

Memorandum

SFFAS 59 Briefing

June 6, 2025

To: Members of the Board
From: Domenic Savini, Assistant Director
Thru: Monica R. Valentine, Executive Director
Subject: SFFAS 59, *Land* Briefing: Staff Analysis of FY 2024 Audit Matters - **Topic A**

OBJECTIVE

The meeting objective is for the Board to review a draft Technical Bulletin resulting from its consideration pertaining to implementation matters reported by GAO at the February and April Board meetings. As noted in SFFAS 59, paragraph A39, the Board's post-issuance assessment includes potential action to be taken, as appropriate, to address any applicable remaining implementation issues before the SFFAS 59 requirements take effect.

BACKGROUND

At the April 1st meeting, staff reviewed each of its recommendations and then asked members to consider the ten GAO auditor issues noted in the memorandum. Members discussed each issue and concluded that the following could be considered for Board action¹:

Issue 1. Submerged Lands – Clarification via a Technical Bulletin that entities have a choice to estimate acres or forego estimation and provide a narrative disclosure.

Issue 2. Ownership - Clarification via a Technical Bulletin adopting TR 9 paragraphs as noted in the April staff memo.

Issue 5. Land Improvements - Clarification via a Technical Bulletin as noted in the April staff memo.

Issue 6. Permanent Land Rights - Clarification via a Technical Bulletin but limited to surface rights.

Issue 7. Land Definitions - Suggest that preparers and auditors contact FASAB staff via the Technical Inquiry process.

Issue 8. Technical Release 9 - Rescind TR 9 and incorporate paragraphs 81-85 into a Technical Bulletin.

¹ The remaining four issues were determined to be: non-accounting standards issues {Issue 3. Co-ownership/Joint management and Issue 10. Certain Acreage Estimates}; no longer an issue warranting Board attention {Issue 4. Predominant Use}; and lastly, outside the Board's remit {Issue 9. Materiality}.

Although staff recommended not to delay SFFAS 59 implementation, GAO indicated that it had identified additional issues other than those outlined at the February meeting that could require the Board's consideration to delay the SFFAS 59 reporting requirements: de-recognizing G-PP&E Land and moving RSI to the notes beginning in FY 2026.

As a result, members requested that GAO provide any remaining issues to staff in time for further analysis before the June meeting where it plans to address any remaining issues.

REQUEST FOR FEEDBACK BY JUNE 13

Prior to the Board's June meeting, please review the attached staff analysis and recommendation and respond to the ensuing questions by June 13.

NEXT STEPS

Pending Board member feedback, staff will review any remaining steps for full implementation of SFFAS 59 and begin preparing the draft Technical Bulletin for issuance as per procedures outlined in Technical Bulletin 2000-1: *Purpose and Scope of FASAB Technical Bulletins and Procedures for Issuance*. **Refer to Reference Materials, Item 1.**

ATTACHMENTS

1. Draft Technical Bulletin
2. Table 1.0 – Auditor Contributions and Comments
3. Table 2.0 – Preparer Contributions and Comments
4. Table 3.0 - Subject Matter Expert Interviews
5. Questions for the Board

REFERENCE MATERIALS

1. [Technical Bulletin 2000-1: Purpose and Scope of FASAB Technical Bulletins and Procedures for Issuance](#)

ATTACHMENT 1

Draft Technical Bulletin

**TECHNICAL CLARIFICATIONS:
SFFAS 59, ACCOUNTING FOR
GOVERNMENT LAND**

Technical Bulletin 2025-X

Exposure Draft

Written comments are requested by July XX, 2025

June XX, 2025

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.

Accounting standards are typically formulated initially as a proposal after considering the financial and budgetary information needs of citizens (including the news media, state and local legislators, analysts from private firms, academe, and elsewhere), Congress, federal executives, federal program managers, and other users of federal financial information. FASAB publishes the proposed standards in an exposure draft for public comment. In some cases, FASAB publishes a discussion memorandum, invitation for comment, or preliminary views document on a specific topic before an exposure draft. 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 standards 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 and other items of interest are available at www.fasab.gov:

- [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](#)
- [Documents for comment](#)
- [Statements of Federal Financial Accounting Standards and Concepts](#)
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June XX, 2025

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

Your comments on the exposure draft of a proposed Technical Bulletin, Technical Clarifications: SFFAS 59, *Accounting for Government Land*, are requested. Specific questions for your consideration appear on **page 3**, but you are welcome to comment on any aspect of this proposal. If you do not agree with the proposed approach, your response will be most helpful to the Board if you explain the reasons for your positions and any alternatives you propose.

Responses are requested by July XX, 2025.

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.

Please provide your comments by email to fasab@fasab.gov. We will confirm receipt of your comments. If you do not get a confirmation, please contact our office at 202-512-7350 to determine if your comments were received. If you are unable to email your responses, please call (202) 512-7350 to make alternate arrangements.

We may hold one or more public hearings on any exposure draft. No hearing has yet been scheduled for this exposure draft. FASAB will publish notice of the date and location of any public hearing on this document in the Federal Register and in its newsletter.

Sincerely,

Monica R. Valentine

Monica R. Valentine
Executive Director

EXECUTIVE SUMMARY

WHAT GUIDANCE IS BEING PROPOSED?

