AAPC SFFAS 50 Implementation Task Force
Meeting #2 Agenda
February 1, 9:30 a.m.

- Introductions

- Sub-group Updates
  - Broad Issues Sub-group
  - Land Rights [sub-group meetings to begin 2 weeks]
  - General PP&E Subgroup

- Briefing on Alternate Valuations & Alternate Dates-Placed-in-Service (Slides)
  - The United States Coast Guard (USCG) used various methodologies to establish alternate valuations and alternate Dates-Placed-in-Service (DPIS) for General Property, Plant, and Equipment (GPP&E) line items on its way to achieving Generally-Accepted Accounting Principle (GAAP) compliance and audit readiness as demonstrated by the Department of Homeland Security’s (DHS) first unmodified opinion in 2013. The USCG used multiple types of supporting documentation from building cornerstones with dates chiseled into the stone for an alternate DPIS to using municipality-produced tax documentation for alternate valuation of buildings to Congressional Justification information submitted through DHS as part of the President’s Budget (PB) submission for valuation ships and aircraft. This presentation will walk through those alternate valuation and alternate DPIS methodologies in place at the time the unmodified opinion was received.
  - Bobby Hart, Senior Manager, EY & CDR, USCG, Retired
  - CDR Matthew Manofsky, USCG

- Updated List of SFFAS 50 Issues- see attached Issue Areas
  - Questions
  - Anything missed?

- Next meeting is scheduled for: **March 1, 2017 9:30 a.m.**
  - Meetings are scheduled for the first Wednesday of each month as follows:
    - March 1, 2017 9:30
    - April 5, 2017 9:30
    - May 3, 2017 9:30
    - June 7, 2017 9:30
  - There may need to be additional meetings scheduled and reviews done electronically as we get closer to finalizing a Technical Release
  - Outlook invites were sent for future meeting.
General PP&E Sub-group

1. Deemed Cost: Definition & Application

Deemed cost is an acceptable valuation method for opening balances of general PP&E.
Deemed cost should be based on one, or a combination of the valuation methods permitted in SFFAS 50: i.) Replacement cost, ii. ) a.) Estimated historical cost (initial amount) b.) Reasonable estimates may be based on cost of similar assets at the time of acquisition; c.) other reasonable methods, including latest acquisition cost and estimation methods based on information such as, but not limited to, budget, appropriations, engineering documents, contracts, or other reports reflecting amounts to be expended. and iii.) Fair value.

a. [Specific question from DoD] Can we have a more robust definition of deemed cost other than that it is a surrogate for initial amounts? If it's not an estimate of historical cost then what is it? The IPAs are deferring to the auditing standards for estimates of historical cost. Without guidance specific to deemed cost, they have no other choice.

b. [Specific question from DoD] Whether or not replacement value methodologies need to be adjusted for inflation (e.g., PRV vs. Deflated PRV) - Our current interpretation is that the standard as written allows both - which by definition means it's open to interpretation - but we have gotten pushback from some of our IPAs, arguing that any latest acquisition cost/replacement cost methodology be deflated to approximate historical cost. We recommend clarifying language to clear up the perceived ambiguity.

c. Concern that support for the individual cost factors that make up the PRV has not been made available to the services to provide to their auditors. Without this support, the estimation model is not auditable.

d. As noted above, reasonable estimates may be based on “other reasonable methods” as permitted in SFFAS 50. As such, several questions, pertaining to this area have surfaced. Therefore additional guidance and examples may be needed.

i. Pooled costs (i.e., co-mingled capital and expense costs, co-mingled programs, co-mingled PP&E and OMS costs, and others)

1. Provide guidance to allocate such costs if identifiable using easy to find and supportable document, alternatively record the amounts based on the majority rule (i.e., if most of costs are capital based on the budget or other acceptable documentation than capitalize all costs)
2. For example, cost allocation methodology or possibly capitalize cost of program based on engineering estimates, budgets as amended, or contracts

ii. Full Costing (indirect, PMO, PEO, and other costs incurred)

1. Provide example or clarification through guidance that either supports not recording such costs (this guidance would be a lower in the GAAP hierarchy) or permitted for certain situations in recording opening balances.
2. Provides for estimation methodologies, such as determine the indirect costs for 5 (or another small number of) programs and apply this indirect
rate to all remaining programs unless preparers know that the rate would not be appropriate for certain programs

iii. Allocating costs to end items
   1. Provide guidance that it is allowable to not allocate a portion of the costs to the end items and instead capitalize and depreciate such costs separate from the end items (e.g., software that is on certain end items but may not be on all end items, joint program modifications)
   2. Provide guidance indicating that simple allocation is appropriate and that specific identification by end item is not necessary (i.e., total costs/number of end items)

