



OFFICE OF THE UNDER SECRETARY OF DEFENSE  
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JUN 27 2016

COMPTROLLER

MEMORANDUM FOR ASSISTANT SECRETARIES OF THE MILITARY DEPARTMENTS  
(FINANCIAL MANAGEMENT AND COMPTROLLER)  
DIRECTORS OF THE DEFENSE AGENCIES  
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Financial Reporting Policy for Real Property Estimated Useful Lives, Land Valuation, and Accounting for Real Property Outside of the United States

This memorandum issues policy guidelines for accounting for real property. The guidelines address several issues identified in the Real Property Working Group as obstructions to audit readiness. The issues addressed in this memorandum include:

- Estimated real property useful lives for accounting purposes;
- The valuation of general property plant and equipment land and land rights; and
- Accounting for real property outside of the United States

The Federal Accounting Standards Advisory Board (FASAB) has considered many of the topics included in this policy and has issued an exposure draft with additional relevant guidance. Accordingly, the Office of the Under Secretary of Defense (Comptroller) has developed the attached policy based on proposed and existing FASAB guidance. Relevant provisions of this policy will be incorporated into a future update of the DoD Financial Management Regulation.

My point of contact for this subject is Mr. Brian Sykes. Reach him at 703-695-5902 or [brian.a.sykes4.civ@mail.mil](mailto:brian.a.sykes4.civ@mail.mil).

A handwritten signature in black ink, appearing to read "Mark E. Easton", is positioned above the printed name and title.

Mark E. Easton  
Deputy Chief Financial Officer

Attachment:  
As stated

cc:  
Assistant Secretary of Defense for Energy, Installations, and Environment  
Assistant Secretary of the Army (Installations, Energy, and Environment)  
Assistant Secretary of the Navy (Energy, Installations, and Environment)  
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Assistant Deputy Chief Management Officer  
Deputy Inspector General for Auditing, DoD Office of Inspector General

**Department of Defense**  
**Financial Reporting Policy for Real Property Estimated Useful Lives, Land Valuation, and**  
**Accounting for Real Property Outside of the United States**  
**June 2016**

## **I. INTRODUCTION**

### **Objective**

The objective of this document is to provide financial accounting policy for certain Department of Defense (DoD or the Department) Real Property-related audit readiness challenges. It is intended to meet the following three criteria in descending order of importance:

1. Compliance with Generally Accepted Accounting Principles (GAAP);
2. Cost and time effectiveness; and
3. Can be implemented consistently across the DoD.

### **Background**

DoD components (Military Services and Defense Agencies) are responsible for ensuring that real property is accounted for in accordance with GAAP. The components have identified several challenges related to accounting for and reporting real property in the financial statements that could impact the Department's audit readiness objectives. Three specifically identified challenges addressed in this document are:

1. Estimated real property useful lives for accounting purposes<sup>1</sup>;
2. The valuation of General Property Plant and Equipment (GPP&E) land and land rights<sup>2</sup>; and
3. Accounting for real property outside of the United States<sup>3</sup>.

The Federal Accounting Standards Advisory Board (FASAB) has issued an exposure draft titled "Establishing Opening Balances for General Property, Plant and Equipment: Amending Statement of Federal Financial Accounting Standards (SFFAS) 6, SFFAS 10, SFFAS 23, and Rescinding SFFAS 35" (FASAB Exposure Draft). In order to become an authoritative pronouncement, this exposure draft will need to continue to follow the standard FASAB procedures prior to issuance as an accounting standard. Some of the policy guidance set out in this document is based on the premise that accounting principles in the exposure draft will ultimately be issued as an authoritative pronouncement.

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<sup>1</sup> Applies to all DoD owned buildings, structures, and linear structures regardless of location

<sup>2</sup> Applies to all DoD owned land and land rights regardless of location

<sup>3</sup> As used in this document, "United States" means the 50 States of the United States, the District of Columbia, and the commonwealths, territories, and possessions of the United States.

## II. REAL PROPERTY ESTIMATED USEFUL LIVES

### Introduction

DoD must reasonably estimate the useful life of its Real Property in order to allocate the cost of the asset over its estimated useful life through depreciation expense (except for land and some land rights).<sup>4</sup> The useful life estimate considers factors such as physical wear and tear and technological change (e.g., obsolescence). DoD evaluated estimated useful lives for real property and based on these and other factors and is providing useful life guidance below.

