

VOLUME 4, CHAPTER 16: “REVENUE, OTHER FINANCING SOURCES, GAINS AND LOSSES”

SUMMARY OF MAJOR CHANGES

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

Substantive revisions are denoted by an * 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 December 2009 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
Multiple	Updated hyperlinks.	Update
Multiple	Updated definitions in compliance with U.S. Government Standard General Ledger (USSGL) Accounts and Definitions.	Update
160402.E	Added Interest Revenue-Other Account (5310) to Exchange Revenue Accounts Section as a primary DoD ledger account.	Add
160402.H	Added Contra Revenue Account for Interest Revenue-Other Account (5319) as a primary DoD ledger account.	Add
160402.I (former 160403.E)	Moved Administrative Fee Revenue Account (5325) to the Exchange Revenue Accounts Section in compliance with the USSGL Treasury Financial Manual (TFM).	Update
160402.J (former 160403.F)	Moved Contra Revenue for Administrative Fees Account (5329) to the Exchange Revenue Accounts Section in compliance with the USSGL TFM.	Update

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
160403.B	Added Interest Revenue-Other Account (5310) to Nonexchange Revenue Section.	Add
160403.D	Revised the description of Penalties and Fines Revenue Account (5320) to more accurately describe the unique nature of this nonexchange revenue account.	Update
160403.E	Adjusted the Statement of Federal Financial Accounting Standards #7 reference to agree with this nonexchange revenue account.	Update
160404.C	Added new transfer accounts established since the last chapter update.	Add

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CHAPTER 16

REVENUE AND OTHER FINANCING SOURCES, GAINS, AND LOSSES

1601 GENERAL

160101. Purpose

This chapter sets forth the accounting policy to be used to account for revenues, other financing sources, gains, and losses.

160102. Overview

¹This chapter describes the accounting principles and concepts that the Department of Defense (DoD) Components and activities must follow to account for revenues, other financing sources, gains, and losses.² Expenses are discussed in Chapter 17. Losses are discussed in both this chapter and Chapter 17 because the same type of transaction sometimes results in a gain and at other times a loss, e.g., disposition of real property at a price above or below the book value. The “Table of Transactions” at Appendix A is provided to assist in classifying exchange and nonexchange revenues, other financing sources, and gains and losses. Also see Volume 6B: “Form and Content of the Department of Defense Audited Financial Statements” for information about how to report revenue on entity financial statements.

1602 REVENUE

160201. Sources of Revenue

Within the Department, revenues are generally amounts earned as a result of normal operations while gains or losses relate to other transactions.³ Revenues normally result from the sale of, or reimbursement for, goods and services provided to DoD activities, other federal government agencies and the public. Revenue is an inflow or other increase in assets, a decrease in liabilities, or a combination of both that results in an increase in the government’s net position during a reporting period. Decreases in advances and prepayment liabilities after delivery of goods or services are examples of how decreases in liabilities impact revenue.

A. Revenue comes from two sources: exchange transactions and nonexchange transactions.

B. The distinction between revenues and gains or losses is a matter of classification in the general ledger accounts and presentation in the financial statements.

¹ The principle Federal Accounting Standards Advisory Board publication related to this chapter is, [*Statement of Federal Financial Accounting Standards No. 7*](#), “Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting.”

² Refer to Chapter 4 for information concerning reporting of gains and losses on inventory.

³ For the Federal Government as a whole the primary sources of revenue are taxes and fees. For both the Department and the entire Federal Government donations are also a source of revenue.

Revenues are recorded at gross amount while gains are shown net of related costs.

C. Revenues must be recognized when something of value is provided to another government entity or to the public.

D. Exchange revenue must be posted at the actual price that is received or receivable under the established pricing arrangement.

E. Nonexchange revenues are inflows of resources that the government demands or receives by donation.

F. Refunds. Refunds are recoveries of overpayments and, as such, are **not** revenue. Refunds result from errors in paying invoices or returned items to vendor.

160202. Special Revenue Situations

A. When appropriated funds are used to furnish goods and services on a reimbursable basis and the amounts collected are returned to a miscellaneous receipts account (unless specific legal authority exists to retain such collections), the collections must be treated as a transfer out to other government agencies. The expenses incurred in providing the goods or service must be recorded in the appropriate expense accounts and must not be reduced even though the collection is deposited to miscellaneous receipts. See Volume 11A, Chapter 1: General Reimbursement Procedures and Supporting Documentation for additional information about reimbursements.

