

**Forest Service Manual  
National Headquarters - Washington Office  
Washington, DC**

**Forest Service Manual 6500 – Finance and Accounting  
Chapter 6590 - Property, Plant, and Equipment**

**Amendment:** 6500-2011-3

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**Approved by:** Donna M. Carmical, Chief Financial Officer (CFO)

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**Responsible Staff:**

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**Superseded Document(s):** 6590, Amendment 6500-2004-3, June 29, 2004

**Digest:** Following is an explanation of the changes throughout the directive by section.

**6590.01 through 6590.05:** Recodes the authority, responsibility, and definitions sections previously set out in FSH 6509.19, zero code.

**6590.01a:** Establishes code, caption, and direction for “Regulations”.

**6590.1:** Adds new authority statements “Statement of Federal Financial Accounting Standard 29: Heritage Assets and Stewardship Land” and “Statement of Federal Financial Accounting Standard 35: Estimating the Historical Cost of General Property, Plant, and Equipment-Amending Statements of Federal Financial Accounting Standards 6 and 23”.

**6590.01b:** Establishes, code, caption, direction and sets forth responsibility for “Federal Accounting Standards Advisory Board Guidelines”.

**6590.3:** Removes code, caption, and direction.

**6590.4:** Establishes codes, adds new responsibilities, and reorganize section to fit current organizational structure.

**6593.5:** Removes code and caption and direction.

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Chapter 6590 - Property, Plant, and Equipment

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## 6590.01 - Authority

1. Statement of Federal Financial Accounting Standards 29: Heritage Assets and Stewardship Land. Reclassifies all heritage assets and stewardship land information as basic except for condition information, which is reclassified as required supplementary information (RSI). This standard requires that entities reference a note on the balance sheet that discloses information about heritage assets and stewardship land, but no asset dollar amount should be shown. Instead, the note disclosure provides minimum reporting requirements consistent with the previous standards for heritage assets and stewardship land. These requirements include a description of major categories, physical unit information for the end of the reporting period, physical units added and withdrawn during the year, a description of the methods of acquisition and withdrawal, and condition information.
2. Statement of Federal Financial Accounting Standard (SFFAS) Number 6. Accounting for Property, Plant, and Equipment (PP&E), prescribes accounting standard for Federally-owned property, plant, and equipment (PP&E); deferred maintenance on PP&E; and cleanup costs.
3. Statement of Federal Financial Accounting Standard Number 35; Estimating the Historical Cost of General Property, Plant, and Equipment- Amending Statements of Federal Financial Accounting Standards 6 and 23; Clarifies that reasonable estimate of original transaction data historical cost may be used to value general property, plant, and equipment (GPP&E). The use of reasonable estimates is available to reporting entities that have not previously prepared financial reports but who may be required or elect to do so in the future and do not yet have adequate controls or systems to capture these costs. In addition, these amendments also apply in those cases where entities have decided to use estimates to determine the historical cost values of GPP&E.
4. Statement of Federal Financial Accounting Standard (SFFAS) Number 10. Accounting for PP&E, June 1996; SFFAS Number 10 Accounting for Internal Use Software, June 1998; SFFAS Number 11 “Amendment to Accounting for PP&E” October 1998.
5. Federal Financial Management Improvement Act (FFMIA) of 1996. Ensure that all agencies financial management systems comply with Federal financial management system requirements.
6. Joint Financial Management Improvement Program (JFMIP) of 1986. Provide financial core competencies and system requirements developed by a joint undertaking of the U.S. Department of Treasury, the General Accounting Office, the Office of Management and Budget, and the Office of Personnel Management working together with other agencies to improve financial management practices in government.
7. Office of Management and Budget (OMB) Circular A-127, Financial Management Systems. Establishes policies and standards for executive departments and agencies to

follow in developing, operating, evaluating, and reporting on financial management systems.

8. Government Management Reform Act (GMRA) of 1994. Amend the requirements of the CFO ACT of 1990 by requiring yearly audited financial statements from the 24 largest executive agencies (including the Department of Agriculture) and the preparation and audit of a governmentwide financial statement.

9. Office of Management and Budget (OMB) Circular A-123, Management Accountability and Control. Provide guidance to Federal managers on improving the accountability and effectiveness of Federal programs and operations by establishing, assessing, correcting, and reporting on management controls.

10. Office of Management and Budget (OMB) Circular A-130, Management of Federal Information Resources, dated February 1996. Establishes uniform governmentwide information resources management policies.

11. Office of Management and Budget (OMB) Circular A-11, Preparation, Submission and Execution of the Budget. Provide guidance on preparing Budget submission and includes instruction on budget execution, including guidance on the apportionment and reapportionment process (SF-132 Apportionment and Reapportionment Schedule).

12. National Institute of Standards and Technology (NIST). Generally accepted principles and practices for securing information technology systems recommend that organization base access control policy on the principle of least privilege, which states that users should be granted access only to resources they need to perform their official functions.

13. Agriculture Property Management Regulations (AGPMR). Provide USDA policy and procedures implementing the General Service Administration Property Management Regulations.

#### **6590.01a - Regulations**

1. Federal Acquisition Regulation (FAR), Title 48, Code of Federal Regulations, Parts 1 through 53 (FSH 6390.32). This regulation prescribes policies and procedures for use by all Federal Executive agencies in the acquisition of supplies and services with appropriated funds.

2. Federal Management Regulations, Title 41, Code of Federal Regulations, chapter 101-45. These regulations provide guidance on the sale, abandonment, or destruction of personal property.

3. OMB Circular A-94. Guidelines and Discount Rates for Benefit-Cost Analysis of Federal Programs, Appendix C, Discount Rates for Cost-Effectiveness, Lease Purchase, and Related Analyses. Provide guidelines for discount rates for benefit cost analysis of Federal programs.

#### **6590.01b - Federal Accounting Standards Advisory Board Guidelines**

1. Statement of Federal Financial Accounting Standards, (SFFAS) Number. 5, Accounting for Liabilities of the Federal Government. This standard applies to general purpose financial reports of the U.S. Government reporting entities.
2. SFFAS No. 6 Accounting for Property, Plant, and Equipment. This document contains accounting standards for federally owned property, plant, and equipment.
3. SFFAS No. 10 Accounting for Internal Use Software. This document provides recommended accounting standards for internal use software.
4. SFFAS No. 11 Amendments to Accounting for Property, Plant, and Equipment. Amendments to accounting for the PP&E definitions (amends SFFASs 6 and 10). This statement clarifies definition for National Defense and Space Exploration assets and is not applicable for USDA.
5. SFFAS No. 16 Amendments to Accounting for Property, Plant, and Equipment. Amendments to Accounting for PP&E, multi-use heritage assets (amends SFFAS 6 and 8). This amendment defines multi-Use Heritage assets as being heritage assets whose predominant use is general government operation.

