



Approved for Release  
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Date

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

OFFICE OF CHIEF ADMINISTRATION OFFICER  
REAL PROPERTY, FACILITIES AND LOGISTICS OFFICE  
LOGISTICS OPERATIONS DIVISION  
PERSONAL PROPERTY MANAGEMENT BRANCH

PROPERTY BULLETIN #005, FY 2012

**SUBJECT:** Guidance for Identifying and Recording the Acquisition Cost for Accountable and Capitalized Assets

**EFFECTIVE DATE:** January 30, 2012

**EXPIRATION DATE:** Effective until canceled or superseded

**SUPERSEDES:** None

**BACKGROUND:** The Acquisition Cost is a required field when entering accountable and capitalized assets in Sunflower. The accuracy of the acquisition cost is critical to financial reporting of capitalized assets and essential in properly classifying the capitalized assets. The NOAA Property Management Officer has determined that guidance should be provided for identifying the correct acquisition cost for both accountable and capitalized assets.

**PURPOSE:** The purpose of this bulletin is to provide guidance to the Line, Staff, and Corporate Offices (L/S/CO) on identifying and recording the correct acquisition cost when entering accountable and capitalized assets in Sunflower.

**PROCEDURES:** All property, plant, and equipment should be recorded at cost (i.e. acquisition cost). The acquisition cost should include all costs incurred to bring the accountable or capitalized assets to a form and location suitable for its intended use. In determining the acquisition cost, the L/S/CO should identify how the accountable or capitalized asset was acquired.

For construction-work-in-process (CWIP), or constructed assets, the L/S/CO should refer to the CWIP Policies and Procedures, section 6.0, *CWIP Costs*, to determine the acquisition cost.

For accountable and non-CWIP capitalized assets acquired through purchase, the acquisition cost may include:

- amounts paid to vendors (e.g. purchase price, sale taxes),
- transportation charges to the point of initial use (e.g. shipping costs),

- installation costs,
- handling and storage costs,
- engineering, architectural, and other outside services for designs, plans, specifications, and surveys,
- legal and recording fees and damage claims,
- fair value of equipment donated to the government, or
- material amounts of interest costs paid.

Examples of costs that should not be included in the acquisition cost of accountable and non-CWIP capitalized assets acquired through purchase are:

- Maintenance costs
- Warranty costs
- Service contract costs
- Training costs
- Administrative supplies

For accountable and non-CWIP capitalized assets acquired through a capital lease, the acquisition cost should be the lesser of the fair market value of the leased asset or the present value of the minimum lease payments.

For accountable and non-CWIP capitalized assets acquired through transfer from another federal agency, the acquisition cost should be the net book value recorded by the transferring entity. If the L/S/CO cannot reasonably ascertain those amounts, the acquisition cost should be the fair market value at the time of transfer.

For accountable and non-CWIP capitalized assets acquired through donation or devise<sup>1</sup>, the acquisition cost should be the estimated fair market value at the time acquired by NOAA.

For accountable and non-CWIP capitalized assets acquired through exchange between NOAA and a non-federal agency, the acquisition cost should be the fair market value for the asset surrendered at the time of exchange or the fair market value for the asset acquired depending on which asset's fair market value is more readily determinable. If the L/S/CO cannot reasonably ascertain those amounts, the acquisition cost should be the net book value for the asset surrendered with an increase or decrease of amount for cash received or paid, if applicable.

**REFERENCES:** SFFAS No. 6, *Accounting for Property, Plant, and Equipment*, Asset Recognition paragraph 26-33.

NOAA Personal Property Lease Handbook, [http://www.ago.noaa.gov/ago/acquisition/docs/personal\\_property\\_lease\\_handbook.pdf](http://www.ago.noaa.gov/ago/acquisition/docs/personal_property_lease_handbook.pdf)

CWIP Policies and Procures, Section 6.0 CWIP Costs, <http://www.corporateservices.noaa.gov/~finance/docs/CWIP%20Policy%20and%20Procedures.pdf>

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<sup>1</sup> Devise is a will or clause of will that transfers the property to NOAA.

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