B. Revenue must be recorded in the financial records, collected promptly, and deposited in the appropriate Treasury account. Amounts received in advance of performance, however, must be accounted for as unearned revenue until performance is accomplished in accordance with Chapter 12: Unearned Revenue And Other Liabilities.

C. Revenues from Nonappropriated funds activities must be accounted for in accordance with Volume 13, Chapter 5: Revenue and Expenses.

D. When revenues are generated by providing goods and services, the cost of the goods and services provided must be recorded as a cost of goods sold. Use of the cost of goods sold account is discussed in Chapter 17: Expenses and Miscellaneous Items.

160203. Exchange Revenue

A. Exchange revenues are inflows of resources to a governmental entity that the entity has earned. They arise from transactions that occur when each party to the transaction sacrifices value and receives value in return. Exchange revenue also includes most user charges other than taxes. Exchange transactions also include those intra-governmental transactions where the price serves as a full or partial reimbursement for the costs incurred.

B. Revenue from exchange transactions must be recognized at the time goods or services are provided to the public or another government entity for a price.

C. Revenue from specific types of exchange transactions must be recognized as follows:

1. When services are provided to the public or another government entity (except for specific services performed to order under a contract), revenue must be recognized when the services are performed.

2. When goods are made to order under a contract (either short or long term), or specific services are performed under a contract (either short or long term), revenue must be recognized monthly in proportion to estimated total cost when goods and services are acquired to fulfill the contract. The amount of revenue to recognize is based on the ratio of the costs incurred to date to the total estimated costs of completing the contract. If a loss is probable (more likely than not), revenue must continue to be recognized in proportion to the estimated total cost and costs must continue to be recognized when goods and services are acquired to fulfill the contract. Thus, the loss must be recognized in proportion to total cost over the life of the contract.⁴

3. When goods are kept in inventory and are available for sale to customers when ordered, revenue must be recognized when the goods are issued to the customer.

4. When services are rendered continuously over time or the right to use an asset extends continuously over time, such as the use of borrowed money or the rental space in a building, the revenue must be recognized in proportion to the passage of time or the use of the asset.

5. When an asset other than inventory is sold, any gain (or loss) must be recognized when the asset is delivered to the purchaser.

D. Interest on Treasury Securities held by Trust Funds and Special Funds. The source of balances for some trust funds and special funds may not be predominantly nonexchange revenue, and the source of balances for revolving funds and trust revolving funds may not be predominantly exchange revenue. For example, the main source of balances for two major trust funds, the Civil Service Retirement and Disability Fund and the DoD Military Retirement Trust Fund, consists of exchange revenue and other financing sources. In such exceptional cases, the interest must be classified in the same way as the predominant source of funds, as exchange revenue. See [SFFAS No. 7](#), paragraphs 154-160 for more information.

⁴ This is an exception to the general principal on the treatment of losses set forth in SFFAS No. 5, Accounting for the Liabilities of the Federal Government. Refer to footnote 5 of SFFAS No. 7 for more information.

160204. Nonexchange Revenue

A. Nonexchange revenues include income taxes, excise taxes, duties, fines, penalties, and other inflows of resources arising from the Government's power to demand payments, as well as voluntary donations. Nonexchange revenue must be recognized when a reporting entity establishes a specifically identifiable, legally enforceable claim to cash or other assets. It is recognized to the extent that the collection is probable (i.e., more likely than not) and the amount is measurable (i.e., reasonably estimable).

B. Nonexchange revenue should be measured by the collecting entities, but should be recognized by the entities legally entitled to the revenue (the recipient entities). SFFAS No. 7, paragraphs 48 through 63 describe the application of this general standard.

1603 OTHER FINANCING SOURCES

160301. Other Financing Sources

The term "revenue" does not encompass all financing sources of government reporting entities, such as most of the appropriations they receive. These other financing sources do however, provide resource inflows to government reporting entities, although not to the government as a whole. Other sources of financing include appropriations used, transfers of assets from other government entities, and financing imputed with respect to any cost subsidies.

