

Reclamation Manual

Directives and Standards

Glossary

1. **Account Structure.** An account structure is an 18-digit alphanumeric code that is used to capture revenues and expenses in the financial system. An account structure consists of the following components: fund (A, 1-3), project (B, 4-7), cost authority (B, 8-11), main (C, 12-14), sub (C, 15-16), class (C, 17), 9-way (C, 18), and Region (D, 19).

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(A) (B) (C) (D) (A) **Fund**, (B) **Program**, (C) **Job**, (D) **Region**

2. **Acquired Land.** Any land obtained by purchase, donation, condemnation, transfer from another Federal agency, exchange, or other acquisition methods; excluding withdrawn lands and those transferred lands that were withdrawn by the originating agency.
3. **Amortization.** Process of allocating the cost of intangible assets to periodic expense.
4. **Appurtenance.** Something that belongs or is attached to something else <the garden is an appurtenance to the land>.
5. **Appurtenant.** Annexed to a more important thing.
6. **Cost-to-Cure.** Refers to the circumstance where damage to the remaining property in a partial taking may be cured by remedial action performed by the owner or by the Government. The cost-to-cure is a measure of damage only when it is not greater than the decrease in the market value of the remainder of the land. When the cost-to-cure is less than the severance damages, the United States may pay the cost-to-cure (Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA), 1992, P. 35).
7. **Depreciation.** The systematic and rational allocation of the acquisition cost of an asset, less its estimated salvage or residual value, over its estimated useful life.
8. **Easements.**
 - A. Legal definition: An interest in land owned by another person (*or entity*), consisting of the right to use or control the land, or an area above or below it, for a specified, limited purpose (such as to cross it for access to a public road).
 - B. An easement conveys a possessory (control of property without ownership) interest in real property to private parties or public agencies. The recipient of a grant of easement is typically referred to as a grantee. The interest granted entitles the grantee to a specific use or possession of land. Easements are usually, but not always, appurtenant

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to the land involved (“run with” the title to the land served by the easement) rather than being the personal property of an individual. (LND 08-01 - *Land Use Authorizations*)

9. **Easements - Permanent.** See definition for easements in Paragraphs 8.A. and 8.B. A permanent easement is one that is acquired for an indefinite period or into perpetuity. These rights are treated just like acquired lands and are considered non-wasting assets. Depreciation is not taken for these rights.
10. **Easements - Temporary.** See definition for easements in Paragraphs 8.A. and 8.B. A temporary easement is one that is acquired for a specific period of time, not an indefinite period of time. Accounting direction requires that temporary easements be depreciated or amortized. Temporary easements are only considered a land cost when included in the original acquisition contract.
11. **Fair Value.**
 - A. The definition for Fair Value in Black’s Law Dictionary refers to Fair Market Value. Fair Market Value: The price that a seller is willing to accept and buyer is willing to pay on the open market and in an arm’s-length transaction; the point where supply and demand intersect.
 - B. Fair Market Value: Refers to “the amount in cash, or terms reasonably equivalent to cash, for which in all probability the property would have sold by a knowledgeable owner willing, but not obligated to sell, to a knowledgeable purchaser, who desired but is not obligated to buy” (UASFLA, 1992, p. 4)
12. **Federal Financial System (FFS).** The automated accounting system used by the Bureau Reclamation to record all financial transactions. FFS will capture and report both hard and soft land costs. The hard costs reported in FFS must be reconciled with Foundation Information for Real Property Management (FIRM) Initial Acquisition land costs on an annual basis.
13. **Fee Simple.**
 - A. An interest in land that, being the broadest property interest allowed by law, endures until the current holder dies without heirs; esp., a fee simple absolute. Often shortened to fee. Also termed *estate in fee simple*; *fee-simple title*.
 - B. Fee: An inheritable interest in land, constituting maximal legal ownership. Maximum possible estate or right of ownership of real property, continuing forever.

