

On behalf of The US Department of Agriculture, attached are comments on exposure draft , “ The Hierarchy of Generally Accepted Accounting Principles, Including the Application on Standards Issued by the Financial Accounting Standards Board ”.

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Request for Comments on FASAB Exposure Draft: *Estimating the Historical Cost of General Property, Plant, and Equipment -- Amending Statements of Federal Financial Accounting Standards 6 and 23*

All responses are requested by January 30, 2009

Q1. The Board proposes that reasonable estimates may be used upon initial capitalization by entities implementing G-PP&E accounting for the first time. See paragraphs 7 and A9.

**Do you agree or disagree that reasonably estimating the original transaction data historical cost and accumulated depreciation of G-PP&E upon initial capitalization is appropriate for entities that have not previously reported G-PP&E on their entity financial reports and for those who have not previously prepared financial reports, but who may be required or elect to do so in the future? Please provide the rationale for your answer.**

Agree. The use of reasonable estimates may be more cost effective than reconstructing actual historical amounts based on inadequate or non-existent accounting records.

Q2. The Board proposes that initial capitalization of G-PP&E based on reasonable estimation methods as provided in the SFFAS 23, as amended, be considered acceptable on a continuing basis. See SFFAS 23 amended paragraphs [10.] – [13A.]

**Do you agree or disagree that initial capitalization of G-PP&E based on reasonable estimation methods as provided in the SFFAS 23, as amended, is acceptable on a continuing basis? Please provide the rationale for your answer.**

Agree. Use of reasonable estimates to value G-PP&E should be permitted at any time when reconstructing actual historical amounts is not cost effective because of inadequate or non-existent accounting records. However, using estimates in lieu of systems to capture the actual acquisition costs of assets should be an exception rather than standard operating procedure.

Q3. The Board proposes to allow the use of reasonable estimates of the original transaction data historical cost and accumulated depreciation for G-PP&E. See paragraphs 7 and A10 – A13A.

**Do you agree with the proposed amendment to SFFAS 6 that allows the use of reasonable estimates of the original transaction data historical cost and accumulated depreciation for G-PP&E? Please provide the rationale for your answer.**

See response to Q1 above.

Q4. The Board proposes that reasonable estimates be permitted at any time. One member has expressed concern regarding the open-ended time period for the use of estimates. See paragraphs 7 [SFFAS 6 amended paragraph 40], A5., A14., A15., A19. and A20

**Do you believe that the use of reasonable estimates to value G-PP&E should be permitted at any time (i.e., an open-ended option) or only permitted through a definitive end date (i.e., a date-certain option)? Please explain your preference.**

See response to Q2 above.

Q5. As noted above, one member, Mr. James Patton, has expressed views different from the majority view regarding this proposal. See paragraphs A18. through A20.

**Do you agree with the views expressed in the Alternate View in the Basis for Conclusions? Please provide the rationale for your answer.**

Disagree. Use of estimates may be necessary in the preparation of financial statements when relevant data concerning events that have already occurred cannot be accumulated on a timely cost-effective basis.

Q6. The Board has proposed clarifications regarding when reasonable estimates are permitted.

**Do you believe additional clarification is needed on the use of reasonable estimates when valuing the historical cost of G-PP&E? Please explain what areas require additional clarification and provide the rationale for your answer.**

Additional clarification on using estimates to value G-PP&E may be helpful.