

*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.

However, we were unsure how paragraph A4 relates to the question and answer posed by paragraphs 5 and 6. As written, paragraph A4 introduced some confusion about how to interpret paragraphs 5 and 6. Some members thought the second sentence of this paragraph could be more clear that in cases where there was an overlap in the definitions of stewardship land and G-PP&E, that the land should continue to be classified as stewardship land.

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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.

We agree.

While this may result in some diversity in practice, we do not see this as a significant matter. Moreover, providing this flexibility fits with the purpose and value of the standard, which is not to provide a precise count of acres, but rather to distinguish stewardship land and provide for disclosure of the scope and nature of land holdings rather than requiring a (meaningless) reporting of historical cost.

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.

We agree. Proposed implementation guidance is in accordance with current standards. Since land improvements are depreciated, there is value and rationale in allocating the expense over the useful life of the asset. This is in contrast with stewardship land, which is a one-time expense, with the historical cost no longer retaining meaning as an asset value past the purchase.

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.

We agree.

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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.

We agree.

However, as a matter of protocol and to enhance the readability of standards, we would prefer that instead of referencing a paragraph in the basis for conclusions of a standard, that the Technical Bulletin instead include that content in its entirety in a way that reflects the technical guidance the Board wishes to convey. Referencing the basis for conclusions is confusing since the basis is not authoritative. It also means the reader needs to also read that other section in conjunction with this one in order to have a full understanding of this sentence. Finally, since basis paragraphs are not updated to reflect subsequent changes, it creates an entanglement should the standard or technical guidance be amended in the future.

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.

We agree.

Financial statements should reflect the government's current assertion with regard to land owned by the government. This necessarily means that reporting will follow whatever methods are used to establish the government's current assertion. It is not the place of financial statements to resolve boundary uncertainties or require more precision than needed for operations, they simply need to reflect the government's current position.

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

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We noticed that the TB had different paragraph numbers for the question and the answer. This appears to be a departure from recently issued TBs, which had one paragraph number for each question, inclusive of the answer. We strongly prefer having a single citation for each question and answer combination, since this would be much easier to navigate and cite, and to keep with a uniform convention.

Also, the comment period for this exposure draft was too short. A 15-day comment period, consisting of 10 working days during summer, is not a reasonable comment period. This is especially true for organizations that need to arrange groups of people and collaborate on a response. If the Board is serious about obtaining quality feedback from stakeholders, then comment periods should be no less than 30 days.