### Policy

#### A. Real Property Estimated Useful Lives - Opening Balances

The FASAB Exposure Draft provides DoD with the opportunity to leverage alternative valuation methodologies (i.e., deemed cost) in establishing opening balances. The Department's chosen deemed cost approach for any asset values not already validated as auditable, is to use the Plant Replacement Value (PRV) as the primary methodology to value buildings, structures, and linear structures (which is inclusive of capital improvements).<sup>5</sup> The un-deflated (not adjusted for inflation) PRV will serve as the asset's gross cost as of the asset's original placed in service date. Accumulated depreciation at the opening balance date will be derived by applying the estimated useful lives prescribed in Table 1 to all assets included in the opening balance and calculated as shown in Table 2.

Table 1: Estimated Useful Lives

Real Property Classification	Real Property Useful Lives (also applies to a full restoration & modernization action)	Capital Improvements* (if useful life is not provided by an Engineering estimate)**
Buildings	45	20
Structures	35	15
Linear Structures	40	20

\*Only applies if the capital improvement extends the useful life

\*\*Applies to go-forward only (subsequent to establishing the opening balance amount). Capital improvements will not be identified separately from the base asset for opening balances.

<sup>4</sup> Buildings, structures, and linear structures with an interest type of "Easement" or "Less" will not be assigned an estimated useful life because they are not depreciable

<sup>5</sup> See OUSD(C) DCFO Memorandum – Alternative Valuation Methodology for Establishing Opening Balances for Buildings, Structures and Linear Structures, January 19, 2016. Deemed cost cannot be used by DoD components that already have clean audit opinions.

Table 2: Opening Balance Depreciation Example for a Linear Structure

Data Elements	Gross Cost	Placed in Service Date*	Useful Life	Monthly Depr. Expense	Depreciation as of Date	Accumulated Depreciation**	Net Book Value
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
Opening Balance Application	Non-deflated PRV	Placed in Service Date	Table 1 Useful Life	= a ÷ c	Opening Balance Date	= (e-b) x d	= a - f
Go-Forward Application	Historical Cost				Current Period End Date		
Example	\$15,000,000	10/1/1987	480 Months (40 years)	\$31,250	10/1/2017	\$11,250,000	\$3,750,000

\* See DCFO Memorandum: Alternative Valuation Methodology for Establishing Opening Balances for Buildings, Structures, and Linear Structures, January 19, 2016

\*\*Placed in Service Date subtracted from Depreciation as of Date is expressed in number of months

### B. Real Property Useful Lives – Go Forward Process

Following the establishment of opening balances, DoD components will continue to apply the estimated useful lives prescribed in Table 1 to all new real property acquisitions and capital improvements.

Capital improvements to real property assets must be capitalized when (1) the improvement increases the asset’s useful life by two or more years, or increases its capacity, size, or efficiency, and (2) the cost of the improvement equals or exceeds the applicable capitalization threshold. Funding source is not a factor in determining whether or not an improvement will be capitalized. DoD components will evaluate the impact of the capital improvement on the asset’s useful life. If the capital improvement increases the asset’s useful life, the DoD component will refer to Table 1 to adjust the asset’s remaining useful life. This evaluation will be done regardless of whether the asset is fully depreciated or not. Improvements that do not increase an asset’s capacity, size, efficiency, or useful life by two or more years must be expensed, regardless of the cost of the improvement.

## III. GPP&E LAND AND LAND RIGHTS VALUATION<sup>6</sup>

### Introduction

The FASAB exposure draft provides new guidance regarding the valuation of GPP&E land and land rights for establishing opening balances and for go-forward processes. This policy reflects the exposure draft guidance. Neither the exposure draft, nor this policy changes existing accounting or financial reporting guidance regarding Stewardship Land.

<sup>6</sup> FASAB is currently undergoing a project to study the accounting and reporting of government land. The results of the project, when completed, may impact the go-forward guidance in this policy which will be updated as required at that time.

## **Policy**

### **A. GPP&E Land and Land Rights Valuation - Opening Balances**

All DoD components that have not yet undergone a financial statement audit where they received an unmodified audit opinion will exclude the value of GPP&E land and land rights from opening balances of GPP&E on their balance sheet. This means that DoD components who have not undergone a financial statement audit where they received a “clean” audit opinion will adjust their land and land rights opening balances to zero. A DoD component that has received a “clean” audit opinion will continue to account for land and land rights in accordance with SFFAS 6.