2. Acceptable documentation
   a. Provide guidance on what would be appropriate supporting documentation
      i. Define the elements that should be on the documentation – nature and purpose of the project, amount, timing of when costs incurred, etc.
      ii. Define actual document names
      iii. Add examples for each service specific issue - cost estimation database for Navy ships
   b. Provide guidance when there is conflicting information on documentation and indicating that you only need to use one source document
      i. Address issues when budget states $100 million in current year but subsequent budget to actual reported in budget states $95 million
      ii. Avoid preparers incurring additional time on comparing different source documents and resolving differences such as budget vs. accounting records vs. disbursements vs. contracts
   c. Old assets with limited documentation
      i. Address that certain records are limited—some may only go back to 1994
      ii. Provide guidance on year to obtain documentation?
   d. [Specific question from DoD] How far do the reporting entities have to go in terms of supporting the deemed cost figure? It’s a surrogate but is not tied to historical cost. How far do we need to go in terms of supporting the inputs to the figure that ultimately goes on the balance sheet?

3. Determining the opening accumulated depreciation balance /Consideration of Useful Life
   a. Provide guidance on Capital Improvements
      i. Provide additional guidance regarding improvements that are capitalized-
         1. definition of improvements that are capitalized
         2. address the completeness assertion
         3. Provide guidance on what is considered a capital improvement versus maintenance/repair/sustainment
         4. SFFAS documents does not adequately address recapitalization of real property assets—outside or exterior walls do not change but multi-million dollar renovations to interior are considered maintenance / repair or sustainment.
5. Questionable if capital improvements that increase useful life will be accounted for?
   ii. Intent of Capital Improvements In-Service Date. [SFFAS 50 para. 13.e.ii] was to allow funding/monies to be grouped and not necessarily to be tracked separately. 
      1. One must still consider useful life.
   b. Provide guidance on placed in service dates
      i. is flight training and testing considered placed in service
   c. SFFAS 50 did not amend SFFAS 6 par. 37 “Costs which either extend the useful life…over the remaining useful life of the associated general PP&E.
   d. Provide clarification regarding Fully Depreciated Assets (NBV $0) that are still in use?
      i. SFFAS 50 did not change SFFAS 6 pars. 41-42
      ii. Needs to consider capital improvements
      iii. Can guidance state when it would be appropriate
   e. SFFAS 6 discusses revising the useful life and refers to it as an estimate. A discussion of frequency of revising the estimate and the factors to consider may be necessary.
   f. Provide guidance for determining useful lives
      i. Including the steps to complete to determine reasonable and appropriate support for each step
      ii. Is the original engineering estimate reasonable for base and improvements?
      iii. What example documents and names?
   g. Provide guidance on salvage value and when you would consider such
   h. Can we indicate not relevant for weapons systems or are there foreign military sales of older assets (stripped of proprietary parts/capabilities) that conflict with such assertion?

4. Small assets (i.e., 20% of the value but lots of end items)
   a. These are the remaining low cost, high density assets.
   b. These are specific to each service and each classification of asset will present its own challenges.
   c. Services have not fully addressed such and we need to know what other issues arise for these assets

Land Rights Sub-group

5. Land rights Disclosures
   a. Clarification of land rights disclosures by incorporating a reference as explained in the BfC. [SFFAS 50 par. 13.h. ii and A19.]
   b. Intent was to recognize there may be situations with land rights when disclosures may not be required by this Statement. One must always determine if disclosures for land rights are required and appropriate considering guidance in SFFAS 6 and materiality always applies.
   c. Provide example
General/ Broad Issues Sub-group

6. **Unreserved assertion**
   a. Additional guidance regarding making an unreserved assertion to establish opening balances. Need clarification on what DoD needs- wording of the assertion?
   b. Guidance for “transition period” when DoD components begin populating opening balances in accordance with SFFAS 50 (using alternative methods or deemed cost) but are not ready to express an unreserved assertion and/or go-forward processes are not in place.
   c. The sub-group leaders asked DOD to provide specific questions regarding the unreserved assertion topic that may require clarity.
   d. At this point, it is unclear if the issues are those that should be addressed within this type of guidance. Does the Task Force believe this issue needs additional guidance?

