

To: Federal Accounting Standards Advisory Board (FASAB)

Date: July 25, 2025

Subject: Response to Request for Comment on Technical Clarifications to SFFAS 59,
Accounting and Reporting of Government Land

Introduction

The responses below reflect the collective perspective of the CFO Council (CFOC). The CFOC appreciates the opportunity to provide input to the Federal Accounting Standards Advisory Board (FASAB) on the emerging accounting issues and questions related to reporting entity reorganization and abolishment. We understand that this request aims to identify and address accounting and reporting challenges stemming from such activities, including categorization and accounting of land by federal reporting entities. Our input aims to support FASAB's efforts in identifying, researching, and responding to these critical issues to inform potential staff recommendations and updates to federal accounting standards and guidance.

Responses to Specific Questions

Question 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.

Response: CFOC agencies agree that collectively SFFAS 6, the Technical Bulletin, and SFFAS 59 amendments contain sufficient guidance to assist preparers in differentiating between G-PP&E land and stewardship land and that clarifying that classification is based on intent or intended purpose rather than current use is appropriate. The TB language provides additional flexibility in situations where both use and intent may have changed since the land was acquired. CFOC agencies agree that intent should be supported by entity mission documentation.

Question 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.

Response: CFOC agencies support giving flexibility to the preparer on when to include submerged land acreage non-OCS estimated acreage in the notes as part of the overall reported acreage estimates. Submerged land may be difficult to accurately measure given that the area of submerged land can vary from time to time in size, depending on rainfall or water level rise/fall. Allowing optional disclosure and requiring policy explanation and mission description promotes transparency while respecting data limitations and varied agency missions. This approach enhances consistency without imposing undue burden on entities with diverse land management responsibilities.

Question 3: The proposed TB would clarify that the accounting and reporting of land improvements remains consistent with Statement of Federal Financial Accounting Standards 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.

Response: CFOC agencies support allowing land improvements that meet the criteria identified necessary to be categorized as G-PP&E to be considered as depreciable property, plant, and equipment (PP&E). Land improvements are distinct from land itself. Land improvements not meeting the SFFAS 6 capitalization requirements should be expensed and not capitalized. The exposure draft provides clear examples of capital improvements, as well as upkeep/repairs to be expensed and appropriately clarifies that land improvements remain subject to SFFAS 6 and continue to be reported as G-PP&E, even after land acreage moves to note disclosure. This maintains consistency in accounting treatment and ensures that capitalized improvements are properly recognized.

Question 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.

Response: CFOC agencies agree that in most cases, permanent land rights, such as easements, water rights, or mineral rights are either inseparable from the land or lack distinct valuation; therefore, their treatment as a separate asset becomes impractical and creates unnecessary preparer burden. CFOC agencies concur with the Board that permanent land rights should be expensed as incurred and not capitalized because 1) there is not a clear mechanism to assign a

measurable cost to these rights apart from the land and 2) capitalization could result in unnecessary preparer burden and arbitrary allocations.

Question 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.

Response: CFOC agencies support preparers using a specified methodology in developing alternative documentation to support management's assertions of federal ownership under circumstances when original property records do not exist. In addition, this approach promotes flexibility and inclusivity. This approach acknowledges the diverse nature of federal land holdings and the reality that not all ownership claims can be supported by conventional means. It empowers practitioners to use professional judgment and a broader evidentiary base without lowering standards. Considering that land may have been acquired a long time ago and documentation may be sparse, alternate forms of evidence can help support assertions of ownership.

Question 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.

Response: As stated previously, CFOC agencies agree that when original property records do not exist, a methodology should be employed to develop alternative documentation to support management's assertions of federal ownership. CFOC agencies concur with the Board that ownership concepts from TR9 should be incorporated in the TB to allow preparers to reconstruct ownership history and confirm the legitimacy of land claims when historical records aren't available. Incorporating concepts from paragraphs 81–83 and 85 of Technical Release 9 into the proposed TB provides valuable consistency and clarity regarding ownership documentation for land. This approach, supported by paragraphs 14–17 and A12–A18 in the basis for conclusions, ensures that preparers can leverage established guidance when assessing and documenting ownership, especially in cases where traditional records are unavailable. It promotes a practical,

evidence-based framework that enhances the reliability and transparency of federal land reporting. CFOC agencies support using methodologies that accommodate cases where formal title is unavailable but continuous federal use and control are well-established.

Question 7: Do you wish to comment on any other aspects of this proposal?

Response: CFOC agencies appreciate the reaffirmation that provisions need not apply if the effect is immaterial. This allows for proportional effort and risk assessment relative to dollar value and reporting impact. CFOC agencies recommend FASAB consider providing future illustrative use cases or FAQs to support agencies interpreting submerged land classifications and land rights scenarios across multi-agency domains. CFOC agencies requests clarification regarding entities' responsibilities for determining and applying the appropriate accounting treatment of the temporary land rights, particularly with respect to financial reporting requirements, in reference to the emergency transfer of federal land.

Additional Information and Recommendations

Not applicable

Conclusion

The CFO Council is committed to transparent and accurate financial reporting within the federal government. We hope that our responses provide valuable insights to FASAB as you continue to address the complex accounting and reporting issues associated with accounting and reporting ownership and use of land. We are available for further discussion or clarification if needed.