



Chapter 12

Stewardship Land and Heritage Asset Reporting

The intent of Stewardship Land and Heritage Asset Reporting is to present information regarding the entity's stewardship over assets and resources beyond that which can be communicated in financial statements.

Statement of Federal Financial Accounting Standards (SFFAS) 29, *Heritage Assets and Stewardship Land*, reclassifies all Heritage Asset (HA) and Stewardship Land (SL) information as basic information, except for condition information, which is classified as Required Supplementary Information. The standard also requires entities to disclose in a note to the financial statements HA and SL information, but no asset dollar amount should be shown. The standard also requires additional reporting disclosures about entity stewardship policies and an explanation of how heritage assets and stewardship land relate to the entity's mission as well as amending several existing standards. .

With the issuance of this new guidance, the Federal Accounting Standards and Advisory Board (FASAB) asked that the Accounting and Auditing Policy Committee (AAPC) work with the various federal agencies impacted by the new standard to develop an Implementation Guide. Interior was an active participant in this effort to ensure that the diverse interests of the Department were represented.

Beginning with the September 30, 2006, reporting cycle, items a and b were new basic note disclosures. Items c through f were transitioned from Required Supplementary Stewardship Information (RSSI) to Required Supplementary Information (RSI).

- a. A statement explaining how HA and SL relate to the mission of the entity;
- b. A description of the entity's stewardship policies;
- c. A description of major categories;
- d. Physical unit information for the end of the reporting period;
- e. Physical units added and withdrawn during the fiscal year; and,
- f. A description of the methods of acquisition and withdrawal.

Effective dates for transition of the above HA and SL information from RSI to basic financial information (i.e., a note disclosure to the financial statements) begin for periods:

- After September 30, 2007, for items c and d (Fiscal Year 2008 report)
- After September 30, 2008, for items e and f (Fiscal Year 2009 report)

SFFAS 29 provides considerable latitude on identifying, categorizing, and quantifying footnote information on HA and SL. Reporting requirements for HA and SL include acquisitions, withdrawals, and ending balances expressed in physical units. SL physical units are by major categories of use whereas HA physical units are by major category.



HA and SL (1) should be reported on the balance sheet with no asset dollar amount shown with a note reference, and (2) costs associated with HA and SL must be recognized in the statement of net cost (SNC) for the period in which the costs are incurred. No amounts for SL acquired through donation or devise are included in the calculation of net costs. Also non-financial information on HA and SL (including multi-use HA) must be reported in the note disclosure. Examples are included in the AAPC Implementation Guide.

Basic Information - Bureaus should provide a concise statement explaining how heritage assets relate to the overall mission of the bureau. Types of information that tie this relationship are compliance with laws and regulations and specific designation by authoritative bodies. Bureaus should also provide a brief description of the stewardship policies for heritage assets that include the goals and principles the bureau has established to guide the acquisition, maintenance, use, and disposal of heritage assets consistent with statutory requirements, prohibitions, and limitations governing the bureau and the heritage assets.

Stewardship Land - Stewardship land is defined as land owned by the Federal government that was not acquired for/or in connection with general property, plant, and equipment. 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. Certain assets, such as national parks, may be defined as both stewardship land and heritage assets. The stewardship land section of the Required Supplementary Information (RSI) for FY 2007 will include discussions of the overall condition of the land and the methods by which additions or withdrawals are made to stewardship lands. For current reporting purposes, these assets will be reported by the same number of physical units under stewardship land (e.g. parks) and non-collectible heritage assets.

SL and HA reporting are separate and distinct reporting categories. For example, a National Park (or other land unit designation) may appear as a category and/or unit in both SL and HA without being considered duplicative reporting. One is counting the land unit and the other is counting the heritage asset. The number of units in the SL table may not equal the number of units in the HA table. Furthermore, a reporting category such as a National Park unit or National Wildlife Refuge may physically contain other categories of heritage assets, e.g., National Historic Landmark, Wild and Scenic River, or other appropriate HA designations in addition to being a heritage asset category itself. Each heritage asset has been either Presidentially, Congressionally, or Secretarially designated, which is the determining criteria for inclusion within the category itself.

For the categories of stewardship land included in the Lands Chart, bureaus are required to provide the additions and withdrawals of Federal units during the fiscal year and to provide a condition statement based upon the categories below. Federal stewardship land is reported in terms of physical units rather than cost, fair value, or



other monetary value. Ensure that the physical unit being used is included in the land chart. *The Department is not reporting stewardship land in acres at this time.*

Bureaus also are required to include the condition of stewardship lands on the chart. The categories of condition are:

- ▶ Acceptable – when the land is adequate for operating needs and the Department has not identified polluted or contaminated areas that would require intervention to sustain the land for its intended use; and,
- ▶ Needs Intervention – when the Department has identified polluted or contaminated areas within units of Interior land that require intervention to sustain the land for its intended use.

