

>>> matt Duller <dullerca@gmail.com> 6/17/2010 1:55 PM >>>

Good afternoon,

I am representing myself as a interested user of the standard. For a little background I am a member of the 211th engineering installation squadron for the Natl. Guard in Pennsylvania, have a degree in Architecture and have been doing research with federal accounting standards. I am also a member of the task force and have attended many of FASAB meetings. I appreciate the opportunity to be able to contribute to the betterment of these standards and feel that the new change do help clarify reporting. I hope that they do help the more functional people like myself, who actually perform these maintenance tasks to actually complete there work knowing that what the say is deficient actually gets funding rather than going to a bigger budget for the agency.

Sincerely,

Matt Duller B.Arch

Questions for Respondents

Exposure Draft: Proposed Statement of Federal Financial Accounting Standards entitled, *Definitional Changes Related to Deferred Maintenance and Repairs: Amending Statement of Federal Financial Accounting Standards 6, Accounting for Property, Plant, and Equipment*.

Responses are requested by June 25, 2010

Q1. The Board proposes adding “repairs” to the title and body of the revised definition in order to clarify that deferred “repairs” as well as deferred “maintenance” need to be reported.

AGREE. Repairs are essential in maintaining assets in an acceptable condition. If an asset is being maintained and a part breaks it is no longer useful and the part must be replaced. Repairs being added to the definition, helps clarify what needs to be reported.

Q2. The second sentence of the existing standard provides (1) an illustrative list of activities which are not meant to be all inclusive and (2) the terms “acceptable services” and “expected life.” First, the Board proposes that the list of activities contained in the second sentence of the existing definition be updated to better reflect current federal and industry practices as well as encompass maintenance and repair (M&R) activities related to equipment and other personal property in addition to buildings, building components, or service systems. Second, the Board believes that the terms “acceptable services” and “expected life” should be eliminated from the definition. The second sentence would read as follows:

“Activities include preventive maintenance, replacement of parts, systems, or components, and other activities needed to preserve or maintain the asset.”¹

- a. **AGREE. Normal repairs is quite vague and leaves a lot of room for interpretation. The new changes do much to clarify the definition.**
- b. **AGREE. Expected life is generally underestimated and irrelevant. If an asset is still being used it still needs to be maintained and repaired when need be. Who determines Acceptable service? Delete it.**

¹ Note: The current SFFAS 6 language states in part that maintenance is “...needed to preserve the asset so that it continues to provide acceptable services and achieves its expected life.”

Q3. The Board proposes changing the last sentence of the definition to exclude the reference to needs “originally intended” to be met by the asset. Instead, “*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*” is proposed (underscoring added for emphasis).

As such, the proposed revised last sentence would read as follows:

“Maintenance and repairs 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.”

AGREE. Many facilities are being used for different functions than originally intended. This change at least resets the use and makes it easier to justify what is being maintained for the operations that are currently running.

Q4. The Board is not proposing a change at this time but rather, is seeking input on the impact that agency capitalization thresholds might have in the reporting of deferred maintenance and repairs. Because PP&E is subject to various capitalization thresholds and actual maintenance requirements are not, some believe it is more appropriate to report deferred maintenance and repairs (DM&R) in the broader context of fixed assets rather than only for capitalized PP&E.

Deferred Maintenance and Repair (DM&R) reporting should be not be limited to DM&R related to capitalized PP&E.

It should be directed broadly to fixed assets, everything has maintenance and it should all be reported. We need transparency and fiscal exposure.

Q5. The Board encourages respondents to not only provide input concerning any and all aspects of the proposed changes thus far discussed, but also other changes, points, issues and/or considerations which may not have been specifically addressed in this exposure draft. In addition, the basis for conclusions explains the Board’s goals for this project (see comments beginning at par.A8) and also discusses other issues raised by task force members (as an example, see paragraphs A11 through A13).

As I do feel this is a good start and does much to clarify what needs to be reported, there is always room for improvement. It would be quite helpful to see some examples of what would or would not be considered maintenance or repair for the more functional people like myself. I don’t think they necessary need to be in the definition, but a foot note or two might help clarify the terms for those who are unsure.