

**SUMMARY OF MAJOR CHANGES TO
DOD 7000.14-R, VOLUME 6B, CHAPTER 12
“REQUIRED SUPPLEMENTARY INFORMATION”**

All changes are denoted by **blue font**.

Substantive revisions are denoted by a * preceding the section, paragraph, table or figure that includes the revision.

Hyperlinks are denoted by **underlined, bold italic fonts**.

This updated chapter supersedes the previously published version September 2009.

PARA	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Replaced the term “maintenance” with “maintenance and repairs” in accordance with Statement of Federal Financial Accounting Standards (SFFAS) No. 40.	Updated
1202	Revised DoD Agency-Wide appropriation/fund account groups from ten appropriation groupings to seven.	Updated
120301	Revised definition of maintenance and repairs provided in the SFFAS No. 40.	Updated
120301.C and D	Added two new disclosure requirements for Deferred Maintenance and Repairs required by SFFAS No. 40.	Added

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CHAPTER 12

REQUIRED SUPPLEMENTARY INFORMATION1201 OVERVIEW

120101. Purpose. This chapter provides the Department of Defense (DoD) guidance and instructions for preparing and reporting “Required Supplementary Information” (RSI).

120102. Scope. All federal agencies are required to report RSI. Certain information has been designated as RSI and is defined in the [Office of Management and Budget \(OMB\) Circular A-136, Financial Reporting Requirements.](#)

*1202 DISAGGREGATED STATEMENT OF BUDGETARY RESOURCES (SBR). The Disaggregated SBR shall be prepared and reported as RSI. The format of the Disaggregated SBR shall follow the format contained in [Chapter 7](#) of this volume. The OMB allows reporting entities to aggregate smaller budget accounts for purposes of the RSI Disaggregated SBR reporting. The DoD has elected to aggregate smaller budget accounts within an account grouping titled "Other Accounts." The major account groupings and the aggregate of smaller budget accounts shall, in total, agree with the amounts reported on the face of the reporting entity's SBR. The DoD Agency-wide SBR shall be disaggregated into the following appropriation/fund account groupings: (1) Military Retirement [Benefits](#); (2) Civil Work; (3) Military Personnel; (4) [Operations, Readiness, and Support](#); (5) Procurement; (6) Research, Development, Test, and Evaluation; and (7) [Family Housing and Military Construction](#).

1203 DEFERRED MAINTENANCE AND REPAIRS

* 120301. The Department is required to report in its annual financial statements material amounts of deferred maintenance and repairs on property, plant and equipment (PP&E). See [Volume 4, Chapter 6 \(Property, Plant and Equipment\)](#) of this Regulation for additional information. This reporting requirement is prescribed in the [Statement of Federal Financial Accounting Standards \(SFFAS\) No. 6 “Accounting for Property, Plant and Equipment”, SFFAS No. 14, “Amendments to Deferred Maintenance Reporting, and SFFAS No. 40 “Definitional Changes Related to Deferred Maintenance and Repairs.”](#) “Deferred maintenance and repairs are maintenance and repairs that were not performed when it should have been or was scheduled to be and which, therefore, is put off or delayed for a future period.” SFFAS No. 6 as amended by SFFAS No. 14 requires that deferred maintenance and repairs information be included as RSI. It is important to note that footnote 58 cited in paragraph 78 of *SFFAS No. 6* provides that “Maintenance and repairs are activities directed toward keeping fixed assets in an acceptable condition. Activities include preventive maintenance; replacement of parts, systems, or components; and other activities needed to preserve or maintain the asset. Maintenance and repairs, as distinguished from capital improvements, exclude activities directed towards expanding the capacity of an asset or otherwise upgrading it to serve needs different from, or significantly greater than, its current use.” Determination of acceptable condition affects the amount of deferred maintenance and repairs. In some cases, such as heritage assets and stewardship land, management may determine that maintenance and repairs are not needed.

In that case, deferred maintenance and repairs would not exist. For General PP&E, the following deferred maintenance and repairs information shall be reported as RSI:

A. Identification of each major class of asset for which maintenance and repairs have been deferred.

B. The method of measuring deferred maintenance and repairs for each major class of PP&E is described in [Volume 6A, Chapter 14 \(Depot Maintenance Reporting\) of this regulation and the Facility Quality \(O \)Rating Guidance](#). SFFAS No. 6 and 14 provide detailed guidance on the extent of the disclosures required by the condition assessment survey and the total life-cycle cost methods. Financial statement preparers are encouraged to refer to SFFAS No. 6 and 14 for additional information.