#### **6590.4 - Responsibility**

##### **6590.04a- Washington Office, Chief Financial Officer**

It is the responsibility of the Chief Financial Officer (CFO) to ensure the quality and integrity of the data in the Agency's core accounting system, and its subsidiary systems.

##### **6590.04b - Director of Financial Management Systems**

It is the responsibility of the Director of Financial Management Systems to:

1. Implement new or enhanced financial and mixed systems; including systems interfaces.
2. Maintain and operate financial and mixed systems; participate in the maintenance and operation of mixed systems; including systems interfaces.
3. Document changes and modifications to financial systems; mixed systems; and systems Interfaces.

##### **6590.04c - Director of Financial Policy**

It is the responsibility of the Director of Financial Policy to:

1. Issue accounting standard and financial management policy and procedures governing Forest Service financial matters in accordance with statutory authorities, congressional intent, Appropriations Law, Treasury, and Office of Management and Budget regulations.
2. Develop new and/or revised posting models; periodically analyze existing ones for validity and use.
3. Serve as the principal advisor to the Chief, deputy chiefs, Washington Office staff directors and field offices on Agency appropriation use questions.
4. Assist in the development and implementation of new accounting and financial management related business processes.

#### **6590.04d - Washington Office, Deputy Chief of National Forest System**

The Washington Office, Deputy Chief of National Forest Systems is responsible for ensuring staff in their respective area coordinates with Budget, Finance, and Acquisition Management (AQM) staffs too properly and timely record and document costs incurred in the construction, installation, or disposition of GPP&E assets. Co-sign and issue the protocols for deferred maintenance. This information is necessary for a complete and reliable compilation of Agency financial statements.

#### **6590.04e - Washington Office, Director of Acquisition Management**

The Director of Acquisition Management (AQM) is responsible for:

1. Procuring, managing, and disposing of real property in compliance with Federal Acquisition Regulations and Federal Management Regulations.
2. Planning, documenting, and reporting on real property physical inventories. Acquisition Management policies and procedures are provided in FSM 6440 and FSH 6409.12.

#### **6590.04f - Albuquerque Service Center, Director of the Budget and Finance**

It is the responsibility of the Albuquerque Service Center, Director Budget and Finance (ASC-B&F), to:

1. Implement and evaluate financial control systems for administrative, program, and operational activities to provide reasonable assurance for those obligations.
2. Plan and direct all aspects of payment activities through subordinate supervisors.
3. Establish and maintain adequate controls for all funds under their jurisdictions.
4. Verify that funds are appropriately used for the acquisition and maintenance of real property assets based on requests submitted from the field to establish job codes and approved by both the Budget Officer and the Real Property Specialist (RPS).

5. Establish an agency's core financial system, and its subsidiary systems the real property job codes with the proper accounting data to capture the capitalized costs correctly based on coordination with other staffs.
- 6 Review copies of all real property contract payments and pertinent portions of the contract (for example, schedule of bid items, award, other cost information, and so forth). Purchase orders must be provided to the RPS for the asset file.
7. Record capital leases in the general ledger in accordance with Agency and Federal accounting standards.
8. Coordinate with Acquisition Management (AQM), Engineering, Recreation, or other Forest Service staffs to review acquisition actions to determine proper capitalization or expense treatment.
9. Reconcile the Agency's core financial system and its subsidiary systems with Corporate Property Automated Information System (CPAIS) and monitor the accounting transactions against the work plan.
10. Ensure that the values of asset write-offs are correct and updates in CPAIS have been completed.

**6590.04g - Regional Foresters, Station Directors, Area Director, International Institute of Tropical Forestry Director, Forest Supervisors, Forest Products Lab Director, and Job Corps Center Directors**

Each regional forester, station director, Area Director, International Institute of Tropical Forestry Director, forest supervisor, Forest Products Lab Director, and Job Corps Center director is responsible for:

1. Rendering technical advice and assistance to all levels of Forest Service, Albuquerque Service Center-B&F, region, station, Area, Institute, or Job Corps center in connection with accounting for GPP&E.
2. Ensuring the financial, acquisition, and other program staff work together in carrying out their respective duties to record timely and accurate GPP&E data in the Agency financial and property management systems, and facilitating Forest Service financial statement reporting.
3. Managing acquisition, record keeping, documentation, control, inventory, safeguarding, protection, utilization, and disposal of GPP&E assets in the units they control. Management shall provide resources to accomplish these tasks and may appoint or designate property management officers to help carry out these responsibilities.
4. Gathering and retaining asset documentation. This task may be delegated to other responsible parties, such as the property supply technician (PST), real property management steward, Working Capital Fund (WCF) program manager, or WCF accounting staff.



5. Ensuring procurement documents are prepared using the proper accounting code. This includes the correct Budget Object Class Code (BOC), fund code, and other accounting information to ensure accurate posting to the appropriate subsidiary property system.
6. Certifying physical inventories to the Chief of the Forest Service.
7. Ensuring timely, accurate and complete recording and reporting of deferred maintenance data for each national forest, research station, and Area.
8. Ensuring that condition surveys and inspection of the assets under management are conducted in accordance FSH 6509.11k, chapter 50, section 57.
9. Informing ASC-B&F Real Property staff of all assets to be placed into service, to be expensed, and to be disposed of in the FY the action takes place at the field unit.

#### **6590.04h - Regional Infra Coordinator**

The regional Infra coordinator (RIC) is responsible for providing guidance and direction to field staff on the maintenance of real property data in the Infra Forest Service databases, which is accessed through I-Web. The RIC may be a member of Engineering, Recreation, Range, Lands, or other staff.

#### **6590.04i - Forests**

#### **6590.04j - Engineering Staff**

It is the responsibility of the engineering staff to:

1. Create and maintain the real property assets (such as buildings, dams, water and wastewater systems, and travel routes) within the Forest CPAIS databases, with all mandatory and required attributes needed for internal and external reporting.
2. Design projects and assemble the contract package.
3. Write a primary purpose statement for each capital improvement project and ensure that information is entered in the work plan description field and also on the form FS-6300-4, Request for Contract Action.
4. Coordinate with the unit budget officer and the contract officer representative (COR) to verify total award dollars.
5. Coordinate with the Albuquerque Service Center (ASC-B&F) to obtain the capitalized real property job code. The ASC-B&F must have a form FS-6500-244, Job Code Request for Capitalized Project, and a specific work plan before the job code may be provided. Work plans for capitalized real property tasks must be reflected at the project and job code level, and include sufficient information to show the project meets capitalization criteria, total expected costs, and expected project completion date.

6. Coordinate with the budget officer, the contract officer (CO) or COR, and the ASC-B&F staff prior to submitting a contract modification, when adding monies or making changes to any of the job codes on the original contract document. Changes to job codes require the contract be modified and returned to the contract original, with a copy sent to the ASC real property staff.
7. Complete condition assessment surveys for managed assets, including buildings, bridges, dams, roads, water and wastewater systems, and stewardship assets are identified as managed assets.

