



Federal Accounting Standards Advisory Board

**Heritage Assets and Stewardship Land:
Reclassification from Required Supplementary Stewardship Information**

Proposed Statement of Federal Financial Accounting Standards

Exposure Draft

Written comments are requested by November 10, 2003

August 20, 2003

THE FEDERAL ACCOUNTING STANDARDS ADVISORY BOARD

The Federal Accounting Standards Advisory Board (FASAB or "the Board") was established by the Secretary of the Treasury, the Director of the Office of Management and Budget (OMB), and the Comptroller General in October 1990. It is responsible for promulgating accounting standards for the United States Government. These standards are recognized as generally accepted accounting principles (GAAP) for the Federal Government.

An accounting standard is typically formulated initially as a proposal after considering the financial and budgetary information needs of citizens (including the news media, state and local legislators, analysts from private firms, academe, and elsewhere), Congress, Federal executives, Federal program managers, and other users of Federal financial information. The proposed standard is published in an Exposure Draft for public comment. In some cases, a discussion memorandum, invitation for comment, or preliminary views document may be published before an exposure draft is published on a specific topic. A public hearing is sometimes held to receive oral comments in addition to written comments. The Board considers comments and decides whether to adopt the proposed standard, with or without modification. After review by the three officials who sponsor FASAB, the Board publishes adopted standards in a Statement of Federal Financial Accounting Standards. The Board follows a similar process for Interpretations and also for Statements of Federal Financial Accounting Concepts, which guide the Board in developing accounting standards and formulating the framework for Federal accounting and reporting.

Additional background information is available from the FASAB or its website:

- “Memorandum of Understanding among the General Accounting Office, the Department of the Treasury, and the Office of Management and Budget, on Federal Government Accounting Standards and a Federal Accounting Standards Advisory Board”
- “Mission Statement: Federal Accounting Standards Advisory Board”

Exposure drafts, Statements of Federal Accounting Standards and Concepts, Interpretations, FASAB newsletters, and other items of interest are posted on FASAB’s website, at www.fasab.gov.

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August 20, 2003

TO: HEADS OF FEDERAL AGENCIES AND ALL OTHERS WHO USE, PREPARE,
AND AUDIT FEDERAL FINANCIAL INFORMATION

The Federal Accounting Standards Advisory Board (FASAB or the Board) is requesting comments on the exposure draft of a proposed Statement of Federal Financial Accounting Standards entitled, *Heritage Assets and Stewardship Land: Reclassification from Required Supplementary Stewardship Information*. Specific questions for your consideration appear on page **iv** but you are welcome to comment on any aspect of this proposal. If you do not agree with the proposed approach, your response would be more helpful to the Board if you explain the reasons for your position and any alternative you propose. Responses are requested by November 10, 2003.

Despite improvements, we continue to experience delays in mail delivery due to increased screening procedures. Therefore, please provide your comments in electronic form. Responses in electronic form should be sent by e-mail to comesw@fasab.gov. If you are unable to provide electronic delivery, we urge you to fax the comments to (202) 512-7366. Please follow up by mailing your comments to:

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The Board's rules of procedure provide that it may hold one or more public hearings on any exposure draft. No hearing has yet been scheduled for this exposure draft. Notice of the date and location of any public hearing on this document will be published in the Federal Register and in the FASAB newsletter.

David Mosso
Chairman

Executive Summary

What is the Board proposing?

In this exposure draft, the Federal Accounting Standards Advisory Board (FASAB or “the Board”) proposes revised standards for the stewardship categories of heritage assets and stewardship land. Specifically, this proposed Statement of Federal Financial Accounting Standards (SFFAS) would change the classification of information reported for heritage assets and stewardship land.

Heritage assets and stewardship land information is currently classified as Required Supplementary Stewardship Information (RSSI), a category unique to Federal financial reporting and defined in SFFAS 8, *Supplementary Stewardship Reporting*. The Board is proposing that heritage assets and stewardship land information be classified as basic information, except for condition information. The Board proposes that condition information be classified as required supplementary information (RSI). The Board is also proposing minor changes to the current disclosure requirements for heritage assets and stewardship land. Specifically, it would require additional reporting disclosures about entity stewardship policies and an explanation of how heritage assets and stewardship land are pertinent to the entity’s mission.

Why is the Board making this proposal?

For reasons explained in the Background (see par. 1 through 3) and Appendix A (see par. 48 through 51) the Board earlier decided to review the classification of all RSSI required by Federal accounting standards. This proposed standard presents the Board’s views on reclassifying heritage assets and stewardship land. The reclassification proposed would clarify the Board’s intent with respect to reporting on significant resources of the Federal Government by defining the heritage assets and stewardship land information as essential to fair presentation.

How does this proposal improve Federal financial reporting?

This reclassification would improve the clarity and significance of Federal financial reporting by defining heritage assets and stewardship land information as essential to fair presentation and by using reporting categories that are well defined in existing professional literature and familiar to report users.

How does this proposal contribute to meeting the Federal financial reporting objectives?

This proposed standard contributes to meeting Objective 3 as discussed in Statement of Federal Financial Accounting Concept (SFFAC) 1, *Objectives of Federal Financial Reporting*:

Stewardship (Objective 3) Federal financial reporting should assist users in assessing the impact on the country of the government's operations and investments for the period and how, as a result, the government's and the nation's financial conditions have changed and may change in the future. Federal financial reporting should provide information that helps the reader determine whether:

- The government's financial position improved or deteriorated over the period;
- Future budgetary resources will likely be sufficient to sustain public services and to meet obligations as they come due; and
- Government operations have contributed to the nation's current and future well-being.

The Board believes that heritage assets and stewardship land information is important to an understanding of the operations, financial position, and financial condition of the Federal Government. The Government has been entrusted with, and should be held accountable for, these resources.

**Heritage Assets and Stewardship Land:
Reclassification from Required Supplementary Stewardship Information**

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Questions for Respondents

- 1) This exposure draft proposes that heritage assets information be reported as basic information, except for condition information, which would be reported as RSI. Do you agree with this proposal? If not, please explain your reasons and the alternative that you would prefer.
- 2) This exposure draft proposes that stewardship land information be reported as basic information, except for condition information, which would be reported as RSI. Do you agree with this proposal? If not, please explain your reasons and the alternative that you would prefer.
- 3) This exposure draft proposes minor changes to the current disclosure requirements for heritage assets and stewardship land. Specifically, it requires additional reporting disclosures about entity stewardship policies and an explanation of how heritage assets and stewardship land are pertinent to the entity's mission. Do you foresee any problems with this new disclosure requirement?
- 4) This exposure draft proposes an effective date for periods beginning after September 30, 2004. Do you agree with this effective date? If not, what date would be preferable and why?
- 5) This exposure draft uses the term "significant" in par. 28 and 44 to describe heritage assets and stewardship land for which an entity should provide the required disclosures. The consensus of the Board was that the preparer should be allowed to exercise professional judgment in determining if the heritage assets and stewardship land are significant. Do you agree? If not, what factors or criteria should be considered to define certain heritage assets and stewardship land as significant?

Proposed Statement of Federal Financial Accounting Standards
Heritage Assets and Stewardship Land:
Reclassification from Required Supplementary Stewardship Information

Background

1. RSSI is described in Statement of Federal Financial Accounting Standard (SFFAS) 8 as:

[Stewardship information], “as indicated in each of the standards, will be designated as required supplementary stewardship information (RSSI) for the consolidated financial statements of the Federal Government and of the entities who have stewardship responsibilities over resources identified [stewardship property, plant, and equipment; stewardship investments; and stewardship responsibilities]. The Board has chosen to call this RSSI to distinguish it from “required supplementary information” (RSI), for which audit responsibilities are prescribed in existing professional literature.”¹
2. The RSSI category was seen as a response to the unique aspects of the Federal accounting and reporting environment, and to the broad objectives of Federal financial reporting. It was intended to permit flexibility on the part of preparers and auditors that would facilitate reporting relevant, reliable information, including nonfinancial and nonhistorical information.²
3. Although some stewardship information may not link directly with the basic financial statements because the data to be reported may be other than in dollar terms, the Board intended that RSSI information would augment the basic financial statements and would receive commensurate audit scrutiny. The Board found, however, that in many cases the word “supplementary” in the RSSI title caused readers to assume that the information was of secondary importance. Since this was contrary to its intentions, it was decided to eliminate the RSSI category and re-categorize the stewardship elements within the reporting categories that are well defined in existing professional literature and familiar to report users.

