
Technical Release 14: Implementation Guidance on the Accounting for the Disposal of General Property, Plant, and Equipment

Status

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Interpretations and Technical Releases	None.
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Affected by	None.

Summary

This technical release addresses implementation guidance that further clarifies existing SFFAS 6 requirements for the disposal, retirement, or removal from service of general property, plant, and equipment as well as related cleanup costs. The implementation guidance should help differentiate between permanent and other than permanent removal from service of G-PP&E assets. The implementation guidance also recognizes the many complexities involved in the disposal of G-PP&E, as well as delineates events that trigger discontinuation of depreciation and removal of G-PP&E from accounting records.

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Introduction

Purpose

1. Statement of Federal Financial Accounting Standards (SFFAS) 6, *Accounting for Property, Plant, and Equipment*, (paragraphs 38 and 39) outlines the requirements for the disposal, retirement, or removal from service of general property, plant, and equipment (G-PP&E). SFFAS 6 (paragraphs 97 and 98) outlines the requirements for recognition and measurement of disposal related cleanup costs. The Accounting and Auditing Policy Committee (AAPC) G-PP&E Disposal subgroup requested implementation guidance to clarify these requirements. Many question whether the existing guidance applies solely to permanent removal from service of G-PP&E assets. For example, SFFAS 6 does not provide guidance regarding G-PP&E returned to service because removal was not permanent, such as whether the valuation should be restored to acquisition cost or remain at net realizable value. Uncertainty regarding the application of SFFAS 6 provisions to G-PP&E not permanently removed from service as well as uncertainty in determining when removal is permanent contributes to inconsistencies in interpretation and implementation of the standards.
2. Implementation guidance is needed to recognize the many complexities involved in disposal of G-PP&E and should identify events that trigger discontinuation of depreciation and removal of G-PP&E from accounting records. The purpose of this technical release is to provide implementation guidance that further clarifies the requirements stated in the above noted SFFAS 6 paragraphs.

Scope

3. Readers of this technical release should first refer to the hierarchy of accounting standards in SFFAS 34, *The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board*. This technical release supplements the relevant accounting standards, but is not a substitute for and does not take precedence over the standards. This technical release clarifies, but does not change, guidance previously provided in SFFAS 6.

Effective Date

4. This technical release is effective upon issuance.

Technical Guidance

SFFAS 6: Disposal of G-PP&E

5. In accordance with SFFAS 6 paragraph 38, “in the period of disposal, retirement, or removal from service, general PP&E shall be removed from the asset accounts along with associated accumulated depreciation/amortization.”

Further, paragraph 39 (**bold added**)¹ states that:

General PP&E shall be removed from general PP&E accounts along with associated accumulated depreciation/amortization, if prior to disposal, retirement or removal from service, it no longer provides service in the operations of the entity. This either could be because it has suffered damage, becomes **obsolete** in advance of expectations, or is identified as **excess**. It shall be recorded in an appropriate asset account at its expected **net realizable value**. Any difference in the book value of the PP&E and its expected net realizable value shall be recognized as a gain or a loss in the period of adjustment. The expected net realizable value shall be adjusted at the end of each accounting period and any further adjustments in value recognized as a gain or a loss. However, no additional depreciation/amortization shall be taken once such assets are removed from general PP&E in anticipation of disposal, retirement, or removal from service.

SFFAS 6: Recognition of Cleanup Costs Associated with Disposal of G-PP&E

6. Additionally, SFFAS 6 provides requirements for recognition and measurement of disposal related cleanup costs. In accordance with paragraphs 97 and 98:

A portion of estimated total cleanup costs shall be recognized as expense during each period that general PP&E is in operation. This shall be accomplished in a systematic and rational manner based on use of the physical capacity of the associated PP&E (e.g., expected usable landfill area) whenever possible. If physical capacity is not applicable or estimable, the estimated useful life of the associated PP&E may serve as

¹ Terms defined in the Glossary are shown in bold-face type the first time they appear.

the basis for systematic and rational recognition of expense and accumulation of the liability.

