

Deferred Maintenance and Repairs

Deferred maintenance and repairs result from maintenance not being performed on a timely basis and is the estimated cost to bring Government-owned property, plant, and equipment to an acceptable condition. Deferred maintenance and repairs exclude the cost of expanding the capacity of assets or upgrading them to serve needs different from those originally intended. The consequences of not performing regular maintenance and repairs could include increased safety hazards, poor service to the public, higher costs in the future, and inefficient operations. Estimated deferred maintenance and repairs costs are not accrued in the Statements of Net Cost or recognized as a liability on the Balance Sheets.

The amounts disclosed for deferred maintenance and repairs are allowed to be measured using one of the following three methods:

- Condition assessment surveys which are periodic inspections of Government-owned property to determine the current condition and estimated cost to bring the property to an acceptable condition.
- Life-cycle cost forecast that is an acquisition or procurement technique that considers operation, maintenance, and other costs in addition to the acquisition cost of assets.
- Any other method of choice that is similar to the condition assessment survey or life-cycle costing methods.

The table below of deferred maintenance and repairs is presented as a single estimate in accordance with SFFAS No. 42, *Deferred Maintenance and Repairs: Amending Statements of Federal Financial Accounting Standards 6, 14, 29, and 32*. These amounts were all measured using the condition assessment survey method. Please refer to the individual financial statements of DOI, DOD, USDA, DOE, HHS, NASA, and VA for detailed significant information on deferred maintenance and repairs.

Deferred Maintenance and Repairs as of September 30, 2017, and 2016		
(In billions of dollars)	2017	2016
Asset category:		
General property, plant, and equipment	151.6	165.3
Heritage assets	18.1	19.5
Stewardship land.....	0.5	0.4
Total deferred maintenance and repairs	<u>170.2</u>	<u>185.2</u>

Other Claims for Refunds

Management has estimated amounts that may be paid out as other claims for tax refunds. This estimate represents an amount (principal and interest) that may be paid for claims pending judicial review by the federal courts or, internally, by appeals. The total estimated payout (including principal and interest) for claims pending judicial review by the federal courts is \$8.2 billion and \$4.8 billion for fiscal years 2017 and 2016, respectively. For those under appeal, the estimated payout is \$2.2 billion and \$2.3 billion for fiscal years 2017 and 2016, respectively. Although these refund claims have been deemed to be probable, they do not meet the criteria in SFFAS No. 5, *Accounting for Liabilities of the Federal Government*, for reporting the amounts in the balance sheets or for disclosure in the notes to the financial statements. However, they meet the criteria in SFFAS No. 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, as amended, for inclusion as required supplementary information. To the extent judgments against the Government for these claims prompt other similarly situated taxpayers to file similar refund claims, these amounts could become significantly greater.