



Bulletin: OCFO 14-02

Date: July 14, 2014

To: USDA Agencies

Subject: Recognition and Measurement of Asbestos-Related Cleanup Costs

## PURPOSE

The purpose of this bulletin is to prescribe the policies and procedures for recognizing and measuring asbestos-related cleanup costs.

## DEFINITIONS

Asbestos – Asbestos is a widely used, mineral-based material that is resistant to heat and corrosive chemicals. Typically, commercial asbestos appears as a whitish, fibrous material which may release fibers that range in texture from coarse to silky; however, airborne fibers that can cause health damage may be too small to see with the naked eye.

Section 112 of the Clean Air Act (CAA) requires the U. S. Environmental Protection Agency (EPA) to develop and enforce regulations to protect the general public from exposure to airborne contaminants that are known to be hazardous to human health. Asbestos was one of the first hazardous air pollutants regulated under Section 112. On March 31, 1971, EPA identified asbestos as a hazardous pollutant, and on April 6, 1973, EPA first promulgated the Asbestos National Emissions Standards for Hazardous Air Pollutants (NESHAP) in 40 CFR Part 61. The purpose of the asbestos NESHAP is to protect the public from asbestos emissions from certain sources.

Under the asbestos NESHAP, asbestos is categorized as either friable (any material containing more than 1 percent asbestos that, when dry, can be crumbled, pulverized, or reduced to powder by hand pressure) or non-friable (any material containing more than 1 percent asbestos that, when dry, cannot be crumbled, pulverized, or reduced to powder by hand pressure). Friable asbestos poses more of an immediate health risk than non-friable, but both forms must be properly contained and disposed of during repair, renovation, demolition, or other disturbance of the property.

Real Property – Federal facilities and installed equipment; and includes 1) real property acquired through capital leases, including leasehold improvements; and 2) real property owned by the reporting entity in the hands of others (e.g., state and local governments, colleges and universities, or Federal contractors).

## SCOPE

This guidance affects all agencies that own buildings, facilities, ships or other tangible property, plant, and equipment (PP&E) that contain any form of asbestos.

## BACKGROUND

On September 28, 2006, the Federal Accounting Standards Advisory Board issued Technical Bulletin (TB) 2006-1, Recognition and Measurement of Asbestos-Related Cleanup Costs. A subsequent bulletin, TB 2009-1, Deferral of the Effective Date of Technical Bulletin 2006-1, extended the effective date of TB 2006-1 to October 1, 2011, while TB 2011-2, Extended Deferral of the Effective Date of Technical Bulletin 2006-1, further deferred implementation to October 1, 2012.

TB 2006-1 provides general guidance regarding the required reporting of asbestos-related liabilities, including the future costs of asbestos abatement and disposal. It requires Agencies to do the following:

1. Estimate both friable and non-friable asbestos-related cleanup costs;
2. Recognize a liability and related expense for those asbestos-related cleanup costs that are both probable and reasonably estimable in the financial statements; and
3. Disclose information related to friable and non-friable asbestos-related cleanup costs that are probable but not reasonably estimable in a note to the financial statements.

Technical Release (TR) 10: Implementation Guidance on Asbestos Cleanup Costs Associated with Facilities and Installed Equipment provides a framework for identifying assets containing asbestos and assessing the asset to collect information and/or develop key assumptions in applying acceptable methodologies to estimate asbestos cleanup costs for real property.

The Office of the Chief Financial Officer (OCFO) established a workgroup comprised of representatives from the Office of Procurement and Property Management and Agencies with real property (Forest Service, Natural Resources Conservation Service, Agricultural Research Service, and Animal and Plant Health Inspection Service) to develop USDA's methodology for estimating asbestos-related cleanup costs.

## RESPONSIBILITIES

Each USDA organization that owns real property is responsible for identifying, estimating, and recognizing cleanup costs associated with asbestos. In order to calculate the estimate, each organization is responsible for submitting annually to the OCFO, updated actual cost information required to determine the USDA-wide cleanup cost factor.

