

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

**Forest Service Handbook 6509.19 – Asset Financial Management Handbook
Chapter 20 - Real Property**

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Approved by: Robert Velasco, Chief Financial Officer (CFO)

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Responsible Staff:

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

20.1: Adds new authority, Federal Financial Accounting Standards (SFFAS) 54: Accounting for Liabilities of the Federal Government and SFFAS 6, Accounting for Property, Plant, and Equipment. This statement revises the financial reporting standards for federal lease accounting.

Digest (January 5, 2022, Robert Velasco):

20: Revises, updates, and sets forth new direction throughout the entire chapter.

20.1: Adds new authority, Statements of Federal Financial Accounting Standards (SFFAS) 44: Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use, to provide Federal entities accounting and reporting requirements for partial impairment of general property, plant, and equipment (G-PP&E) and construction work-in-process.

20.2 - 20.6: Establishes code, caption, and sets forth direction for Objective, Policy, Responsibility, Definition, Project Group, and Acronym sections.

21: Changes caption from “General Usage” to “Systems” and sets forth direction.

22: Changes caption from “Forest Health Management” to “Real Property Accounting” and sets forth direction.

23: Changes caption from “Cooperative Fire Protection” to “Measurement of Deferred Maintenance and Repairs (DM&R)” and sets forth direction.

24: Changes caption from “Cooperative Forestry” to “Systems” and sets forth direction.

25: Removes code, caption, and direction on International Programs (Program Code SPIF).

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20.1 - Authority

The authority to acquire real property by purchase, donation, or lease is granted by Congress through specific legislation that provides the necessary funds. Authorities include, but are not limited to:

1. Department of Agriculture Organic Act of 1944 (7 U.S.C. 2250). Section 703 authorizes the erection, alteration, and repair of buildings and other improvements on Federal land that are necessary to conduct authorized work, provided provision is made in applicable appropriations.
2. Department of Agriculture Grants and Powers Act of 1965 (7 U.S.C. 2250a). Section 1 authorizes the erection of buildings and other structures on nonfederal land, with long-term lease and right-to-remove, and authorizes the use of appropriations for expenses necessary to acquire long-term lease.
3. Forest and Rangeland Renewable Resources Research Act of 1978, as amended (16 U.S.C. 1643(a)). Section 3 authorizes the construction and acquisition of research laboratories and facilities and the acquisition of necessary land.
4. National Forest Roads and Trails Act of 1964 (16 U.S.C. 532-538); Highways Act of 1958 (23 U.S.C. 205); National Forest Management Act of 1976 (16 U.S.C. 472a); Forest and Rangeland Renewable Resources Planning Act of 1974, Section 10(a), as amended (16 U.S.C. 1608). These Acts authorize the acquisition, construction, and maintenance of National Forest System roads and trails; cooperation with States, counties, and other subdivisions; construction of roads by timber purchasers; and election by timber purchasers to have the Forest Service construct the roads. Decommissioning of roads is not an allowable use of appropriations under the authorizing statute, 23 U.S.C. 205; however, since FY 1991, language in the annual appropriations acts has authorized use of a portion of roads funds for decommissioning.
5. National Trails System Act of 1968, as amended (16 U.S.C. 1241-1251). Sections 7 and 10 authorize the acquisition, exchange, and donation of land for the National Trails System and development, management, and volunteer assistance on the system.

In addition to Acts establishing national recreation and wilderness areas, as well as other specific and related laws, appropriated funds for land acquisition are available for the specific purpose in each of the following separate authorizing Acts:

1. Act of March 3, 1925, as amended (16 U.S.C. 555). This Act authorizes the purchase of land for administrative sites when no suitable Government land is available. Appropriated funds must be available for the purpose for which the land is to be used. This authority is subject to an annual, Service-wide limitation of \$50,000.
2. Act of October 10, 1978 (7 U.S.C. 2269). This Act authorizes the acceptance of donations of land or interests in land.

3. Department of Agriculture Organic Act of 1956 (7 U.S.C. 428a(a)). This Act authorizes the acquisition of land by purchase, exchange, or other means, to carry out authorized work if the provision is made in applicable appropriations. This is one of the primary authorities for acquisition of lands that uses Land and Water Conservation Fund money.
4. Endangered Species Act of 1973 (16 U.S.C. 1534 and 1542). Sections 5 and 15 authorize the acquisition of land to protect threatened and endangered species.
5. Land and Water Conservation Fund Act of September 3, 1964, as amended (16 U.S.C. 460l-4 to 460l-11). This Act provides for deposit of funds for the acquisition of lands and interests for recreation, threatened and endangered species habitat, preservation of wetlands, and other purposes.
6. National Trails System Act of 1968, as amended (16 U.S.C. 1241-1251). Sections 7 and 10 provide the authority for land acquisition, exchange, and donation for inclusion in the National Trails System.
7. Weeks Act of 1911, as amended (16 U.S.C. 516, 521b). Sections 1 and 2 authorize land acquisition for watershed protection and timber production. This is one of the primary authorities for land acquisition which uses Land and Water Conservation Fund money.
8. Wild and Scenic Rivers Act of 1968, as amended (16 U.S.C. 1277). Sections 6 and 16 authorize land acquisition, exchange, and donation of land for inclusion in the Wild and Scenic River System.
9. Wilderness Act of 1964, as amended (16 U.S.C. 1121 note, 1131-1136). Sections 5 and 6 provide authority for acquisition, exchange, and donation of land for inclusion in the Wilderness System.

Real property management and accounting policy is prescribed in the following regulations and standards:

1. Agriculture Property Management Regulations (AGPMR). The AGPMR contains USDA-specific policies and procedures for the management of personal and real property. USDA complies with the General Service Administration publication, Federal Management Regulation (FMR), the successor regulation to the Federal Property Management Regulations (FPMR). The AGPMR is a supplement to the FMR and may be accessed at the following website: <http://www.dm.usda.gov/pmd/directives.htm>.
2. Departmental Regulation (DR) 2200-002, *Property, Plant and Equipment* (April 2, 2013). This regulation prescribes accounting standards, policies, and procedures to be used to obtain uniform and reliable financial control over property, plant, and equipment (PP&E) at the U.S. Department of Agriculture (USDA). The PP&E accounting standards, policies, and procedures are applicable to all agencies, staff offices, and the Working Capital Fund (WCF).

3. Department of Interior Financial management Memorandum-2015-005 (Vol. II. B): Implementation Guidance for the Statement of Federal Financial Accounting Standards 44: Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use
4. Federal Financial Accounting and Auditing Technical Release 9, *Implementation Guidance for SFFAS 29: Heritage Assets and Stewardship Land*. This publication provides detailed instructions for implementing the accounting procedures included in SFFAS 29.
5. Federal Financial Accounting and Auditing Technical Release 14, *Implementation Guidance on the Accounting for the Disposal of General Property, Plant, and Equipment*. This publication provides detailed technical guidance for asset disposals accounting.
6. Government Accountability Office publication, *Standards for Internal Control in the Federal Government*. This publication addresses the importance of promptly recording transactions to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from the initiation and authorization through its final classification in summary records. In addition, control activities help to ensure that all transactions are completely and accurately recorded.
7. Office of Management and Budget Circular No. A-11, Appendix B, *Budgetary Treatment of Lease-Purchases and Leases of Capital Assets*. This circular set forth criteria and procedures for budgetary treatment and reporting of leases called budget scoring.
8. Office of Management and Budget Circular No. A-136, *Financial Reporting Requirements*. This circular establishes the accounting process for entering future lease payments, by major asset category, for all non-cancellable leases with terms longer than 1-year.
9. Statement of Federal Financial Accounting Standards No. 5, *Accounting for Liabilities of the Federal Government*. This standard establishes the four criteria required to identify a capital lease and provides instructions on determining the lease amount to be recorded by the lessee as a liability.
10. Statement of Federal Financial Accounting Standards No. 6, *Accounting for Property, Plant, and Equipment*. This standard contains accounting standards for Federally-owned Property, Plant, and Equipment (PP&E); deferred maintenance on PP&E; and cleanup costs.
11. Statement of Federal Financial Accounting Standards No. 29, *Heritage Assets and Stewardship Land*. This standard establishes accounting procedures for heritage assets and stewardship land.

12. Statement of Financial Accounting Standards No. 13, Accounting for Leases. This standard describes the accounting process for leases, both capital and operating.

13. Statement of Federal Financial Accounting Standards No. 35, *Estimating the Historical Cost of General Property, Plant, and Equipment Amending Statements of Federal Financial Accounting Standards 6 and 23.* This standard clarifies those reasonable estimates of original transaction data and historical cost which 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.

14. Statement of Federal Financial Accounting Standards No. 42, *Deferred Maintenance and Repairs: Amending Statements of Federal Financial Accounting Standards 6, 14, 29, and 32.* This standard sets forth guidelines to improve the measurement of deferred maintenance and repairs. The standard requires agencies to describe their maintenance and repairs policies and how they are applied; identify factors considered in determining acceptable condition standards and state whether deferred maintenance and repairs relate solely to capitalized general property, plant, and equipment and stewardship property, plant and equipment.

15. The Federal Accounting Standards Advisory Board (FASAB) issued the Statements of Federal Financial Accounting Standards (SFFAS) 44: Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use, to provide Federal entities accounting and reporting requirements for partial impairment of general property, plant, and equipment (G-PP&E) and construction work-in-process. Full impairment of G-PP&E is addressed in SFFAS 6: Accounting for Property, Plant, and Equipment, and Technical Release (TR) 14: Implementation Guidance on the Accounting for the Disposal of General Property, Plant, and Equipment. Impairment of internal-use software is addressed in SFFAS 10: Accounting for Internal Use Software. The Statement of Federal Financial Accounting Standards (SFFAS) 44: Accounting for Impairment of General Property, Plant, And Equipment Remaining in Use, will require Federal entities to account for partial impairment of general property, plant, and equipment (G-PP&E) remaining in use, except for internal-use software. It requires Federal entities to adjust the net book value of the impaired G-PP&E and recognize impairment losses as they occur rather than as part of the ongoing depreciation expense or upon disposal of the GPP&E.

16. Federal Financial Accounting Standards (SFFAS) 54: Accounting for Liabilities of the Federal Government and SFFAS 6, Accounting for Property, Plant, and Equipment. This Statement revises the financial reporting standards for federal lease accounting. It provides a comprehensive set of lease accounting standards to recognize federal lease activities in the reporting entity's general purpose federal financial reports and includes appropriate disclosures. This Statement requires that federal lessees recognize a lease liability and a leased asset at the commencement of the lease term, unless it meets any of

the scope exclusions or the definition/criteria of short-term leases, or contracts or agreements that transfer ownership, or intragovernmental leases.

20.2 - Objective

To provide instructions for the recording of acquisition, maintenance, identify potential impairment to G-PP&E through the periodic asset condition assessment processes, and disposal of real property assets in accounting records.

