

Reclamation Manual

Directives and Standards

TEMPORARY RELEASE

(Expires 02/22/2017)

Subject:	Use of the Federal Replacements Units, Service Lives, Factors (Replacement Book) When Determining Useful Life
Purpose:	Establishes the requirement to use the fiscal year (FY) 2016 beta version of the Replacement Book, pending the issuance of the final version, as the primary source for determining the useful life of a real property asset. The benefit of this Directive and Standard (D&S) is the Bureau of Reclamation-wide standardization of the useful lives of assets.
Authority:	Federal Accounting Standards Advisory Board (FASAB) Statement of Federal Financial Accounting Standards 6 , <i>Accounting for Property, Plant, and Equipment</i> .
Approving Official:	Director, Management Services Office
Contact:	Business Analysis Division, Compliance and Audit Team (84-27410)

1. Introduction.

- A. Reclamation and Western Area Power Administration (Western) periodically publish the Replacement Book, also known as the Blue Book. The Replacement Book contains information crucial to accounting for general property, plant and equipment (G-PP&E) such as the useful life of an asset, justification for the useful life, etc.
- B. In 2013, Reclamation; the U.S. Department of Army, Corps of Engineers; and the U.S. Department of Energy, Western and Bonneville Power Administration; began updating the Replacement Book. The update includes the expansion of the number of assets in the book and the justification/verification of the useful lives of the assets. Reclamation expects to publish the final version by December 2016.

2. **Applicability.** This D&S applies to all Reclamation staff involved in determining the useful life of an asset and/or calculating the depreciation on an asset.

3. Definitions.

- A. **Depreciation.** The systematic and rational allocation of the acquisition cost of an asset, less its estimated salvage or residual value, over its estimated useful life.
- B. **G-PP&E.** Any property, plant and equipment used in providing goods or services.
- C. **Useful Life.** Also known as service life. The useful life is the normal operating life of an asset in terms of utility to Reclamation.

4. **Responsibilities.** The regional finance office and/or the regional property office staff involved in determining the useful life of an asset are responsible for recording the proper

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useful life in the Financial and Business Management System (FBMS) and attaching the useful life determination documentation to the asset record in FBMS. The regional finance office is also responsible for using the correct useful life when manually calculating depreciation.

5. **Use of the Beta Version of the Replacement Book.** Per Reclamation Manual D&S, *Depreciation and Amortization* (FIN 07-23), the Replacement Book is the primary source for the determination of useful life of real property. Reclamation expects to publish the final version of the updated Replacement Book by December 2016. Until Reclamation publishes the final version, all Reclamation staff will use the useful lives and justifications in the FY 2016 beta version of the Replacement Book. The appendices to this temporary D&S are excerpts from the FY 2016 beta version. Because of the expertise involved in drafting the beta version, Reclamation does not foresee many changes to the useful live and justifications. If changes occur in the final version, the regional offices will not adjust any useful life based on the beta version of the Replacement Book.
6. **Documentation.** Documenting the source of useful life information is essential. When the Replacement Book is the source for determining useful life, the regional finance office or regional property staff will note the version of the Replacement Book used and attach the relevant page from the book to the asset record in FBMS.
7. **Effective Date.** Use of the beta version of the Replacement Book is effective upon issuance of this D&S until Reclamation publishes the final FY 2016 version at which time the final version of the Replacement Book must be used and this temporary D&S will be rescinded.

RECLAMATION MANUAL TRANSMITTAL SHEET

Effective Date: _____

Release No. _____

Ensure all employees needing this information are provided a copy of this release.

Reclamation Manual Release Number and Subject

Summary of Changes

NOTE: This Reclamation Manual release applies to all Reclamation employees. When an exclusive bargaining unit exists, changes to this release may be subject to the provisions of collective bargaining agreements.

Filing instructions

Remove Sheets

Insert Sheets

All Reclamation Manual releases are available at <http://www.usbr.gov/recman/>

Filed by: _____

Date: _____