

VOLUME 4, CHAPTER 15: “NET POSITION”**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 [December 2019](#) is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
2.0	Added introduction, providing source guidance references from the Department of Defense, Office Deputy Chief Financial Officer Standard Financial Information Structure.	Addition
2.3	Added definition for “Unexpended Appropriations While Awaiting a Warrant, Account Number 309000” to better align with United States Standard General Ledger (USSGL).	Addition
2.9	Added definition for “Unexpended Appropriations – Used – Disbursed, Account Number 310710” to better align with the USSGL.	Addition

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CHAPTER 15

NET POSITION

1.0 GENERAL

1.1 Overview

Net Position is the difference between the total assets and total liabilities recognized in the Federal Government's or a component reporting entity's Balance Sheet. Net Position may be positive (assets greater than liabilities) or negative (assets less than liabilities). Net Position accounts represent the net investment of the United States (U.S.) Government in the Department of Defense (DoD) or to the reporting entities of the DoD. As such, for the DoD agency-wide statements, it includes all operations of DoD activities, including General Funds, Working Capital Funds, and Special and Trust funds. The general policy to account for the Net Position of the U.S. Government in DoD is contained in this chapter.

1.2 Purpose

This chapter provides descriptions of the [primary United States Standard General Ledger \(USSGL\)](#) accounts that comprise Net Position on the Balance Sheet and the Statement of Changes in Net Position (SCNP) financial statements. It also outlines the reporting of prior-period adjustments on the financial statements.

1.3 Authoritative Guidance

The financial management policy and related requirements set forth in this chapter are in accordance with the applicable provisions of:

1.3.1. Federal Accounting Standards Advisory Board (FASAB) Statement of Federal Financial Accounting Standards [\(SFFAS\) 21](#), "Reporting Corrections of Errors and Changes in Accounting Principles, Amendment of SFFAS 7, Accounting for Revenue and Other Financing Sources;"

1.3.2. FASAB [SFFAS 27](#), "Identifying and Reporting Funds from Dedicated Collections;"

1.3.3. FASAB [SFFAS 43](#), "Funds from Dedicated Collections: Amending Statement of Federal Financial Accounting Standards 27, Identifying and Reporting Earmarked Funds;"

1.3.4. Office of Management and Budget [\(OMB\) Circular A-136](#), "Financial Reporting Requirements;"

1.3.5. U.S. Department of the Treasury (Treasury) [USSGL](#), a supplement of the Treasury Financial Manual.

*2.0 STANDARD GENERAL LEDGER ACCOUNTS FOR NET POSITION

The standard general ledger accounts for Net Position presented are derived from the Treasury USSGL. Posting entries and account listings for the Net Position accounts are provided in the “DoD USSGL Transaction Library” and “DoD Standard Reporting Chart of Accounts,” respectively, which are available on the Office of the Deputy Chief Financial Officer [*Standard Financial Information Structure*](#) web page. Paragraphs 2.1 through 2.12 identify some relevant USSGL accounts to Net Position, but not limited to:

2.1 Unexpended Appropriations – Cumulative, Account Number 310000

This account [is used to record](#) the amount of unexpended appropriations after fiscal year-end closing. The balance in this account remains the same during the fiscal year. Activity to increase or decrease unexpended appropriations is reflected in other USSGL accounts in the 310000 series. At year-end, the nominal USSGL accounts in the 310000 series are closed to this USSGL account, including special and trust funds that receive appropriations from the General Fund of the U.S. Government. During the fiscal year, the net of debit and credit balances in the 310000 series accounts reflects the total remaining balance of unused appropriations. Special and trust funds that receive appropriations from the General Fund of the U.S. Government are to record this account. [This account](#) does not close at year-end.

2.2 Unexpended Appropriations – Appropriations Received, Account Number 310100

This account [is used to record](#) the amount of new appropriations received during the fiscal year. Special and trust funds do not use this USSGL account to record appropriations of dedicated collections. However, special and trust funds that receive appropriations from the General Fund of the U.S. Government are to use this account.

*2.3 Unexpended Appropriations While Awaiting a Warrant, Account Number 309000

[This account is used to record](#) the amount of new appropriations expected to be received during the fiscal year from the General Fund of the U.S. Government. This is equal to the funding provided under a continuing resolution and apportioned in accordance with OMB’s automatic apportionment bulletin. Pursuant to a continuing resolution or enacted annual appropriation act, the account may be used while awaiting a warrant to be issued for an appropriation by the Treasury’s Bureau of the Fiscal Service (Fiscal Service). Special and trust funds do not use this USSGL account to record appropriations for dedicated collections. However, special and trust funds that receive appropriations from the General Fund of the U.S. Government are to use this account. The balance in this account will adjust to zero when the Fiscal Service issues a warrant and must adjust to zero by year-end. [This account](#) does not close at year-end.

