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OCT 4 2002

COMPTROLLER'S MEMORANDUM NO. 2002-32

TO: Head of Departments

SUBJECT: Financial Statement Reporting

This memorandum is Addendum No. 5 to Comptroller's Memorandum No. 2001-8, dated February 27, 2001. It sets forth the statewide policy on the valuation of land and interest in land for financial reporting purposes under GASB Statement No. 34.

General Policy

Land or interest in land, which is acquired through purchase or condemnation, is to be reported at cost. Cost includes the purchase/condemnation price and any costs incurred to finalize the purchase/condemnation, such as legal title, appraisal, negotiation, survey fees, closing and other overhead costs. Where historical cost is unavailable, land or interest in land is to be reported at estimated cost. Donated land is to be reported at fair market value at date of receipt.

Crown Lands and Government Lands

Much of the land owned by the State consists of crown lands and government lands, which were initially passed on from the Kingdom of Hawaii to the Republic of Hawaii upon the abdication of Queen Liliuokalani; from the Republic of Hawaii to the Territory of Hawaii upon the annexation of Hawaii by the United States of America; and finally from the Territory of Hawaii to the State of Hawaii upon the admission of Hawaii to the Union. There is no map or listing of these lands and no value has been placed on the lands since the Great Mahele of 1848, which divided the lands among the king's family (crown lands), the chiefs (konohiki lands), the government (government lands), and the commoners (maka'ainana lands). These lands are to be reported at the nominal value of $1.00, pending the preparation of a complete listing and appraisal of the lands.

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Infrastructure Assets

Land underlying roads, highways and bridges are to be reported in conformance with the State's valuation policy.

Any questions on the above may be directed to the DAGS Accounting Division, at 586-0600.

MARY ALICE EVANS
State Comptroller