160302. Appropriations

Until used, appropriations are not a financing source. They must be recognized in capital as "unexpended appropriations" (and among assets as "Fund Balance with Treasury") when made available for apportionment, **even if a Treasury Warrant has not yet been received**, or the amount has not been fully apportioned. Unexpended appropriations must be reduced for appropriations used and adjusted for other changes in budgetary resources, such as rescissions and transfers. The net increase or decrease in unexpended appropriations for the period must be recognized as a change in net position of the entity. When used, appropriations must be recognized as a financing source in determining net results of operations. Appropriations are used in operations when goods and services are received or benefits and grants are provided. Goods and services (including amounts capitalized) are considered received when a liability is established. Benefits are considered to be provided when the related liability is established. Grants are considered to be provided when grantees meet the requirements that allow them to use the grants.

160303. Imputed Financing

Government entities often receive goods and services from other government entities without reimbursing the providing entity for all the related costs. In addition, government entities often incur costs such as pensions, which are paid in total or in part by other entities. These goods and services constitute subsidized costs to be recognized by the receiving entity to the extent required by other accounting standards. An imputed financing source must be

recognized equal to the imputed cost. This offsets any effect of imputed cost on net results of operations for the period. Within the DoD, imputed costs can include military personnel costs, pensions, other retirement benefits, other postemployment benefits, costs unreimbursed by tenants of real property, and environmental cleanup costs not reimbursed to the entity administering the fund when the administering fund is outside the DoD reporting entity.

160304. Transfers

An intra-governmental transfer of cash or of another capitalized asset without reimbursement changes the resources available to both the receiving entity and the transferring entity. The receiving entity must recognize a transfer-in as an additional financing source in its result of operations for the period. Similarly, the transferring entity must recognize the transfer-out as a decrease in its result of operations. The value recorded must be the transferring entity's book value of the asset. If the receiving entity does not know the book value, the asset must be recorded at its estimated fair value as of the date of transfer. See Appendix A to this chapter for more information on property, plant, and equipment (PP&E) transfers.

160305. Donations

Donations are contributions to the government, i.e., voluntary gifts of resources to a government entity by a nonfederal entity. Donations may be financial resources, such as cash or securities, or nonfinancial resources such as land or buildings. Revenue arising from donations must be recognized for those inflows of resources which meet recognition criteria for assets and must be measured at the estimated fair market value of the contribution. In cases of the donation of assets classified as heritage assets or stewardship land no amount is recognized because such PP&E would have been expensed if purchased.⁵ (See Volume 4, Chapter 6 for additional information about real property donations, PP&E, and Appendix A of this chapter.)

160306. Gains or Losses

When a transaction **occurs** with the public or another government entity **for** a price **which** is unusual or nonrecurring, a gain or loss must be recognized rather than revenue or expense so as to differentiate such transactions. Gains or losses result from the sale, exchange, trade or disposition of government assets (with the exception of inventory held for sale)⁶. As a general rule, any difference between the sales proceeds at more or less than the book value of an asset is recognized as a gain or loss when the asset is sold. This general rule applies to the sale of PP&E, receivables, investments, and other assets where the selling entity is entitled to retain the proceeds of the sale. In addition, the distinction between revenues and gains or losses is a matter of classification in the general ledger accounts and their presentation in financial statements.

⁵ This statement does not apply to multi-use assets acquired through donation or devise, which should be recognized as general PP&E at the assets' fair value at the time received, and the amount should also be recognized as non exchange revenue (SFFAS 29, Paragraph 23).

⁶ The reclassification of excess, obsolete, or unserviceable inventory will generally result in a loss when revalued because the value is now less than the acquisition or moving average cost of the item. The amount of revaluation is recognized as a loss or gain in determining the net cost of operations.

Revenues are commonly reported at their gross amount while gains or losses are shown net of related book value.

