

<p style="text-align: center;">SUMMARY OF MAJOR CHANGES TO DOD 7000.14-R, VOLUME 6B, CHAPTER 10 “NOTES TO THE FINANCIAL STATEMENTS”</p> <p style="text-align: center;">Substantive revisions are denoted by a ★ preceding the section, paragraph, table, or figure that includes the revision</p>		
PARA	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Revised guidance in accordance with the Office of Management and Budget (OMB) Circular A-136 instructions and disclosure requirements, to include items such as earmarked funds, military equipment, heritage assets, and stewardship land. Added fluctuation disclosure requirement for Notes 2 through 18.	Update
1003	Added Earmarked Funds in accordance with OMB Circular A-136.	Add
1004	Changed title to Nonentity Assets and added a line for Total Entity Assets to Note 2, revised instructions.	Update
1005	Added new tables and disclosure requirement to Note 3, Fund Balance with Treasury, from former Note 18, Unexpended Appropriations and Note 21B, Disclosures Related to Problem Disbursements.	Add
1006	Revised note schedule format in Note 4, Investments and Related Interest and added earmarked funds disclosure requirement from OMB Circular A-136.	Update
100703	Added the table on Aging of Accounts Receivable to Note 5, Accounts Receivable.	Add
1008	Revised note schedule format and disclosure requirements for Note 6, Other Assets.	Update
1009	Revised note schedule format and disclosure requirements for Note 7, Cash and Other Monetary Assets.	Update
1010	Removed former note narrative format in Note 8, Direct Loans and/or Loan Guarantee.	Delete
101014/101030	Added prior year columns to the reconciling schedules.	Update
1011	Revised note schedule format and disclosure requirements for Inventory and Related Property, Note 9.	Update
1012	Added Military Equipment to the note schedule format for Note 10, PP&E, and revised disclosure requirements. Added Heritage Assets note disclosure requirements.	Add
1013	Removed Intragovernmental Liabilities and Debt Held by the Public lines from Note 11, changed the title to Liabilities Not Covered by Budgetary Resources, and added a line for Total Liabilities Covered by Budgetary Resources.	Update

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PARA	EXPLANATION OF CHANGE/REVISION	PURPOSE
1014	Revised note schedule format and disclosure requirements for Accounts Payable, Note 12.	Update
1015	Revised note schedule format and disclosure requirements for Debt, Note 13.	Update
1016	Removed Environmental Liabilities – Intragovernmental on note schedule and revised instructions.	Update
1017	Revised note schedule format and disclosure requirements for Note 15, Other Liabilities.	Update
1018	Revised disclosure requirements for Commitments and Contingencies, Note 16.	Update
1019	Revised note schedule format and disclosure requirements for Note 17, Military Retirement Benefits and Other Employment Related Actuarial Liabilities.	Update
1020	Removed former Note 18, Unexpended Appropriations and renumbered subsequent notes through Note 23.	Delete
1020	Removed the following note schedules from Note 18, Disclosures Related to the Statement of Net Costs: Gross Cost and Earned Revenue by Budget Functional Classification; Gross Cost to Generate Intragovernmental Revenue by Budget Function Classification; Imputed Expense; and Benefit Program Expenses. Added note schedule and disclosure requirements for intragovernmental and public costs and revenue.	Update
1021	Added required disclosure for restatements and revised note schedule format and required disclosures for Note 19, Disclosures Related to the Statement of Changes in Net Position. Added disclosures on Appropriations Received on the Statement of Changes in Net Position not matching Appropriations Received on the Statement of Budgetary Resources (SBR).	Add
1022	Added disclosures on Appropriations Received on the SBR not matching Appropriations Received on the Statement of Changes in Net Position and Undelivered Orders in the note schedule not matching Undelivered Orders on the SBR for Note 20, Disclosures Related to the Statement of Budgetary Resources.	Update

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DOD 7000.14-R, VOLUME 6B, CHAPTER 10
“NOTES TO THE FINANCIAL STATEMENTS”**

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PARA	EXPLANATION OF CHANGE/REVISION	PURPOSE
1023	★ Added new disclosure requirements for reconciling Statement of Financing to the Statement of Net Cost, lines presented on this statement as combining instead of consolidating, and allocation transfers for Note 21, Disclosure Relating to the Statement of Financing.	Update
1024	★ Revised note schedule format and added new disclosure requirements for Foreign Military Sales, Development Fund for Iraq, and Iraqi Seized Assets for Note 22, Disclosures Related to the Statement of Custodial Activity.	Update
1025	★ Added new Note 23, Earmarked Funds, per OMB Circular A-136 and the SFFFAS 27, Identifying and Reporting Earmarked Funds.	Add
1026	★ Revised note schedule in Note 24, Other Disclosures.	Update

TABLE OF CONTENTS**NOTES TO THE FINANCIAL STATEMENTS**

1001	General
1002	General Notes Instructions
1003	Note 1 Significant Accounting Policies
1004	Note 2 Nonentity Assets
1005	Note 3 Fund Balance with Treasury
1006	Note 4 Investments and Related Interest
1007	Note 5 Accounts Receivable
1008	Note 6 Other Assets
1009	Note 7 Cash and Other Monetary Assets
1010	Note 8 Direct Loans and/or Loan Guarantee Programs
1011	Note 9 Inventory and Related Property
1012	Note 10 General Property, Plant, and Equipment (PP&E), Net
1013	Note 11 Liabilities Not Covered by Budgetary Resources
1014	Note 12 Accounts Payable
1015	Note 13 Debt
1016	Note 14 Environmental Liabilities and Disposal Liabilities
1017	Note 15 Other Liabilities
1018	Note 16 Commitments and Contingencies
1019	Note 17 Military Retirement Benefits and Other Employment Related Actuarial Liabilities

1020	Note 18 Disclosures Related to the Statement of Net Cost
1021	Note 19 Disclosures Related to the Statement of Changes in Net Position
1022	Note 20 Disclosures Related to the Statement of Budgetary Resources
1023	Note 21 Disclosures Related to the Statement of Financing
1024	Note 22 Disclosures Related to the Statement of Custodial Activity
1025	Note 23 Earmarked Funds
1026	Note 24 Other Disclosures

CHAPTER 10

NOTES TO THE FINANCIAL STATEMENTS★1001 GENERAL

100101. This chapter specifies the format, content, and instructions for the preparation and presentation of notes to the principal financial statements. The Department of Defense (DoD) [Components and reporting entities](#) are required to prepare [quarterly and fiscal year end comparative financial statements and notes](#). The prior year column shall be consistent with the amounts published on the financial statements and notes in the prior year. Any significant variances reported from one year to the next on the Balance Sheet and Statement of Net Cost and the corresponding note schedules shall be explained in the note narrative. Significant variances are those that exceed 10 percent (plus or minus) from the prior year amount for the same line item and/or that exceed two percent (plus or minus) of the total assets amount reported on the Balance Sheet. In addition, supporting schedules presented in the notes, shall have total figures which agree with the amounts presented in the body of the financial statements. The chosen rounding level shall be consistently maintained throughout the financial statements and notes. Rounded totals shall agree between the financial statements as applicable (e.g., the Net Position – end of the period line from the Statement of Changes in Net Position should equal the Total Net Position line on the Balance Sheet). Individual line items shall sum to the totals (this may require adjusting the individual detail line items for differences created by the rounding process rather than adjusting column totals).

100102. The underlying financial systems, and operations that produce these statements, were not designed to generate auditable financial statements in compliance with this form and content guidance. As a result, many DoD organizations may not be fully compliant with Federal Generally Accepted Accounting Principles (GAAP) due to long-standing system deficiencies. The DoD is developing long-term systems improvements that will correct these deficiencies and ensure compliance with Federal GAAP. In cases where individual line items of the financial statements cannot be obtained or a substitution is made from the requirements herein, the deficiencies shall be explained and the reason for the noncompliance annotated in the related note. In addition, departures from Federal GAAP shall be identified in [Note 1](#), “Significant Accounting Policies,” and in the specific note related to the line item. Discussion of departures may also be included in the “Overview of the Reporting Entity.”

★1002 GENERAL NOTE INSTRUCTIONS

100201. General. The objective of the notes to the financial statements is to provide additional disclosures to ensure that the financial statements are more informative and not misleading. The preparer should consider the audience when writing the note narrative. Users of the general purpose financial reports, including internal users, tend to have different levels of knowledge and sophistication about government operations, accounting, and finance. Financial statements should be prepared so that individuals who may not have a detailed knowledge of accounting principles and specific business practices can understand them. The detail, explanation, and related narrative should be based on the knowledge level of the expected

users. The DoD's financial statements are provided to various internal users within the DoD; as well as, external users such as the Office of Management and Budget (OMB), the Department of the Treasury (Financial Management Service), the Congress and the general public.

100202. Narrative. The narrative should explain issues in plain English and with sufficient detail so that a person with general knowledge of the subject matter would understand. The narrative should describe the balances rather than a list or statement as to which component the balance is attributable.

100203. Multiple Source. Narratives from various sources should be reviewed for consistency. Additional research may be necessary to ensure that a similar level of detail for all entities is presented in the note narrative.

100204. Amounts in Narrative. The narrative should readily tie to the line item(s) on the financial statements and note schedules.

100205. Other Lines. A narrative should be included for any line item entitled "Other." Disclose all items that include 10 percent or more of the "Other" line item. If no amount encompasses 10 percent or more of the "Other" line item, state that the amount is attributable to multiple items.

100206. Abnormal Balances. Disclose all abnormal account balances found in all financial statement lines and note schedules. Abnormal account balances are those in which the normal balance (debit or credit) is reversed. Disclose the dollar amount, the business event that caused the abnormal balance, the reason the abnormality occurred, and the fiscal time period in which the abnormal balance occurred, and when it will be corrected. Although not disclosed in footnotes, all abnormal proprietary and budgetary United States Standard General Ledger (USSGL) accounts must be researched and resolved, if possible.

100207. Intragovernmental Amounts. Intragovernmental amounts disclosed in a table to a note shall contain a statement concerning the entity's ability to reconcile with its trading partner.

100208. Format of Notes. A consistent format is required for the narrative portion of notes. The narrative will begin with explanations of fluctuations between comparative periods on the financial statements and/or note schedules. Explanations for all abnormal balances found on the financial statements or notes will follow the fluctuation explanations. All other information, including definitions, will be disclosed after fluctuation and abnormal balance discussions. References to financial regulations or other notes are not required and should not be included in the note narrative.

100209. The following table summarizes the note numbers, titles, and Chapter 10 sections:

Note Number:	Note Title	Chapter 10 Section:
1	Significant Accounting Policies	1003
2	Nonentity Assets	1004
3	Fund Balance with Treasury	1005
4	Investments and Related Interest	1006
5	Accounts Receivable	1007
6	Other Assets	1008
7	Cash and Other Monetary Assets	1009
8	Direct Loans and/or Loan Guarantee Programs	1010
9	Inventory and Related Property	1011
10	General Property, Plant, and Equipment (PP&E), Net	1012
11	Liabilities Not Covered by Budgetary Resources	1013
12	Accounts Payable	1014
13	Debt	1015
14	Environmental Liabilities and Disposal Liabilities	1016
15	Other Liabilities	1017
16	Commitments and Contingencies	1018
17	Military Retirement Benefits and Other Employment Related Actuarial Liabilities	1019
18	Disclosures Related to the Statement of Net Cost	1020
19	Disclosures Related to the Statement of Changes in Net Position	1021
20	Disclosures Related to the Statement of Budgetary Resources	1022
21	Disclosures Related to the Statement of Financing	1023
22	Disclosures Related to the Statement of Custodial Activity	1024
23	Earmarked Funds	1025
24	Other Disclosures	1026

Table 10-1. Summary of Notes

★1003 NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

100301. Content of Note. Note 1 to the financial statements shall describe the reporting entity and identify its major components. Note 1 shall summarize the accounting principles and the methods of applying those principles that management has concluded are the most appropriate for presenting the entity's assets, liabilities, equity, net cost of operations, changes in net position, and budgetary resources. Disclosure of accounting policies shall identify and describe the accounting policies followed by the reporting entity and the methods of applying those principles. In general, the disclosure should encompass important judgments as to the valuation, recognition, and allocation of assets, liabilities, expenses, revenues, and other financing sources. Disclosure of accounting policies should not duplicate details presented elsewhere as part of the notes to the financial statements. The summary of significant accounting policies should include a description of changes in generally accepted accounting principles that impact the financial statements, and an explanation of concepts, such as Fund Balance with Treasury and Earmarked Funds, that are unique to Federal financial statements. In addition, the summary of significant accounting policies shall disclose any significant changes, from the prior year, in the composition of the reporting entity or significant changes in the manner in which the reporting entity aggregates information for financial reporting purposes.

100302. Sample Note 1. Table 10-2 includes sample disclosure statements for preparing Note 1. A particular reporting issue is discussed in each suggested statement. Each reporting entity shall review its financial processes, systems and data and modify or expand, the sample disclosure statements for a complete and accurate representation of each issue. The specific language shown in sample Note 1 may not be applicable to all DoD components. Do not include narratives that are not applicable. The left-hand column includes the sample disclosure statements and the right hand column identifies the applicable reporting entity(s).

★Note 1. Significant Accounting Policies:

Sample Note 1 Disclosure Statements	
STATEMENTS	REPORTING ENTITY
1.A. Basis of Presentation	
<p>These financial statements have been prepared to report the financial position and results of operations of the <i>[Reporting Entity]</i>, as required by the “Chief Financial Officers Act of 1990,” expanded by the “Government Management Reform Act of 1994,” and other appropriate legislation. The financial statements have been prepared from the books and records of the <i>[Reporting Entity]</i> in accordance with the “DoD Financial Management Regulation,” the Office of Management and Budget Circular A-136, Financial Reporting Requirements, and to the extent possible generally accepted accounting principles (GAAP). The accompanying financial statements account for all resources for which the <i>[Reporting Entity]</i> is responsible. Information relative to classified assets, programs, and operations is aggregated and reported in such a manner that it is no longer classified.</p>	All
<p>The <i>[Reporting Entity]</i> is unable to fully implement all elements of GAAP and the Office of Management and Budget Circular A-136, due to limitations of its financial management processes and systems and nonfinancial systems and processes that feed into the financial statements. The <i>[Reporting Entity]</i> derives its reported values and information for major asset and liability categories, largely from nonfinancial systems, such as inventory systems and logistic systems. These systems were designed to support reporting requirements for maintaining accountability over assets and reporting the status of Federal appropriations rather than preparing financial statements in accordance with GAAP. The <i>[Reporting Entity]</i> currently has <i>[Enter Number]</i> auditor identified financial statement material weaknesses: <i>[(1) Financial Management Systems, (2) Intragovernmental Eliminations, et cetera.]</i></p> <p>The <i>[Reporting Entity]</i> continues to implement process and system improvements addressing these limitations many of which are detailed below.</p>	All Applicable Entities

Table 10-2. Note 1. Significant Accounting Policies

1.B. Mission of the Reporting Entity	
Each <i>[Reporting Entity]</i> enter a brief mission statement.	All
1.C. Appropriations and Funds	
The <i>[Reporting Entity]</i> receives its appropriations and funds as general, working capital (revolving funds), trust, special, deposit funds and earmarked funds. The <i>[Reporting Entity]</i> uses these appropriations and funds to execute their missions and report on resource usage.	All
<u>General funds</u> are used for financial transactions funded by congressional appropriations, including personnel, operation and maintenance, research and development, procurement, and military construction accounts.	General Funds
<u>Working capital funds</u> (WCF) receive their initial funding through an appropriation or a transfer of resources from existing appropriations or funds and use those capital resources to finance the initial startup. The WCF entities provide goods and services on a reimbursable basis. Reimbursable receipts fund ongoing operations generally are available in their entirety for use without further congressional action.	Working Capital Funds
<u>Trust funds</u> contain receipts and expenditures of funds held in trust by the government for use in carrying out specific purposes or programs in accordance with the terms of the donor, trust agreement, or statute.	General Funds
<u>Special fund accounts</u> are used to process government receipts reserved for a specific purpose.	General Funds
<u>Deposit funds</u> are used to record amounts held temporarily until ownership is determined. The <i>[Reporting Entity]</i> is acting as an agent or a custodian for funds awaiting distribution, for example payroll taxes.	General Funds

Table 10-2. Note 1. Significant Accounting Policies (continued)

1.C. Appropriations and Funds (continued)	
<p><u>Earmarked Funds</u> are financed by specifically identified revenues, required by statute to be used for designated activities, benefits or purposes, and remain available over time. Earmarked funds also have a requirement to account for and report on the receipt, use and retention of revenues and other financing sources that distinguish it from general revenues.</p>	General Funds
1.D. Basis of Accounting	
<p>For <i>[Current Fiscal Year]</i>, the <i>[Reporting Entity's]</i> financial management systems are unable to meet all of the requirements for full accrual accounting. Many of the <i>[Reporting Entity's]</i> financial and nonfinancial feeder systems and processes were designed and implemented prior to the issuance of GAAP for federal agencies. These systems were not designed to collect and record financial information on the full accrual accounting basis as required by GAAP. Most of the <i>[Reporting Entity's]</i> legacy systems were designed to record information on a budgetary basis.</p>	All Applicable Entities
<p>The <i>[Reporting Entity]</i> has undertaken efforts to determine the actions required to bring its financial and nonfinancial feeder systems and processes into compliance with GAAP. One such action is the current revision of its accounting systems to record transactions based on the United States Standard General Ledger (USSGL). Until all of the <i>[Reporting Entity's]</i> financial and nonfinancial feeder systems and processes are updated to collect and report financial information as required by GAAP, the <i>[Reporting Entity's]</i> financial data will be based on budgetary transactions (obligations, disbursements, and collections), transactions from nonfinancial feeder systems, and adjustments for known accruals of major items such as payroll expenses, accounts payable, and environmental liabilities.</p>	All Applicable Entities