Recognition of the expense and accumulation of the liability shall begin on the date that the PP&E is placed into service, continue in each period that operation continues, and be completed when the PP&E ceases operation.

Other than Permanent vs. Permanent Removal from Service

7. The following section provides further clarification and guidance to the requirements stated in SFFAS 6, paragraphs 38, 39, 97, and 98 as those paragraphs relate to “removal from service.” The terms “disposal” and “retirement” are used in the above referenced SFFAS 6 paragraphs and are intended to describe G-PP&E disposals that are permanent in nature. However, “removal from service” may or may not be permanent. The paragraph below defines the term “removal from service”, as referenced in SFFAS 6, and further discusses the differences between other than permanent and permanent removal from service.
8. “Removal from service”² is defined as an event that terminates the use of a G-PP&E asset (e.g., shut down of a facility). Removal from service may occur because of a change in the manner or duration of use, change in technology or obsolescence, damage by natural disaster, or identified as excess to entity’s mission needs. The removal from service should be considered other than permanent, unless there is evidence of management’s documented decision to permanently remove the asset from service and the asset’s use is terminated.³ Permanent removal from service is evident from management’s documented decision to dispose of an asset by selling, scrapping, recycling, donating or demolishing the asset. An entity’s policies and procedures should require that documentation exists of management’s decision to permanently remove an asset from service.
9. Management’s decision to remove from service is evidenced by the actions taken to commence the retirement and/or disposal process in accordance with the entity’s policies and procedures. Other than permanent removal from service is evidenced by activities such as continuing low-level maintenance to sustain the asset in a recoverable status or until reutilization efforts are exhausted. For example, processing an aircraft or idling a

² The term “removal from service” does not include the “out grant” of an asset. “Out grant” is defined as interest or right granted to another entity to use government property by a lease, easement, license, or permit. Therefore, “removal from service” as defined in this document does not apply to out granted assets, because the government retains its ownership in the property and only the use of the property is given to the entity using the out granted asset.

³ The agency’s management may elect to identify and/or classify the operational status of assets to include those other than permanently removed from service in the property accountability system.

facility in such a way as to retain the potential for its future operability would be persuasive evidence of intent to preserve an option to return the asset to service if warranted by evolving mission requirements.

10. Two business events are necessary for the permanent removal from service:
 1. Asset's use is terminated, and
 2. There is documented evidence of management's decision to permanently remove the asset from service.

If only one of the two business events has occurred, permanent removal from service has not occurred (i.e., considered other than permanent removal) and there is no change in the G-PP&E reported value and depreciation continues.

Likewise, in the case of G-PP&E cleanup costs, if only one of the two business events has occurred, permanent removal from service has not occurred (i.e., considered other than permanent removal) and, any cleanup costs associated with disposal, closure, and/or shutdown should continue to accumulate as a liability in accordance with SFFAS 6, paragraphs 97 and 98.

Financial Accounting Transactions

11. The following section describes the financial accounting transactions that result from permanent removal, retirement, and/or disposal of G-PP&E. No disposal related entries are recognized prior to permanent removal from service.
12. G-PP&E Acquisition Cost & Depreciation at Permanent Removal - When the entity's management decides to permanently remove, retire, and/or dispose of an asset from service and the asset's use is terminated, the asset's acquisition cost and associated accumulated depreciation are removed from the G-PP&E account and the asset is recorded at its net realizable value with an offsetting entry to gain or loss.⁴ Upon completion of the disposal of the asset, the entity should write off the asset from its financial records. Any difference between the expected net realizable value of the G-PP&E previously recorded and the actual disposition amount should be recognized as a gain or loss.

⁴ Refer to Appendix B: Table 1: Scenarios I & II, Step 2 for account transactions.