This Technical Bulletin (TB) would clarify existing standards for the accounting and reporting of government land in accordance with Statement of Federal Financial Accounting Standards (SFFAS) 59, *Accounting and Reporting of Government Land*. Guidance is needed to clarify the existing accounting and reporting requirements regarding the unique characteristics of government land holdings that have arisen during the FY2022- 2024 Required Supplementary Information (RSI) transition period.

Specifically, this TB would clarify (1) that the categorization of G-PP&E Land and Stewardship Land is based on intent or the intended purpose of why the entity is currently managing/holding the land in question whereas the sub-categorization is based on predominant use; (2) preparer flexibility concerning the accounting and reporting of non-OCS submerged land as well as ownership and related acquisition assertions; (3) the accounting and reporting of land improvements remain consistent with SFFAS 6, *Accounting for Property, Plant, and Equipment*; (4) that G-PP&E permanent land rights are to be expensed as incurred and (5) preparer flexibility concerning ownership and related acquisition assertions by incorporating into this TB concepts contained at paragraphs 81-84 (Supporting Documentation) and paragraph 85 (Methodology for Developing Supporting Documentation) of Technical Release 9, *Implementation Guide for Statement of Federal Financial Accounting Standards 29: Heritage Assets and Stewardship Land*.

This TB would facilitate consistent accounting and reporting of government land in accordance with generally accepted accounting principles while also reducing preparer burden and improving user benefits.

MATERIALITY

The provisions of this proposed Technical Bulletin would not need to be applied to information if the effect of applying the provision(s) is immaterial.¹ A misstatement, including omission of information, is material if, in light of surrounding facts and circumstances, it could reasonably be expected that the judgment of a reasonable user relying on the information would change or be influenced by the correction or inclusion of the information. Materiality should be evaluated in the context of the specific reporting entity. Determining materiality requires appropriate and reasonable judgment in considering the specific facts, circumstances, size, and nature of the misstatement. Consequently, after quantitative and qualitative factors are considered, materiality may vary by financial statement, line item, or group of line items within an entity.

¹Refer to Statement of Federal Financial Accounting Concepts 1, *Objectives of Federal Financial Reporting*, chapter 7, titled *Materiality*, for a detailed discussion of the materiality concepts.

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QUESTIONS FOR RESPONDENTS

The Federal Accounting Standards Advisory Board (FASAB or “the Board”) encourages you to become familiar with all proposals in the Technical Bulletin (TB) before responding to the questions for respondents (QFR) in this section. In addition to the questions below, the Board also welcomes your comments on other aspects of the proposed TB. Because FASAB may modify the proposals before a final TB is issued, it is important that you comment on proposals that you favor as well as any that you do not favor. The Board especially appreciates comments that include the reasons for your views.

The Board believes that this proposal would improve federal financial reporting and contribute to 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 regarding implementing this proposal.

The questions in this section are available for your use at <https://www.fasab.gov/documents-for-comment/>. Your responses should be sent to fasab@fasab.gov. If you are unable to respond by email, please contact us at (202) 512-7350.

All responses are requested by **July XX, 2025**.

QFR1. The proposed TB would clarify that categorizing G-PP&E Land and Stewardship Land is based on intent or intended purpose whereas the sub-categorization is based on predominant use. The determining factor when categorizing land between G-PP&E and Stewardship is the intent of why the entity is currently managing/holding the land in question as opposed to its actual use during the reporting period. **Refer to Paragraphs 5 and 6 and to BFC paragraph A4 for related comments.**

Do you agree or disagree? Please provide the rationale for your answer.

QFR2. The proposed TB would clarify that the reporting of non-OCS submerged estimated acreage is optional and that the preparer has flexibility concerning the accounting and reporting of such land. Specifically, preparers may elect to either provide or exclude estimated acreage of non-OCS submerged land or simply a narrative disclosure describing its mission related to such lands without the need to estimate non-OCS estimated acreage. **Refer to Paragraphs 7 and 8, BFC paragraph A5, and Appendix C Glossary for related comments.**

Do you agree or disagree? Please provide the rationale for your answer.

QFR3. The proposed TB would clarify that the accounting and reporting of land improvements remain consistent with SFFAS 6, *Accounting for Property, Plant, and Equipment*. That is, land improvements would continue to be reported as G-PP&E after land acreage transitions to the notes. **Refer to Paragraphs 9 – 11 and BFC paragraph A6 for related comments.**

Do you agree or disagree? Please provide the rationale for your answer.

QFR4. The proposed TB would clarify that all (G-PP&E and Stewardship) permanent land rights are to be expensed as incurred. **Refer to Paragraphs 12 and 13 and to BFC paragraph A7 for related comments.**

Do you agree or disagree? Please provide the rationale for your answer.

QFR5. The proposed TB would clarify that ownership and related acquisition assertions can be supported by non-traditional documentation. For example, alternative methods, such as satellite imagery, expert analysis, legal precedents, and testimonies from land historians or long-established local communities, can help reconstruct ownership history and confirm the legitimacy of land claims. Additionally, practitioners may review land surveys, geological data, or archival government correspondence to corroborate acquisition details. **Refer to Paragraphs 14 – 17 and BFC paragraph A8 for related comments.**

Do you agree or disagree? Please provide the rationale for your answer.

