

## VOLUME 4, CHAPTER 28: “HERITAGE ASSETS, MULTI-USE HERITAGE ASSETS, AND STEWARDSHIP LAND”

### SUMMARY OF MAJOR CHANGES

Changes are identified in this table and also denoted by [blue font](#).

Substantive revisions are denoted by an asterisk (\*) symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by [bold, italic, blue, and underlined font](#).

The previous version dated [December 2018](#) is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Updated hyperlinks and formatting to comply with current administrative instructions.	Revision
1.1, 2.0, 3.0, & 4.0	Added “Overview” section. Broke out each type of asset into separate sections. Removed “Definitions” sections (previously paragraph 2.1) and incorporated content into “Overview” and each asset’s “Description” subparagraph.	Revision
1.3.13	Added Statement of Federal Financial Accounting Standards 59, “Accounting and Reporting of Government Land” to the authoritative guidance section.	Addition
2.1.7	Added additional historic significance criteria to align with the National Register of Historic Places guidelines found in the Code of Federal Regulations, Title 36, Chapter 1, Part 60, Section 60.4	Addition
3.3 3.4 Throughout	Removed accounting treatment for multi-use heritage assets where the guidance is in accordance with general equipment (previously subparagraphs 2.5.2, 2.6.2, 2.7.2, 2.8.3, 2.9, and 2.10.2).	Deletion
Table 28-1, Table 28-2, & Table 28-3 (previous version)	Removed duplicate tables found in either Chapter 24 “Real Property” or Chapter 25, “General Equipment” Referenced the appropriate chapter.	Deletion
4.1.1.2	Defined Land Rights.	Addition
4.1.2 4.1.3	Added examples of stewardship land and described how stewardship land supports military readiness.	Addition

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## CHAPTER 28

**HERITAGE ASSETS, MULTI-USE HERITAGE ASSETS, AND STEWARDSHIP LAND**

## 1.0 GENERAL

## \*1.1 Overview

As the Department executes its mission to provide the military forces needed to deter war and protect the security of our country, it has become a large-scale owner of historic buildings, structures, historical artifacts, art, stewardship land, and other cultural resources. Protection of these elements of the nation's Heritage Assets and Stewardship Land is an essential part of the Department's mission. This chapter provides Department of Defense (DoD) accounting policy for heritage assets, multi-use heritage assets, and stewardship land, which are subsets of property, plant and equipment (PP&E). PP&E consists of tangible assets that meet the following criteria – (i) they have estimated useful lives of two years or more; (ii) they are not intended for sale in the ordinary course of operations; and (iii) they have been acquired or constructed with the intention of being used, or being available for use by the entity.

## 1.2 Purpose

This chapter establishes the accounting policy and requirements for financial control over heritage assets, multi-use heritage assets, and stewardship land. The applicable general ledger accounts are listed in the United States Standard General Ledger (USSGL) discussed in [Volume 1, Chapter 7](#), “Department of Defense Standard Chart of Accounts.” The [DoD USSGL Transaction Library](#) contains both the DoD Standard Chart of Accounts and the accounting entries for these PP&E accounts. The accounting policy for environmental liabilities/cleanup costs pertaining to heritage assets, multi-use heritage assets, and stewardship land is contained in [Chapter 13](#), “Environmental Disposal Liabilities.” Unless otherwise stated, this chapter is applicable to all DoD Components, including Working Capital Fund activities.

## 1.3 Authoritative Guidance

The accounting policy and related requirements prescribed by this chapter are in accordance with the applicable provisions of:

1.3.1. Title 54 United States Code, Section 306131 ([54 U.S.C. § 306131](#)), “Standards and Guidelines”;

1.3.2. Code of Federal Regulations, Title 36, Chapter 1, Part 60, National Register of Historic Places, [Section 60.4 Criteria for Evaluation](#);

1.3.3. Federal Accounting Standards Advisory Board (FASAB) Statement of Federal Financial Accounting Standards ([SFFAS](#)) [1](#), “Accounting for Selected Assets and Liabilities”;