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13. Spare Parts and Subcomponents - If during the permanent removal process, the asset 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 assets in accordance with SFFAS 6 or SFFAS 3, *Accounting for Inventory and Related Property*.
 14. G-PP&E Acquisition Cost & Depreciation at Other than Permanent Removal - If the asset's normal use is terminated but management has not decided to permanently remove the asset from service, the asset's removal is considered other than permanent. In this case, there is no change in the G-PP&E reported value and depreciation continues.⁵ Likewise, if the asset is still in use even though management has decided to permanently remove, retire and/or dispose of the asset, the permanent removal from service has not occurred. There is also no change in the G-PP&E reported value and depreciation continues.⁶
 15. G-PP&E Cleanup Costs⁷ - For assets permanently removed from service, the cleanup cost liability associated with the disposal, closure, and/or shutdown of the G-PP&E should be recognized in full. If removal from service is considered other than permanent, the liability and associated clean up cost expense shall continue to accumulate.⁸
 16. G-PP&E Disposal When Group or Composite Depreciation is Used - G-PP&E subject to a group or composite method of depreciation should only apply the accounting transactions outlined in paragraph 12 when the entire group has been permanently removed from service (e.g., as if the entire group were one asset). Under the group or composite depreciation methods, no gain or loss is recognized on the sale of an asset within the group prior to removal of all assets in the group. The pro rata share of the total original group cost may be used to determine the cost of an asset within the group.
 17. Table 1 in Appendix B illustrates two different scenarios, associated business events, and derived financial transactions to assist in interpretation and application of the guidance described in paragraphs - 11-15.

The provisions of this Technical Release need not be applied to immaterial items.

⁵ Refer to Appendix B: Table 1, Scenario I, Step 1.

⁶ Refer to Appendix B: Table 1, Scenario II, Step 1.

⁷ SFFAS 6, paragraph 85: Cleanup costs are the costs of removing, containing, and/or disposing of (1) hazardous waste from property, or (2) material and/or property that consists of hazardous waste at permanent or temporary closure or shutdown of associated PP&E.

⁸ Regardless of when cleanup is executed, at temporary or permanent shut down, as cleanup costs are paid, payments shall be recognized as a reduction in the liability for cleanup costs. (SFFAS 6, paragraph 100)

Appendix A: Basis for Conclusions

- A1. In January 2008, the Accounting and Audit Policy Committee established the General Property, Plant, & Equipment (G-PP&E) task force to assist in developing implementation guidance for federal G-PP&E as it relates to SFFAS 6, **Accounting for Property, Plant, and Equipment, SFFAS 23, Eliminating the Category National Defense Property Plant, & Equipment, and other related G-PP&E Guidance developed by the FASAB**. The task force included federal agency representatives who were experiencing G-PP&E implementation issues and those who have G-PP&E implementation best practices to share with the federal community.
- A2. The G-PP&E task force was divided into four subgroups that addressed a set of related issues. The subgroups met separately on a regular basis to discuss their set of issues and reported back to the full task force on its progress towards the development of implementation guidance. The four original subgroups were:
- G-PP&E Acquisition
 - G-PP&E Use
 - G-PP&E Disposal
 - G-PP&E Records Retention

A fifth subgroup (G-PP&E Cost Accounting Issues) was added recently to address the complexities of allocating programmatic, managerial, and administrative costs to G-PP&E.

- A3. This guidance was developed by the Disposal subgroup. The subgroup included members from the following federal agencies:
- Department of Defense
 - Department of Energy
 - Department of the Interior
 - Government Accountability Office
 - General Services Administration
 - National Aeronautics and Space Administration

The subgroup included accountants, program managers, and functional PP&E experts. The program managers gave the subgroup the perspective of how the standards come into play on a day-to-day basis.

- A4. The scope of the implementation guidance is to address G-PP&E disposal as it applies to SFFAS 6. The guide focuses on when G-PP&E is disposed, retired, or removed from service.