Table 10-2. Note 1. Significant Accounting Policies (continued)

1.D. Basis of Accounting (continued)	
<p>In addition, the <i>[Reporting Entity]</i> identifies program costs based upon the major appropriation groups provided by the Congress. Current processes and systems do not capture and report accumulated costs for major programs based upon the performance measures as required by the Government and Performance and Results Act (GPRA) The <i>[Reporting Entity]</i> is in the process of reviewing available data and attempting to develop a cost reporting methodology that balances the need for cost information required by the Statement of Federal Financial Accounting Standards (SFFAS) No. 4, “Managerial Cost Accounting Concepts and Standards for the Federal Government,” with the need to keep the financial statements from being overly voluminous.</p>	All
1. E. Revenues and Other Financing Sources	
<p>The <i>[Reporting Entity]</i> receives congressional appropriations as financing sources for general funds on either an annual or multi-year basis. When authorized by legislation, these appropriations are supplemented by revenues generated by sales of goods or services. The <i>[Reporting Entity]</i> recognizes revenue as a result of costs incurred or services provided to other Federal agencies and the public. Full cost pricing is the <i>[Reporting Entity’s]</i> standard policy for services provided as required by OMB Circular A-25. The <i>[Reporting Entity]</i> recognizes revenue when earned within the constraints of current system capabilities. In other instances, revenue is recognized when bills are issued.</p>	General Funds
<p>Depot Maintenance and Ordnance WCF activities recognize revenue according to the percentage of completion method. Supply Management WCF activities recognize revenue from the sale of inventory items.</p>	Working Capital Funds
<p>The <i>[Reporting Entity]</i> does not include nonmonetary support provided by U.S. allies for common defense and mutual security in amounts reported in the Statement of Net Cost and the Statement of Financing. The U.S. has cost sharing agreements with other countries. Examples include countries where there is a mutual or reciprocal defense agreement, where U.S. troops are stationed, or where the U.S. Fleet is in a port.</p>	All

Table 10-2. Note 1. Significant Accounting Policies (continued)

1.F. Recognition of Expenses	
<p>For financial reporting purposes, DoD policy requires the recognition of operating expenses in the period incurred. However, because the <i>[Reporting Entity's]</i> financial and nonfinancial feeder systems were not designed to collect and record financial information on the full accrual accounting basis, accrual adjustments are made for major items such as payroll expenses, accounts payable, environmental liabilities, and unbilled revenue. The <i>[Reporting Entity's]</i> expenditures for capital and other long-term assets are recognized as operating expenses based on depreciation. In the case of Operating Materials and Supplies (OM&S), operating expenses are generally recognized when the items are purchased. Efforts are underway to migrate towards the consumption method for recognizing OM&S expenses.</p>	All
1.G. Accounting for Intragovernmental Activities	
<p>Preparation of reliable financial statements requires the elimination of transactions occurring among entities within the DoD or between two or more federal agencies. However, the <i>[Reporting Entity]</i>, cannot accurately identify most of its intragovernmental transactions by customer because the <i>[Reporting Entity's]</i> systems do not track buyer and seller data needed to match related transactions. Seller entities within the DoD provided summary seller-side balances for revenue, accounts receivable, and unearned revenue to the buyer-side internal DoD accounting offices. In most cases, the buyer-side records are adjusted to agree with DoD seller-side balances. Intra-DoD intragovernmental balances are then eliminated. The <i>[Reporting Entity]</i> properly eliminates the revenue results from intra-DoD sales of capitalized assets. The DoD is developing long-term system improvements that will include sufficient up-front edits and controls to eliminate the need for after-the-fact reconciliations. The volume of intragovernmental transactions is so large that after-the-fact reconciliation cannot be accomplished effectively with existing or foreseeable resources.</p>	All Applicable Entities

Table 10-2. Note 1. Significant Accounting Policies (continued)

1.G. Accounting for Intragovernmental Activities (continued)	
<p>The Department of the Treasury Financial Management Service (FMS), is responsible for eliminating transactions between the DoD and other federal agencies. The Treasury Financial Manual, Part 2 – Chapter 4700, “Agency Reporting Requirements for the Financial Report of the United States Government” and the Treasury’s “Federal Intragovernmental Transactions Accounting Policy Guide,” provide guidance for reporting and reconciling intragovernmental balances. While the <i>[Reporting Entity]</i> is unable to fully reconcile intragovernmental transactions with all federal partners, the <i>[Reporting Entity]</i> is able to reconcile balances pertaining to investments in federal securities, borrowings from the U.S. Treasury and the Federal Financing Bank, Federal Employees’ Compensation Act transactions with the Department of Labor (DoL), and benefit program transactions with the Office of Personnel Management (OPM). The DoD’s proportionate share of public debt and related expenses of the federal government are not included. The federal government does not apportion debt and its related costs to federal agencies. The DoD’s financial statements, therefore, do not report any portion of the public debt or interest thereon, nor do the statements report the source of public financing whether from issuance of debt or tax revenues.</p>	All
<p>Financing for the construction of DoD facilities is obtained through appropriations. To the extent this financing ultimately may have been obtained through the issuance of public debt, interest costs have not been capitalized since the Department of the Treasury does not allocate such interest costs to the benefiting agencies.</p>	All
1.H. Transactions with Foreign Governments and International Organizations	
<p>Each year, the <i>[Reporting Entity]</i> sell defense articles and services to foreign governments and international organizations under the provisions of the “Arms Export Control Act of 1976.” Under the provisions of the Act, the DoD has authority to sell defense articles and services to foreign countries and international organizations generally at no profit or loss to the U.S. Government. Payment is required in advance.</p>	All Applicable Entities

Table 10-2. Note 1. Significant Accounting Policies (continued)

1.I. Funds with the U.S. Treasury	
The <i>[Reporting Entity's]</i> monetary financial resources are maintained in U.S. Treasury accounts. The disbursing offices of the Defense Finance and Accounting Service (DFAS), the Military Services, the U.S. Army Corps of Engineers (USACE) and the Department of State's financial service centers process the majority of the <i>[Reporting Entity's]</i> cash collections, disbursements, and adjustments worldwide. Each disbursing station prepares monthly reports that provide information to the U.S. Treasury on check issues, electronic fund transfers, interagency transfers, and deposits.	All
In addition, the DFAS sites and the USACE Finance Center submit reports to the Department of the Treasury, by appropriation, on interagency transfers, collections received, and disbursements issued. The Department of the Treasury records this information to the applicable Fund Balance with Treasury (FBWT) account. Differences between the <i>[Reporting Entity's]</i> recorded balance in the FBWT accounts and Treasury's FBWT accounts sometimes result and are subsequently reconciled.	All
1.J. Foreign Currency	
Cash is the total of cash resources under the control of the DoD, which includes coin, paper currency, negotiable instruments, and amounts held for deposit in banks and other financial institutions. Foreign currency consists of the total U.S. dollar equivalent of both purchased and nonpurchased foreign currencies held in foreign currency fund accounts.	All Applicable Entities
The majority of cash and all foreign currency is classified as nonentity and, therefore, is restricted. Amounts reported consist primarily of cash and foreign currency held by Disbursing Officers to carry out their paying, collecting, and foreign currency accommodation exchange missions. Cash seized during Operation Iraqi Freedom is restricted for use to assist the Iraqi people and support the restoration of Iraq.	All Applicable Entities

Table 10-2. Note 1. Significant Accounting Policies (continued)

1.J. Foreign Currency (continued)	
<p>The <i>[Reporting Entity]</i> conducts a significant portion of its operations overseas. The Congress established a special account to handle the gains and losses from foreign currency transactions for five general fund appropriations (operation and maintenance, military personnel, military construction, family housing operation and maintenance, and family housing construction). The gains and losses are computed as the variance between the exchange rate current at the date of payment and a budget rate established at the beginning of each fiscal year. Foreign currency fluctuations related to other appropriations require adjustments to the original obligation amount at the time of payment. The <i>[Reporting Entity]</i> does not separately identify currency fluctuations.</p>	All Applicable Entities
1.K. Accounts Receivable	
<p>As presented in the Balance Sheet, accounts receivable includes accounts, claims, and refunds receivable from other federal entities or from the public. Allowances for uncollectible accounts due from the public are based upon analysis of collection experience by fund type. The DoD does not recognize an allowance for estimated uncollectible amounts from other federal agencies. Claims against other federal agencies are to be resolved between the agencies (per Code of Federal Regulations 4 CFR 101).</p>	All
<p>The <i>[Reporting Entity]</i> bases the estimate of uncollectible accounts receivable from the public on <i>[Insert Estimation Method]</i>.</p>	All

Table 10-2. Note 1. Significant Accounting Policies (continued)

1.L. Direct Loans and Loan Guarantees	
<p>The <i>[Reporting Entity]</i> operates a direct loan and loan guarantee program authorized by the National Defense Authorization Act for FY 1996, Public Law 104-106, Statute 186, Section 2801. The Act includes a series of authorities that allow the <i>[Reporting Entity]</i> to work within the private sector to renovate military housing. The <i>[Reporting Entity's]</i> goals are to obtain private capital to leverage government dollars, make efficient use of limited resources, and use a variety of private sector approaches to build and renovate military housing faster and at a lower cost to American taxpayers.</p>	<p>All Applicable Entities</p>
<p>The Act also provides the <i>[Reporting Entity]</i> with a variety of authorities to obtain private sector financing and expertise to improve military housing. The <i>[Reporting Entity]</i> uses these authorities individually or in combination. They include guarantees (both loan and rental); conveyance/leasing of existing property and facilities; differential lease payments; investments (both limited partnerships and stock/bond ownership); and direct loans. In addition, the “Federal Credit Reform Act of 1990” governs all amended direct loan obligations and loan guarantee commitments made after FY 1991 resulting in direct loans or loan guarantees.</p>	<p>All Applicable Entities</p>
<p>The <i>[Reporting Entity]</i> also operates a loan guarantee program designed to encourage commercial use of inactive government facilities. The revenue generated from property rental offsets the cost of maintaining these facilities.</p>	<p>All Applicable Entities</p>

Table 10-2. Note 1. Significant Accounting Policies (continued)

1.M. Inventories and Related Property	
<p>Most of the <i>[Reporting Entity's]</i> inventories are currently reported at an approximation of historical cost using latest acquisition cost adjusted for holding gains and losses. The latest acquisition cost method is used because legacy inventory systems were designed to capture materiel management rather than accounting. Although these systems provide visibility and accountability over inventory items, they do not maintain historical cost data necessary to comply with the SFFAS No. 3, "Accounting for Inventory and Related Property." Additionally, these systems cannot produce financial transactions using the USSGL, as required by the Federal Financial Management Improvement Act of 1996 (P.L. 104-208). By utilizing new systems development processes, the <i>[Reporting Entity]</i> has transitioned, and is continuing to transition, the inventory to the moving average cost method. Approximately <i>[Enter Amount]</i> percent of the <i>[Reporting Entity's]</i> inventory value is now being reported from systems that have transitioned to moving average cost functionality. However, since the on-hand balances which transitioned were not, for the most part, baselined to auditable historical cost, the reported values remain noncompliant with SFFAS 3 and GAAP.</p>	<p>All Applicable Entities</p>
<p>The <i>[Reporting Entity]</i> manages only military or government specific materiel under normal conditions. Items commonly used in and are available from the commercial sector are not managed in the <i>[Reporting Entity]</i> materiel management activities. Operational cycles are irregular, and the military risks associated with stock-out positions have no commercial parallel. The <i>[Reporting Entity]</i> holds materiel based on military need and support for contingencies. Therefore, the DoD does not attempt to account separately for "inventory held for sale" and "inventory held in reserve for future sale" based on SFFAS No. 3 definitions.</p>	<p>All Applicable Entities</p>

Table 10-2. Note 1. Significant Accounting Policies (continued)

1.M. Inventories and Related Property (continued)	
<p>Related property includes operating materials and supplies (OM&S) and stockpile materials. The OM&S, including munitions not held for sale, are valued at standard purchase price. The DoD uses both the consumption method and the purchase method of accounting for OM&S. Items that are centrally managed and stored, such as ammunition and engines, are generally recorded using the consumption method and are reported on the Balance Sheet as OM&S. When current systems cannot fully support the consumption method, the <i>[Reporting Entity]</i> uses the purchase method. Under this method, materials and supplies are expensed when purchased. The <i>[Reporting Entity]</i> expenses significant amounts using the purchase method because the systems could not support the consumption method or management deemed that the item was in the hands of the end user.</p>	All Applicable Entities
<p>The <i>[Reporting Entity]</i> determined that the recurring high dollar value of OM&S in need of repair is material to the financial statements and requires a separate reporting category. Many high dollar items, such as aircraft engines, are categorized as OM&S rather than military equipment.</p>	All Applicable Entities
<p>The <i>[Reporting Entity]</i> recognizes condemned material as “Excess, Obsolete, and Unserviceable.” The cost of disposal is greater than the potential scrap value; therefore, the net value of condemned material is zero. Potentially redistributed material, presented in previous years as “Excess, Obsolete, and Unserviceable,” is included in the “Held for Use” or “Held for Repair” categories according to its condition.</p>	All Applicable Entities

Table 10-2. Note 1. Significant Accounting Policies (continued)

1.M. Inventories and Related Property (continued)	
<p>Past audits identified uncertainties about completeness and existence of reported values of inventory. Inventory available and purchased for resale includes consumable spare and repair parts and repairable items owned and managed by the <i>[Reporting Entity]</i>. This inventory is retained to support military or national contingencies. Inventory held for repair is damaged inventory that requires repair to make suitable for sale. It is more economical to repair than to procure these inventory items. Because the <i>[Reporting Entity]</i> often relies on weapon systems and machinery no longer in production, the <i>[Reporting Entity]</i> supports a process that encourages the repair and rebuilding of certain items. This repair cycle is essential to maintaining a ready, mobile, and armed military force. Work in process balances include costs related to the production or servicing of items, including direct material, direct labor, applied overhead and other direct costs. Work in process also includes the value of finished products or completed services pending the submission of bills to the customer. The work in process designation may also be used to accumulate the amount paid to a contractor under cost reimbursable contracts, including the amount withheld from payment to ensure performance, and the amount paid to other government plants for accrued costs of end items of material ordered but not delivered. Work in process includes munitions in production and depot maintenance work with its associated labor, applied overhead, and supplies used in the delivery of maintenance services.</p>	All Applicable Entities
1.N. Investments in U.S. Treasury Securities	
<p>The <i>[Reporting Entity]</i> reports investments in U.S. Treasury securities at cost, net of amortized premiums or discounts. Premiums or discounts amortize into interest income over the term of the investment using the effective interest rate method or another method obtaining similar results. The <i>[Reporting Entity's]</i> intent is to hold investments to maturity, unless they are needed to finance claims or otherwise sustain operations. Consequently, a provision is not made for unrealized gains or losses on these securities.</p>	All Applicable Entities

Table 10-2. Note 1. Significant Accounting Policies (continued)

1.N. Investments in U.S. Treasury Securities (Continued)	
The <i>[Reporting Entity]</i> invests in both marketable and nonmarketable securities. Marketable securities are investments trading on a public market. The two types of nonmarketable securities are par value and market-based intragovernmental securities. The Bureau of Public Debt issues nonmarketable par value intragovernmental securities. Nonmarketable, market-based intragovernmental securities mimic marketable securities, but are not publicly traded.	All Applicable Entities
1.O. General Property, Plant and Equipment	
The SFFAS No. 23, “Eliminating the Category National Defense Property, Plant, and Equipment,” established generally accepted accounting principles for valuing and reporting military equipment (e.g. ships, aircraft, combat vehicles, weapons) in federal financial statements. The standard requires the capitalization and depreciation of the cost of military equipment, including the cost of modifications and upgrades. The DoD uses data from the Bureau of Economic Analysis to calculate the value for military equipment.	All Applicable Entities
General Property, Plant and Equipment (PP&E) assets are capitalized at historical acquisition cost plus capitalized improvements when an asset has a useful life of two or more years and the acquisition cost equals or exceeds the DoD capitalization threshold of \$100,000. DoD also requires capitalization of improvement costs over the DoD capitalization threshold of \$100,000 for General PP&E. The DoD depreciates all General PP&E, other than land, on a straight-line basis.	All Applicable Entities
Prior to FY 1996, General PP&E was capitalized if it had an acquisition cost of \$15,000, \$25,000, and \$50,000 for fiscal years 1993, 1994, and 1995, respectively, and an estimated useful life of two or more years. General PP&E previously capitalized at amounts below \$100,000 were written off General Fund financial statements in FY 1998. No adjustment was made for WCF assets. These assets remain capitalized and reported on WCF financial statements.	All Applicable Entities

Table 10-2. Note 1. Significant Accounting Policies (continued)