#### **6590.04k - Lands Staff Officer**

It is the responsibility of the lands staff officer to:

1. Provide the real property accounting staff at ASC-B&F with documentation supporting any GPP&E land exchange, purchase, or donation; place related documentation in the asset folder.
2. Maintain current, complete and accurate land records, and Small tracts System (LARSTA), the official database for Forest Service-owned land acres.
3. Compile the stewardship land data in LARSTA for inclusion in the financial statements.
4. Assist in the reconciliation of land acres between LARSTA and the General Service Administration (GSA) Federal Real Property Profile.
5. Report additions/deletions to ASC FRR staff.

#### **6590.04l - Recreation Staff**

It is the responsibility of the recreation staff to:

1. Create and maintain real property assets within CPAIS (via I-Web) for all recreation site land units. The recreation staff is also responsible for miscellaneous features within recreation sites that are not captured in individual CPAIS modules.
2. Coordinate with the engineering staff to ensure that real property assets for recreation constructed features, such as buildings, water systems, dams, travel routes, and so forth are created and populated within the individual modules within CPAIS.
4. Coordinate with the ASC-B&F Property and Working Capital Branch to complete the form FS-6500-244, Job Code Request form for Capitalized Project.
5. Complete condition assessment surveys on recreation facilities and heritage assets for reporting in the financial statements.

#### **6590.04m - Contracting Officer/Purchasing Agent**

It is the responsibility of the contracting officer/purchasing agent (CO/PA) to:

1. Ensure that capitalized projects are captured with a real property job code or an expense job code, and the correct budget object code (BOC) is used on the contract and purchase order. This is done in collaboration with the unit budget officer and ASC-B&F Property and Working Capital staff.
2. Coordinate with unit budget officer and PMO when a request for contract action/purchase order is received for real property assets.
3. Ensure that contracts include the schedule of bid items with assets and related job codes showing total costs identified and not distributed on a percentage basis. Use of percentages is prohibited for acquisition of an accountable asset. Delineation of job code assigned to a specific asset must be clear.
4. Ensure that modifications to contracts and purchase orders for real property capitalized assets are routed through the budget officer to verify fund availability.
5. Provide a copy of the modifications to the ASC-B&F Property and Working Capital Branch.
6. Provide ASC-B&F real property representatives with a copy of purchase orders pertaining to real property job codes.
7. Coordinate with field lease experts and the ASC-B&F Real Property Accounting team in lease capitalization analysis before a lease is executed due to the budgetary and accounting implications for recording capital leases. Capital leases must follow budget scoring requirements as defined in OMB Circular A-11, and Federal Accounting Standards Board (FASB) Statement No. 13.

#### **6590.04n - Contracting Officer Representative**

It is the responsibility of the contracting officer representative (COR) to:

1. Provide copies of pertinent portions of real property contracts to the ASC-B&F Real Property Accounting team for the real property capitalized asset accounting file (for example, the Contract Award, Signature Page, Schedule of Bid Items, and Contract Modifications).
2. Monitor the construction of the project and submit contract invoice payments to appropriate Acquisition Management (AQM) staff for processing payment.
3. Review invoices from a contractor for payment to ensure that it adheres to the contract terms and conditions and contains all the required data required by the Payment Clause.
4. Forward copy of contract invoices to ASC-B&F Real Property Accounting team.

5. Sign and submit the “acceptance form” upon completion of a project to ASC-B&F Real Property Accounting Team for the real property accounting file and to appropriate AQM staff for the contract payment file.
6. Complete and sign the form FS-6500-246, Real Property Project Completion Certification, to ensure services have been performed, and all costs on the project are complete and accurate.
7. Notify the ASC-B&F Real Property Accounting team that the asset has been placed in service so accounting records can be for the current fiscal year for in-service projects.
8. Coordinate with the unit budget officer, engineering, and ASC-B&F Real Property Accounting team to add funding or make change to any of the job codes on the original contract prior to submitting a modification on a contract.

#### **6590.04o - Infra Data Steward**

It is the responsibility of the Infra data stewards to create and maintain asset data in the forest Infra system, which is accessed through I-Web. The Infra data steward may be a member of Engineering, Recreation, Range, Lands, or other staff.

#### **6590.5 - Definitions**

Accountable Property. Accountable property includes:

- a. Owned or leased property having an acquisition cost of \$25,000 or greater (capitalized).
- b. Owned personal property having an acquisition cost of \$5,000 to \$24,999 (accountable; non-capitalized).
- c. All personal property under a capital lease.
- d. Internal Use Software (software developed by Forest Service) having an acquisition cost of \$100,000 or greater.
- e. Any personal property item valued at less than \$5,000 but determined by an Agency Property Management Officer (PMO) to be sensitive (AGPMR 104-50.001-10 as amended by Interim Directive No: 6409.31-2004-2 with an expiration date of September 30, 2005).

Acquisition Cost. The original purchase, construction or development cost, less any purchase discounts. Purchase discounts lost or late payment interest expenses shall not be included as a cost of the asset; rather, such costs must be recognized as operating expenses.

Addition. An extension to an existing constructed feature, such as adding a room to a dwelling. A real property project may be capitalized if the addition increases the capacity of an asset or changes the functionality of the asset.

Amortization. The periodic expense attributed to the decline in usefulness of an intangible asset over its useful life.

Appraised Value. See definition of fair market value.

Asset. Tangible or intangible items owned by the federal government which would have probable economic benefits that can be obtained or controlled by a Federal government entity.

Base Unit. A term used to describe the lowest classification or category of an asset for accounting purposes. A capitalized base unit is assigned a unique asset identifier (UAI) and is recorded separately in the real property sub-ledgers. A base unit may not be broken down further into lower components or aggregated with other components for recording purposes. Once the base unit for a property item is properly determined, it must not be changed. Real property policies, procedures, and thresholds may be applied against the base unit property items to determine the proper classification of all financial transactions (such as, capitalize vs. expense or maintenance vs. improvement). The base unit for a real property item may be as large as an entire site, or as small as an individual structure. There are two types of units to be identified.

- a. Individual Asset - A structure or asset identified as a single unit. Includes features such as buildings, utility systems, road bridges, and land units such as campgrounds, picnic areas, district compounds, and Job Corps centers.
- b. Pooled Asset - Linear construction features, such as roads.

Book Value. The value of individual assets, calculated as actual cost less allowances for any depreciation.

Building. A structure to support shelter, enclose persons, animals, or property of any kind. It includes the structure and all of the integral components that solely support the functionality of the building (such as septic tanks, entrances, carports, and so forth.)

Capacity. A measure of the size of an asset. The unit of measure for capacity depends on the type and function of an asset. Some examples of how capacity is measured are square footage, acres, maximum occupancy, and recreation users. Many assets will have more than one measure of capacity. For example, a building could be measured in square footage as well as occupancy.

