

**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*.

PARA	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Reworded and reformatted chapter for clarity and ease of reading, revised references and added electronic links.	Update
All	Relocated tables to the back of the chapter.	Update
1201	Renamed paragraph “Overview.” Renumbered chapter paragraphs accordingly. Deleted detailed guidance referencing the Disaggregated Statement of Budgetary Resources (SBR).	Add
1202	Renamed as Disaggregated Statement of Budgetary Resources (SBR) and added Medicare-Eligible Retiree Health Care Fund (MERHCF) as a separate appropriation grouping.	Update
1203 1204	Deleted sections covering Segment Information and Intragovernmental Amounts in accordance with the Office of Management and Budget (OMB) Circular A-136.	Delete
1203	Added new section 1203 to include additional deferred maintenance guidance from OMB Circular A-136.	Add
120303	Revised deferred maintenance guidance based on DoD-wide adoption of the condition assessment survey method for real property.	Update
120304	Revised reporting categories to align with the standard maintenance Work Breakdown Structure (WBS).	Update
1204	Added Heritage Assets (HA) and Stewardship Land (SL) narrative to comply with OMB Circular A-136. This section is no longer reported in Chapter 11, Required Supplementary Stewardship Information (RSSI) Reporting. Added RSI requirements for HA and SL per the Statement of Federal Financial Accounting Standards No. 29.	Add
Table 12-1	Deleted table. Identified appropriation groupings in paragraph 1202. Renumbered subsequent tables.	Delete
Table 12-2	Deleted existing table and replaced with Military Equipment Deferred Maintenance Table.	Delete/ Add
Table 12-3	Added Heritage Assets reporting categories.	Add
Table 12-4	Deleted table. Based on new reporting methodology.	Delete

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## CHAPTER 12

**REQUIRED SUPPLEMENTARY INFORMATION**★1201 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 Fund; (2) Medicare-Eligible Retiree Health Care Fund; (3) Research, Development, Test, and Evaluation; (4) Civil Works; (5) Operation and Maintenance; (6) Procurement; (7) Military Personnel; (8) Military Construction/Family Housing; (9) Working Capital Funds and (10) Other Accounts.

★1203 DEFERRED MAINTENANCE

120301. The Department is required to report in its annual financial statements material amounts of deferred maintenance 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”* and *SFFAS No. 14, “Amendments to Deferred Maintenance Reporting.”* “Deferred maintenance is maintenance that was 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 information be included as RSI. It is important to note that footnote 58 cited in paragraph 78 of *SFFAS No. 6* provides that “Acceptable services and condition may vary both between entities and among sites within the same entity. Management shall determine what level of service and condition is acceptable.” Determination of acceptable condition affects the amount of deferred maintenance. In some cases, such as heritage assets and stewardship land, management may determine that maintenance is not needed. In that case, deferred maintenance would not exist. For General PP&E, heritage assets, and stewardship land, the following deferred maintenance information shall be reported as RSI:

A. Identification of each major class of asset for which maintenance was deferred.

B. The method of measuring deferred maintenance for each major class of PP&E. 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. The SFFAS No. 29, "Heritage Assets and Stewardship Land," requires Heritage Assets and Stewardship Land condition information be reported as RSI. Additionally, SFFAS No. 29 states that the condition of stewardship PP&E may be reported with deferred maintenance. See SFFAS No. 29 for additional information on condition reporting for stewardship PP&E.

120302. The applicable DoD Components shall prepare the following tables and narrative statement:

A. Real Property Deferred Maintenance (Table 12-1).

B. Military Equipment Deferred Maintenance (Table 12-2).

C. A narrative statement describing the method used to determine the estimated amounts of deferred maintenance and information on asset condition shall be provided.

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

A. Multi-Use Heritage Assets Deferred Maintenance. 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 amounts for multi-use Heritage Assets are included in the buildings and structures property types.

B. Real Property Deferred Maintenance. The real property deferred maintenance amounts disclosed in Table 12-1 shall be prepared as follows:

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. “Acceptable operating condition” shall be represented by a target Q-rating value. If the target Q-rating value is less than 100, then report the target Q-rating value representing the “acceptable operating condition” and describe per paragraph C below. 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 and ability to support the current occupant or mission. For each facility, this value is represented by the formula:

$$\text{Value of required work} = (A - \text{Q-rating}) / 100 \times \text{PRV}$$

(where A = the target Q-rating representing “acceptable operating condition”)

3. Column 3. Divide the value in column 2 by the value in column 1 to reflect the deferred maintenance 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).