¹ SFFAS 8, *Supplementary Stewardship Reporting*, par. 21.

² See the *Implementation Guide to Statement of Federal Financial Accounting Standards 7: Accounting for Revenue and Other Financing Sources*, par. 22-24, the diagram on page 15, and minutes of associated Board discussions. See also SFFAS 8, *Supplementary Stewardship Reporting*, par. 21, 34, 111-115, and minutes of associated Board discussions.

Introduction

4. SFFAS 8 also describes Stewardship PP&E as:

"Stewardship PP&E consists of items whose physical properties resemble those of general PP&E traditionally capitalized in financial statements. However, the nature of these Federal physical assets that are classified as stewardship PP&E differ from general PP&E ... (for example, museum collections, monuments, assets acquired in the formation of the nation) ... However, the Federal Government should be able to demonstrate accountability for stewardship PP&E by reporting on its existence and on its condition by a reference to deferred maintenance..."³

5. The main focus of this proposed standard is the reclassification of heritage assets and stewardship land information. This proposed standard would reclassify heritage assets and stewardship land information as basic information with the exception of condition reporting which would be considered RSI⁴.
6. Although the most significant change within this proposed standard is this reclassification, it also introduces minor changes to the current disclosure requirements for heritage assets and stewardship land. Specifically, it would require additional reporting disclosures about entity stewardship policies and an explanation of how heritage assets and stewardship land are pertinent to the entity's mission.⁵ This proposed standard also includes disclosure requirements for the U.S. Government-wide Financial Statement that would provide for a general discussion and direct users to the applicable entities' financial statements for more detailed information on heritage assets and stewardship land.
7. This proposed standard would amend several existing standards. The amendments would rescind certain standards or parts of certain standards due to the classification change, as well as serve as a means to incorporate all standards specific to heritage assets and stewardship land into one standard.
8. Specifically, this proposed standard would amend SFFAS 8 by rescinding chapters 2 and 4 of that standard. This would eliminate the use of the RSSI category to report information about heritage assets and stewardship land. This proposed standard also incorporates the revised multi-use heritage

³ SFFAS 8, par. 11

⁴ RSI was added to the accounting literature by Statement of Financial Accounting Standards (SFAS) 25, *Suspension of Certain Accounting Requirements for Oil and Gas Producing Companies*, published by the Financial Accounting Standards Board (FASB) in 1979. That Statement has been amended, but the RSI category continues to be used in a variety of standards published by the FASB, Governmental Accounting Standards Board (GASB), and FASAB. The auditor's responsibility for RSI is discussed in section AU 558 of the codification of professional auditing standards published by AICPA.

⁵ Language specific to the reclassification of heritage assets and stewardship land information and the new reporting disclosures has been highlighted within this proposed standard.

asset standards of SFFAS 16, *Amendments to Accounting for Property, Plant, and Equipment: Measurement and Reporting for Multi-use Heritage Assets*.⁶ Accordingly, SFFAS 16 would be rescinded in its entirety.

Additionally, par. 57 through 76 of SFFAS 6, *Accounting for Property, Plant and Equipment* also would be rescinded because they relate to heritage assets and stewardship land.

9. SFFAS 14, *Amendments to Deferred Maintenance Reporting*, also amended certain paragraphs within Chapters 2 and 4 of SFFAS 8 that related to deferred maintenance and condition reporting. This proposed standard also incorporates those revisions. Accordingly, the portion of SFFAS 14 entitled 'Amendments to SFFAS 8' (SFFAS 14 par. 10 and 11) would be rescinded.⁷
10. As a result, this proposed standard incorporates all standards for heritage assets and stewardship land into one document. The Board believes by fully incorporating all requirements for heritage assets (including multi-use heritage assets) and stewardship land, readers will better understand all existing reporting requirements. However, the main issues deliberated by the Board were the reclassification and presentation of heritage assets and stewardship land information. The Board has not reconsidered the definition, recognition and measurement provisions of the current standards. These provisions have been brought forward from previous standards that were based on prior Board's conclusions.
11. Certain wording has been changed slightly from SFFAS 6, SFFAS 8, SFFAS 14 and SFFAS 16 for clarity and consistency. Appendix B, Crosswalk of Previous Standards to New Proposed Standard, provides references from the previous standards specific to heritage assets and stewardship land that would be rescinded by this proposed new standard. The purpose of the crosswalk is to highlight the changes that would result from this proposed standard.
12. The Board has made this proposal for heritage assets and stewardship land based on the importance of the data in meeting Objective 3 Stewardship as described in SFFAC 1, *Objectives of Federal Financial Reporting*. Further information on the Board's considerations regarding this reclassification is included in the Basis for Conclusions.

⁶ SFFAS 16 has been incorporated into the current standard for ease in understanding because SFFAS 16 amended Chapter 2 Heritage Assets of SFFAS 8 and portions of SFFAS 6.

⁷ SFFAS 14 did amend the status of deferred maintenance by classifying it as RSI, however, SFFAS 6, *Accounting for Property, Plant and Equipment*, provides for the information to be reported. See SFFAS 6, Chapter 3, Deferred Maintenance (par. 77-84) for information regarding definition, measurement and disclosures specific to deferred maintenance.

Proposed Standards of Federal Financial Accounting

Highlighted text presents new or modified requirements for heritage assets and stewardship land within this proposed standard. The provisions relate specifically to the reclassification and new required reporting disclosures.

Heritage Assets (including Multi-use Heritage Assets)

Amendments to Existing Standards

13. SFFAS 6 par. 57 through 65 are rescinded.
14. SFFAS 8 Chapter 2 (Heritage Assets) is rescinded in its entirety.
15. SFFAS 14 par. 10 and 11 are rescinded.
16. SFFAS 16 is rescinded in its entirety.

Definitions

17. “Heritage assets” are PP&E that are unique for one or more of the following reasons:
 - historical or natural significance,
 - cultural, educational, or artistic (e.g., aesthetic) importance; or
 - significant architectural characteristics.
18. Heritage assets are generally expected to be preserved indefinitely. One example of evidence that a particular asset is heritage in nature is that it is listed on the National Register of Historic Places.
19. Some investments in heritage assets (e.g., national parks) will meet the definitions and be considered both heritage assets and stewardship land (see Stewardship Land below). Such reporting would not be considered duplication, as the type of information reported on an item would be different for each category of stewardship asset. For example, the number of physical units identified as national parks would be in the heritage assets disclosures and the number of acres used as a park would be in the stewardship land disclosures.
20. Heritage assets may in some cases be used to serve two purposes—a heritage function and general government operations. In cases where a

heritage asset serves two purposes, the heritage asset should be considered a **multi-use heritage** asset if the predominant use of the asset is in general government operations (e.g., the main Treasury building used as an office building).⁸

Recognition and Measurement

Heritage Assets

21. With the exception of multi-use heritage assets (addressed in par. 24) the cost of acquisition, improvement, reconstruction, or renovation of heritage assets should be recognized on the statement of net cost for the period in which the cost is incurred. The cost⁹ should include all costs incurred during the period to bring the item to its current condition (See par. 26 of SFFAS 6 for examples of the costs to be considered).
22. With the exception of multi-use heritage assets (addressed in par. 25) no amounts for heritage assets acquired through donation or devise¹⁰ should be recognized in the cost of heritage assets.¹¹
23. With the exception of multi-use heritage assets (addressed in par. 26) transfers of heritage assets from one Federal entity to another do not affect the net cost of operations or net position of either entity. However, in some cases, assets included in general PP&E may be transferred to an entity for use as heritage assets. In this instance, the transferring entity should recognize a transfer-out of capitalized assets.¹²

Multi-use Heritage Assets

24. The cost of acquisition, improvement, or reconstruction of multi-use heritage assets should be capitalized as general PP&E and depreciated over its estimated useful life.
25. Multi-use heritage assets acquired through donation or devise should be recognized as general PP&E at the assets' fair value at the time received, and the amount should also be recognized as "nonexchange revenues" as defined in SFFAS 7, *Accounting for Revenue and Other Financing Sources*.

⁸ Heritage assets having an incidental use in government operations are not multi-use heritage assets; they are simply heritage assets.