Capitalization Threshold. A set dollar amount used to determine whether or not to capitalize property. Costs that meet or exceed the threshold amount must be capitalized for PP&E assets. Costs for the acquisitions, construction, or improvement of assets below the threshold amount must be expensed.

Capitalize. To record capital outlays (expenditures) as additions to asset accounts; not as expenses. The expenditures that are recorded as additions to asset accounts are generally above an agency established threshold for capitalizing costs. These costs can be tracked and subsequently depreciated for Forest Service financial reports.

Concentrated Use Area (CUA). An undeveloped site or area where management time or dollars is invested because recreation use in the location leaves evident impacts, such as litter; vandalism; or soil compaction such as dispersed campsite, or as large as a climbing area, or as complex as an all terrain vehicle hill climb area.

Condition Assessment Surveys. Periodic inspections of PP&E used to determine current condition and estimated repair cost.

Constructed Feature. A general term used to identify a specific asset, such as a road, trail, building, utility system, communications tower, campground, or dam. Not all constructed features are capitalized.

Construction. The original creation of a real property asset through assembling, building, fabrication, installation of facilities or sites.

Corporate Property Automated Information System (CPAIS). The official USDA real property management system. This will effectively replace Infra Central.

Cost. The financial measurement of resources used within a given time frame in accomplishing a specified purpose, such as performing a service, carrying out an activity, acquiring or constructing an asset, or completing a unit of work or a specific project.

Decommission. Demolition, dismantling, removal, obliteration, disposal of a deteriorated or otherwise unneeded asset, including necessary cleanup work. This action eliminates the deferred maintenance needs for the fixed asset. Portions of any asset or component may remain if they do not cause problems or require maintenance.

Deferred Maintenance. Maintenance that was not performed when it should have been, or when it was scheduled and was, therefore, put off or delayed for a future period.

Depreciation. The rational and systematic method of allocating the cost of an asset over its estimated useful life.

Depreciation Start Date. The date placed in service or June 30<sup>th</sup> of the year the capital project (constructed, donated, or transferred-in) is complete as verified by the signature of the project manager and the property management officer.

Developed Site. A distinct place containing a concentration of facilities, services, evidence a significant investment in facilities and management. Developed sites include:

1. Administrative Site. A contiguous distinct area on which a group of administrative facilities are located and include headquarters, ranger stations,

residential compounds, work centers, and other similar sites used in conducting Forest Service business.

2. Communication Site. A collection of features for radio communication systems and includes poles, buildings or structures to house radio equipment, towers, radio antennas, crossbars, wire, microwave and satellite dishes, and fences and access roads.

3. Recreation Site. A concentration of contiguous facilities and services used to provide recreation opportunities to the public, such as campground, picnic ground, trailhead, scenic overlook parking lot, and so forth.

Direct Cost. The cost of resources directly consumed by an activity. Direct costs are assigned to activities by direct tracing of units of resources consumed by individual activities. A cost that is specifically identified with a single cost object.

Disposal. Any authorized method of permanently divesting the control of and responsibility for property. Accountant must wait 3 months after the asset is completed before placing the asset into service in CPAIS, to ensure all accounting transactions have been posted in CPAIS.

Documentation. The source information used to support the recorded cost of capitalized property based on the actual or other documented cost. Documents reflect the source information gathered and retained to support the cost of capitalized property recorded in the agency property systems.

Documentation Retention. All documentation files for real property must be retained according to agency policy found in FSH 6209.11, Records Management Handbook, chapter 40.

Entity. A unit within the Federal Government, such as a department, Agency (Forest Service), for which a set of financial statements is prepared. Also a group of related or unrelated commercial functions, revolving funds, trust funds, and/or other accounts for which financial statements are prepared in accordance with the Office of Management and Budget annual guidance on the form and content of Agency Financial Statements.

Expense. To record and charge costs to the operating budget during the current period. Includes depreciation for the current period or the total costs for low-value, short-lived assets.

Facility. A single or contiguous group of improvements that exists to shelter or support Forest Service programs. This term may be used in either a broad or narrow context: a facility may be a site (collection of constructed features) or a single constructed feature.

Fair Market Value (Fair Value). The price for which a GPP&E item can be bought or sold in an arm's length transaction between unrelated parties; the estimate of such value in the absence of sales or quotations.

Federal Real Property Profile (FRPP). A report required by the General Services Administration (GSA) for all real property owned and leased by the Forest Service (formerly known as the GSA 1166 Report).

Force Account Authorization. This is used within the Infrastructure system for formal documents to acquire, remove, modify, or maintain a constructed feature or land using Forest Service personnel, equipment, and materials.

Full Cost. The total amount of resources used to produce the output. All direct and indirect costs to any part of the Federal Government (Forest Service) for providing goods, resources, or services.

General Forest Area (GFA). All lands available for recreation use that are outside of wilderness, developed, and administrative sites.

General Property, Plant, and Equipment. Any property, plant, and equipment used in providing goods or services. General PP&E typically has one or more of the following characteristics:

1. It could be used for alternative purposes such as, 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;
2. It is used in business-type activities such as the Working Capital Fund; or
3. It is used by entities in activities whose costs can be compared to those of other entities performing similar activities. For example, a Forest Service campground in comparison to a commercial or state campground.

Heritage Assets. Property, Plant, and Equipment that are unique for one or more of the following reasons: historical or natural significance; cultural, educational, or artistic (for example, aesthetic) importance; or significant architectural characteristics.

Historical Cost. The amount of cash or its equivalent dollar value paid to acquire an asset. Subsequent to acquisition, the historical amount may be adjusted for amortization or depreciation.

Improvement. A constructed or reconstructed feature that enlarges or improves capacity, or increases the useful life of an existing asset by 2 years or more, and is not maintenance. Improvements are capitalized while maintenance costs are expensed.

Indirect Cost. Costs that cannot be identified specifically with, or traced to, a given cost object (activity, output, or item whose cost is to be measured) in an economically feasible way, for example, administrative labor and salaries.

Infra Central. The Infra sub ledger Module that utilizes a central database for real property accounting. This is being replaced with the CPAIS.



In-Service-Date. The date an asset was placed into service for immediate use by the Forest Service.

Internal Use Software. Software that is purchased from commercial vendors, internally developed, or contractor-developed to meet Forest Service internal or operational needs.

Land. Land comprises the whole or part of an area in which the Federal Government (Forest Service) has all rights, title and interest. Includes land acquired by purchase, condemnation, donation, or transfer. Includes reclaimed or accredited lands if title is vested in the Federal Government (Forest Service) and such lands are under custody and accountability of the Federal Agency (Forest Service). The three distinct types of land owned by the Forest Service are:

1. General PP&E Land. Land and land rights owned by the Forest Service that are acquired for, or in connection with, items of General PP&E.
2. Public Domain Land. Unappropriated land in the possession of land owned by the Federal Government that has never left Federal ownership. Public domain land has no dollar value in the general ledger; therefore, it is not capitalized. Although it is generally the same as stewardship land, it is recorded in Infra. As defined in the Land Area Reporting System (LARandSTA) report, this includes those lands reported as reserved and exchange-reserved.
3. Stewardship Land. Land owned by the Federal Government and not acquired for or in connection with other GPP&E. Stewardship land is not capitalized. As defined in the LARS report, these lands include those acres reported as exchanged, acquired, purchased, donated, transferred, and riparian.