20.3 - Policy

All aspects of real property accounting and management must comply with the USDA Agriculture Property management Regulations (USDA AGPMR) and DR 2200-002 as they relate to the applicable Statements of Federal Financial Accounting Standards (see sec. 20.1). <https://www.dm.usda.gov/property/agmprtitle.htm>

Specific Standard Operating Procedures (SOP) direction required by this directive for day to day activities of staff area business processes can be found at <https://usfs.app.box.com/v/cfostandardoperatingprocedures/>. These SOPs provide a description of process steps and required key control activities in accordance with the GAO Green Book, (<https://www.gao.gov/greenbook/overview>) to include controls to separate incompatible duties and responsibilities.

If further details for execution are required, the appropriate staff Director will issue a supplemental SOP in concert and consistent with USDA and Forest Service policy.

A risk assessment will be conducted by the CFO (Financial Policy) to determine whether the SOP needs to be updated, on an annual basis.

20.4 - Responsibility

20.41 - Washington Office, Chief Financial Officer

It is the responsibility of the Washington Office, Chief Financial Officer (CFO) to prescribe policy that establishes financial control over real property within the Forest Service.

20.41a - Director of Budget and Finance

It is the responsibility of the Director of Budget and Finance (B&F) to:

1. Conduct all aspects of real property calculations, accounting, and management in compliance with the USDA AGPMR and DR 2200-002, based on the applicable Statements of the Federal Financial Accounting Standards (SFFAS-44).

2. Coordinate with the Engineering Staff Officers, or other program staff to determine if, partial impairment to G-PP&E and/or construction work-in-process is significant and permanent for reporting.
3. Approve and report impairment loss prepared by FR&R, which is computed by NFS, with the assistance of B&F Asset Management, in the Statement of Net Cost.

20.41b - Director of Audit and Assurance

It is the responsibility of the Director of the Audit and Assurance staff to assess the effectiveness of internal controls using reviews such as those prescribed by OMB Circular A-123.

20.41c - 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.

20.41d - Director of Financial Policy

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

1. Issue accounting standards and financial management policies 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. Serve as the principal advisor to the Chief, Deputy Chiefs, Washington Office Staff Directors, and field offices on agency appropriation use questions.
3. Assist in the development and implementation of new accounting and financial management-related business processes.

20.41e - Director of Financial Reporting & Reconciliation (FR&R)

It is the responsibility of the Director of Financial Reporting & Reconciliation to:

1. Ensure all responses and information on the GAO checklist are accurate before submission to the Department

2. Report the GAO checklist to the Department with a general description of the G-PP&E remaining in use for which an impairment loss is recognized. The GAO Checklist only identifies the Agency's policy in recognizing impairment for specific questions related to impairment as identified in the Checklist with a Yes, No, or N/A with an explanation.

20.41f - Resource Information Manager (RIM)

It is the responsibility of the Resource Information Manager to:

Ensure proper reports are available to the Program personnel which allows them to review activity from the agency core accounting system.

20.42 - Washington Office, Deputy Chief of National Forest System

It is the responsibility of the Washington Office, Deputy Chief of National Forest System to:

1. Ensure the staff in their respective area coordinates with Strategic Planning and Budget Accountability, B&F, and PPS staffs to document costs incurred in the acquisition, construction, installation, computation, Impairment, reporting, and/or disposition of Property, Plant, and Equipment (PP&E) assets in a proper manner.
2. Co-sign and issue the protocols for deferred maintenance. This information is necessary for a complete and reliable compilation of Agency financial statements.

20.43 - Washington Office, Deputy Chief for Business Operations

It is the responsibility of the Washington Office, Deputy Chief for Business Operations to:

1. Ensure a program is established to manage the Property, Plant, and Equipment (PP&E) assigned to the Forest Service.
2. Ensure the Agency adheres to the authorities and regulations of PP&E that is owned, leased, or managed by the Government.

20.43a - Washington Office, Director of Procurement and Property Services

It is the responsibility of the Washington Office, Director of Acquisition Management (PPS) to:

1. Procure, manage, and dispose of real property in compliance with the USDA AGPMR, DR 2200-002, Federal Acquisition Regulations, and Federal Management Regulations.
2. Plan, document, and report on real property physical inventories. Acquisition Management policies and procedures are provided in FSM 6440 and FSH 6409.12.

3. Ensure the staff in their respective area coordinates with Strategic Planning and Budget Accountability, Engineering, Budget and Finance, staffs to document costs incurred in the acquisition, construction, installation, computation, Impairment, reporting, and/or disposition of Property, Plant, and Equipment (PP&E) assets in a proper manner.

20.44 - Regional Foresters, Station Directors, International Institute of Tropical Forestry Director, Forest Supervisors, Forest Products Laboratory Director, and Job Corps Center Directors

It is the responsibility of each Regional Forester, Station Director, International Institute of Tropical Forestry Director, Forest Supervisor, Forest Products Laboratory Director, and Job Corps Center Director to:

1. Render technical advice and assistance to all levels of Forest Service, Albuquerque Service Center-B&F, Region, Station, Institute, or Job Corps center in connection with accounting for General Property, Plant, and Equipment (GPP&E).
2. Ensure the Financial, Acquisition, and other program staff work together in carrying out their respective duties to record accurate GPP&E data in the Agency financial and property management systems and facilitating the Agency financial statement reporting.
3. Manage acquisition, record keeping, documentation, control, inventory, safeguarding, protection, utilization, Impairment, 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. Gather and retain 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 Asset Management and Accounting staff.
5. Ensure 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. Certify physical inventories to the Chief of the Forest Service.
7. Ensure timely, accurate, and complete recording and reporting of deferred maintenance and any impairment data for each National Forest and Research Station.
8. Ensure that condition surveys and inspection of the assets under management are conducted in accordance with FSH 6509.11k, chapter 50, section 57.
9. Inform B&F Real Property staff of all assets to be placed into service, to be expensed, and to be disposed of in the fiscal year the action takes place at the Field unit.

10. Collaborate with the Program Manager and office staff to determine whether an impairment exists, and assisting the Program Manager or area office personnel in the preparation of a request for partial impairment, and assisting regional finance office personnel in the calculation and recording of partial impairments.

20.44a - Regional Natural Resource Manager (NRM) Coordinator

It is the responsibility of the Regional NRM Coordinator (RIC) to provide guidance and direct field staff on the maintenance of real property data in the NRM Forest Service databases, which is accessed through the Natural Resource Manager (NRM). The RIC may be a member of Engineering, Recreation, Range, Lands, or other staff.

20.45 - Forests and Research Work Units

20.45a - Engineering Staff Officer or Research Facilities Manager

It is the responsibility of the Engineering Staff Officer or Research Facilities Manager to:

1. Coordinate with the Budget Officer and/or a Contract Officer (CO) prior to submitting a contract modification, when adding monies or making changes to any of the job codes on the original contract document. Modification to contract must be processed when job codes have been changed. Distribution of the modification must be distributed to the originators.
2. Complete condition assessment surveys for managed assets, including buildings, bridges, dams, roads, water, and wastewater systems, and stewardship assets identified as managed assets.
3. Identify potential impairment to G-PP&E through the periodic asset condition assessment processes, as part of response actions for disasters, or other facilities management activities.
4. Coordinate with the B&F Real Property Accounting representative, or other program staff to determine if, partial impairment to G-PP&E and construction work-in-process only if the impairment is significant and permanent.

20.45b - Lands Staff Officer

It is the responsibility of the Lands Staff Officer to:

1. Provide the B&F, Real Property Accounting Representative with documentation supporting any land exchange, purchase, impairment, or donation where the land meets the definition of General Property, Plant, and Equipment (GPP&E) to be put in the asset folder.
2. Maintain the Land Status Records System (LSRS), the official database for Forest Service-owned land acres.

3. Compile the stewardship land data in LSRS for inclusion in the financial statements.
4. Assist in the reconciliation of land acres between Agency records in LSRS and the General Service Administration (GSA) Federal Real Property Profile.
5. Report additions/deletions to the CFO Financial Reporting and Reconciliation staff.

20.45c - Recreation Staff Officer

It is the responsibility of the Recreation Staff Officer to:

1. Create and maintain real property assets within NRM for all recreation site land units. The Recreation staff is also responsible for miscellaneous features within recreation sites that are not captured in individual NRM 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 of NRM.
3. Write a primary purpose statement for each capital improvement project to be input into the work plan description field and included on the request for contract action. Work plans for capitalized real property projects must be at project and job code level and include sufficient wording to show how the project meets capitalization criteria, total expected costs, and expected project completion date.
4. Coordinate with the B&F, to complete the Action Request - Real Property Project Job Code/Shorthand Code Request.
5. Complete condition assessment surveys on recreation facilities and heritage assets for reporting in the financial statements.

20.45d - Contracting Officer/Purchasing Agent

It is the responsibility of the Contracting Officer/Purchasing Agent (CO/PA) to:

1. Ensure 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 the B&F, Property and Working Capital Branch staff.
2. Coordinate with the unit Budget Officer and Property Management Officer (PMO) when a request for contract action/purchase order is received for real property assets.
3. Ensure contracts include the schedule of bid items with job codes showing costs identified to the respective assets and not distributed on a percentage basis. The use of percentages is prohibited for acquisition of an accountable asset. Ensure modifications to contracts and purchase orders for real property capitalized assets are routed through the Budget Officer to verify fund availability.

4. Coordinate with the Real Property Leasing Officer (RPLO) for lease capitalization analysis before a lease is executed due to the budgetary and accounting implications for recording capital leases.
 - a. Capital leases must follow budget scoring requirements as defined in OMB Circular A-11, for budgetary purposes.
 - b. Additionally, capital leases must follow Statement of Federal Financial Accounting Standards (SFFAS) No. 5, and FASB (Federal Accounting Standards Board) Statement No. 13, for financial statement reporting purposes.

20.45e - Contracting Officer Representative

It is the responsibility of the Contracting Officer Representative (COR) to:

1. Monitor the construction of the project and submit contract invoice payments to the appropriate Acquisition Management (PPS) staff for processing payment.
2. Review invoices from a contractor for payment to ensure it adheres to the contract terms and conditions and contains all the required data required by the Payment Clause.
3. Sign and submit the “acceptance form” upon completion of a project to B&F, Real Property Accounting Team, and appropriate PPS staff for the contract payment file.
 - a. Complete and sign the Action Request for Asset: Placed in Service Real Property Project Completion Certification, to ensure services have been performed, and all costs on the project are complete and accurate.
 - b. Notify the B&F, Real Property Accounting Team that the asset has been placed into service so accounting records can be updated promptly.
4. Coordinate with the unit Budget Officer and Engineering, to add funding or make changes to any of the job codes on the original contract prior to submitting a modification to a contract.

20.45f - Natural Resource Manager (NRM) Data Steward

It is the responsibility of the NRM Data Stewards to create and maintain asset data in the forest NRM system, which is accessed through the Natural Resource Manager (NRM). The NRM Data Steward may be a member of Engineering, Recreation, Range, Lands, or other staff.