⁹ For a full discussion of cost, including full cost, direct cost and indirect cost, see SFFAS 4, *Managerial Cost Accounting Concepts and Standards for the Federal Government*. Also, see par. 94-95, SFFAC 2, *Entity and Display*.

¹⁰ A will or clause of a will disposing of property.

¹¹ SFFAS 7, *Accounting for Revenue and Other Financing Sources*, par. 258-259 explains that stewardship PP&E is "expensed if purchased, but no amount is recognized if it is received as a donation."

¹² SFFAS 7, *Accounting for Revenue and Other Financing Sources*, par. 74 and par. 345-346.

26. Transfers of multi-use heritage assets from one Federal entity to another are transfers of capitalized assets. The receiving entity should recognize a transfer-in as an additional financing source and the transferring entity should recognize a transfer-out. The value recorded should be the transferring entity's book value of the multi-use heritage asset. If the receiving entity is not provided the book value, the multi-use heritage asset should be recorded at its estimated fair value.¹³

Disclosure and Required Supplementary Information

27. Heritage assets should be quantified in terms of physical units.
28. Entities with significant amounts of heritage assets should reference a note¹⁴ on the balance sheet that discloses information about heritage assets, but no asset dollar amount should be shown.¹⁵ The note disclosure related to significant heritage assets should provide the following:
 - a. A concise statement explaining how significant heritage assets are important to the overall mission of the entity.
 - b. A brief description of the entity's stewardship policies for heritage assets. Stewardship policies for heritage assets are the goals and principles the entity established to guide its acquisition, maintenance, use, and disposal of heritage assets consistent with statutory requirements, prohibitions, and limitations governing the entity and the heritage assets. While not all encompassing, the policies may address preserving and maintaining condition, providing public use or access, and enhancing the heritage assets' value over time.
 - c. A concise description of each major category of heritage asset. For each major category of heritage asset the following should be reported:
 - 1.) the number of major collection or non-collection type heritage assets¹⁶ for which the entity is the steward as of the end of the reporting period;
 - 2.) the additions and/or withdrawals from the category during the reporting period; and

¹³ See SFFAS 7, *Accounting for Revenue and Other Financing Sources*, par. 74 for a discussion of transfers of assets.

¹⁴ The Board is not prescribing a specific reference or line item "Heritage Assets" as it may be included with other items for which no dollar amounts are recognized (such as stewardship land and other items that in the future may require similar non-financial disclosure) for presentation. Instead, the Board prefers to allow entities flexibility in determining the best presentation.

¹⁵ No asset dollar amount is shown, except for multi-use heritage assets, which are capitalized as general PP&E. See par. 24 through 26 and par. 30 for additional explanation.

¹⁶ Heritage assets consist of (1) collection type heritage assets, such as objects gathered and maintained for exhibition, for example, museum collections, art collections, and library collections; and (2) non-collection-type heritage assets, such as parks, memorials, monuments, and buildings.

- 3.) a description of the major methods of acquisition and withdrawal of significant heritage assets. This should include disclosure of transfers of heritage assets between Federal entities and those acquired through donation or devise, if material. In addition, the fair value of heritage assets acquired through donation or devise, if known and material, should be disclosed in notes to the basic financial statements in the year received.
29. Entities should report the condition¹⁷ of the heritage assets (which may be reported with the deferred maintenance information¹⁸) as required supplementary information. Entities should include a reference to the condition and deferred maintenance information¹⁹ if reported elsewhere in the report containing the basic financial statements.
30. Entities should disclose that multi-use heritage assets are recognized and presented with general PP&E in the basic financial statements and that additional information for the multi-use heritage assets is included with the heritage assets information.

U.S. Government-wide Financial Statement Disclosures²⁰

31. The U.S. Government-wide financial statement should reference a note on the balance sheet that discloses information about heritage assets, but no asset dollar amount should be shown. The note disclosure related to significant heritage assets should provide the following:

¹⁷ Condition is the physical state of an asset. The condition of an asset is based on an evaluation of the physical status/state of an asset, its ability to perform as planned, and its continued usefulness. Evaluating an asset's condition requires knowledge of the asset, its performance capacity and its actual ability to perform, and expectations for its continued performance. The condition of a long-lived asset is affected by its durability, the quality of its design and construction, its use, the adequacy of maintenance that has been performed, and many other factors, including: accidents (an unforeseen and unplanned or unexpected event or circumstance), catastrophes (a tragic event), disasters (a sudden calamitous event bringing great damage, loss, or destruction), and obsolescence. Examples of condition information include, among others, (1) averages of standardized condition rating codes; (2) percentage of assets above, at, or below acceptable condition; or (3) narrative information.

¹⁸ See SFFAS 6, Chapter 3, Deferred Maintenance (par. 77-84) for information regarding definition, measurement and disclosures specific to deferred maintenance.

¹⁹ SFFAS 14, *Amendments to Deferred Maintenance Reporting Amending SFFAS 6, Accounting for Property, Plant and Equipment and SFFAS 8, Supplementary Stewardship Reporting*, defined deferred maintenance as RSI. The Board believed that a period of experimentation was necessary for deferred maintenance information and that classifying it, as RSI, would be more appropriate during the experimentation period. The Board may revise this standard based on experience gained during this time and the development of additional criteria.

²⁰ SFFAS 24, *Selected Standards for the Consolidated Financial Report of the United States Government*, clarified that all existing and future standards apply to all Federal entities, including the U.S. Government-wide Financial Statement, unless a standard specifically provides otherwise.

- a. A concise statement explaining how significant heritage assets are important to the overall mission of the Federal Government and a description of the broad categories of heritage assets of the Federal Government.
 - b. A general reference to agency reports for additional information about heritage assets, such as agency stewardship policies for heritage assets, major categories of heritage assets, and the condition of the heritage assets.
32. The U.S. Government-wide financial statement should disclose that multi-use heritage assets are recognized and presented with general PP&E in the basic financial statements and that additional information for the multi-use heritage assets is included with the heritage assets information.

Stewardship Land

Amendments to Existing Standards

- 33. SFFAS 6 par. 66 through 76 are rescinded.
- 34. SFFAS 8 Chapter 4 (Stewardship Land) is rescinded in its entirety.
- 35. SFFAS 14 par. 10 and 11 are rescinded.

Definitions

- 36. Stewardship Land is land and land rights owned by the Federal Government but not acquired for or in connection with²¹ items of general PP&E.
- 37. "Land" is defined as the solid part of the surface of the earth. Excluded from the definition are the natural resources (that is, depletable resources, such as mineral deposits and petroleum; renewable resources, such as timber; and the outer-continental shelf resources) related to land.²²

²¹ "Acquired for or in connection with" is defined as including land acquired with the intent to construct general PP&E and land acquired in combination with general PP&E, including not only land used as the foundation, but also adjacent land considered to be the general PP&E's common grounds.

²² The Board presently has an active project to address standards for natural resources, for which the Board is considering developing individual standards for each type of natural resource separately. To begin the project, the Board will be addressing oil and gas resources. The framework for the oil and gas resource phase of the project will be used as a model when addressing the other types or logical sets of natural resources (e.g., timber, grazing land, solid leasable minerals) in subsequent phases of the project.

38. Land and land rights²³ owned by the Federal Government and acquired for or in connection with items of general PP&E should be accounted for and reported as general PP&E.

39. Land and land rights owned by the Federal Government and not acquired for or in connection with items of general PP&E should be reported as stewardship land. Examples of stewardship land include land used as forests and parks, and land used for wildlife and grazing.

Recognition and Measurement

40. The cost of acquisition of stewardship land should be recognized on the statement of net cost for the period in which the cost is incurred. The cost should include all costs to prepare stewardship land for its intended use (e.g., razing a building). In some cases, land may be acquired along with existing structures. The following treatments should apply:

- a. if the structure would be deemed a heritage asset and is significant in and of itself, the entity should use its judgment as to whether the acquisition cost should be treated as the cost of stewardship land, heritage asset, or both;
- b. if the structure is to be used in operations (for example, as general PP&E) but 1) the value of the structure is insignificant, or 2) its acquisition is merely a byproduct of the acquisition of the land, the cost in its entirety should be treated as an acquisition of stewardship land; or
- c. significant structures that have an operating use (e.g., a constructed hotel or employee housing block) should be treated as general PP&E by identifying the cost attributable to general PP&E and segregating it from the cost of the stewardship land acquired.