Bureau submissions should include a description of each major category of stewardship land use. Where units 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 major category of stewardship land use, the following should be submitted:

- ◆ The number of physical units by major category of stewardship land use for which the entity is the steward as of the end of the reporting period;
- ◆ The number of physical units by major category of stewardship land use that were acquired and the number of physical units by major category of stewardship land use that were withdrawn during the reporting period; and,
- ◆ A description of the major methods of acquisition and withdrawal of stewardship land during the reporting period.

Heritage Assets are property, plant, and equipment that are unique because of historical or natural significance, cultural, educational, or artistic importance, or for significant architectural characteristics. Heritage assets are generally expected to be preserved indefinitely. Heritage assets include non-collectible heritage assets, such as properties that have been officially (Presidentially, Congressionally, or Secretarially) designated, and collectible heritage assets, such as library and museum collections.

Non-Collectible Heritage Assets. The primary factor utilized to determine whether stewardship assets should be included in note disclosure is whether or not they have been Presidentialy, Congressionally, or departmentally (by the Secretary of the Interior) designated (not proposed). Using only these official designations as the criteria for inclusion in footnote disclosure takes the scientific burden of proving the worthiness of each discovery out of the financial community and places it back into the scientific arena. The financial statements will report only those assets that the scientists have deemed significant enough to secure an official designation.

Examples of such heritage assets include assets listed in the National Historic



Landmarks program that have been designated by the Secretary of the Interior. Because these designations are easily verifiable, this data can be accumulated with minimal supervision. It is especially important that as this data becomes basic financial data that the classifications are based on preexisting standards and will not require scientific reevaluation each time a financial statement is prepared. This same methodology could be applied to heritage assets that have been officially designated such as National Monuments, Wilderness Areas, National Scenic Trails, etc.

Bureaus should enter the number of units as of October 1 each year; additions and withdrawals during the fiscal year; the ending balance as of September 30; and the physical condition of the assets (Acceptable {good or fair}, Unacceptable {poor}, or Unknown), unless the asset is land, in which case it would have the same condition statements as noted above in the Federal Stewardship Land section. The narrative section should include a detailed description of the methods by which non-collectible heritage assets are acquired and withdrawn as well as any other information that would be of interest to the public and which illustrates the mission of the bureau.

In addition, the fair value of heritage assets acquired through donation or devise during the reporting period should be disclosed, if known and material.

An acceptable level of physical condition exists when all of an asset's critical systems have no critical or serious deferred maintenance; critical systems with minor deferred maintenance and non-critical systems with any priority of deferred maintenance may exist. Acceptable condition may vary by asset type (building, road, or trail, etc.). An unacceptable level of condition for an asset exists when some of an asset's critical systems have critical or serious deficiencies. The threshold used to determine acceptable and unacceptable will vary based on the mission and types of assets.

Collectible Heritage Assets - Library Collections. Categories for condition for library collections, based on the standards developed in 2007:

Facilities housing Department library collections must meet specific environmental, security, fire protection, housekeeping, physical examination and conservation treatment, storage, and exhibit space standards as described in a policy document issued by the Office of Financial Management in 2007. These standards require facilities that house collections to maintain their stewardship responsibilities by adhering to best practices as defined by industry standards and interpretations.

Library collection ratings of Good, Fair, Poor, and/or Unknown should be based on the following:

Good Achieves all of the above standards for temperature/humidity,



	exposure to light, gaseous contaminants, and particulates at the good or fair levels.
<u>Fair</u>	Achieves two or more of the four standards at the good or fair levels.
<u>Poor</u>	Achieves fewer than two of the four standards at the good or fair levels.
<u>Unknown</u>	Environmental assessment not conducted (may be reported for no more than two years). This category is to be used until a study has been completed and results received in writing.

Condition Assessment Ratings will be valid for no more than five years. It is recommended, however, that assessments be completed every two to three years.

Collectible Heritage Assets – Museum Collections. This chart lists total museum collections as of October 1, total additions and withdrawals, the ending balance as of September 30, and the condition of the assets. The list is subdivided based on whether the collections are housed in Interior or Non-Interior facilities. Categories for condition for museum collections, based on the standards in 411 DM Short List and accepted industry practices and standards are:

- Good – the facility housing the collection is in good condition;
- Fair – the facility housing the collection is in fair condition; and,
- Poor – the facility housing the collection is in need of major conservation efforts based on the Short List definitions

The narrative information contained in the RSI section of the report should include descriptive, explanatory, and highlight information that would be of interest to the public. This narrative is an excellent opportunity for the bureaus to highlight significant impacts, changes, etc.

This information is subject to audit once it is reclassified as a basic footnote. Bureaus should insure that sufficient background information, methodology, etc., is available to the auditors upon request.

See **Appendix K**, Guidance for the Preparation of FY 2007 Required Supplementary Information (RSI) and Required Supplementary Stewardship Information (RSSI), for additional information on HA and SL reporting.

References:

AAPC Guide (www.fasab.gov/aapc/aapc.html)
SFFAS No. 29 (www.fasab.gov/pdf/files/sffas-29.pdf)
411 DM Shortlist (http://elips.doi.gov/app_dm/index.cfm?fuseaction=home)
Appendix K (www.doi.gov/pfm)
Asset Management Plan (www.doi.gov/pam)