1.3.4. FASAB [SFFAS](#) [5](#), “Accounting for Liabilities of the Federal Government”;

- 1.3.5. FASAB [SFFAS 6](#), “Accounting for Property, Plant, and Equipment”;
- 1.3.6. FASAB [SFFAS 7](#), “Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting”;
- 1.3.7. FASAB [SFFAS 29](#), “Heritage Assets and Stewardship Land”;
- 1.3.8. FASAB [SFFAS 40](#), “Definitional Changes Related to Deferred Maintenance and Repairs: Amending Statement of Federal Financial Accounting Standards 6, Accounting for Property, Plant and Equipment”;
- 1.3.9. FASAB [SFFAS 42](#), “Deferred Maintenance and Repairs: Amending Statements of Federal Financial Accounting Standards 6, 14, 29, and 32”;
- 1.3.10. FASAB [SFFAS 44](#), “Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use”;
- 1.3.11. FASAB [SFFAS 50](#), “Establishing Opening Balances for General Property, Plant, and Equipment: Amending SFFAS 6, 10, and 23, and Rescinding SFFAS 35”;
- 1.3.12. FASAB [SFFAS 55](#), “Amending Inter-entity Cost Provisions”;
- \* 1.3.13. FASAB [SFFAS 59](#), “Accounting and Reporting of Government Land”;
- 1.3.14. FASAB Federal Financial Accounting and Auditing Technical Release [\(TR\) 9](#), “Implementation Guide for SFFAS 29: Heritage Assets and Stewardship Land”;
- 1.3.15. FASAB [TR 13](#), “Implementation Guide for Estimating the Historical Cost of General Property, Plant & Equipment”;
- 1.3.16. FASAB [TR 14](#), “Implementation Guidance on the Accounting for the Disposal of General Property, Plant & Equipment”;
- 1.3.17. FASAB [TR 15](#), “Implementation Guidance for General Property, Plant, and Equipment Cost Accumulation, Assignment and Allocation”;
- 1.3.18. [Treasury Financial Manual Volume 1, Part 2, Chapter 4700](#) “Agency Reporting Requirements for the Financial Report of the United States Government.”
- 1.3.19. Office of Management and Budget [Circular No. A-136](#), “Financial Reporting Requirements”;
- 1.3.20. DoD Instruction [\(DoDI\) 4165.14](#), “Real Property Inventory (RPI) and Forecasting”;
- 1.3.21. [DoDI 4165.70](#), “Real Property Management”;

1.3.22. [DoDI 4715.16](#), “Cultural Resources Management”; and

1.3.23. [DoDI 5000.64](#), “Accountability and Management of DoD Equipment and Other Accountable Property”;

## \*2.0 HERITAGE ASSETS

### 2.1 Description

2.1.1. Heritage assets are PP&E that are unique for one or more of the following reasons:

2.1.1.1. Historical or natural significance;

2.1.1.2. Cultural, educational, or artistic (e.g., aesthetic) importance; or

2.1.1.3. Significant architectural characteristics.

2.1.2. Heritage assets consist of (1) collection-type assets, such as objects gathered and maintained for exhibition (e.g., museum collections, art collections, and library collections); and (2) non-collection-type assets (e.g., memorials, monuments, buildings, and archeological sites). Cultural resources and historic properties, defined in DoDI 4715.16, may be categorized as heritage assets for financial reporting purposes if they have the attributes of heritage assets described in this definition.

2.1.3. Heritage assets are generally expected to be preserved indefinitely.

2.1.4. The cost or value must not serve as a factor when deciding if an asset must be classified as a heritage asset.

2.1.5. If a particular asset is listed on the National Register of Historic Places, it is heritage in nature. If it is not listed on the National Register of Historic Places, refer to cultural resources and collections policies, published registers, and consult with DoD subject matter experts (i.e., the DoD cultural resources or museum staffs) when making this assessment. Designation of a PP&E asset (including such assets as museum, library, and art collections) as a heritage asset can be done at any time in its life cycle, based on the application of evaluation criteria by qualified staff.