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- A5. This implementation guide provides steps that can be followed to help federal entities consistently apply existing standards in providing consistent and comparable information.
- A6. In reaching its conclusions, the subgroup deemed significant the unanimous agreement of its members that SFFAS 6 as currently written applies only to permanent removal from service of G-PP&E assets. Because some G-PP&E is removed from service in other than a permanent manner there are inconsistencies in interpretation and implementation of the guidance. The subgroup members presented numerous compelling examples of misinterpretation, confusion, and inefficient implementation. The subgroup was convinced that guidance is needed to clarify when G-PP&E has been removed from service as envisioned in SFFAS 6.
- A7. Additionally, subgroup members universally felt strongly that the implementation guidance should consider the cost vs. benefits of the many complexities involved in G-PP&E disposal, retirement, or removal from service and recognize the potential for reversing disposal decisions as mission requirements change. Therefore, the subgroup members decided to focus on permanent removal from service and ultimately continuing to depreciate and report assets as GPP&E that are other than permanently removed from service. The following reasons were discussed:
- a. Depreciation is a method of allocating the cost of the asset to those periods expected to benefit from use of the asset. When assets are other than permanently removed from service, there is a great possibility of returning the assets to service; therefore management continues to maintain the assets in a mission ready status and the assets are available for use. Given this, the entity should continue depreciating its assets.
 - b. The subgroup members determined that the complexity and cost of continually suspending and reinstating depreciation for assets other than permanently removed from service outweighs the benefits. Further, SFFAS 6 does not provide guidance for the recognition of assets returned to service following other than permanent removal.
 - c. Current guidance requires depreciation to be captured until the asset is either fully depreciated or permanently removed from service. In the cases where an entity depreciates its G-PP&E based on actual usage or production, the depreciation expense for the entity would stop when the asset is not in use. For example, an agency can decide to use a depreciation method, such as flying hours, that would account for an asset's 'lack of activity.'
 - d. Changes in value or useful lives of assets remaining in service regardless of the reason (e.g. impairment) are outside of the scope of this document.

A8. The benefits of this guidance are: (1) it facilitates comparable implementation of federal accounting standards; and (2) it supports federal financial reporting objectives including the assessment of the performance of agencies in managing the cost and disposition of federal assets.

A9. As part of the implementation of this guide, the federal agencies may incur additional costs to: (1) review and adjust the expected net realizable value at the end of each accounting period and any further adjustments in value recognized as a gain or a loss; (2) periodically review the status of those assets in the other than permanently removed from service group, but not all PP&E, to determine if any changes in status or actions would trigger a change in G-PP&E recognition; and (3) demonstrate and support management's intent to retain an asset for future use or permanently dispose of the asset and any associated financial transactions, when applicable.

A10. The guidance defines “removal from service” as an event that terminates the use of a G-PP&E asset (e.g., shut down of a facility). Management’s decision to remove from service is evidenced by the actions taken in accordance with the entity’s policies and procedures to commence the retirement and/or disposal process. Permanent removal from service is evident from management’s documented decision to dispose of an asset by selling (including selling the asset to another entity for use as its original intended purpose), scrapping, recycling, donating or demolishing the asset. Removal from service may occur because of a change in the manner or duration of use, change in technology or obsolescence, damage by natural disaster, or identified as excess to entity’s mission needs.

A11. The exposure draft, *Implementation Guidance on the Accounting for the Disposal of General Property, Plant, & Equipment*, was issued December 10, 2010, with comments requested by February 11, 2011. Upon release of the exposure draft, notices and press releases were provided to The Federal Register, *FASAB News*, *The Journal of Accountancy*, *AGA Today*, *the CPA Journal*, *Government Executive*, *the CPA Letter*, and *Government Accounting and Auditing Update*, The CFO Council, the Council of Inspectors General on Integrity and Efficiency, and the Financial Statement Audit Network, and, committees of professional associations generally commenting on exposure drafts in the past.