20.45g - Real Property Leasing Officer

The Real Property Leasing Officer (RPLO) is appointed by the Director of OPPM under DR 5100-003 and is issued a Certificate of Appointment. The RPLO exercises the leasing authority warrant described on the Certificate of Appointment. The RPLO works with the local unit to evaluate requests for leasing action.

20.5 - Definitions

General definitions that are common to both real and personal property are found in section 05 of this Handbook. The following definitions include the financial aspect of real property management.

Addition. An extension to an existing constructed feature such as adding a room to a dwelling. A real property project is capitalized if the addition increases the capacity of an asset or changes the functionality of the asset and meets capitalization criteria.

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 and 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.

1. 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.
2. Pooled Asset. Linear construction features, such as roads.

Building. A structure to support, shelter, or 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 have more than one measure of capacity. For example, a building could be measured in square footage as well as occupancy.

Concentrated Use Area (CUA). An undeveloped site or area where time and/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.

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, or the installation of facilities or sites.

Decommission. Demolition, dismantling, removal, obliteration, or 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.

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 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 that contains a concentration of facilities and services which represents 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. Recreation Site. A concentration of contiguous facilities and services used to provide recreation opportunities to the public, such as campgrounds, picnic grounds, trailhead, scenic overlook parking lot, and so forth.
3. Communication Site. A collection of features for radio communication systems that may include poles, buildings, structures to house radio equipment, towers, radio antennas, crossbars, wire, microwave and satellite dishes, fences, and access roads.
4. Documentation Retention. All documentation files for real property must be retained for 10 years after the year of disposal (FSH 6209.11, Records Management Handbook).

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.

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 NRM system for formal documents to acquire, remove, modify, or maintain a constructed feature or land using Forest Service personnel, equipment, and materials.

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

General Property, Plant, and Equipment or G-PP&E. G-PP&E is any property, plant, and equipment (PP&E) used in providing goods or services and includes, among other types of PP&E, multi-use heritage assets, capitalized improvements to stewardship land, and construction work-in-process. PP&E includes land and land rights that are acquired for or in connection with items of G-PP&E used to provide government services or goods. G-PP&E does not include heritage assets, such as historic and national landmarks, and stewardship land. The cost of G-PP&E is capitalized, i.e., recorded as assets on the balance sheet. For detailed characteristics of and accounting for G-PP&E, see SFFAS 6, par. 23 through 45.

Heritage Assets. Assets that have historical, educational, or architectural significance and are held in trust for future generations. These assets are rarely used in the Agency's daily operations; therefore, these assets generally are not capitalized when acquired or renovated but are expensed. If a heritage asset is used primarily for Forest Service operations (such as a District Office), it is considered a multi-use heritage asset, and the real property project for the asset is considered for capitalization. These are PP&E that is unique because of its historical or natural significance; cultural, educational, or artistic importance; or significant architectural characteristics.

Impairment. A significant decline, in whole or in part, whether gradual or sudden, in the service utility of G-PP&E or expected service utility for and Asset Under Construction (AUC).

Improvement. An action that enlarges or improves capacity or increases the useful life of an existing real property asset.

Individual Asset. A structure or asset identified as a single unit. This includes features such as buildings, utility systems, road bridges, and land units such as campgrounds, picnic areas, district compounds, and Job Corps centers.

In-Service Date. The date a project was completed and accepted by the Forest Service and all costs have been recorded in Corporate Property Automated Information System (CPAIS). The B&F, Real Property Staff allow 3 months to elapse once the capitalized project is complete (as evidenced by the signature and date provided by the Project Manager and Property Management Officer) before placing the asset in service to ensure all accounting transactions have been posted in CPAIS.

Land Rights. Land rights are interests and privileges held in lands owned by others, such as leaseholds, easements, water rights, diversion rights, submissions rights, rights-of-way, and other similar interests in land.

Leasehold Improvement. This includes term easements, rights-of-way, Forest Service improvements on leased land, and Forest Service improvements to leased facilities.

Maintenance. Maintenance is the act of keeping real property assets in an acceptable condition. Maintenance includes preventive maintenance, normal repairs, replacement of parts and structural components, and other activities needed to preserve an asset so that it continues to provide acceptable service and achieves its expected life. Maintenance includes changes made to comply with laws, regulations, codes, or other legal requirements, such as the Americans with Disabilities Act (ADA), as long as the original intent or purpose of the asset, capacity, or useful life are not changed. Regardless of the cost, maintenance is not capitalized.

Multi-use Heritage Assets. In cases where a heritage asset serves two purposes, both a heritage function and general government operations, the heritage asset must 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 are required to be completed prior to final approval of real property construction projects to comply with the National Environmental Policy Act of 1969.

NRM Unit. Interchangeable with the definition for constructed features. An NRM unit may or may not be capitalized.

Pooled Asset. Road prism and road surface assets where costs are collected in annual cost pools and placed into service automatically in the CPAIS system at the end of the fiscal year.

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 to a single property asset. Once the project is completed, the improvement is placed in service.

Property, Plant, and Equipment or PP&E. These are tangible assets, including land; assets acquired through capital leases, including leasehold improvements; property the Agency owns in the hands of others (e.g., state and local governments, colleges and universities or Federal contractors), and land rights that meet the capitalization criteria:

1. Have estimated useful life of 2 years or more.
2. Are not intended for sale in the ordinary course of operations; and
3. Has been acquired or constructed to be used or is available for use by the Agency. Land in the public domain and National Forest land are excluded from GPP&E and referred to as stewardship land.

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

Purchaser Credit Assets. A constructed feature that is created or 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 and specified road credits. The Purchaser Credit application has not been applied to timber contracts since 1999.

Real Property. Real property is any interest of the United States in land, buildings, or structures, including any permanently attached fixtures, appurtenances (accessories), and improvements of any kind located thereon.

1. Land which is acquired by purchase, donation, exchange, or other methods of acquisition. Land has an unlimited life and is not depreciated.
2. A constructed feature that is attached to land or part of the fixed object, maintains its physical existence for its lifetime, has a useful life of 2 or more years, and is not defined as personal property. A constructed feature is depreciated over its useful life if it meets capitalization criteria.
3. The costs of prefabricated structures, such as Butler-type storage warehouses, modular units, house-trailers (with or without undercarriages), Quonset huts, and Army bridges are real property if the intent is a permanent structure. In those instances where the structure's intent and functional use at the time of acquisition, is as a mobile unit requiring the ability to relocate (such as a house-trailer used by a survey crew which is moved periodically to a new location), the asset is considered personal property.
4. A developed site, such as a campground or engineering compound, is a land unit administered as a single entity.
5. Any reconstruction or addition to the items listed in paragraphs 2 and 3 above.
6. Related personal property may be capitalized as real property, although the property may only be considered as one or the other. Related personal property is any personal property that, at the time of construction, becomes an integral part of real property or is 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.

Reconstruction. Work that is performed on an existing asset where 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 the capacity of an asset, extends an asset's useful life, or changes the functionality of the asset,) the costs must be capitalized if they meet capitalization criteria.

Rehabilitation. Renovation or restoration of an existing fixed asset or any of its components to restore the functionality or life of the asset. The work primarily addresses deferred maintenance and is not capitalized.

Remodeling. The alteration, replacement, or modification of an asset in a way that increases the capacity of an asset, extends an asset's useful life or changes the functionality of the asset. Costs are capitalized if they meet capitalization criteria.

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

RSMeans. Is a database of current project cost estimates. RSMeans includes data for nearly every facet of a project, including materials, labor, transportation, and storage including calculating and projecting inflation index. RSMeans data is exhaustively researched in order to ensure that the numbers provided are as accurate as possible.

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 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 General Property, Plant, and Equipment (GPP&E) or heritage assets, and are designed, constructed, and managed to protect the forest environment are considered stewardship assets. The 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 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 General Property, Plant, and Equipment (GPP&E). Land in the public domain and National Forest land are excluded from GPP&E and referred to as stewardship land. Stewardship land may be acquired through purchase, exchange, or small tracts obtained for general purposes.

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, enlarge the capacity of the asset or change the functionality of the asset, and cost \$25,000 or more to

be capitalized and is not maintenance. 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 the 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 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 the Agency core financial accounting system accounting transactions to the appropriate Corporate Property Automated Information System (CPAIS) asset sub-ledgers. This number is assigned when creating the sub-ledger in the CPAIS application. This ensures that the capitalized costs charged to the job code are posted to the correct sub-ledger in CPAIS. Note: The Capital Project Number (CPN) is no longer used for real property.

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

Value Stream. An asset's NRM system sub-ledger account has one or more value streams. Each value stream contains a summary of the capital transactions by treasury symbol and general ledger account received from the Agency core financial accounting system and passed to 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 projects that began but remain incomplete. The asset's costs are accrued in their entirety until the constructed feature is complete and usable. Upon completion, the asset is put into service, the total cost is moved from the work-in-progress asset account, and depreciation of the asset begins.

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 30th of the fiscal year that the asset is placed in service.

Write-off. The process by which an asset sub-ledger is capitalized and accumulated depreciation values are removed from CPAIS upon asset disposal.

20.6 - Project Groups

The 2-digit project group code is used in the CPAIS system and the Forest Service accounting system to categorize real property assets for depreciation computations in CPAIS. The project group is entered in the project group field of the CPAIS sub-ledger. Depreciation is based on the useful life assigned to a project group. If an asset serves more than one purpose, choose the project group number that identifies the primary purpose of the asset. See exhibit 01.

Project Group 01, Office Buildings. Buildings used as offices, such as Ranger District or Supervisor office buildings, research project offices, zone engineering offices, and special project offices.

Project Group 02, Housing. Buildings used to lodge individuals, such as compound residences, headquarters dwellings, bunkhouses, dormitories, barracks, or other quarters. Garages attached to housing are included as part of the house.

Project Group 03, Storage Buildings. Buildings used to store items for their protection or preservation for subsequent use. Project Group 03 includes buildings such as warehouses, storage sheds, garages for storage of vehicles or other equipment (when the garage is not attached to a dwelling), cold-storage sheds for nursery stock, cone-storage buildings, oil houses, and dynamite cache buildings.

Project Group 04, Service Buildings. Buildings that support service activities, such as motor-vehicle repair shops, nursery seed-extraction buildings, and mess halls.

Project Group 05, Research and Development Buildings. Buildings that support research and development efforts, such as green houses, laboratories, and special project buildings being used to develop new technologies.

Project Group 06, Recreation Buildings. Buildings used for recreation activities, such as warming huts, pavilions, recreation cabins, and visitor centers; must be the primary attraction at the developed recreation site. Buildings that are an integral part of the recreation site are capitalized as a site cost. These assets are generally in a stewardship status if the asset is not located within a developed recreation site and the asset does not generate enough revenue to pay the majority of maintenance and other annual costs.

Project Group 07, Other Types of Buildings. Buildings not codified elsewhere, such as lookout towers, woodsheds, animal shelters, non-recreation warming huts, radio communication buildings, administrative cabins, barns, and any other type of buildings not coded under Project Group 01 through 06 or 30. These assets qualify for the stewardship category if not located on a developed site.

