



COMPTROLLER

OFFICE OF THE UNDER SECRETARY OF DEFENSE

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WASHINGTON, DC 20301-1100

MEMORANDUM FOR ASSISTANT SECRETARIES OF THE MILITARY DEPARTMENTS (FINANCIAL MANAGEMENT AND COMPTROLLER) DEFENSE AGENCY AND DOD FIELD ACTIVITY CHIEF FINANCIAL EXECUTIVES

SUBJECT: Implementation of Statement of Federal Financial Accounting Standards 59,
“Accounting and Reporting of Government Land” (FPM 22-03)

This memorandum establishes financial reporting policy for all DoD components regarding implementation of Statement of Federal Financial Accounting Standards (SFFAS) 59, “Accounting and Reporting of Government Land.” This policy is applicable only to financial reporting and does not alter, supersede, or replace General Property, Plant, and Equipment (GPP&E) asset accountability requirements established by law or in any DoD Instructions. All GPP&E land, stewardship land, and land rights must continue to be recognized for asset accountability purposes in accordance with existing law and policy.

SFFAS 59 establishes new accounting treatment and reporting requirements for Federal land. This statement does not apply to Tribal land and land rights other than permanent land rights; land held in trust or administered on behalf of Indian Tribal governments or individual Indian land; and the Outer Continental Shelf (OCS).¹

The scope of SFFAS 59 is effective for reporting periods beginning after September 30, 2021. The new disclosure requirements for GPP&E land and stewardship land discussed in Attachment 2 should be presented as Required Supplementary Information (RSI) for Fiscal Years 2022 through 2025 and transition to note disclosures in Fiscal Year 2026. Early adoption is not permitted. Existing disclosures should continue during the transition period through Fiscal Year 2025 and cease in Fiscal Year 2026 when superseded by the transition of the RSI information to note disclosures.²

For those DoD components that have received an unmodified audit opinion and are currently accounting for GPP&E land and land rights in accordance with SFFAS 6, asset dollar amounts for GPP&E land and permanent land rights should remain on the Balance Sheet along with existing disclosures for Fiscal Years 2022 through 2025 and cease in Fiscal Year 2026 when superseded by the transition of the RSI information to note disclosures.³

One of the major changes in the reporting requirements would be the reporting of estimated acres of GPP&E land and stewardship land using three predominant use subcategories, specifically: Conservation and Preservation Land, Operational Land, and Commercial Use Land.

¹ The term OCS refers to the seabed, subsoil, and energy or mineral resources derived therefrom.

² Existing disclosures are those which are in effect per SFFAS 6, 29, and 50 prior to the amendments contained in SFFAS 59.

³ Land rights that are for unspecified period of time or unlimited duration are considered permanent land rights (e.g., easements or rights-of-way).

Attachments 1 through 3 provide helpful information for implementation. Attachment 1 provides an overview of the SFFAS 59 framework. Attachment 2 identifies major reporting requirements of SFFAS 59. Attachment 3 provides an overview of the three predominant use subcategories of GPP&E land and stewardship land. These attachments are not a substitute for a thorough review of SFFAS 59.

This policy change and relevant provisions of SFFAS 59 will be incorporated in future updates of the DoD Financial Management Regulation, Volume 4, Chapters 24 and 28, Volume 6B, Chapters 4 and 10; and Volume 12, Chapter 14. Other chapters will require administrative updates to conform terminology related to land and land rights in accordance with SFFAS 59.

My staff point of contact for this policy memorandum is Ms. Rebecca Evertsz, at rebecca.z.evertsz.civ@mail.mil or 703-695-9338.

Thomas C. Steffens
Deputy Chief Financial Officer

Attachments:
As stated



Implementation of SFFAS 59, Accounting and Reporting of Government Land Overview of SFFAS 59 Framework September 2022

This document provides an overview of the Statement of Federal Financial Accounting Standards (SFFAS) 59 framework to include definitions related to the different types of land and land rights; new accounting and reporting requirements; and required supporting documentation.

I. Definitions

▪ Land

For the purposes of financial accounting, General Property, Plant, and Equipment (GPP&E) includes land acquired for or in connection with other GPP&E.

“Acquired for or in connection with other GPP&E” is defined as land acquired with the intent to construct GPP&E and land acquired in combination with GPP&E, including not only land used as the foundation, but also adjacent land considered to be the GPP&E’s common grounds. Land used or acquired for or in connection with items of GPP&E, but meeting the definition of stewardship land should be classified as stewardship land.