OCFO is responsible for updating the USDA-wide cleanup cost factor, using actual cost information submitted by USDA organizations, distributing updated cost factor information, and reviewing each Agency estimate for consistency with the methodology developed.

## **POLICY**

Real property constructed after 1980 is excluded from the inventory of real property used to calculate the liability for asbestos-related cleanup.

Annually, the liability is calculated using total square footage of real property expected to contain asbestos times a cost factor (Attachment A) based on historical actual cleanup costs, adjusted for inflation (Attachment B), including any other identifiable costs, e.g. survey cost, as of June 30. The liability should be adjusted for material acquisitions and/or dispositions prior to fiscal yearend.

As additional information becomes available, key assumptions will be reevaluated, cost estimates will be revised, and necessary adjustments will be made to the liability recognition.

## **PROCEDURES**

Review inventory listing of all real property from system of record.

Identify and eliminate all real property or group of real properties on the list that are not expected to contain asbestos, document reason for exclusion.

Estimate cost of removal, containment or disposal using cost model developed.

Recognize liability for asbestos-related cleanup.

Disclose existence of asbestos in notes to financial statements if costs are probable, but not reasonably estimable.

## **INQUIRIES**

Any question concerning this bulletin should be directed to [kevin.close@cfo.usda.gov](mailto:kevin.close@cfo.usda.gov) or (202) 720-0990.

## **EFFECTIVE DATE**

This bulletin is effective immediately.

/s/

JOHN G. BREWER  
Associate Chief Financial Officer for Financial Operations

Attachments

Agency:

CALCULATION OF ESTIMATED ASBESTOS CLEAN-UP COST  
As of June 30, 20XX

	Probability of Occurrence **	Square Feet*	Rate	Estimated Clean-up Cost
Bldgs, Structures expected to contain asbestos	<input type="text"/>	<input type="text"/>	<b>\$6.59</b>	<input type="text"/>
		x	x	=
Other (Description)	<input type="text"/>	<input type="text"/>		<input type="text"/>
Total				<input type="text"/>

\* Attach real property inventory.  
 \*\* Level of contamination (0-100%)