Project Group 08, Multi-Site Utility Systems. Heating, cooling, power, sewage, water, and electrical systems owned by the government which is separate and distinct systems that service more than one developed site. Costs of utility systems that provide service to only one site or only one building are included in the cost of that site or building.

Project Group 09, Communication Sites. Constructed features for communication systems such as radio and telephone towers, which are separate and distinct systems that service more than one developed site, site protection fences, and access roads not on the transportation system. Project Group 09 also includes constructed features, such as poles, crossbars and wire, microwave towers, and satellite dishes which are integral parts of the system and are necessary to place the asset into service. Costs of communication systems that provide service to only one site or only one building are included in the cost of that site or building. Buildings used primarily to house communications must be coded to Project Group 07, Other Types of Buildings.

Project Group 10, Developed Administrative Sites. Construction, reconstruction, and additions of assets on developed administrative sites, such as a District compound, work center, or science lab. Once a project is determined to meet capitalization criteria for the administrative site, the capitalization of the project work includes all integral parts of the developed site, such as parking lots, fences, gates, trailer pads, paving (if not part of road system), landscaping, flagpoles, barriers, parking spurs, signs, single-site utility systems, communication systems, fuel tanks, and other structures (not defined as base units) that are part of the planned project and are necessary to place the asset in service. It excludes the capitalized value of buildings, land, and road components charged to Project Groups 01 through 07, 11, 12, and 22 through 24.

Project Group 11, Leasehold Improvements. Construction, reconstruction, and additions to assets which the Forest Service does not own and has a limited time of occupancy, but is permitted to make additions due to the length or conditions of a formal lease, permit easement, or right-of-way. Capitalized leasehold improvements are discouraged because improvements are handled either outside the terms of the lease or included as requirements in the lease agreement package. If capitalized, include the cost of purchasing the easement or permit, if required, for the capitalized project as well as the actual upgrading of the asset where law, or the terms or length of the lease or easement, prevents entitlement. [Note: Easements are not capitalized separately if they are on stewardship land and are needed for the care of the stewardship assets.]

Charge titled GPP&E assets constructed by Forest Service on leased land to the appropriate project group number. Example: construction of research building to which the Forest Service holds legal title, built on university land is charged to project group 05.

Project Group 12, GPP&E Land and Land Rights. The acquisition cost of land acquired with or for a developed site, such as an administrative or recreation site, is capitalized when the cost of the land is identified. These costs include the price of the land, associated land rights, and other costs related to the passage of titles, such as search and guaranty of title, notary and recording fees, land surveys of the property being acquired, accrued tax liabilities, consents, damages, demolition of existing assets on the acquired site, and expenses associated with the benefits provided to displaced persons under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (FSM 5420.14b).

Project Group 22, Road Surface Construction. All surface located items for construction or reconstruction of a road surface. Capitalized costs include construction staking, developing and placing aggregate base, surfacing, initial dust palliative treatment, ditches, dikes, guardrail, markers, signs, road closure devices, and other similar items as part of building a road if these items are necessary to complete the capitalized project and place the asset in service. This project group is a pooled asset in CPAIS.

Project Group 24, Road Bridges Construction. All direct expenditures for the engineering, construction, or reconstruction of bridges. Project Group 24 includes the staking of structures, structure excavation, construction, rip rap and other related activities, and structure removal, when necessary to place the capitalized asset into service. This project group is an individual asset in CPAIS. (NOTE: Assets defined in Project Groups 22 through 24 include only those roads and bridges in the forest transportation system.)

In fiscal year 2002, the Forest Service redefined minor culverts (recorded in Project Group 23) and major culverts (recorded in Project Group 24) to be included in the road prisms. Historical culvert costs recorded in these project groups remain until removed through road decommissioning.

Project Group 26, Dams. Engineering, construction, and reconstruction of major water and sediment holding facilities made of soil, concrete, or other materials. Dams are considered to be GPP&E if the primary purpose of the dam is Forest Service operations or if the dam generates its revenue. Such dams are located on administrative sites. Frequently, dams are considered stewardship because their primary purpose is to protect the environment or its natural resources. Such dams are not located on an administrative site. Stewardship costs are expensed. If dams are capitalized as GPP&E, they have a useful life of 50 years and are owned by the Forest Service. Dams constructed by special use permittees are recorded as real property only after title passes to the Forest Service when the permit has expired, the Forest Service has determined that the dam will not be abandoned, and there is a current useful Forest Service mission purpose for the dam.

Project Group 30, Developed Recreation Sites. Engineering, construction, or reconstruction of assets included on a developed recreation site, such as campgrounds, picnic areas, organization camps, and resorts. This code encompasses all integral components, including buildings that are located within the developed site, stoves, fireplaces, tables, barriers, parking spurs, bathhouse, toilets, boat launch, pavilion, utility system, and other related structures when such integral components are necessary to complete the project and place the asset into service. Any interior roads which are part of the transportation system are excluded. For reconstruction, the capitalization determination must be based on whether the work meets capitalization criteria for the site itself (Project Group 30); not the integral components of the site. Project Group 30 excludes any building on the site that generates its revenue and is capitalized separately, such as a visitor center. Such buildings are capitalized individually to Project Group 06 if they meet capitalization criteria. Any GPP&E land specifically acquired for the recreation site is capitalized to Project Group 12.

Project Group 31, Recreation General Forest Areas (GFAs). Engineering, construction, or reconstruction of assets that occur within the general forest area, as defined in NRM, which have minimal development; such as along roads, streams, lakes, oceans, and trails. Asset types would include garbage pits, water impoundments, barriers, signs, unloading ramps, and other structures. An asset is not capitalized if its primary function is to protect the environment and its natural resources.

Project Group 71, Timber Resource Improvements. Engineering, construction, or reconstruction of structural assets which are primarily for the timber resource, such as fences for protection, and access roads to a genetic tree orchard not capitalized under Project Groups 22 through 24, as part of the permanent transportation system.

Project Group 75, Fire Control Improvements. Engineering, construction, or reconstruction of structural assets which enhance or support fire control measures, such as concrete or metal aprons constructed to catch and transport rain, cisterns, storage tanks, holding ponds, wells, and pumping stations. Assets that were initially constructed primarily for other purposes, but that also benefit fire control efforts, such as a dam, must be coded to the appropriate project group number other than fire control. Fire control improvements also include fences and access roads that are constructed for fire control purposes but are not part of the permanent transportation system under Project Groups 22 through 24. This project group is qualified as a stewardship asset if placed in a general forest area (GFA).

20.6 - Exhibit 01**Crosswalk of Project Groups and
Standard General Ledger (SGL) Accounts**

Note: Use of project group numbers is subject to capitalization policy. If the asset is not capitalized (such as stewardship assets), the general ledger account for projects related to the asset must be an expense general ledger account rather than those accounts listed below.

Project Group	Title	Useful Life	SGL Account
01	Office Buildings	30	1730
02	Housing	30	1730
03	Storage Buildings	30	1730
04	Service Buildings	30	1730
05	Research and Development Buildings	30	1730
06	Recreation Buildings	30	1730
07	Other Types of Buildings	30	1730
08	Multi-Site Utility Systems	15	1740
09	Communication Sites	15	1740
10	Developed Administrative Sites	20	1740
11	Leasehold Improvements	10	1820
12	GPP&E Land and Land Rights	N/A	1711
22	Road Surface Construction	10	1712
24	Road Bridges Construction	50	1740
26	Dams	50	1740
30	Developed Recreation Sites	20	1740
31	Recreation General Forest Areas	20	1740
71	Timber Resource Improvements	20	1740
75	Fire Control Improvements	20	1740

20.7 - Acronyms

ATSA. Automated Timber Sale Accounting.

B&F. Budget and Finance.

CIP. Capital Improvement Plan.

COR. Contracting Officer Representative.

CPAIS. Corporate Property Automated Information System.

EMIS. Equipment Management Information System.

FOR. Fixed Ownership Rate.

FRPP. Federal Real Property Profile.

GFA. General Forest Area.

GL. General Ledger.

GPP&E. General Property, Plant, and Equipment.

IAS. Integrated Acquisition System.

NRM. Natural Resource Manager Structure Database.

LSRS. Land Status Records System Database.

NEPA. National Environmental Policy Act.

PAT. Property Management Technician.

PM. Property Manager.

PMO. Property Management Officer.

RPA. Real Property Accounting.

RPLO. Real Property Leasing Officer.

RPM. Real Property Management.

RPMO. Real Property Management Officer.

UAI. Unique Asset Identifier.

WCF. Working Capital Fund.

WIP. Work-in-Progress.

21 - Systems

Forest Service employees are required to use only the Agency or Departmental financial management and related mixed-use systems. These corporate financial applications must not be customized without the written approval of and in coordination with the Washington Office, Director and Financial Management Systems. See FSM 6520.

21.1 - NRM Asset Management

NRM is an integrated asset management database application with more than 20 separate modules and is designed to house inventories of all data elements for the management and control of real property. All real property under Forest Service control is recorded in NRM, which is accessed through the Natural Resource Manager (NRM).

21.2 - Natural Resource Manager (NRM)

Natural Resource Manager (NRM) is the point of entry for updating assets in NRM. NRM is a web-enabled application that functions as a launching pad for a variety of service-wide applications. NRM includes all the NRM applications such as Range, Bridges, Roads, Wilderness, and so forth.

21.3 - Corporate Property Automated Information System (CPAIS)

The Corporate Property Automated Information System (CPAIS) is a platform-independent, web-enabled real property management system based upon the Forest Service Government-Off-the-Shelf (GOTS) NRM system. CPAIS contains a subsidiary ledger to the corporate financial system and interfaces with the Agency's core financial accounting system. The CPAIS application is hosted at the National Information Technology Center (NITC) and end-users access the system via a web browser. The CPAIS replaced NRM Central as the real property accounting module. The CPAIS web application has two subsystems:

1. Real Property Management (RPM): The CPAIS RPM module design supports FRPP, capital investment, and reporting requirements. The module provides consistent data to enable an accurate inventory of the Department's real property assets and supports the full life cycle of Real Property Management.
2. Real Property Accounting (RPA): The CPAIS RPA module provides the functionality to establish sub-ledgers for capitalized assets and accumulate associated accounting transactions. Transactions are captured and summarized for each project related to an asset by fiscal year and accounting line. A sub-ledger reflects numerous projects over several years for the same asset, but each asset only has one sub-ledger. The RPA module allows tracking of work-in-progress (WIP) projects, capitalization, and depreciation of real property assets. Accounting transactions that result from placing

assets in service or asset disposal originate in CPAIS and are sent to the Agency's core financial accounting system for general ledger update.

a. The main users of this subsystem are financial managers, real property specialists, and accountants. The RPA module provides accounting information in the CPAIS subsystem, interfaces with the Agency's core financial accounting system, and provides financial reporting for the Department and its agencies.

b. The RPA module of CPAIS has the functionality to manage WIP capitalized projects, including sub-ledger creation and summary of capitalized values, maintain asset capitalized project status, show project completion, and begin depreciation, calculate depreciation, and write off value of assets when disposed of.