41. No amounts for stewardship land acquired through donation or devise should be recognized in the cost of stewardship land.²⁴

42. Transfers of stewardship land from one Federal entity to another, does not affect the net cost of operations or net position of either entity. However, in some cases, land included in general PP&E may be transferred to an entity for use as stewardship land. In this instance, the transferring entity should recognize a transfer-out of capitalized assets.²⁵

²³ 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.

²⁴ SFFAS 7, *Accounting for Revenue and Other Financing Sources*, par. 258-259 explains that stewardship PP&E is “expensed if purchased, but no amount is recognized if it is received as a donation.”

²⁵ See SFFAS 7, *Accounting for Revenue and Other Financing Sources*, par. 74 and par. 345-346.

Disclosure and Required Supplementary Information

43. Stewardship land should be quantified in terms of physical units.

44. Entities with significant amounts of stewardship land should reference a note²⁶ on the balance sheet that discloses information about stewardship land, but no asset dollar amount should be shown. The note disclosure related to significant stewardship land should provide the following:

- a. A concise statement explaining how significant stewardship land is important to the overall mission of the entity.
- b. A brief description of the entity's stewardship policies for stewardship land. Stewardship policies for stewardship land are the goals and principles the entity established to guide its acquisition, maintenance, use, and disposal of stewardship land consistent with statutory requirements, prohibitions, and limitations governing the entity and the stewardship land. While not all encompassing, the policies may address preserving and maintaining condition, providing public use or access, and enhancing the stewardship land's value over time.
- c. A concise description of each category of major stewardship land use. (Where parcels of land have more than one use, the predominant use of the land should be considered the major use. In cases where land has multiple uses, none of which is predominant, a description of the multiple uses should be presented.) For each category of major use the following should be reported:
 - 1.) the number of acres, miles, or physical units of stewardship land as of the end of the reporting period;
 - 2.) the acquisitions or withdrawals that occurred by category of major use during the reporting period; and
 - 3.) a description of the major methods of acquisition and withdrawal of significant stewardship land. This should include disclosure of transfers of stewardship land between Federal entities and acquired through donation or devise, if material. In addition, the fair value of stewardship land acquired through donation or devise, if known and material, should be disclosed in notes to the basic financial statements in the year received.

45. Entities should report the condition of the stewardship land (which may be reported with the deferred maintenance information) as required supplementary information. Entities should include a reference to the condition and deferred

²⁶ The Board is not prescribing a specific reference or line item "Stewardship Land" as it may be included with other items for which no dollar amounts are recognized (such as heritage assets and other items that in the future may require similar non-financial disclosure) for presentation. Instead, the Board prefers to allow agencies flexibility in determining the best presentation.

maintenance information if reported elsewhere in the report containing the basic financial statements.

U.S. Government-wide Financial Statement Disclosures

46. The U.S. Government-wide financial statement should reference a note on the balance sheet that discloses information about stewardship land, but no asset dollar amount should be shown. The note disclosure related to significant stewardship land should provide the following:

- a. A concise statement explaining how significant stewardship land is important to the overall mission of the Federal Government and a brief description of the predominant uses of the stewardship land.
- b. A general reference to agency reports for additional information about stewardship land, such as agency stewardship policies for stewardship land, categories of major stewardship land use, and the condition of the stewardship land.

Effective Date

47. These proposed standards are effective for reporting periods beginning after September 30, 2004. Earlier implementation is encouraged.

The provisions of this Statement need not be applied to immaterial items.

Appendix A: Basis for Conclusions

This appendix discusses factors considered significant by Board members in reaching the conclusions in this Statement. It includes the reasons for accepting certain approaches and rejecting others. Individual members gave greater weight to some factors than to others. The standards enunciated in this statement---not the material in this appendix---should govern the accounting for specific transactions, events or conditions.

Background

48. In SFFAS 8, *Supplementary Stewardship Reporting*, the Board described stewardship information and required reporting that information. When the Board established the RSSI category, it believed that the new category was needed to highlight the unique nature of the reported items, to accommodate non-financial data, and to allow for reporting experimental information, such as condition. The Board believed that as agencies gained experience in reporting stewardship information that the reporting would evolve to a level where there was consistency within categories and at the government-wide consolidated reporting level. The Board has found that this evolution is, in fact, happening.

49. Consequently, the Board also has factored in entities' improved accounting and reporting methods in deciding how to categorize the stewardship elements. The Board has found that, in many cases, entities have adopted the stewardship standards with a sense of responsible creativity. There are many instances where entities have developed imaginative, informative, and meaningful displays of stewardship information. The Board commends the efforts of these entities and supports their continued efforts to report on the Nation's stewardship resources and responsibilities in a responsible and informative manner.

50. The Board believes that avoiding use of the RSSI category would eliminate some potential confusion and ambiguity. In particular, it should clarify the Board's expectation that significant information essential to fair presentation will be subject to audit.

51. The Board eliminated the use of RSSI to report information about weapons systems when it issued SFFAS 23, *Eliminating the Category "National Defense Property, Plant, and Equipment."* Additionally, SFFAS 25, *Reclassification of Stewardship Responsibilities and Eliminating the Current Services Assessment*, eliminated the use of RSSI for reporting stewardship responsibilities. Classification of other items of information currently designated RSSI (stewardship investments) may be dealt with in one or more future exposure drafts.

Heritage Assets and Stewardship Land

52. "Stewardship PP&E" consists of items whose physical properties resemble those of general PP&E traditionally capitalized in basic financial statements. However, the nature of Federal physical assets classified as stewardship PP&E (e.g., museum collections, monuments, assets acquired in the formation of the nation) differ from general PP&E. Stewardship PP&E includes heritage assets (e.g., Federal monuments and memorials and historically or culturally significant property) and stewardship land (i.e., land not acquired for or in connection with general property, plant, and equipment).²⁷
53. The Board believes that information on heritage assets and stewardship land (except for condition) should be basic information for the following reasons:
- a. Information on these assets is essential to fair presentation and crucial to understanding the entirety of an entity's financial condition.
 - b. Accountability for heritage assets and stewardship land requires more audit scrutiny than would be afforded if it were considered RSI.²⁸
 - c. This classification would be consistent with existing standards issued by the Governmental Accounting Standards Board (GASB) that is specific to reporting on art and historical treasures; and the Financial Accounting Standards Board (FASB) that is specific to collections, and other works of art and historical treasures. There is also existing audit guidance available in this area.²⁹
54. The reliability and availability of the data has greatly improved because entities have had several years to report on stewardship. Also, the classification of heritage assets and stewardship land information as basic should not limit the information entities choose to present or prevent the continuation of informative and meaningful displays of information. This proposed standard does not eliminate any information that previously was required to be reported for heritage assets and stewardship land. The Board notes that preparers will continue to have the option of voluntarily presenting information beyond the minimum reporting requirements as other accompanying information.
55. Condition reporting for heritage assets and stewardship land should be reported as required supplementary information because this information is experimental in nature and there is inconsistency in the manner of assessing and reporting this information.

²⁷ SFFAS 8, par. 11

²⁸ See SFFAS 8, par. 114 which details the fact the Board believed "that certain stewardship information, should receive more audit scrutiny than it would if it were RSI..."

²⁹ For additional information on these existing standards and guidance see Statement of Financial Accounting Standards 116, *Accounting for Contributions Made and Contributions Received*, GASB 34 par. 27-29 (*Reporting Works of Art and Historical Treasures*), and the American Institute of Certified Public Accountants (AICPA) Audit and Accounting Guide, *Certain Nonprofit Organizations*.

Basic vs. RSI

56. It should be noted that during Board discussions and deliberations related to SFFAS 25 and the reclassification of the stewardship responsibilities, the Board developed a detailed list of practical and conceptual factors for consideration in determining RSI versus basic information classification. This structure was also considered in the decisions relating to the appropriate classification of heritage assets and stewardship land information and will be invoked in any future classification decisions by the Board.³⁰

57. Specifically, the Board agreed that heritage assets and stewardship land information was essential and relevant to fair presentation. Additionally, the Board believed that it was important that this be clearly communicated to the readers of the financial statements and auditor reports. The Board also noted the importance and relevance of the information in light of the *Objectives of Federal Financial Reporting*.