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.

3. If necessary, a description of the target Q-rating value representing acceptable operating condition.

120304. Reporting on Military Equipment Deferred Maintenance. The Military Departments shall use the format in Table 12-2 to report material amounts of deferred maintenance on **military equipment**. The methodology used to develop the deferred maintenance amounts reported in the updated (January timeframe) Budget Exhibit Operations (OP) Depot Maintenance (30) that accompanies the President's Budget shall be used as the basis to identify and report amounts in the **Military Equipment** Deferred Maintenance table (Table 12-2). Deferred maintenance submission for the annual financial statements **often** precedes the submission of the “Summary of Unfunded Deferred Requirements,” OP-30 to the Office of the Deputy Comptroller (Program/Budget) in the Office of the Under Secretary of Defense (Comptroller). While the deferred maintenance amounts reported for the two requirements may not match exactly, there should be reasonable correlation and the difference (if any) should be reconcilable. The prior year (PY) dollar amounts that are expected to be reported in the “Total

Unfunded Requirement” column of the Budget Exhibit OP-30 shall be used as the basis for completing Table 12-2.

A. The amounts reflected in the Budget Exhibit OP-30 are reported by using a different Work Breakdown Structure (WBS), e.g., for Aircraft: Airframe Maintenance, Engine Maintenance, Software Maintenance, and Other Maintenance; rather than the high level WBS reflected in Table 12-2. Such amounts shall be aggregated to reflect the major WBS Codes contained in Volume 6A, Chapter 14 (Depot Maintenance Reporting) of this Regulation. Military Departments shall include the amounts reported in the Budget Exhibit OP-30 for their respective Guard or Reserve Components.

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

1. An extended work stoppage in a maintenance facility for which no work around or alternate source of repair has been identified.

2. Unfunded depot or field maintenance work contracted under Interim Contractor Support (ICS), Contractor Logistics Support (CLS), or a similar contract.

C. If identified, then report material amounts of non OP-30 deferred maintenance in the narrative by describing the nature, dollar value, and subcategory of each non OP-30 amount.

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

#### ★1204 HERITAGE ASSETS AND STEWARDSHIP LAND

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

A. A phase-in approach was used to fully implement SFFAS No. 29 for reporting periods beginning after September 30, 2008. All Federal agencies are required to report RSI. This reporting requirement is predicated on stewardship over resources entrusted to federal agencies and the responsibilities assumed by that stewardship. The need to report information in this manner is due to the unique nature of the Federal Government. SFFAS No. 29 provides details describing the minimum requirements, disclosures, and recognition and measurement criteria for the following information:

1. A statement explaining the mission of the entity.
2. A description of the entity's stewardship policies.
3. A description of major categories.
4. Physical unit information for the end of the report period.
5. Physical units added and withdrawn during the year.
6. A description of the methods of acquisition and withdrawal.

B. The following lists the effective dates for moving heritage assets and stewardship land information from RSI to basic, i.e., a note on the balance sheet. For additional information see SFFAS No. 29 for details describing the phase-in of disclosure requirements being reported as basic information.

1. For periods beginning after September 30, 2007:
  - a. A description of major categories.
  - b. Physical unit information for the end of the report period.
2. For periods beginning after September 30, 2008:
  - a. Physical units added and withdrawn during the year.
  - b. A description of the methods of acquisition and

withdrawal.

C. In order to ensure a consistent and comprehensive presentation, all stewardship information shall be reported on RSI statements of General Fund (GF) for those entities that produce both General and Working Capital Fund (WCF) financial statements. If an entity has stewardship assets but does not produce a GF financial statement, then RSI report shall be included in the financial statements WCF produces.

D. 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.

120402. Stewardship PP&E. Stewardship PP&E, also referred to as Stewardship Assets, is PP&E owned by the Federal Government and includes Heritage Assets and Stewardship Land. Volume 4, Chapter 6 of this regulation has additional information on Stewardship PP&E.