2.1.6. Historic significance may be identified if a property/asset meets at least one of the following criteria adapted from the National Register of Historic Places as determined by the relevant DoD Component with concurrence by the relevant State Historic Preservation Officer, or as determined by the guidelines of the National Register of Historic Places in the 36 CFR, Part 60, Section 60.4:

2.1.6.1. Association with historic events or activities that have made a significant contribution to the broad patterns of history (e.g., battles, development of military technology, prehistoric cultural patterns);

2.1.6.2. Association with the lives of significant historic persons (e.g., important military leaders, political leaders, inventors);

2.1.6.3. Distinctive design or physical characteristics of a type, period, or method of construction (e.g., work representative of a particular approach to military design or a particular type or style of architecture or engineering); or that represents the work of a master (e.g., work of a master architect, landscape architect, planner, or engineer); or that possess high artistic values (e.g., artwork that was commissioned by a recognized artist to commemorate military history); or that represents a significant and distinguishable entity whose components may lack individual distinction (e.g., a formative example of standardized planned military housing); or

2.1.6.4. Have yielded or may be likely to yield important information about prehistory or history (e.g., an archeological site on a military installation).

\* 2.1.7. Ordinarily, cemeteries, birthplaces, or graves of historical figures, properties owned by religious institutions or used for religious purposes, structures that have been moved from their original locations, reconstructed historic buildings, properties primarily commemorative in nature, and properties that have achieved significance within the past 50 years are not considered eligible for the National Register. However, such properties will qualify if they are integral parts of districts that meet the criteria, or if they fall within the following categories:

2.1.7.1. A religious property deriving primary significance from architectural or artistic distinction or historical importance; or

2.1.7.2. A building or structure removed from its original location but which is significant primarily for architectural value, or which is the surviving structure most importantly associated with a historic person or event; or

2.1.7.3. A birthplace or grave of a historical figure of outstanding importance if there is no appropriate site or building directly associated with their productive life.

2.1.7.4. A cemetery which derives its primary significance from graves of persons of transcendent importance, from age, from distinctive design features, or from association with historic events; or

2.1.7.5. A reconstructed building when accurately executed in a suitable environment and presented in a dignified manner as part of a restoration master plan, and when no other building or structure with the same association has survived; or

2.1.7.6. A property primarily commemorative in intent if design, age, tradition, or symbolic value has invested it with its own exceptional significance; or

2.1.7.7. A property achieving significance within the past 50 years if it is of exceptional importance.

2.1.8. As contrasted with multi-use heritage assets (described in section 3.0), heritage assets are not used predominantly in general government operations. Heritage assets having an incidental (i.e., not significant or predominant) use in government operations are not considered and are not classified as multi-use heritage assets; they are simply heritage assets.

2.1.9. Some heritage assets will meet the definitions of, and be considered and reported as, both heritage assets and stewardship land. Such reporting would not be considered duplication as the type of information reported on the physical unit would be different for each category of stewardship asset (i.e., heritage assets and stewardship land).

## 2.2 Acquisition/Valuation

The cost of acquiring heritage assets is expensed in the period incurred. The cost must include all costs incurred to bring the asset to a form and location suitable for its intended use.

## 2.3 Recognition and Measurement

2.3.1. Recognize the cost of acquiring, improving, reconstructing, or renovating heritage assets on the Statement of Net Cost for the period in which the cost is incurred. Include all costs incurred to bring the asset to its current condition and location.

2.3.2. Do not recognize revenue for heritage assets acquired through donation or devise (a will or clause of a will disposing of property).

2.3.3. Transfers of heritage assets from one DoD Component to another or to another Federal agency do not affect the net cost of operations or net position of either entity.

## 2.4 Removal/Disposal

Heritage Assets can be removed from service or otherwise disposed of.

## 2.5 Disclosure Requirements

The DoD Component that has control over the heritage asset must report information about the heritage assets in its financial statement note disclosures as set forth in SFFAS 29, paragraph 25. Disclosures must include physical units of measure, described in section 5.3 Physical Units of Measure.