▪ Stewardship Land

Stewardship land includes land and land rights owned by the Federal Government but not acquired for or in connection with the acquisition or construction of real property facilities. Stewardship land includes both public domain and acquired land and land rights owned by the Federal Government intended to be held indefinitely. Examples of stewardship land include land reserved, managed, planned, used, or acquired for:

- Forests and parks;
- Recreation and conservation;
- Wildlife habitat and grazing;
- Historic landmarks and/or the preservation of pre-historic and historic structures (those listed on or eligible for listing on the National Register of Historic Places);
- Multiple purpose ancillary revenue generating activity (for example, special use permits, mineral development activities, and timber production); and/or
- Buffer zones for security, flood management, and noise and view sheds.

▪ Public Domain Land

Public domain land is land that was originally ceded to the United States by treaty, purchase, or conquest in contrast to acquired lands, which have been purchased by, given to, exchanged with, or transferred through condemnation proceedings to the Federal government.



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- Land Rights

Land rights are interests and privileges held by the entity in land owned by others, such as leaseholds, easements, water and water power rights, diversion rights, submersion rights, rights-of-way, mineral rights, and other like interests in land. Land rights such as easements or rights-of-way that are for an unspecified period of time or unlimited duration are considered permanent land rights. Temporary land rights are those land rights that are for a specified period of time or limited duration (i.e., land rights with a defined end date).

II. New Accounting and Reporting Requirements

The following requirements are effective Fiscal Year 2026 (beginning October 1, 2025):

- Land and permanent land rights acquired for or in connection with other GPP&E are considered GPP&E but are not to be capitalized on the Balance Sheet. GPP&E land must exclude (1) withdrawn public lands or (2) land restricted for conservation, preservation, historical, or other like restrictions. Such land must remain categorized as stewardship land (see SFFAS 59, paragraph 4.a).
- All GPP&E, other than land and permanent land rights, must be recognized as an asset on the Balance Sheet and recorded at cost (see SFFAS 59, paragraph 4.b).
- The cost of acquiring GPP&E land and permanent land rights must be recognized as an expense on the Statement of Net Cost for the period in which the cost is incurred. The cost must include all costs to prepare GPP&E land or a permanent land right for its intended use (for example, razing a building, legal title or recording fees, soil testing) (see SFFAS 59, paragraph 4.c).
- Land may be acquired along with existing structures. If the structure is to be used in operations, the amount related to the structure must be estimated and capitalized while the amount related to the land must be expensed. If acquisition of the structure is incidental to the acquisition of the land and the structure is not intended to be used in operations, the cost of the entire acquisition must be expensed (see SFFAS 59, paragraph 4.c).
- Depreciation expense must be recognized on all GPP&E, except land and permanent land rights, which are expensed upon acquisition (see SFFAS 59, paragraph 4.d).
- Temporary land rights, such as easements or rights-of-way, that are for a specified period of time or limited duration must be depreciated or amortized over that time period (see SFFAS 59, paragraph 4.d).



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- Guidance for establishing opening balances for temporary land rights is provided in SFFAS 59, paragraph 5.
- Disclosure requirements for GPP&E land and permanent land rights are discussed in SFFAS 59, paragraph 6, and disclosure requirements for stewardship land and permanent land rights are discussed in paragraph 9. Refer to Attachment 2 for an overview of the disclosure requirements.
- DoD components that have an unmodified opinion and still reporting land on their Balance Sheet, should remove GPP&E land from Balance Sheet in FY 2026. Early implementation of land de-recognition is not allowed.
- Entries in the DoD component accounting systems/records to remove the value of GPP&E land and permanent land rights are subject to the reporting requirements under paragraph 13 of SFFAS 21, “Reporting Corrections of Errors and Changes in Accounting Principles, Amendment of SFFAS 7, Accounting for Revenue and Other Financing Sources.” The cumulative effect of the change on prior periods should be reported as a “change in accounting principle.” The adjustment should be made to the beginning balance of cumulative results of operations in the statement of changes in net position for the period that the change is made. Prior period financial statements presented for comparative purposes should be presented as previously reported (see SFFAS 59, paragraph A38).
- The General Ledger journal entry to remove the value of GPP&E land and permanent land rights:
Debit 740100-Prior Period Adjustments Due to Changes in Accounting Principles
Credit 171100-Land and Land Rights
- Transfers of GPP&E land (including permanent land rights) and stewardship land from one DoD component to another or to another Federal agency, do not affect the net cost of operations or net position of either entity (see SFFAS 59, paragraph 13.g).
- No amounts for GPP&E land (including permanent land right) and stewardship land acquired through donation or devise should be recognized as an expense on the Statement of Net Cost (see SFFAS 59, paragraph 13.h).
- Deferred maintenance and repair (DM&R) should be measured and reported for non-capitalized GPP&E land (to include permanent land rights) and stewardship PP&E. DM&R may also be measured and reported for GPP&E other than land and permanent land rights that is non-capitalized or fully depreciated (see SFFAS 59, paragraph 14).