A12. Eighteen letters were received from the following sources:

	FEDERAL (Internal)	NON-FEDERAL (External)
Users, academics, others		3
Auditors	3	2
Preparers and financial managers	10	

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- A13. Respondents were predominantly supportive of the implementation guidance. Some respondents provided editorial suggestions and many were adopted. One respondent expressed the view that introduction of two key terms – temporary and permanent removal from service – which bifurcate the principles established in SFFAS 6 is inappropriate in a technical release. The AAPC believes SFFAS 6 addresses only permanent removal from service. To avoid introducing the new phrase “temporary removal from service” the guidance proposed in the exposure draft was revised to “other than permanently removed from service.”
- A14. The Technical Release was approved by the AAPC for release to the FASAB for issuance. The Board has reviewed this Technical Release and a majority of its members do not object to its issuance.

Appendix B: Illustrations

Table 1: Disposal, Retirement, Removal Business Events & Financial Accounting Transactions

Table 1 below illustrates two different scenarios, associated business events, and derived financial accounting transactions to assist in interpretation and application of the guidance described in paragraphs 11-15. Further, it demonstrates that both business events (steps 1 and 2) must be in place to trigger a disposal financial transaction in accordance with SFFAS 6. These illustrative financial transactions are considered non-authoritative guidance and are presented to show how the standards may be applied but are not standards themselves. These illustrations are general in nature and may not apply to specific cases that appear similar but have unique circumstances.

Scenarios for SFFAS 6	Business Event	Financial Event	Proprietary Disposal Financial Accounting Transaction For Illustrative Purposes Only ⁹
<p>SCENERIO I:</p> <p>Step 1. Asset's use is FIRST terminated.</p>	<p>Step 1:</p> <p>Asset's use is terminated and removed from service (e.g., asset is vacated, abandoned, or deactivated). At this point the removal from service (<i>termination of use</i>) is deemed other than permanent until management documents that it has decided to permanently retire/dispose of the asset (shown in step 2).</p>	<p>Step 1:</p> <p>No change in the financial status. Continue to carry book value in G-PP&E account and depreciate</p>	<p>None</p>

Scenarios for SFFAS 6	Business Event	Financial Event	Proprietary Disposal Financial Accounting Transaction For Illustrative Purposes Only ⁹
<p>Step 2. LATER management decides to permanently retire and/or dispose of the asset.</p>	<p>Step 2: Management decides to permanently retire and/or dispose of the asset and documents its decision.</p>	<p>Step 2: Reclassify and remove G-PP&E and associated accumulated depreciation from the G-PP&E account. Record asset at the net realizable value. Any difference between the book value of the G-PP&E and the expected net realizable value should be recognized as a gain or a loss. Recognize any unallocated/unamortized portion of the total estimated cleanup costs.</p>	<p>Debit GPP&E Permanently Removed but not yet Disposed</p> <p>Debit Accumulated Depreciation on Improvements to Land</p> <p>Debit Accumulated Depreciation on Buildings, Improvements, and Renovations</p> <p>Debit Accumulated Depreciation on Other Structures and Facilities</p> <p>Debit Accumulated Depreciation on Equipment</p> <p>Debit Accumulated Depreciation on Assets Under Capital Lease</p> <p>Debit Accumulated Amortization on Leasehold Improvements</p> <p>Debit Losses</p> <p style="padding-left: 40px;">Credit Gains</p> <p style="padding-left: 40px;">Credit Land and Land Rights</p> <p style="padding-left: 40px;">Credit Improvements to Land</p> <p style="padding-left: 40px;">Credit Buildings, Improvements, and Renovations</p> <p style="padding-left: 40px;">Credit Other Structures and Facilities</p> <p style="padding-left: 40px;">Credit Equipment</p> <p style="padding-left: 40px;">Credit Assets Under Capital Lease</p>