1604 ACCOUNTING FOR REVENUES, OTHER FINANCING SOURCES, DONATIONS, TRANSFERS, AND GAINS AND LOSSES

160401. Transaction Library

The transaction library for recording business events for revenue and other financing sources is found at DoD United States Standard General Ledger (USSGL) Standard Financial Information Structure (SFIS), [Transaction Library](#). Also see Volume 1, Chapter 7: United States Standard General Ledger. Additional information about how to classify transactions is available at [Appendix B](#) of the Statement of Federal Financial Accounting Standards 7: “Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting,” and Appendix A of this chapter. The following series of accounts are the primary USSGL accounts used to record revenue, other financing sources transaction, donations, transfers, and gains and losses (see [USSGL Treasury Financial Manual, Supplement II, Accounts and Definitions](#), for a complete list of accounts).

*160402. Exchange Revenue Accounts

A. Revenue From Goods Sold (5100). Use this account to record exchange revenue earned from the sale of purchased or finished goods processed for sale or use under a program of trading or manufacturing. When goods are kept in inventory so that they are available to customers when ordered, revenue must be recognized in the same accounting period that the goods are delivered to the customer. Performers (DoD activities providing goods and/or services at cost) include the Defense Working Capital Fund (DWCF) activities, revolving funds within the Military Departments, revolving funds within the “Other Defense Organizations,” the U.S. Army Corps of Engineers, and appropriation funded activities.⁷ Customers include any DoD Component, organization, office or other element; non-DoD federal government agencies; others officially representing the federal government; and members of the public (as specified by law). Federal customer orders (funded requests for goods and services) provide budgetary resources to finance reimbursable operations; consequently, customer orders must be obligations of a federal government activity unless otherwise specified by law.⁸

B. Contra Revenue for Goods Sold (5109). Use this account to offset revenue for goods sold when collection of accrued revenue is not expected. Record amounts based on adjustments, returns, allowances, price redetermination, and refunds other than taxes where revenue is earned.

⁷ While most often used for transactions by working capital entities the account can also be used by general fund entities.

⁸ Only customer orders from federal customers become budgetary resources in advance of collections. Customer orders from the public do not become budgetary resources until collected. See Receipt And Distribution Of Budgetary Resources At The Execution Level, Volume 3, Chapter 15 for the details about when reimbursable orders become budgetary resources.

C. Revenue From Services Provided (5200). This account is used to record exchange revenue earned from the sale of services provided, including sale of power, and transportation. Most often associated with revenue earned by revolving funds, revenue posted to this account is generally recorded at the point of sale.⁹ When services are provided to the public or another government entity, revenue must be recognized in the same accounting period that the services are performed. Service providers include DWCF activities, revolving funds within the Military Department, revolving funds within the “Other Defense Organizations,” the U.S. Army Corps of Engineers, and appropriation funded activities. Customers of the Department include any DoD Component, organization, office or other element; non-DoD federal government agencies and others officially representing the federal government; and members of the public (as specified by law). Federal customer orders (funded requests for goods and services) provide budgetary resources to finance reimbursable operations; consequently, customer orders must be obligations of a federal government activity unless otherwise specified by law.

D. Contra Revenue for Services Provided (5209). Use this account to offset revenue for services provided when collection of accrued revenue is not expected. Record amounts based on adjustments, returns, allowances, price redetermination, and refunds other than taxes where revenue is earned.

E. Interest Revenue-Other (5310). This account is used to record revenue earned from interest not associated with investments or borrowings/loans. Depending on the source of the funds, this revenue can be exchange or nonexchange revenue. For example, revenue resulting from interest charges on delinquent receivables is considered exchange (refer to Volume 4, Chapter 3, Annex 1: Interest, Penalties, and Administrative Charges).

F. Interest Revenue-Investments (5311). This account is used to record investment interest revenue. Depending on the source of the funds used to make an investment, the revenue can be exchange or nonexchange revenue. For example, invested balances for the Civil Service Retirement and Disability Fund and DoD Military Retirement Trust Fund are predominantly derived from exchange revenue and other financing sources and the interest earned on those balances must be classified as exchange revenue.¹⁰

G. Contra Revenue for Interest Revenue-Investments (5318). Record a reduction in revenue for interest accrued on investments when realization is not expected to this account.

H. Contra Revenue for Interest Revenue- Other (5319). Record a reduction in other revenue for interest accrued not associated with investments or borrowings/loans when realization is not expected. Amounts recorded are based on abatements, adjustments, returns, allowances, or price redeterminations.