2.4 Unexpended Appropriations – Transfers-In, Account Number 310200

This account [is used to record](#) the amount of unexpended appropriations, from current or prior years, transferred in during the fiscal year. Special and trust funds that receive appropriations

from the General Fund of the U.S. Government are to use this account for transfers of unexpended appropriations.

2.5 Unexpended Appropriations – Transfers-Out, Account Number 310300

This account [is used to record](#) the amount of unexpended appropriations, from current or prior years, transferred out during the fiscal year. Special and trust funds that receive appropriations from the General Fund of the U.S. Government are to use this account for transfers of unexpended appropriations.

2.6 Unexpended Appropriations – Prior-Period Adjustments Due to Corrections of Errors - Years Preceding the Prior Year, Account Number 310500

This account [is used to record](#) the amount of net increase or decrease to unexpended appropriations due to errors in years preceding the prior-year's financial statements that resulted from mathematical mistakes, mistakes in the application of accounting principles, or oversight or misuse of facts that existed at the time the financial statements were prepared. Use only when comparative financial statements are being presented. Although the normal balance for this account is debit, it is acceptable in certain instances for this account to have a credit balance.

2.7 Unexpended Appropriations – Adjustments, Account Number 310600

This account [is used to record](#) the amount of adjustments during the fiscal year to unexpended appropriations from current or prior years. Examples of adjustments include rescissions, and cancellations of expired appropriations. Although the normal balance for this account is debit, it is acceptable in certain instances for this account to have a credit balance.

2.8 Unexpended Appropriations – Used – Accrued, Account Number 310700

This account [is used to record](#) the amount of [accruals representing a](#) reduction during the fiscal year to unexpended appropriations from current or prior years that is paired with USSGL account 570000, “Expended Appropriations - Used - Accrued,” when goods and services are received or benefits provided. [Any](#) funds that receive appropriations from the General Fund of the U.S. Government are to use this account.

*2.9 Unexpended Appropriations – Used – Disbursed, Account Number 310710

[This account is used to record the amount of reduction during the fiscal year to unexpended appropriations from current or prior years that is paired with USSGL account 570010, “Expended Appropriations – Disbursed” when goods and services are received or benefits provided. Any funds that receive appropriations from the General Fund of the U.S. Government are to use this account when Fund Balance with Treasury is disbursed.](#)

2.10 Unexpended Appropriations – Prior-Period Adjustments Due to Corrections of Errors, Account Number 310800

This account is used to record the amount of net increase or decrease to unexpended appropriations due to errors in prior-period financial statements that resulted from mathematical mistakes, mistakes in the application of accounting principles, or oversight or misuse of facts that existed at the time the financial statements were prepared. Use USSGL account 310500, “Unexpended Appropriations - Prior-Period Adjustments Due to Corrections of Errors - Years Preceding the Prior-Year” for the amount of net increase or decrease to unexpended appropriations due to errors occurring in years preceding the prior-year's financial statements. Although the normal balance for this account is debit, it is acceptable in certain instances for this account to have a credit balance.

2.11 Unexpended Appropriations – Prior-Period Adjustments Due to Changes in Accounting Principles, Account Number 310900

This account is used to record the amount of net increase or decrease to unexpended appropriations from a prior period due to a change from one generally accepted accounting principle to another one that can be justified as preferable or the adoption of a new FASAB standard. Although the normal balance for this account is debit, it is acceptable in certain instances for this account to have a credit balance.

2.12 Cumulative Results of Operations, Account Number 331000

This account is used to record the amount of net difference since the inception of the activity between (1) expenses and losses, and (2) financing sources including appropriations, revenues, and gains. Although the normal balance for this account is credit, it is acceptable in certain instances for this account to have a debit balance. This account does not close at year-end.

3.0 ACCOUNTING POLICY FOR NET POSITION

3.1 Activities Financed By Appropriations

Activities whose operations are financed by appropriations must show the results of their operations as reductions to the Unexpended Appropriations account on a transaction basis and as changes in the Cumulative Results of Operations account with respect to the equity effect of transactions. The Unexpended Appropriations account is increased for the receipt of appropriations or other appropriation like resources and reduced for amounts expended for assets or operating expenses, and any appropriation withdrawals.