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III. Supporting Documentation

- Management's assertion concerning land ownership and its related estimates of acres of land and permanent land rights must be based on non-traditional supporting documentation and reasonable acre estimates, respectively. DoD components may estimate acreage based on different underlying sources of data to include traditional and/or geospatial mapping, historical records, surveys, plats, etc., or any combination thereof (see SFFAS 59, paragraphs A35-A37).



Implementation of SFFAS 59, Accounting and Reporting of Government Land Major Disclosure Requirements September 2022

This document summarizes the major Statement of Federal Financial Accounting Standards (SFFAS) 59 financial reporting disclosure requirements for General Property, Plant and Equipment (GPP&E) land, stewardship land, and respective permanent land rights. The disclosure requirements, implementation notes and presentation recommendations are relevant for DoD components (if applicable).

SFFAS 59 Disclosure Requirements for GPP&E Land and Permanent Land Rights
➤ A concise statement defining an entity's Federal land, and explaining how land relates to the mission of the entity.
➤ A brief description of the entity's policies for land, including: <ul style="list-style-type: none"> • Goals and principles the entity established to guide its acquisition, maintenance, use, and disposal of land consistent with statutory requirements; • Prohibitions; and • Limitations governing the entity and the land.
➤ Land and permanent land rights should be assigned to one of three sub-categories (i.e., commercial use land; conservation and preservation land; and operational land) based on predominant use ¹ (refer to Attachment 3 for more details).
➤ Report estimated number of acres at the beginning and the end of each reporting period for land and permanent land rights by sub-category (see suggested table below).
➤ The estimated number of acres held for disposal or exchange ² and their predominant use (if applicable).
➤ Land rights information should include a general description of the different types of rights acquired by the entity (e.g., whether such rights are permanent or temporary), and amounts paid during the year to maintain such rights.

DoD implementation notes for GPP&E land and permanent land rights' disclosure requirements:

- These disclosure requirements should be presented as Required Supplementary Information (RSI) for Fiscal Years 2022 through 2025 and transition to note disclosures in Fiscal Year 2026.
- Existing disclosures (per SFFAS 6, paragraph 45) should continue during the transition period through Fiscal Year 2025 and cease in Fiscal Year 2026 when superseded by the transition of the RSI information to note disclosures.

¹ Predominant use is the major or primary current use of an asset during the reporting period and does not include incidental or infrequent uses of the asset. Moreover, predominant use can change between reporting periods. An asset's predominant use should be consistent with the entity's authorizing legislation but may not always be consistent with the original intent or reason why the asset was initially acquired.

² For purposes of SFFAS 59, land is considered held for disposal or exchange when the entity has satisfied the statutory disposal authority requirements specific to the land in question. Disposal includes conveyances of Federal land to non-Federal entities not limited to sale, transfer, exchange, lease, public-private partnership, and donation, or any combination thereof.



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- For those DoD components electing to apply the alternative valuation method for land and land rights described in SFFAS 50, the existing disclosures per SFFAS 6 paragraphs 40.h and 45 (if applicable) should continue during the transition period through Fiscal Year 2025 and cease in Fiscal Year 2026 when superseded by the transition of the RSI information to note disclosures.

Recommend for DoD components to present the required acreage information using tables, similar to the illustrative table below.

Estimated Acreage by Predominant Use – GPP&E Land and Permanent Land Rights

	Commercial	Conservation or Preservation	Operational	Total Estimated Acreage
Start of Prior Year				
End of Prior Year/Start of Current Year				
End of Current Year				
Held for Disposal or Exchange				
End of Prior Year				
End of Current Year				



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SFFAS 59 Disclosure Requirements for Stewardship Land and Permanent Land Rights
➤ A concise statement defining an entity's Federal land, and explaining how stewardship land relates to the mission of the entity.
➤ A brief description of the entity's policies for stewardship land, including: <ul style="list-style-type: none"> • Goals and principles the entity established to guide its acquisition, maintenance, use, and disposal of land consistent with statutory requirements; • Prohibitions; and • Limitations governing the entity and the land.
➤ Stewardship land and permanent land rights should be assigned to one of three sub-categories (i.e., commercial use land; conservation and preservation land; and operational land) based on predominant use ³ (refer to Attachment 3 for more details).
➤ Report estimated number of acres at the beginning and the end of each reporting period for stewardship land and permanent land rights by sub-category (see suggested table below).
➤ The estimated number of acres held for disposal or exchange ⁴ and their predominant use (if applicable).
➤ Stewardship land rights information should include a general description of the different types of rights acquired by the entity (e.g., whether such rights are permanent or temporary), and amounts paid during the year to maintain such rights.