A. Heritage Assets. Heritage Assets are items of historical, natural, cultural, educational, or artistic significance (e.g., aesthetic) or items with significant architectural characteristics. Heritage Assets are expected to be preserved indefinitely. Federal agencies have some discretion on reporting Heritage Asset information.

B. Stewardship Land. Land and land rights owned by the Federal Government but not acquired for, or in connection with, items of General PP&E, is Stewardship Land. “Acquired for or in connection with” is defined as including land acquired with the intent to construct General PP&E and land acquired in combination with general PP&E. Land classified as Stewardship Land shall be reported as RSI by each DoD Component responsible for such land. Without exception, all land provided to the Department from the public domain, or at no cost, shall be classified as Stewardship Land, regardless of its use. Therefore, public domain or no-cost land used in a General PP&E context shall be reported as Stewardship Land and not reported as General PP&E.

120403. Reporting on Heritage Assets.

A. DoD Components shall report the quantities, additions, and deletions of Heritage Assets under their control in a Stewardship Report titled, “Heritage Assets” (Table 12-3).

B. The quantity of Multi-use Heritage Assets (i.e., Heritage Asset buildings used predominantly for government operations) shall be included in the quantities disclosed in this report, as well as reported as General PP&E.

C. Specific guidance for the preparation of the report follows.

1. Reporting Categories. Heritage Assets shall be reported within the following categories:

a. Buildings and Structures. Includes buildings and structures that are listed on, or eligible for listing on, the National Register of Historic Places, including Multi-use Heritage Assets. Includes National Historic Landmarks; buildings or structures that are contributing elements to districts listed on or eligible for the National Register of Historic Places or a National Historic Landmark District; and buildings and structures designated eligible in the National Register of Historic Places for purposes of Program Alternatives.

b. Archeological Sites. Sites that have been identified, evaluated, and determined to be eligible for or are listed on the National Register of Historic Places.



c. Museum Collection Items. Items which are unique for one or more of the following reasons: historical or natural significance; cultural, educational or artistic importance; or significant technical or architectural characteristics. Museum collection items are divided into two subcategories: fine art and objects. Fine art includes paintings, sculptures and other three dimensional art. Objects are current use, excess, obsolete, or condemned material; war trophies; personal property such as uniforms, medals, or diaries, and military equipment.

2. Column (a). Reporting categories of Heritage Assets are provided in Table 12-3. No other category of Heritage Asset should be used.

3. Column (b). DoD Components must use the specified measurement method indicated in the table for each category shown in column (a).

4. Column (c). Report the beginning balance for each category. This number should equal the number of units reported at the end of the previous year. Any adjustments for incorrect counts or reclassifications should be made to the beginning balance and explained in the narrative.

5. Column (d). Report the increase in the number of Heritage Assets by category. When an increase is significant, it should be explained in the narrative statement to the table (i.e., identify whether by donation, purchase, or other form of conveyance).

6. Column (e). Report the decrease in the number of Heritage Assets by category. When a decrease is significant, it should be explained in the narrative statement to the table (i.e., identify the exchange, donation, abandonment, or other form of disposal).

7. Column (f). Report the year-end balance for each type. The amount in column (f) shall equal the amount in column (c) plus the amount in column (d) minus the amount in column (e).

8. Do not use columns (d) through (f) to make prior period and/or reclassification changes.

9. Narrative Statement. The report shall include a narrative statement below the table that provides the following:

a. Information regarding adjustments made to the beginning balance for events such as errors in physical counts or reclassification between categories (e.g., Museums and Buildings & Structures).

b. Information on the process used to establish assets as Heritage Assets including category definitions. In addition, the type(s) (e.g., Museum Collection Items) of items included in each category should be explained in the narrative statement to the table. A DoD Component may include additional information pertaining to the number of

individual items included in the Museum Collection Items categories. Only items that have been evaluated, accessioned, and cataloged in a collection management system should be included.

c. Information pertaining to significant increases or decreases in the quantities of Heritage Assets, as shown in columns (d) and (e). The information should identify or describe significant sales, exchanges, donations or similar transactions.

d. 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 sufficient detail to allow readers of the report to understand the measurement. 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.

e. A statement, when applicable, that financial information pertaining to Multi-use Heritage Assets is included on the Balance Sheet.

f. A statement, when applicable, that DoD Component owns items that may be classified as Heritage Assets in the future after they have been evaluated, accessioned, or cataloged.

