

# **APPENDIX A**

  

# **PROPERTY CLASSIFICATIONS**

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## 1. PERSONAL PROPERTY CLASSIFICATIONS

### a. Installed Facility Equipment and Installation Charges.

(1) Installed facility equipment includes electronic, electrical, or mechanical equipment installed at air traffic control, air navigation, and other operating facilities in the NAS.

(2) Installation charges include the cost to transport the equipment to the installation site, labor, travel, overhead, and other costs incurred to place the equipment in service. Examples of “other costs” included within installation charges are initial testing of the equipment and flight checking the equipment.

b. Line Item Accountable Property - This includes stand-alone equipment owned by the FAA, and excludes installed facility equipment (as defined above). A listing of items maintained in PPIMS as line item accountable property is shown on page A-4.

c. Aircraft and Aircraft Engines. This includes FAA’s fleet of aircraft (airframes) and its supply of aircraft engines. Aircraft engines are recorded in separate asset records from the related aircraft because they have different expected service lives.

d. Administrative Information Systems. This includes software for non-NAS information systems used by FAA personnel to perform their work, including purchased software, internally-developed and contractor-developed software, as long as it is for internal (FAA) use (not for sale or licensing). Such software is recorded at the organizational level in which it was acquired or developed. For example, DAFIS would be recorded at headquarters since it is a national system. Hardware is recorded separately, as a line item accountable item. Examples of administrative information systems are:

- DAFIS
- PPIMS
- PMMS
- RPMMS
- RTP
- Cost Accounting System

### **LINE ITEM ACCOUNTABLE PROPERTY**

Item	Dollar Threshold
Sensitive:	
Ammunition and firearms	At any cost
Test Equipment	\$100 or above
Audio visual equipment	\$500 or above
Automated data processing equipment	
Photographic equipment	
Telecommunications equipment	
Printing and duplicating Equipment	
Recording equipment	
Selectively Managed	\$1,000 or above
Appliances	
Athletic equipment	
Avionics	
Commissary equipment	
Electrical hand tools	
Emergency readiness equipment	
Fire, rescue, and safety equipment	
Food preparation and serving equipment	
Laboratory and medical equipment	
Maintenance, repair shop, and hand tools	
Office machines (including facsimiles)	
Ship and marine equipment	
Training equipment	
Vehicles, special purposes	
All other personal property	\$2,500 or above

e. **Assets Under Capital Lease.** This is a lease that substantially transfers all the benefits and risks of ownership (which may or may not result in taking title) to the lessee. Capital leases may be classified as either real or personal property.

f. **Improvements.** An improvement either (1) increases the estimated service life of the asset by at least 2 years, (2) increases the capacity of the asset, or (3) improves the performance of the asset. Evaluate improvements for capitalization separately from the original asset that it improves. The original cost of the asset does not affect this determination. A capitalizable improvement should be recorded as a separate record in PPIMS.

## **2. REAL PROPERTY CLASSIFICATIONS.**

a. **Owned Land and Land Rights.** This category includes all government-owned land or interest in land (ownership in fee simple or ownership of easements) under FAA control. For additional guidance in identifying real property, see Order 4660.8, Real Property Management and Disposal, Appendix A. The value of the asset comprises all costs incurred to acquire the land, including:

- contract purchase price of the land, any external legal fees for activities such as title search costs or closing costs (services not performed by FAA employees)
- title insurance costs
- condemnation costs (including settlement costs)
- plots, survey and appraisal fees costs incurred due to an EDDA
- removal of structures or facilities purchased but not used (less credit for salvaged materiel)

**HINT:** An easement provides limited land rights, which may or may not have monetary value. In addition, the term of an easement may be indefinite, or it may have a stated term.

b. **Owned Buildings.** This category includes government-owned buildings under FAA control. All costs incurred to construct the building and to prepare the building for its intended use are eligible for capitalization. Examples of these types of costs are:

- Design and engineering costs
- Fixtures and equipment that are normally required for functional use of the building; either built into the structure or otherwise permanently affixed. when the removal of these fixtures would materially damage the building, such as heating and lighting fixtures, elevators, air conditioning systems, built-in safes, vaults, partitions, and plumbing
- Fixtures and equipment installed outside the building(s), that support one of the systems necessary for the primary function of that building only, such as fuel tanks (both above and below ground) for heating systems, compressors for air conditioning systems, and water tanks
- Any addition, annex, lean-to, attached shed, garage, underground room, or modification that becomes an integral part of a building after original construction or acquisition, such as an underground equipment room for a tower, a lean-to attached to a hangar
- Built-in cabinets, storage bins, safes, vaults, etc., such as kitchen cabinets in living quarters
- Initial site preparation costs, including clearing, grading and drainage costs, and landscaping

c. Improvements. An improvement either (1) increases the estimated service life of the asset by at least 2 years, (2) increases the capacity of the asset, or (3) improves the performance of the asset. Evaluate improvements for capitalization separately from the original asset that it improves. The original cost of the asset does not affect this determination. Nor does the designation of the FAA appropriation (F&E or operations) influence the capitalization determination. A capitalizable improvement should be recorded as a separate record in RPR/REMS.

d. Owned Other Structures.

(a) This category includes other structures and facilities owned by the FAA. All costs incurred to construct the structure and prepare it for its intended use are eligible for capitalization.

