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**Sent:** Wednesday, February 09, 2011 11:54 AM

**To:** FASAB

**Cc:** [norma.tolson@gsa.gov](mailto:norma.tolson@gsa.gov)

**Subject:** Comments from the U.S. General Services Administration on FASAB ED on Accounting for Disposal of G-PP&E

Good morning,

Attached are the U.S. General Services Administration (GSA) comments on the FASAB Exposure Draft (ED) on Implementation Guidance on Accounting for Disposal of General Property, Plant & Equipment. If you have any questions, please contact me. Thank you for the opportunity to provide comments.

Alexis M. Stowe, CPA, CISA, CGFM, CFE  
Acting Director Office of Financial Policy and Operations (BC)  
Office of the Chief Financial Officer

Question	Para No.	SUBJECT/TITLE (Federal Financial Accounting Technical Release Exposure Draft: Implementation Guidance on the Accounting for the Disposal of G-PP&E)	Yes	No	RECOMMENDATIONS/COMMENTS	Name of Commenter	Office	Email Address/Phone
		General Comments						-
Q1	6-7	Do you agree or disagree with the criteria outlined for differentiating between temporary and permanent removal from service (paragraph 6 and 7)? Please provide the rationale for your answer.	x		Agree. Criteria is adequate.	Helena Lee & Priscilla Sampson	BCA	<a href="mailto:helena.lee@gsa.gov">helena.lee@gsa.gov</a> <a href="mailto:priscilla.sampson@gsa.gov">priscilla.sampson@gsa.gov</a>
				x	Disagree with the criteria that a removal from service is deemed temporary until management decides to permanently retire or disposes of the asset. There has to be a "time limit" imposed on the removal from service, such as two consecutive years of non-functional use. Otherwise, there is a potential for assets to sit out of service for long periods of time, meanwhile overstating the assets on the balance sheet.	Nancy Hexmoor and Rebekah Poirier	BE	<a href="mailto:nancy.hexmoor@gsa.gov">nancy.hexmoor@gsa.gov</a> <a href="mailto:rebekah.poirier@gsa.gov">rebekah.poirier@gsa.gov</a>
			X		The dual criteria outlined in paragraphs 6 & 7 is adequate. The requirements to include evidence of management's decision to dispose, remove, or retire PP&E for permanent removal from service simplifies the instruction.	John P. Geraghty	PFF	<a href="mailto:john.geraghty@gsa.gov">john.geraghty@gsa.gov</a>
Q2	11	Do you agree or disagree with the General Property, Plant, & Equipment (G-PP&E) permanent removal financial transactions outlined in paragraph 11? Please	x		Agree. It should also be noted that any salvage value should be considered in the gain or loss calculation. Also, there should be a financial disclosure of the transaction in the financial reporting.	Rebekah Poirier and Nancy Hexmoor	BE	<a href="mailto:rebekah.poirier@gsa.gov">rebekah.poirier@gsa.gov</a> <a href="mailto:nancy.hexmoor@gsa.gov">nancy.hexmoor@gsa.gov</a>

		provide the rationale for your answer.	x	Agree with the logic behind the permanent removal of financial transactions. However, GSA have concerns over the accuracy of estimates of "net realizable value" early in the disposal process before a method of disposal is determined. The net realizable value could change dramatically with proceeds from disposal ranging from zero to fair market value depending on the disposal method (federal transfer, public conveyance, negotiated sale, or public auction).	John P. Geraghty	PFF	<a href="mailto:john.geraghty@gsa.gov">john.geraghty@gsa.gov</a>
Q3	13	Do you agree or disagree with the G-PP&E temporary removal financial transactions outlined in paragraph 13? Please provide the rationale for your answer.	x	Agree that the temporary removal of assets should continue to be depreciated because there is the high probability that the asset will continue to operate.	Nancy Hexmoor and Rebekah Poirier	BE	<a href="mailto:nancy.hexmoor@gsa.gov">nancy.hexmoor@gsa.gov</a> <a href="mailto:rebekah.poirier@gsa.gov">rebekah.poirier@gsa.gov</a>
			x	Agree. If management has not decided to permanently remove or dispose of the asset, there should be no change in the accounting of the asset and depreciation should continue.	John P. Geraghty	PFF	<a href="mailto:john.geraghty@gsa.gov">john.geraghty@gsa.gov</a>
Q4	15	Do you agree or disagree with the G-PP&E disposal financial transactions when group or composite depreciation is used as outlined in paragraph 15? Please provide the rationale for your answer.	x		Helena Lee & Priscilla Sampson	BCA	<a href="mailto:helena.lee@gsa.gov">helena.lee@gsa.gov</a> <a href="mailto:priscilla.sampson@gsa.gov">priscilla.sampson@gsa.gov</a>
Q5	14	Do you agree or disagree with the G-PP&E disposal, as it relates to cleanup costs, financial transactions illustrated in paragraph 14? Please provide the rationale for your answer.	x	Agree. For assets permanently removed, the unauthorized/unallocated portion of the total cleanup cost associated with the disposal is recognized in full.	Nancy Hexmore and Rebekah Poirier	BE	<a href="mailto:nancy.hexmoor@gsa.gov">nancy.hexmoor@gsa.gov</a> <a href="mailto:rebekah.poirier@gsa.gov">rebekah.poirier@gsa.gov</a>
			x	Agree that any unamortized cleanup costs should be recognized in full upon disposal.	John P. Geraghty	PFF	<a href="mailto:john.geraghty@gsa.gov">john.geraghty@gsa.gov</a>
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.	x	No. This Technical Release provides adequate technical guidance.	Helena Lee & Priscilla Sampson	BCA	<a href="mailto:helena.lee@gsa.gov">helena.lee@gsa.gov</a> <a href="mailto:priscilla.sampson@gsa.gov">priscilla.sampson@gsa.gov</a>
			x	This guidance is clear as to the financial recording of a removed asset from service.	Nancy Hexmoor	BE	<a href="mailto:nancy.hexmoor@gsa.gov">nancy.hexmoor@gsa.gov</a>

			x		Additional clarification on setting the net realizable value could be helpful.	John P. Geraghty	PFF	<a href="mailto:john.geraghty@gsa.gov">john.geraghty@gsa.gov</a>
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