QFR6. The proposed TB would incorporate concepts contained at paragraphs 81-84 (Supporting Documentation) and paragraph 85 (Methodology for Developing Supporting documentation) of Technical Release 9, *Implementation Guide for Statement of Federal Financial Accounting Standards 29: Heritage Assets and Stewardship Land*. **Refer to Paragraphs 14 – 17 BFC paragraph A8 for related comments.**

Do you agree or disagree? Please provide the rationale for your answer.

QFR7. Do you wish to comment on any other specific aspects of this proposal?

PROPOSED TECHNICAL GUIDANCE

SCOPE

1. **What reporting entities are affected by this Technical Bulletin (TB)?**
2. This TB applies to reporting entities that present general purpose federal financial reports 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*.
3. **What accounting practices are addressed in this TB?**
4. This TB provides guidance clarifying existing guidance for accounting for and reporting of government land. Reporting guidance for government land is currently addressed in paragraphs 6 and 7 (G-PP&E land), paragraphs 8-10 (stewardship land), paragraph 11 (government-wide stewardship land) and paragraph 12 (government-wide G-PP&E land) of SFFAS 59, *Accounting for Government Land*. In accordance with paragraph A-39 of SFFAS 59, the Board committed to addressing post implementation issues and completing its assessment during Fiscal Year 2025, as appropriate. This TB addresses those reporting issues determined to be within the scope of the Statement and within the Board's authority.

G-PP&E LAND AND STEWARDSHIP LAND CATEGORIZATIONS

5. **Certain entities are having difficulty determining classification of land and permanent land rights between G PP&E land and stewardship land.**
6. G-PP&E land and stewardship land are asset categories based on an entity's intended use of the land². As such, the determining factor when categorizing land between G-PP&E and Stewardship is the intent or intended purpose of why the entity is currently managing/holding the land in question as opposed to its actual predominant use during the reporting period. The TB does not anticipate nor require that entities conduct an annual or other periodic survey solely for the purpose of identifying changes to the intent or intended purpose of its land holdings. Existing processes should serve to identify a shift or a change in the intent or intended purpose of holding property - whether transitioning from G-PP&E land to stewardship land, or vice versa – in entity mission requirements, impacts of significant events, or changes in circumstances. The results of such processes may serve as the basis for identifying any changes in intent or intended purpose.

ACCOUNTING AND REPORTING CONSIDERATIONS

² Refer to SFFAS 6, *Accounting for Property, Plant, and Equipment*, paragraph 17 and SFFAS 29, *Heritage Assets and Stewardship Land*, paragraph 33, respectively.

7. **Submerged Land - How should submerged land be reported? That is, should submerged land be reported as part of acreage estimates or disclosed as part of a Note?**
8. FASAB guidance defines “land” as the solid part of the surface of the earth³. Excluded from the definition are the natural resources (that is, depletable resources, such as mineral deposits and petroleum; renewable resources, such as timber; and the outer-continental shelf resources) related to land. In recognition of cost-benefit and preparer burden considerations, SFFAS 59 provides the preparer with flexibility in reporting **non-Outer Continental Shelf (OCS) submerged land**⁴. Preparers have the option to either include or exclude non-OCS estimated acreage in the notes as part of the overall reported acreage estimates. If the entity has non-OCS submerged land, the entity should (1) disclose its policy for including or excluding this land from acreage estimates, and (2) describe its mission related to such lands. Please refer to SFFAS 6 paragraph 45A and SFFAS 29 paragraph 40 footnote references 46.1b and 21.1b, respectively, pertaining to the aggregation and assignment of G-PP&E land and stewardship land⁵. That is, the preparer should determine how to group land and permanent land rights based on the entity's mission, land usage, and asset management. This process can also be adopted to estimate total acreage and identify the predominant use of the land to ensure accurate classification and reporting.
9. **Land Improvements – How are land improvements accounted for pursuant to SFFAS 59?**
10. Practitioners should refer to the guidance in Chapter 2 of SFFAS 6, *Accounting for Property, Plant, and Equipment*. If the land improvements meet the criteria to be categorized as general PP&E, then they would be considered depreciable PP&E. That is, such land improvements produce long term benefits that should be charged to expense through depreciation over their useful lives. Examples include dams, levees, irrigation/drainage systems, etc. Such land improvements would continue to be reported as PP&E after land acreage transitions to the notes to the financial statements
11. Land improvements not meeting the SFFAS 6 capitalization requirements should be expensed and not capitalized. Examples include beautification efforts or landscaping activities, general upkeep to include routine maintenance and repairs such as fixing existing structures without significantly upgrading them or altering their functionality.
12. **Permanent Land Rights – How are permanent G-PP&E land rights accounted for pursuant to SFFAS 59?**
13. As stated at paragraph 4 of SFFAS 59, permanent land rights are not capitalized and should be expensed as incurred. SFFAS 59 did not change the accounting or reporting requirements for either temporary land rights (land rights of limited duration) or permanent land rights (land rights of unlimited duration). As such, entities should continue following existing

³ SFFAS 29, Heritage Assets and Stewardship Land, paragraph 34. and Appendix E Consolidated Glossary.

