

**VOLUME 6B, CHAPTER 12: “REQUIRED SUPPLEMENTARY INFORMATION”****SUMMARY OF MAJOR CHANGES**

Changes are identified in this table and also denoted by [blue](#) font.

Substantive revisions are denoted by an asterisk (\*) symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by [\*\*\*bold, italic, blue, and underlined font.\*\*\*](#)

The previous version dated [February 2021](#) is archived.

<b>PARAGRAPH</b>	<b>EXPLANATION OF CHANGE/REVISION</b>	<b>PURPOSE</b>
All	Removed generalized narratives that apply to all financial reporting.	Deletion
1.2.2	Added authoritative guidance related to the Statement of Federal Financial Accounting Standards 59, “Accounting and Reporting of Government Land.”	Addition
1.3	Added general formatting and reporting requirements.	Addition
4.0	Added land reporting requirements.	Addition

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## CHAPTER 12

**REQUIRED SUPPLEMENTARY INFORMATION**

## 1.0 GENERAL

## 1.1 Purpose

This chapter provides the Department of Defense (DoD) policy and guidance for reporting Required Supplementary Information (RSI) to accompany the basic financial statements.

## 1.2 Authoritative Guidance

1.2.1. Statement of Federal Financial Accounting Standards [\(SFFAS\) 42](#), “Deferred Maintenance and Repairs: Amending Statements of Federal Financial Accounting Standards 6, 14, 29 and 32,” establishes the detailed reporting requirements for deferred maintenance and repairs (DM&R) in the RSI.

\* 1.2.2. [SFFAS 59](#), “Accounting and Reporting of Government Land” establishes reporting requirements for government land in the RSI.

1.2.3. The Office of Management and Budget [\(OMB\) Circular A-136](#), “Financial Reporting Requirements,” provides overall agency and government-wide financial reporting guidance.

1.2.4. Volume 4, Chapters 24, 25, 26, and 28, provide the guidance for determining which DoD reporting entity is responsible for reporting real property on its financial statements.

## \*1.3 Format

1.3.1. For specific reporting formats and timing refer to Defense Finance and Accounting Service [\(DFAS\) Financial Reporting Guidance](#), under the sections titled, Annual and Quarterly Financial Statement Guidance, and 4<sup>th</sup> Quarter.

1.3.2. Information presented in the RSI must be presented on a comparative basis. [When the information is required for the first time, it need not be reported for the prior year.](#)

## 2.0 DEFERRED MAINTENANCE AND REPAIRS

## 2.1 Policy

DoD reporting entities are required to report material amounts of DM&R on General Property, Plant, and Equipment (General PP&E) as supplementary information to accompany their annual financial statements. The determination of whether an item is material depends on the degree to which omitting or misstating information about the item makes it probable that the judgment of a reasonable person relying on the information would have been changed or

influenced by the omission or the misstatement. General PP&E related accounting policy and definitions are contained in Volume 4.

## 2.2 Definition

As defined in SFFAS 42, DM&R are maintenance and repairs (M&R) not performed when required or scheduled and have been delayed for a future period. M&R are activities directed toward keeping fixed assets in an acceptable condition. M&R activities include preventive maintenance; replacement of parts, systems, or components; and other activities needed to preserve or maintain the asset. M&R, 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. The amounts reported must include both funded and unfunded DM&R, but need not be separately reported as such in the RSI.

## 2.3 Required Reporting

2.3.1. DM&R reporting must provide beginning and ending balances for the reporting period and narrative information related to the activities. Entities are required to present both qualitative and quantitative information.

2.3.2. In accordance with SFFAS 42, DoD reporting entities, at a minimum, are required to present the following information for all General PP&E regardless of measurement method chosen:

2.3.2.1. Describe M&R policies and how they are applied (i.e., method of measuring DM&R);

2.3.2.2. Discuss how M&R activities are ranked and prioritized among other activities;

2.3.2.3. Identify factors considered in determining acceptable condition standards;

2.3.2.4. State whether DM&R relates solely to capitalized General PP&E and stewardship PP&E or also to non-capitalized or fully depreciated General PP&E;

2.3.2.5. Identify PP&E for which management does not measure and/or report DM&R, and provide the rationale for the exclusion of other than non-capitalized or fully depreciated General PP&E;

2.3.2.6. Provide estimated beginning and ending DM&R balances for each major category of PP&E (i.e., General PP&E; heritage assets; and stewardship land), for which M&R has been deferred;

2.3.2.7. Explain significant changes by category (i.e., general PP&E, heritage assets, and stewardship land) from the prior year.

2.3.3. SFFAS 42 permits the following methods to measure DM&R:

2.3.3.1. Condition assessment surveys, which are periodic visual (i.e., physical) inspections of PP&E to determine their current condition and estimated cost to correct any deficiencies;

2.3.3.2. Life cycle cost forecasts, which are acquisition or procurement techniques that consider operating, maintenance, and other costs in addition to the acquisition cost of assets; or

2.3.3.3. Other methods similar to the condition assessment survey or life cycle cost forecast methods.

2.3.4. SFFAS 42 also requires that condition standards, related assessment methods, and reporting formats be consistently applied unless management determines that changes are necessary. [Changes must be accompanied by an explanation documenting the rationale for the change and any related impact on the DM&R estimates.](#)

### 3.0 DISAGGREGATED STATEMENT OF BUDGETARY RESOURCES

#### 3.1 Format

DoD reporting entities must prepare and report the disaggregated Statement of Budgetary Resources (SBR) as RSI. The format of the disaggregated SBR must follow the format contained in Chapter 7. The major account groupings and the aggregate of smaller budget accounts must, in total, agree with the amounts reported on the face of the reporting entity's SBR. The DoD Agency-Wide SBR must be disaggregated into the following appropriation/fund account groupings: (1) Military Personnel; (2) Procurement; (3) Research, Development, Test, and Evaluation; (4) Family Housing and Military Construction; (5) Military Retirement Benefits; (6) Civil Works; and (7) Operations, Readiness, and Support. Refer to Chapter 7 for additional guidance and detail on the disaggregated SBRs for the various military departments, funds, and other Defense entities.

#### 3.2 Presentation

DoD Agency-Wide disaggregated SBR is presented as two RSI schedules, Combining SBR Budgetary and Combining SBR Non-Budgetary Credit Reform Financing Account. Two presentations allow for easier readability and mapping to the schedule structure based on financial reporting data. The disaggregated SBR is presented separately for both the current year and comparative year.

### \*4.0 GENERAL PLANT, PROPERTY, & EQUIPMENT, STEWARDSHIP LAND, AND PERMANENT LAND RIGHTS

#### 4.1 Presentation

In accordance with SFFAS 59, DoD reporting entities, at a minimum, are required to present the following information for all General PP&E, Stewardship Land, and Permanent Land Rights disclosures:

- 4.1.1. Description and its relationship to the entity's mission;
- 4.1.2. Description of the entity's policies for land. Policies for land are the goals and principles the entity established to guide its acquisition, maintenance, use, and disposal of land consistent with statutory requirements, prohibitions, and limitations governing the entity and the land;
- 4.1.3. Estimated acreage by predominant use category which includes land and permanent land rights;
- 4.1.4. Estimated acreage held for disposal or exchange;
- 4.1.5. Description of the different types of land rights acquired by the entity, whether such rights are permanent or temporary, and amounts paid during the year to maintain such rights; and
- 4.1.6. Two separate tables are required for General PP&E and Stewardship Land and must include estimated acreage by predominate use categories of Commercial, Conversation and Preservation, and Operational. Refer to OMB Circular A-136 for a table illustration.