DoD components must disclose, in the footnotes to their financial statements, with a reference on the balance sheet, the number of acres of GPP&E land and land rights (where the types of land rights are conducive to measurement in acres) held as of the period of its first audited financial statement. This acreage amount must be reported separately from the DoD component’s Stewardship Land.

There are no disclosure requirements for GPP&E land rights not measured in acres in establishing opening balances.

### **B. GPP&E Land and Land Rights Valuation – Go-Forward Process**

DoD components accounting for land and land rights in accordance with Section III.A will also expense future GPP&E land and land rights acquisitions. DoD components must disclose, in the footnotes to their financial statements, with a reference on the balance sheet, the number of acres of GPP&E land and land rights measured in acres held at the beginning of each reporting period, the number of acres added during the period, the number of acres disposed of during the period, and the number of acres held at the end of each reporting period.

There are no disclosure requirements for GPP&E land rights not measured in acres for go-forward valuation.

## **IV. FINANCIAL REPORTING FOR REAL PROPERTY OUTSIDE OF THE UNITED STATES**

### **A. General Guidance for Accounting and Financial Reporting**

In carrying out their mission, operations and objectives, there are circumstances in which DoD components occupy and use real property facilities outside of the United States. For financial reporting purposes, a DoD component that occupies and uses facilities outside of the United States must adhere to the following guidance:

- a. DoD Funded Acquisition: A DoD component will recognize an asset on its financial statements, (including capital improvements), when all of the criteria below are met:
- An agreement exists between the U.S. and the host nation / foreign government (e.g., Cooperative Security Agreement, Bilateral Security Agreement, Status of Forces Agreement, etc.)<sup>7</sup> and the agreement conveys a right to construct and operate facilities (i.e., real property);
  - The U.S. Government/DoD component funded the asset’s acquisition (e.g., purchase, construction, etc.) and/or capital improvements. This specific criterion does not apply to assets used for revenue generating purposes (e.g., commissary, exchange, etc.).<sup>8</sup>;
  - The cost incurred is over the component’s real property capitalization threshold (if the asset is partially funded by DoD, only the portion funded by DoD will be evaluated against the capitalization threshold and recognized as an asset if applicable);
  - The asset has an estimated useful life of two years or more; and
  - The DoD component is using the asset in its operations.

Such capitalized assets will be depreciated over their estimated useful lives (see Section II). Should the use of the asset terminate earlier than the estimated useful life, the asset’s remaining net book value will be written off.

- b. DoD Occupied but not DoD Funded: When a DoD component occupies an asset but the DoD did not fund its acquisition, the DoD component will recognize such facilities on its financial statements as assets under a capital lease, only if a specific agreement with the foreign government/host nation exists,<sup>9</sup> the agreement includes a requirement that the DoD component pay minimum regular payments for its use, and the agreement meets one of the criteria for a capital lease as specified in “Statement of Federal Financial Accounting Standards No. 6 - Accounting for Property, Plant & Equipment,” paragraph 20:

Table 3: Capital Lease Criteria

Criteria	Application
The lease transfers ownership of the property to the lessee by the end of the lease term.	Not likely for foreign owned real property
The lease contains an option to purchase the leased property at a bargain price.	Not likely for foreign owned real property

<sup>7</sup> Not intended to be an all-inclusive list. Agreements may take other forms.

<sup>8</sup> An asset for which DoD did not fund the acquisition, but is used in DoD revenue generating operations will be recorded at fair value on the balance sheet and depreciated over its useful life to be in accordance with the matching principle of accounting whereby recorded revenues are matched with related expenses.

<sup>9</sup> Agreements may be called something other than a lease in legal documents but still meet the accounting definition of a lease. The substance of the agreement should be considered over its specific label.

Criteria	Application
The lease term is equal to or greater than 75 percent of the estimated economic life of the leased property.	Not likely for foreign owned real property. The specified term of the agreement with the host nation/foreign government will substitute for the lease term for this analysis. Terms specified in these agreements are typically less than 75 percent of a real property asset's estimated economic life.
The present value of rental and other minimum lease payments, excluding that portion of the payments representing executory costs, equals or exceeds 90 percent of the fair value of the leased property.	Not likely for foreign owned real property. The payments to the host nation/foreign government established in the agreement will substitute for lease payments for this analysis. If minimum payments established in the agreement cover multiple items, only the proportional amount paid for the subject asset should be considered for this analysis.

The last two criteria are not applicable when the beginning of the lease term falls within the last 25 percent of the total estimated economic life of the leased property.