* C. If the condition assessment survey method of measuring deferred maintenance and repairs are used, the following should be presented for each major class of PP&E:

1. Description of requirements or standards for acceptable operating conditions; and

2. Any changes in the condition requirements or standards, and asset condition and a range or a point estimate of the dollar amount of maintenance and repairs needed to return assets to their acceptable condition.

* D. If total life-cycle cost method is used, the following should be presented for each major class of PP&E:

1. The original date of the maintenance and repairs forecast and an explanation for any changes to the forecast;

2. Prior year balance of the cumulative deferred maintenance and repairs amount;

3. The dollar amount of maintenance and repairs that was defined by the professionals who designed, built or manage the PP&E as required maintenance and repairs for the reporting period;

4. The dollar amount of maintenance and repairs actually performed during the period;

5. The difference between the forecast and actual maintenance and repairs;

6. Any adjustments to the schedule amounts deemed necessary by the managers of the PP&E; and

7. The ending cumulative balance for the reporting for each major class of asset experiencing deferred maintenance and repairs.

120303. Reporting on Real Property Deferred Maintenance and Repairs. The DoD Components shall report the amount of deferred maintenance and repairs costs for real property assets (Table 12-1, Real Property Deferred Maintenance and Repairs). These costs shall include deferred maintenance and repairs on multi-use Heritage Assets. If a DoD Component does not have any material deferred maintenance and repairs amounts for real property, then the table may be replaced by a brief statement disclosing that fact.

A. Multi-Use Heritage Assets Deferred Maintenance and Repairs. Multi-use Heritage Assets are Heritage Assets that not only have historical, cultural or architectural significance but are also used for general Government operations. Include a comment in the narrative statement if deferred maintenance and repairs amounts for multi-use Heritage Assets are included in the buildings and structures property types.

B. Real Property Deferred Maintenance and Repairs. The real property deferred maintenance and repairs amounts disclosed in Table 12-1 as follows.

Table 12-1 Real Property Deferred Maintenance and Repairs For Fiscal Year Ended September 30, XXXX (In Millions of Dollars)			
Property Type	Current Fiscal Year (CFY)		
	1. Plant Replacement Value	2. Required Work (Deferred Maintenance & Repairs)	3. Percentage
1. Category 1: Buildings, Structures, and Utilities (Enduring Facilities)	\$ \$\$\$	\$ \$\$\$	%
2. Category 2: Buildings, Structures, and Utilities (Excess Facilities or Planned for Replacement)	\$ \$\$\$	\$ \$\$\$	%
3. Category 3: Buildings, Structures, and Utilities (Heritage assets)	\$ \$\$\$	\$ \$\$\$	%
<u>Narrative Statement:</u> 			

1. Column 1. Enter the aggregate plant replacement value (PRV) of all facilities (buildings, structures, and utilities) in the reportable inventory. The reportable inventory shall consist of all facilities in which DoD has ownership interest under the control of the reporting component for each category of facilities described below.

2. Column 2. Using the reported Quality-rating (Q-rating), value between 0-100, for each facility at the end of the reporting period, enter the aggregate value of all required work to bring all facilities in the reportable inventory to acceptable operating

condition. Q-rating is a real property inventory data field that captures the condition index for each facility. The condition index is a measure of a constructed asset's condition at a specific point in time with respect to physical condition. "Requirements" in the numerator below is the total of all current deferred maintenance and repairs work needed to correct existing facility deficiencies. For each facility, the Q-rating is represented by the formula:

$$Q = 1 - \frac{(\text{Requirements}/\text{PRV})}{100} * 100$$

$$\text{Requirements} = \frac{(100-Q)}{100} * \text{PRV}$$

3. Column 3. Divide the value in column 2 by the value in column 1 to reflect the deferred maintenance and repairs as a percent of the total PRV.

4. Row 1. Category 1 facilities: enduring facilities required to support an ongoing mission including multi-use Heritage Assets.

5. Row 2. Category 2 facilities: facilities excess to requirements, or planned for replacement or disposal including multi-use Heritage Assets.

6. Row 3. Category 3 facilities: heritage assets (building and structure). This category should not include heritage assets that are captured under categories 1 and 2.