## \*3.0 MULTI-USE HERITAGE ASSETS

### 3.1 Description

Heritage assets may in some cases serve two purposes: (i) a heritage function and (ii) a government operations function. In cases where a heritage asset serves two purposes and the predominant use of the asset is in general government operations, the heritage asset must be considered and classified as a multi-use heritage asset. An example of a multi-use heritage asset



is the Pentagon, which has been listed on the National Register of Historic Places and is also used as an office building. Cultural resources and historic properties, as defined in DoDI 4715.16, may be categorized as multi-use heritage assets for financial accounting purposes if they have the attributes of multi-use heritage assets as described in this definition.

### 3.2 Acquisition/Valuation

Newly acquired multi-use heritage asset items must follow general PP&E guidance. [Chapter 25 “General Equipment”](#) defines and prescribes the use of acquisition cost, net book value, fair value, ancillary costs, and recorded cost when recording the cost of general PP&E.

### \*3.3 Recognition and Measurement

**3.3.1.** The costs of acquisition, improvement, or renovation of multi-use heritage assets must be capitalized as general PP&E and depreciated if the costs equal or exceed the DoD capitalization threshold. Expenses are the costs that do not equal or exceed the capitalization threshold. Refer to Chapter 25 for the capitalization threshold for general PP&E.

**3.3.2.** Assets classified as multi-use heritage assets and acquired through donation or devise must be recognized as general PP&E at the fair value of the assets at the time received and the amount must be recognized as non-exchange revenues as defined in SFFAS 7.

**3.3.3.** Transfers of multi-use heritage assets from one Federal entity to another (including between DoD Components or between a DoD Component and another Federal entity) must be recognized by the receiving entity as a transfer-in as an additional financing source, and the transferring entity must recognize a transfer-out. The value recorded must be the transferring entity’s net book value of the multi-use heritage asset.

**3.3.4. Improvements/Enhancements.** Capital improvements or enhancements to multi-use heritage assets must be capitalized in accordance with general PP&E. Refer to Chapter 25.

**3.3.5. Depreciation.** The recorded cost of capitalized multi-use heritage assets must be depreciated in accordance with the general PP&E guidance as described in Chapter 25.

**3.3.6. Impairment.** Multi-use heritage assets are subject to the same impairment ruleset as general PP&E. Refer to Chapter 25 for additional information on impairment.

### \*3.4 Removal/Disposal

Multi-use heritage assets must be removed and disposed of in accordance with the general PP&E guidance as described in Chapter 25.

### 3.5 Disclosure Requirements

Multi-use heritage assets require additional descriptive information in the heritage asset note disclosure as set forth in SFFAS 29, paragraph 25. Multi-use heritage assets are to be reported

in both the principal financial statements (in dollars) as general PP&E and in the heritage asset note disclosure (in physical units). This reporting and note disclosure would not be considered duplicative as each category is considered unique for this reporting purpose. Disclosures must include physical units of measure, described in section 5.3 Physical Units of Measure.

### 3.6 Use of Canceled Treasury Account Symbol

Multi-use heritage assets are required to be reported in the Department of the Treasury's Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS), a data collection system for DoD Components to report their trial balance data to the Department of Treasury. Refer to Chapter 25 for information on reporting capitalized assets and remaining in GTAS after the original purchasing Treasury Account Symbol has expired and been canceled.

## \*4.0 STEWARDSHIP LAND

### 4.1 Description

4.1.1. Stewardship land includes both public domain and acquired land and land rights owned by the Federal Government intended to be held indefinitely but not acquired for or in connection with the acquisition or construction of real property facilities.

4.1.1.1. Land is defined as the solid part of the surface of the earth. Excluded from the definition are natural resources (e.g., depletable resources, such as mineral deposits and petroleum, renewable resources such as timber and the outer continental shelf resources) related to land.

\* 4.1.1.2. Land rights are interests and privileges held by DoD or a DoD Component, 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.

4.1.1.2.1. Land rights such as easements or rights-of-way that are for an unspecified period of time or unlimited duration are considered permanent land rights in perpetuity.