U.S. Government-wide Financial Statement

58. In determining the required disclosures for the U.S. Government-wide Financial Statement, the Board considered Statement of Federal Financial Accounting Concepts 4, *Intended Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government*, which designated the intended or primary audience of the U.S. Government-wide Financial Statement and qualitative characteristics for the U.S. Government-wide Financial Statement that would be most useful for that audience.³¹

59. Par. 6 of SFFAC 4 explains that the U.S. Government-wide Financial Statement “is a general purpose report that is aggregated from agency reports and tells users where to find information in other formats, both aggregated and disaggregated, such as individual agency reports, agency websites, and the President’s Budget.”

³⁰ See SFFAS 25, Appendix A paragraphs 34-50 for detail on the factors. To help readers understand the Board's deliberations, those paragraphs provide more details about some practical and conceptual factors that affected the Board's decision whether to designate an item as RSI or as an integral part of the basic financial statements.

³¹ See SFFAC 4, *Intended Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government* par. 5

60. The Board considered the nature and the variety of the data that would be aggregated from the various entities in preparing the heritage assets and stewardship land disclosures for the U.S. Government-wide Financial Statement. The Board determined that the standards for the U.S. Government-wide Financial Statement should provide for a general discussion and direct users to the applicable entities' financial statements for more detailed information on heritage assets and stewardship land.

Appendix B: Crosswalk of Previous Standards to New Proposed Standard

This Appendix provides a crosswalk from the previous standards specific to heritage assets and stewardship land that are now being rescinded, with a majority of the previous standards being carried forward to this proposed standard. This proposed standard reclassifies heritage assets and stewardship land information as basic information, with the exception of condition reporting which is to be considered RSI. Other specific changes include additional minor reporting disclosures about entity stewardship policies and an explanation of how heritage assets and stewardship land are pertinent to the entity's mission. This purpose of this crosswalk is to highlight the changes resulting from this proposed standard.

Highlighted text presents new or modified requirements for heritage assets and stewardship land within this proposed standard. The provisions relate specifically to the reclassification and new required reporting disclosures.

| Rescinded Standard Reference Paragraph Number & Text | Proposed Standard Reference Paragraph Number & Text |
|---|--|
| Heritage Assets Standards <u>SFFAS 8 Chapter 2 (Heritage Assets)</u> | Heritage Assets Standards |
| Heritage Assets Text Box <p>Heritage assets shall be reported as required supplementary stewardship information accompanying the financial statements of the Federal Government and the component units of the Federal Government responsible for such assets. Heritage assets shall be reported in terms of physical units rather than cost, fair value, or other monetary values.</p> | <p>Text box is not necessary in the proposed standard.</p> |
| Definition 43. "Heritage assets" are PP&E that are unique for one or more of the following reasons: <ul style="list-style-type: none"> • historical or natural significance; • cultural, educational, or artistic (e.g., aesthetic importance; or • significant architectural characteristics. | 17. "Heritage assets" are PP&E that are unique for one or more of the following reasons: <ul style="list-style-type: none"> • historical or natural significance, • cultural, educational, or artistic (e.g., aesthetic importance; or • significant architectural characteristics. |

| Rescinded Standard Reference Paragraph Number & Text | Proposed Standard Reference Paragraph Number & Text |
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| 44. Heritage assets are generally expected to be preserved indefinitely. One example of evidence that a particular asset is heritage in nature is that it is listed on the National Register of Historic Places. | 18. Heritage assets are generally expected to be preserved indefinitely. One example of evidence that a particular asset is heritage in nature is that it is listed on the National Register of Historic Places. |
| 45. Some investments in heritage assets, for example national parks, will be reported by both 1) the number of physical units identified as national parks in the heritage assets category, and by 2) the number of acres used as a park or an historic site in the stewardship land category (see Chapter 4 of this document). Such reporting would not be considered duplication, as the type of information reported on an item would be different for each category of stewardship asset. | 19. Some investments in heritage assets (e.g., national parks) will meet the definitions and be considered both heritage assets and stewardship land (see Stewardship Land below). Such reporting would not be considered duplication, as the type of information reported on an item would be different for each category of stewardship asset. For example, the number of physical units identified as national parks would be in the heritage assets disclosures and the number of acres used as a park would be in the stewardship land disclosures. |
| Measurement 46. Heritage assets shall be quantified in terms of physical units (for example, number of items in collections or the number of national parks). No asset amount shall be shown on the balance sheet of the Federal financial statements for heritage assets. | 27. Heritage assets should be quantified in terms of physical units. 28. Entities with significant amounts of heritage assets should reference a note on the balance sheet that discloses information about heritage assets, but no asset dollar amount should be shown. |

| Rescinded Standard Reference Paragraph Number & Text | Proposed Standard Reference Paragraph Number & Text |
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| <p>Multi-use Heritage Assets</p> <p>48. ... [See SFFAS 16 for explanation of the deletion]</p> <p>49. ... [See SFFAS 16 for explanation of the deletion]</p> | <p>See Crosswalk from SFFAS 16 below.</p> <p>28. Entities with significant amounts of heritage assets should reference a note on the balance sheet that discloses information about heritage assets, but no asset dollar amount should be shown. The note disclosure related to significant heritage assets should provide the following:</p> <ol style="list-style-type: none"> A concise statement explaining how significant heritage assets are important to the overall mission of the entity; A brief description of the entity's stewardship policies for heritage assets. Stewardship policies for heritage assets are the goals and principles the entity established to guide its acquisition, maintenance, use, and disposal of heritage assets consistent with statutory requirements, prohibitions, and limitations governing the entity and the heritage assets. While not all encompassing, the policies may address preserving and maintaining condition, providing public use or access, and enhancing the heritage assets' value over time. A concise description of each major category of heritage asset. For each major category of heritage asset, the following should be reported: <ol style="list-style-type: none"> 1.) the number of major collection or non-collection type heritage assets for which the entity is the steward as of the end of the reporting period; 2.) the additions and/or withdrawals from the category during the reporting period; and 3.) a description of the major methods of acquisition and <p>• Description of each major category of heritage asset.</p> <ul style="list-style-type: none"> • The number of physical units added and withdrawn from the heritage asset records during the year and the end-of-year number of physical units for each type of heritage asset. Heritage assets consist of (1) collection-type heritage assets, such as objects gathered and maintained for exhibition, for example, museum collections, art collections, and library collections; and |

| Rescinded Standard Reference Paragraph Number & Text | Proposed Standard Reference Paragraph Number & Text |
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| <p>(2) noncollection-type heritage assets, such as, parks, memorials, monuments, and buildings.</p> <ul style="list-style-type: none"> • Description of the methods of acquisition and withdrawal of heritage assets. <p>• Condition of the assets, unless it is already reported in ... [See SFFAS 14 for the explanation of the deletion and change to “deferred maintenance information included elsewhere in the report, in which case a reference to the information will suffice”].</p> <p>• A reference to [the information] ... [See SFFAS 14 for the explanation of deletion and change to “the information”] if deferred maintenance is reported for the assets.</p> | <p>Withdrawal of significant heritage assets. This should include disclosure of transfers of heritage assets between Federal entities and those acquired through donation or devise, if material. In addition, the fair value of heritage assets acquired through donation or devise, if known and material, should be disclosed in notes to the basic financial statements in the year received.</p> <p>29. Entities should report the condition of the heritage assets (which may be reported with the deferred maintenance information) as required supplementary information. Entities should include a reference to the condition and deferred maintenance information if reported elsewhere in the report containing the basic financial statements.</p> |
| <p>Implementation Guidance</p> <p>51. For guidance on heritage assets that were previously recognized as assets for balance sheet reporting, see Statement of Federal Financial Accounting Standards (SFFAS) No. 6, <i>Accounting for Property, Plant and Equipment</i>, paragraphs 63, 64, and 65.</p> | <p>Text is not necessary in new proposed standard. Implementation guidance not included in the proposed standard as it related to guidance on removal of heritage assets that were previously recognized as assets for balance sheet reporting when SFFAS 8 was implemented.</p> <p>SFFAS 16</p> <p>Amendments To SFFAS No. 6</p> <p>Introduction</p> <p>4. Accounting standards for multi-use heritage assets are presented in paragraphs 5 through 15 that follow. The standards presented in these paragraphs supersede designated paragraphs in SFFAS No. 6 as they relate to multi-use heritage assets. Other paragraphs in SFFAS No. 6, which are not amended by this document or by Statement 11, remain in effect.</p> |