- c. Imputed Cost: A DoD component will not record imputed costs for the use and/or occupancy of facilities provided by international organizations (e.g., North Atlantic Treaty Organization) or foreign governments/host nations.

Applicable GAAP described in the Office of the Under Secretary of Defense, Deputy Chief Financial Officer (DCFO), September 30, 2015 policy memorandum titled "Financial Statement Reporting for Real Property Assets" require a DoD component using space in real property for which it does not pay directly or pay through reimbursement to impute costs. However, SFFAS No.4 addresses imputed costs between federal agencies but does not extend to entities outside of the federal context. Therefore, the concept of imputed costs does not apply to activities between a DoD component and a foreign government/host nation.

- d. APSR Requirements: The DoD component must record all real property occupied and used by it in an Accountable Property System of Record (APSR), including those that have not been capitalized for accounting and financial reporting purposes in accordance with "DoD Instruction 4165.14 Real Property Inventory (RPI) and Forecasting," and paragraphs IV.A.a and IV.A.b.
  - Assets which do not meet the criteria for capitalization in accordance with paragraph IV.A.a will be expensed in the period acquired or built.
  - Assets which do not meet the criteria for capitalization in accordance with paragraph IV.A.b will not be reflected in financial statements (other than through footnote disclosure as described in IV.A.f).

All other property attributes and data elements required by the DoD Real Property Information Model (RPIM) for the interest type of “Owned by Foreign Government (ONFG)” must be entered and maintained in the APSR for all real property regardless of the dollar value assigned to the asset.

- e. Maintenance and Sustainment Costs: The DoD component must record an expense for any maintenance and sustainment costs relating to the real property paid, or to be paid by them in the period incurred regardless of real property interest type.
- f. Disclosure Requirements: DoD components will disclose in the footnotes to the financial statements, as applicable, that:
  - The DoD component is utilizing real property provided by and owned by a foreign government/host nation in its operations outside of the United States without reimbursement by DoD to the foreign government/host nation and that there are no amounts recorded in the financial statements related to these properties.
  - The general nature of the agreement with the foreign government/host nation.  
Note: It is not intended or recommended that the geographic location of the foreign government/host nation be disclosed.
- g. Implementation: DoD components should implement this policy by first evaluating main operating bases as established in the Enduring Location Master List (ELML).<sup>10</sup>
- h. Establishing the Responsible Financial Reporting DoD Component: The purpose of the DCFO policy memorandum titled “Financial Statement Reporting for Real Property Assets” was to establish policy guidelines for determining which DoD component has financial reporting responsibility for DoD real property in accordance with GAAP. Specifically, the policy guidelines address the unique operating situations involving real property that occur between DoD components (i.e., not with entities external to DoD). These operating situations include scenarios where one DoD component may fund the acquisition of a real property asset where the asset is then subsequently used in the operations of another DoD component with or without reimbursement to the funding DoD component.

DoD’s rights to real property outside of the U.S. are different from those within the U.S. As a result, the financial accounting for real property outside of the United States was evaluated separately to determine the most appropriate accounting in accordance with GAAP (see Appendix A). Once it is determined that the DoD must report the asset on its financial statements based on paragraphs IV.A.a and IV.A.b, the DCFO policy memo referred to above will be used to determine which DoD component has financial reporting responsibility for the asset.

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<sup>10</sup> Main Operating Bases are identified in the OSD-approved Enduring Location Master List.

B. Establishing Opening Balances for Real Property Outside of the United States

As noted in Section IV.A.d, real property which does not meet the criteria for capitalization in accordance with Sections IV.A.a and IV.A.b, will not be reported on the Balance Sheet (although footnote disclosure is required as described in Section II.A.f).

Opening balances for real property which meet the criteria for capitalization set out in Section IV.A.a will be established in accordance with the OUSD(C) DCFO Memorandum – Alternative Valuation Methodology for Establishing Opening Balances for Buildings, Structures and Linear Structures, January 19, 2016.

Real property which meets the capital lease criteria must be valued and accounted for as described in Section IV.A.b above.

For real property acquired after the establishment of opening balances which meets the criteria for capitalization set out in Section IV.A.a, the recorded value will be based on historical cost transactions of the DoD component in accordance with SFFAS 6.