4.1.1.2.2. Temporary land rights are those land rights that are for a specified period of time or limited duration.

4.1.1.3. "Acquired for or in connection with the acquisition or construction of real property facilities," is defined as including land or land rights acquired with the intent to construct general PP&E and land or land rights acquired in combination with general PP&E. Land and land rights owned by DoD or a DoD Component, and acquired for or in connection with real property facilities must be accounted for and reported as general PP&E.

\* 4.1.2. Examples of stewardship land include land reserved, managed, planned, used, or acquired for:

4.1.2.1. Forests and parks;

4.1.2.2. Recreation and conservation;

4.1.2.3. Wildlife habitat and grazing;

4.1.2.4. Conservation or preservation of cultural resources and historic sites;

4.1.2.5. Multiple-purpose ancillary revenue-generating activity (for example, special use permits, mineral development activities, and timber production); or

4.1.2.6. Buffer zones for security, flood management, and noise and view sheds.

\* 4.1.3. While DoD stewardship lands support environmental conservation, they also support military readiness. Healthy ecosystems mean realistic training grounds that mirror potential battlefields. Soldiers train in deserts, forests, wetlands, and coastal areas to prepare for global challenges. In addition, clean water and air protect military families.

## 4.2 Acquisition/Valuation

The cost of acquiring stewardship land is expensed in the period incurred. The cost must include all costs incurred to bring the asset to a form and location suitable for its intended use.

## 4.3 Recognition and Measurement

4.3.1. Recognize the cost of the acquisition of stewardship land as an expense on the Statement of Net Cost for the period in which the cost is incurred. The cost must include all costs to prepare stewardship land for its intended use (e.g., grading the land or razing a building).

4.3.2. In some cases, land may be acquired along with existing facilities. Consult with Component cultural resources staff to determine how to treat the acquisition cost of the facility.

4.3.2.1. Facilities to be used in operations must be treated as an acquisition of stewardship land, if;

4.3.2.1.1. The value of the facility is insignificant; or

4.3.2.1.2. Its acquisition is merely a byproduct of the acquisition of the land.

4.3.2.2. Facilities of significant value that have an operating use (e.g., a constructed hotel or employee housing block) must be treated as general PP&E (real property or multi-use

heritage assets) by identifying the cost attributable to the facilities and segregating it from the cost of stewardship land acquired.

4.3.3. Do not recognize revenue for stewardship land acquired through donation or devise.

4.3.4. Transfers of stewardship land from one DoD Component to another or to another Federal agency do not affect the net cost of operations or net position of either entity.

#### 4.4 Removal/Disposal

Stewardship land can be removed from service or otherwise disposed of. For example, stewardship land can be granted to the DoD Component by the Department of Interior (DOI) for a definite period with the expectation that the land will be returned at the end of the period. In this example, the stewardship land is removed from service when it is returned to the DOI.

#### 4.5 Disclosure Requirements

Land classified as stewardship land is reported as basic information within the financial statements of the DoD Component responsible for such land. Refer to [Chapter 24 “Real Property”](#) for disclosure requirements for stewardship land and permanent land rights in accordance with SFFAS 59. Disclosures must include physical units of measure, described in section 5.3 Physical Units of Measure.

### 5.0 DOCUMENTATION

All heritage assets, multi-use heritage assets, and stewardship land acquired by DoD Components must be recognized for accountability (in accordance with DoDI 4165.14, DoDI 4165.70, and DoDI 5000.64) and financial reporting purposes.

#### 5.1 Supporting Documentation

5.1.1. Entries to record financial transactions in accounting system general ledger accounts and the Accountable Property System of Record (APSR) and/or other systems, as well as information to be included in financial statement note disclosures, must be supported by source documents that reflect all transactions affecting the DoD Component’s stewardship investment in the PP&E. Refer to paragraph 5.4 for information on APSR requirements.

5.1.2. All acquisitions, whether by purchase, transfer from other agencies, donation, or other means, must be supported as of the date the DoD Component accepts the heritage assets, multi-use heritage assets and/or stewardship land. Documentation, where applicable, must be readily available to support the changes in asset value or physical attributes as a result of new acquisition or capital improvement. Refer to Chapter 25 for examples of supporting documentation for acquisition.