| Rescinded Standard Reference Paragraph Number & Text | Proposed Standard Reference Paragraph Number & Text |
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| <p>Heritage Assets</p> <p>5. Heritage assets are defined in paragraphs 57 and 58 in SFFAS No. 6. Those paragraphs are not changed. However, accounting for “multi-use heritage assets” is changed. The new provision is provided in paragraph 6 below, which replaces paragraph 59 of SFFAS No. 6.</p> <p>6. Heritage assets may in some cases be used to serve two purposes—a heritage function and general government operations. In cases where a heritage asset serves two purposes, the heritage asset shall be considered a multi-use heritage asset if the predominant use of the asset is in general government operations (e.g., the main Treasury building which is a heritage asset used as an office building). The cost of acquisition, betterment, or reconstruction of all multi-use heritage assets shall be capitalized as general PP&E and depreciated over its estimated useful life.</p> | <p>Text is not necessary in new proposed standard.</p> <p>20. Heritage assets may in some cases be used to serve two purposes—a heritage function and general government operations. In cases where a heritage asset serves two purposes, the heritage asset should be considered a multi-use heritage asset if the predominant use of the asset is in general government operations (e.g., the main Treasury building is used as an office building).</p> <p>24. The cost of acquisition, improvement, or reconstruction of multi-use heritage assets should be capitalized as general PP&E and depreciated over its estimated useful life.</p> |
| <p>Recognition and Measurement</p> <p>7. Paragraphs 8 through 12 below replace paragraphs 60 through 62 of SFFAS No. 6.</p> | <p>Text is not necessary in new proposed standard.</p> <p>21. With the exception of multi-use heritage assets (addressed in par. 24) the cost of acquisition, improvement, reconstruction, or renovation of heritage assets should be recognized on the statement of net cost for the period in which the cost is incurred. The cost should include all costs incurred during the period to bring the item to its current condition (See par. 26 of SFFAS 6 for examples of the costs to be considered).</p> <p>24. The cost of acquisition, improvement, or reconstruction of multi-use heritage assets should be capitalized as general PP&E and depreciated over its estimated useful life.</p> |
| | |

| Rescinded Standard Reference Paragraph Number & Text | Proposed Standard Reference Paragraph Number & Text |
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| that “physical quantity” information for the multi-use heritage assets is included in supplemental stewardship reporting for heritage assets. The multi-use heritage assets shall be depreciated over their useful life. | 30. Entities should disclose that multi-use heritage assets are recognized and presented with general PP&E in the basic financial statements and that additional information for the multi-use heritage assets is included with the heritage assets information. |
| 10. With the exception of multi-use heritage assets, as stated in paragraph 11 below, no amounts for heritage assets acquired through donation or devise shall be recognized in the cost of heritage assets. The assets’ fair value, if known and material, shall be disclosed in notes to the financial statements in the year received. If fair value is not known or reasonably estimable, information related to the type and quantity of heritage assets received shall be disclosed. | 22. With the exception of multi-use heritage assets (addressed in par. 25) no amounts for heritage assets acquired through donation or devise should be recognized in the cost of heritage assets. 28.c) 3. ...In addition, the fair value of heritage assets acquired through donation or devise, if known and material, should be disclosed in notes to the basic financial statements in the year received. |
| 11. Multi-use heritage assets acquired through donation or devise shall be recognized as general PP&E at the assets’ fair value, and the amount shall also be recognized as “nonexchange revenues” as defined in SFFAS No. 7, <i>Accounting for Revenue and Other Financing Sources</i> . | 25. Multi-use heritage assets acquired through donation or devise should be recognized as general PP&E at the assets’ fair value at the time received, and the amount should also be recognized as “nonexchange revenues” as defined in SFFAS 7, <i>Accounting for Revenue and Other Financing Sources</i> . |
| 12. Additional reporting requirements are provided in SFFAS No. 8, <i>Supplementary Stewardship Reporting</i> . | Text is not necessary in new proposed standard. |
| Implementation Guidance 13. Paragraph 14 below replaces paragraph 63 of SFFAS No. 6. Paragraph 15 provides additional guidance on multi-use heritage assets. (Paragraphs 64 and 65 of SFFAS No. 6 remain in effect.) 14. Heritage assets (excluding multi-use heritage assets) previously recognized as assets for balance sheet reporting and their related contra amounts (e.g. accumulated depreciation) shall be removed from the balance sheet and charged to the net assets for balance sheet reporting when SFFAS 8 was | Text is not necessary in new proposed standard. Implementation guidance not included in the proposed standard as it related to removal of heritage assets that were previously recognized as assets for balance sheet reporting when SFFAS 8 was |

| Rescinded Standard Reference Paragraph Number & Text | Proposed Standard Reference Paragraph Number & Text |
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| <p>position of the entity. The amount of the adjustment shall be reported as a “prior period adjustment” in the statement of changes in net position.</p> <p>15. Implementation guidance for general PP&E, in paragraph 40 through 44, SFFAS No. 6, is applicable to multi-use heritage assets. Entities that implemented the multi-use heritage asset standard in SFFAS No. 8 in prior years for stewardship assets, will need to capitalize those amounts upon implementation of this amendment. That amount shall be added to the balance sheet and reported as a “prior period adjustment” in the statement of changes in net position.</p> | <p>Text is not necessary in new proposed standard. Implementation guidance not included in the proposed standard as it related to multi-use heritage assets that were previously expensed when SFFAS 16 was implemented.</p> |
| <p>Amendments To SFFAS No. 8</p> <p>Introduction</p> <p>16. Accounting standards for multi-use heritage assets are presented in paragraphs 17 and 18 that follow. The standards presented in these paragraphs supersede designated paragraphs in SFFAS No. 8 as they relate to multi-use heritage assets. Other paragraphs in SFFAS No. 8, which are not amended by this document, remain in effect.</p> <p>Heritage Assets</p> | <p>Text is not necessary in new proposed standard.</p> |
| <p>17. Paragraphs 48 and 49 in SFFAS No. 8 are rescinded. The reader should refer to paragraphs 6 through 15 in this document for guidance on multi-use heritage assets. Paragraph 18, which is presented below, is added as a reporting requirement in paragraph 50 of the Heritage Assets Minimum Reporting requirements in SFFAS No. 8. Other paragraphs on heritage assets in SFFAS No. 8 remain in effect.</p> <p>18. A footnote shall explain that financial information for multi-use heritage assets is presented in the principal statements.</p> | <p>Text is not necessary in new proposed standard.</p> <p>30. Entities should disclose that multi-use heritage assets are recognized and presented with general PP& E in the basic financial statements and that additional information for the multi-use heritage assets is included with the heritage assets</p> |

| Rescinded Standard Reference Paragraph Number & Text | Proposed Standard Reference Paragraph Number & Text |
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| SFFAS 14 (par. 10-11) | <p>Amendments To SFFAS No. 8</p> <p>10. Bullet 4 of paragraphs 50, 68 and 81 are amended by replacing “a note to the financial statements in which case a reference to the note will suffice” with “with the deferred maintenance information included elsewhere in the report in which case a reference to the information will suffice.”</p> <p>11. Bullet 5 of paragraphs 50, 68 and 81 are amended by replacing “a note to the financial statements” with “the information.” Footnote 15 is amended by adding “as amended by SFFAS No. 14” to the end of the footnote.</p> |
| | <p>SFFAS 6 Heritage Assets (par. 57-65)</p> |
| <p>57. Heritage assets are property, plant, and equipment that are unique for one or more of the following reasons:</p> <ul style="list-style-type: none"> • historical or natural significance; • cultural, educational, or artistic (e.g., aesthetic) importance; or • significant architectural characteristics. | <p>17. “Heritage assets” are PP&E that are unique for one or more of the following reasons:</p> <ul style="list-style-type: none"> • historical or natural significance, • cultural, educational, or artistic (e.g., aesthetic) importance; or • significant architectural characteristics. |
| <p>58. Heritage assets are generally expected to be preserved indefinitely. One example of evidence that a particular asset is heritage in nature is that it is listed on the National Register of Historic Places.</p> | <p>18. Heritage assets are generally expected to be preserved indefinitely. One example of evidence that a particular asset is heritage in nature is that it is listed on the National Register of Historic Places.</p> |
| <p>59. ... [See SFFAS 16 for explanation of deletion]</p> | <p>See Crosswalk for SFFAS 16</p> |

