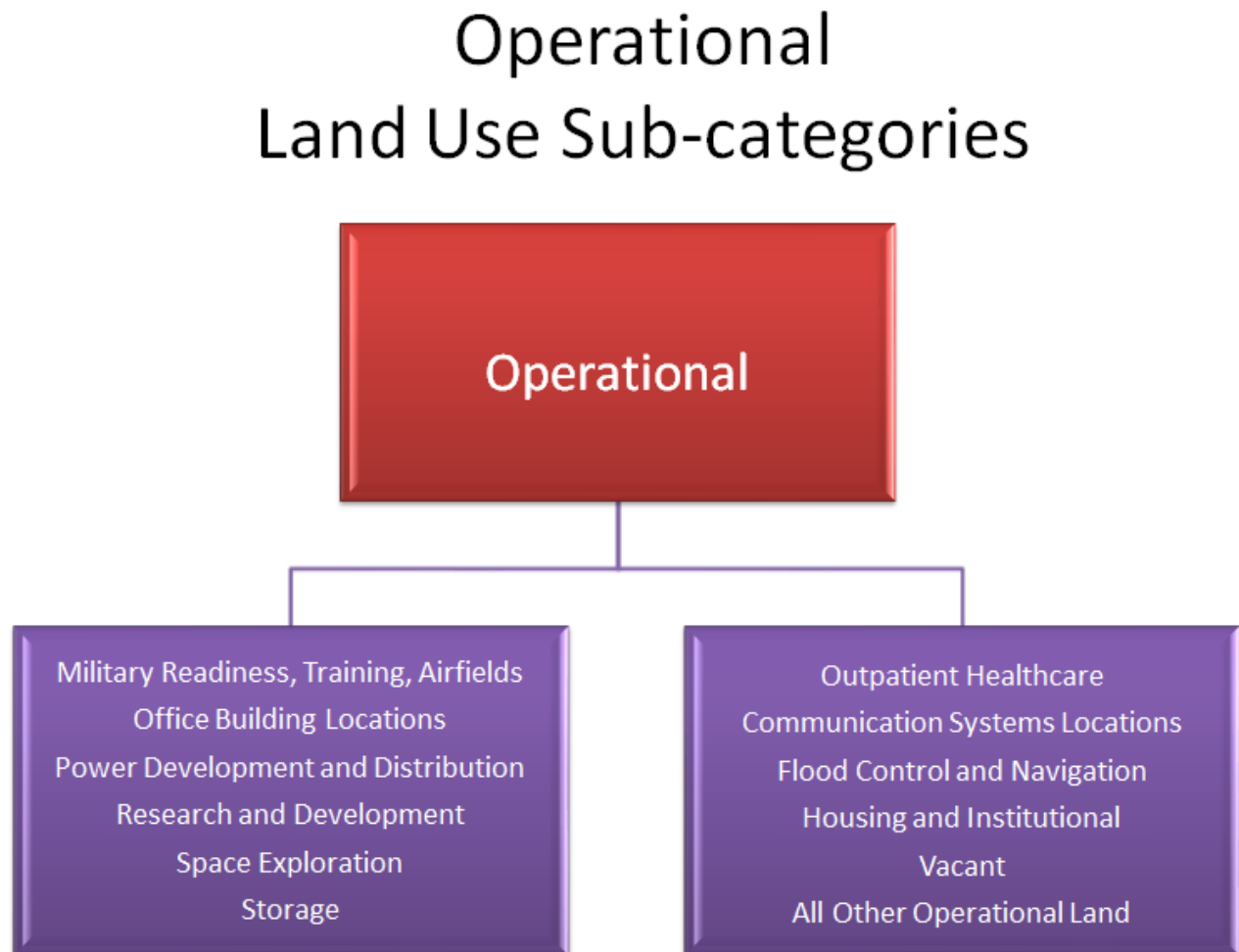
Conservation and Preservation Land Use Sub-categories