## **APPENDIX A: CONSIDERATION OF FINANCIAL ACCOUNTING STANDARDS AND PRONOUNCEMENTS REGARDING REAL PROPERTY OUTSIDE OF THE UNITED STATES**

While existing FASAB standards and pronouncements do not explicitly address the circumstances and types of agreements (e.g., Status of Forces Agreement “SOFA”) for DoD’s use of real property provided by foreign governments/host nations, there are FASAB standards and pronouncements that address similar situations that can be used to inform the appropriate accounting treatment in these circumstances. The following FASAB standards and pronouncements were considered in developing the guidance in Section IV.A.

Statement of Federal Financial Accounting Concepts (SFFAC) No. 5 – Definitions of Elements and Basic Recognition Criteria for Accrual-Basis Financial Statements states the following in paragraphs 22 and 23:

“To be an asset of the federal government, a resource must possess two characteristics. First, it embodies economic benefits or services that can be used in the future. Second, the government controls access to the economic benefits or services and, therefore, can obtain them and deny or regulate the access of other entities.”

“To illustrate the distinction between a resource that is an asset and one that is not, the federal government may obtain economic benefits or services from a resource but be unable to deny or regulate the access of other entities to those benefits or services. If so, the resource is not an asset of the federal government.”

Real property outside of the United States generally would meet the embodiment of economic benefits described in SFFAC No. 5, paragraph 22 because they facilitate the ability of the DoD component to carry out its mission and objective. However, in many cases the U.S. Government would not be able to fully control or regulate what other entities have access to the real property as this authority would be retained by the foreign government/host nation. Therefore, the real property would not be assets of the U.S. Government or the DoD and their values would not be recorded for financial statement reporting purposes. An exception to this occurs when the U.S. Government/DoD component funds the acquisition of the asset and uses it in its operations. These funds must be reported in the financial statements either as an expense or as an asset. Assuming the asset meets the criteria set forth in Section IV.A.a, capitalizing the asset is the more preferred accounting treatment because it systematically allocates the cost of acquisition throughout the period of time that operational benefit is realized from the asset.

Recognition of capital improvements funded by the U.S. Government on the DoD component’s balance sheet is consistent with the recognition of improvements to property owned by others under SFFAS No. 6 paragraphs 17 and 18 which state:

“Property, plant, and equipment consists of tangible assets, including land, that meet the following criteria:

- they have estimated useful lives of 2 years or more;
- they are not intended for sale in the ordinary course of operations; and
- they have been acquired or constructed with the intention of being used, or being available for use by the entity”

“Property, plant, and equipment also includes:

- assets acquired through capital leases (See paragraph 20), including leasehold improvements;
- property owned by the reporting entity in the hands of others (e.g., state and local governments, colleges and universities, or Federal contractors); and
- land rights.”

The characteristic of being acquired or constructed by the DoD component is consistent with the requirement that capitalized assets be funded by the U.S. Government or DoD component as described above in Section IV.A.a. In addition, capitalization of assets funded by the U.S. Government or DoD component would fall within the SFFAS No. 6 definition of property, plant and equipment irrespective of whether the arrangement were construed to be a capital or operating lease.

SFFAS No. 4 – Managerial Cost Accounting Standards and Concepts and Interpretation of Federal Financial Accounting Standards (Interpretation) No. 6 – Accounting for Imputed Intra-departmental Costs: An Interpretation of SFFAS No. 4, require imputing costs for unreimbursed or under reimbursed goods or services between Federal Government agencies. The value is recorded as an Imputed Cost and an Imputed Financing Source. The imputed costs and financing sources are eliminated in the consolidated financial statements of the reporting entity and the financial statements of the U.S. Federal Government as a whole. The concept of recording imputed costs does not extend to entities outside of the U.S. Federal Government or other third parties.

#### Other Accounting Treatments Considered

In concluding on the accounting and financial reporting policies in Section IV.A, DoD considered several other FASAB standards and pronouncements which are summarized below. DoD considered whether the use of real property for which it did not pay or fully pay the foreign government/host nation should be accounted for as a donation, a barter/exchange transaction or as a fiduciary asset.

## **Donation**

SFFAC No. 2 – Entity and Display paragraph 100 defines a donation as “monies and materials given by private persons and organizations to the Government without receiving anything in exchange.” In the situation of real property outside of the United States, the definition of a donation would generally not be applicable because the foreign government/host nation is receiving a benefit to their national security and defense, either directly or indirectly, by the presence and operations of the DoD military.

## **Barter/Exchange**

Barter is not explicitly defined by FASAB and is referenced to in very few pronouncements.