| Rescinded Standard Reference Paragraph Number & Text | Proposed Standard Reference Paragraph Number & Text |
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| 60. ... [See SFFAS 16 for explanation of deletion] 61. ... [See SFFAS 16 for explanation of deletion] 62. ... [See SFFAS 16 for explanation of deletion] | See Crosswalk for SFFAS 16 Text is not necessary in new proposed standard. |
| Implementation Guidance 63. ... [See SFFAS 16 for explanation of deletion] 64. If records are not available to determine which costs are associated with heritage assets and which are general PP&E, the entity may estimate the cost of heritage assets by classes of PP&E (e.g., entire facilities rather than a building by building estimate). | Text is not necessary in new proposed standard. |
| 65. For published financial statements presenting prior year information, no prior year amounts shall be restated. | Text is not necessary in new proposed standard. |
| | Stewardship Land Standards |
| | Stewardship Land Standards |
| | SFFAS 8 Chapter 4 (Stewardship Land) |
| | <p>Stewardship Land Text Box</p> <p>Land not acquired for or in connection with 22 items of general PP&E, that is, stewardship land, shall be reported as required supplementary stewardship information accompanying the financial statements of the Federal Government and the separate reports of component units of the Federal Government responsible for such land. Stewardship land shall be reported in terms of physical units rather than cost, fair value, or other monetary values.</p> |

Appendix B: Crosswalk of Previous Standards to New Proposed Standard

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| Rescinded Standard Reference Paragraph Number & Text | Proposed Standard Reference Paragraph Number & Text |
|---|--|
| Definition | |
| 71. “Land” is defined as the solid part of the surface of the earth. Excluded from the definition are the natural resources (that is, depletable resources, such as mineral deposits and petroleum; renewable resources, such as timber; and the outer-continent shelf resources) related to land. | 37. “Land” is defined as the solid part of the surface of the earth. Excluded from the definition are the natural resources (that is, depletable resources, such as mineral deposits and petroleum; renewable resources, such as timber; and the outer-continent shelf resources) related to land. |
| 72. Although the Federal Government holds vast amounts of “proven” and inferred” natural resources, the major reasons for addressing only surface land in this project were (1) the allotted time frame within which to complete this standard; (2) existing studies that point out the difficulties and the complexities of accurately estimating and valuing natural resources; and (3) disputes regarding the boundaries of the outer-continent shelf. | Text is not necessary in new proposed standard. |
| 73. Land and land rights owned by the Federal Government and acquired for or in connection with items of general PP&E shall be accounted for and reported as general PP&E. | 38. Land and land rights owned by the Federal Government and acquired for or in connection with items of general PP&E should be accounted for and reported as general PP&E. |
| 74. Land and land rights owned by the Federal Government and not acquired for or in connection with items of general PP&E will be reported as stewardship land. Examples of stewardship land include land used as forests and parks, and land used for wildlife and grazing. | 39. Land and land rights owned by the Federal Government and not acquired for or in connection with items of general PP&E should be reported as stewardship land. Examples of stewardship land include land used as forests and parks, and land used for wildlife and grazing. |
| Measurement | |
| 75. Stewardship land shall be quantified in terms of physical units (for example, acres) rather than in monetary terms. | 43. Stewardship land should be quantified in terms of physical units. |
| 76. No asset amount shall be shown on the balance sheet of the Federal financial statements for stewardship land. | 44. Entities with significant amounts of stewardship land should reference a note on the balance sheet that discloses information about stewardship land, but no asset dollar amount should be shown. |
| 77. The acquisition cost of stewardship land shall be considered an expense in the period acquired when determining the net cost | 40. The cost of acquisition of stewardship land should be recognized on the statement of net cost for the period in which |

| Rescinded Standard Reference Paragraph Number & Text | Proposed Standard Reference Paragraph Number & Text |
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| <p>of operations.</p> <p>78. In some cases, land may be acquired along with existing structures. The following treatments may apply:</p> <ul style="list-style-type: none"> • if the structure, which would be deemed a heritage asset, is significant in and of itself, the entity shall use its judgement as to whether the acquisition cost shall be treated as the cost of stewardship land, heritage asset, or both; • if the structure is to be used in operations (for example, as general PP&E) but 1) the value of the structure is insignificant, or 2) its acquisition is merely a by-product of the acquisition of the land, the cost in its entirety shall be treated as an acquisition of stewardship land; or • only significant structures that have an operating use (such as, a recently constructed hotel or employee housing block) shall be treated as general PP&E by identifying the cost attributable to general PP&E and segregating it from the cost of the stewardship land acquired. <p>79. However, no amounts for stewardship land acquired through donation or devise shall be recognized as a cost in calculating net cost. The fair value of the property, if known and material, shall be disclosed in notes to the financial statements. If fair value is not estimable, information related to the type and quantity of assets received shall be disclosed in the year received.</p> <p>80. Any costs to prepare stewardship land for its intended use</p> | <p>the cost is incurred. The cost should include all costs to prepare stewardship land for its intended use (e.g., razing a building)...</p> <p>40. The cost of acquisition of stewardship land should be recognized on the statement of net cost for the period in which the cost is incurred. The cost should include all costs to prepare stewardship land for its intended use (e.g., razing a building). In some cases, land may be acquired along with existing structures. The following treatments should apply:</p> <ol style="list-style-type: none"> a. if the structure would be deemed a heritage asset and is significant in and of itself, the entity should use its judgement as to whether the acquisition cost should be treated as the cost of stewardship land, heritage asset, or both; b. if the structure is to be used in operations (for example, as general PP&E) but 1) the value of the structure is insignificant, or 2) its acquisition is merely a by-product of the acquisition of the land, the cost in its entirety should be treated as an acquisition of stewardship land; or c. significant structures that have an operating use (e.g., a recently constructed hotel or employee housing block) should be treated as general PP&E by identifying the cost attributable to general PP&E and segregating it from the cost of the stewardship land acquired. <p>41. No amounts for stewardship land acquired through donation or devise should be recognized in the cost of stewardship land.</p> <p>44. c.) 3 ...In addition, the fair value of stewardship land acquired through donation or devise, if known and material, should be disclosed in notes to the basic financial statements in the year received.</p> <p>40. The cost of acquisition of stewardship land should be</p> |

| Rescinded Standard Reference Paragraph Number & Text | Proposed Standard Reference Paragraph Number & Text |
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| (for example, razing a building) shall be expensed as a part of the cost of stewardship land. | recognized on the statement of net cost for the period in which the cost is incurred. The cost should include all costs to prepare stewardship land for its intended use (e.g., razing a building)... |

| Rescinded Standard Reference Paragraph Number & Text | Proposed Standard Reference Paragraph Number & Text |
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| <p>Minimum Reporting</p> <p>81. Reporting at the entity level for stewardship land shall be more specific than at the governmentwide level. Minimum reporting shall include the following:</p> <ul style="list-style-type: none"> 44. Entities with significant amounts of stewardship land should reference a note on the balance sheet that discloses information about stewardship land, but no asset dollar amount should be shown. The note disclosure related to significant stewardship land should provide the following: <ul style="list-style-type: none"> a. A concise statement explaining how significant stewardship land is important to the overall mission of the entity; b. A brief description of the entity's stewardship policies for stewardship land. Stewardship policies for stewardship land are the goals and principles the entity established to guide its acquisition, maintenance, use, and disposal of stewardship land consistent with statutory requirements, prohibitions, and limitations governing the entity and the stewardship land. While not all encompassing, the policies may address preserving and maintaining condition, providing public use or access, and enhancing the stewardship land's value over time. c. A concise description of each category of major stewardship land use. (Where parcels of land have more than one use, the predominant use of the land should be considered the major use. In cases where land has multiple uses, none of which is predominant, a description of the multiple uses should be presented.) For each category of major use, the following should be reported: <ol style="list-style-type: none"> 1.) the number of acres, miles, or physical units of stewardship land as of the end of the reporting period; 2.) the acquisitions or withdrawals that occurred by category of major use during the reporting period; and 3.) a description of the major methods of acquisition and | |

| Rescinded Standard Reference Paragraph Number & Text | Proposed Standard Reference Paragraph Number & Text |
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| <p>by major categories of use, and methods of acquisition and withdrawal identified. Reporting should be at the major category level; individual transactions, unless significant, need not be reported.</p> <ul style="list-style-type: none"> • The condition of the stewardship land, unless it is already reported in a note to the financial statement, in which case a reference to the note will suffice. [see SFFAS 14] • A reference to the note to the financial statements if deferred maintenance is reported for the assets.²⁷ [see SFFAS 14] | <p>withdrawal of significant stewardship land. This should include disclosure of transfers of stewardship land between Federal entities and acquired through donation or devise, if material. In addition, the fair value of stewardship land acquired through donation or devise, if known and material, should be disclosed in notes to the basic financial statements in the year received</p> <p>45. Entities should report the condition of the stewardship land (which may be reported with the deferred maintenance information) as required supplementary information. Entities should include a reference to the condition and deferred maintenance information if reported elsewhere in the report containing the basic financial statements.</p> |