5.1.2.1. Agencies must maintain historical files evidencing ownership of heritage assets, multi-use heritage assets, and stewardship land; and for some types of heritage assets,

records and documentation pertaining to the asset's historical significance are required to be maintained pursuant to U.S.C. and DoD policy (e.g., 54 U.S.C. § 306131 and DoDI 4715.16).

5.1.2.2. When original property records or other documentation (e.g., deeds, tax assessments, insurance records) for heritage assets and stewardship land do not exist, a methodology must be employed in order to develop alternative documentation to support management's assertions of Federal ownership.

5.1.2.3. Maintenance or renovation contracts, historical maintenance records or a history of payment of invoices, minutes of meetings, historical data bases, surveys of land records, a history of past/historical practices (e.g., establishing de facto ownership), or other relevant sources of information may provide acceptable alternative evidence of government ownership of heritage assets and stewardship land.

5.1.3. When definitive documentation for stewardship land and/or heritage assets is not available, management must identify and use alternative methods for supporting management's assertions for these assets. For assessing land, for example, these methods could mirror the areas used to determine major categories for note disclosure in the financial statements, such as the number of areas of recreational use, geographic management areas, and federal water projects of fish hatcheries.

5.1.4. All disposals or retirements must be supported as of the date the PP&E leaves the custody of the DoD Component to provide an adequate audit trail for the disposal of the asset. The execution of certain disposal events will generate financial or administrative accountability transactions. Refer to Chapter 25 for examples of supporting documentation for disposals and retirements.

## 5.2 Policies and Procedures

DoD Components must document the identification, categorization, and method used to physically quantify the assets to ensure consistent reporting for all similar heritage assets and stewardship land.

## 5.3 Physical Units of Measure

Physical units of measure are necessary to meet disclosure requirements described in SFFAS 29.

5.3.1. Heritage Assets. Heritage assets must be quantified in terms of physical units (unit of measure) to facilitate the required financial statement note reporting. The appropriate level of aggregation and physical units of measure for each major category must be meaningful and determined by the preparer based on the entity's mission, types of heritage assets, and how the entity manages the assets. For each major category of heritage asset, the following must be documented:

5.3.1.1. The number of physical units by major category. The major categories must be classified by collection or non-collection-type heritage assets for which the entity is the steward as of the end of the reporting period;

5.3.1.2. The number of physical units by major category that were acquired and the number of physical units by major category that were withdrawn during the reporting period; and

5.3.1.3. A description of the major methods of acquisition and withdrawal of heritage assets during the reporting period. This must include disclosure of the number of physical units (by major category) of transfers of heritage assets between federal entities and the number of physical units (by major category) of heritage assets acquired through donation or devise, if material. In addition, the fair value of heritage assets acquired through donation or devise during the reporting period must be disclosed, if known and material.

5.3.2. [Stewardship Land](#). Stewardship land must be quantified in terms of physical units (acres). The appropriate level of aggregation and physical units (acres) of measure for each major category (e.g., Land Predominate Use Code) of stewardship land use must be meaningful and determined by the preparer based on the entity's mission, types of stewardship land use, and how the entity manages the assets. For each major category of stewardship land, the following must be documented:

5.3.2.1. The number of physical units (acres) by major category of stewardship land use for which the entity is the steward as of the end of the reporting period;

5.3.2.2. The number of physical units (acres) by major category of stewardship land use that were acquired and the number of physical units (acres) by major category of stewardship land use that were withdrawn during the reporting period; and

5.3.2.3. A description of the major methods of acquisition and withdrawal of stewardship land during the reporting period. This must include disclosure of physical units (acres) (by major category of stewardship land use) of transfers of stewardship land between federal entities and the number of physical units (acres) (by major category of stewardship land use) of stewardship land acquired through donation or devise, if material. In addition, the fair value of stewardship land acquired through donation or devise during the reporting period must be disclosed, if known and material.

