

*Exposure Draft Technical Bulletin:**Technical Clarifications: SFFAS 59, Accounting and Reporting of Government Land*

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This proposed Technical Bulletin (TB) would assist reporting entities in implementing Statement of Federal Financial Accounting Standards (SFFAS) 59, *Accounting and Reporting of Government Land*.

QFR 1. The proposed TB would clarify that categorizing general property, plant, and equipment (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 why the entity is currently managing/holding the land as opposed to its actual predominant use during the reporting period. Refer to paragraphs 5 and 6 and paragraph A4 in the basis for conclusions.

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

Agree. The categorization between G-PP&E land and stewardship land should be based on management's intent or intended purpose of owning the land. However, the standard should include guidance on the following:

- How should agencies determine the “predominant use” of land when it supports multiple functions (e.g., medical centers with adjacent green space or cemeteries)? What threshold or criteria should be used and considered by

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agencies in making this determination (e.g., a majority over 50% use considered predominant, or key operational uses)?

- What type of documentation is appropriate to support the determination of predominant use?
- If land use changes over time (e.g., from operational to conservation), how should that be reflected in the disclosures? How should agencies handle changes in classification of land between fiscal years?

QFR 2. The proposed TB would clarify that the reporting of non-outer continental shelf (OCS) submerged estimated acreage is optional and that the preparer has flexibility concerning the accounting and reporting of such land. Specifically, 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. Refer to paragraphs 7 and 8, paragraph A5 in the basis for conclusions, and appendix C.

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

If submerged land is unusable/unsuitable for supporting the government's mission or operations, it may be misleading to include the related acreage in certain sub-categories. FASAB should consider developing additional guidance or examples for when agencies should include or exclude submerged land.

Additional questions / thoughts:

- This suggests that preparers have option to include or exclude non-OCS estimated acreage –
 - Has the Board considered this to be a one-time decision (as in the case of valuing inventory)?
 - Would there be instances or examples of when the entity should include or should exclude?
 - When disclosing the policy for including or excluding, has the board considered if entities should use a materiality threshold for making this determination along with or instead of a mission-driven decision?

QFR 3. The proposed TB would clarify that the accounting and reporting of land improvements remains 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 paragraph A6-A9 in the basis for conclusions.

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

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Agree. Land improvements should continue to be reported as capitalized G-PP&E assets, consistent with SFFAS 6. VA currently capitalizes such improvements when they meet capitalization thresholds and useful life criteria. This clarification ensures continuity in accounting treatment even as land itself transitions to note disclosure in FY 2026.

Land improvements are not specifically discussed in SFFAS 6; FASAB should consider providing additional guidance and/or practical examples of land improvements to ensure agencies are consistently reporting land improvements.

The standard could also clarify that reporting of land improvements should be consistent with the capitalization requirements outlined in SFFAS 6 and also clarify whether agencies should use materiality or capitalization policies to determine whether to capitalize land improvements.

QFR 4. 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 paragraph A10-A11 in the basis for conclusions.

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

Agree. Permanent land rights should be expensed upon acquisition, consistent with the derecognition of land from the balance sheet under SFFAS 59. This treatment reflects the non-depreciable nature of such rights and simplifies accounting.

Consider additional guidance regarding the disposition of land and permanent land rights from the balance sheet in FY 2026 and whether removing land would follow posting logic for land dispositions since this scenario is not truly a disposition of land. The standard should contemplate scenarios in which there are additional implications of derecognizing G-PP&E land from the balance sheet starting in FY 2026 such as gains or losses due to any changes in value of land assets.

Further, the standard should include guidance for agencies to determine the thresholds (e.g., materiality, capitalization policies) to be used for determining when capitalize and depreciate temporary land rights. If agencies use materiality which is the only threshold specifically mentioned on page 2 of the standard, agencies may bypass the intention of including temporary land rights in GPP&E. For consistency, temporary land rights must follow the same capitalization policies as all other GPP&E assets.

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QFR 5. 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 paragraph A12-A18 in the basis for conclusions.

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

Partially disagree. The use of non-traditional documentation (e.g., satellite imagery, expert testimony, historical records) may be appropriate documentation to support the existence assertion. However, certain evidence such as satellite imagery would not necessarily support **ownership** of land for the purpose of audit procedures. For older or historically significant properties, such as national cemeteries, where traditional deeds may not be available it's important for agencies to have the flexibility of using expert analysis, legal precedents, and historical records or local testimonies to support ownership history.

QFR 6. The proposed TB would incorporate concepts regarding ownership in paragraphs 81-83 (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 and paragraph A12-A18 in the basis for conclusions.

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

Agree with incorporating the ownership documentation concepts from Technical Release 9 into the land reporting framework. This guidance should include specific examples and clarify that evidence in the form of satellite imagery should include related data that is generated by the imagery technology such as date/time, geographic coordinates, etc. Additionally, consistent with the response to QFR5 above, consider adding guidance that satellite imagery should be used in conjunction with another ownership setting documentation and cannot be used on its own.

QFR 7. Do you wish to comment on any other aspects of this proposal?

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N/A