I. Administrative Fees Revenue (5325). Record revenue from administrative fees to this account including revenue from administrative fees associated with collections on

⁹ General fund entities should use this account to record revenue earned by providing services.

¹⁰ For interest revenue not related to investments consult the USSGL Treasury Financial Manual, Section II, U.S. Government Standard General Ledger Accounts and Definitions.

delinquent accounts (refer to Volume 4, Chapter 3, Annex 1: Interest, Penalties, and Administrative Charges).

J. Contra Revenue for Administrative Fees (5329). Record a reduction in revenue for administrative fees when realization is not expected as defined in SFFAS No. 7, paragraph 41.

K. Benefit Program Revenue (5400). Revenue received by agencies administering retirement plans, insurance plans, and other annuity programs are recorded to this account. Employees of the federal government provide service to their employer in exchange for compensation, of which some is received currently (the salary); and some is deferred (pensions, retirement health benefits, and other retirement benefits). The financing of these benefits includes contributions paid by the employer entity to the retirement fund and is an inflow of resources to the retirement fund as part of this exchange transaction. It is a payment by the employer in exchange for the future provision of a pension or other retirement benefit to its employees. Therefore, it is exchange revenue of the entity that administers the retirement plan and, thus, is an offset to that entity's gross cost in calculating its net cost of operations.

L. Contra Revenue for Benefit Program Revenue (5409). Record a reduction in revenue for a benefit program based on adjustments as stipulated by law not including credit losses to this account.

M. Insurance and Guarantee Premium Revenue (5500). Revenue earned from insurance and guaranteed premiums. The premiums are recorded as exchange revenue in this account and any interest earned on investments made with premium revenue is therefore exchange revenue recorded to Account 5311.

N. Contra Revenue for Insurance and Guarantee Premium Revenue (5509). Record a reduction in revenue for an insurance and guarantee premium based on adjustments stipulated by law not including credit losses to this account.

O. Other Revenue (5900). Use this account to record the amount of revenue received but not otherwise classified. For example, funds received for administering international and other agreements when the U.S. Government is reimbursed represent Other Revenue. Other uses of this account include the sale of stockpile materials or the cancellation of a receivable for a reimbursable activity.¹¹

P. Contra Revenue for Other Revenue (5909). Record a reduction in revenue received (but not otherwise classified above) when realization is not expected to this account. Amounts recorded are based on adjustments, returns, allowances, price redetermination, and refunds other than taxes where revenue is earned. Credit losses on other nonexchange revenue also are recorded in this account.

¹¹ This account is not limited to exchange transactions.

*160403. Nonexchange Revenue Accounts

A. Nonexchange revenues that can be retained by the collecting entity in accordance with permanent provisions of law or through the authorization and/or appropriations process, are not matched with costs because they are not earned in the operations process. Because they are inflows that finance operations, nonexchange revenues must be classified and recognized only in determining the overall financial results of operations for the period.¹² Collections not authorized by law for retention and use as appropriation reimbursements may be considered either exchange or nonexchange revenue and must be deposited to the general fund of the U. S. Treasury as miscellaneous receipts.

B. Interest Revenue-Other (5310). This account is used to record revenue earned from interest not associated with investments or borrowings/loans. Depending on the source of the funds used to make the investment, the revenue can be exchange or nonexchange revenue. For example, interest revenue resulting from the Military Housing Privatization Program is considered nonexchange.

C. Interest Revenue-Investments (5311).¹³ This account is used to record investment interest revenue. Depending on the source of the funds used to make the investment, the revenue can be exchange or nonexchange revenue. Interest on securities held by trust and special funds (except trust revolving funds) is often nonexchange revenue because the investment is made with funds derived from the government's sovereign authority. The key is the source of the funds used to make the investment, i.e., exchange or nonexchange. For example, invested balances for the U.S. Army Corps of Engineers' Harbor Maintenance Trust Fund are predominantly derived from nonexchange revenue and the interest earned on those balances must be classified as nonexchange revenue.

D. Penalties and Fines Revenue (5320). Record revenue derived from penalties and fines to this account. Penalties and fines revenue will be reported as a nonentity custodial activity in accordance with SFFAS 7, paragraphs 260 and 262. The custodial activity will be presented at net value on the balance sheet along with a corresponding amount recorded as a custodial liability. Collection and disposition of custodial revenue to the General Fund Receipt Account will not impact the Net Position of the collecting entity. Refer to Volume 6B, for additional information on reporting of custodial revenue. Refer to Volume 4, Chapter 3, Annex 1 for more information about penalties and administrative charges.