DoD implementation notes for stewardship land and permanent land rights' disclosure requirements:

- These disclosure requirements should be presented as RSI for Fiscal Years 2022 through 2025 and transition to note disclosures in Fiscal Year 2026.
- Existing disclosures (per SFFAS 29 paragraph 40) should continue during the transition period through Fiscal Year 2025 and cease in Fiscal Year 2026 when superseded by the transition of the RSI information to note disclosures.
- To the extent practical, duplication of information, such as statements explaining how stewardship land relates to the entity's mission or its policies and procedures, should be avoided and should remain as basic (note disclosure) during the transitional period.

³ Predominant use is the major or primary current use of an asset during the reporting period and does not include incidental or infrequent uses of the asset. Moreover, predominant use can change between reporting periods. An asset's predominant use should be consistent with the entity's authorizing legislation but may not always be consistent with the original intent or reason why the asset was initially acquired.

⁴ For purposes of SFFAS 59, land is considered held for disposal or exchange when the entity has satisfied the statutory disposal authority requirements specific to the land in question. Disposal includes conveyances of Federal land to non-Federal entities not limited to sale, transfer, exchange, lease, public-private partnership, and donation, or any combination thereof.



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Recommend for DoD components to present the required acreage information using tables, similar to the following illustrative table.

Estimated Acreage by Predominant Use – Stewardship Land and Permanent Land Rights

	Commercial	Conservation or Preservation	Operational	Total Estimated Acreage
Start of Prior Year				
End of Prior Year/Start of Current Year				
End of Current Year				
Held for Disposal or Exchange				
End of Prior Year				
End of Current Year				



Implementation of SFFAS 59, Accounting and Reporting of Government Land Predominant Land Use Subcategories September 2022

This document summarizes the three predominant land use subcategories for General Property, Plant and Equipment land and stewardship land: Commercial Use, Conservation and Preservation, and Operational.

I. Commercial Use
<p><u>Definition:</u></p> <ul style="list-style-type: none"> ➤ Includes land or land rights that are predominantly used to generate inflows of resources (such inflows may be derived from the land itself or activities performed on the land and regardless of whether the use or activity is intended to produce a profit) from non-federal third parties, usually through special use permits, right-of-way grants, and leases. ➤ Such inflows may arise from exchange or non-exchange activities and may or may not be considered dedicated collections.
<p><u>Examples:</u></p> <ul style="list-style-type: none"> ➤ Concession arrangements; ➤ Grants for a specific project such as electric transmission lines, communication sites, roads, trails, fiber optic lines, canals, air rights, flumes, pipelines, reservoirs and dams; ➤ Sales or land exchanges; ➤ Leases; ➤ Permits for public use such as commercial filming and photography, advertising displays, agriculture, recreation residences and camping, recreation facilities, temporary use permits for construction equipment storage and assembly yards, well pumps, and other such uses; ➤ Forest product sales such as timber, or sales arising from national forests and grasslands; and ➤ Public-private partnerships.
II. Conservation and Preservation
<p><u>Definition:</u></p> <ul style="list-style-type: none"> ➤ Includes land or land rights that are predominantly used for conservation or preservation purposes. Conservation is generally associated with the protection and proper use of natural resources, whereas preservation is associated with the protection of buildings, objects, and landscapes from use.
<p><u>Examples:</u></p> <ul style="list-style-type: none"> ➤ National parks; ➤ Geological resource sites; ➤ Wildlife and plant life refuges; ➤ Archeological resource sites; and ➤ Local Native American or ethnic cultural sites.



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III. Operational

Definition:

- Includes land or land rights predominantly used for general or administrative purposes.

Examples:

The following functions performed by entities would be included in this sub-category:

- Military functions include preparing for the effective pursuit of war and military operations short of war; conducting combat, peacekeeping, and humanitarian military operations; and supporting civilian authorities during civil emergencies.
- Scientific functions include conducting and managing research, experimentation, exploration, and operations (including the development of commercial capabilities). Broad scientific fields of study generally include (1) physical sciences (physics, astronomy, chemistry, geology, metallurgy), (2) biological sciences (zoology, botany, genetics, paleontology, molecular biology, physiology), and (3) social sciences (psychology, sociology, anthropology, economics).
- Nuclear functions include managing or regulating the use of nuclear energy, power plants, radioactive materials, radioactive material shipments, nuclear storage, and nuclear reactor decommissioning.
- Other related functions include those that are administrative or other mission related in nature. For example, land used for readiness and training, office building locations, storage, or vacant properties.