

# Reclamation Manual

Directives and Standards

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## SUPPLEMENT TO THE DEPARTMENT OF THE INTERIOR DEPARTMENTAL ACCOUNTING MANUAL

**FILE: 07 CASH AND OTHER ASSETS**  
**20 Property, Plant, and Equipment**  
**10 Capitalization and Valuation**

**Subject(B)(2):** Plant Accounting - General Property, Plant, and Equipment

**Purpose:** Establishes policy and documents procedures for valuation and accounting for investment in general property, plant, and equipment held for operating purposes.

**Authority:** Federal Accounting Standards Advisory Board (FASAB) Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant, and Equipment*.

**Contact:** Finance and Accounting Services (FAS), General Accounting and Technical Analysis Group (GATAG), by calling (303) 445-3430

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**Scope.** Reclamation property, plant, and equipment are classified as general property, plant, and equipment in accordance with the FASAB SFFAS No. 6, *Accounting for Property, Plant, and Equipment*. Reclamation's general property, plant, and equipment consists of land, construction in progress, buildings, other structures and facilities, data processing software, and equipment.

### 2. General Property, Plant, and Equipment.

- A. Reclamation property, plant, and equipment is classified as "general" property, plant, and equipment in accordance with FASAB SFFAS No. 6. General property, plant, and equipment is any property, plant, and equipment used in providing goods or services. General property, plant, and equipment typically has one or more of the following characteristics:
- It could be used for alternative purposes (e.g., by other Federal programs, State or local governments, or non-governmental entities) but is used to produce goods or services, or to support the mission of the entity, or
  - It is used in business-type activities, or

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- It is used by entities in activities whose costs can be compared to those of other entities performing similar activities (e.g., Federal hospital services in comparison to other hospitals).
- B. Reclamation's property, plant, and equipment is used in providing goods and services in the marketplace, similar to a business-type entity. Reclamation's mission of providing water conveyance, power generation and recreation all meet the criteria for business-like transactions, in that they are marketable items. Therefore, in accordance with SFFAS No. 6, all Reclamation property, plant, and equipment shall be categorized as general property, plant, and equipment whether or not it meets the definition of any other property, plant, and equipment categories.
- C. **Determination of the Beginning Balance of Property, Plant, and Equipment.**
- (1) Reclamation activities can be traced back to the Reclamation Act of 1902, the initial legislation that established what is now known as the Bureau of Reclamation. This authority began the accumulation of almost 100 years of project activity and associated costs. Most Reclamation projects date back to such an age, that either documentation no longer exists, or it would not be cost effective or feasible to retrieve associated documentation.
  - (2) For purposes of establishing beginning balances under the estimation provisions of SFFAS No. 6, paragraph 26, Reclamation will rely on the historical cost accounting information maintained in its cost subsidiary records for structures, buildings, and land. For financial statement reporting purposes, this historical cost accounting information is considered to be the support for the property, plant, and equipment balances presented. This policy is documented in a memorandum, dated April 24, 1997, from the Reclamation Manager, Finance and Accounting Services to the Department's Director of Financial Management, who concurred with Reclamation to use the estimation provisions of SFFAS No. 6.