SFFAS No. 3 – Accounting for Inventory and Related Property paragraph 21 states that “inventory acquired through exchange of nonmonetary assets (e.g., barter) shall be valued at the fair value of the asset received at the time of the exchange.” Barter is commonly defined as “a system in which goods or services are exchanged for other goods or services instead of money.” A barter transaction would be expected to result in each party to the transaction receiving something of value that would not typically have inter-related or dependent interests. In these cases, use of the real property outside the United States by the DoD helps facilitate the protection and national security of the foreign government/host nation. In some situations, the U.S. does have an indirect benefit in that it is in the U.S.’s interest to keep order abroad for our military allies to avoid an affront on the U.S. homeland through military operations and strategic positioning of military assets. While some may consider this to be a barter transaction, which may theoretically be a viable option, the practicality of establishing the fair value of what the U.S. is receiving precludes this from being a reasonable approach and most likely would not be auditable.

## **Fiduciary Asset**

SFFAS No. 31 – Accounting for Fiduciary Activities, paragraph 10 states, “In a fiduciary activity a Federal entity collects or receives and subsequently manages, protects, accounts for, invests, and/or disposes of cash or other assets in which non-Federal individuals or entities (or “non-Federal parties”) have an ownership interest that the Federal Government must uphold. Non-Federal parties must have an ownership interest in cash or other assets held by the Federal entity under provision of law, regulation, or other fiduciary arrangement.”

Note that in accordance with SFFAS No. 31, fiduciary assets are not recorded on the balance sheet of the federal entity. There are, however, footnote disclosure requirements.

Application of SFFAS No. 31 to the accounting and financial reporting of real property outside of the United States would not appear to be appropriate because SFFAS No. 31 does not contemplate the Federal entity using the fiduciary asset in its operations. The role of the Federal entity is of a custodial nature in a fiduciary relationship. Consequently, following fiduciary accounting principles is not fully on point for this situation.

## **APPENDIX B: APPLICABLE REQUIREMENTS AND GUIDANCE**

- Statement of Federal Financial Accounting Standards (SFFAS) No. 3 – Accounting for Inventory and Related Property
- SFFAS No. 4 – Managerial Cost Accounting Standards and Concepts
- SFFAS No. 6 - Accounting for Property Plant and Equipment
- SFFAS No. 10 – Accounting for Internal Use Software
- SFFAS No. 23 - Eliminating the Category National Defense Property, Plant, and Equipment
- SFFAS No. 31 – Accounting for Fiduciary Activities
- SFFAS No. 35 - Estimating the Historical Cost of General Property, Plant, and Equipment
- SFFAC No. 2 – Entity and Display
- Interpretation of Federal Financial Accounting Standards (Interpretation) No. 6 – Accounting for Imputed Intra-departmental Costs: An Interpretation of SFFAS No. 4
- SFFAC No. 5 – Definitions of Elements and Basic Recognition Criteria for Accrual-Basis Financial Statements
- FASAB Exposure Draft - Establishing Opening Balances for General Property, Plant and Equipment: Amending Statement of Federal Financial Accounting Standards (SFFAS) 6, SFFAS 10, SFFAS 23, and Rescinding SFFAS 35
- OUSD(C) DCFO Memorandum – Alternate Valuation for Opening Balances for Real Property, January 19, 2016

## APPENDIX C: DEFINITIONS

As used in this document the following definitions apply:

Deemed Cost - An amount used as a surrogate for initial amounts that otherwise would be required by SFFAS 6 or SFFAS 35 to establish opening balances.

Fair value - The amount at which an asset or liability could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

General PP&E Land - Land and land rights owned by the Federal Government that are acquired for or in connection with items of general PP&E.

Land - The solid part of the surface of the earth. Excluded from the definition of land 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.

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.

Linear Structures - A facility whose function requires that it traverse land (e.g., runway, road, rail line, pipeline, fence, pavement, electrical distribution line) or is otherwise managed or reported by a linear unit of measure.

Plant Replacement Value (PRV) - The cost to design and construct a notional facility to current standards to replace an existing facility at the same location.

Stewardship Land - Land and land rights owned by the Federal Government that are not acquired for or in connection with items of general PP&E.

Un-deflated PRV - The PRV of an asset is not adjusted for inflation, but assigned to an asset as of its original in-service date for financial depreciation purposes.

United States - The 50 States of the United States, the District of Columbia, and the commonwealths, territories, and possessions of the United States

Useful Life - The normal operating life in terms of utility to the owner.