⁴ Terms defined in the Glossary are shown in bold-face the first time they appear.

⁵ The level of aggregation of land and permanent land rights used to determine predominant use should be determined by the preparer considering the entity's mission, types of land use and how it manages the assets.

practices consistent with SFFAS 6, paragraph 35 wherein permanent land rights are not be capitalized/amortized. In most cases, permanent land rights such as easements, water rights, or mineral rights are inseparable from the land or lack distinct valuation, therefore, their treatment as a separate asset becomes impractical and creates unnecessary preparer burden.

OWNERSHIP AND SUPPORTING DOCUMENTATION

14. **How does an entity support its management assertion regarding ownership when there may be de-facto ownership (that is, the federal government controls/manages the acreage uncontested for decades or centuries) without title documentation?**
15. Although the measurement basis for land is acreage, reasonable estimates may be used to establish land acreage, and predominant use, in accordance with SFFAS 59. Entity estimates can be based on different underlying sources of data applying different measurement and/or mapping methods and can be applied at an aggregation level (e.g., by national park or reserve, regional/district office, topography/land cover, etc.) as discussed in SFFAS 59.
16. This Technical Bulletin incorporates Technical Release 9: *Implementation Guide for Statement of Federal Financial Accounting Standards 29: Heritage Assets and Stewardship Land* requirements at paragraph 85 which should be followed when developing supporting documentation. The TR 9 paragraph 85 requirements, as updated to include G-PP&E land and exclude Heritage Assets follow:
17. Methodology for Developing Supporting Documentation - Ideally, agencies should have a historical file evidencing ownership of its land holdings (that is, G-PP&E, and SL). But, when original property records or other documentation (for example, deeds, tax assessments, insurance records, etc.) do not exist, a methodology needs to be employed in order to develop alternative documentation to support management's assertions of federal ownership. For example, maintenance or renovation contracts, historical maintenance records or a history of payment of invoices, minutes of meetings, historical data bases, surveys of land records, a history of past/historical practices (e.g., establishing defacto ownership), or other relevant sources of information may provide acceptable alternative evidence of government ownership.

EFFECTIVE DATE

18. The requirements of this TB are effective upon issuance.

The provisions of this Technical Bulletin need not be applied to information if the effect of applying the provision(s) is immaterial. Refer to Statement of Federal Financial Accounting Concepts 1, *Objectives of Federal Financial Reporting*, chapter 7, titled *Materiality*, for a detailed discussion of the materiality concepts.

APPENDIX A: BASIS FOR CONCLUSIONS

The Federal Accounting Standards Advisory Board (FASAB) has authorized its staff to prepare Technical Bulletins to provide timely guidance on certain financial accounting and reporting problems, in accordance with the Board's Rules of Procedures, as amended and restated through August 2023, and the procedures described in FASAB Technical Bulletin 2000-1, *Purpose and Scope of FASAB Technical Bulletins and Procedures for Issuance*. The provisions of Technical Bulletins need not be applied to immaterial items.

This appendix discusses some factors considered significant by staff in reaching the conclusions in this Technical Bulletin. It includes the reasons for accepting certain approaches and rejecting others. Some factors were given greater weight than other factors. The guidance enunciated in the proposed technical guidance section—not the material in this appendix—would govern the accounting for specific transactions, events, or conditions.

This Technical Bulletin may be affected by later Statements or pronouncements. The FASAB Handbook is updated annually and includes a status section directing the reader to any pronouncement that affects this Technical Bulletin. Within the text of the Technical Bulletins, the authoritative sections are updated for changes. However, this appendix will not be updated to reflect subsequent changes. The reader can review the basis for conclusions of amending Statements or other pronouncements for the rationale for each amendment.

PROJECT HISTORY

- A1. The Board issued SFFAS 59, *Accounting and Reporting of Government Land*, in July 2021. SFFAS 59 is intended to ensure consistent accounting treatment and reporting for federal land and notes the importance of having accounting standards that provide relevant, reliable, and consistent information concerning federal land. It was the Board's intent that the information required by SFFAS 59 transition to basic information in fiscal year 2026 after being reported as RSI for a period of four years. Given the potential implementation challenges related to SFFAS 59, the Board agreed to monitor its implementation and to assess the need for actions to address any preparation and auditing challenges prior to transition of the RSI requirements to the notes in fiscal year 2026. As more fully discussed in paragraph A39 of SFFAS 59, the Board agreed to a four-year transition period (FY2022 – FY2025) to allow time for reporting entities to develop and establish policies and procedures and to validate that the required information is independently verifiable or auditable. Accordingly, in November 2023 GAO requested auditors of significant reporting entities reporting under FASAB standards to perform certain audit procedures in the FY 2024 reporting period to identify any verifiability issues.
- A2. At the February 2025 meeting, GAO briefed the Board concerning the fiscal year (FY) 2024 results of the GAO Land Procedures recently received from entity auditors concerning the application of audit procedures in relation to SFFAS 59 reporting requirements. The briefing outlined certain areas that may require the Board's attention and consideration, ensuring adherence primarily to the SFFAS 59 reporting requirement to de-recognize land commencing in FY 2026. The following nine auditor issues were identified at the February meeting: (1) Submerged Land; (2) Ownership; (3) Co-ownership

or Joint management, (4) Predominant Use; (5) Permanent Land Rights; (6) Land Improvements; (7) G-PP&E Land and SL definitions; (8) Technical Release (TR) # 9, and (9) Clarifying materiality. GAO agreed to provide the Board with a written list of the of the issues in preparation for the April meeting. On April 1st staff was notified of an additional implementation matter (acreage estimates) to be addressed by the Board.