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



Operational Land Use Sub-categories

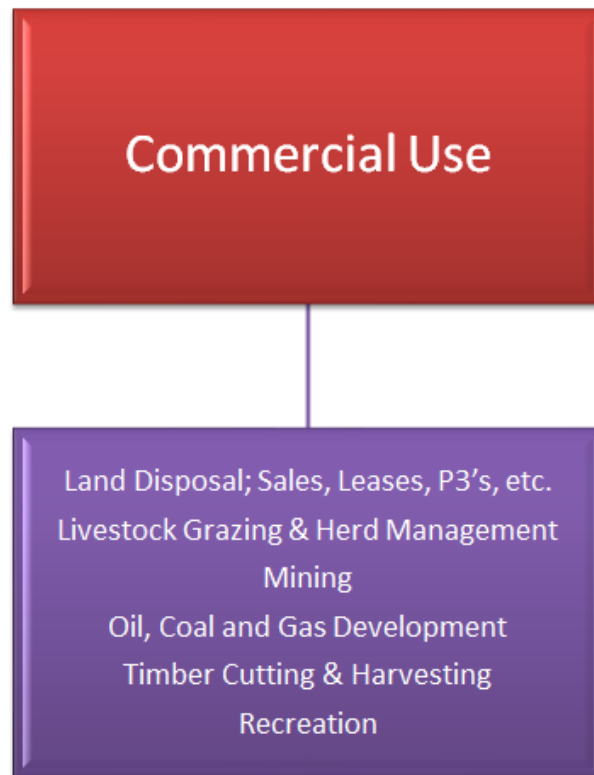
The following illustration shows what sub-categories or activities could be included within the operational land use sub-category.



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



Sample Illustration: Appendix B: Consolidated Financial Report of the U.S. Government

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	Physical Units	
Department A	234,889,617	12,362,611	247,252,228	223,145,136	12,362,611	11,744,481	247,252,228	Various	1
Department B	183,285,805	9,646,621	192,932,426	176,721,515	7,046,621	9,164,290	192,932,426	GMU, PT & AL	2
Agency 1	84,626,746	4,454,039	89,080,785	84,626,746	4,454,039	0	89,080,785	PN	3
Agency 2	75,666,349	3,982,439	79,648,788	37,833,174	3,982,439	37,833,174	79,648,788	PN & MC	4
Bureau 1	5,871,628	8,528,076	14,399,704	5,871,628	6,396,057	2,132,019	14,399,704	MC & AL	5
Total	584,340,144	38,973,787	623,313,931	528,198,199	34,241,768	60,873,964	623,313,931		

Physical Units legend: GMU = geographic management unit, PT = project type, AL = activity level, PN = physical nature, MC = mission criticality

Explanatory Comments

- 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. The department uses a variety of physical unit measurements to manage its estimated acreage portfolio. Most SL is categorized by its physical nature whereas its G-PP&E land is primarily categorized by geographic management unit such as regional or district offices. For related details please refer to Department A's annual financial report.
- 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. The department categorizes its G-PP&E land and SL portfolio by regional geographic management unit (GMU). Additionally, for Congressional reporting purposes G-PP&E land (refer to Agency X) is also reported by activity level (AL) such as active, inactive, or excess and some SL (refer to Bureaus A and B) is also reported by project type (PT) such as water or energy. For related details please refer to Department B's annual financial report.
- Agency 1** has not been granted any commercial use authority and operates under a strict mandate to preserve land under its care. SL is categorized by its physical nature (PN). For related details please refer to Agency 1's annual financial report.
- 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. SL is categorized by its physical nature (PN) whereas G-PP&E land is categorized by mission criticality (MC). For related details please refer to Agency 2's annual financial report.
- 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. All land is categorized by mission criticality (MC) and activity level (AL). For related details please refer to Bureau 1's annual financial report.

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

<u>Entity</u>	Categorized by Purpose or Intent at Acquisition	Sub-categorized by Predominant Use				<u>Physical Units</u>	<u>Explanatory Comments</u>
	General PP&E Land Acres	Conservation and Preservation	Operational	Commercial Use	Total Land Acres		
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

- 1 - **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).
- 2 - **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.

Sample Illustration: Appendix B-2: 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).