Land Rights. Interests and privileges held by land owners, such as leaseholds, easements, water and water-power rights, diversion rights, submersion rights, rights-of-way, and other land interests.

Lease. A contract through which an owner of an asset (the lesser) conveys the right to use its asset to another party (the lessee) for a specified period of time (the lease term) for specified periodic payments.

Lease Cancellation Clause. Also known as the fiscal funding clause, a clause contained in a lease agreement that permits the cancellation of the lease by a governmental unit if the necessary governmental appropriations are not made for the lease.

Lease Renewal Option. A continuation of a lease agreement beyond the original lease term, including a new lease that may be executed at the option of the lessee where the lessee continues to use the same property. A lease may contain more than one option, with each option specifying the length of the term extension.

Leasehold Improvements. Easements, right-of-way, and improvements to land, buildings, or structures, and facilities occupied and paid for by the agency as lessee. This

definition does not include the cost of any Government-owned buildings, structures, or facilities placed on the land by an agency.

Maintenance. Maintenance includes preventive maintenance, normal repairs, replacement of parts and structural components, and other activities to preserve a fixed asset so that it continues to provide acceptable service and achieve its expected life.

Maintenance includes changes to satisfy amendments to laws, regulations, codes, or other legal requirements, such as Rehabilitation Act of 1973, as amended, Title 129, United States Code, and section 794, as long as the original intent or purpose of the fixed asset has not changed

Multi-use Heritage Assets. In cases where a heritage asset serves two purposes, a heritage function and general government operations, the heritage asset should be considered a multi-use heritage asset if the predominant use of the asset is in general government operations.

National Environmental Policy Act (NEPA) Studies. Environmental impact studies required to be completed prior to final approval of real property construction projects to comply with the National Environmental Policy Act of 1969, change the useful life of the asset. Maintenance excludes activities aimed at expanding the capacity of a fixed asset or otherwise upgrading it to serve needs different from, or significantly greater than those originally intended.

Net Book Value. The net amount at which an asset or a liability is carried on the books of account. Net book value is the acquisition cost of the asset less the accumulated depreciation.

Operating Lease. An agreement conveying the right to use property for a limited time in exchange for periodic rental payments. The Federal entity does not assume risk of ownership for the asset.

Personal Property. Government property of any kind, except land, land improvement, and fixtures attached to improvements, but including prefabricated movable structures, such as metal storage warehouses, house trailers (with or without undercarriages), modular units, and Quonset huts. Personal Property assets include:

1. Capitalized Personal Property. Property that is of durable nature, has a useful life of two or more years once it is placed into service, and its initial acquisition cost is \$25,000 or more (\$100,000 or more for internal use software).
2. Non-capitalized Personal Property. Personal property that does not meet the capitalization criteria and is therefore expensed in the year acquired.
3. Accountable Personal Property. All leased personal property regardless of acquisition cost, and all owned personal property having an acquisition cost of \$5,000 to \$24,999.

4. Non-Accountable Personal Property. Personal property that does not meet the accountable personal property criteria.

5. Sensitive Personal Property. Any item of accountable property that costs less than \$5,000, which is highly susceptible to loss or theft as defined in writing by an agency Property Management Officer.

Physical Inventory. The act of documenting, the existing condition of a physical feature and identifying any changes since its creation or a prior physical inventory.

Present Value. The discounted value of a payment or stream of payments to be received in the future, taking into consideration a specific interest or discount rate. Present value represents a series of future cash flows expressed in today's dollars.

Project. A specific asset acquisition or construction plan or design that may be grouped into different phases over 1 or more years. Each phase may complete a part of the asset where the intended purpose of that asset may be accomplished even though other phases of that project may need to be completed. For real property accounting purposes, a project consists of making real property improvements (as opposed to maintenance) to a single property asset. Once the project is completed, the improvement is placed in service.

Property, Plant, and Equipment (PP&E). Tangible assets, including land, that (1) have an estimated useful life of 2 or more years, (2) are not intended for sale in the ordinary course of business, and (3) are intended to be used or available for use by the entity. PP&E is classified in the following categories:

- a. General Property, Plant, and Equipment (GPP&E). General Property, Plant, and Equipment (GPP&E) is defined by the Federal Accounting Standards Advisory Board (FASAB) as any property, plant, and equipment used in providing goods or services.
- b. GPP&E Land. GPP&E Land is defined as land and land rights acquired with the intent to construct GPP&E and land acquired in combination with GPP&E, including not only land used as the foundation, but also adjacent land considered to be the GPP&E's common grounds, such as an administrative site, recreation site, or other site.
- c. Heritage Assets. Heritage assets are property, plant, and equipment that have: (1) historical or natural significance; (2) cultural, educational or artistic (aesthetic) importance; or (3) significant architectural characteristics. Heritage assets are not capitalized unless they are used in the day-to-day operations of the Forest Service. Such dual purpose assets are often called "multi-use assets."

Public Domain Land. Land that has never left Federal ownership. Public domain land is not capitalized and, therefore, has no dollar value in the general ledger.

Purchaser Credit Assets. A constructed feature that is created, constructed by a contractor or cooperator in return for a reduced fee that would normally be required for

the goods or services being provided. The most common is timber purchaser road credits.

Real Property. Real property is any interest of the United States in land, buildings, or structures, including any permanently attached fixtures, appurtenances, and improvements of any kind located thereon (AGPMR 104-50.001-16). Real property refers to fixed assets which include constructed features, lands, roads, and other infrastructure owned or leased by the Forest Service. Real Property assets include:

1. Individual Assets. A structure or asset identified as a single unit. Include features such as buildings and land units such as campgrounds, picnic areas, district compounds, and Job Corps Centers.
2. Pooled Assets. Linear features such as road prism and road surface.

Reconstruction. Work that is performed on an existing asset whereby the asset is either restored, or renovated to a condition that allows it to continue to perform its current function. The cost of this work is expensed. If the work upgrades all or a part of the asset to a higher standard (increases capacity, changes design function, or extends its useful life and is not maintenance) the costs may be capitalized.

Rehabilitation. Renovation or restoration of an existing fixed asset or any of its components to restore the functionality or life of the asset. Because there is no expansion or change of function, the work primarily addresses deferred maintenance and is not capitalized.

Remodeling. The alteration replacement, or modification of an asset in a way that changes its size, function, purpose, or use. These costs may be capitalized if they meet capitalization criteria.

Renovation. The alteration replacement, or modification of an asset's elements or components that upgrades or refurbishes them without changing the asset's function or size. These costs are not capitalized.