1.O. General Property, Plant and Equipment (continued)	
<p>The USACE Civil Works General PP&E is capitalized at historical acquisition cost plus capitalized improvements when an assets has a useful life of two or more years and the acquisition cost exceeds \$25,000. One exception is all buildings and structures related to hydro-power projects are capitalized regardless of cost. During FY 2003, the Corps increased its buildings and structures threshold from \$0 to \$25,000 for all Civil Works appropriations with the exception of Revolving Fund and Power Marketing Agency assets. Beginning in FY 2004, all Civil Works buildings and structures under \$25,000 are expensed except for Power Marketing Agency assets.</p>	<p>USACE</p>
<p>When it is in the best interest of the government, the <i>[Reporting Entity]</i> provides government property to contractors to complete contract work. The <i>[Reporting Entity]</i> either owns or leases such property, or it is purchased directly by the contractor for the government based on contract terms. When the value of contractor-procured General PP&E exceeds the DoD capitalization threshold, it must be reported on the <i>[Reporting Entity's]</i> Balance Sheet.</p>	<p>All Applicable Entities</p>
<p>The DoD is developing new policies and a contractor reporting process that will provide appropriate General PP&E information for future financial statement reporting purposes. Accordingly, the <i>[Reporting Entity]</i> reports only government property in the possession of contractors that is maintained in the <i>[Reporting Entity's]</i> property systems. The DoD has issued new property accountability and reporting requirements that require <i>[Reporting Entity]</i> Components to maintain, in their property systems, information on all property furnished to contractors. This action and other DoD proposed actions are structured to capture and report the information necessary for compliance with Federal accounting standards.</p>	<p>All Applicable Entities</p>

Table 10-2. Note 1. Significant Accounting Policies (continued)

1.P. Advances and Prepayments	
The <i>[Reporting Entity]</i> records payments in advance of the receipt of goods and services as advances or prepayments and reports them as assets on the Balance Sheet. The <i>[Reporting Entity]</i> recognizes advances and prepayments as expenses when it receives the related goods and services.	All Applicable Entities
1.Q. Leases	
Lease payments for the rental of equipment and operating facilities are classified as either capital or operating leases. When a lease is essentially equivalent to an installment purchase of property (a capital lease), the <i>[Reporting Entity]</i> records the applicable asset and liability if the value equals or exceeds the current capitalization threshold. The <i>[Reporting Entity]</i> records the amounts as the lesser of the present value of the rental and other lease payments during the lease term (excluding portions representing executory costs paid to the lessor) or the asset’s fair market value. The discount rate for the present value calculation is either the lessor’s implicit interest rate or the governmental’s incremental borrowing rate at the inception of the lease. The <i>[Reporting Entity]</i> as the lessee receives the use and possession of leased property, for example real estate or equipment, from a lessor in exchange for a payment of funds. An operating lease does not substantially transfer all the benefits and risk of ownership. Payments for operating leases are charged to expense over the lease term as it becomes payable.	All Applicable Entities
Office space and leases entered into by the <i>[Reporting Entity]</i> in support of contingency operations are the largest component of operating leases. These costs were gathered from existing leases, General Service Administration (GSA) bills, and Inter-service Support Agreements. Future year projections use the Consumer Price Index (CPI), rather than the DoD inflation factor. The CPI impacts increases to the leases, especially those at commercial lease sites. Equipment leases have a variety of lease terms which are not expected to be renewed upon expiration. Other operating leases are generally 1 year leases. The <i>[Reporting Entity]</i> expects to continue to reduce the level of owned assets while increasing the number of leased assets. The <i>[Reporting Entity]</i> will strive to displace commercial leases with more economical GSA leases.	All Applicable Entities

Table 10-2. Note 1. Significant Accounting Policies (continued)

1.R. Other Assets	
<p>The <i>[Reporting Entity]</i> conducts business with commercial contractors under two primary types of contracts: fixed price and cost reimbursable. To alleviate the potential financial burden on the contractor that long-term contracts can cause, the <i>[Reporting Entity]</i> provides financing payments. One type of financing payment that the <i>[Reporting Entity]</i> makes for real property is based upon a percentage of completion. In accordance with the SFFAS No. 1, “Accounting for Selected Assets and Liabilities,” such payments are treated as construction in process and are reported on the General PP&E line on the Balance Sheet and in the related note.</p>	All Applicable Entities
<p>The Federal Acquisition Regulation allows the <i>[Reporting Entity]</i> to make financing payments, under fixed price contracts. The <i>[Reporting Entity]</i> reports these financing payments as “Other Assets” because the <i>[Reporting Entity]</i> becomes liable only after the contractor delivers the goods in conformance with the contract terms. If the contractor does not deliver a satisfactory product, the <i>[Reporting Entity]</i> is not obligated to reimburse the contractor for its costs and the contractor is liable to repay the <i>[Reporting Entity]</i> for the full amount of the advance.</p>	All Applicable Entities
1.S. Contingencies and Other Liabilities	
<p>The SFFAS No. 5, “Accounting for Liabilities of the Federal Government,” as amended by SFFAS No. 12, “Recognition of Contingent Liabilities Arising from Litigation,” defines a contingency as an existing condition, situation, or set of circumstances that involves an uncertainty as to possible gain or loss. The uncertainty will be resolved when one or more future events occur or fail to occur. The <i>[Reporting Entity]</i> recognizes contingent liabilities when past events or exchange transactions occur, a future loss is probable, and the loss amount can be reasonably estimated.</p>	All

Table 10-2. Note 1. Significant Accounting Policies (continued)

1.S. Contingencies and Other Liabilities (continued)	
Financial statement reporting is limited to disclosure when conditions for liability recognition do not exist but there is at least a reasonable possibility of incurring a loss or additional losses. Examples of loss contingencies include the collectibility of receivables, pending or threatened litigation, and possible claims and assessments. The <i>[Reporting Entity's]</i> loss contingencies arise as a result of pending or threatened litigation or claims and assessments occur due to events such as aircraft, ship and vehicle accidents, medical malpractice, property or environmental damages, and contract disputes.	All
Other liabilities arise as a result of anticipated disposal costs for the <i>[Reporting Entity's]</i> assets. This type of liability has two components: nonenvironmental and environmental. Consistent with SFFAS No. 6, "Accounting for Property, Plant, and Equipment," recognition of an anticipated environmental disposal liability begins when the asset is placed into service. Nonenvironmental disposal liabilities are recognized for assets when management decides to dispose of an asset based upon the DoD's policy, which is consistent with SFFAS No. 5, "Accounting for Liabilities of Federal Government." The DoD recognizes nonenvironmental disposal liabilities for military equipment nuclear-powered assets when placed into service. Such amounts are developed in conjunction with, and not easily identifiable separately from, environmental disposal costs.	All Applicable Entities
1.T. Accrued Leave	
The <i>[Reporting Entity]</i> reports as liabilities civilian annual leave and military leave that has been accrued and not used as of the Balance Sheet date. The liability reported at the end of the accounting period reflects the current pay rates.	All Applicable Entities

Table 10-2. Note 1. Significant Accounting Policies (continued)

1.U. Net Position	
Net Position consists of unexpended appropriations and cumulative results of operations.	All
Unexpended Appropriations represent the amounts of authority that are unobligated and have not been rescinded or withdrawn. Unexpended appropriations also represent amounts obligated for which legal liabilities for payments have not been incurred.	All
Cumulative Results of Operations represent the net difference, since inception of an activity, between expenses and losses and financing sources (including appropriations, revenue, and gains). Beginning with FY 1998, the cumulative results also include donations and transfer in and out of assets without reimbursement.	All
1.V. Treaties for Use of Foreign Bases	
The <i>[Reporting Entity]</i> has the use the land, building, and other overseas facilities that are obtained through various international treaties and agreements negotiated by the Department of State. The <i>[Reporting Entity]</i> purchases capital assets overseas with appropriated funds; however, the host country retains title to land and improvements. Generally, treaty terms allow the <i>[Reporting Entity]</i> continued use of these properties until the treaties expire. In the event treaties or other agreements are terminated, whereby use of the foreign bases is prohibited, losses are recorded for the value of any nonretrievable capital assets. This takes place after negotiations between the U.S. and the host country have determined the amount to be paid the U.S. for such capital investments.	All Applicable Entities

Table 10-2. Note 1. Significant Accounting Policies (continued)

1.W. Comparative Data	
Financial statement fluctuations greater than two percent of total assets on the Balance Sheet or 10 percent from the previous period presented are explained within the notes to the financial statements.	All
1.X. Unexpended Obligations	
The <i>[Reporting Entity]</i> obligates funds to provide goods and services for outstanding orders not yet delivered. The financial statements do not reflect this liability for payment for goods and services not yet delivered.	All Applicable Entities
1.Y. Undistributed Disbursements and Collections	
Undistributed disbursements and collections represent the difference between disbursements and collections matched at the transaction level to a specific obligation, payable, or receivable in the activity field records as opposed to those reported by the U.S. Treasury. These amounts should agree with the undistributed amounts reported on the departmental accounting reports. In-transit payments are those payments that have been made to other agencies or entities that have not been recorded in their accounting records. These payments are applied to the entities' outstanding accounts payable balance. In-transit collections are those collections from other agencies or entities that have not been recorded in the accounting records. These collections are also applied to the entities' accounts receivable balance.	All
The DoD policy is to allocate supported undistributed disbursements and collections between federal and nonfederal categories based on the percentage of federal and nonfederal accounts payable and accounts receivable. Unsupported undistributed disbursements are recorded in accounts payable. Unsupported undistributed collections are recorded in other liabilities. The <i>[Entity name]</i> <i>[follows]</i> this procedure or <i>[does not follow]</i> this procedure and uses <i>[enter the procedure used]</i> .	All

Table 10-2. Note 1. Significant Accounting Policies (continued)

★1004 NOTE 2. NONENTITY ASSETS100401. Note Schedule Format

Note 2.	Nonentity Assets			
<i>As of [Current Fiscal Period End Date]</i>	Current FY		Prior FY	
(Amounts in thousands)				
1. Intragovernmental Assets				
A. Fund Balance with Treasury	\$	\$\$\$	\$	\$\$\$
B. Investments		\$\$\$		\$\$\$
C. Accounts Receivable		\$\$\$		\$\$\$
D. Other Assets		\$\$\$		\$\$\$
E. Total Intragovernmental Assets	\$	\$\$\$	\$	\$\$\$
2. Nonfederal Assets				
A. Cash and Other Monetary Assets	\$	\$\$\$	\$	\$\$\$
B. Accounts Receivable		\$\$\$		\$\$\$
C. Loans Receivable		\$\$\$		\$\$\$
D. Inventory & Related Property		\$\$\$		\$\$\$
E. General PP&E		\$\$\$		\$\$\$
F. Investments		\$\$\$		\$\$\$
G. Other Assets		\$\$\$		\$\$\$
H. Total Nonfederal Assets	\$	\$\$\$	\$	\$\$\$
3. Total Nonentity Assets	\$	\$\$\$	\$	\$\$\$
4. Total Entity Assets	\$	\$\$\$	\$	\$\$\$
5. Total Assets	\$	\$\$\$	\$	\$\$\$

Figure 10-1. Note 2. Nonentity Assets

100402. Fluctuations and Abnormalities

A. Fluctuations. Disclose all differences between comparative periods in any line item on the financial statement and corresponding note schedule to which either (a) or (b) applies: (a) difference equals or exceeds +/- 10 percent for the same line item on the financial statement, or (b) difference equals or exceeds +/- two percent of the current period Total Assets on the respective entity's Balance Sheet for the line item on the financial statement. When (a) or (b) applies, the detailed explanation should provide concise answers to the following questions pertaining to the comparative periods:

1. What is the dollar amount of this fluctuation?
2. Who caused this fluctuation?
3. What business event caused this fluctuation?
4. Why did this fluctuation happen?
5. When, during the last four quarters, did the primary business event occur causing the fluctuation? Responding to this question helps identify which disclosures are likely to be in effect for the current fiscal year end.

B. Abnormalities. Disclose all abnormal account balances found in all financial statement lines and note schedules. Abnormal account balances are those in which the normal balance (debit or credit) is reversed. The detailed explanation should provide concise answers to the following questions:

1. What is the dollar amount of this abnormality?
2. Who caused this abnormality?
3. What business event caused this abnormality?
4. Why did this abnormality happen?
5. When, during the last four quarters, did this abnormality occur?
6. When will it be resolved?

100403. Instructions. Report Nonentity Assets consisting of the categories shown in Figure 10-1, in accordance with the instructions provided in this chapter.

A. Nonentity Assets (Lines 1, 2 and 3). These are assets that are held by an entity (as manager, custodian or fiduciary), but are not available to the entity for its own operational use. Within DoD, cash held by a disbursing officer, as an agent of the Department of the Treasury, is an example of nonentity assets. Another example is out-of-service debt due from members of a Military Service that, when collected, is not available for the reporting entity's use and is required to be deposited with the U.S. Treasury as a miscellaneous receipt to the U.S. Government General Fund. The amounts reported on Lines 1.A through 1.D are totaled and reported on Line 1.E. The amounts reported on Lines 2.A through 2.G are totaled and reported on Line 2.H. The total of all Nonentity Assets is found on Line 3.

B. Entity Assets (Line 4). These are assets that the reporting entity has authority to use. For example, an entity’s assets may be used in entity operations (such as equipment), be sold or exchanged for other assets (such as inventory for cash), or be used to liquidate (pay) entity liabilities.

C. Total Assets (Line 5). This line represents the sum of Line 3, Total Nonentity Assets, and Line 4, Total Entity Assets. The amount on Line 5 is equal to the amount reported on the Balance Sheet.

D. Other Information. Disclose in the narrative a description of each current year nonentity asset focusing on the nature of the assets that causes it to be classified as nonentity (Lines 1A. through 1.D.) and (Lines 2.A. through 2.F.).

E. Other Nonentity Assets. Describe any amount that contributes materially to Other Assets (Lines 1.D and 2.G). Materiality is defined as those items comprising more than 10 percent of the line value.

★1005 NOTE 3. FUND BALANCE WITH TREASURY

100501. Note Schedule Format

Note 3.		Fund Balance with Treasury	
<i>As of [Current Fiscal Period End Date]</i>		Current FY	Prior FY
<i>(Amounts in thousands)</i>			
1. Fund Balances:			
A. Appropriated Funds	\$	\$\$\$	\$ \$\$\$
B. Revolving Funds		\$\$\$	\$\$\$
C. Trust Funds		\$\$\$	\$\$\$
D. Special Funds		\$\$\$	\$\$\$
E. Other Fund Types		\$\$\$	\$\$\$
F. Total Fund Balances	\$	\$\$\$	\$ \$\$\$
2. Fund Balances Per Treasury Versus Agency:			
A. Fund Balance per Treasury	\$	\$\$\$	\$ \$\$\$
B. Fund Balance per <i>[Reporting Entity]</i>		\$\$\$	\$\$\$
3. 3. Reconciling Amount	\$	\$\$\$	\$ \$\$\$

Figure 10-2. Note 3. Fund Balance with Treasury

100502. Fluctuations and Abnormalities

A. Fluctuations. Disclose all differences between comparative periods in any line item on the financial statement and corresponding note schedule to which either (a) or (b) applies: (a) difference equals or exceeds +/- 10 percent for the same line item on the financial statement, or (b) difference equals or exceeds +/- two percent of the current period total assets on the respective entity's Balance Sheet for the line item on the financial statement. When (a) or (b) applies, the detailed explanation should provide concise answers to the following questions pertaining to the comparative periods:

1. What is the dollar amount of the fluctuation?
2. Who caused this fluctuation?
3. What business event caused the fluctuation?
4. Why did the fluctuation happen?
5. When, during the last four quarters, did the primary business event occur causing the fluctuation? Responding to this question helps identify which disclosures are likely to be in effect for the current fiscal year end.

B. Abnormalities. Disclose all abnormal account balances found in all financial statement lines and note schedules. Abnormal account balances are those in which the normal balance (debit or credit) is reversed. The detailed explanation should provide concise answers to the following questions:

1. What is the dollar amount of the abnormality?
2. Who caused this abnormality?
3. What business event caused the abnormality?
4. Why did the abnormality happen?
5. When, during the last four quarters, did the abnormality occur?
6. When will it be resolved?

100503. Instructions. Present Fund Balance with Treasury (FBWT) balances as further explained below. This note includes entity and nonentity amounts.

A. Fund Balances (Lines 1.A through 1.E). FBWT is an asset which represents the total of all unobligated and obligated undisbursed account balances, as well as, collections with the U.S. Treasury as reflected in an entity's records. Disclose FBWT by fund types, including appropriated funds, revolving funds, trust funds, special funds and other fund types. Other fund types should include balances in deposit accounts, such as for collections pending litigation, awaiting determination of the proper accounting disposition, or being held by the entity in the capacity of a banker or agent of others. The amount on Line 1.F, Total Fund Balances, must agree with Line 2.B, Fund Balance per *[Reporting Entity]*.

B. Classifications. Fund balances (Lines 1.A through 1.E) are classified as receipt or expenditure accounts and are assigned to a fund group based upon their characteristics

and the nature of transactions they support. Fund groups are assigned numeric or alphanumeric account symbols depending upon the Government's relationship to the account, the source of the receipt and the availability of the fund for expenditure. The Department of the Treasury Financial Management Services (FMS) classifies receipt and expenditure accounts and assigns symbols and major classes as follows:

Fund Group	Major Class	Entity/NonEntity
Appropriated Funds		
• General Funds	0000-3799, 3830, 3840, 3850	Entity
• Clearing Accounts	3800-3899 except above	Entity*
• Management Funds	3960-3999	Entity
Revolving Funds		
• Public Enterprise	4000-4499	Entity
• Intragovernmental	4500-4999	Entity
Trust Funds		
• Trust Funds	8000-8399; 8500-8999	Entity
• Trust Revolving Funds	8400-8499	Entity
Special Funds	5000-5999	Entity
Other Fund Types		
• Deposit Funds	6000-6999	Nonentity

* With the exception of 3882 and 3886 (Civilian TSP and Military TSP), which are considered Nonentity. These are not officially published Treasury Fund Symbols.