- A3. At the April 2025 meeting the Board continued its assessment of auditor issues brought to it in February from the GAO concerning the fiscal year (FY) 2024 audit findings reported by entity auditors concerning the application of audit procedures in relation to SFFAS 59, Accounting and Reporting of Government Land. GAO indicated that additional issues were identified other than those outlined at the February meeting that could require the Board's attention and consideration regarding the SFFAS 59 reporting requirement to de-recognize land and moving RSI presentations to the notes commencing in FY 2026. These additional issues primarily related to challenges in certain entity's ability to provide sufficient support for reported land acreage, including predominant use.

Land Definitions.

- A4. During the Board's development of the reporting requirements of SFFAS 59, it spent a significant amount of time clarifying the G-PP&E and stewardship land definitions. For example, a notable clarification included that stewardship land used or acquired for or in connection with items of G-PP&E would not lose its distinction as stewardship land. During deliberations some task force members noted that a single land category would in theory simplify reporting, however, others were concerned that the existing distinction between G-PP&E land and SL would be lost, adversely changing current measurement and recognition requirements for SL with no clear benefits as well as adversely effect Congressional appropriations. As a result, the Board agreed to retain the G-PP&E and stewardship land distinctions. Furthermore, the Board believes that this Technical Bulletin contains sufficient guidance to assist practitioners in differentiating between G-PP&E land and stewardship land. For specific concerns or questions in this regard, please submit a technical inquiry at this link where staff will provide a formal response usually within 3-4 weeks: Technical Inquiries – fasab.gov.

A5. Submerged Land.

To avoid preparer burden, SFFAS 59 does not require that non-OCS submerged land be separately measured and reported when estimating overall acreage. The Appendix B Illustration on page 56 clearly shows that underwater lands include "watersheds and water resources" as well as monuments could be included within estimated acreage. The Board does not seek exact precision in this regard and provides the preparer with significant flexibility when estimating acres or when ascertaining how best to aggregate acreage estimates. Therefore, preparers may include non-OCS submerged land estimated acreage in the notes as part of the overall reported acreage estimates or simply provide a narrative disclosure describing its mission related to such lands without the need to estimate non-OCS estimated acreage. The Board believes this would reduce preparer and audit burden relating to estimating submerged land acreage.

A6. Land Improvements.

The determination of whether land improvements should be expensed or capitalized

hinges on their nature, longevity, and contribution to the land's overall use. Expenditures related to routine maintenance, temporary enhancements, and short-term land treatments are generally expensed.

In general, accounting principles are inclined to expensing costs that are recurring in nature, such as landscaping upkeep, pest control, and seasonal treatments, since these expenditures do not create an enduring asset that would justify capitalization. Expensing these items ensures that financial statements accurately reflect ongoing operational costs, preventing inflation of asset values that could mislead users regarding the entity's financial position.

Conversely, distinct land improvements that enhance the usability, functionality, or durability of the land over an extended period are typically capitalized. This includes permanent modifications such as road construction, installation of irrigation systems, and fencing, which may fundamentally change the characteristics of the land and provide measurable future benefits. These costs are operational and capitalizing allows them to be allocated across multiple accounting periods, aligning expenses with the periods in which benefits are realized. Proper classification between expensed and capitalized land improvements ensures compliance with the SFFAS 6 *Accounting for Property, Plant, and Equipment* accounting standards and supports informed decision-making by users.

Consequently, land improvements would continue to be reported as PP&E after land acreage transitions to the notes to the financial statements.

A7. Permanent Land Rights.

As stated at paragraph A9 of SFFAS 59, due to concerns that the stewardship and operating performance reporting objectives and qualitative characteristics, such as relevance and comparability, were not being met, the Board agreed to expensing G-PP&E land and associated permanent land rights and disclosing estimated acres in a note.

It is important to note that in so doing, the Board did not change the accounting or reporting requirements for either temporary land rights (land rights of limited duration) or permanent land rights (land rights of unlimited duration). As such, permanent land rights are not be amortized. The Board understood that in most cases permanent land rights such as easements, water rights, or mineral rights are inseparable from the land or lack distinct valuation, therefore, their treatment as a separate asset becomes impractical and creates unnecessary preparer burden. Without a clear mechanism to assign a measurable cost to these rights apart from the land, capitalization would lead to unnecessary preparer burden and arbitrary allocations that do not reflect the true economic substance of the underlying transaction(s). Expensing these rights instead provides a more accurate representation of financial performance, ensuring that only identifiable temporary land rights are reflected as assets and amortized accordingly.

A8. Ownership.