Reversionary interest. Interest the Forest Service has in PP&E upon the termination of other ownership interests. For example, when a grant recipient no longer uses the PP&E in the activity for which the grant was originally provided.

RSSI. Required Supplementary Stewardship Information (RSSI), Federal entities are required to report descriptive, non-financial information on stewardship land and heritage assets as RSSI in their financial reports, in accordance with statement of Federal Financial Accounting Standards (SFFAS).

Salvage Value. Salvage value is the expected sale price of an asset at the end of its usefulness to the agency. For Forest Service owned property this value is zero.

Specified Road Credits/Purchaser Road Credits. Road values generated under the timber sale contracts that provide for a purchaser allowance for construction or reconstruction of

the specified system roads identified on the forest transportation plan. Purchaser road credits were discontinued in April 1999, but still remain in existing timber sale contracts that began prior to April 1999. Specified road credits are now included in the timber appraisal process and recorded in the Automated Timber Sale Accounting system.

Stewardship Assets. Real property assets that do not meet the definition of GPP&E or heritage assets, and are designed, constructed, and managed to protect the forest environment, are considered stewardship assets. Forest Service holds stewardship land in trust for future generations and constructs assets to protect the habitat of animals, fish, and fauna that live on the land; manage stewardship lands to keep sediment in place to prevent pollution of lakes or rivers; provide flood control; and other purposes not for use in daily Agency operations. These costs are expensed. Assets in the following functional categories are examples of stewardship assets: Recreation trails and trail bridges, wilderness trails and trail bridges, wildlife habitat improvements, threatened and endangered species (TES) improvements, rangeland management improvements and fences, fish habitat improvements, watershed improvements, and landing fields.

Stewardship Land. Defined by the Federal Accounting Standards Advisory Board (FASAB) as land and land rights owned by the Federal Government and not acquired for or in connection with other GPP&E. Land in the public domain and national forest land must be excluded from GPP&E and referred to as stewardship land. Examples include land used for forests, grazing, parks, and wildlife. Stewardship land may be acquired through purchase, exchange, or small tracts obtained for general purposes such as the National Grasslands, established by the Bankhead Jones Act.

Structural Improvement. An improvement, which may be an addition or a reconstruction, must either extend the life of the existing asset beyond its remaining life and is not maintenance, enlarge the capacity of the asset, or change the functionality of the asset, and cost \$25,000 or more to be capitalized. Improvement occurs when the original design function of the asset has been significantly upgraded. A structural improvement to an existing asset must meet capitalization criteria and capitalization threshold before being capitalized.

Third Party Agreement. Formal agreements used to manage the acquisition, removal, or modification of land or constructed features by non-Forest Service persons or organizations. Third party agreements may result from volunteer agreements, purchaser credit contracts, range permits, building construction contracts, or land purchase agreements.

Transfers. The non-reciprocal transfers of assets (or portions of assets) or services between Federal entities and the Forest Service, including transfers between Forest Service units. Such assets are separate from those for which the Forest Service has acquisition costs.

Unique Asset Identifier (UAI). The unique number assigned to each capitalized base unit asset to link Agency's core financial system, and its subsidiary systems accounting transactions to the appropriate CPAIS asset sub-ledgers.

Useful Life. The period of time over which a depreciable asset is expected to provide benefit. Useful life provides the basis for allowable depreciation deductions on PP&E.

Valuation. Process of establishing the fair market value of an asset to determine if it meets capitalization rules.

Value Stream. A sub-ledger account will have one or more value streams. Each value stream contains a summary of the capital transactions by treasury symbol and general ledger account that were received from Agency's core financial system, and its subsidiary systems, and passed the CPAIS accounting edits. After the capital activity is completed and placed in service, depreciation begins and continues until the asset is completely depreciated.

Work-in-Progress. Construction, Improvement, and reconstruction projects that started but remain incomplete. This procedure accumulates and records the construction and reconstruction costs of a constructed feature, such as a building, from the beginning of the construction/reconstruction period to when the project has been placed into service and the final payments have been made. The actual capitalization of the asset's accrued costs in their entirety is deferred until June 30 of the financial year in which the constructed feature is complete and useable, and the final payments have been made.

Work-in-Progress Adjustment. Upon completion of the project, as an asset is put into service, CPAIS generates adjusting transactions where the total capitalized cost is moved from the work-in-progress account to the appropriate general ledger account. Depreciation of the asset begins June 30<sup>th</sup> of the fiscal year that the asset is placed in service.

Working Capital Fund. This fund is a self-sustaining, revolving fund used to finance and furnish certain supply and equipment services in support of Forest Service programs. Working Capital Fund authority for the Forest Service stems from the hearings on the Organic Act of 1956 before the Committee on Agriculture, House of Representatives, 84th Congress, 2d Session (H.R. 11682, 11699), June 27, 1956, pages 38 to 40. The provision established a Working Capital Fund for financing various service operations that are required in conducting authorized programs of the Forest Service subject to approval by the Secretary of Agriculture.

Write-off. The process an asset sub-ledger's capitalized, and accumulated depreciation values are removed from CPAIS upon asset disposal.

## **6591 - Property, Plant, and Equipment - Overview**

All general PP&E are recorded at cost. Costs include all material costs incurred to bring the PP&E to a form and location suitable for its intended use. The cost of GPP&E transferred from other entities (for example, Federal or state entities) is the cost recorded by the transferring entity for the PP&E net of accumulated depreciation or amortization. The cost of general PP&E acquired through exchange is the fair market value of the PP&E surrendered at the time of exchange.

## 6591.1 - General Property, Plant, & Equipment Characteristics

### 1. General PP&E consists of items that:

- a. Could be used for alternative purposes such as by other Federal programs, state or local governments, or non-governmental entities, but are used to produce goods or services, or to support the mission of the Forest Service.
- b. Are used for business-type activities. For Forest Service activities operating as business-type activities, all PP&E used in performance of the mission must be categorized as general PP&E, whether or not it meets the definition of any other PP&E categories.
- c. Are used in activities where Forest Service costs can be compared to those of other entities performing similar activities, for example, a Forest Service campground in comparison to a commercial or state campground.
- d. May have an acquisition cost, book value, or when applicable, a fair market value, that equals or exceeds the Forest Service capitalization threshold, (refer to section 6590.5 for definitions of these terms).

### 2. General PP&E may also include:

- a. Assets acquired through leasehold improvements.
- b. Property owned by the Forest Service even though it may be in the possession of others such as state and local governments, colleges and universities, or contractors/co-operators.
- c. Internal Use Software used to operate Forest Service programs and produce goods and services. Internal use software may be contractor developed, internally developed, or commercial off-the-shelf. Capitalization of these costs would begin after the entity completed all planning, designing, coding, and testing activities that are necessary to establish that the software can meet the designed specifications, if the cost equals or exceeds the Forest Service capitalization threshold (sec. 6590.5).
- d. Land, other than stewardship land, that was acquired for, or in connection with other general PP&E.
- e. Land rights, such as leaseholds, easements, water and power rights, diversion rights, submersion rights, rights-of-way, and other like interests and privileges held by the Forest Service in land owned by others.
- f. Related personal property. This is personal property that, at the time of construction/reconstruction, becomes an integral part of real property related to, designed for, or specifically adapted to the function or productive capacity of the real property. Removal of this personal property would significantly diminish the

economic value of the real property. Related personal property is capitalized as part of the real property asset.