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14. **FIRM.** The official Reclamation-wide real property inventory system for all land. The records in this system include all acquired or withdrawn land and easements. FIRM Initial Land Acquisition values and the FFS hard land costs must be reconciled, at a minimum, on an annual basis.
15. **Initial Acquisition Cost Field.** This is the name of a data field in FIRM. The direction for input is: The cost shall represent the purchase price of the land * * * as indicated by the land purchase contract, stipulated settlement, or condemnation award. The cost is typically referred to as the acquisition cost, purchase price, raw acquisition cost, or direct cost and excludes overhead, indirect cost, or cost of items incidental to the acquisition or preparation of land for use.
16. **Land.** (Accounting Definition) 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. (Refer to the *Land Verification and Reconciliation Handbook* for guidance on accounting treatment when land is acquired with permanent structures.)
17. **Land Rights.** “Land Rights” are interests and privileges held by the entity in land owned by others, such as leaseholds, easements, water and waterpower rights, diversion rights, submersion rights, rights-of-way, and other like interest in land.
18. **Land - Withdrawn.**
 - A. Withdrawals establish agency jurisdiction and withhold public domain lands from operation of some or all of the public land laws (such as grazing and mineral entry).
 - B. The term “withdrawal” means withholding an area of Federal land from settlement, sale, location, or entry, under some or all of the general land laws, for the purpose of limiting activities under those laws in order to maintain other public values in the area or reserving the area for a particular public purpose or program; or transferring jurisdiction over an area of Federal land, other than “property” governed by the Federal Property and Administrative Services Act, as amended (40 U.S.C. 472) from one department, bureau, or agency to another department, bureau, or agency.
19. **Mineral Right.** The rights to search for, develop, and remove minerals from land or to receive a royalty based on the production of minerals. A mineral lease usually grants such a right. The acquisition of mineral rights provides control over mineral exploration and development.
20. **Mineral Subordination.** Mineral interest subordination is the act or process by which the mineral estates are ranked below the rights of the surface owners or others.

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21. **Relocation of Facilities.** Structures or operations: Relocations may involve land acquisitions or are necessitated by the construction of a Reclamation project which requires the relocation of existing railroads; highways; telephone and telegraph lines; power lines; existing project facilities, etc.; or clearly defined activity (e.g., a farming operation) in the path of the proposed project. These types of relocations require an exchange of land interests should the facility or activity be moved from its present rights-of-way. Section 14 of the Reclamation Project Act of August 4, 1939, (53 Stat. 1187).
22. **Reserved Rights – Rights of Way Reserved to United States for Canals and Ditches (Act) Act of August 30, 1890 (ch. 837, 26 Stat. 371).** Under the Act of August 30, 1890, the United States has certain rights-of-way reserved for ditches and canals over lands west of the 100th meridian entered after October 2, 1888. Similar reservations for such purposes have sometimes been made with respect to lands in private ownership through water-right applications, water users' association stock subscription contracts, State legislation, and Section 24 of the Federal Power Act of June 10, 1920, (41 Stat. 1063). Reclamation can use these lands by exercising these Reserved Rights. The Compensation for Canal Rights-of-Way Act of September 2, 1964 (78 Stat. 808), directs the Secretary of the Interior to pay just compensation for private land utilized under the Act of August 30, 1890, which would include severance damages occasioned by the exercise of such rights-of-way. These are not withdrawn lands.
23. **Rights-of-Way.** Rights-of-way refers to land or any interest in land acquired for the purpose of public or private rights-of-use and/or passage (including persons, vehicles, and heavy equipment) and erecting, laying, placing, and maintaining drains, ditches, pipes, and transmission lines or wires for the conveyance, transmission, or transportation of water and electric power or for any other purpose necessary for the construction, operation, and maintenance of the project or undertaking. These are usually referred to as easements in Reclamation.
24. **Severance Damages.**
- A. Compensation paid to a landowner for the loss in value of the tract that remains after acquisition of a portion of the property. Severance damages result from a partial acquisition when the value of the remainder is diminished by the acquisition. Under Federal rule, severance damages shall not be assumed merely because of a partial acquisition and must be supported in the appraisal.
 - B. Generally, severance damages are considered when arriving at a value for land acquisition and are included as part of the acquisition cost.