#### 120404. Reporting on Stewardship Land

A. DoD Components shall disclose the quantities and condition of Stewardship Land under their control in a Supplemental Stewardship Report, titled “Stewardship Land” (Table 12-4).

B. A military base or installation predominantly comprised of Stewardship Land also may include General PP&E land purchased subsequent to the original Stewardship parcel. The General PP&E land shall not be reported in the Supplemental Stewardship Report; the cost of that land shall be reported on the Balance Sheet.

C. Stewardship Land Report. Stewardship Land is presented in context of all categories of DoD lands. Specific guidance for the preparation of the Stewardship Land Report follows.

1. Columns (a) and (b). Report the number of acres of all DoD land based on the predominant use of the land. The predominant use categories authorized for use as per *DoDI 4165.14, Real Property Inventory and Forecasting*, are as follows:

a. Government Owned Land. (Facility Code 9110).

b. State Owned Land. (Facility Code 9111). This is land held in public trust and thus will be reported as Stewardship Land.

c. Withdrawn Public Land. (Facility Code 9120). This is land held in public trust and thus will be reported as Stewardship Land.

d. Licensed and Permitted Land. (Facility Code 9130).

e. Public Land. (Facility Code 9140). This is land held in public trust and thus will be reported as Stewardship Land.

f. Land Easement. (Facility Code 9210).

g. In-leased Land. (Facility Code 9220).

h. Foreign Land. (Facility Code 9230).

2. Column (c). Report the number of acres (in thousands) for each category as of the first day of the current fiscal year (CFY). This amount should equal the total number of acres reported at the end of the previous year. Any adjustments to this amount must be disclosed in the narrative statement.

3. Columns (d) and (e). Report any additions or deletions during the CFY. Report acreage increases in column (d) and decreases in column (e).

4. Column (f). Report the total acreage by category as of the end of the CFY. The amount in column (f) shall equal the amount in column (c) plus the amount in column (d) minus the amount in column (e).

5. Narrative Statement. The report shall include a narrative statement that provides the following:

a. Information pertaining to adjustments in the beginning balance for events such as errors in physical counts or reclassification between categories.

b. Information pertaining to significant increases or decreases in the acreage of Stewardship Land, as shown in columns (d) and (e). The information should identify or describe significant sales, exchanges, donations, or similar transactions.

6. Information pertaining to the condition of the Stewardship Land.

Real Property Deferred Maintenance For Fiscal Year Ended September 30, 20CFY (In Millions of Dollars)			
Property Type	Current Fiscal Year (CFY)		
	1. Plant Replacement Value	2. Required Work (Deferred Maintenance)	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> _____ _____			

★ Table 12-1. Real Property Deferred Maintenance

Military Equipment Deferred Maintenance For Fiscal Year Ended September 30, XXCFY (In Millions of Dollars)	
<u>Major Categories</u>	
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	<u>\$\$\$</u>
<u>Narrative Statement:</u> _____ _____	

★ Table 12-2. Military Equipment Deferred Maintenance

HERITAGE ASSETS For Fiscal Year Ended September 30, XXCFY					
(a)	(b)	(c)	(d)	(e)	(f)
Heritage Asset Categories	Measurement Quantity	As of 10/01/CFY	Additions	Deletions	As of 9/30/CFY
Buildings and Structures	Each				
Archeological Sites	Each				
Museum Collection Items (Objects, Not Including Fine Art)	Each				
Museum Collection Items (Fine Art)	Each				
<u>Narrative Statement:</u>					
_____					
_____					

★ Table 12-3. Heritage Assets

STEWARDSHIP LAND For Fiscal Year Ended September 30, XXCFY (Acres in Thousands)					
(a)	(b)	(c)	(d)	(e)	(f)
Facility Code	Facility Title	As of 10/01/CFY	Additions	Deletions	As of 9/30/CFY
9110	Government Owned Land				
9111	State Owned Land				
9120	Withdrawn Public Land				
9130	Licensed and Permitted Land				
9140	Public Land				
9210	Land Easement				
9220	In-leased Land				
9230	Foreign Land				
Grand Total					
TOTAL - All Lands					
TOTAL – Stewardship Lands					
<u>Narrative Statement:</u>					
_____					
_____					

★ Table 12-4. Stewardship Land