7. **Line Item**
   a. The preparer can use judgment to decide upon the line items to present either on the face of a financial statement or in related disclosures. Line items may be based on a class of general PP&E, such as those currently included in the required disclosures, or on other reasonable means of disaggregation on the face of the statement or in the notes.
   b. The presentation of line items may vary in detail. For example, components of general PP&E, such as land, may be a separate line item, or there may be a single line item for all general PP&E. A reporting entity may determine it would like to make an unreserved assertion on classes of general PP&E disclosed in the notes to the financial statements.
   c. Provide clarification whether combinations of deemed cost methods could be used for a single line item.
   d. [Specific question that came in from DoD] Construction in Process is not specifically called out in SFFAS 50, although it's implicitly included due to being under the umbrella of GPP&E. This has raised questions both internally and externally as to which sub-lines can deemed cost be applied. Again, our interpretation is that an entity can use "deemed CIP" (for lack of a better term), but again, more explicit language would help clarify the point.
   e. [Specific question from DoD] Can each asset class within PP&E be revalued at deemed cost independently? For example, can IUS be revalued at $0 during a different period than real property at replacement value? The language in the standard alludes to the ability to do that but it's not explicitly stated that each financial reporting entity can implement deemed cost at different types for the same line item on the balance sheet based upon how the footnotes breaks out that line item.

OTHER

8. **Engage audit community** including GAO, DoD IG, and IPAs in reviewing DRAFT guidance
   a. We are not able to provide guidance to the audit community; however, we can provide guidance on SFFAS 50 to the preparers that includes what the Task Force determined to demonstrate what it believed acceptable supporting documentation to meet the goals of SFFAS 50 and sufficient procedures preparers perform to determine the amounts reported in the financial statements that auditors would audit against.
Briefing on U.S. Coast Guard (USCG) Alternate Valuations & Alternate Dates-Placed-in-Service (DPIS)

Bobby Hart, Senior Manager, EY & CDR, USCG, Retired and CDR Matthew Manofsky, USCG
Initial Lessons Learned

- SFFAS 6 compliance → Alternate Valuation / Deemed Cost is not a “two-step,” but concurrent (e.g. “Drain the Swamp AND Turn the Spigot Off”)

- Prioritize line items and assets from highest $$$$$ to lowest $ - “If Everything is #1 Priority, Then Nothing Is”

- “Accounting is a Byproduct of Operations” – Without iterative/on-going existence and completeness efforts (e.g. inventories, not just testing), valuation efforts are fleeting and temporal based on useful lives
Most Useful Lesson Learned – “Perfect is the Enemy of Good”

► Alternate Valuation, Step 1 (from Procedure):

“**Based on the best readily available information**, reasonable estimates of historical cost will be used for asset valuation purposes when adequate historical cost documentation is unavailable. The **hierarchy listed below is ordered based on least costly**, least amount of resources (personnel time and funds) expended to complete (i.e. like-item) **to most costly**, most amount of resources expended (i.e. third-party appraisal) to complete.”
## Alternate Valuation Methodologies

<table>
<thead>
<tr>
<th>Alternate Valuation Method</th>
<th>Personal Property</th>
<th>Real Property</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>ATON (Non-Lighthouses)</td>
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<tr>
<td></td>
<td></td>
<td>Houses and ATON-Lighthouses</td>
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<tr>
<td></td>
<td></td>
<td>All other Real Property</td>
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<tr>
<td>Like-item</td>
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<td>Existing Construction Cost Estimate</td>
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<td>Third-Party Appraisal</td>
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## Alternate Valuation Methodology Metrics at Time Unmodified Opinion Was Earned

