

## Real Property Instruction

### **SPECIAL REPORTING INSTRUCTIONS FOR THIS QUARTER**

1. Data reported in the DCM is on a fiscal year to date basis; that is, from year end through the end of the current quarter.
2. For users who submitted data into the DCM during 4<sup>th</sup> quarter FY 2006, your beginning balances will be pre-populated in the DCM. All first time users will show a beginning balance of zero. If you have any discrepancies with your beginning balance, please contact FMO immediately.
3. Values entered should not be rounded. All amounts should be in dollars and cents.
4. Individuals submitting data via the DCM shall maintain supporting detailed files or records for audit trail purposes.

### **GUIDELINES FOR REPORTING REAL PROPERTY**

Real Property is categorized in four classes (1) Land, (2) Building, Structures and Utilities, (3) Leasehold Improvement and (4) Other. Please note that Navy and Marine Corps amounts **MUST** be reported separately.

The capitalization threshold has been revised from \$100,000 to \$20,000 for real property. The DON has not implemented the \$20,000 real property capitalization threshold yet pending an evaluation of real property systems, processes, and procedures that will have to be revised in order to implement the lowered threshold. The current \$100,000 capitalization threshold remains unchanged for the remaining General PP&E categories.

General PP&E assets are capitalized at historical acquisition cost plus capitalized improvements when an asset has a useful life of two or more years and the acquisition cost equals or exceeds DoD capitalization threshold of \$100,000. DoD also requires capitalization of improvement costs over DoD capitalization threshold of \$100,000 for General PP&E. The DON depreciates all General PP&E, other than land, on a straight-line basis. Land is not depreciated.

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DO NOT INCLUDE Heritage Assets, or Stewardship Land. However, the cost of acquiring, bettering, and reconstructing multi-use Heritage Assets should be capitalized as General PP&E. Continue to include AMMUNITION BUNKERS in the Real Property amounts reported.

The first tab (Gross Asset Value) relates to the GROSS value of Real Property. That is, report the values without regard to accumulated depreciation. Provide the valuation method used for each category of Real Property in the narrative tab.

The second tab (Depreciation) captures depreciation. In this tab you are required to disclose the depreciation/amortization method and service life.

### **Additional Guidance**

Refer to the following for additional guidance: SFFAS No. 1, "Accounting for Selected Assets and Liabilities;" SFFAS No. 3, "Accounting for Inventory and Related Property;" and SFFAS No. 6, "Accounting for Property, Plant, and Equipment". Also refer to the DoD Financial Management Regulation, Volume 6B, Chapter 10. The additional references mentioned above can be found on the FMO Headquarters website at <http://www.fmo.navy.mil/>

### **INSTRUCTIONS FOR COMPLETING THE NARRATIVE TAB**

In the Narrative tab, provide the following:

- (1) Information relative to the nature and extent of significant amounts of assets that are reported at zero or nominal value, and restrictions on the use or convertibility of Real Property.
- (2) The dollar value and explanation of assets (other than land and land rights) which were not being depreciated.
- (3) All variances must be explained regardless its percentage change.
- (4) Detail explanation of any prior period adjustments reported in the schedules.
- (5) Other relevant information necessary for understanding Real Property balances.