



Implementing the New Accounting and Reporting Requirements for Military Equipment (SFFAS 23)

New Federal Accounting Standard for Military Equipment Requires DoD Policy Changes

- **Accounting Policies and Business Rules**
- **Army Military Equipment Valuation Status**
- **Military Equipment Valuation Process and Systems Evaluation**

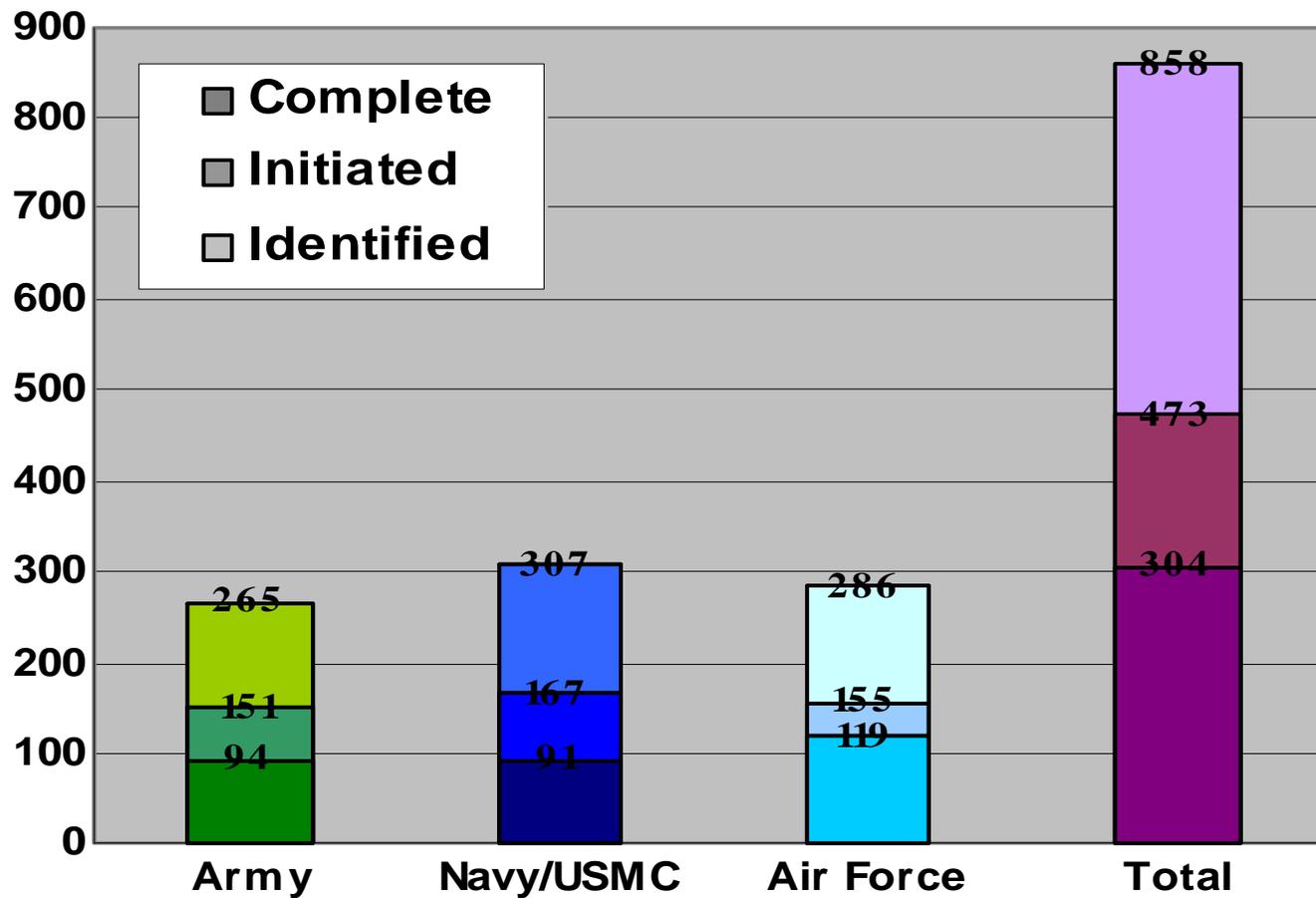
New Federal Accounting Standard for Military Equipment Requires DoD Policy Changes

- **Componentization**
- **Contract Closeout**
- **RDT&E**
- **Modifications and Upgrades**
- **Full Cost**
- **Work In Process**
- **Asset Classification**
- **Useful Life**
- **Cleanup Costs**
- **Reporting Entity**

Audit Community generally agrees with rules as drafted. Remaining concerns relate to: Componentization (GAO wants it to be expressly allowable), Asset Classification (Some in the IG believe that ratable spares should be reported as Equipment), and Capitalization Threshold (GAO believes that the \$100K threshold may be too high.)

Current Status of Military Equipment Valuations (August 2004)

Programs Complete and Initiated Compared to Programs Identified



Specific Army Valuations

6	ME Value	Accum Depreciation	NBV	WIP
PEO Air, Space, and Missile Defense (ASMD)	\$ 8,156,668,883	\$ (4,732,897,415)	\$ 3,423,771,468	\$ 239,656,642
PEO Aviation (AVN)	\$12,046,211,110	\$ (4,948,772,908)	\$ 7,097,438,202	\$ 767,669,778
PEO Tactical Missiles (TAC MSL)	\$ 3,787,707,900	\$ (1,632,556,185)	\$ 2,155,151,715	\$ 457,647,575
PEO Combat Support & Combat Service Support	\$ 2,203,396,607	\$ (690,092,966)	\$ 1,513,303,640	\$ 202,453,424
PEO Ground Combat Systems (GCS)	\$ 1,802,420,000	\$ (541,660,240)	\$ 1,260,759,760	\$ 17,429,000
Total Army	\$ 27,996,404,500	\$ (12,545,979,714)	\$ 15,450,424,786	\$ 1,684,856,419

Schedule of Army Field Visits

Component	Location	August	September	October	November	December
Army	PEO GCS (MI)					
	PEO TACOM LVL III (MI)	8/23-8/27 In-Brief			11/15-11/19 De-Brief	
	PEO CS/CSS (MA)		9/14-9/16 De-Brief			
	PEO CHEM BIO (VA)		9/27-10/1 In-Brief			12/13-12/17 De-Brief
	PEO CS/CSS (MI)			10/18-10/22 De-Brief		
	PEO Soldier (VA)					12/6-12/10 In-Brief

Military Equipment Valuation

Army Positions

- Initial Position
 - GFEBS by FY 2007
- Mid-Term Solution-Army Proposals (August 19 me working group briefing)
 - Enterprise End-State Solution
 - GFEBS
 - Interim Solution
 - Identify existing Army initiatives that may play a role in a mid-term solution
 - PBUSE
- Army Baseline ME Valuation Maintenance
 - Identify existing system options