<table>
<thead>
<tr>
<th>Priority</th>
<th>Methodology (Real and Personal Property)</th>
<th>Count</th>
<th>Average Acquisition Cost</th>
<th>Total Acquisition Cost</th>
<th>Total Accumulated Depreciation</th>
<th>Total Net Book Value</th>
<th>% of Total Count</th>
<th>% of Total Total Net Book Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Third-Party Appraisal</td>
<td>571</td>
<td>$8,702,472</td>
<td>$4,969,111,683</td>
<td>$2,281,524,752</td>
<td>$2,687,586,930</td>
<td>3.67%</td>
<td>39.82%</td>
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<td>4</td>
<td>Budgetary Estimate</td>
<td>576</td>
<td>$7,717,068</td>
<td>$4,445,031,194</td>
<td>$3,016,567,450</td>
<td>$1,428,463,744</td>
<td>3.70%</td>
<td>21.17%</td>
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<td>Like-Item</td>
<td>297</td>
<td>$3,358,051</td>
<td>$997,341,149</td>
<td>$122,710,823</td>
<td>$874,630,326</td>
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<td>12.96%</td>
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<td>SFFAS 6</td>
<td>Historical</td>
<td>3395</td>
<td>$446,956</td>
<td>$1,517,416,469</td>
<td>$676,380,298</td>
<td>$841,036,171</td>
<td>21.80%</td>
<td>12.46%</td>
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<tr>
<td>3c</td>
<td>Plant Replacement Value (PRV)</td>
<td>1005</td>
<td>$1,747,303</td>
<td>$1,756,039,672</td>
<td>$1,153,706,347</td>
<td>$602,333,325</td>
<td>6.45%</td>
<td>8.92%</td>
</tr>
<tr>
<td>n/a</td>
<td>No Valuation Documentation</td>
<td>9570</td>
<td>$160,405</td>
<td>$1,535,073,714</td>
<td>$1,222,238,595</td>
<td>$312,835,119</td>
<td>61.45%</td>
<td>4.64%</td>
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<td>Construction Cost Estimate</td>
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<td>$965,634</td>
<td>$6,759,435</td>
<td>$5,343,387</td>
<td>$1,416,048</td>
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<td>0.02%</td>
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<td>OEM Price Certification</td>
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<td>$169,241</td>
<td>$20,308,954</td>
<td>$19,747,742</td>
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<td>2/2a</td>
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<td>$2,073,182</td>
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<td>3b</td>
<td>Parametric Model</td>
<td>20</td>
<td>$26,680</td>
<td>$533,600</td>
<td>$532,150</td>
<td>$1,449</td>
<td>0.13%</td>
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<td><strong>Grand Total</strong></td>
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<td><strong>15574</strong></td>
<td><strong>$979,178</strong></td>
<td><strong>$15,249,713,081</strong></td>
<td><strong>$8,500,824,727</strong></td>
<td><strong>$6,748,888,354</strong></td>
<td><strong>100.00%</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

"Drain the Swamp AND Turn the Spigot Off"

"Perfect is the Enemy of Good"

"If Everything is #1 Priority, Then Nothing Is"
Alternate Valuation Methodology Examples

► Like-item – All – Priority: 1
► Tax Assessment – All RP – Priority: 2c
► Parametric Model – Aids-to-Navigation – Priority: 3b
► Plant Replacement Value (PRV) – All RP – Priority: 3c
► Budgetary Estimate – All – Priority: 4
► Third-Party Appraisal – All – Priority: 5
Like-item

Ref: (a) Financial Resource Management Manual (FRMM), COMDTINST M7100.3D
(c) COMDT COGARD Washington DC 211821Z Jul 10 ALCGFINANCE 026/10
(d) COMDT (G-8) memo 7300 of 02 Jul 10

1. The following memo outlines the asset folder review process and assumptions used to book like assets in the Core Accounting System (CAS) Oracle Fixed Asset Module (FAM). Like assets were used when valuation information was missing from the asset folders and a reliable like asset could be used as a comparable.

2. Folder Review: CG-85 and CG-844 staff members pulled individual asset folders from FINCEN lecterns. The reviewer then cataloged the documents in the files, extracted cost information and created summary tabs within a master spreadsheet for review and analysis.

3. Date in Service: To determine a supported date in service for each asset, we utilized the following precedence list as per ref (b).

4. Valuation: To determine a base price, we utilized the value for a like asset as determined by CG-844. The like asset is determined with support of the following documentation:

<table>
<thead>
<tr>
<th>Asset</th>
<th>CG506937</th>
<th>Like Asset (CG506670)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description</td>
<td>CG-316005</td>
<td>CG-220105</td>
</tr>
<tr>
<td>Tag Number</td>
<td>216005</td>
<td>220105</td>
</tr>
<tr>
<td>Model</td>
<td>ZODIAC H630</td>
<td>ZODIAC H630</td>
</tr>
<tr>
<td>Serial Number</td>
<td>XDC63062D494</td>
<td>XDC63189C898</td>
</tr>
<tr>
<td>Date in Service</td>
<td>1994</td>
<td>1998</td>
</tr>
<tr>
<td>Cost</td>
<td>$43,930.84</td>
<td>$48,318</td>
</tr>
<tr>
<td>Valuation Source</td>
<td>Like Asset</td>
<td>Historical</td>
</tr>
</tbody>
</table>

5. The capital value listed in enclosure (1) was used for the value. The cost for asset number CG506937 is to be adjusted to $43,930.84.