Scenarios for SFFAS 6	Business Event	Financial Event	Proprietary Disposal Financial Accounting Transaction For Illustrative Purposes Only ⁹
			Credit Leasehold Improvements Debit Future Funded Expenses Credit Estimated Cleanup Cost Liability
	Step 3: Disposition is completed. The title and/or any legal interest in the asset has been transferred and/or ceased. (e.g., transfer/sale document or title has been signed and executed by the appropriate authority)	Step 3: Write off the asset from financial records and statements. Any difference between the expected net realizable value of the G-PP&E previously recorded and the actual disposition amount should be recognized as a gain or loss.	Debit Fund Balance With Treasury Debit Accounts Receivable Debit Losses on Disposition of Assets Credit GPP&E Permanently Removed but not yet Disposed Credit Gains on Disposition of Assets
SCENARIO II: Step 1. FIRST management decides to permanently retire and/or dispose of the asset while the entity continues to use/operate the asset.	Step 1: Management decides to permanently retire and/or dispose of the asset and documents its decision. At this point, the entity continues to use the asset.	Step 1: No change in the financial status. Continue to carry book value in G-PP&E account and depreciate	None

Scenarios for SFFAS 6	Business Event	Financial Event	Proprietary Disposal Financial Accounting Transaction For Illustrative Purposes Only ⁹
<p>Step 2. LATER the decision is made to terminate the asset's use/operation.</p>	<p>Step 2: Asset's use is terminated and removed from service (e.g., asset is vacated, abandoned, or deactivated).</p>	<p>Step 2: Reclassify and remove G-PP&E and associated accumulated depreciation from the G-PP&E account. Record asset at the net realizable value. Any difference between the book value of the G-PP&E and the expected net realizable value should be recognized as a gain or a loss Recognize any unallocated/unamortized portion of the total estimated cleanup costs.</p>	<p>Debit GPP&E Permanently Removed but not yet Disposed Debit Accumulated Depreciation on Improvements to Land Debit Accumulated Depreciation on Buildings, Improvements, and Renovations Debit Accumulated Depreciation on Other Structures and Facilities Debit Accumulated Depreciation on Equipment Debit Accumulated Depreciation on Assets Under Capital Lease Debit Accumulated Amortization on Leasehold Improvements Debit Losses Credit Gains Credit Land and Land Rights Credit Improvements to Land Credit Buildings, Improvements, and Renovations Credit Other Structures and Facilities Credit Equipment Credit Assets Under Capital Lease</p>

Scenarios for SFFAS 6	Business Event	Financial Event	Proprietary Disposal Financial Accounting Transaction For Illustrative Purposes Only ⁹
			Credit Leasehold Improvements Debit Future Funded Expenses Credit Estimated Cleanup Cost Liability
	Step 3: Disposition is completed. The title and/or any legal interest in the asset has been transferred and/or ceased. (e.g., transfer/sale document or title has been signed and executed by the appropriate authority)	Step 3: Write off the asset from financial records and statements. Any difference between the expected net realizable value of the G-PP&E previously recorded and the actual disposition amount should be recognized as a gain or loss.	Debit Fund Balance With Treasury Debit Accounts Receivable Debit Losses on Disposition of Assets Credit GPP&E Permanently Removed but not yet Disposed Credit Gains on Disposition of Assets

⁹Any combination of these accounts could be recorded depending on the specifics of the individual transactions. For further guidance on account transactions, numbers and definitions, please refer to USSGL Treasury Financial Manual (TFM) at http://www.fms.treas.gov/ussgl/fm_releases/09-02/2010/part2_current.html.

Example of Practice

- B1. The example of practice shown in the following table is for illustrative purposes only. The explanations and illustrations are presented to show how the standards may be applied but are not standards themselves. These illustrations are general in nature and may not apply to specific cases that appear similar but have unique circumstances.
- B2. The table illustrates a federal entity’s various actions that may be considered as evidence of its management’s decision to either permanently remove, retire, and/or dispose of the asset or to retain the asset for future use (i.e., other than permanent removal from service).
- B3. A federal entity would normally categorize assets that have been removed from service (i.e., use has been terminated) into one of the following three categories:

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- retain asset for future use,
 - set aside for future disposal, or
 - imminent planned disposal.