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25. **Special Benefits.** Special benefits result from a partial acquisition when the value of the remaining property is specifically enhanced as a result of the project. Under Federal rules, the value of such benefits may offset compensation for both severance damages and for the part taken. Special benefits must be supported in the appraisal.
26. **Uniform Relocation Assistance and Real Properties Acquisition Policies Act of 1970, Public Law 91-646.** Refers to the program to ensure that persons displaced as a direct result of Federal or federally assisted programs are treated fairly, consistently, and equitably. Can include payments for such things as replacement housing, rental differential, business reestablishment, moving of personal property, etc. Persons displaced as a result of the exercise of rights reserved (refer to the definition for “reserved rights”) under the Act of August 30, 1890, are eligible, if otherwise qualified, for relocation assistance payments and services. These payments are considered soft costs.
27. **Unit.** A subdivision of a large project that is used to identify several large major components of the project. This refers to the term as used in the *Project Data Book*, Water and Power Resources Service, 1981. The land reconciliation process allows for reconciliations to be accomplished at the project or unit level. (Example: Colorado River Storage Project has several units.)
28. **Water Right.** A state permitted right to use groundwater, water from a river, stream, or man-made feature for irrigation, power, domestic use, etc. The term “water rights acquisition” as used in the lands manual, means acquisition of existing privately owned water rights, as opposed to obtaining new water rights, or new water right authorization. A filing fee and court or legal costs are usually the only costs associated with the acquisition of a new water right from a State.
29. **Water Rights - Appurtenant.** These are water rights that are connected to, and used with a specific parcel of land for its benefit.
30. **Water Rights - Permanent.**
- A. Permanent water rights have no termination date and are valid, as long as used in accordance with the conditions of the permit and applicable State law.
 - B. For accounting purposes, all permanent water rights are considered a land right. They are capitalized and are not depreciated or amortized. Water rights that are acquired separate from the acquisition of land or are not appurtenant to land are classified as a soft land cost.

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31. **Water Rights - Temporary.**

- A. Temporary water rights have a specified termination date.
- B. For accounting purposes, temporary water rights are considered intangible assets and are capitalized. The acquisition cost is amortized over the authorized period of use. Temporary water rights are not considered to be a land cost and are not recorded in SGL 1711 unless the cost for the temporary water right is included in an acquisition contract for land or a permanent land right. The cost of acquiring a temporary water right becomes a component cost of the activity that generated the need for the right and is recorded in the appropriate SGL for that activity.

32. **Water Storage Rights.** This is a water right obtained from the State to store water. The costs usually associated with obtaining a water storage right include such things as filing fees and court and legal costs. In situations where Reclamation acquires land where the landowner had a water storage right, the storage right may be a consideration when determining the value of the land. Water storage rights do not include the right to use the water being stored.

33. **Reference Sources.**

- A. Federal Accounting Standards Board (FASAB), Statement of Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant, and Equipment*.
- B. Treasury Financial Manual, Supplement, Section II, U.S. Government Standard General Ledger Accounts and Descriptions
- C. Reclamation Manual (RM) FIN 07-20-10(B)(2), *Plant – General Property, Plant, and Equipment*
- D. RM LND 06-01, *Land Acquisition*
- E. RM LND P03, *Wetlands Mitigation and Enhancement*
- F. RM LND 03-01, *Land Withdrawals, Withdrawal Reviews, and Withdrawal Revocations*
- G. FIRM 8 User Manual, Section 18- Reclamation specific instructions for completing data fields, February 2009
- H. Black's Law Dictionary, Seventh Edition, Bryan A. Garner, Editor in Chief