3. Interface to the Agency Core Financial Accounting System. CPAIS calculates depreciation and prepares depreciation transactions each month for all assets that are in service and not fully depreciated. Additionally, CPAIS creates transactions for asset value write-offs as a result of asset disposal. These transactions are sent to the Agency's core financial accounting system through an automated interface process around the 25th of each month.

4. Interface from the Agency Core Financial Accounting System. Transactions in the Agency's core financial accounting system that are posted to a real property general ledger account are selected during the monthly interface and sent to CPAIS to update asset records. The Agency's core financial accounting system-to-CPAIS interface process occurs around the 5th business day following the monthly close of the core financial accounting system.

21.4 - Land Status Records System (LSRS)

The LSRS is the official database for Forest Service-owned stewardship land acres, and it is maintained by the Lands program staff. Although all land is included in the database, when land is set aside for GPP&E use (such as for an administrative site or developed recreation site), a notation is made to show the land is no longer available as stewardship land.

21.5 - Forest Products Financial System. (FPFS)

The Forest Product Financial system (FPFS) provides a standardized systematic approach for managing the financial aspects of contracts and agreements with forest product removal; an approach that meets the needs of both the Forest Service and forest product purchasers, contractors and partners. It is a centralized Service-wide system shared by all Forests. Timber sale contract information from each National Forest is stored and maintained in this national database.

21.6 - Work Plan System

The work plan system supports field requirements to plan and manage project work at the program and project level. A work plan, at the job code level, is required for all real property capitalized projects.

22 - Real Property Accounting

All aspects of real property accounting and management must comply with the USDA AGPMR and DR 2200-002 as they relate to the applicable Statements of Federal Financial Accounting Standards (see 20.1).

22.1 - Asset Valuation – Methodologies

1. Actual Costs. As of October 1, 1994, the only accepted method for valuing real property assets recorded in the accounting system is actual cost accumulation (see sec. 22.26). Where a single contract may apply to multiple assets, actual costs must be identified for each asset. Percentage distribution of cost is not acceptable unless all assets and costs for each are identical.
2. Appraised Costs. Where capitalization criteria are met and actual cost documentation is not available, capitalize newly constructed features, reconstruction, or additions made to existing constructed features at their fair market value. An example of the use of appraised costs is when an asset is donated by a non-Federal entity, or when an asset is transferred from another Government agency and the agency has no (or insufficient) documentation to support the acquisition value. Include any actual costs incurred by Forest Service to place the asset in use. FS-6500-222, Asset Valuation Documentation form, is used to document the capitalized value.
3. Useful Life. Real property assets are assigned a standard useful life based on the asset's project group (see 20.6 ex. 01). The useful life for improvements to existing assets is the greater of the remaining life of the existing asset or one-half of the standard project group's useful life.
4. Depreciation Start Date. Forest Service begins depreciating assets on June 30th of the year the asset is completed and placed into service.

22.2 - Capitalization

22.21 - Threshold

All assets placed in service prior to October 1, 2001, were capitalized under the previous capitalization threshold of \$5,000. Forest Service implemented a real property capitalization threshold of \$25,000 effective October 1, 2001. Costs incurred for real property assets that are placed in service in fiscal year 2002 and forward that do not meet this threshold must be expensed. Real property meeting the definition of General Property, Plant, and Equipment (GPP&E), must be subject to capitalization according to the following criteria:

1. Individual assets (including GPP&E land) are capitalized if the cost of the asset is \$25,000 or more and meets capitalization criteria. Land is recorded separately because land does not depreciate. Capitalization threshold and criteria are applied to each asset.
2. Pooled asset costs are capitalized if the cost of the project is \$25,000 or more for the asset at specific project group level and if the project meets capitalization criteria. If the pooled asset has been determined to be stewardship, the related projects are expensed and are not capitalized.
3. When determining whether the cost of a developed site meets the \$25,000 threshold, consider the costs of all integral parts not individually capitalized. A recreation site is capitalized to the site for all integral parts of the site. Assets such as buildings on an administrative site are considered separately for capitalization determinations.
4. Reconstruction or additions (improvements) to an existing asset are capitalized if the following criteria are met:
 - a. The asset's capacity is enlarged or increased, and the costs are \$25,000 or more; or,
 - b. The asset's capacity is improved by upgrading the asset to serve needs different from, or significantly greater than, those originally intended (change in purpose or functionality), and the total project costs are \$25,000 or more; or
 - c. The asset's useful life is extended. The work is not maintained to ensure the asset lives out its useful life or is not maintained to meet regulatory standards (such as the American Disability Act), and the costs are \$25,000 or more. The status of the existing asset (capitalized or not capitalized) has no bearing on the decision to capitalize the subsequent improvement. Any costs considered maintenance, even though the costs may be substantial, are not capitalized.
5. Assets acquired through donation, devise, judicial process, exchange, or transfer from other Federal entities must be capitalized if capitalization criteria is met and the assets will be used in Forest Service GPP&E operations. These assets are not capitalized if there is no Government purpose or use for the asset, or if the asset is deemed to be stewardship.
6. Costs of new or reconstructed roads that are part of the Forest Service transportation system are capitalized in pooled accounts if capitalization criterion is met. Aggregate costs of all roads on the transportation system must be classified by component. As a result of the change in accounting policy, real property capitalized job codes are no longer issued for road prism projects. Engineering service costs for surfaces, if direct costs for the specific project, are capitalized to Project Group 22 road surface and must be included on the work plan.
7. Public domain and stewardship land are not capitalized. If land is purchased for the construction of an administrative or recreation site, the land is capitalized as a separate

asset to the site itself. The administrative site must depreciate; land must not be set up for depreciation.

8. Assets constructed for the primary purpose of protecting the environment or its natural resources (such as retaining walls to prevent soil erosion) are stewardship assets and are not capitalized.

9. Fuel tanks are considered to be real property if the intent is for a permanent structure, the asset is GPP&E, and the capitalization criteria and thresholds are met. Existing fuel tanks recorded in the Fleet Equipment Database (FED)) must remain in FED until they are disposed of.

22.22 – Work Financing Principle Capitalization Criteria

Assets meeting the dollar and useful life capitalization criteria are capitalized within the applicable project group. Finance resource work to achieve integrating programs to include components of cross-Deputy Area programs in accordance with Appropriations Law. Take a holistic approach to all management activities to leverage funds and work effectively at a landscape scale.

The Work Financing Principle maximizes the use of agency funds in accordance with appropriations law that allows for more effective and efficient delivery of integrated programs and projects at landscape levels. This approach ensures the ability to address the health and sustainability of National forests and grasslands.

Focusing on the landscape scale resource accomplishments to be achieved, select fund(s) and program(s) to finance resource work by following direction in the respective fiscal year appropriations act (or continuing resolution or supplemental appropriation act), and guidance in the Program Direction and Budget Justification. It is the responsibility of national, regional, and forest leadership to develop integrated programs and projects.

Units should develop their program of work using the Work Financing Principle, plan their budget to fund this program of work appropriately, and then communicate plans and expectations to employees. By being proactive to maximize the Agency's allocations in accordance with appropriations law to their greatest benefit, the Forest Service budget community can provide critical oversight to ensure that integrity is built into the process and to help the Agency to be more effective in the delivery of mission activities and programs.

In cases where an asset may logically fit into more than one project group, reasonable judgment regarding the Work Financing Principle of the asset is used to determine the most applicable project group. The following are examples of Work Financing Principle project group decisions:

1. Parking Lots. Parking lots within a communication site, administrative site, or recreation site are capitalized within Project Group 09, 10, or 30, respectively. Parking lots are not base assets and are not capitalized separately. Parking lots determined by the engineer to be part of the main road system are capitalized to pooled assets.

2. Developed Recreation Sites.

- a. Recreation areas that are substantially developed and contain multiple facilities, such as campgrounds, picnic areas, pavilions, toilets, boat launches, utility systems, and meet the definition of Project Group 30, must be capitalized when capitalization criteria is met.
- b. Trailheads are not capitalized; trails and assets to support trails (such as trail bridges, signs, interpretive areas, trailheads, and other assets necessary to operate the trails for the public) are considered stewardship assets. If a developed recreation site is constructed at the trailhead, the engineering and recreation experts should determine if the area is primarily a trailhead or a developed recreation site.
- c. Recreation complexes involving a group of developed recreation sites in the same general area, although not physically congruent, must be capitalized as a single recreation site. When converting complexes to new land units, no adjustment is made to the capitalized value, but update the asset and sub-ledger accounts to reference the change.

22.23 - Work-in-Progress

Work-in-progress (WIP) includes new construction, reconstruction, and additions that meet one or more of the three capitalization criteria and the capitalization threshold of \$25,000. All constructed real property assets must begin as WIP until put in service. Exceptions to this are assets generated via donations that may not be captured in the accounting system, and assets resulting from timber sales that are entered directly into CPAIS annually for the previous year. Road components will use post-type L2. General Property, Plant, and Equipment (GPP&E) land cost is not developed over time or depreciated.

Costs are not depreciated while coded as WIP. An asset is put into service when it has been completed and accepted by Forest Service. Within 30 days after the asset is put into service, the in-service date is entered in the CPAIS sub-ledger. At that time, CPAIS generates accounting transactions to move the capitalized value to the appropriate general ledger account.

22.24 - Variable Stewardship Assets

Recreation (Project Group 06), other buildings (Project Group 07), and dams (Project Group 26) may either be stewardship or General Property, Plant, and Equipment (GPP&E) assets, depending on the asset and its use. The asset is considered stewardship if the main function is to protect the forest environment and natural resources. Apply the following criteria to or when the asset may be stewardship:

1. If the asset is on a developed site (administrative or recreation), it is not stewardship and may be capitalized if it meets capitalization criteria.

2. If the asset is not on a developed site, but generates enough revenue to pay the majority of maintenance and other annual costs, it is not stewardship and may be capitalized if it meets capitalization criteria.
3. If the asset is not on a developed site and the main function of this asset is to protect the forest environment and natural resources, it is a stewardship asset and the costs are not capitalized.

22.25 - Treatment of Historic (Prior Year) Costs

Any adjustment to accounting data as it existed in a prior fiscal year requires sufficient written justification and management approval. This includes corrections or adjustments to the capitalized value, the project group, or the in-service date. Adjustments to financial data are made only by the B&F Real Property Accounting Team.