3. General PP&E may also exclude items:
  - a. Held in anticipation of physical consumption such as operations materials and supplies.
  - b. In which the Forest Service has a reversionary interest. These include contingent assets and should not be recorded on the balance sheet, and loaned property such as that used by the Cooperative Fire Prevention program through State Foresters.
  - c. Heritage assets.
  - d. Stewardship assets.

### **6591.2 - Useful Life**

1. Estimated of useful life for GPP&E capitalized assets are 2 or more years.
2. Estimated of useful life of GPP&E must consider factors such as physical wear and tear and technological change. Generally, useful life represents the minimal time an item of real or personal property should be retained before it may be replaced.
3. For reconstruction or improvement projects, the useful life of the asset must be analyzed to determine if the project will extend the life of the asset. If the steward of the asset or other knowledgeable person reasonably believes that, as a result of the reconstruction or improvement project, the asset will be used for a period longer than its current remaining life, the useful life should be extended.

### **6591.3 - Supporting Documentation**

Adequate documentation must exist to support the in-service date and the value of capitalized real and personal property, regardless of the method used for establishing its value. The type of documentation that is necessary depends on the manner in which the property was acquired and/or disposed.

A file must be established for each asset or cost pool to maintain the required documentation supporting the in-service date and actual costs of all capitalized assets. Documentation supporting the in-service date, capitalized amount, and useful life of the asset must be in the file.

All documentation files for real property must be retained for 10 years after the disposal year.

Entries to record financial transactions in agency financial or property management system(s) must be retained for all capital assets, and include the following:

1. Sufficient information indicating the physical quantity.
2. Location.



3. Cost(s).
4. In-service date.
5. Useful life.
6. Condition of the PP&E.
7. Asset Disposal.

A central organized property file for each asset must be maintained within the responsible unit. When GPP&E assets are transferred, traded, sold and/or disposed through salvage or demolition, a copy must be retained of the original acquisition documents and the disposal documents.

When an asset is transferred to another unit, the supporting documentation must be transferred to the gaining unit. The units involved in the transfer must timely update their property records to reflect the transfer of the asset.

If documentation is not available (written or electronic), estimates of the cost of the PP&E asset must be made, as well as estimates for any accumulated depreciation or amortization that would have been taken had the asset been recorded at the time it was acquired. The efforts undertaken and the precision achieved, in making GPP&E asset cost estimates must be proportionate to the materiality and relative significance of the value of the asset involved. Estimates must be based on:

- a. Cost of similar assets at the time of acquisition, or
- b. Current cost of similar assets discounted for inflation since the time of acquisition, for example, deflating current costs to costs at the time of acquisition by general price index.

#### **6591.4 - Physical Inventories**

Physical inventories on personal property must be taken every 2 years, and inventories of real property must generally be taken on all accountable assets over a 5-year period. AQM is responsible for guidance on physical inventories (FSM 6414 and 6446). The property manager officer (PMO) is responsible for ensuring that identified changes, such as found or missing assets, are recorded in the subsidiary property system. Additionally, the PMO must coordinate with the property accountant, or other financial staff, to ensure that the general ledger is updated for changes to capitalized assets.

#### **6592 - General PP&E**

##### **6592.1 - Acquisition of General PP&E**

When acquiring a GPP&E asset, the acquisition cost and other costs necessary to bring the asset to an operable condition are capitalized if the total project cost equals or exceeds the Forest Service capitalization threshold and the asset has an estimated useful life of two or more years.

If the GPP&E acquisition costs, including other costs necessary to bring the asset to an operable condition, do not equal or exceed the Forest Service capitalization threshold, the costs are expensed in the period incurred. The costs of acquiring heritage assets, stewardship land and stewardship assets are expensed in the period incurred.

## **6592.2 - Recognition of General PP&E**

1. Timely record in the Agency property management and accounting systems.
2. All GPP&E assets acquired by the Forest Service must be recognized for accounting and reporting purposes. Recognition requires that accounting records be properly documented and reflected on the appropriate financial records. These records include decisions on the treatment of expense or capitalization, and accumulated depreciation. The Forest Service activity that procures a GPP&E asset, usually, but not always, will be the Forest Service activity that must record the asset acquisition into the appropriate property and/or core accounting system. The following guidance must be used to determine which Forest Service activity is required to record the asset acquired. The Agency financial statements will need this timely recordation to properly and accurately reflect Forest Service assets.
3. In most instances, a GPP&E asset must be recognized by the Forest Service activity acquiring the GPP&E asset.
  - a. Recognition must occur when title passes to the Forest Service or when the asset is delivered to the Forest Service or to an agent of the Forest Service (whichever occurs first).
  - b. In the case of a constructed GPP&E asset, such as a building, the cost to construct the asset must be recorded as work-in-progress until the asset is completed and placed in service.
  - c. For GPP&E assets acquired by a contractor on behalf of a Forest Service unit that will ultimately hold title to the assets, the assets must be recognized upon delivery or constructive delivery. Delivery or constructive delivery must be based on the terms of the contract regarding proper receipt and acceptance of the asset.
4. Working capital fund (WCF) units are required to recognize and depreciate general PP&E assets in accordance with the guidance in this chapter without regard to whether such assets are procured using funds from the working capital fund or purchased with project dollars and donated to WCF. All GPP&E depreciation of working capital fund units must be recognized as an expense on the annual Statement of Net Cost, reflected in the Statements of Changes in Net Position, and included in accumulated depreciation amounts on the balance sheet.
5. When acquiring GPP&E from another Forest Service unit or Federal agency, the acquiring Forest Service unit must request the necessary source documents to establish the location; original acquisition cost; cost of improvements; the date the asset was purchased, constructed, or acquired; the estimated useful life; the amount of accumulated

depreciation; and the condition if desired. If this information is not available, estimates must be made and documented to properly value and record the asset onto Forest Service property records.

### **6593 - Asset Recognition**

Cost must include all expenses incurred to place the asset into service, including transporting the GPP&E to and from a location suitable for its intended use. For example, GPP&E will include:

1. Amounts paid to vendors;
2. Transportation charges;
3. Handle and storage costs;
4. Labor and other direct or indirect production cost;
5. Engineer, architectural, and other outside services for design plans;
6. Acquisition and preparation costs of building and other facilities;
7. An appropriate share of the cost of the equipment and facilities used in construction work;
8. Fixed equipment and related installation costs required for activities in a building;
9. Direct cost of inspection, supervision, and administration of contracts;
10. Legal and recording fees; and
11. Fair value of facilities and equipment donated to the government, and material amounts of interest cost paid.