E. Contra Revenue for Penalties and Fines (5324). Record an amount reflecting a reduction in revenue for penalties and fines when realization is not expected as defined in FASAB SFFAS No. 7, paragraph 41.

¹² See FMR Volume 6B, Chapter 6, paragraph 060303.D, etc., for information about how to report nonexchange revenue on financial statements.

¹³ For interest revenue not related to investments consult the USSGL Treasury Financial Manual, Section II, U.S. Government Standard General Ledger Accounts and Definitions.

F. Donated Revenue-Financial Resources (5600). Record the donation of financial resources to a Federal Government entity from a non-Federal source, for example, cash or securities to this account and should be measured at the estimated fair value of the contribution.

G. Contra Revenue for Donations-Financial Resources (5609). Record an amount reflecting a reduction in revenue for donated financial resources that are returned; for example, cash or securities to this account and should be measured at the estimated fair value of the contribution.

H. Donated Revenue-Nonfinancial Resources (5610). Record the donation of nonfinancial resources to a Federal Government entity from a non-Federal source, for example, land or buildings to this account.

I. Contra Donated Revenue – Nonfinancial Resources (5619). Record an amount reflecting a reduction in revenue for donated nonfinancial resources that are returned; for example, land or buildings.

*160404. Other Financing Sources

Financing sources, other than exchange and nonexchange revenues, that provide inflows of resources include expended appropriations, transfers of assets from other government entities, and financing imputed with respect to any cost subsidies. Financing outflows may result from transfers of an entity's assets to other Government entities or from exchange revenues earned by the entity that must be transferred to the general fund or another government entity.

A. Expended Appropriations (5700). This account is used to record the amount of appropriations used during the fiscal year when goods and services are received or benefits are provided. Special and trust funds that receive appropriations from the General Fund of the Treasury must use this account.

B. Transfers (5720 and 5730). These accounts are used to record the transfers or capitalized assets between DoD Components without the receipt of a direct appropriation or transfer document from the Office of Management and Budget.

1. Financing Sources Transferred In Without Reimbursement (5720). The amount determined to increase the financing source of a reporting entity that occurs as a result of an asset being transferred in. If the transfer is general PP&E the amount of the asset is recorded at the book value of the transferring entity. However, if the asset is classified as stewardship PP&E in its entirety by both the transferring entity and the recipient entity, the transfer does not affect the net cost of operation or net position of either entity; therefore, it is not revenue, a gain or loss, or other financing source.

2. Financing Sources Transferred Out Without Reimbursement (5730). This account is used to record the amount determined to decrease the financing source of a reporting entity that occurs as a result of an asset being transferred out. The amount of the asset is recorded at book value as of the transfer date. If the asset is general PP&E for the

transferring entity but stewardship for the recipient entity it is recognized as a transfer-out (a negative other financing source) of capitalized assets by the transferring entity.

C. Other Transfer Accounts. Transfers reduce budgetary resources (budget authority and unobligated balances) in one account and increase them in another. Some transfer transactions will have a budgetary impact (see USSGL Treasury Financial Manual, Supplement II and OMB Circular No. A-11, *Preparation and Submission of the Budget*, Section 20.4(j)):

1. Appropriated Earmarked Receipts Transferred In (5740). Record the amount in the expenditure account of earmarked receipts appropriated via warrant from an unavailable receipt account.

2. Appropriated Earmarked Receipts Transferred Out (5745). These accounts are used to record the amount in the unavailable receipt account of earmarked receipts appropriated, via warrant, to an expenditure.

3. Expenditure Financing Sources – Transfers-In (5750). Record the amount of financing sources of a Federal entity representing funds transferred in, or to be transferred in, occurring as a result of a nonexchange expenditure transfer-in from a trust or Federal fund.

4. Nonexpenditure Financing Sources – Transfers-In –Other (5755). This account is used to record the amount of financing sources of a reporting Federal entity representing funds transferred in, or to be transferred in, occurring as a result of a nonexchange, nonexpenditure transfer-in between two trust funds or two Federal funds where a credit to unexpended appropriations is not valid. This account excludes nonexpenditure transfers classified as capital transfers.