6. The discrepancy between descriptions is accounted for as a difference in determination of boat length in different years. Hurricane Zodiac Model 630 is advertized as 22’ feet in length in 2012.

7. This determination applies to asset number CG506937.
### Tax Assessment

#### Valuation: $7,200.00 2 V1

**Tax assessment of Like Parcel**

Cost Per Acre = ($190,800 / 25.44 Acres) = $7,500.00

Valuation = ($7,500 * 0.96 Acres) = $7,200.00
Parametric Model

**NAVAID POLE ATON CURRENT COST WORK SHEET TEMPLATE**

**Legend**
- New
- Fixed/Given
- Auto Calculation

**Input**

**AID_LAD:**
- ANT

**ATON/Label No.:**
- 2405

**ATON Name:**
- Wilson Harbor Pierhead Light 2

**Date of Cost Data:**
- 2008

**Asset Date In Service:**
- 10/15/2000

**What is the type of structure or pole?**
- Land Based Poles

**If other pole, what is the pole’s height (FT)?**

**How many ladders are there?**
- 1

**[Note: A ladder is 7 FT in length]**

**Total cost of ladders:**
- $0

**Is there a light stand?**
- Yes

**Is there a light?**
- Yes

**Is there a sound signal (horn)?**
- No

**Is the structure a range?**
- No

**Calculation of Current Value**

**Cost Data:**
- Concrete Pad: $5,250.00
- Demolition: $4,600.00
- Mobilization & Transportation: $1,500.00
- Vessel (2): $0
- Photographs: $250.00
- Pile/Non-pile: $4,500.00
- Installation: $10,350.00
- Ladder(s): $8,900.00
- Light Stand: $2,000.00
- Light w/ Battery & Solar Power: $1,000.00
- Sound Signal: $460.00

**Total Current Cost:**
- $61,180.00

**Prepared By:**
- [Name]

**Date Prepared:**
- 12/11/2016

**841576**

**CG ANT BUFFALO**

**WILSON HARBOR PIERHEAD LIGHT**

**2/16/2016**
Plant Replacement Values (PRV)

► Selected Inputs
► Category Code (e.g. Building and Structure Type; not Land)
► Replacement Cost Factor – per unit of measure (e.g. $/sq. foot)
► Size – unit of measure

► Other Inputs
► Area Cost Factor; Historical Record Adjustment; Planning & Design Factor; Supervision; Inspection; and Overhead (SIOH); & Contingency

► Indexing
► Needs to be Indexed
► Land – Bureau of Labor Statistics provided Indexing Back to 1913; 2% used on average prior to 1913
► Buildings – Engineering News Record-Building Cost Index (ENR-BCI)
► Structure – Engineering News Record-Construction Cost Index (ENR-CCI)
► Can be Indexed Forward (Inflated) or Backward (Deflated)
Includes General Services Administration (GSA) Federal Real Property Council (FRPC) Data Requirements
Asset Valuation Template (AVT) – PRV Calculation

<table>
<thead>
<tr>
<th>Category Code</th>
<th>Replacement Cost Factor</th>
<th>Size</th>
<th>Area Cost Factor</th>
<th>Historical Record Adjustment</th>
<th>Planning &amp; Design Factor</th>
<th>SIOH</th>
<th>Contingency</th>
<th>PRV</th>
</tr>
</thead>
<tbody>
<tr>
<td>4421-00</td>
<td>$89.90</td>
<td>124068</td>
<td>0.96</td>
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<td>1.09</td>
<td>1.05</td>
<td>1.05</td>
<td>$12,953,331.81</td>
</tr>
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</table>

Reference:
DOD Pricing Guide - June 2011

DOD Pricing Guide - SAM PRV CHANGE REQUEST

Date: 7/2/2012
Requesting Unit: CG-85
RPUID: 62321

REASON FOR MANUAL CALCULATION:
CG-85 Real Property Asset Enrollment Effort
Budgetary Estimates