This Technical Bulletin incorporates the concepts in TR 9 Paragraphs 81-83. The most notable concepts include:

1. The Board acknowledges the fundamental problems associated with providing corroborating documentation to auditors on historical assets which predate the effective date of the standard and were acquired in an environment in which the historical records were not required to be retained and therefore may not exist or be

inadequate. Re: Paragraphs 81 and 82.

2. Definitive documentation on the majority of these lands is not available; therefore management must choose alternative methods of satisfying management's assertions for these assets. Re: Paragraph 83.

Therefore, practitioners must seek alternative support when attesting to federal land acquired because historical records may be incomplete, deteriorated, or entirely absent due to several factors such as the passage of time, changes in record-keeping practices, or natural disasters. In such cases, practitioners should consider other sources of verification. Alternative methods, such as satellite imagery, expert analysis, legal precedents, and testimonies from land historians or long-established local communities, can help reconstruct ownership history and confirm the legitimacy of land claims. Additionally, practitioners may review third-party land surveys such as from state/local governments or private entities, geological data supporting territorial claims, or archival government correspondence to corroborate historical acquisition details. This approach ensures a comprehensive assertion and attestation process that upholds accuracy, accountability, and compliance with the SFFAS 59 requirements.

APPENDIX B: ABBREVIATIONS

FASAB	Federal Accounting Standards Advisory Board
QFR	Question for Respondents
RSI	Required Supplementary Information
SFFAS	Statement of Federal Financial Accounting Standards
TB	Technical Bulletin

APPENDIX C: GLOSSARY

The terms explained in Appendix C have specific application to this TB and may be useful in applying the guidance.

Non-Outer Continental Shelf (OCS) Submerged Land – consists of submerged lands that are (1) within state territorial waters, rather than those extending into the outer continental shelf and (2) internal or inland waters. State territorial waters refer to the area of water immediately adjacent to a state's coastline, over which the state has jurisdiction. These waters typically extend up to 12 nautical miles from the baseline of the coastal state. State territorial waters are distinguished from (1) the high seas, which are common to all countries, and (2) internal or inland waters, such as lakes wholly surrounded by the national territory or certain bays or estuaries. Examples of internal or inland waters include: submerged lands beneath estuaries, waterways, lakes, rivers, and shallow waters surrounding islands.

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Table 1.0
Auditor Contributions and Comments
Draft Q&As and BFC

Entity Description	Contribution	Comments on TB	Other Notable Comments
Inspector General – Major Land Holding Agency	Provided edits to the draft Q&A for Technical Bulletin Inclusion.	Reserved judgement but Favorable	<ul style="list-style-type: none"> The agency does not coordinate with the Bureau of Land Management resulting in double reporting of acres. <i>Source: Via email 22 April 2026</i> <i>“I have no further comments. I think the draft as it is addressing all concerns I had, and it clearly explains the basic (sic) for conclusions. I found very helpful the Q&A 3 because it further explains SFFAS no. 6 chapter 232 that we saw in the past could have been misinterpreted.”</i> RE: Land Improvements. <i>Source: Via email 22 April 2026</i>
Big 4 International Audit Firm – Federal Practice	Provided edits to the draft Q&A for Technical Bulletin Inclusion.	Reserved judgement but Favorable	<ul style="list-style-type: none"> Issues are mostly audit related and not accounting Scrutiny should decrease after FY2026. Via meeting 2 May Non-authoritative guidance is not as beneficial compared to authoritative guidance and then providing examples (based on authoritative guidance in the standards) within this TB. Source: The term "submerged land" is not defined in current literature. Consider striking HA as they are not applicable to land holdings. <i>“I appreciate the responses – certainly helped clarified (sic) some things for me. I still have some questions on the use of satellite imagery as it could be read that that alone is sufficient but as you point out, there would need to be control of the asset (in this case the acres)...”</i>

Table 1.0
Auditor Contributions and Comments
Draft Q&As and BFC

Entity Description	Contribution	Comments on TB	Other Notable Comments
Big 4 International Audit Firm – Federal Practice	Provided edits to the draft Q&A approved for Technical Bulletin Inclusion.	Reserved judgment but Favorable	<ul style="list-style-type: none"> Issues are mostly audit related and not accounting. <small>Source: Via meeting 20 April</small> Permanent Land Rights is an audit issue (completeness assertion) and not an accounting issue. Consider deleting. <small>Source: Via meeting 20 April</small> Board should carefully weigh the application of its resources among competing financial management issues known to exist which are material. <small>Source: Via meeting 20 April</small> Consider retaining Heritage Asset guidance in TR 9. <small>Source: Via email 2 May 2022</small>
National Audit Firm – Government Practices	Provided edits to the draft Q&A for Technical Bulletin Inclusion.	Reserved judgment but Favorable	<ul style="list-style-type: none"> Concerning the draft Q&As, “Overall, the document was clear and concise.” <p>Suggested clarifications concerning BFC language regarding Permanent Land Rights.</p>