In the event of an allocation transfer, the recipient reports FBWT if it is material to the recipient. Allocation transfers retain the appropriation identity and are recorded as appropriated funds.

C. Total Fund Balances (Line 1.F). The amount on Line 1.F represents the sum of Lines 1.A through 1.E. The total of the amounts reported on Line 1.F of this note shall agree with the amounts reported on the reporting entity's Balance Sheet.

D. Fund Balances Per Treasury versus Agency (Line 2). Insert the FBWT amounts from the U. S. Treasury on Line 2.A, Fund Balance per Treasury. Insert the sum of the reporting entity's fund balances from Line 1.F. of the note schedule on Line 2.B, Fund Balance per **[Reporting Entity]**. Compute any difference and report the variance on Line 3 of this note, Reconciling Amount.

1. Fund Balance Per Treasury (Line 2.A). This line should reflect the amounts reported for DoD on the Treasury Trial Balance (TTB) reports as follows:

- a. TTB 6654, “Undisbursed Appropriation Account Trial Balance,” Agency Closing Balance Total PLUS.
- b. TTB 6655, IAS 613, “Receipt Account Trial Balance,” “Year To Date” Total LESS.
- c. Duplication of Fund Symbols on both the TTB 6654 and TTB 6655.

The Department of the Treasury reports are available in GOALS II or in the Account Summary report in Governmentwide Accounting and Reporting Modernization Project (GWA).

2. Fund Balance Per [Reporting Entity] (Line 2.B). Insert the total from Line 1.F, above. The total of the amount reported on Line 2.B of this note must agree with the amounts reported on the reporting entity’s Balance Sheet. Enter the reporting entity’s name in the “Reporting Entity” field.

E. Reconciling Amount (Line 3). The difference between Line 2.A. Fund Balance Per Treasury and Line 2.B., Fund Balance With Treasury.

F. Explanation of Reconciliation Amount. Explain in the narrative the cause of any reconciling amounts reported on Line 3. Narrative explanations should include sufficient information to describe discrepancies between both fund balances, not simply disclosures of adjustments made. The differences may be composed of transfer account inclusions and exclusions, timing differences and erroneous postings. Discrepancies due to time lags shall be reconciled and discrepancies due to errors shall be corrected.

G. Other Information Related to Fund Balance with Treasury. Provide other information that is necessary for understanding the nature of the FBWT.;

100504. Note 3. Status of Fund Balance with Treasury Note Schedule Format

Status of Fund Balance with Treasury				
As of [<i>Current Fiscal Period End Date</i>]	Current FY		Prior FY	
(Amounts in thousands)				
1. Unobligated Balance				
A. Available	\$	\$\$\$	\$	\$\$\$
B. Unavailable	\$	\$\$\$	\$	\$\$\$
2. Obligated Balance not yet Disbursed	\$	\$\$\$	\$	\$\$\$
3. Nonbudgetary FBWT	\$	\$\$\$	\$	\$\$\$
4. NonFBWT Budgetary	\$	\$\$\$	\$	\$\$\$
5. Total	\$	\$\$\$	\$	\$\$\$

Figure 10-3. Status of Fund Balance with Treasury

100505. Fluctuations and Abnormalities. Refer to section 100502, above, for fluctuations and abnormalities disclosure requirements.

100506. Instructions. Present the Status of Fund Balance with Treasury as provided below. The mapping for the lines within this schedule are based on the United States Standard General Ledger (USSGL) crosswalks for the respective columns in the Department of the Treasury, Financial Management Services FMS 2108, Year End Closing Statement. Pertinent USSGL accounts can be found at the www.fms.treas.gov/ussgl/ website.

A. Unobligated Balance (Line 1). The sum of available and unavailable unobligated ending balances as reported in column 11, Unobligated Balance of the Year End Closing Statement.

1. Available (Line 1.A). The sum of available account balances as reported within column 11 of the Year End Closing Statement.

2. Unavailable (Line 1.B). The sum of unavailable account balances as reported within column 11 of the Year End Closing Statement.

B. Obligated Balance not yet Disbursed (Line 2). The sum of Undelivered Orders and Contracts (column 9); and Accounts Payable and Other Liabilities (column 10) of the Year End Closing Statement.

C. Nonbudgetary Fund Balance with Treasury (Line 3). Include FBWT accounts that do not have budget authority such as recipients of material allocation transfers, unavailable receipt accounts, and certain clearing accounts.

D. NonFBWT Budgetary (Line 4). Include budgetary accounts that do not affect FBWT, such as contract authority, borrowing authority and investments accounts. This category reduces the Status of Fund Balance with Treasury.

E. Total (Line 5). This amount represents the sum of Lines 1.A, 1.B, 2 and 3 less Line 4. The total of the amounts reported must agree with Line 1.F of the Fund Balance with Treasury table within this note and the amounts reported on the reporting entity's Balance Sheet. An explanation for any differences between this line and Line 1.F. of the Fund Balance with Treasury table and the amounts reported on the Balance Sheet must be provided in the note.

F. Definitions. Each reporting entity shall review its financial processes, systems and data and modify or expand, as necessary, the following sample disclosure statements so that each statement is a complete and accurate representation:

1. The Status of Fund Balance with Treasury consists of unobligated and obligated balances. These balances reflect the budgetary authority remaining for disbursements against current or future obligations. In addition, the Status includes various accounts that affect either budgetary reporting or Fund Balance with Treasury, but not both.

2. Unobligated Balance represents the cumulative amount of budgetary authority that has not been set aside to cover outstanding obligations. Unobligated Balance is classified as available or unavailable and is associated with appropriations expiring at fiscal year end that remain available only for obligation adjustments until the account is closed.

3. Obligated Balance not yet Disbursed represents funds that have been obligated for goods that have not been received or services that have not been performed.

4. Non-Budgetary Fund Balance with Treasury (FBWT) includes entity and nonentity Fund Balance with Treasury accounts which do not have budgetary authority, such as unavailable receipt accounts or clearing accounts.

5. Non-FBWT Budgetary Accounts include budgetary accounts that do not affect Fund Balance with Treasury, such as contract authority, borrowing authority and investment accounts. This category reduces the Status of Fund Balance with Treasury.

F. Explanation of Unobligated Unavailable Balances. Certain unobligated balances may be restricted to future use and are not apportioned for current use. Explain such restrictions. These restrictions may be based upon statutory restrictions to budgetary authority, pending rescission withheld by OMB, or awaiting apportionment.

100507. [Note 3. Disclosures Related to Suspense/Budget Clearing Accounts Note Schedule Format](#)

Disclosures Related to Suspense/Budget Clearing Accounts				
As of [Current Fiscal Period End Date]	Current FY - 2	Prior FY	Current FY	(Decrease)/ Increase from Prior FY to Current FY
(Amounts in thousands)				
<u>Account</u>				
F3875-Disbursing Officer Suspense	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
F3880-Lost or Cancelled Treasury Checks	\$\$\$	\$\$\$	\$\$\$	\$\$\$
F3882-Uniformed Services Thrift Savings Plan Suspense	\$\$\$	\$\$\$	\$\$\$	\$\$\$
F3885-Interfund/IPAC Suspense	\$\$\$	\$\$\$	\$\$\$	\$\$\$
F3886-Thrift Savings Plan Suspense	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Total	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$

Figure 10-4. Disclosures Related to Suspense/Budget Clearing Accounts

100508. [Fluctuations.](#) Refer to section 100502, above, for fluctuations disclosure requirements.

100509. [Instructions.](#) Disclose information related to suspense/budget-clearing accounts based upon the following instructions.

A. [Trend Information Related to Suspense and Budget Clearing Accounts.](#) Report current and prior years’ trend information (net amounts) on suspense/budget clearing accounts.

B. [Other Information Related to Suspense and Budget-Clearing Accounts.](#) When the reporting entity balances do not agree with the Treasury FMS 6653 “Undistributed Appropriation Account Ledger,” include a disclosure to explain the difference.

C. [Review of Financial Processes, Systems, and Data.](#) Each reporting entity shall review its financial processes, systems and data and modify or expand, as necessary, the following sample disclosure statements so that each statement is a complete and accurate representation of the issue being addressed.

1. The F3875 suspense clearing accounts represents the primary sources of the overall *[positive/negative]* balance. Account F3875 reported a *[positive/negative]* balance of *[\$XXX.X thousand]* that represents the Disbursing Officer’s (DO) suspense. Account F3885, that includes the Interfund/IPAC suspense, reported a *[positive/negative]* balance of *[\$XXX.X thousand]*. Account F3886 has a *[positive/negative]* balance of *[\$XXX.X thousand]* represented by the (payroll) Thrift Savings Plan suspense. These three suspense accounts temporarily hold collections or disbursements until they can be assigned or identified to a valid appropriation.

2. The F3880 suspense account reported a *[positive/negative]* balance of *[\$XXX.X thousand]*. This amount represents the balance of Treasury checks that (1) have either been lost by the payee and need to be reissued, (2) have never been cashed by the payee, or (3) have been cancelled by the Treasury and need to be transferred to the original appropriation.

3. The F3882 suspense account reported a *[positive/negative]* balance of *[\$XXX.X thousand]*. This account was established for the Uniformed Services Thrift Savings Plan in FY 2002. The amounts in this account represent a timing difference between the posting of the Thrift Savings Plan deductions by the National Finance Center and the posting of these amounts in the military accounting systems in the following month.

100510. [Note 3. Disclosures Related to Problem Disbursements and In-transit Disbursements Note Schedule Format](#)

Disclosures Related to Problem Disbursements and In-transit Disbursements

<i>As of [Current Fiscal Period End Date]</i>	Current FY - 2	Prior FY	Current FY	(Decrease)/ Increase from Prior FY to Current FY
(Amounts in thousands)				
1. Total Problem Disbursements, Absolute Value				
A. Unmatched Disbursements (UMDs)	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
B. Negative Unliquidated Obligations (NULOs)	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
2. Total In-transit Disbursements, Net	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$

Figure 10-5. Disclosures Related to Problem Disbursements and In-transit Disbursements

100511. Fluctuations. Refer to section 100502, above, for fluctuations disclosure requirements.

100512. Instructions. Disclose information related to the problem disbursements (unmatched disbursements (UMDs) and negative unliquidated obligations (NULOs) and in-transits disbursements based upon the following instructions. The amounts reported in this table must reconcile with monthly metric reports. Additional guidance for populating this table can be found in quarterly guidance on the DoD Internet website <http://www.dod.mil/comptroller> under “Financial Management Topics.”

A. Trend Information Related to Problem Disbursements (Line 1). Report current and prior two years’ trend information (absolute amounts) on UMDs and NULOs on Line 1.

B. Trend Information Related to In-transit Disbursements (Line 2). Report current and prior two years’ trend information (net amounts) on in-transit disbursements on Line 2.

C. Other Information Related to Problem Disbursements and In-transit Disbursements. Each reporting entity shall review its financial processes, systems and data and disclose any additional information necessary for a complete and accurate understanding of Problem and In-transit Disbursements. The following sample disclosure statements may be modified or expanded so that each statement is a complete and accurate representation.

1. A UMD occurs when a payment is not matched to a corresponding obligation in the accounting system. Absolute value is the sum of the positive values of debit and credit transactions without regard to the sign (plus or minus).

2. A NULO occurs when a payment is made against a valid obligation, but the payment is greater than the amount of the obligation recorded in the official accounting system. These payments have been made using available funds and are based on valid receiving reports for goods and services delivered under valid contracts.

3. The In-transits represent the net value of disbursements and collections made by a DoD disbursing activity on behalf of an accountable activity and have not been posted to the accounting system.

★1006 NOTE 4. INVESTMENTS AND RELATED INTEREST

100601. Note [Schedule Format](#)

Note 4.	Investments and Related Interest
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<i>As of [Current Fiscal Period End Date]</i>	Current Year				
	Par Value/ Cost	Amortization Method	Unamortized (Premium)/ Discount	Investments, Net	Market Value Disclosure
(Amounts in thousands)					
1. Intragovernmental Securities					
A. Nonmarketable, Market-Based	\$ \$\$\$	Effective Interest	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
B. Accrued Interest	\$\$\$			\$ \$\$\$	\$ \$\$\$
C. Total Intragovernmental Securities	\$\$\$		\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
2. Other Investments	<u>\$ \$\$\$</u>		<u>\$ \$\$\$</u>	<u>\$ \$\$\$</u>	N/A

Figure 10-6. Note 4. Investments and Related Interest

As of [Current Fiscal Period End Date]	Prior Year				
	Par Value/ Cost	Amortization Method	Unamortized (Premium)/ Discount	Investments, Net	Market Value Disclosure
(Amounts in thousands)					
3. Intragovernmental Securities					
A. Nonmarketable, Market-Based	\$ \$\$\$	Effective Interest	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
B. Accrued Interest	\$\$\$			\$ \$\$\$	\$ \$\$\$
C. Total Intragovernmental Securities	\$\$\$		\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
4. Other Investments	\$ \$\$\$		\$ \$\$\$	\$ \$\$\$	N/A
A. Total Investments	\$ \$\$.\$		\$ \$\$.\$	\$ \$\$.\$	\$ \$\$.\$

Figure 10-7. Note 4. Investments and Related Interest (Continued)

100602. Fluctuations and Abnormalities

A. Fluctuations. Disclose all differences between comparative periods in any line item on the financial statement and corresponding note schedule to which either (a) or (b) applies: (a) difference equals or exceeds +/- 10 percent for the same line item on the financial statement, or (b) difference equals or exceeds +/- two percent of the current period Total Assets on the respective entity’s Balance Sheet for the line item on the financial statement. When (a) or (b) applies, the detailed explanation should provide concise answers to the following questions pertaining to the comparative periods:

1. What is the dollar amount of the fluctuation?
2. Who caused this fluctuation?
3. What business event caused the fluctuation?
4. Why did the fluctuation happen?
5. When, during the last four quarters, did the primary business event occur causing the fluctuation? Responding to this question helps identify which disclosures are likely to be in effect for the current fiscal year end.

B. Abnormalities. Disclose all abnormal account balances found in all financial statement lines and note schedules. Abnormal account balances are those in which the normal balance (debit or credit) is reversed. The detailed explanation should provide concise answers to the following questions:

1. What is the dollar amount of the abnormality?
2. Who caused this abnormality?

3. What business event caused the abnormality?
4. Why did the abnormality happen?
5. When, during the last four quarters did the abnormality occur?
6. When will it be resolved?

100603. Instructions. Disclose the reporting entity's investments in Federal securities and other investments. Investments in Federal securities include market-based U.S. Treasury securities issued by the Bureau of Public Debt. Investments are normally reported at their par value or acquisition cost, adjusted for the amortization of the premium or discount recorded at the time of acquisition. Net investments (column 4) equals par value/cost (column 1) plus unamortized premium/discount (column 3). Securities are normally recognized at amortized cost on the Balance Sheet. However, market value is used for Balance Sheet purposes (except for pension and other retirement plans) when (a) there is intent to sell the securities before maturity and (b) there is a reduction in value that is more than temporary. Column 5 (Market Value) is to be used to disclose the market value of all nonmarketable market-based securities. Other investments are comprised of investments of funds with developers of family housing.

A. Nonmarketable, Market-Based Intragovernmental Securities (Line 1A). Nonmarketable, market-based U.S. Treasury securities are not traded on any securities exchange, but mirror the prices of marketable securities with similar terms. All investments maintained by the DFAS Trust Fund Accounting Office are nonmarketable, market-based U.S. Treasury securities (e.g., DoD Education Benefits Fund and Military Retirement Fund (MRF)).

B. Accrued Interest (Line 1B). The amount recorded as Accrued Interest represents the amount of interest accrued on intragovernmental investment securities, but not received as of the date of the statements. The accrued interest amount is applicable only to numerical columns 1, 4, and 5.

C. Total Intragovernmental Securities (Line 1C). This line represents the sum of intragovernmental securities cost (column 1), unamortized (premium)/discount (column 3), and intragovernmental net investments for the current period (column 4) reported. The total amount reported in column 4 of this line shall equal the amount reported on the reporting entity's Balance Sheet.

D. Other Investments (Line 2). The Military Family Housing Revitalization Act of 1996 provides for a new DoD Family Housing Improvement Fund. The legislation permits investment of funds into ventures with developers to provide family housing. For example, the ventures will be real estate ventures, rent differential payments, investment in limited partnerships, and investments in equity or debt instruments related to family housing.

E. Prior-Year, Intragovernmental Securities (Line 3). The prior-year amounts for nonmarketable, market-based U.S. Treasury securities.