B4. A federal entity would normally account for its G-PP&E in accordance with SFFAS 6 as well as the requirements for each category as established by the entity's policies and procedures. The following table outlines the processes the entity may undertake when preparing its G-PP&E for assignment to each of the categories. The actions outlined for categories 2 and 3 may be used as evidence of management's decision to permanently remove the asset from service, terminate its use and dispose of the asset. Once management's decision is identified, using scenarios in Table 1, the relevant financial accounting transactions can be determined and recorded.

Table 2: Illustrations of Management’s Actions Demonstrating Decision for Other than Permanent or Permanent Removal/Retirement/Disposal When the G-PP&E is Not in Use

Actions Demonstrating Management’s Decision	Category 1	Category 2	Category 3
	Other than Permanent	Permanent	
	Retain for Future Use G-PP&E is not in use	Set Aside for Future Disposal G-PP&E is not in use	Imminent Planned Disposal G-PP&E is not in use
Management			
Declare and report as “Vacant”	X	X	X
Declare and report as “Excess”		X	X
Expend maintenance, sustainment, and repair funds as needed to maintain a watertight asset	X	X	X
Conduct assessment to identify environmental issues		X	X
Complete required disposal documentation		X	X
Maintenance			
Maintain utilities in acceptable condition (i.e., fully functioning)	X		
Winterize plumbing (if required by local weather conditions)	X		
Conduct sufficient grounds maintenance to preclude unsightliness	X	X	X
Maintain security to prevent vandalism and unauthorized use	X	X	X
Retain equipment and spare parts ¹⁰ on asset	X		
Install equipment and conduct maintenance procedures required to preserve interior space	X		
Decommissioning			
Clean	X	X	
Dispose of excess personal property	X	X	X

Actions Demonstrating Management's Decision	Category 1	Category 2	Category 3
	Other than Permanent	Permanent	
	Retain for Future Use G-PP&E is not in use	Set Aside for Future Disposal G-PP&E is not in use	Imminent Planned Disposal G-PP&E is not in use
Turn off air conditioning		X	X
Maintain heat to prevent frozen pipes	X		
Disconnect utilities but maintain supply		X	X
Drain water		X	X
Disconnect utilities and remove supply		X	X
Remove air conditioning/heating units/plumbing fixtures for future use or disposal		X	X
Strip asset of attached equipment and spare parts for use on other assets		X	X
Remove all other fixtures and sell if salvageable		X	X
Dismantle asset		X	X
Remove contaminants if identified by environmental assessment.		X	X

¹⁰Examples of spare parts may include mechanical & electrical repair parts, electronic spares, maintenance assistance modules, and ready service spares.

Appendix C: Abbreviations

AAPC	Accounting and Auditing Policy Committee
FASAB	Federal Accounting Standards Advisory Board
G-PP&E	General Property, Plant, and Equipment
SFFAS	Statement of Federal Financial Accounting Standards
TR	Technical Release

Appendix D: Glossary

Term	Definition
Excess ¹¹	The term "excess property" means property under the control of a federal agency that the head of the agency determines is not required to meet the agency's needs or responsibilities
Net Realizable Value ¹²	The estimated amount that can be recovered from selling, or any other method of disposing of an item less estimated costs of completion, holding and disposal.
Obsolete ¹³	PP&E no longer needed due to changes in technology, laws, customs, or operations.

¹¹40 USC Section 102

¹²FASAB Consolidated Glossary: http://www.fasab.gov/pdffiles/codification_report2008.pdf

¹³Derived from FASAB's definition for "Obsolete Inventory." See SFFAS 3, *Accounting for Inventory and Related Property*, par 29.