5. Expenditure Financing Sources – Transfers –Out (5760). Record the amount of financing sources of a reporting Federal entity representing funds transferred out, or to be transferred out, occurring as a result of a nonexchange expenditure transfer-out to a trust or Federal fund.

6. Nonexpenditure Financing Sources – Transfers-Out – Other (5765). This account is used to record the amount of financing sources of a reporting Federal entity representing funds transferred out, or to be transferred out, occurring as a result of a nonexchange, nonexpenditure transfer-out between two trust funds or two Federal funds where a debit to unexpended appropriations is not valid. This account excludes nonexpenditure transfers classified as capital transfers.

D. Imputed Financing Sources (5780).¹⁴ Record the imputed financing amounts the Federal entity received to cover imputed costs. The balance in this account must equal the balance in USSGL account 6730, “Imputed Costs.” Examples of costs that may be imputed include military personnel costs, pensions, other retirement benefits, other postemployment benefits, and unreimbursed tenant cost when occupying a facility that is not

¹⁴ See Interpretation of Federal Financial Accounting Standards 6: “Accounting for Imputed Intra-departmental Costs: An Interpretation of SFFAS No. 4,” for additional information about imputed costs.

under the jurisdiction of the tenant. Yet another example is environmental cleanup costs not reimbursed to the entity administering the fund when the administering fund is outside the DoD reporting entity.

1605 GAINS AND LOSSES

For specific guidance on gains and losses you may need to refer to other chapters in the Regulation. For example, for inventory gains and losses refer to Inventory and Related Property, [Chapter 4](#). Another example is the gains and losses associated with Base Realignment and Closing actions, Fiscal Policy for Base Closure and Realignment, [Volume 12, Chapter 13](#).

160501. Gain Accounts

A. Gains on Disposition of Assets-Other (7110). Record the gain on the disposition (such as sale, exchange, disposal, or retirement) of assets not associated with investments or borrowings/loans.

B. Gains on Disposition of Investments (7111). Record the gain on the disposition (such as sale, exchange, disposal, or retirement) of investments.

C. Unrealized Gains (7180). Record unrealized gains that include, but are not limited to, unrealized holding gains on available for sale securities in accordance with Financial Accounting Standard (FAS) 115, deferred gains on qualified hedges under FAS 133, and qualified foreign currency translation adjustments under FAS 52.

D. Other Gains (7190). Record the gain on assets resulting from events other than a disposition. [This excludes amounts related to the gain on the change in long-term assumptions from experience and gain on the change in long-term assumptions for Federal employee pension, other retirement benefit and other postemployment benefit liabilities, including veteran's compensation. This account includes amounts related to the Federal Employees Compensation Act Program.](#) Uses for this account include transactions for:

1. Miscellaneous gains such as a gain resulting from converting foreign currency holdings to U.S. dollars.

2. Use by general fund activities to record miscellaneous gains, e.g., ammunition, resulting from inventory counts of operating materials and supplies.

160502. Loss Accounts

A. Losses on Disposition of Assets - Other (7210). Record the loss on the disposition (such as sale, exchange, disposal, or retirement) of assets not associated with investments or borrowings/loans.

B. Losses on the Disposition of Investments (7211). Record the loss on the disposition (such as sale, exchange, disposal, or retirement) of investments.

C. Unrealized Losses (7280). To record unrealized losses that include, but are not limited to, unrealized holding losses on available for sale securities in accordance with Financial Accounting Standard (FAS) 115, deferred losses on qualified hedges under FAS 133, and qualified foreign currency translation adjustments under FAS 52.

D. Other Losses (7290). Record the loss on assets resulting from events other than disposition. This excludes amounts related to the losses on the change in long-term assumptions from experience and gain on the change in long-term assumptions for Federal employee pension, other retirement benefit and other postemployment benefit liabilities, including veteran's compensation. This account includes amounts related to the Federal Employees Compensation Act Program. Uses for this account include transactions for:

1. Recording a contingent liability.
2. Recording the loss of inventory that is deemed material.
3. Foreign currency.