F. Prior-Year, Other Investments (Line 4). The prior-year amounts for other investments are reported on Line 4.

G. Intragovernmental Investments for Earmarked Funds. The following is a required disclosure for any reporting entity reporting earmarked funds:

The Federal Government does not set aside assets to pay future benefits or other expenditures associated with earmarked funds (or name/s of fund/s). The cash receipts collected from the public for an earmarked fund are deposited in the U.S. Treasury, which uses the cash for general Government purposes. Treasury securities are issued to the *[Reporting Entity]* as evidence of its receipts. Treasury securities are an asset to the *[Reporting Entity]* and a liability to the U.S. Treasury. Because the *[Reporting Entity]* and the U.S. Treasury are both parts of the Government, these assets and liabilities offset each other from the standpoint of the Government as a whole. For this reason, they do not represent an asset or a liability in the U.S. Governmentwide financial statements. U.S. Treasury securities provide the *[Reporting Entity]* with authority to draw upon the U.S. Treasury to make future benefit payments or other expenditures. When the *[Reporting Entity]* requires redemption of these securities to make expenditures, the Government finances those expenditures out of accumulated cash balances, by raising taxes or other receipts, by borrowing from the public or repaying less debt, or by curtailing other expenditures. This is the same way that the Government finances all other expenditures.

H. Other Information. Disclose any additional information relative to understanding the nature of reported investments, such as permanent impairments.

★1007 NOTE 5. ACCOUNTS RECEIVABLE

100701. Note Schedule Format

Note 5.		Accounts Receivable				
<i>As of [Current Fiscal Period End Date]</i>		Current FY			Prior FY	
		Gross Amount Due	Allowance For Estimated Uncollectibles	Accounts Receivable, Net	Accounts Receivable, Net	
(Amounts in thousands)						
1. Intragovernmental Receivables	\$	\$\$\$	N/A	\$	\$\$\$	\$ \$\$\$
2. Nonfederal Receivables (From the Public)		\$\$\$	\$\$\$	\$\$\$		\$\$\$
3. Total Accounts Receivable	\$	\$\$\$	\$ \$\$\$	\$	\$\$\$	\$ \$\$\$

Figure 10-8. Note 5. Accounts Receivable

100702. Fluctuations and Abnormalities

A. Fluctuations. Disclose all differences between comparative periods in any line item on the financial statement and corresponding note schedule to which either (a) or (b) applies: (a) difference equals or exceeds +/- 10 percent for the same line item on the financial statement, or (b) difference equals or exceeds +/- two percent of the current period Total Assets on the respective entity’s Balance Sheet for the line item on the financial statement. When (a) or (b) applies, the detailed explanation should provide concise answers to the following questions pertaining to the comparative periods:

1. What is the dollar amount of this fluctuation?
2. Who caused this fluctuation?
3. What business event caused this fluctuation?
4. Why did this fluctuation happen?
5. When, during the last four quarters, did the primary business event occur causing the fluctuation? Responding to this question helps identify which disclosures are likely to be in effect for the current fiscal year end.

B. Abnormalities. Disclose all abnormal account balances found in all financial statement lines and note schedules. Abnormal account balances are those in which the normal balance (debit or credit) is reversed. The detailed explanation should provide concise answers to the following questions:

1. What is the dollar amount of this abnormality?
2. Who caused this abnormality?
3. What business event caused this abnormality?
4. Why did this abnormality happen?
5. When, during the last four quarters, did this abnormality occur?
6. When will it be resolved?

100703. Instructions. Present the gross receivables, the allowance for estimated uncollectibles (from the public) and the net amount due. The amount represented in this note includes both entity and nonentity receivables. Do not include receivables related to direct or guaranteed loans. These amounts are reported in Note 8, the Direct Loan and/or Loan Guarantee Programs.

A. Intragovernmental Receivables (Line 1). An allowance for uncollectible accounts should not be reported for intragovernmental receivables. The amount on Line 1, column 3, of this note shall equal the amount reported on the reporting entity's Balance Sheet. The nonentity portion of Intragovernmental Receivables is disclosed in Note 2, Nonentity Assets. The Line 1, column 3, amount shall also equal the total amount reported in the Required Supplementary Information section, DoD Agency-wide Intragovernmental Assets, Schedule A, Accounts Receivable column.

B. Nonfederal Receivables (from the Public) (Line 2). The term "nonfederal entities" encompasses domestic and foreign persons and organizations outside the U.S. Government. The amount on Line 2, column 3, of this note shall equal the amount reported on the reporting entity's Balance Sheet. The nonentity portion of receivables from the public is disclosed in Note 2, Nonentity Assets.

C. Total Accounts Receivable (Line 3). The amount reported on Line 3 equals the sum of Lines 1 and 2 for each column.

D. Other Information. Disclose any other information needed to understand the nature of the Accounts Receivable.

1. If the reporting entity was able to compare its Accounts Receivable balances with the Accounts Payable balances of its intragovernmental trading partners, disclose any material differences identified. Additionally, provide an explanation for the material differences identified and whether or not the differences were resolved.

2. The reporting entity shall age delinquent and nondelinquent accounts receivable as presented in Table 10-23 below. Delinquent accounts receivable are receivables that have not been paid by the date specified in the initial written demand for payment or applicable agreement or instrument (including a post-delinquency payment agreement) unless other satisfactory payment arrangements have been made. Receivables which are recorded as delinquent are aged from the payment due date or the day notification of debt was mailed, depending on the agreement or instrument. If a payment "grace" period is provided and expires without payment, then the receivable becomes delinquent from the original payment

due date or date of notification. When a repayment agreement allows the activity to declare the full amount of the account due, and the activity has done so, then the entire amount of the account or loan and related interest and penalties, if any, are reported as delinquent. Nondelinquent accounts receivable are receivable outstanding for 30 days or less or those not yet due under the contract or billing document pertaining to the receivable. Current nondelinquent accounts receivable are those that are due in the next 12 months. Noncurrent nondelinquent accounts receivable are those amounts that are due beyond the next 12 months.

3. The Components shall also provide a narrative explaining the amount and the rationale for nondelinquent over 30 days old and address collection actions being pursued on all delinquent accounts receivable over 30 days. To the extent possible, the reporting entity should consolidate the narrative explanation for receivables with common or similar explanations. For example, report the total amounts of each category in litigation or collections being pursued by the Department of Treasury in their offset program.

AGED ACCOUNTS RECEIVABLE GROUPS		
CATEGORY	Intragovernmental	Nonfederal
Nondelinquent		
Current		
Noncurrent		
Delinquent		
1 to 30 days		
31 to 60 days		
61 to 90 days		
91 to 180 days		
181 days to 1 year		
Greater than 1 year and less than or equal to 2 years		
Greater than 2 years and less than or equal to 6 years		
Greater than 6 years and less than or equal to 10 years		
Greater than 10 years		
Total		
Note: The total of the columns should equal the gross amounts reported in the Accounts Receivable schedule in Note 5. This will require that the receivables due internally within each Component be eliminated from this schedule.		

Table 10-3. Aged Accounts Receivable

★1008 NOTE 6. OTHER ASSETS

100801. Note [Schedule Format](#)

Note 6.	Other Assets			
As of <i>[Current Fiscal Period End Date]</i>	Current Year		Prior Year	
(Amounts in thousands)				
1. Intragovernmental Other Assets				
A. Advances and Prepayments	\$	\$\$\$	\$	\$\$\$
B. Total Intragovernmental Other Assets	\$	\$\$\$	\$	\$\$\$
2. Nonfederal Other Assets				
A. Outstanding Contract Financing Payments	\$	\$\$\$	\$	\$\$\$
B. Other Assets (With the Public)		\$\$\$		\$\$\$
C. Total Nonfederal Other Assets	\$	\$\$\$	\$	\$\$\$
3. Total Other Assets	\$	\$\$\$	\$	\$\$\$

Figure 10-9. Note 6. Other Assets

100802. [Fluctuations and Abnormalities](#)

A. [Fluctuations](#). Disclose all differences between comparative periods in any line item on the financial statement and corresponding note schedule to which either (a) or (b) applies: (a) difference equals or exceeds +/- 10 percent for the same line item on the financial statement, or (b) difference equals or exceeds +/- two percent of the current period Total Assets on the respective entity's Balance Sheet for the line item on the financial statement. When (a) or (b) applies, the detailed explanation should provide concise answers to the following questions pertaining to the comparative periods:

1. What is the dollar amount of the fluctuation?
2. Who caused this fluctuation?
3. What business event caused the fluctuation?
4. Why did the fluctuation happen?
5. When, during the last four quarters, did the primary business event occur causing the fluctuation? Responding to this question helps identify which disclosures are likely to be in effect for the current fiscal year end.

B. Abnormalities. Disclose all abnormal account balances found in all financial statement lines and note schedules. Abnormal account balances are those in which the normal balance (debit or credit) is reversed. The detailed explanation should provide concise answers to the following questions:

1. What is the dollar amount of the abnormality?
2. Who caused this abnormality?
3. What business event caused the abnormality?
4. Why did the abnormality happen?
5. When, during the last four quarters, did the abnormality occur?
6. When will it be resolved?

100803. Instructions. Present those amounts that are included on comparative lines of the Balance Sheet.

A. Intragovernmental Other Assets (Line 1). Separately categorize the intragovernmental other assets.

1. Advances and Prepayments (Line 1.A). Include advances and prepayments to other Federal entities.

2. Total Intragovernmental Other Assets (Line 1.B). The amount reported on this line equal Line 1.A. and the amount reported on the Balance Sheet.

B. Nonfederal Other Assets (Line 2). Separately categorize the nonfederal other assets as described below:

1. Outstanding Contract Financing Payments (Line 2.A). Include financing payments for fixed price contracts. The reporting entity shall report financing payments for fixed price contracts as nonfederal other assets on the Balance Sheet. Under the terms of the fixed price contracts, the reporting entity becomes liable only after the contractor delivers the goods in conformance with the contract terms. If the contractor does not deliver a satisfactory product, the reporting entity is not obligated to reimburse the contractor for its costs and the contractor is liable to repay the reporting entity for the full amount of financing payment advances.

2. Other Assets (with the Public) (Line 2.B). Include other assets categorized as nonfederal.

3. Total Nonfederal Other Assets (Line 2.C). The amount reported on this line equals the sum of Lines 2.A and 2.B. and the amount reported on the Balance Sheet.

C. Total Other Assets (Line 3). The amount reported on this line equals the sum of Lines 1.B and 2.C. The total amount reported on Line 3 should equal sum of Federal and nonfederal other assets on the Balance Sheet.

D. Information Related to Other Assets. Identify other relevant information for other assets reported on the Balance Sheet.

1. If any of the individual components of Line 2.B, Other Assets (with the Public), represents more than 10 percent of the value of the line, those components shall be separately disclosed.

2. If the reporting entity was able to compare its Other Assets balances with the corresponding balances of its intragovernmental trading partners, disclose any material differences identified. Additionally, provide an explanation for the material differences identified and whether or not the differences were resolved

★1009 NOTE 7. CASH AND OTHER MONETARY ASSETS

100901. Note Schedule Format

Note 7. Cash and Other Monetary Assets	
As of [<i>Current Fiscal Period End Date</i>]	
	Current FY Prior FY
(Amounts in thousands)	
1. Cash	\$ \$\$\$ \$ \$\$\$
2. Foreign Currency (Nonpurchased)	\$ \$\$\$ \$ \$\$\$
3. Total Cash and Foreign Currency, & Other Monetary Assets	\$ \$\$\$ \$ \$\$\$

Figure 10-10. Note 7. Cash and Other Monetary Assets

100902. Fluctuations and Abnormalities

A. Fluctuations. Disclose all differences between comparative periods in any line item on the financial statement and corresponding note schedule to which either (a) or (b) applies: (a) difference equals or exceeds +/- 10 percent for the same line item on the financial statement, or (b) difference equals or exceeds +/- two percent of the current period total assets on the respective entity’s Balance Sheet for the line item on the financial statement. When (a) or (b) applies, the detailed explanation should provide concise answers to the following questions pertaining to the comparative periods:

1. What is the dollar amount of the fluctuation?
2. Who caused this fluctuation?
3. What business event caused the fluctuation?

4. Why did the fluctuation happen?
5. When, during the last four quarters, did the primary business event occur causing the fluctuation? Responding to this question helps identify which disclosures are likely to be in effect for the current fiscal year end.

B. Abnormalities. Disclose all abnormal account balances found in all financial statement lines and note schedules. Abnormal account balances are those in which the normal balance (debit or credit) is reversed. The detailed explanation should provide concise answers to the following questions:

1. What is the dollar amount of the abnormality?
2. Who caused this abnormality?
3. What business event caused the abnormality?
4. Why did the abnormality happen?
5. When, during the last four quarters, did the abnormality occur?
6. When will it be resolved?

100903. Instructions. Present the cash and other monetary assets as further explained in the following instructions.

A. Cash (Line 1). The total of cash resources under the control of the reporting entity, which includes coin, paper currency, purchased foreign currency, negotiable instruments, and amounts on deposit in banks and other financial institutions. Cash available for agency use shall include petty cash funds and other revolving funds, which will not be transferred into the General Fund of the Treasury.

B. Foreign Currency (Line 2). The total U.S. dollar equivalent of nonpurchased foreign currencies held in foreign currency fund accounts. Nonpurchased foreign currency is limited to the Treasury Index 97X7000 fund account (formerly called FT accounts).

C. Total Cash and Other Monetary Assets (Line 3). The amount reported on this note equals the sum of Lines 1 and 2. Also, this line amount shall equal the amount reported on the Balance Sheet.

D. Other Information. Provide other relevant information that is needed to understand the nature of cash and other monetary assets. Disclose any restrictions on cash and the dollar amount. Restricted cash includes holdings which are unavailable for agency use (nonentity cash) and have not been transferred to the General Fund of the Treasury. Restricted cash also includes cash held in escrow to pay property taxes and insurance related to property associated with defaulted loans as well as other amounts of legally restricted cash for specific purposes. Disclose any restrictions on the use or conversion of cash denominated in foreign currencies, and the significant effects, if any, of changes in the exchange rate on the entity's financial position that occur after the end of the reporting period but before the issuance of financial statements. Provide other information, as appropriate.

★1010 NOTE 8. DIRECT LOAN AND/OR LOAN GUARANTEES101001. General Information on Direct Loans and Loan Guarantees

A. Federal Credit Reform Act of 1990. The reporting entity shall disclose that direct loan obligations and loan guarantee commitments made after fiscal year (FY) 1991, and the resulting direct loans or loan guarantees, are governed by the Federal Credit Reform Act of 1990. The Act provides that the present value of the subsidy costs (which arise from interest rate differentials, interest subsidies, delinquencies and defaults, fee offsets, and other cash flows) associated with direct loans and loan guarantees be recognized as costs in the year the direct or guaranteed loan is disbursed. Direct loans are reported at the net present value of projected cash flows for loan disbursements, repayments of principal, and payments of interest and other payments over the life of the loan after adjusting for estimated defaults, prepayments, fees, penalties, and other recoveries. Loan guarantee liabilities are reported at net present value. The cost of the loan guarantee is the net present value of the projected cash flows for payment by DoD to cover defaults and delinquencies, interest subsidies, and other payments offset by payments to DoD including origination and other fees, penalties, and recoveries.

B. Pre-1992 Direct Loans and Loan Guarantees. The reporting entity shall also disclose whether pre-1992 direct loans and loan guarantees are reported on a present value basis or are reported under the allowance for loss method. Under the allowance for loss method, the nominal amount of the direct loans is reduced by an allowance for uncollectible amounts, and the liability for loan guarantees is the amount the agency estimates will more likely than not require a future cash outflow to pay default claims. Under the present value method, the nominal amount of direct loans is reduced by an allowance equal to the difference between the nominal amount and the present value of the expected net cash flows from the loans. The liability for loan guarantees is the present value of expected net cash outflows due to the loan guarantees.

1. Note Format. Depending on the reporting method selected by management for pre-1992 direct loans and loan guarantees, agencies shall choose the appropriate note format. Either the net present value method or the allowance for loss method shall be followed, but not both.

2. Changing Reporting Methods. Changing from one method to the other is not permitted without the advance approval of OMB. If a reporting entity needs guidance related to pre-1992 direct loans or loan guarantees, such entity shall contact the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)), Office of the Deputy Chief Financial Officer (ODCFO). Agencies shall disclose that their loans receivable, net, or their value of assets related to direct loans, is not the same as the proceeds that they would expect to receive from selling their loans.

3. Payments Made on Behalf of Borrowers. When the reporting entity has made payments on behalf of borrowers (which should be collected from the borrowers), the resulting receivables shall be reported in the same column as loans receivable for either direct loans or defaulted guaranteed loans.

101002. Instructions. Present the reporting entity's direct loan and loan guarantee programs based upon the instructions that follow:

A. Direct Loan/Loan Guarantee Programs. Enter the names of the direct loans and loan guarantee programs operated by the reporting entity. An example of DoD loan programs is the Military Housing Privatization Initiative. An example of a Department of the Army loan program is the Arms Initiative Guarantee Loan Financing Program. The Federal Credit Reform Act of 1990 divides direct loans and loan guarantees into two groups: Pre-1992 and Post-1992. Pre-1992 means the direct loan obligations or loan guarantee commitments made prior to FY 1992 and the resulting direct loans or loan guarantees. Post-1991 means the direct loan obligations or loan guarantee commitments made after FY 1991 and the resulting direct loans or loan guarantees. Refer to OMB Circular A-11, section 185 for definitions and explanations of terms and concepts in these instructions.

B. Other Information. Disclose other information needed to understand the nature of the Direct Loan and/or Loan Guarantee Programs. Describe program characteristics. Also disclose events and changes in economic conditions, other risk factors, legislation, credit policies, and subsidy estimation methodologies and assumptions: (a) that have had a significant and measurable effect on subsidy rates, subsidy expense, and subsidy reestimates; and (b) events and changes in conditions that have occurred and are more likely than not to have a significant impact but the effects of which are not measurable at the reporting date.