3.2 Activities Financed by Revenues

Activities whose operations are financed by revenues, generally defined as exchange revenue, must have their results of operations reflected as increases or decreases to the Cumulative Results of Operations account, which will include transfers of assets, which are recognized as financing sources. Appropriations received for a specific funding purpose will be accounted for

in the Unexpended Appropriations account until used as a financing source.

4.0 RECOGNITION IN FINANCIAL STATEMENTS

The Component reporting entity's Net Position accounts are Unexpended Appropriations and Cumulative Results of Operations and each must be shown in the consolidated Balance Sheet and SCNP. See Volume 6B, "Form and Content of the Department of Defense Audited Financial Statements."

4.1 Unexpended Appropriations

This amount includes the portion of the entity's appropriations represented by undelivered orders and unobligated balances. Unexpended appropriations on the Balance Sheet must equal unexpended appropriations on the SCNP. Unexpended appropriations attributable to Funds from Dedicated Collections, if material, must be shown separately on the face of the Balance Sheet and should equal unexpended appropriations in the notes to the financial statements as prescribed in OMB Circular A-136.

4.2 Cumulative Results of Operations

This amount represents the net results of operations since inception plus the cumulative amount of prior-period adjustments. This includes the cumulative amount of donations and transfers of assets in and out without reimbursement. Cumulative results of operations on the Balance Sheet should equal cumulative results of operations on the SCNP. Cumulative results of operations attributable to Funds from Dedicated Collections, if material, must be shown separately on the face of the Balance Sheet and should equal the cumulative results of operations in the Funds from Dedicated Collections Note, in accordance with SFFAS 27, as amended.

5.0 ACCOUNTING FOR NET POSITION

Transactions affecting net position frequently require a compound entry; that is, entries must be made in both the proprietary (asset, liability, revenue, expense, and equity) and the budgetary accounts. Entries to the proprietary accounts normally require compound entries to budgetary accounts in the 400000 series of accounts. See the "DoD USSGL Transaction Library" for the listing of the transaction postings to the 300000 series accounts. Entries that affect direct program Delivered Orders, Paid and Unpaid must also include postings to Appropriation Used and Unexpended Appropriation.

6.0 CORRECTION OF AN ERROR OR A CHANGE IN ACCOUNTING PRINCIPLE

6.1 Errors in Financial Statements

Errors in financial statements result from mathematical mistakes, mistakes in the application of accounting principles, or oversight or misuse of facts that existed at the time the financial statements were prepared. When errors are discovered after the issuance of financial

statements, and if the financial statements would be materially misstated absent correction of the errors, corrections should be made as follows:

6.1.1. If only the current period statements are presented, then the cumulative effect of correcting the error should be reported as a prior-period adjustment. The adjustment should be made to the beginning balance of cumulative results of operations, in the SCNP.

6.1.2. If comparative financial statements are presented, then the error should be corrected in the earliest affected period presented by correcting any individual amounts on the financial statements. If the earliest period presented is not the period in which the error occurred and the cumulative effect is attributable to prior periods, then the cumulative effect should be reported as a prior-period adjustment. The adjustment should be made to the beginning balance of cumulative results of operations, in the SCNP for the earliest period presented.

6.1.3. The nature of an error in previously issued financial statements and the effect of its correction on relevant balances should be disclosed. Financial statements of subsequent periods need not repeat the disclosures.

6.1.4. Prior-period financial statements should only be restated for corrections of errors that would have caused any statements presented to be materially misstated. See SFFAS 21 for additional guidance.

6.2 Changes in Accounting Principles

A change in accounting principle is a change from one **Generally Accepted Accounting Principle** to another one that can be justified as preferable. Changes in accounting principles also include those occasioned by the adoption of new federal financial accounting standards. Unless otherwise specified in the transition instructions section of a new FASAB standard, for all changes in accounting principles that would have resulted in a change to prior-period financial statements:

6.2.1. The cumulative effect of the change on prior periods should be reported as a “change in accounting principle.” The adjustment should be made to the beginning balance of cumulative results of operations in the SCNP for the period that the change is made.

6.2.2. Prior-period financial statements presented for comparative purposes should be presented as previously reported; and

6.2.3. The nature of the changes in accounting principle and its effect on relevant balances should be disclosed in the current period. Financial statements of subsequent periods need not repeat the disclosure. See SFFAS 21 for additional guidance.