The cost of GPP&E acquired under a capital lease must be equal to the amount recognized as a liability for the capital lease at its inception (for example the net present value of the lease payments calculated as specified in the liability standard unless the net present value exceeds the fair value of the assets).

The cost of GPP&E acquired through donation or devise, excluding forfeiture, must be its estimated fair value at the time acquired by the Government.

The cost of GPP&E transferred from other Federal entities must be the cost recorded by the transferring entity for the GPP&E net of accumulated depreciation or amortization.

#### **6593.1 - Expense Recognition**

Assets that do not meet the capitalization threshold are expensed in the year acquired. Depreciation expense is calculated through the systematic and rational allocation of the cost of

capitalized GPP&E over the estimated useful life of the GPP&E (sec. 6591.2). Depreciation expense must be recognized on all GPP&E, except land and land rights of unlimited duration.

1. Estimates of useful life of GPP&E must consider factors such as physical wear and tear and technological change.
2. The straight-line method must be used to depreciate all real and personal property with no salvage value.
3. Any changes in estimated useful life must be treated prospectively.

Depreciation expense must be accumulated in a contra asset account (Accumulated Depreciation).

Costs which extend the useful life of existing GPP&E, or enlarge, or improve its capacity, must be capitalized and depreciated/amortized.

General PP&E must be removed from the asset accounts, along with associated accumulated depreciation/amortization, if prior to disposal, retirement or removal from service; it no longer provides service in the operations of the entity.

#### **6593.2 - Work-in-Progress**

Cost associated with new construction, reconstruction, and additions are captured as Work-In-Progress (WIP) until assets are placed in service; after which the balance is transferred to GPP&E. Roads Prism and Surface Construction costs are captured in cost pools, and therefore will not use WIP.

#### **6593.3 - Disposal**

Assets are disposed of though identified as excess, sold, transferred, and decommissioned as required by AQM guidance, see FSM 6410.

#### **6593.4 - Exchange/Sale**

Units may trade in or sell certain worn out property and credit proceeds towards the cost of its replacement.

### **6594 - Heritage Assets, Stewardship Land, and Stewardship Assets**

#### **6594.1 - Heritage Assets**

Heritage assets are property, plant and equipment that are unique for one or more of the following reasons: historical or natural significance; cultural, educational, or artistic, for example, aesthetic, importance; or significant architectural characteristics.

A heritage asset may in some cases serve two purposes: (a) a heritage function and (b) a general government operations function. In cases where a heritage asset serves two purposes, the heritage asset must be considered and classified as a multi-use heritage asset if the predominant

use of the asset is in general government operations. In this case, the full cost of acquisition, betterment, or reconstruction of all multi-use heritage assets must be capitalized as GPP&E and depreciated. If a heritage asset is not predominately used in general government operations, it must be classified as a heritage asset and may not be capitalized as GPP&E.

#### **6594.11 - Multi-Use Heritage Assets**

Not all heritage assets are used solely for heritage purposes. Some assets contribute to the daily operations of programs. The cost of renovating, improving, or reconstructing operating components of heritage assets used daily in government operations are included in GPP&E. The cost of renovating or reconstructing the heritage asset that cannot be directly associated with operations are expensed.

#### **6594.2 - Stewardship**

The nature of stewardship assets differs from GPP&E in that their values may be indeterminable or may have little financial value (such as museum collections, monuments, or assets acquired in the formation of the nation), or that allocating the cost of such assets to accounting periods that benefit from the ownership of such assets is not meaningful.

#### **6594.22 - Stewardship Land**

Land not acquired for, or in connection with, items of GPP&E, “Acquired for or in connection with” is defined as land acquired with the intent to construct GPP&E and land acquired in combination with GPP&E, including not only land used as the foundation, but also adjacent land considered to be GPP&E common grounds. Land classified as stewardship land must be reported as required supplementary stewardship information accompanying the annual financial statements of the Forest Service unit responsible for such land. Stewardship land must be reported in terms of physical units (acres) rather than cost or fair value. Without exception, all land provided to the Forest Service from public domain, or at no cost, must be classified as stewardship land, regardless of its use. Therefore, public domain or no-cost land used in a GPP&E context must be reported as stewardship land and not reported as GPP&E (sec. 6594.11).

#### **6594.23 - Stewardship Assets**

The asset types used for “general welfare,” such as conservation, are stewardship assets. Forest Service public domain and stewardship land and other stewardship assets must be excluded from GPP&E. The acquisition costs of stewardship assets must be reported as an expense in the period incurred. Separate the cost of land acquisitions from other period expenses to prevent distortion due to large infrequent purchases.

#### **6594.24 - Recognition and Measurement**

1. Stewardship GPP&E generally does not require the reporting of acquisition costs. Rather, quantities of the stewardship PP&E are reported in annual financial statements.

2. Stewardship GPP&E, including heritage assets, may be transferred among Federal entities. When a GPP&E item is transferred, the receiving entity should generally use the book value of the item recorded in the records of the transferring entity as a basis for recognizing that item. The transferring and receiving entities should collaborate with each other to ensure consistent accounting entries.

## **6595 - Financial Management Property Systems**

### **6595.1 - Systems**

Forest Service financial management property systems consist of the following:

1. Agency core accounting system (FSM 6595.11).
2. Equipment Management Information System (EMIS) (FSM 6595.13).
3. Infrastructure (Infra) (FSM 6595.14).
4. Corporate Property Automated Information System (CPAIS) (FSM 6595.15).

Use only agency or Department required financial management or mixed systems in recording or reporting data that may directly affect the compilation and reporting of the Forest Service financial statements.

#### **6595.11 - Agency Core Accounting System**

The agency core accounting system that comprises the various transactions involved in authorizing, recording, classifying and reporting financial data. The Agency core accounting system captures transactions when they are authorized, processes the data, and issues financial statements and reports.

#### **6595.12 - Equipment Management Information System (EMIS)**

Working Capital Fund vehicles, computers, aircraft, nursery equipment, and other capitalized equipment are recorded in EMIS.

#### **6595.13 - Infrastructure (Infra)**

Infrastructure is a USDA integrated database application designed to house inventories of all elements of real property, such as developed recreation sites, general forest areas, administrative sites, constructed features, roads, trails, and more. All real property under Forest Service control, including, Working Capital Fund (WCF) real property, will be recorded in CPAIS. This includes assets on National Forests, National Grasslands, land utilization projects, acquired land, and leased land. Infra Central is being replaced by the USDA Corporate Property Automated Information System (CPAIS).

**6595.14 - Corporate Property Automated Information System (CPAIS)**

Corporate Property Automated Information System (CPAIS) is an integrated central database application designed to support real property management and accounting for USDA agencies.