101003. [Note 8. Direct Loans Obligated After FY 1991, Note Schedule Format](#)

Note 8.	Direct Loans and/or Loan Guarantee Programs
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Direct Loans Obligated after FY 1991

As of <i>[Current Fiscal Period End Date]</i>	Current FY	Prior FY
(Amounts in thousands)		
Loan Programs		
1. Military Housing Privatization Initiative		
A. Loans Receivable Gross	\$ \$\$\$	\$ \$\$\$
B. Interest Receivable	\$\$\$	\$\$\$
C. Foreclosed Property	\$\$\$	\$\$\$
D. Allowance for Subsidy Cost (Present Value)	\$\$\$	\$\$\$
E. Value of Assets Related to Direct Loans	\$ \$\$\$	\$ \$\$\$
2. Total Loans Receivable	\$ \$\$\$	\$ \$\$\$

Figure 10-11. Direct Loans Obligated after FY 1991

101004. [Fluctuations and Abnormalities](#)

A. [Fluctuations.](#) Disclose all differences between comparative periods in any line item on the financial statement and corresponding note schedule to which either (a) or (b) applies: (a) difference equals or exceeds +/- 10 percent for the same line item on the financial

statement, or (b) difference equals or exceeds +/- two percent of the current period total assets on the respective entity's Balance Sheet for the line item on the financial statement. When (a) or (b) applies, the detailed explanation should provide concise answers to the following questions pertaining to the comparative periods:

1. What is the dollar amount of the fluctuation?
2. Who caused the fluctuation?
3. What business event caused the fluctuation?
4. Why did the fluctuation happen?
5. When, during the last four quarters, did the primary business event occur causing the fluctuation? Responding to this question helps identify which disclosures are likely to be in effect for the current fiscal year end.

B. Abnormalities. Disclose all abnormal account balances found in all financial statement lines and note schedules. Abnormal account balances are those in which the normal balance (debit or credit) is reversed. The detailed explanation should provide concise answers to the following questions:

1. What is the dollar amount of the abnormality?
2. Who business event caused the abnormality?
3. What caused the abnormality?
4. Why did the abnormality happen?
5. When, during the last four quarters, did the abnormality occur?
6. When will it be resolved?

101005. Instructions. Present information on direct loans obligated after FY 1991 based upon the following instructions:

A. Loan Programs, Military Housing Privatization Initiative (Lines 1.A through 1.E). For the Military Housing Privatization Initiative (post-1991 direct loans), report in column 1, (current year): the Loans Receivable Gross, the Interest Receivable, the estimated net realizable value of related foreclosed property, the Allowance for Subsidy Cost (Present Value), and the Value of Assets Related to Direct Loans. Line 1.E. is the sum of Lines 1.A. through 1.D. In column 2, provide amounts from the prior year.

B. Total Loans Receivable (Line 2). The amount reported in this line shall agree with the amount reported on the reporting entity's on the Balance Sheet.

C. Other Information. Provide other relevant information related to direct loan programs. For foreclosed property, disclose changes from prior year's accounting methods; restrictions on the use/disposal of the property; the number of properties held and average holding period by type or category; and, the number of properties for which foreclosure proceedings are in process at the end of the period. Disclose management's method for accruing interest revenue and recording interest receivable and management's policy for accruing interest on nonperforming loans.

D. Additional Instructions for Foreclosed Property. Foreclosed property associated with post-1991 direct loans shall be valued at the net present value of the projected cash flows associated with the property. To practically accomplish this requirement, foreclosed property may be recorded at the estimated net realizable value at the time of foreclosure. A portion of the related allowance for subsidy account should apply to the foreclosed property, but that amount need not be separately determined. Rather, the allowance account is subtracted from the sum of the credit program assets to determine the net present value of the assets.

101006. Note 8. Total Amount of Direct Loans Disbursed Note Schedule Format

Total Amount of Direct Loans Disbursed				
As of <i>[Current Fiscal Period End Date]</i>	Current FY		Prior FY	
(Amounts in thousands)				
Direct Loan Programs				
1. Military Housing Privatization Initiative	\$	\$\$\$	\$	\$\$\$
2. Total	\$	\$\$\$	\$	\$\$\$

Figure 10-12. Total Amount of Direct Loans Disbursed

101007. Fluctuations and Abnormalities. Refer to paragraph 101004, above.

101008. Instructions. Report the total amount of direct loans disbursed after FY 1991 based upon the following instructions:

A. Direct Loans, Military Housing Privatization Initiative (Line 1). For the Military Housing Privatization Initiative (post-1991 direct loans), report in column 1 the total amount of direct loans disbursed for the current reporting year. In column 2, report the amount of direct loans disbursed in the prior reporting year.

B. Total (Line 2). Report the total of the amount of direct loans disbursed for the current and prior reporting years.

C. Other Information. Provide other information related to direct loans disbursed necessary to understand the nature of the loans.

101009. [Note 8. Subsidy Expense for Post FY 1991 Direct Loans Note Schedule Format](#)

Subsidy Expense for Post FY 1991 Direct Loans											
<i>As of [Current Fiscal Period End Date]</i> (Amounts in thousands)		Interest Differential		Defaults		Fees		Other		Total	
(Current Reporting Year)											
1. New Direct Loans Disbursed											
Military Housing Privatization Initiative		\$	\$\$\$	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$
(Prior Reporting Year)											
2. New Direct Loans Disbursed											
Military Housing Privatization Initiative		\$	\$\$\$	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$
		Modifications		Interest Rate Reestimates		Technical Reestimates		Total Reestimates		Total	
(Current Reporting Year)											
3. Direct Loan Modifications and Re-estimates											
Military Housing Privatization Initiative		\$	\$\$\$	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$
(Prior Reporting Year)											
4. Direct Loan Modifications and Re-estimates											
Military Housing Privatization Initiative		\$	\$\$\$	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$
5. Total Direct Loan Subsidy Expense		Current FY		Prior FY							
Military Housing Privatization Initiative		\$	\$\$\$	\$	\$\$\$						

Figure 10-13. Subsidy Expense for Post FY 1991 Direct Loan

101010. [Fluctuations and Abnormalities.](#) Refer to paragraph 101004, above.

101011. [Instructions.](#) Report the direct loan subsidy expense, at present value, using the following categories:

A. Subsidy Expense for New Direct Loans Disbursed – Current Year (Line 1). Report in column 1, the present value amount of the current year's subsidy expense attributable to the interest rate differential between the interest rate charged to the borrowers and the discount rate used to calculate the present value of the direct loans and the subsidy costs; in column 2, the present value of the estimated delinquencies and defaults (net of recoveries) for the current year; in column 3, the present value of the estimated fees collected (offsetting expense) for the current year; in column 4, the present value of other cash flows for the current year, including prepayments and proceeds of loan asset sales; and in column 5, the total of columns 1 through 4.

B. Subsidy Expense for New Direct Loans Disbursed – Prior Year (Line 2). Report in column 1, the present value amount of the prior year's subsidy expense attributable to the interest rate differential between the interest rate charged to the borrowers and the discount rate used to calculate the present value of the direct loans and the subsidy costs; in column 2, the present value of the estimated delinquencies and defaults (net of recoveries) for the prior year; in column 3, the present value of the estimated fees collected (offsetting expense) for the prior year; in column 4, the present value of other cash flows for the prior year, including prepayments and proceeds of loan asset sales; and in column 5, the total of columns 1 through 4.

C. Direct Loan Modifications and Reestimates – Current Year (Line 3). Report in column 1 on Line 3 the current year's subsidy cost of modifications of direct loans previously disbursed. Report in column 2 on Line 3 the current year's subsidy cost for interest rate reestimates. Interest rate reestimates are due to a change in interest rates from the rate assumed in budget preparation and used in calculating the subsidy expense to the rates that are prevailing at the time the direct loan is disbursed. Report in column 3 on Line 3 the current year's subsidy cost for technical reestimates. Technical reestimates are due to changes made in projected cash flows under the terms of direct loans after reevaluating all the risk factors as of the financial statement date, except for the effect of interest rate reestimates. Report in column 4 on Line 3 the total of columns 2 and 3. Report in column 5 on Line 3 the total of direct loan modifications and reestimates for the current year. The total amount is the sum of columns 1 and 4.

D. Direct Loan Modifications and Reestimates – Prior Year (Line 4). Report in column 1 the prior year's subsidy cost of modifications of direct loans previously disbursed. Report in column 2, on Line 4 the prior year's subsidy cost for interest rate reestimates. Report in column 3 on Line 4 the prior year's subsidy cost for technical reestimates. Report in column 4 on Line 4 the total of columns 2 and 3. Report in column 5 on Line 4 the total of direct loan modifications and reestimates for the prior year. The total amount is the sum of columns 1 and 4.

E. Total Direct Loan Subsidy Expense – Current Year (Line 5). Report in column 1 on Line 5 the total subsidy expense for current year's direct loans, modifications, and reestimates. Report in column 2 on Line 5 the total subsidy expense for prior year's direct loans, modifications, and reestimates.

F. Other Information. Identify other information related to direct loan subsidy expense for post-1991 direct programs. If modifications were made, explain the nature of the modifications, the discount rate used in calculating the expense, and the basis for recognizing a gain or loss related to the modifications. Also, if appropriate, disclose that the subsidy expense resulting from reestimates that is included in the financial statements is not reported in the budget until the following year.

101012. NOTE 8. Subsidy Rates for Direct Loans, Note Schedule Format

Subsidy Rates for Direct Loans					
As of [<i>Current Fiscal Period End Date</i>]	Interest Differential	Defaults	Fees and other Collections	Other	Total
Direct Loan Programs					
1. Military Housing Privatization Initiative	XX.XX%	XX.XX%	XX.XX%	XX.XX%	XX.XX%

Figure 10-14. Subsidy Rates for Direct Loans

101013. Instructions. For the Military Housing Privatization Initiative, disclose the estimated subsidy rates for the following components: interest differential costs (column 1); default costs (net of recoveries) (column 2); fees (column 3); and other costs (column 4). These estimated subsidy rates for direct loans are in the current year’s budget (President’s Budget).

A. Subsidy Rates. These rates should be consistent with rates published in the Direct Loans: Assumptions Underlying the FY Subsidy Estimates Table contained in the Federal Credit Supplement to the Budget of the U.S. Government. This document can be located at the www.whitehouse.gov/omb/budget/ website.

B. Relevant Information for Comprehension. Subsidy rates pertain to the loan agreements contracted during the current fiscal year. These rates cannot be applied to the direct loans disbursed during the current reporting year to yield the subsidy expense. The subsidy expense for new loans disbursed in the current year could result from disbursement of loans from both current and prior year loan agreements. The subsidy expense reported in the current year also includes modifications and reestimates.

C. Subsidy Rate Amount. Each subsidy rate is the dollar amount of the total subsidy or a subsidy component as a percentage of the direct loans obligated in the cohort year. Entities are encouraged to use trend data to display significant fluctuations in subsidy rates. Such trend data, if used, should be accompanied with analysis to explain the underlying causes for the fluctuations.

101014. [Note 8. Schedule for Reconciling Subsidy Cost Allowance Balances for Post - 1991 Direct Loans, Note Schedule Format](#)

Schedule for Reconciling Subsidy Cost Allowance Balance for Post 1991 Direct Loans

As of <i>[Current Fiscal Period End Date]</i>	Current FY	Prior FY
(Amounts in thousands)		
1. Beginning Balance of the Subsidy Cost Allowance	\$\$\$	\$\$\$
2. Add: Subsidy Expense for Direct Loans Disbursed during the Reporting Years by Component		
A. Interest Rate Differential Costs	\$\$\$	\$\$\$
B. Default Costs (Net of Recoveries)	\$\$\$	\$\$\$
C. Fees and Other Collections	\$\$\$	\$\$\$
D. Other Subsidy Costs	\$\$\$	\$\$\$
E. Total of the above Subsidy Expense Components	\$\$\$	\$\$\$
3. Adjustments		
A. Loan Modifications	\$\$\$	\$\$\$
B. Fees Received	\$\$\$	\$\$\$
C. Foreclosed Property Acquired	\$\$\$	\$\$\$
D. Loans Written Off	\$\$\$	\$\$\$
E. Subsidy Allowance Amortization	\$\$\$	\$\$\$
F. Other	\$\$\$	\$\$\$
G. Total of the above Adjustment Components	\$\$\$	\$\$\$
4. Ending Balance of the Subsidy Cost Allowance before Reestimates	\$\$\$	\$\$\$
5. Add or Subtract Subsidy Reestimates by Component		
A. Interest Rate Reestimate	\$\$\$	\$\$\$
B. Technical/Default Reestimate	\$\$\$	\$\$\$
C. Total of the above Reestimate Components	\$\$\$	\$\$\$
6. Ending Balance of the Subsidy Cost Allowance	\$\$\$	\$\$\$

Figure 10-15. Schedule for Reconciling Subsidy Cost Allowance Balance for Post 1991 Direct Loans

101015. Fluctuations and Abnormalities. Refer to paragraph 101004, above.

101016. Instructions. Display the reconciliation between the beginning and ending balances of the subsidy cost allowance for outstanding direct loans reported in the reporting entity's balance sheet based upon the following instructions. The reconciliation is required for direct loans obligated on or after October 1, 1991, the effective date of the Federal Credit Reform Act of 1990. Reporting entities are encouraged, but not required, to display reconciliations for direct loans obligated prior to October 1, 1991 in schedules separate from the direct loans obligated after October 1, 1991.

A. Beginning Balance of the Subsidy Cost Allowance (Line 1). Report the beginning balance of the subsidy cost allowance.

B. Subsidy Expense for Direct Loans (Lines 2.A. through 2.E.). Report the components of subsidy expense for direct loans: interest rate differential costs, default costs (net of recoveries), fees and other collections, and other subsidy costs. Total the components of subsidy expense for direct loans.

C. Adjustments (Lines 3.A through 3.G). Report the adjustments for direct loans: loan modifications, fees received, foreclosed property acquired, loans written off, subsidy allowance amortization, and other adjustments. Total the adjustments for direct loans.

D. Ending Balance of the Subsidy Cost Allowance Before Reestimates (Line 4). Report the sum of Lines 1, 2.E and 3.G.

E. Subsidy Reestimates (Lines 5.A through 5.C). Report interest rate reestimate and technical/default reestimate for direct loans. Total the reestimates for direct loans.

F. Ending Balance of the Subsidy Cost Allowance (Line 6). Report the sum of Lines 4 and 5.C.

101017. [Note 8. Defaulted Guaranteed Loans from Post FY 1991 Guarantees Note Schedule Format](#)

Defaulted Guaranteed Loans from Post FY 1991 Guarantees

As of <i>[Current Fiscal Period End Date]</i>	Current FY		Prior FY	
(Amounts in thousands)				
Loan Guarantee Program(s)				
1. Military Housing Privatization Initiative				
A. Defaulted Guaranteed Loans Receivable, Gross	\$	\$\$\$	\$	\$\$\$
B. Interest Receivable		\$\$\$		\$\$\$
C. Foreclosed Property		\$\$\$		\$\$\$
D. Allowance for Subsidy Cost (Present Value)		\$\$\$		\$\$\$
E. Value of Assets Related to Defaulted Guaranteed Loans Receivable, Net		\$\$\$		\$\$\$
2. Armament Retooling & Manufacturing Support Initiative				
A. Defaulted Guaranteed Loans Receivable, Gross	\$	\$\$\$	\$	\$\$\$
B. Interest Receivable		\$\$\$		\$\$\$
C. Foreclosed Property		\$\$\$		\$\$\$
D. Allowance for Subsidy Cost (Present Value)		\$\$\$		\$\$\$
E. Value of Assets Related to Defaulted Guaranteed Loans Receivable, Net		\$\$\$		\$\$\$
3. Total Value of Assets Related to Defaulted Guaranteed Loans Receivable	\$	\$\$\$	\$	\$\$\$

Figure 10-16. Defaulted Guaranteed Loans from Post FY 1991 Guarantees

101018. [Fluctuations and Abnormalities.](#) Refer to paragraph_101004, above.

101019. [Instructions.](#) Report information on defaulted guaranteed loans from post-1991 guarantees. If the reporting entity does not have defaulted guaranteed loans, then state “Not Applicable” after the note number and title.

A. [Defaulted Guaranteed Loans, Military Housing Privatization Initiative \(Line 1.A through 1.E\).](#) Report the defaulted guaranteed loans receivable (gross), the interest receivable, the estimated value of related foreclosed property, the allowance for subsidy cost (present value), and the value of assets related to defaulted guaranteed loans receivable.

B. [Defaulted Guaranteed Loans, Armament Retooling & Manufacturing Support Initiative \(Lines 2.A through 2.E\).](#) Report the defaulted guaranteed loans receivable (gross), the interest receivable, the estimated value of related foreclosed property, the allowance for subsidy cost (present value), and the value of assets related to defaulted guaranteed loans receivable.

C. Total Value of Assets Related to Defaulted Guaranteed Loans Receivable (Line 3). Report the total value of assets related to defaulted guaranteed loans receivable from Lines_1.E and_2.E.