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| Implementation Guidance 82. For guidance relating to stewardship land that was previously recognized as assets for balance sheet reporting, see SFFAS No. 6, <i>Accounting for Property, Plant and Equipment</i> , paragraphs 75 and 76. SFFAS 14 (par. 10-11) | Text is not necessary in new proposed standard. Implementation guidance not included in the proposed standard as it related to removal of stewardship land previously recognized as assets for balance sheet reporting when SFFAS 8 was implemented. |
| Amendments To SFFAS No. 8 10. Bullet 4 of paragraphs 50, 68 and 81 are amended by replacing “a note to the financial statements in which case a reference to the note will suffice” with “with the deferred maintenance information included elsewhere in the report in which case a reference to the information will suffice.” 11. Bullet 5 of paragraphs 50, 68 and 81 are amended by replacing “a note to the financial statements” with “the information.” Footnote 15 is amended by adding “as amended by SFFAS No. 14” to the end of the footnote. SFFAS 6 Stewardship Land (par. 66-76) | 45. Entities should report the condition of the stewardship land (which may be reported with the deferred maintenance information) as required supplementary information. Entities should include a reference to the condition and deferred maintenance information if reported elsewhere in the report containing the basic financial statements. |
| 66. Land is defined as the solid part of the surface of the earth. | 37. “Land” is defined as the solid part of the surface of the earth. Excluded from the definition are the natural resources (that is, depletable resources, such as mineral deposits and petroleum; renewable resources, such as timber; and the outer-continental shelf resources) related to land. |
| 67. Excluded from the definition of land are materials beneath the surface (i.e., depletable resources such as mineral deposits and petroleum), the space above the surface (i.e., renewable resources such as timber), and the outer-continental shelf resources. The materials excluded from the definition of land will be addressed in a separate accounting and reporting standard | 37. “Land” is defined as the solid part of the surface of the earth. Excluded from the definition are the natural resources (that is, depletable resources, such as mineral deposits and petroleum; renewable resources, such as timber; and the outer-continental shelf resources) related to land. |

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| <p>related to them.</p> <p>68. Land and land rights owned by the Federal Government and not acquired for or in connection with other general PP&E will be referred to as stewardship land and will not be reported on the balance sheet. Examples of land not associated with other items of general PP&E include land used as forests and parks and land used for wildlife and grazing. General PP&E may be built on existing Federal lands. In this case, the cost of the land would often not be identifiable. In these instances, general PP&E shall include only land or land rights with an identifiable cost that was specifically acquired for or in connection with construction of general PP&E.</p> <p>Recognition and Measurement</p> <p>69. The acquisition cost of stewardship land shall be recognized as a cost in the period incurred. The cost shall be disclosed 56 as “cost of stewardship land.” The cost shall include all costs incurred to bring the PP&E to its current condition and location (See paragraph 26 for examples of the costs to be considered).</p> <p>70. In some cases, land may be acquired along with existing structures. The following treatments may apply.</p> <ul style="list-style-type: none"> • if the structure is significant in and of itself, the entity shall use its judgment as to whether the acquisition cost shall be treated as the cost of stewardship land, heritage asset, or both; • if the structure is to be used in operations (e.g., as general PP&E) but (1) the value of the structure is insignificant as compared to the value of the land, (2) it has little or no inherent value, and/or (3) it is merely a byproduct of the acquisition of the land, the cost shall be treated as an acquisition of stewardship land in its entirety; or • only significant structures which have a significant operating use (e.g., a recently constructed hotel or employee housing block) shall be treated as general PP&E by identifying the cost | <p>36. Stewardship Land is land and land rights owned by the Federal Government but not acquired for or in connection with items of general PP&E.</p> <p>39. Land and land rights owned by the Federal Government and not acquired for or in connection with items of general PP&E should be reported as stewardship land. Examples of stewardship land include land used as forests and parks, and land used for wildlife and grazing.</p> <p>40. The cost of acquisition of stewardship land should be recognized on the statement of net cost for the period in which the cost is incurred. The cost should include all costs to prepare stewardship land for its intended use (e.g., razing a building)...</p> <p>40. The cost of acquisition of stewardship land should be recognized on the statement of net cost for the period in which the cost is incurred. The cost should include all costs to prepare stewardship land for its intended use (e.g., razing a building) In some cases, land may be acquired along with existing structures. The following treatments should apply:</p> <ul style="list-style-type: none"> a. if the structure would be deemed a heritage asset and is significant in and of itself, the entity should use its judgement as to whether the acquisition cost should be treated as the cost of stewardship land, heritage asset, or both; b. if the structure is to be used in operations (for example, as general PP&E) but 1) the value of the structure is insignificant, or 2) its acquisition is merely a byproduct of the acquisition of the land, the cost in its entirety should be treated as an acquisition of |

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| attributable general PP&E and segregating it from the cost of the stewardship land acquired. | <p>stewardship land; or</p> <p>c. significant structures that have an operating use (e.g., a constructed hotel or employee housing block) should be treated as general PP&E by identifying the cost attributable to general PP&E and segregating it from the cost of the stewardship land acquired.</p> |
| 71. However, no amounts for stewardship land acquired through donation or devise shall be recognized as a cost on the statement of net cost. Its fair value, if known and material, shall be disclosed in notes to the statement of net cost. If fair value is not estimable, information related to the type and quantity of assets received shall be disclosed in the year received. | <p>41. No amounts for stewardship land acquired through donation or devise should be recognized in the cost of stewardship land.</p> <p>44. c.) 3 ...In addition, the fair value of stewardship land acquired through donation or devise, if known and material, should be disclosed in notes to the basic financial statements in the year received.</p> |
| 72. Land may be transferred between Federal entities. In some cases, land included in general PP&E may be transferred to an entity for use as stewardship land. In this instance, the cost of stewardship land transferred from another Federal entity shall be the book value of the land recorded on the transferring entity's books. If the receiving entity does not know the book value, the transfer shall be disclosed in notes if material. In other cases, stewardship land may be transferred between Federal entities. Transfers of stewardship land shall be disclosed in the notes if material. | <p>42. Transfers of stewardship land from one Federal entity to another, does not affect the net cost of operations or net position of either entity. However, in some cases, land included in general PP&E may be transferred to an entity for use as stewardship land. In this instance, the transferring entity should recognize a transfer-out of capitalized assets.</p> <p>44. c.) 3 ...This should include disclosure of transfers of stewardship land between Federal entities and acquired through donation or devise, if material.</p> |
| 73. Any costs to prepare stewardship land for its intended use (e.g., razing a building) shall be expensed as a part of the cost of stewardship land. | <p>40. The cost of acquisition of stewardship land should be recognized on the statement of net cost for the period in which the cost is incurred. The cost should include all costs to prepare stewardship land for its intended use (e.g., razing a building)...</p> |
| 74. Additional reporting requirements will be developed for stewardship report items in a separate standard. | <p>Text is not necessary in new proposed standard.</p> |
| <p>Implementation Guidance</p> <p>Text is not necessary in new proposed standard. Implementation</p> | |

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| 75. Land previously recognized as assets for balance sheet reporting shall be removed. The amounts removed shall be charged to Net Position of the entity. The amount of the adjustment shall be shown as a "prior period adjustment" in the statement of changes in net position. The amounts removed from the balance sheet shall be disclosed in a footnote. | guidance not included in the proposed standard as it related to removal of stewardship land previously recognized as assets for balance sheet reporting when SFFAS 8 was implemented. |
| 76. For published financial statements presenting prior year information, no prior year amounts shall be restated. | Text is not necessary in new proposed standard. |

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