APPENDIX C: ABBREVIATIONS

AICPA	American Institute of Certified Public Accountants
BIA	Bureau of Indian Affairs
BLM	Bureau of Land Management (Department of Interior)
CFR	Consolidated financial report of the U.S. government
DoD	Department of Defense
DOE	Department of Energy
ED	Exposure draft
FASAB	Federal Accounting Standards Advisory Board
FRPC	Federal Real Property Council
FRPP	Federal Real Property Profile
FS	Forest Service (Department of Agriculture)
FWS	Fish and Wildlife Service (Department of Interior)
GAAP	Generally Accepted Accounting Principles
GAO	Government Accountability Office
GPP&E	General Property Plant and Equipment
NFI	Non-financial Information
NPS	National Park Service (Department of Interior)
OI	Other Information
OMB	Office of Management and Budget
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

APPENDIX D: GLOSSARY

Acres of land held for disposal or exchange - For purposes of this standard, land (acres) is considered held-for-disposal or exchange when the entity has satisfied the legislative disposal authority requirements specific to the land in question. FN Disposal includes conveyances of federal land not limited to sale, transfer, exchange, lease, public-private partnership, and donation or any combination thereof.

FN - 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 land¹⁶ – land or land rights which 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. Some examples include revenue or inflows derived from:

1. concession arrangements,
2. grants for a specific project such as electric transmission lines, communication sites, roads, trails, fiber optic lines, canals, air rights, flumes, pipelines, and reservoirs,
3. land sales or land exchanges,
4. leases,
5. 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,
6. forest product sales such as timber, or sales arising from national forests and grasslands,
7. public-private partnerships.

Conservation and preservation land - Land or land rights which 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.¹⁷

¹⁶ <https://www.blm.gov/programs/lands-and-realty/> and <https://www.fs.fed.us/sites/default/files/usfs-fy18-budget-overview.pdf> and Congressional Research Service, 7-5700, www.crs.gov R43822

¹⁷ <https://www.nps.gov/klgo/learn/education/classrooms/conservation-vs-preservation.htm>

General property, plant and equipment

G-PP&E Land - Land and permanent land rights (land rights of unlimited duration) acquired for or in connection with other general PP&E²⁹ ~~shall be included in~~ are considered general PP&E for purposes of disclosure but will not be capitalized on the balance sheet. General PP&E land should have one or more of the characteristics identified in paragraph 23. General PP&E land shall exclude (1) any withdrawn public lands or (2) land restricted for conservation, preservation, historical or other like restrictions. Such land would remain categorized as stewardship land. ~~unless the reporting entity made the election to implement the provisions of paragraph 40.f.i. In some instance, 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 29 - 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.~~

Operational land – 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:

Military¹⁸ - to prepare for the effective pursuit of war and military operations short of war; to conduct combat, peacekeeping, and humanitarian military operations; and to support civilian authorities during civil emergencies.

Scientific¹⁹ – to conduct and manage research, experimentation, exploration and operations to include 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).

¹⁸ REF: FASAB Appendix E

¹⁹ REF: https://www.nasa.gov/about/highlights/what_does_nasa_do.html, and *Two Types of Science*, by Colin McGinn <http://www.oxfordscholarship.com/view/10.1093/acprof:oso/9780199841103.001.0001/acprof-9780199841103-chapter-9>

Nuclear²⁰ – to manage or regulate the use of nuclear energy, power plants, radioactive materials, radioactive material shipments, nuclear storage, and nuclear reactor decommissioning.

Other Related – that are operational, administrative, or other in nature. For example, land used for readiness and training, office building locations, storage or vacant.

Stewardship land - Stewardship Land is includes both public domain and acquired lands 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.

1. forests and parks,
2. recreation and conservation,
3. wildlife habitat and grazing,
4. historic landmarks and/or to preserve pre-historic and historic structures (those listed on or eligible for listing on the National Register of Historic Places),
5. multiple purpose ancillary revenue generating activity (for example, special use permits, mineral development activities and timber production),
6. buffer zones for security, flood management, and noise and view sheds.

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.

FN16 - ~~"Used or Acquired for or in connection with" is defined as including (1) public land or acquired~~ land used acquired with the intent to construct general PP&E and ~~(2) 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 in connection with items of general PP&E but meeting the definition of stewardship land should be classified as stewardship land.

²⁰ <https://www.nrc.gov/reading-rm/basic-ref/students/what-is-nuclear-energy.html>

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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Navigant Capital Advisors
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