D. Other Information. Identify other information related to guaranteed loan programs. With respect to the foreclosed property, disclose (1) changes from the prior year's accounting methods, if any; (2) restrictions on the use/disposal of the property; (3) number of properties held and average holding period by type or category; and (4) number of properties for which foreclosure proceedings are in process at the end of the period. Disclose management's method for accruing interest revenue and recording interest receivable, and management's policy for accruing interest on nonperforming defaulted guaranteed loans.

E. Additional Instructions for Foreclosed Property. Foreclosed property associated with post-1991 direct and acquired defaulted guaranteed loans shall be valued at the net present value of the projected cash flows associated with the property. Foreclosed property may be recorded at the estimated net realizable value at the time of foreclosure. A portion of the related allowance for subsidy account should apply to the foreclosed property, but that amount need not be separately determined. Rather, the allowance account is subtracted from the sum of the credit program assets to determine the net present value of the assets.

101020. [Note 8. Guaranteed Loans Outstanding, Note Schedule Format](#)

Guaranteed Loans Outstanding				
As of <i>[Current Fiscal Period End Date]</i>		Outstanding Principal of Guaranteed Loans, Face Value		Amount of Outstanding Principal Guaranteed
(Amount in thousands)				
Guaranteed Loan Outstanding				
1. Military Housing Privatization Initiative	\$	\$\$\$	\$	\$\$\$
2. Armament Retooling & Manufacturing Support Initiative	\$	\$\$\$	\$	\$\$\$
3. Total	\$	\$\$\$	\$	\$\$\$
Current FY				
New Guaranteed Loans Disbursed				
1. Military Housing Privatization Initiative	\$	\$\$\$	\$	\$\$\$
2. Armament Retooling & Manufacturing Support Initiative	\$	\$\$\$	\$	\$\$\$
3. Total	\$	\$\$\$	\$	\$\$\$
Prior FY				
New Guaranteed Loans Disbursed				
1. Military Housing Privatization Initiative	\$	\$\$\$	\$	\$\$\$
2. Armament Retooling & Manufacturing Support Initiative	\$	\$\$\$	\$	\$\$\$
3. Total	\$	\$\$\$	\$	\$\$\$

Figure 10-17. Guaranteed Loans Outstanding

101021. [Instructions.](#) Present outstanding guaranteed loans according to the instructions that follow:

A. [Loan Valuation \(Lines 1 and 2\).](#) For each loan guarantee program, report in column 1 the face value of outstanding principal of guaranteed loans disbursed by third party. In column 2, report the amount of this outstanding principal that is guaranteed. Also report the amount of new guaranteed loans disbursed for the current and prior reporting years.

B. [Total \(Line 3\).](#) Present the total of Lines 1 and 2 for each category.

C. [Other Information.](#) Identify other information related to guaranteed loans outstanding that is necessary to understand the nature of the loan.

101022. [Note 8. Liability for Post FY 1991 Loan Guarantees, Present Value, Note Schedule Format](#)

Liabilities for Post FY 1991 Loan Guarantees, Present Value

As of <i>[Current Fiscal Period End Date]</i>	Current FY	Prior FY
(Amounts in thousands)		
Loan Guarantee Program(s)		
1. Military Housing Privatization Initiative	\$\$\$	\$\$\$
2. Armament Retooling & Manufacturing Support Initiative	\$\$\$	\$\$\$
3. Total	\$ \$\$\$	\$ \$\$\$

Figure 10-18. Liabilities for Post FY 1991 Loan Guarantees, Present Value

101023. [Fluctuations and Abnormalities.](#) Refer to paragraph 101004, above.

101024. [Instructions.](#) Present information on Liabilities for Post-1991 loan guarantees based upon the following instructions:

A. [Liability for Post-1991 Loan Guarantees, Military Housing Privatization Initiative \(Line 1\).](#) For the Military Privatization Initiative (post-1991 loan guarantees) report on Line 1 the present value of estimated net cash flows (outflows less inflows) to be paid as a result of loan guarantees for the current year.

B. [Liability for Post-1991 Loan Guarantees, Armament Retooling & Manufacturing Support Initiative \(Line 2\).](#) For the Armament Retooling & Manufacturing Support Initiative, report the present value of estimated net cash flows (outflows less inflows) to be paid as a result of loan guarantees for the current year.

C. [Total \(Line 3\).](#) Report the total of Line 1 and Line 2.

D. [Other Information.](#) Identify other information related to the liability for Post-1991 Loan Guarantees, Present Value necessary to understand the nature of the liability.

101025. [Note 8. Subsidy Expense for Post FY 1991 Loan Guarantees Note Schedule Format](#)

Subsidy Expense for Post FY 1991 Loan Guarantees										
As of [Current Fiscal Period End Date]										
(Amounts in thousands)										
	Interest Differential		Defaults		Fees		Other		Total	
(Current Year)										
1. New Loan Guarantees Disbursed:										
Military Housing Privatization Initiative	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$
Armament Retooling & Manufacturing Support Initiative		\$\$\$		\$\$\$		\$\$\$		\$\$\$		\$\$\$
Total	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$
(Prior Year)										
2. New Loan Guarantees Disbursed:										
Military Housing Privatization Initiative	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$
Armament Retooling & Manufacturing Support Initiative		\$\$\$		\$\$\$		\$\$\$		\$\$\$		\$\$\$
Total	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$
	Modifications		Interest Rate Reestimates		Technical Reestimates		Total Reestimates		Total	
(Current Year)										
3. Modifications and Reestimates:										
Military Housing Privatization Initiative	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$
Armament Retooling & Manufacturing Support Initiative		\$\$\$		\$\$\$		\$\$\$		\$\$\$		\$\$\$
Total	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$
(Prior Year)										
4. Modifications and Reestimates:										
Military Housing Privatization Initiative	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$
Armament Retooling & Manufacturing Support Initiative		\$\$\$		\$\$\$		\$\$\$		\$\$\$		\$\$\$
Total	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$
	Current Year		Prior Year							
5. Total Loan Guarantee:										
Military Housing Privatization Initiative	\$	\$\$\$	\$	\$\$\$						
Armament Retooling & Manufacturing Support Initiative		\$\$\$		\$\$\$						
Total	\$	\$\$\$	\$	\$\$\$						

Figure 10-19. Subsidy Expense for Post FY 1991 Loan Guarantees

101026. [Fluctuations and Abnormalities.](#) Refer to paragraph 101004, above.

101027. Instructions. Report the estimated cash flows (on a present-value basis) for the various subsidy expense components following the instructions below:

A. Subsidy Expense for New Loan Guarantees Disbursed – Current Year (Line 1). For new guaranteed loans that were disbursed to the borrowers by the third party lenders during the current year, report related subsidy expense as follows: in column 1, interest supplements costs; in column 2, defaults (net of recoveries); in column 3, estimated fees collected (offsetting expense); and in column 4, other cash flows. In column 5, report the total of the columns 1 through 4.

B. Subsidy Expense for New Loan Guarantees Disbursed – Prior-Year (Line 2). For guaranteed loans that were disbursed to the borrowers by the third party lenders during the prior year, report related subsidy expense as follows: in column 1, interest supplements costs; in column 2, defaults (net of recoveries); in column 3, estimated fees collected (offsetting expense); and in column 4, other cash flows. In column 5, report the total of the columns 1 through 4.

C. Loan Guarantee Modification and Reestimates – Current Year (Line 3). Report in column 1, the current year's subsidy cost of modifications of loan guarantees previously made. Report in column 2, the current year's subsidy cost for interest rate reestimates. Interest rate reestimates are due to a change in interest rates from the rate assumed in budget preparation and used in calculating the subsidy expense to the rates that are prevailing at the time the guaranteed loan is disbursed. Report in column 3 on Line 3 the current year's subsidy cost for technical reestimates. Technical reestimates are due to changes made in projected cash flows under the terms of the loan guarantees after reevaluating all the risk factors as of the financial statement date, except for the effect of interest rate reestimates. Report in column 4 the total of columns 2 and 3. Report in column 5 the total of loan guarantee modifications and reestimates for the current year. The total amount is the sum of columns 1 and 4.

D. Loan Guarantee Modification and Reestimates – Prior Year (Line 4). Report in column 1, the prior year's subsidy cost of modifications of loan guarantees previously made. Report in column 2 the prior year's subsidy cost for interest rate reestimates. Report in column 3 on Line 4 the prior year's subsidy cost for technical reestimates. Report in column 4 the total of column 2 and 3. Report in column 5 the total of loan guarantee modifications and reestimates for the prior year. The total amount is the sum of columns 1 and 4.

E. Total Loan Guarantee Subsidy Expense – Current Year (Line 5). Report in column 1, (Current FY), the total subsidy expense for the current year's loan guarantees, modifications, and reestimates. Report in column 2, (Prior FY), the total subsidy expense for the prior year's loan guarantees, modifications, and reestimates.

F. Other Information. Identify other relevant information for loan guarantee programs subsidy expenses. If modifications were made, explain the nature of the modifications, the discount rate used in calculating the expense, and the basis for recognizing a gain or loss related to the modifications. Also, if appropriate, disclose that the subsidy expense resulting from reestimates that is included in the financial statements is not reported in the budget until the following year.

101028. Note 8. Subsidy Rates for Loan Guarantees, Note Schedule Format

Subsidy Rates for Loan Guarantees					
As of <i>[Current Fiscal Period End Date]</i>	Interest Supplements	Defaults	Fees and other Collections	Other	Total
Loan Guarantee Programs					
1. Military Housing Privatization Initiative	XX.XX%	XX.XX%	XX.XX%	XX.XX%	XX.XX%
2. Armament Retooling & Manufacturing Support Initiative	XX.XX%	XX.XX%	XX.XX%	XX.XX%	XX.XX%

Figure 10-20. Subsidy Rates for Loan Guarantees

101029. Instructions. Report information on the subsidy rate for loan guarantees based upon the following instructions:

A. Loan Guarantees, Military Housing Privatization Initiative (Line 1). For the Military Housing Privatization Initiative, disclose the estimated subsidy rates for the following components: interest supplement costs (column 1); default costs (net of recoveries) (column 2); fees and other collections (column 3); and other costs (column 4). These estimated subsidy rates for loan guarantees are in the current year’s budget (President’s Budget).

1. Subsidy Rates. These rates should be consistent with rates published in the Loan Guarantees: Assumptions Underlying the FY Subsidy Estimates Table contained in the Federal Credit Supplement to the Budget of the U.S. Government, which is a supporting document to the budget. This document can be found at the www.whitehouse.gov/omb/budget/ website.

2. Subsidy Rate Amount. Each subsidy rate is the dollar amount of the total subsidy or a subsidy component as a percentage of the guaranteed loans obligated. Entities may use trend data to display significant fluctuations in subsidy rates. Such trend data, if used, should be accompanied with analysis to explain the underlying causes for the fluctuations.

B. Armament Retooling & Manufacturing Support Initiative (Line 2). For the Armament Retooling & Manufacturing Support Initiative, disclose the estimated subsidy rates for the following components: interest supplement costs (column 1); default costs (net of recoveries) (column 2); fees and other collections (column 3); and other costs (column 4). These estimated subsidy rates for loan guarantees are in the current year's budget (President's Budget).

1. Subsidy Rates. The subsidy rates should be consistent with rates published in the Loan Guarantees: Assumptions Underlying the FY Subsidy Estimates table of the Federal Credit Supplement to the Budget of the U.S. Government, which is a supporting document to the budget. This document can be found at the www.whitehouse.gov/omb/budget/ website.

2. Subsidy Rate Amount. Each subsidy rate is the dollar amount of the total subsidy or a subsidy component as a percentage of the guaranteed loans obligated. Entities may use trend data to display significant fluctuations in subsidy rates. Such trend data, if used, should be accompanied with analysis to explain the underlying causes for the fluctuations.

101030. [Note 8. Schedule for Reconciling Loan Guarantee Liability Balances for Post FY 1991 Loan Guarantees, Note Schedule Format](#)

Schedule for Reconciling Loan Guarantee Liability Balances for Post FY 1991 Loan Guarantees

As of <i>[Current Fiscal Period End Date]</i>	Current FY	Prior FY
	Current FY	Prior FY
(Amounts in thousands)		
1. Beginning Balance of the Loan Guarantee Liability	\$\$\$	\$\$\$
2. Add: Subsidy Expense for Guaranteed Loans Disbursed during the Reporting Years by Component		
A. Interest Supplement Costs	\$\$\$	\$\$\$
B. Default Costs (Net of Recoveries)	\$\$\$	\$\$\$
C. Fees and Other Collections	\$\$\$	\$\$\$
D. Other Subsidy Costs	\$\$\$	\$\$\$
E. Total of the above Subsidy Expense Components	\$\$\$	\$\$\$
3. Adjustments		
A. Loan Guarantee Modifications	\$\$\$	\$\$\$
B. Fees Received	\$\$\$	\$\$\$
C. Interest Supplements Paid	\$\$\$	\$\$\$
D. Foreclosed Property and Loans Acquired	\$\$\$	\$\$\$
E. Claim Payments to Lenders	\$\$\$	\$\$\$
F. Interest Accumulation on the Liability Balance	\$\$\$	\$\$\$
G. Other	\$\$\$	\$\$\$
H. Total of the above Adjustments	\$\$\$	\$\$\$
4. Ending balance of the Loan Guarantee Liability before Reestimates	\$\$\$	\$\$\$
5. Add or Subtract Subsidy Reestimates by Component		
A. Interest Rate Reestimate	\$\$\$	\$\$\$
B. Technical/default Reestimate	\$\$\$	\$\$\$
C. Total of the above Reestimate Components	\$\$\$	\$\$\$
6. Ending Balance of the Loan Guarantee Liability	\$\$\$	\$\$\$

Figure 10-21. Schedule for Reconciling Loan Guarantee Liability Balances for Post FY 1991 Loan Guarantees

101031. Fluctuations and Abnormalities. Refer to paragraph 101004, above.

101032. Instructions. Display the reconciliation between the beginning and ending balances of the liability for outstanding loan guarantees reported in each entity's Balance Sheet based upon the following instructions. The reconciliation is required for loan guarantees committed on or after October 1, 1991, the effective date of the Federal Credit Reform Act of 1990. Reporting entities are encouraged, but not required, to display reconciliations for loan guarantees committed prior to October 1, 1991, in schedules separate from the loan guarantees committed after September 30, 1991.

A. Beginning Balance of the Loan Guarantee Liability (Line 1). Report on Line 1 the beginning balance of the loan guarantee liability.

B. Subsidy Expense for Guaranteed Loans (Lines 2.A through 2.E). Report the components of subsidy expense for guaranteed loans disbursed: interest supplemental costs, default costs (net of recoveries), fees and other collections, and other subsidy costs. Total the components of subsidy expense for guaranteed loans.

C. Adjustments (Lines 3.A through 3.H). Report the adjustments for loan guarantees: loan guarantee modifications, fees received, interest supplements paid, foreclosed property and loans acquired, loans written-off, claim payments to lenders, interest accumulation on the liability balance and other adjustments. Total the adjustments for loan guarantees.

D. Ending Balance of the Loan Guarantee Liability Before Reestimates (Line 4). Report on Line 4 the sum of Lines 1, 2.E, and 3.H.

E. Subsidy Reestimates by Component (Lines 5.A through 5.C). Report interest rate reestimates and technical/default reestimates for loan guarantees. Total the reestimates for loan guarantees.

F. Ending Balance of the Loan Guarantee Liability (Line 6). Report the sum of Lines 4 and 5.C.

101033. [Note 8. Administrative Expenses, Note Schedule Format](#)

Administrative Expenses				
<i>As of [Current Fiscal Period End Date]</i>	Current FY		Prior FY	
(Amounts in thousands)				
1. Direct Loan				
Military Housing Privatization Initiative	\$	\$\$\$	\$	\$\$\$
Total	\$	\$\$\$	\$	\$\$\$
2. Loan Guarantees				
Military Housing Privatization Initiative	\$	\$\$\$	\$	\$\$\$
Armament Retooling & Manufacturing Support Initiative		\$\$\$		\$\$\$
Total	\$	\$\$\$	\$	\$\$\$

Figure 10-22. Administrative Expenses

101034. [Fluctuations and Abnormalities.](#) Refer to paragraph 101004, above.

101035. [Instructions.](#) Report administrative expenses based upon the instructions that follow:

A. [Direct Loans Administrative Expense \(Line 1\).](#) Report the portions of salaries and other administrative expenses that have been accounted for in support of the direct loan programs on column 1. Report separately the expenses for the individual programs, if the amount is material.

B. [Loan Guarantee Administrative Expense \(Line 2\).](#) Report the portions of salaries and other administrative expenses that have been accounted for in support of the loan guarantee programs on column 1. Report separately the expenses for the individual programs, if the amount is material.

C. [Other Information.](#) Report other relevant information for administrative expenses for direct loan and loan guarantee programs. The following sample disclosure statements may be modified or expanded, as necessary, so that each statement is a complete and accurate representation.

Administrative Expense is limited to separately identified expenses administered to direct and guaranteed loans. DoD does not maintain a separate program to capture the expenses related to direct and guaranteed loans for the MHPI. Administrative Expense for the ARMS is a fee paid to the US Department of Agriculture Rural Business-Cooperative Service (RBS) for administering the loan guarantees under the ARMS, which is a joint program. There were no administrative expenses in *[Enter Fiscal Period]*.