***** END TABLE 1.0 *****

Table 2.0
Preparer Contributions and Comments
Draft Q&As and BFC

Entity Description	Contribution	Comments on TB Approach	Other Notable Comments
Major Land Holding Agency – Financial Policy and Land Management Group <i>Source: Email correspondence between 23 April to present.</i>	Provided edits to the draft Q&A for Technical Bulletin Inclusion.	Favorable	<ul style="list-style-type: none"> • <i>“We agree with the proposed methodology for reporting submerged lands being reported or disclosed in the notes. This provides flexibility and discretion to the reporting agency. The acreage of submerged lands is de minimis and does not materially change the reported acreage.”</i> • Agreed with incorporating selected TR 9 paragraphs into the TB regarding supporting documentation.
Major Land Holding Agency – Financial Reporting Unit	Provided edits to the draft Q&A for Technical Bulletin Inclusion.	Favorable	<ul style="list-style-type: none"> • Regarding the intent of why an agency holds land, consider using “intended purpose” for holding/managing the land. This may be clearer and avoid ambiguity about what triggers “intent”. It explicitly points to the reason or objective behind holding or managing the land. • <i>“For awareness only, in the latest group of questions we are receiving from our auditors they are asking how often we do a physical inventory of all lands to ensure they exist. They are also asking how often we review the ownership documents for each land record to ensure it properly reflects the acreage and land information.”</i> • <i>“With the current resources, there is no expectation that [we] can perform an annual inventory of all land records and review all the documents.”</i>
Major G-PP&E Land Holding Agency – Financial Management Policy and Reporting	Provided edits to the draft Q&A for Technical Bulletin Inclusion.	Favorable	<ul style="list-style-type: none"> • <i>“The TB looks great.”</i> • <i>“TB specifies GPP&E land and stewardship are land categories and based on an entity's intent in holding/managing the land, not at acquisition. The</i>

Table 2.0
Preparer Contributions and Comments
Draft Q&As and BFC

Entity Description	Contribution	Comments on TB Approach	Other Notable Comments
Source: Email correspondence between TS May to present			<i>language of the TB is better, as acquisition may have occurred several years ago, and both use and intent may have changed since then."</i>
Parent Reporting Entity – Consolidation Unit	Provided edits to the draft Q&A for Technical Bulletin Inclusion.	Favorable	<ul style="list-style-type: none"> • <i>"I really like the language in the last 2 paragraphs of Q&A3, Basis for Conclusions."</i> RE: Land Improvements. • Clarify the discussion on Permanent Land Rights. SFFAS 59 talks about Temporary Land Rights being capitalized but mentions Permanent rights being derecognized.

***** END TABLE 2.0 *****

Table 3.0
Subject Matter Expert
Contributions and Comments

Entity Description	Notable Comments
<p>Major G-PP&E Land Holding Agency - Geospatial Information Officer</p> <p><i>Source: 2 May interview</i></p>	<ul style="list-style-type: none"> • "Sadly there is no National Land Parcel database like most European nations have. We haven't been able to generate the interagency coordination necessary, nor Congressional interest in funding such a project. The National Academies published a compelling report on the topic but nothing really came from it https://nap.nationalacademies.org/catalog/11978/national-land-parcel-data-a-vision-for-the-future." • "The Bureau of Land Management (BLM) has the largest federal database of federal land parcels, but it doesn't include DoD or some other federal agency lands. They been working for years to improve it but the shoestring budget has limited their progress." • "The closest thing we have is the National Address Database which is managed by DOT https://www.transportation.gov/gis/national-address-database I don't think addresses alone will help you map parcels or validate GIS data".
<p>Major G-PP&E Land Holding Agency – Accountable Property Team Lead</p>	<ul style="list-style-type: none"> • Concerning federal lands in particular, its proof and existence can be confirmed first through historical records (e.g, historical presence, use, adverse possession) and then indirectly confirmed by recent land acquisitions. For example, recent purchases of adjacent land to pre-existing federal land can be circumstantial evidence of ownership of the pre-existing land. For example, a military base purchasing buffer zone land next to its military installation would serve as circumstantial evidence of ownership of the military base. • Given the different ways land was acquired over the centuries (different vintages), sampling experts knowledgeable in federal lands should be consulted concerning how to best develop sampling plans so error rates reflect comparable source documentation deficiencies. • Preparers should consider comparing their boundary information to different data sets to ascertain reasonableness of estimates. This can be done by layering the different data sets and comparing the boundary lines.
<p>National Society of Professional Surveyors – Executive Director</p>	<ul style="list-style-type: none"> • Accuracy of parcel measurements can vary greatly.