(b) Other structures are any structures (other than buildings) that possess characteristics of physical or operational permanence, are permanently affixed or attached to the land or a building by foundation or otherwise, and that at the time of construction are not designed to be dismantled and moved for use elsewhere. Examples include:

- Airfield structures - including taxiway pavements, aprons, warm-up pads, turnoffs, bypasses; and dams, concrete ditching and pipes that make up the drainage system serving the airfield up to where the system discharges into another system, open water or ground
- Airport runway, threshold and taxiway lighting system - including installed fittings, fixtures, conduit, transformers, regulators, cable, wire, etc., up to where power and control cables enter a building

- Roads or road components - including pavement, concrete ditching, culverts, bridges, guard rails, signs or signals, etc.
- Visual landing aid systems - including installed lamps, steel supports, fittings, fixtures, conduit, transformers, junction boxes, substations, cable wire, etc., up to where power and control cables enter a building
- Antenna components – including towers, poles, counterpoises, supports, insulators, wire, waveguide lead-in cable (up to where waveguide cable or wiring enters a building)
- Fuel and water distribution components serving more than one building or activity - including storage tanks, pipes, valves, reservoirs, etc., up to where the service enters a building (if such a system serves only one building, then it would be capitalized as part of the cost of that building, rather than separately as an other structure or system)
- Fire protection system, serving more than one building, including storage tanks, pipelines, pumps, valves, fittings, hydrants, alarm systems, etc., up to where the service exits from or enters a building
- Power generation or distribution system serving a building or structure, including poles, towers, cables, wire, transformers, protective devices, insulators, etc. (but excluding engine generators and uninterruptible power systems (regardless of size), which are considered installed facility equipment) up to where the service exits or enters a building
- Sewage disposal components – including drains, pipelines, treatment tanks, outfalls, etc. from the building outward
- Communications systems - including cable, lines, poles, towers, fittings, insulators, etc., up to where lines or cable exit or enter a building, or is connected to a commercial service

- Communications structures installed on land - including towers, cable, wire, up to where the wiring or cable enters a building
- Tramways, marine railways, piers and wharves – including electrical and mechanical devices, such as cranes, winches, motor capstans, etc., used in their operation. Small structures attached to wharves, piers, tramway etc., primarily housing (that is not a building) associated operating equipment are also considered part of the structure
- Paved parking areas – including electric lines, lighting, connections, outlets, etc., from the power source or meter connection
- Sidewalks that are a part of a system serving more than one building or activity
- Fencing, including gates and fittings built as one integral unit
- Initial landscaping, including clearing, grading and drainage costs, incurred in connection with the construction of an other structure

e. Leasehold Improvements. These are improvements of a permanent nature made to real property (land, buildings, and other structures) that is leased or built on land that is leased. It provides an additional capability, enlargement, modification, or major renovation that increases usefulness or materially prolongs the useful life of a building or structure or converts a building or structure to a different use.

f. Assets Under Capital Lease. This is a lease that transferred substantially all the benefits and risks of ownership (which may or may not result in taking title) to the lessee. Use the RE capital lease worksheet to determine a capital lease. Capital leases may be classified as either real or personal property.

**3. LEASEHOLD IMPROVEMENTS VERSUS MAINTENANCE EXPENSES.** The following table distinguishes between leasehold improvements and maintenance expenses at a leased location. If a leasehold improvement does not meet the capitalization threshold, expense it.

<b>Description</b>	<b>Classification</b>
Widening a road	Leasehold improvement
Replace a roof	Leasehold improvement
Repair of bathroom fixtures	Maintenance expense
Emergency repair of plumbing system	Maintenance expense
Replace A/C unit (permanently attached to building)	Leasehold improvement
Replace built-in cabinets, storage bins, safes, and vaults	Leasehold improvement
Adding alarm and sprinkler system	Leasehold improvement
Painting newly constructed temporary removable partitions	Maintenance expense.

**4. DISTINGUISHING BETWEEN REAL AND PERSONAL PROPERTY.** While most property classifications are fairly well defined and clear, other areas are not. Listed below are hints on distinguishing between some of FAA's more ambiguous property descriptions.

Property	Description	Classification
Communication systems	(1) Cable, lines, poles, towers, fittings, insulators, etc., up to where lines or cable exist or enter a building or is connected to a commercial service* (2) Electronics required for the communication system to operate	(1) Real (other structures) (2) Personal (installed facility equipment)
Communication structures	Towers, cable, wire, up to where the wiring or cable enters a building*	Real (other structures)
Cable system	Cable systems (connecting several buildings or structures) Cable required to install facility equipment that easily accessible/removable	(1) Real (other structure) (2) Personal (installed facility equipment)
Fuel Tanks	Above and below ground	Real (other structure)
Power generation or distribution systems	(1) serving a building, including poles, towers, cables, wire, transformers, protective devices, insulators, etc., up to where the service exists or enters a building* (2) Engine generators and uninterruptible power systems (regardless of size)	(1) Real (other structures) (2) Personal (installed facility equipment)
Visual lighting & landing aid systems; e.g., MALSR, PAPI, ALSF-2	(1) Including installed lamps, steel supports, fittings, fixtures, conduit, transformers, junction boxes, substations, cable wire, etc., up to where power and control cables enter a building* (2) Electronics equipment	(1) Real (other structures) (2) Personal (installed facility equipment)
Multiple	Antennas placed on structure	Personal (installed facility equipment)
Radar systems; e.g., ASR, ARSRs	(1)Antenna Mast, Radome (2) Radar system	(1) Real (other structures) (2) Personal (installed facility equipment)

\*Once cable enters a building, it becomes part of the building cost.

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