Agency		Description	Year	Cost (A)	Cost after CPI * (B)	Diff (B) - (A)	Square Feet	Cost per Square Feet
USDA		ASBESTOS REMOVAL COST SUMMARY						
As of June 30, 20XX								
FS	Asbestos ceiling texture was removed from a FS-owned residence	2009	\$ 4,944.00	\$ 5,381.09	\$ 437.09	1,020	\$ 5.28	
FS	Tile and floor mastic	2012	\$ 6,509.98	\$ 6,620.85	\$ 110.87	697	\$ 9.50	
FS	Vinyl floor tile	2013	\$ 1,467.00	\$ 1,467.00	\$ -	312	\$ 4.70	
FS	Vinyl floor tile	2012	\$ 5,057.00	\$ 5,143.12	\$ 86.12	420	\$ 12.25	
FS	Removed vermiculite from attic and floor	2008	\$ 6,500.00	\$ 7,049.49	\$ 549.49	958	\$ 7.36	
FS	Vermiculite attic insulation	2010	\$ 10,840.00	\$ 11,607.95	\$ 767.95	1,154	\$ 10.06	
FS	Vermiculite attic insulation	2009	\$ 4,300.00	\$ 4,680.16	\$ 380.16	652	\$ 7.18	
FS	Asbestos Wall Board	2009	\$ 3,500.00	\$ 3,809.43	\$ 309.43	500	\$ 7.62	
FS	Asbestos Wall Board	2009	\$ 3,500.00	\$ 3,809.43	\$ 309.43	500	\$ 7.62	
FS	Spray applied floor covering	2009	\$ 3,500.00	\$ 3,809.43	\$ 309.43	233	\$ 16.35	
FS	Vermiculite attic insulation	2009	\$ 8,800.00	\$ 9,578.00	\$ 778.00	360	\$ 26.61	
FS	Asbestos Wall Board	2012	\$ 3,700.00	\$ 3,763.01	\$ 63.01	530	\$ 7.10	
FS	Asbestos Duct Wrap	2013	\$ 5,800.00	\$ 5,800.00	\$ -	80	\$ 72.50	
FS	Asbestos containing non-friable floor tile & mastic removed	2009	\$ 4,500.00	\$ 4,897.84	\$ 397.84	665	\$ 7.37	
FS	Decommissioned and Dismantled- Los Prietos Recreation Residences	2011	\$ 630,687.00	\$ 654,701.66	\$ 24,014.66	30,667	\$ 21.35	
FS	Decommissioned and Dismantled- Chuchupate Ranger Station	2011	\$ 52,701.00	\$ 54,707.70	\$ 2,006.70	7,606	\$ 7.19	
FS	Decommissioned and Dismantled- White Oaks Station	2011	\$ 60,271.00	\$ 62,565.94	\$ 2,294.94	2,768	\$ 22.60	
FS	Decommissioned and Dismantled- Figueroa Station Residence	2011	\$ 52,254.00	\$ 54,243.68	\$ 1,989.68	3,920	\$ 13.84	
FS	Removal of asbestos tiles and mastic	2011	\$ 6,481.00	\$ 6,727.78	\$ 246.78	800	\$ 8.41	
FS	Removed asbestos floor tile at an abandoned residence prior to demolition	2011	\$ 1,500.00	\$ 1,557.12	\$ 57.12	1,000	\$ 1.56	
FS	Asbestos mastic flooring	2012	\$ 38,829.23	\$ 39,490.49	\$ 661.26	3,299	\$ 11.97	
FS	Removal of ceiling plaster	2013	\$ 6,218.00	\$ 6,218.00	\$ -	270	\$ 23.03	
ARS	Eastern Regional Research Center (ERRC), Wyndmoor, PA	2012	\$ 93,900.00	\$ 95,499.12	\$ 1,599.12	28,800	\$ 3.32	
ARS	National Center for Agricultural Utilization Research (NCAUR) - Peoria, IL	2012	\$ 148,550.00	\$ 151,079.82	\$ 2,529.82	44,200	\$ 3.42	
ARS	Western Regional Research Center (WRRRC), Albany, CA	Ongoing, 75% Complete	\$ 210,000.00	\$ 210,000.00	\$ -	38,000	\$ 5.53	
ARS	Building 306 Research Lab, Beltsville, MD	2012	\$ 181,756.00	\$ 184,851.32	\$ 3,095.32	60,740	\$ 3.04	
ARS	Jamie Whitten Delta States Research Center, Research Lab, Stoneville, MS	Ongoing, 50% Complete	\$ 554,119.00	\$ 554,119.00	\$ -	91,272	\$ 6.07	
ARS	Madison, WI Lab Building	2010	\$ 266,000.00	\$ 284,844.55	\$ 18,844.55	35,000	\$ 8.14	
ARS	Miles City, MT Lab Building	2007	\$ 64,000.00	\$ 72,075.39	\$ 8,075.39	10,000	\$ 7.21	
ARS	Fort Collins, CO Lab Building	2005	\$ 70,000.00	\$ 83,693.19	\$ 13,693.19	16,000	\$ 5.23	
ARS	Administration Building, USNA, DC	2013	\$ 184,626.00	\$ 184,626.00	\$ -	39,415	\$ 4.68	
	<b>Total</b>		<b>\$ 2,694,810.21</b>	<b>\$ 2,778,417.56</b>	<b>\$ 83,607.35</b>	<b>421,838</b>		
	<b>Average Cost Per Square Feet</b>						<b>\$ 6.59</b>	

\* Based on Department of Labor-Bureau of Labor Statistics-CPI Inflation Calculator