Table 3.0
Subject Matter Expert
Contributions and Comments

Entity Description	Notable Comments
Source: 8 May interview	
Major Land Holding Agency - Chief Land Surveyor	<ul style="list-style-type: none"> “...each and every parcel of landthat has been acquired will have a legal land description, some descriptions are very clear and others might be older and not so clear but they are ALL legally recorded documents. These legal documents (ie. warranty deeds, quit claim deeds) all have a starting (point of beginning) and ending point. As a surveyor I have entered 1000's of deeds, some are good and some are not. Speaking in broad terms, even if the closure of a deed is off by 10 feet the acreage may only be .3 acreage difference, even with a bad description acreage can still be somewhat close. This should make sense because the person who wrote the legal description is trying to convey a parcel (shape) of land and not a bunch of lines, therefore a parcel (shape) creates the acreage if that make sense. However some legal land descriptions have errors and need corrections.” “Even land that has never left Federal ownership, most can be described by the PLSS (public land survey system), Township, Section and Lots, they are called aliquot parts. Thomas Jefferson came up with the PLSS after the Revolutionary War. Federal Government needed a way to reward soldier for their service and created a way to sell land to raise Treasury funds. Each aliquot part has an acreage, GLO surveys from the 1788-1946 (creation of BLM), 1946-present BLM surveys all townships record acreage for the CONUS, in Alaska lands are still being surveyed, but all lands that are surveyed have acreage calculations.” “So simple answer to...the auditor – would be: we have recorded deeds, record surveys and official GLO/BLM surveys, that backup our parcel and acreage data.”
Executive Director - Maine Geospatial Library Source: 27 May interview	<ul style="list-style-type: none"> Federal entities should declare official boundary information by establishing policies recognizing State/local community boundary lines as part of their source documentation. This reduces time and effort in supporting ownership and acreage estimates. <ul style="list-style-type: none"> For example, in Maine, some jurisdictions update their parcel data every three months. Census bureau TIGER/line shapefiles data can be used to estimate acreage by analyzing the spatial data they provide. Since they contain geographic entity codes (GEOIDs), they can be linked to other

Table 3.0
Subject Matter Expert
Contributions and Comments

Entity Description	Notable Comments
	<p>datasets that may include land area measurements. https://www.census.gov/geographies/mapping-files/time-series/geo/tiger-line-file.html</p> <ul style="list-style-type: none"> • “Exact precision is folly.” The GAO audit guidance using a 5.0% materiality rate provides significant room for reasonably deriving estimates. • Auditors should consider comparing State/Local boundary information to different data sets to ascertain reasonableness of estimates. • Sampling experts knowledgeable in federal lands should be consulted concerning how to best develop sampling plans so error rates are reflective of the population being tested.
<p>Nuview</p>	<p>Company Background – Nuview uses LiDAR, short for Light Detection and Ranging, is a remote sensing technology that uses laser pulses to measure distances and create high-resolution, three-dimensional maps of surfaces. It works by sending out laser beams, which bounce off objects and return to the sensor. By calculating the time it takes for the laser to return, LiDAR can determine the shape, height, and depth of terrain or objects. https://www.nuview.space/about</p> <ul style="list-style-type: none"> • Each State should have public records regarding federal land holdings. Property data and location intelligence companies such as Regrid and Adam Data use this data and resell it • Preparers/Auditors should look at State records to ascertain state, county, and private boundary lines to determine federal boundaries • States frequently update their survey data and validate them with the respective federal entity • Note that State Revenue Departments insist on accuracy • Auditors should validate information in the agency’s Survey Grade Data Set to assess positional accuracy

Table 3.0
Subject Matter Expert
Contributions and Comments

Entity Description	Notable Comments
	<ul style="list-style-type: none"> • Auditors should view Ownership in non-traditional ways such as an agency's historical possession of the land and State/county or third-party recognition of ownership (i.e. akin to the adage that possession is 9/10's of the law) • Auditors are correct to inquire about acreage estimation and should begin with analyzing the agency's Survey Grade Data Set
Cipher-Intelligence Company <i>Source: 3 May interview</i>	<p>Company Background – This entity creates 3D images of Earth by extracting data from satellite imagery and reconstructing detected attributes in photorealistic 3D. Their technology enables real-time visualization and simulation for various industries (i.e., virtual boots on the ground technology).</p> <ul style="list-style-type: none"> • Preparers/Auditors can use the USGS NAPE program. NAPE refers to the National Aerial Photography Program (NAPP), which was coordinated by the U.S. Geological Survey (USGS) as an interagency effort to acquire high-resolution aerial photographs of the United States • This entity's software can extract features such as grass, trees, terrain and water from the land to ultimately yield parcel and boundary/acreage estimates. The software can locate cocaine hidden fields • Pixel resolution matters so preparers/auditors should understand/agree on level of accuracy needed. • The entity's software can also assist with verifying third-party boundary dispute/questions to help prevent double counting • Concerning ownership, they would turn to county records if a federal agency lacks adequate proof • Concerning accuracy in estimates, they look to ensure that the data is enriched before preparing a "strike package" or other operational exercise

***** END TABLE 3.0 *****

QUESTIONS FOR THE BOARD

Question #1 for the Board

Does the Board agree to proceed with the issuance of a Technical Bulletin exposure draft in accordance with the recommendation to implement SFFAS 59 as planned beginning in FY 2026? If not, why not and please provide your rationale and any suggested changes to the SFFAS 59 implementation plan.

Question #2 for the Board

Do members have any comments or suggested edits for staff to consider prior to finalizing the draft TB for the Board's 15-day review period? If so, please identify what you would like to staff to consider. If not, please indicate your acceptance of this draft for the review period.

Note: As per paragraph 6 of TB 2000-1, within 15 days of sending the draft TB to FASAB members, the Executive Director will review any member comments and consult with members on any issues identified. Based on the comments and consultation, the Executive Director will determine if a majority of members do not object to the proposed Technical Bulletin.

REFERENCE MATERIALS

1. Technical Bulletin 2000-1:
Purpose and Scope of FASAB
Technical Bulletins and Procedures
for Issuance