► Inputs
  ► Congressional Justification (CJ) – Program Pages
  ► Conference Reports
  ► Appropriation Acts, Digests, etc.
  ► Warrants from Treasury

► Uses
  ► Specific Identification (e.g. Hull #1, Aircraft#11, etc.)
  ► Per Asset (e.g. Boats #32 – 42, Tanks #1– 20, etc.)
  ► Program Level (e.g. Program Costs, Administrative Costs, etc.)
Completeness through Reconciliation
### Conference Reports – PPA Level

#### Acquisition, Construction and Improvements: Conference Agreement—Fiscal Year 1996

<table>
<thead>
<tr>
<th>Program Name</th>
<th>Fiscal Year 1995 Estimate</th>
<th>Fiscal Year 1995 House</th>
<th>Fiscal Year 1995 Senate</th>
<th>Conference Agreement</th>
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<tbody>
<tr>
<td>Vessels:</td>
<td></td>
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<tr>
<td>Surveying buoy tender (WLB) replacement</td>
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<td>65,000,000</td>
<td>65,000,000</td>
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<td>191,200,000</td>
<td>178,000,000</td>
<td>167,600,000</td>
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</table>
**Reason for Request and Physical Description of Existing Facility:**

This request is for replacement of the national fleet of polar icebreakers. For the near term, the six "WIND" Class ships will be replaced, and OSC GLACIER will remain operational. The six "WIND" ships were built from 1943 through 1947 and have been in continuous service since then in the harsh polar environment. They are overage and deteriorated. Even major reconstruction and rehabilitation will not assure safety and reliability past 1980. If the six ships are replaced with four at the rate of one a year beginning with this request, the last "WIND" will not be replaced until about 1979. Funding must begin in FY71.

Hull and machinery failures on the "WINDs" are limiting mission effectiveness. Recently, numerous missions have been aborted and others seriously hampered because of these failures. The most prominent was the failure of NORTHWIND to complete the escort of the supertanker MANHATTAN through the Northwest Passage.

**Deferral of construction will increase the cost of the replacement program and will further reduce reliability and capability of our polar operations. Cancellation of the replacement program will cause the loss of the national surface capability in polar seas after about 1975 to 1980.**

**Cost Estimate of Work:**

- **Construct one polar icebreaker:** $55,000,000
CJ – Per Asset

Department of Transportation, U.S. Coast Guard

FASAB SFFAS #50 Task Force
CJ – Program Level

<table>
<thead>
<tr>
<th>Year</th>
<th>Measure Description</th>
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<td>Project Operations Including Training, Travel and General Administration</td>
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<td>Lead Ship Unique ILS and Training</td>
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<td>Ice Strengthening</td>
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<td>Spare Parts</td>
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<td></td>
<td>Logistics and Facilities Costs</td>
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Third-Party Appraisal

- Approaches
  - Cost approach
  - Market approach
  - Income approach
  - Value-in Use
- Uses
  - Class-wide
  - Model-wide
  - Modification-wide
  - Others
## Alternate Date-in-Service (DIS) Methodologies

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<th>Alternate DIS Phases</th>
<th>Personal Property</th>
<th>Real Property</th>
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<td></td>
<td>Vessels</td>
<td>Boats</td>
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<td>Obtain Ship’s Plaques</td>
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<tr>
<td>Analyze Hull Identification Number</td>
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<tr>
<td>Analyze Vehicle Identification Number</td>
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<tr>
<td>Analyze Aircraft Plates</td>
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<tr>
<td>Maintenance and Logistics</td>
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<tr>
<td>Documentation</td>
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<tr>
<td>Midpoint of Model Year</td>
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<tr>
<td>Midpoint of DIS for Adjacent Assets</td>
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<td>4</td>
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<td>Midpoint of Final Year of Funding</td>
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<td>Tax Assessor</td>
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<td>Dedication Plaque</td>
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<td>Cornerstone</td>
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<td>Construction or Build Date in IATONIS or HMIS</td>
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<td>Earliest Site Plot or Asset Drawing</td>
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<td>Earliest Maintenance Record of Asset</td>
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<td>Delivery Date within Contracts, PO’s, MIPK’s and PR’s</td>
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<td>Other Third-Party</td>
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## Alternate DIS Methodologies Impact