C. Condition Assessment Survey Method. A narrative statement shall be included with the table to explain:

1. The method used to assess facility condition and establish facility Q-ratings.

2. Any changes to the method that may have taken place since the last report.

120304. Reporting on Military Equipment Deferred Maintenance and Repairs. The Military Departments shall use the format in Table 12-2 to report material amounts of deferred maintenance and repairs on military equipment. The deferred maintenance and repairs amounts reported in the Budget Exhibit Operations (OP) Depot Maintenance (30) that accompanied the most recent President's Budget shall be used as the basis to identify and report amounts in the Military Equipment Deferred Maintenance and Repairs column of Table 12.2.

Table 12-2 Military Equipment Deferred Maintenance and Repairs			
For Fiscal Year Ended September 30, XXXX			
(In Millions of Dollars)			
Major Categories	OP30 Amounts	Adjustments*	Totals
1. Aircraft			
2. Automotive Equipment			
3. Combat Vehicles			
4. Construction Equipment			
5. Electronics and Communications Systems			
6. Missiles			
7. Ships			
8. Ordnance Weapons and Munitions			
9. General Purpose Equipment			
10. All Other Items Not Identified to above Categories			
Total			
Narrative Statement:			
*Narrative statement required			

A. The amounts reflected in the Budget Exhibit OP-30 are reported by using a more detailed Work Breakdown Structure (WBS), rather than the high level WBS reflected in Table 12-2. Such amounts shall be aggregated to reflect the major, single digit WBS Codes contained in [Volume 6A, Chapter 14 \(Depot Maintenance Reporting\) of this regulation.](#)

B. Military Departments shall include the amounts reported in the Budget Exhibit OP-30 for their respective Guard or Reserve Components.

C. Material amounts of deferred maintenance and repairs beyond the scope of the OP-30 Budget Exhibit, may exist and warrant reporting. These amounts will be reported in the “Adjustments” column in Table 12-2 and discussed in the narrative statement. Examples of potential reporting instances include, but are not limited to, the following:

1. Supplemental appropriations.
2. An extended work stoppage in a maintenance and repairs facility for which no work around or alternate source of repair is identified.
3. Unfunded depot or field maintenance and repairs work contracted under Interim Contractor Support (ICS), Contractor Logistics Support (CLS), or a similar contract.

D. If an amount of non OP-30 deferred maintenance and repairs are identified in the “Adjustments” column in Table 12-2, it shall be explained in the narrative by describing the nature, dollar value, and subcategory of each non OP-30 amount.

E. The table should include a narrative statement explaining the method used to value the deferred maintenance and repairs amounts and any changes that may have taken place.

1204 HERITAGE ASSETS AND STEWARDSHIP LAND CONDITION INFORMATION

120401. General. SFFAS No. 29 reclassified all heritage assets and stewardship land information as basic information except for condition information, which is reported as RSI, and may be reported with the deferred maintenance and repairs information.

A. Basic Information. Stewardship PP&E, also referred to as stewardship assets, is PP&E owned by the Federal Government and includes heritage assets and stewardship land. Refer to Volume 4, Chapter 6 and Volume 6B, Chapter 10 of this regulation for additional information on stewardship PP&E.

B. Condition Information. Condition refers to the physical state of an asset. The condition of an asset is based on an evaluation of the physical status/state of an asset, its ability to perform as planned, and its continued usefulness. Evaluating an asset's condition requires knowledge of the asset, its performance capacity and its actual ability to perform, and expectations for its continued performance. The condition of a long lived asset is affected by its durability, the quality of its design and construction, its use, the adequacy of maintenance that has been performed, and many other factors, including: accidents (an unforeseen and unplanned or unexpected event of circumstances), catastrophes (a tragic event), disasters (a sudden calamitous event bringing great damage, loss, or destruction), and obsolescence.

1. Narrative information pertaining to the condition of the heritage assets. The measurement of condition is general in nature and should be based on the assessment of heritage assets taken as a whole rather than each category of assets separately. The criteria used to establish the condition should be explained in detail. The discussion may, for example, provide information on whether the condition of the assets is generally improving or deteriorating. In addition, the DoD Components should disclose, and provide comment, if significant condition deficiencies have been identified. The condition of heritage assets shall reflect similar categories for heritage assets reported in the basic financial statements

2. Narrative information pertaining to the condition of the stewardship land shall reflect similar categories for stewardship land reported in the basic financial statements.