22.26 - Costs to be Capitalized

Capitalize purchased or constructed General Property, Plant, and Equipment (PP&E) assets at their full cost, including costs for preconstruction engineering, construction engineering, site preparation, and costs to remove any pre-existing structures. Consider all the costs described in this section, including donated costs and any costs not captured through the accounting system that contribute to the value of the asset. Costs incurred before the final project is approved, such as preliminary design, planning, and National Environment Policy Act (NEPA) costs are not capitalized. The following costs must be capitalized if they meet the capitalization criteria and threshold:

1. Constructed features and leasehold improvements. Beginning in the survey and design stage, the following costs must be identified and capitalized after the project and NEPA has final approval:
 - a. Actual contract costs paid for work performed (amounts paid to vendors) including direct labor; all materials, heavy equipment, and expendable small tools purchased specifically for the project; and the fees for preliminary and final architectural, engineering, and other contracted services for samples, designs, plans, drawings, specifications, surveys, and cost estimates.
 - b. All Forest Service labor costs attributable to the direct cost of the project, including the following:
 - (1) Direct labor production costs, including force account labor supplied by Forest Service personnel, including all costs to Government (for example, Federal contributions to taxes and health benefits).
 - (2) The number of days that each person may charge to the project is planned and shown on the project work plan. Annual leave, sick leave, and compensatory time are not capitalized and must be charged to a general program job code.

(3) Forest Service architectural, engineering, and other services for samples, designs, plans, drawings, specifications, surveys, cost estimates, and the like that occur after the project is approved and NEPA has been completed.

(4) Direct Forest Service costs for inspection, supervision, and administration of construction contracts and construction work.

(5) Direct costs related to on-the-job supervision, travel, and transportation specific to the capitalized project.

Any costs charged to the capitalized real property project must be included in the work plan for the real property job code at the job code and asset level.

c. The cost of heating, air conditioning, electrical, or similar support equipment that is an integral part of a building or site. Record costs to the site where the majority of the service is provided or where it is recorded in NRM. If a utility provides service to more than one site, classify separately as a multi-site utility in Project Group 08. Equipment and other personal property should only be capitalized to the real property project if it is an integral part of the real property asset and must not be considered as GPP&E personal property necessary to carry out the Forest Service mission. This equipment must not be recorded in a subsidiary personal property system.

d. The cost or fair market value of salvaged material used and the cost of transporting such material to the site.

e. The costs of prefabricated structures, such as Butler-type storage warehouses, modular units, house-trailers (with or without undercarriages), Quonset huts, and bridges are capitalized as real property if the intent is at the time of acquisition is for a permanent real property structure and the project meets capitalization criteria. The costs of such assets are not capitalized if the intent and functional use of the asset is a mobile unit such as a house trailer used by a survey crew which is moved periodically to a new location. This asset is considered personal property and is not capitalized as real property.

f. The time, transportation, and travel of hired specialists performing contract inspection, supervision, or administration of construction contracts and construction work directly related to the specific real property capitalized asset.

g. The mileage cost for use of Forest Service vehicles may be charged to the project. The fixed ownership rate (FOR) on a vehicle may be charged only in increments of a whole month and as long as the vehicle is being used only for the direct support of a specific real property capitalized project. If a vehicle is only used for 4 days of a month on a project, the month's FOR may not be charged to the project; it is expensed. The vehicle FOR must be included in the work plan for the real property job code.

- h. The cost of legal recording fees and the cost of obtaining easements, permits, or leases, including the cost of the person doing the negotiations for the specific real property project. Costs charged to the project must be in direct support of the specific capitalized project; percentages may not be used.
 - i. Pre-construction and construction engineering costs that occur after the project is approved and NEPA has been completed.
 - j. Site preparation costs, including removal of pre-existing structures.
2. GPP&E Land and Land Rights. For those land acquisitions that meet the definition of General Property, Plant, and Equipment (GPP&E) land, include all Forest Service costs of acquiring land and associated land rights, such as purchase price, search and guaranty of title, notary and recording fees, land surveys of the property being acquired, accrued tax liabilities, consents, damages, demolition of existing assets on the acquired site, as well as costs associated with the benefits under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Pub. L. 91-646; FSM 5420.14b).

22.27 - Capitalization versus Expense Determination

Costs not capitalized are expensed in the fiscal year incurred, including costs for stewardship assets and land; General Property, Plant, and Equipment (GPP&E) assets that do not meet capitalization criteria; and maintenance actions. The Property and Working Capital Branch, B&F Real Property Accounting Team shall determine whether to capitalize or expense the cost of improvements according to the following direction:

1. Land. GPP&E land is capitalized if it meets the capitalization threshold. Stewardship land is not capitalized but is reported on the financial statement as required in Statements of Federal Financial Accounting Standards (SFFAS) No. 29.
2. Non-structural Improvements. All costs related to non-structural resource improvements are expensed.
3. Structural Improvements. Only reconstruction or additions that meet capitalization criteria and costs \$25,000 or more are capitalized. Generally, construction projects that add significant components to an asset must be considered for capitalization because the project will change functionality, increase capacity of an asset, or add useful life. The criteria for the capitalization decision are applied to the base asset, such as to a developed recreation site or a building on an administrative site. Construction or additions of components to a base asset (such as toilets on a developed recreation site) are considered for capitalization only when the criteria appropriately apply to the base asset.
 - a. Enlarges capacity. The improvement must increase the size or capacity of the asset. This may be an increase in the square footage of a building, the volume of a water or wastewater system, or wider area or wider band of frequencies for a communications system.

- b. Changes functionality or purpose. The asset improvement must bring the asset to a higher level of use or performance. An example of bringing an asset to a higher level of use would be to convert a warehouse into an office building.
- c. Extends useful life. The improvement must result in the asset providing the services for which it is designed for a period of time beyond its current remaining life. In many instances, these projects are required because the site or facility has exceeded, or is close to exceeding its original useful life. The Forest Engineer, Property Management Officer, and other knowledgeable officers should jointly determine whether an improvement extends the useful life of the asset and by how many years, or if the work is maintenance to meet required standards and allow the asset to serve its intended useful life.
4. Maintenance and Upkeep Costs. Maintenance and upkeep costs, such as replacing a roof or gutter, are expensed no matter how costly. These costs merely bring an asset to Forest Service standards for maintaining the asset at an acceptable operating condition, considering its age and use. Projects necessary to meet The American Disabilities Act (ADA) standards are maintained.
5. Personal Property. Do not capitalize as real property any item that is properly classified as personal property. This type of equipment tends to be movable and is properly classified as personal property and, if capitalized, recorded in the Property Management System or the Equipment Management Information System.
6. Cooperative or Collection Agreements. These include agreements with other Federal agencies, States, or private entities. In some instances, ownership of the property resides with the Forest Service after the terms of the agreement are completed. If the agreement includes the purchase or construction of real or personal property, the Forest Service incurs the costs for the property and then bills the cooperator. Everything purchased with a reimbursable (fund category R) job code is considered an expense because the costs are borne by the cooperator. Real property asset costs incurred through a reimbursable agreement must be expensed. The resulting real property asset, or portion thereof, is treated as a donation or a transfer to Forest Service upon completion of the project if the asset is deemed necessary to Forest Service operations and the cost of the project meets capitalization criteria.
7. Improvements by a Cooperator or Permittee. Capitalize at actual costs to Government or fair market value at the time of transfer to the Forest Service. Where the agreed-upon value of the improvement is prescribed in the agreement with the cooperator, include pertinent sections of the agreement.
8. Assets Completed Under a Timber Purchase Contract. For timber purchase contracts, capitalize the value obtained from the Road Credits Authority Accounting Report (TSA 451-01) produced by the Automated Timber Sale Accounting system (ATSA). This report includes the cost allocated to the separate road components.

9. Right-of-Way Construction and Use Agreement. Capitalize only the road value constructed by the cooperator, less any Forest Service payments made to the cooperator. The cooperator's cost must be derived from (or supported by) the agreement or from other supplementary documents.

10. Transfers Within or Between Federal Agencies. Record the value (capitalized value, accumulated depreciation, and in-service date) carried in the transferring unit's records. Obtain copies of the documentation file from the other agency or Forest Service unit. Ensure documentation is complete for both the costs and the in-service date.

If the other agency is unable to provide a value, capitalize at fair market value. An example of fair market value documentation is an engineering appraisal, which includes the methodology, citation of data sources used, and calculations used in the value determination. The appraisal must be signed and dated by the preparer. Transfer documentation may be used to support the in-service date when the fair market value is used for capitalization.

11. Land or Other Asset Exchange. Capitalize the value of land or other asset obtained by exchanges when the intended use is for a developed site (GPP&E) using the following order of preference:

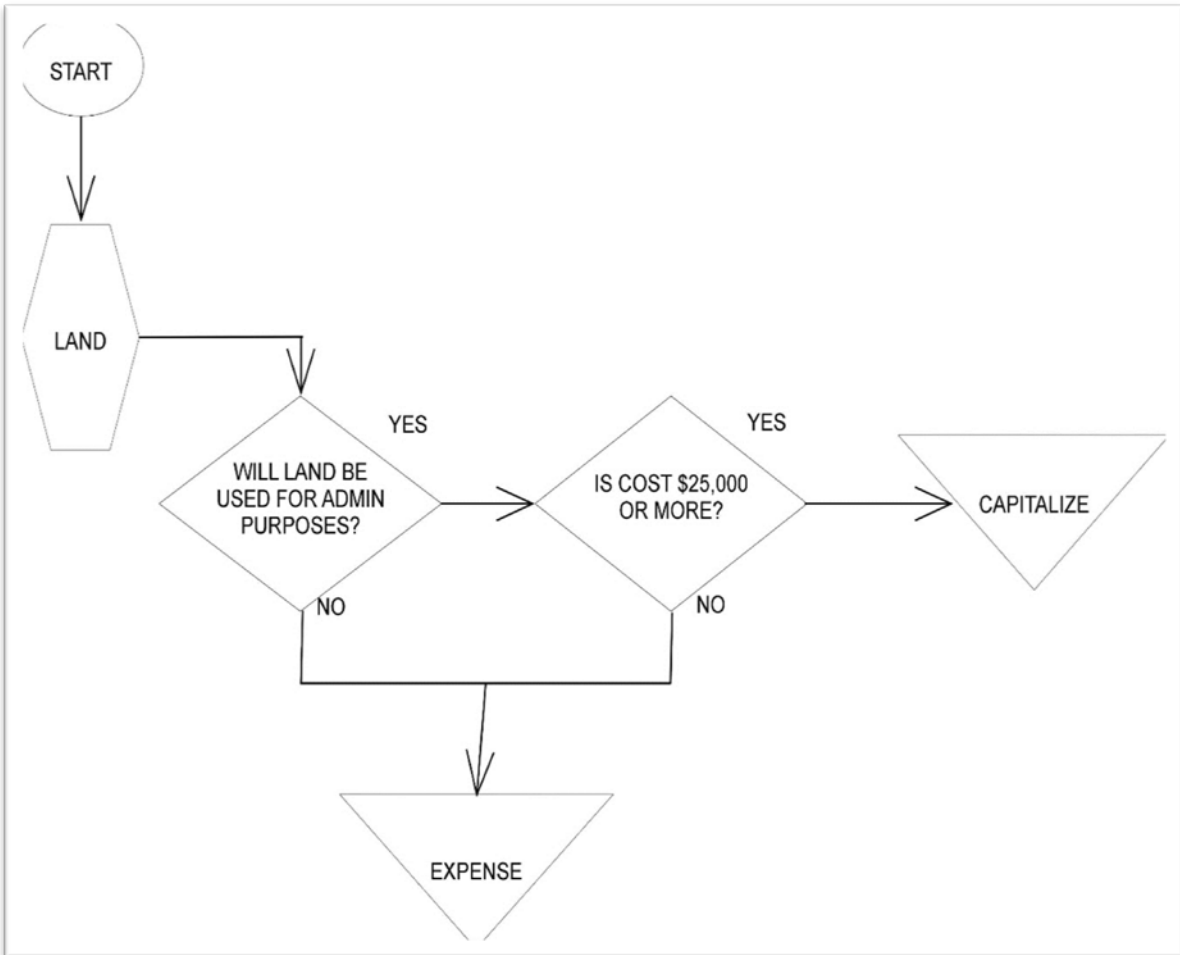
- a. The fair market value of the assets acquired at the time of the exchange, then
- b. The fair market value of the asset surrendered if it is more readily determinable than that of the asset acquired.