## 5.4 [Accountable Property System of Record \(APSR\)](#)

The APSR [and/or other systems](#) must be designed to [support](#) procurement and utilization decisions, including decisions related to identifying general PP&E that may transfer to other DoD Components, or made available for disposal in accordance with current DoD regulations and other regulatory requirements. [APSR and/or other systems must:](#)

5.4.1. Enable periodic, independent verification of the accuracy of the accounting and APSR [and/or other systems](#) through periodic physical counts/inventories. [Periodic inventory](#)

counts include reconciling the APSR and/or other systems with the general ledger accounts and physical counts for multi-use heritage assets;

5.4.2. Identify and classify multi-use heritage assets that were capitalized, recorded in the APSR and accounting system, and reported in the financial statements;

5.4.3. Validate that entries to the financial accounting/reporting and APSR are the same to support APSR integration and reconciliation with the financial accounting system;

5.4.4. Include all multi-use heritage assets, heritage assets, and stewardship land possessed by DoD (to include property held by others) and multi-use heritage assets, heritage assets, and stewardship land held by DoD through seizure, forfeiture, loss, or abandonment; and

5.4.5. Provide information to identify and account for capitalized improvements to multi-use heritage assets.

## 6.0 PHYSICAL INVENTORIES

DoD Components must perform periodic physical inventories of heritage assets and multi-use heritage assets in accordance with DoDI 5000.64 and DoDI 4165.14. Periodic physical inventories of stewardship land must be performed in accordance with DoDI 4165.14.

## 7.0 DEFERRED MAINTENANCE AND REPAIRS (DM&R)

### 7.1 Description

7.1.1. DM&R are maintenance and repairs that were not performed when they should have been or were scheduled to be, and which are put off or delayed to a future period.

7.1.2. Maintenance and repairs are activities directed towards keeping assets in an acceptable condition. Maintenance and repairs include preventive maintenance; replacement of parts, systems, or components; and other activities needed to preserve or maintain the asset.

7.1.3. Maintenance and repairs exclude activities aimed at expanding the useful life, capacity or capability of an asset or otherwise upgrading it to serve needs different from, or significantly greater than, its current use.

### 7.2 Measurement

7.2.1. DoD Components must determine acceptable condition standards and which DM&R measurement methods to apply. Condition standards and measurement methods must be consistently applied. If the DoD Component determines that changes are necessary, they must document the change(s) rationale and any related impact the change(s) will have on the DM&R estimates.

7.2.2. Amounts for DM&R may be measured using condition assessment surveys, life-cycle cost forecasts, or other [similar](#) methods.

7.2.2.1. Condition assessment surveys are periodic physical inspections of assets to determine their current condition and estimated cost to correct any deficiencies. DoD Components must assess the condition of [multi-use](#) heritage assets as a function of their day-to-day operations and document condition through periodic assertion/assessment statements. DoD Components [must](#) evaluate the costs and benefits of [conducting](#) condition assessment surveys. Such things as cycling the assessments on a rotating basis, the frequency of assessments (i.e., every three or five years), and the criteria and methodology used for making such assessments need to be considered.

7.2.2.2. Life-cycle costing is an acquisition or procurement technique [that](#) considers operating, maintenance, and other costs in addition to the acquisition cost of assets. Since it results in forecasts of maintenance and repair expenses, these forecasts may serve as a basis against which to compare actual maintenance and repair expenses to arrive at an estimate of DM&R.

7.2.3. DM&R must be measured for capitalized and non-capitalized PP&E, and fully depreciated general PP&E. In addition, DM&R must be measured for inactive and/or excess general PP&E to the extent that it is required to maintain the general PP&E in acceptable condition (e.g., to comply with existing laws and regulations or to preserve value pending disposal) and, DM&R must measure funded maintenance and repairs that have been delayed for a future period as well as unfunded maintenance and repairs.

### 7.3 [Disclosure Requirements](#)

DoD Components must report material amounts of DM&R [in the notes](#) to the financial statements. Refer to [Volume 6B, Chapter 12](#) “Required Supplementary Information.”