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Sent: Friday, February 11, 2011 3:10 PM

To: Payne, Wendolyn M

Cc: Ruffin, Shirl A.; Lynskey, John H.; Baird, Steven Edwyn; Paolillo, Cynthia Ann

Subject: NSF Responses to Exposure Drafts

Good Afternoon:

Thank you for the opportunity to comment on the subject. Attached, please find the National Science Foundation's comments on the draft implementation guidance for:

- Accounting for the Disposal of G-PP&E
- Estimating the Historical Cost of G-PP&E

Please let us know if you have any questions or require additional information.

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Responses to Questions: Federal Financial Accounting Technical Release Exposure Draft: *Implementation Guidance on the Accounting for the Disposal of G-PP&E* (dated December 10, 2010)

February 11, 2011

- Q1. Do you agree or disagree with the criteria outlined for differentiating between temporary and permanent removal from service (paragraph **Error! Reference source not found.** and **Error! Reference source not found.**)? Please provide the rationale for your answer.

NSF agrees with the criteria outlined for differentiating between temporary and permanent removal from service.

- Q2. Do you agree or disagree with the General Property, Plant, & Equipment (G-PP&E) permanent removal financial transactions outlined in paragraph **Error! Reference source not found.**? Please provide the rationale for your answer.

NSF agrees with the General Property, Plant, & Equipment (G-PP&E) permanent removal financial transactions outlined in paragraph 11.

The logic of the financial transactions is compliant with GAAP.

- Q3. Do you agree or disagree with the G-PP&E temporary removal financial transactions outlined in paragraph **Error! Reference source not found.**? Please provide the rationale for your answer.

NSF agrees with paragraph 13 G-PP&E Acquisition Cost & Depreciation at Temporary Removal. The cost-benefit of annually assessing net realizable value for items that will ultimately return to service supports the proposed financial transaction.

- Q4. Do you agree or disagree with the G-PP&E disposal financial transactions when group or composite depreciation is used as outlined in paragraph **Error! Reference source not found.**? Please provide the rationale for your answer.

NSF agrees with the disposal transactions when group or composite depreciation is used. The proration of costs to determine the value of the remaining items, and not recognizing a gain or loss until the entire group is permanently removed from service is reasonable and rational.

- Q5. Do you agree or disagree with the G-PP&E disposal, as it relates to cleanup costs, financial transactions illustrated in paragraph **Error! Reference source not found.**? Please provide the rationale for your answer.

NSF agrees with the cleanup cost financial transactions as presented. Recognizing the full unallocated/unamortized portion of the cleanup cost at the time an asset is permanently removed is a reasonable approach.

- Q6. Do you believe that additional technical guidance to record disposal transactions related to G-PP&E is needed in this proposal? Please provide the rationale for your answer.

NSF believes that the technical guidance provided is sufficient.