12. Assets Abandoned. Capitalize real property abandoned by others on Forest Service land at fair market value if the Forest Service considers the asset necessary to Forest Service operations and places the abandoned real property asset in service.

13. Job Corps Work Projects. Assets deemed property of the Department of Labor will not be capitalized as Forest Service GPP&E real property. If the Job Corps constructs a Forest Service GPP&E asset, capitalize the value obtained from the Human Resource Program Accomplishment Report, form FS-1800-16. Include a copy of the form FS-1800-16 with the value and date of completion in the documentation file.

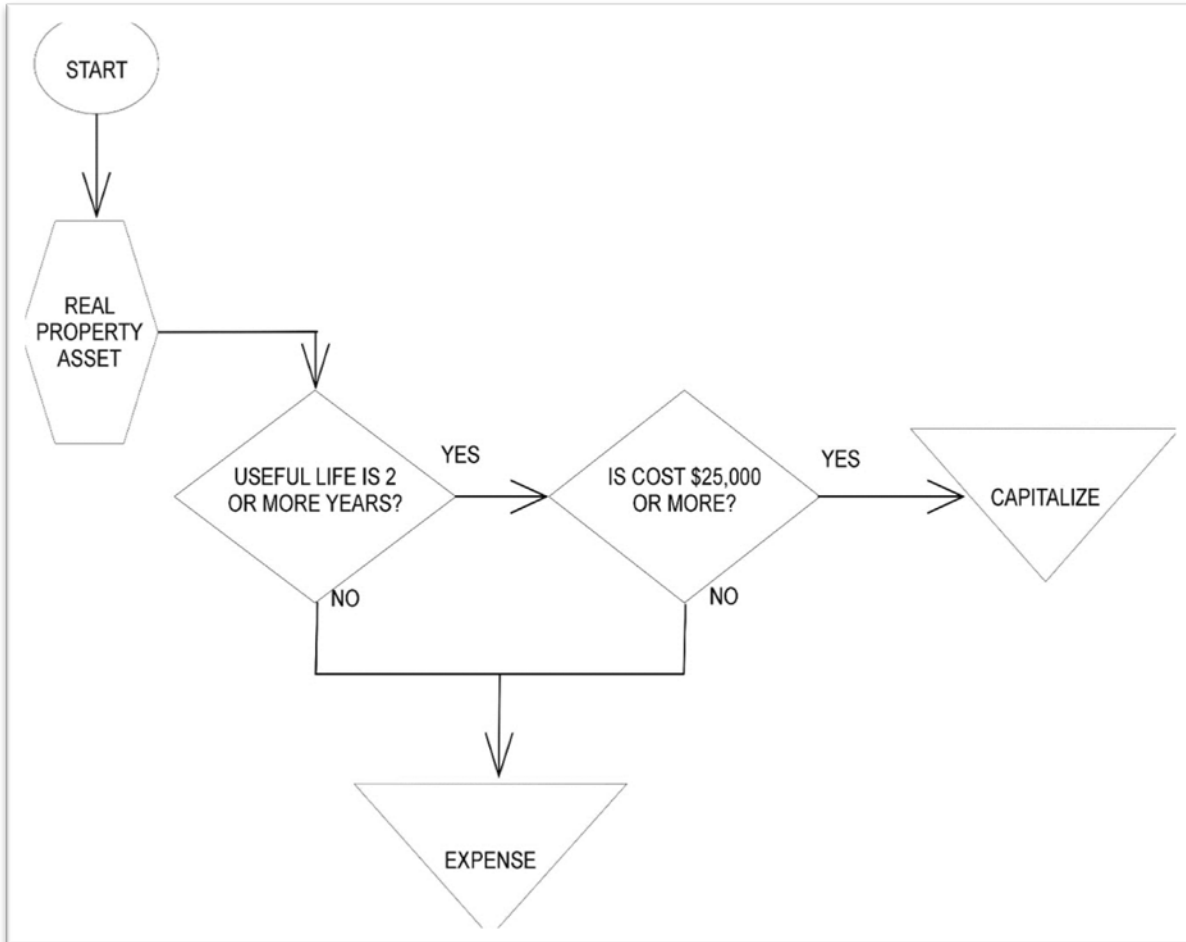
22.27 - Exhibit 01

Land Capitalization Decision



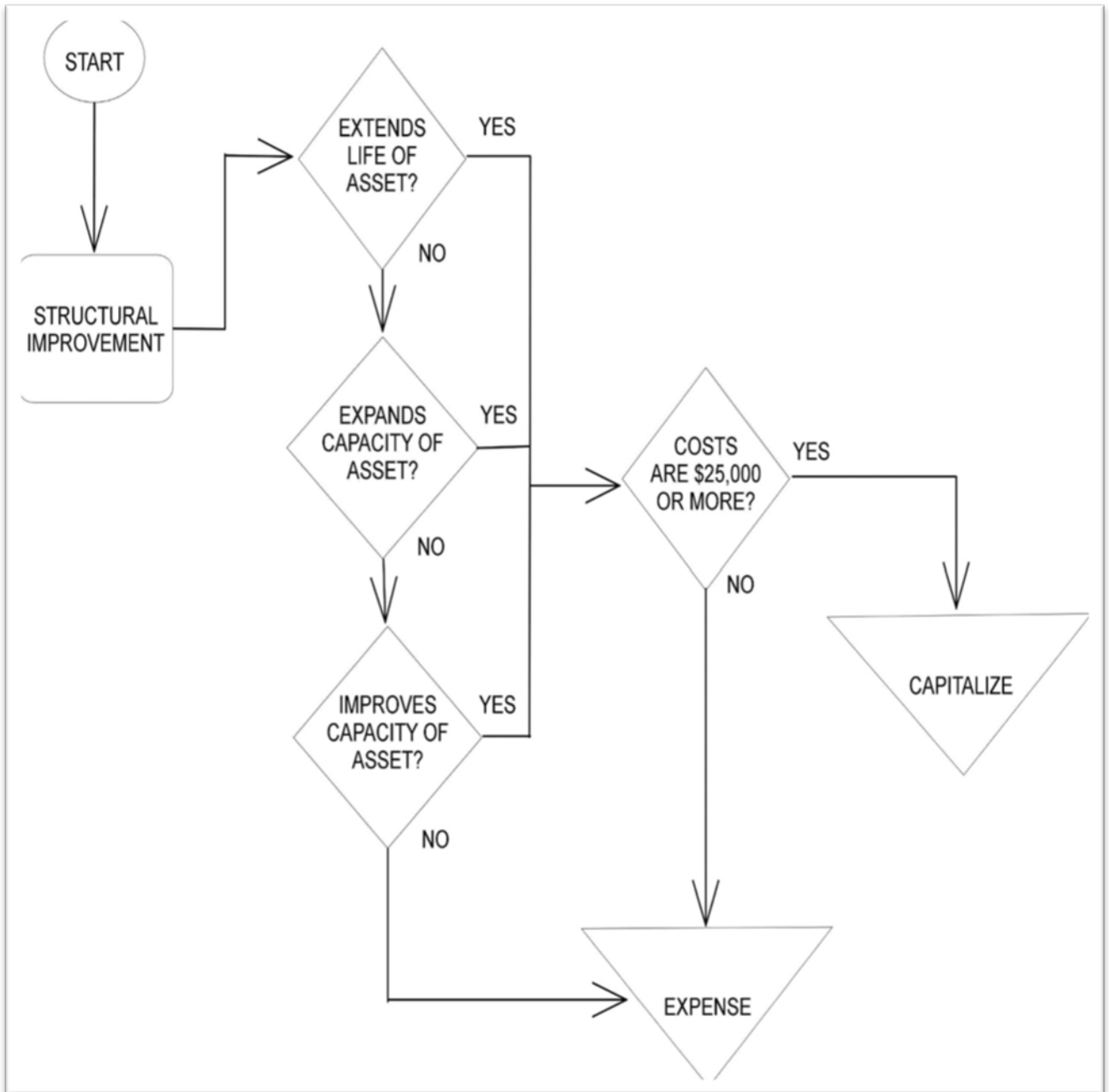
22.27 - Exhibit 02

New Asset Capitalization Decision



22.27 - Exhibit 03

Reconstruction And Improvement Decision



22.28 - Disposal of Real Property

Values associated with capitalized General Property, Plant, and Equipment (GPP&E) must be removed from the asset accounts along with associated accumulated depreciation in the period of disposal, retirement, or removal from service, in accordance with policy in FSM 6440. If the asset value is fully depreciated but still in use, the value must not be written off. The PMO is responsible for managing the property disposal process. Any of the following events initiate an asset write-off action:

1. Destroyed by fire, flood, earthquake, and so forth.
2. Demolished for safety or new construction.
3. A sale of an asset on or off National Forest System lands.
4. Transfer out of the Forest Service inventory or relocation to another site.
5. Taken out of service.
6. The asset no longer maintains its identity.
7. Road decommissioning.

The costs in the CPAIS data record must be removed from the sub-ledger through a write-off entry in the CPAIS value stream management screen. If the asset is replaced, the new asset will have a new UAI in CPAIS.

Property disposal standards are outlined in the Federal Property Management Regulation Title 41, Code of Federal Regulations, part 101-4, and are the responsibility of the PMO. Upon identifying the need for write-off action, the PMO or designated representative completes the appropriate form, such as forms AD-112, Report of Unserviceable, Lost, or Damaged Property; AD-107, Report of Transfer or Other Disposition or Construction of Property; or SF 118, Report of Excess Real Property to document disposal of the asset. The appropriate form must be signed by the PMO.

A full write-off is entered into CPAIS when the entire asset is disposed of. A partial write-off is entered only for road decommissioning when only a portion of the asset requires disposal. A partial write-off records the partial decommissioning of a road from a pooled sub-ledger account. Portions of assets that have been improved by upgrade or betterment must not be written off.