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<th>Count</th>
<th>Average Acquisition Cost</th>
<th>Total Acquisition Cost</th>
<th>Total Accumulated Depreciation</th>
<th>Total Net Book Value</th>
<th>% of Total Count</th>
<th>% of Total Total Net Book Value</th>
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<td>Third-Party Appraisal</td>
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<td>$8,702,472</td>
<td>$4,969,111,683</td>
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<td>4</td>
<td>Budgetary Estimate</td>
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<tr>
<td>SFFAS 6</td>
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<td>3395</td>
<td>$446,956</td>
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DIS Methodology Examples

► Midpoint
► SFFAS 6: Historical
► Then SFFAS 35: Alternate Valuation, Now SFFAS 50: Deemed Cost
  ► Ship’s Plaque – Vessels – Priority: 1
  ► Dedication Plaque – All RP – Priority: 2
  ► Cornerstone – All RP – Priority: 3
  ► Earliest Site Plot or Asset Drawing – All RP – Priority: 5(a)
  ► Earliest Maintenance Record – All RP – Priority: 5(b)
  ► Other Third-Party – Both PP & RP – Priorities: Various (4-7)
## Midpoint

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<th>Second Date</th>
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<td>7/2/1943</td>
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FASAB SFFAS #50 Task Force
Historical

DIS: 9/17/1954 D1
Historical DIS

Attached to the Record in Sustainment
FILENAME:
Vesting Title and Description.pdf
Ship’s Plaque

PLANKOWNERS
USCGC ORCAS (WPB 1327)

COMMISSIONED (SPECIAL): 20 JANUARY 1989
COMMISSIONED (ACTIVE): 14 APRIL 1989

COMMANDING OFFICER
LT NORMAN (BUDDY) L. CUSTARD JR.

EXECUTIVE OFFICER
LT JG DEAN C. BRUCKNER

ENGINEERING OFFICER
MACDONALD R. TUCKER

FIRST LIEUTENANT
BM1 JOSEPH J. DONALDSON

DECK OFFICER
BM2 JAMES A. BANKS

OPERATIONS OFFICER
CM1 MICHAEL H. JOHNSON

ENGINEERING DEPARTMENT
EM2 STEVEN Z. SWITZER
MM2 TOD L. SEITZ
MM3 CHRISTOPHER N. COLE
FN ROBERT A. THORSTEN

SCHIFF 508
BLOHM & VÖSS
HAMBURG

1936

U.S. COAST GUARD CUTTER
HATCHET
INLAND CONSTRUCTION BUOY TENDER

BUILT BY DORCHESTER SHIPBUILDING CORP.
DORCHESTER, N. C.

KEEL LAID
11 OCT 1968
LAUNCHED
11 MAR 1969
COMMISSIONED
11 JUN 1969

CGB 99009
BUILT BY
HALTER MARINE SERVICES INC.
NEW ORLEANS, LA.

LAUNCHED
FEBRUARY 1970

1529 CONTRACT TDC-15473-A, HULL NO. 218

FASAB SFFAS #50 Task Force
Dedication Plaque
Cornerstone
Earliest Site Plot or Asset Drawing
Earliest Maintenance Record

USCG Integrated ATONIS

Federal Aid Information Document Legacy AAPIS 5.5 Format

Aid Number: 20010514964 LLNR: 2405 Dist Rev Date: 1031/2012
Aid Name: Wilson Harbor Pierhead Light 2 Unit Rev Date: 11/05/2014

Seasonal: Hull: From: To: ID:

District Remarks:

Unit Remarks:
05 NOV 2014 CG ANT BUFFALO RFV PORTALLISON VRF: SERVICED I/A W/ATON SERVICING GUIDE "C" BATTERY #00-012588 025800 FOUND AT 14.2VDC LOAD TESTED TO 12 VDC. SOLAR PANEL TESTED AT 15.6VDC LOAD TEST SAT. REVIEWS DRP PART 1, NO CHANGES RECOMMENDED. VERIFIED L/L, CP, CHART, DOPS AND IATONIS.
31 OCT 2012 CG ANT BUFFALO RFV ATON DISCREPANCY. FOUND NWP. BATTERY WAS HEAVILY CORRODED ON THE POSITIVE TERMINAL. REPLACED BATTERY WITH BATTERY #00-012588 SERVICED I/A W/ATON SERVICING GUIDE "C" VERIFIED IATONIS.
10 JAN 2012 REVIEWED MTF. CHANGED INSPECTION INTERVAL TO 36 MONTHS.
22 APR 2011 CG ANT BUFFALO RFV SCHD ATON SERVICE. FWP, SERVICED I/A W/ATON SERVICING GUIDE "B". RECHARGED BATTERY #09-000774 WITH NEW BATTERY #09-012531. LWP.
24 SEP 2010 CG ANT BUFFALO RFV ATON DISCREPANCY. FOUND NWP. SERVICED I/A W/ATON SERVICING GUIDE "B". VLB-44 NOT WORKING PROPERLY. REPLACED VLB-44 AND BOTH DAYBOARDS. LWP.
08 JUN 2010 CG ANT BUFFALO RFV ATONORD FWP. COMPLETED ATONORD 09-10-034. REMOVED 300MM LIGHTING EQUIPMENT, BATTERY #09-000768 TO 01 35V SOLAR PANEL. REPLANCED WITH VLB LED LIGHT AND 01 10V SOLAR PANEL. NEXT VISIT REPLACE BOTH DAYBOARDS AND BRINGS 10V SOLAR PANEL BRACKET. LWP.
10 AUG 2008 CG ANT BUFFALO RFV SCHD ATON SERVICE. FWP IN 2ND POSITION, SERVICED I/A W/ATON SERVICING REPLACED 02 LAMPS AND DLC LWP
16 MAY 2006 CG ANT BUFFALO FWP REPLACED DLC 01 LAMP AND WIRE HARNESS, DAYBOARDS SAT LWP.
19 APR 2005 CG ANT BUFFALO FWP IN FIRST POSITION. REPLACED DLC AND 1 LAMP, RECHARGED OLD BATT #09-000496 AND 09-004962 WITH NEW BATT #09-000774 AND 09-000876 LWP.
28 MAR 2005 UNKNOWN UNIT DISC RESPONSE. FOUND I/A WATCHING PROPERLY IN THE SECOND POSITION. REPLACED DLC AND 2 LAMPS. LWP.
30 AUG 2004 UNKNOWN UNIT FWP, FOUND IN 1ST POSITION CHANGED DLC AND 01 LAMP, LWP.
22 JUN 2004 UNKNOWN UNIT
11 OCT 2002 UNKNOWN UNIT FWP, LWP.
Other Third-Party

Site: SPRUCE CAPE LORAN/NAVY SEALS
Name: BLDG-LORSTA EQUIPMENT
RPUID: 22243
DIS: 07/01/1951 - See mid-line calculator attached.
Filename: Obtained from Loran-History.info site

LORAN STATION SPRUCE CAPE
57°49'23.76"N 152°17'42.27"W (1960 Mercury Datum)

Site Survey: May 25 – June 4, 1950

Construction Date: 1951

Established:
Disestablished: JAN 1980

Operated by: USCG

Chain: GULF OF ALASKA

Station Letter designation: 1L7, “K”

Station code name:

Station Unit Number:

Radio Call Sign:

Station aka:

On-air testing date: MAR 1952

Operational date: 11 MAR 1952
More Lessons Learned

► **Document Retention** – without the documentation, the values do not matter (i.e. we do not have documentation for the values that exist now)

► Asset Balances + **Journal Vouchers (JVs) and Other Adjustments** = Line Item Balances

► **Leverage pre-existing** operational, logistics, and engineering **data and reports** (e.g. facilities data / FRPC for existence and valuation, NIIN’s for different versions of same asset, etc.)
Most Important Lessons Learned

► The CFO Act was from 1990
► It is Fiscal Year 2017
► The “low hanging fruit” has been plucked.
► The “quick wins” have been won.
► The path that remains includes nothing but consistent, sustained, prioritized hard work that is based on meeting the five management assertions at the individual asset level and retaining relevant documentation for auditor sampling.
Questions???

OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Summary

KPMG expressed an unmodified opinion on the Department’s balance sheet as of September 30, 2013, and the related statements of net cost, changes in net position, and custodial activity, and combined statement of budgetary resources for the year then ended (referred to as the “FY 2013 financial statements”). However, KPMG identified eight significant deficiencies in internal control, of which four are considered material weaknesses. Consequently, KPMG issued an adverse opinion on DHS’ internal control over financial reporting as of September 30, 2013.

Unmodified Opinion on the Financial Statements is Only the Beginning