22.29 - Road Decommissioning

Road decommissioning is the demolition, dismantling, removal, obliteration, or disposal of a deteriorated or otherwise unneeded road. The Forest Service decommissions roads when they are no longer needed or have become damaged or lost due to acts of nature. Capitalized road costs are written off when a road or road portion has been closed or rendered unusable.

For decommissioning roads constructed before fiscal year (FY) 1995, use the National Road Costing Project spreadsheets to identify the construction cost per mile. If a post-FY 1994 road is decommissioned, the estimated value of the decommissioned road is determined by the Road Engineer.

23 - Measurement of Deferred Maintenance and Repairs (Dm&R)

SFFAS 42 gives management the flexibility to determine acceptable condition level of all fixed assets under measurement. The following are detailed descriptions of deferred maintenance reporting requirements both qualitative and quantitative reporting as well as recommended reporting frequency.

1. Deferred maintenance refers to 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. The value of deferred maintenance is used as a supplemental disclosure in the Forest Service's annual financial statements - Required Supplemental Information (RSI). Amounts for DM&R may be measured using:

- a. Condition assessment surveys
- b. Life-cycle cost forecasts, or
- c. Other methods that are similar to the condition assessment survey or life-cycle costing methods.

Compliance with safety codes such as life safety, Americans with Disabilities Act, Occupational Safety and Health Administration, environmental, and so forth, and other regulatory or Executive Order compliance requirements not met on schedule, are also considered deferred maintenance. Deferred maintenance is an estimate assessed by program staff for reporting purposes and is not entered into the accounting records. The B&F Real Property staff do not have established routine responsibilities associated with deferred maintenance. DM&R should be measured and reported for capitalized General Property, Plant, and Equipment and Stewardship Property, Plant, and Equipment. DM&R should include funded maintenance and repairs that have been delayed for a future period as well as unfunded maintenance and repairs.

2. Condition Assessment Surveys are periodic visual (i.e. physical) inspections of property, plant, and equipment to determine their current condition and estimated cost to correct any deficiencies. This does not mean the entire agency portfolio has to be inspected annually. It is permissible for the agency to schedule condition assessment surveys on a cyclical (i.e. calendar) basis or a frequency based on consideration of risk, provided scheduling is done in accordance with established practices. The end of a fiscal year may also be ideal timing for condition assessment.

3. Maintenance and repairs are activities directed toward keeping fixed assets in an acceptable condition. The determination of acceptable conditions may vary both between functional areas and units within the agency. Management shall determine what level of

condition is acceptable. Maintenance and repair activities include preventive, replacement of parts, systems, or components, as well as other activities needed to preserve or maintain the asset. Maintenance and repairs, as distinguished from capital improvements, exclude activities directed towards expanding the capacity of an asset or otherwise upgrading it to serve needs different from, or significantly greater than, its current use.

23a - Qualitative Reporting Requirement:

The following are detailed qualitative reporting requirements that must be disclosed in the Required Supplemental Information (RSI).

1. A summary of agency's maintenance and repairs policies and brief description of how they are applied, for example, method of measuring deferred maintenance and repairs.
2. Policies for ranking and prioritizing maintenance and repairs activities.
3. Factors the agency considers in determining acceptable condition standards.
4. A statement whether deferred maintenance and repair relates solely to capitalized general PP&E and non-capitalized stewardship PP&E or also to amounts relating to non-capitalized or fully depreciated general PP&E.
5. Capitalized general PP&E, and non-capitalized heritage assets and stewardship land for which management does not measure.
6. Explanation of any significant changes to policies and factors subject to reporting requirements established in a. through e. above and a report of deferred maintenance and repair amounts from the prior year, if applicable.

23b - Quantitative Reporting Requirement:

The agency must report the beginning and ending balances of deferred maintenance and reporting for each major category of PP&E for which maintenance and repairs have been deferred. This must be part of the RSI reporting. Major category of PP&E includes general PP&E and heritage assets.

24 - Impairment Property Plant and Equipment

Accounting and reporting for Impairment of General Property, Plant, and Equipment Remaining in Use is outlined in the Statement of Federal Financial Accounting Standards 44 (SFFAS 44) Impairment is a significant and permanent decline in the service utility of G-PP&E or expected service utility for construction work in process. Entities generally hold G-PP&E because of the services they provide or will provide in the future; consequently, impairments affect the service utility of the G-PP&E.

Generally, G-PP&E remaining in use is impaired if the decline in the service utility of the G-PP&E is significant and deemed permanent. The determination of whether G-PP&E remaining in use is impaired, as defined in paragraph 8 above, includes:

1. Identifying potential impairment indicators and
2. Testing for impairment. G-PP&E would be identified as potentially impaired as a result of the occurrence of significant events or changes in circumstances, or routine asset management processes. (See: http://files.fasab.gov/pdf/origins/sffas_44.pdf)

SFFAS 44, provides guidance to the Agency on defining, identifying, determining, measuring, and reporting of partial and full impairment to G-PP&E.

24.1 - Defining Impairment

The SFFAS 44 defines impairment as a significant and permanent decline in service utility of G-PP&E or expected service utility for construction work-in-process. Service utility is considered impaired if the usable capacity is reduced due to abnormal or extraordinary events or circumstances that were not expected at acquisition, such as physical damage, obsolescence, new laws or regulations, change in environmental or economic factors or change in the manner or duration of use. The events or changes in circumstances that lead to impairment are not considered normal and ordinary. That is, at the time the G-PP&E was acquired, the event or change in circumstance would not have been (a) expected to occur during the useful life of the G-PP&E or, (b) if expected, sufficiently predictable to be considered in estimating its useful life. Reduction in service utility due to normal use or ordinary events is not considered impairment.

24.2 - Identifying Potential Impairment

Potential impairment to G-PP&E should be identified through the periodic asset condition assessment processes, as part of response actions for disasters, or other facilities management activities. Condition assessment is the periodic inspection of real property to determine its current condition, validate inventory data, and identify and provide a cost estimate for necessary repairs and other work types. Agency and Departmental guidance should be followed for conducting condition assessment available from the Office of Acquisition Management. There are specific criteria identified in SFFAS 44 that must all be met for a loss to be considered a partial impairment and such conditions are extremely rare. In addition, SFFAS 44 should not be directed to those GPP&E that have an immaterial impact on cost of services.

Potential impairment should be identified when significant events or changes in circumstances occur. Significant events or changes in circumstances that are conspicuous or known to Agency management and staff are not required to conduct surveys solely to identify asset impairment.

The following must be considered as indicators of potential impairment:

1. Evidence of physical damage.
2. Enactment or approval of laws or regulations which limit or restrict G-PP&E usage.
3. Changes in environmental or economic factors.
4. Technological changes or evidence of obsolescence (primarily for IT systems).
5. Changes in the manner or duration of use of G-PP&E.
6. Construction stoppage or contract termination; and
7. G-PP&E idled or unserviceable for excessively long periods.

24.3 - Determining Impairment

Engineering staff will identify the impairment with its program staff to determine if impairment to G-PP&E is significant and permanent.

Impairment is considered significant based on the Forest Service management's professional judgment. These conditions may be considered:

1. The relative costs of providing the service before and after the decline,
2. The percentage decline in service utility, or
3. Other considerations. When determining whether the impairment is significant.

The decline in the service utility is considered permanent when there is no intention or reasonable expectation to replace or restore the lost utility. Impairment should not be reported if management has,

4. Specific plans to replace or restore the lost service utility.
5. Committed or obligated funding for the remediation efforts; or
6. A history of remediating lost service utility in similar cases or for similar G-PP&E.

In such cases, the cost to restore the lost service utility should be reported in the appropriate category of financial liability (for example, Deferred Maintenance and Repair, Environmental and Disposal Liability, and so forth). Impairment of the G-PP&E is considered full if the G-PP&E no longer provides service or there is no expectation of future service in the case of construction work in process, and the loss in service must meet the following conditions:

7. The G-PP&E's use is terminated, and

8. There is documented evidence of Agency's decision to remove permanently the G-PP&E from service.

24.4 - Calculating and Measuring Partial Impairment Losses

If the situation meets the criteria for partial impairment, the program manager and area office staff will work with B&F to determine the calculated cost of the impairment. SFFAS 44 provides several methods and examples for calculating partial impairment.

Estimated partial impairment losses for G-PP&E using a measurement method that reasonably reflects the diminished service utility of the G-PP&E should be unitized. The following methods listed at: https://files.fasab.gov/pdf/files/handbook_sffas_44.pdf

Flowcharts, decision tables, and illustrations of the estimation methods to assist B&F and Engineering Staff in making the choice can be found in Appendix B of SFFAS 44. The method chosen should reasonably estimate the portion of the net book value associated with the diminished service utility; it should not result in an unreasonable net value associated with the remaining service utility of the G-PP&E, and the impairment loss should be limited to the G-PP&E's net book value at the time of the partial impairment. If the current net book value is \$0, then no impairment loss is recognized and the entire process of identifying and determining impairment does not apply. If more than one method is reasonable, B&F should select the method that is most efficient and practical. The Engineering staff may consult with the Asset Management Staff (B&F) for further guidance when determining the appropriate method to estimate partial impairment losses to G-PP&E. For full impairment of G-PP&E, the impairment loss is the net book value associated with the G-PP&E adjusted for any recovery. (see Appendix B, SFFAS 44)

24.5 - Recognizing and Reporting of Impairment Loss

B&F shall write off the net book value associated with the impairment to the G-PP&E and report the impairment loss as "Program Costs" or "Cost Not Assigned to Programs." For full impairment, the G-PP&E's acquisition cost and associated accumulated depreciation are removed from the G-PP&E account. Impairment loss net of any recovery associated with the impairment should be reported if the recovery and loss occur in the same period. If the recovery occurs subsequent to the period in which impairment loss is recognized, this should be reported to B&F as revenue or other financing sources as appropriate in the period the recovery occurs.

If during the permanent removal process for fully impaired G-PP&E, the G-PP&E is disassembled and spare parts or sub-components are salvaged to be used for other purposes, the spare parts or sub-components should be recorded as new and separate G-PP&E in accordance with SFFAS 6 or SFFAS 3, *Accounting for Inventory and Related Property*. FR&R will prepare and report the impairment loss in the Statement of Net Cost and may present it as a separate line item or line item depending on the materiality of the loss to the financial statements or other qualitative considerations.

GAO checklist which identifies the Agency's policy in recognizing impairment for specific questions related to impairment as identified, shall be reported to the Department by FR&R staff with input and from the Engineering staff with a Yes, No, or an N/A with explanations.

24.6 - Consideration for G-PP&E Remaining in Use

If it is determined that the diminished service utility to the G-PP&E does not meet the criteria for impairment but the future service utility of the G-PP&E remaining in use is adversely affected, B&F in consultation with Engineering Staff should consider adjusting the depreciation methods, useful life or salvage value estimates, as appropriate, for the G-PP&E remaining in use.

If there is a remedy (for example, repair or replace) for previously impaired G-PP&E remaining in use, Staff should follow the Agency's capitalization policy for costs incurred to replace or restore the lost service utility.