★1011 NOTE 9. INVENTORY AND RELATED PROPERTY, NET

101101. Note [Schedule Format](#)

Note 9.	Inventory and Related Property	
As of <i>[Current Fiscal Period End Date]</i>	Current FY	Prior FY
(Amounts in thousands)		
1. Inventory, Net	\$ \$\$\$	\$ \$\$\$
2. Operating Materials & Supplies, Net	\$ \$\$\$	\$ \$\$\$
3. Stockpile Materials, Net	\$ \$\$\$	\$ \$\$\$
4. Total	\$ \$\$\$	\$ \$\$\$

Figure 10-23. Note 9. Inventory and Related Property

101102. Instructions. Summarize the total amounts of inventories and other related property reported in Note 9. The Total (Line 4) shall agree with the amount reported on the Balance Sheet.

101103. Note 9. Inventory, Net, Note Schedule Format

Inventory, Net							
As of <i>[Current Fiscal Period End Date]</i>	Current FY			Prior FY	Valuation Method		
	Inventory, Gross Value	Revaluation Allowance	Inventory Net	Inventory, Net			
(Amount in thousands)							
1. Inventory Categories							
A. Available and Purchased for Resale	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$	<i>LAC; MAC</i>
B. Held for Repair		\$\$\$		\$\$\$		\$\$\$	<i>LAC; MAC</i>
C. Excess, Obsolete, and Unserviceable		\$\$\$		\$\$\$		\$\$\$	<i>NRV</i>
D. Raw Materials		\$\$\$		\$\$\$		\$\$\$	<i>MAC; SP; LAC</i>
E. Work in Process		\$\$\$		\$\$\$		\$\$\$	<i>AC</i>
F. Total	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$	
Legend for Valuation Methods							
Adjusted LAC = Latest Acquisition Cost, adjusted for holding gains and losses			NRV = Net Realizable Value				
SP = Standard Price			O = Other				
AC = Actual Cost			MAC = Moving Average Cost				

Figure 10-24. Inventory, Net

101104. Fluctuations and Abnormalities

A. Fluctuations. Disclose all differences between comparative periods in any line item on the financial statement and corresponding note schedule to which either (a) or (b) applies: (a) difference equals or exceeds +/- 10 percent for the same line item on the financial statement, or (b) difference equals or exceeds +/- two percent of the current period total assets on the respective entity's Balance Sheet for the line item on the financial statement. When (a) or (b) applies, the detailed explanation should provide concise answers to the following questions pertaining to the comparative periods:

1. What is the dollar amount of the fluctuation?
2. Who caused this fluctuation?
3. What business event caused the fluctuation?
4. Why did the fluctuation happen?
5. When, during the last four quarters, did the primary business event occur causing the fluctuation? Responding to this question helps identify which disclosures are likely to be in effect for the current fiscal year end.

B. Abnormalities. Disclose all abnormal account balances found in all financial statement lines and note schedules. Abnormal account balances are those in which the normal balance (debit or credit) is reversed. The detailed explanation should provide concise answers to the following questions:

1. What is the dollar amount of the abnormality?
2. Who caused this abnormality?
3. What business event caused the abnormality?
4. Why did the abnormality happen?
5. When, during the last four quarters, did the abnormality occur?
6. When will it be resolved?

101105. Instructions. Report the net amount of each inventory category in accordance with the instructions provided in this chapter. Inventory categories include inventory available and purchased for resale; held for repair; excess, obsolete and unserviceable; raw materials; and work in process.

A. Valuation. For each category of inventory, disclose the amount recorded in the inventory system in column 1; the allowance for gains (losses) on inventory, if any, in column 2; and the net book value of the inventory (column 1 plus column 2) in column 3. Place the prior year value for Inventory, Net in column 4 and include the method used to value the inventory in column 5. The Allowance for Gains (Losses) in inventory represents the adjustments to the recorded value in column 1 required to arrive at the historical cost amount presented in column 3.

B. Valuation Method. Use the following legend for column 5: Adjusted Latest Acquisition Cost (LAC) equals the LAC, adjusted for holding gains and losses; SP equals the Standard Price; AC equals the Actual Cost; NRV equals the Net Realizable Value; O equals Other; and MAC equals Moving Average Cost.

C. Available and Purchased for Resale (Line 1.A). Report inventory that is held for sale. This includes consumable spare and repair parts and repairable items owned and managed by the DoD. This inventory includes material held due to a managerial determination that these items should be retained to support military or national contingencies.

D. Held for Repair (Line 1.B). Report inventory that is held for repair. This includes damaged inventory that requires repair to make it suitable for sale. The DoD often relies on weapon systems and machinery no longer in production and encourages the repair and rebuilding of certain items. Inventory that has been identified as unserviceable, but not yet reviewed to determine its reparability, shall be reported as held for repair. When an assessment has been conducted and it has been determined that it is not economically feasible to repair the item, then the item shall be reported as excess, obsolete and unserviceable.

E. Excess, Obsolete, and Unserviceable (Line 1.C). Report inventory estimated to be potentially excess, obsolete, or beyond economic repair.

F. Raw Materials (Line 1.D). Report raw materials inventory.

G. Work in Process (Line 1.E). Report inventory that is work in process. This includes costs related to the production or servicing of items, including direct material, direct labor, applied overhead and other direct costs. This also includes the value of finished products or completed services pending the submission of bills to the customer. This may also be used to accumulate the amount paid to a contractor under cost reimbursable contracts, including the amount withheld from payment to ensure performance, and the amount paid to other government plants for accrued costs of end items of material ordered but not yet delivered. Also, report work in process at depot maintenance activities.

H. Total Inventory, Net (Line 1.F). Report the sum of Lines 1.A through 1.E. The amounts reported in columns 3 and 4 of this note shall equal the amounts reported on Line 1 of Note 9 (the summary Note for Inventory and Other Related Property), paragraph 101101.

I. Restrictions of Inventory Use, Sale, or Disposition. Describe any restrictions on the use, sale or disposition of inventory. Disclose any restrictions on disposition of inventory as related to environmental or other liabilities.

J. Definitions of Inventory Gross Value, Revaluation Allowance and Inventory, Net Columns. Column 1, Inventory Gross Value represents the standard value used for inventory transactions in the financial system. Column 2, Revaluation Allowance, is the total difference between standard inventory values and either historical cost or net realizable value. Column 3, Inventory, Net is approximate historical cost or net realizable value.

K. Other Information (Related to Inventory). Disclose other information for the inventory component of the Inventory and Related Property line item on the reporting entity's Balance Sheet. At a minimum, reporting entities shall disclose the following required information for Inventory, Net: (a) general composition of inventory, (b) changes from prior year's accounting methods, (c) decision criteria for identifying the category to which inventory is assigned, and (d) changes in the criteria for identifying the category to which inventory is assigned.

101106. [Note 9. Operating Materials and Supplies, Net, Note Schedule Format](#)

Operating Materials and Supplies, Net					
As of [<i>Current Fiscal Period End Date</i>]	Current FY			Prior FY	Valuation Method
	OM&S Gross Value	Revaluation Allowance	OM&S, Net	OM&S Net	
(Amounts in thousands)					
1. OM&S Categories					
A. Held for Use	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	LAC;SP
B. Held for Repair		\$\$\$	\$\$\$	\$\$\$	LAC;SP,
C. Excess, Obsolete, and Unserviceable		\$\$\$	\$\$\$	\$\$\$	NRV
D. Total	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	

Legend for Valuation Methods:

Adjusted LAC = Latest Acquisition Cost, adjusted for holding gains and losses NRV = Net Realizable Value
 SP = Standard Price O = Other
 AC = Actual Cost

Figure 10-25. Operating Materials and Supplies, Net

101107. [Fluctuations and Abnormalities.](#) Refer to paragraph 101104, above.

101108. [Instructions.](#) Operating Materials and Supplies (OM&S) include spare and repair parts, ammunition, tactical missiles, aircraft configuration pods, and centrally managed aircraft engines. Report the net amount of each OM&S category in accordance with the instructions provided in this chapter. OM&S categories include held for use; held for repair; and excess, obsolete, and unserviceable.

A. [Valuation.](#) For each category of OM&S, disclose the amount reported in the inventory system in column 1; the allowance for gains (losses) on OM&S, if any, in column 2; the net book value (column 1 plus column 2) in column 3; prior year OM&S amount in column 4; and the valuation method used, in column 5. The amounts identified in column 2, Allowance for Gains and Losses in OM&S, represent the adjustment to the recorded value in column 1 that is required to arrive at the historical cost reported in column 3.

B. [Held for Use \(Line 1.A\).](#) Report the OM&S Held for Use, which includes all issuable material.

C. Held for Repair (Line 1.B). Report OM&S Held for Repair, which includes all economically repairable material. OM&S that has been identified as unserviceable, but not yet reviewed to determine its reparability, shall be reported as held for repair. When an assessment has been conducted and it has been determined that it is not economically feasible to repair the item, then the item shall be reported as excess, obsolete, and unserviceable.

D. Excess, Obsolete, and Unserviceable (Line 1.C). Report the OM&S estimated to be potentially excess, obsolete, or beyond economic repair.

E. Total OM&S, Net (Line 1.D). Report the sum of Lines 1.A through 1.C. The amounts reported on Line 1.D, columns 3 and 4 of this note shall equal the amounts reported on Line 2 of Note 9 (the summary note for Inventory and Related Property), paragraph 101101.

F. Valuation Method. Use the following legend for column 5: Adjusted LAC equals Latest Acquisition Cost, adjusted for holding gains and losses; SP equals Standard Price; AC equals Actual Cost; NRV equals Net Realizable Value; and O equals Other; and MAC equals Moving Average Cost.

G. General Composition of Operating Materials and Supplies. Disclose the general composition of OM&S.

H. Other Information (Related to OM&S). Disclose other information for the OM&S Component of the Inventory and Related Property line item on the entity's Balance Sheet. At a minimum, reporting entities shall disclose the following required information for OM&S, net: (a) changes from prior year's accounting methods, (b) restrictions on the use of OM&S, (c) decision criteria for identifying for the category to which OM&S is assigned, and (d) changes in the criteria for identifying the category to which OM&S is assigned.

101109. [Note 9. Stockpile Materials, Net, Note Schedule Format](#)

Stockpile Materials, Net

This category is reserved for the exclusive use of the Department by the National Defense Stockpile Transaction Fund. If you are not part of this Transaction Fund, then you should not have any amounts reported below.

As of [Current Fiscal Period End Date]	Current FY			Prior FY	Valuation Method
	Stockpile Materials Amount	Allowance for Gains (Losses)	Stockpile Materials, Net	Stockpile Materials, Net	
(Amount in thousands)					
1. Stockpile Materials Categories					
A. Held for Sale	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	AC/LCM
B. Held in Reserve for Future Sale	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	AC/LCM
C. Total	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	
Legend for Valuation Methods					
LAC = Latest Acquisition Cost	NRV = Net Realizable Value	AC = Actual Cost			
SP = Standard Price	O = Other	MAC = Moving Average Cost			
		LCM = Lower of Cost of Market			

Figure 10-26. Stockpile Materials, Net

101110. [Fluctuations and Abnormalities.](#) Refer to paragraph 101104, above.

101111. [Instructions.](#) This category of inventory is reserved for use exclusively within the Department by the National Defense Stockpile Transaction Fund. Report the net amount of each inventory category in accordance with the instructions provided in this chapter. The stockpile material categories are held for sale and held in reserve for future sale. Stockpile materials are strategic and critical materials, held due to statutory requirements, for use in national defense, conservation or national emergencies. All material held by the Defense National Stockpile is classified as Material Held in Reserve until congressional action declares the material no longer required to be stockpiled, and are available for sale on the open market. Then the authorization to offer materials for sale is received, the material is reclassified to Materials Held for Sale. Disposals cannot be made from the stockpile except for (1) necessary upgrading, refining, or processing; (2) necessary rotation to prevent deterioration; (3) determination as excess with potential financial loss if retained; and (4) as authorized by law.

A. [Valuation.](#) For each category of Stockpile Materials, disclose the amount reported in the logistics system in column 1; the allowance for gains (losses) on stockpile materials, if any, in column 2; and the net book value of stockpile materials (column 1 plus column 2) in column 3.

B. Valuation Method. Use the following legend for column 5: Latest Acquisition Cost (LAC), Standard Price (SP), Actual Cost (AC), Net Realizable Value (NRV), Other (O), and Lower Cost or Market (LCM) and Moving Average Cost (MAC).

C. Total Stockpile Materials, Net (Line 1.C). Report the total amounts for Stockpile Materials in columns 3 and 4. These total amounts shall equal the amounts reported on Line 3 of Note 9 (the summary note for Inventory and Related Property), paragraph 101101.

D. Other Information. Disclose other information for the Stockpile Material component of the Inventory and Other Related Property, Net line item on the Balance Sheet. At a minimum, the following information shall be disclosed: (a) General composition of the stockpile materials, (b) Changes in prior year accounting methods, (c) Restrictions on the use of materials, (d) Decision criteria for any stockpile materials "Held for Sale," (e) Changes in the criteria for categorizing stockpile materials as "Held for Sale," and (f) Estimated market price of stockpile materials "Held for Sale."

★1012 NOTE 10. GENERAL PROPERTY, PLANT, AND EQUIPMENT, NET

101201. Note [Schedule](#) Format

Note 10		General PP&E, Net					
As of [Current Fiscal Period End Date]	Current FY					Prior FY	
	Depreciation/Amortization Method	Service Life	Acquisition Value	(Accumulated Depreciation/Amortization)	Net Book Value	Net Book Value	
(Amounts in thousands)							
1. Major Asset Classes							
A. Land	N/A	N/A	\$ \$\$\$	N/A	\$ \$\$\$	\$ \$\$.\$	
B. Buildings, Structures and Facilities	S/L	20 or 40	\$\$\$	\$ \$\$\$	\$\$\$	\$\$\$	
C. Leasehold Improvements	S/L	Lease Term	\$\$\$	\$\$\$	\$\$\$	\$\$\$	
D. Software	S/L	2-5 or 10	\$\$\$	\$\$\$	\$\$\$	\$\$\$	
E. General Equipment	S/L	5 or 10	\$\$\$	\$\$\$	\$\$\$	\$\$\$	
F. Military Equipment	S/L	Various	\$\$\$	\$\$\$	\$\$\$	\$\$\$	
G. Assets Under Capital Lease ¹	S/L	Lease Term	\$\$\$	\$\$\$	\$\$\$	\$\$\$	
H. Construction-in-Progress	N/A	N/A	\$\$\$	N/A	\$\$\$	\$\$\$	
I. Other			\$\$\$	\$\$\$	\$\$\$	\$\$\$	
J. Total General PP&E			\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	

¹See Note 15 for additional information on Capital Leases

Legend for Depreciation/Amortization Methods:
S/L = Straight Line N/A = Not Applicable

Figure 10-27. Note 10. General PP&E, Net

101202. [Fluctuations and Abnormalities](#)

A. [Fluctuations](#). Disclose all differences between comparative periods in any line item on the financial statement and corresponding note schedule to which either (a) or (b) applies: (a) difference equals or exceeds +/- 10 percent for the same line item on the financial statement, or (b) difference equals or exceeds +/- two percent of the current period total assets on the respective entity’s Balance Sheet for the line item on the financial statement. When (a) or (b) applies, the detailed explanation should provide concise answers to the following questions pertaining to the comparative periods:

1. What is the dollar amount of this fluctuation?
2. Who caused this fluctuation?

3. What business event caused this fluctuation?
4. Why did this fluctuation happen?
5. When, during the last four quarters, did the primary business event occur causing the fluctuation? Responding to this question helps identify which disclosures are likely to be in effect for the current fiscal year end.

B. Abnormalities. Disclose all abnormal account balances found in all financial statement lines and note schedules. Abnormal account balances are those in which the normal balance (debit or credit) is reversed. The detailed explanation should provide concise answers to the following questions:

1. What is the dollar amount of this abnormality?
2. Who caused this abnormality?
3. What business event caused this abnormality?
4. Why did this abnormality happen?
5. When, during the last four quarters, did this abnormality occur?
6. When will it be resolved?

101203. Instructions. Report the following information for each major asset class of general PP&E (Lines 1.A through 1.I). Recognition and measurement criteria for general PP&E are in SFFAS No. 6, as amended by SFFAS Nos. 11, 16 and 23.

A. Depreciation/Amortization Method (Column 1). Report the depreciation or amortization method used: Straight Line (S/L) or Not Applicable (N/A).

B. Service Life (Column 2). Report the range of service life by Major Asset Class (e.g., 5 or 10 years, or 20 or 40 years) based on DoD Standard Recovery Periods contained in Chapter 6 of Volume 4 of the DoDFMR.

C. Acquisition Value (Column 3). Report acquisition costs or estimated values by major asset class.

1. Assets under Capital Lease (Line 1.G). For assets under capital lease, report the lesser of the present value (using either the lessor's implicit rate or the U.S. Treasury borrowing rate) of the rental or other lease payments during the lease term, excluding that portion of the payments representing executory costs paid to the lessor, or the fair value. Include a cross-reference to Note 15, Capital Lease Liability for additional information on capital leases.

2. Other Major Asset Class (Line 1.I). For Line 1.I of this note, Other Major Asset Class, separately disclose as a subcomponent of Line 1.I any material amounts. Material is defined as any component of the "other" line that represents more than 10 percent of the value of the line.

D. Accumulated Depreciation/Amortization (Column 4). Report the accumulated depreciation/amortization that should include the current reporting period depreciation, by Major Asset Class.

E. Net Book Value (Column 5). Report the net book value of each Major Asset Class (acquisition cost less accumulated depreciation/amortization) in column 5 (column 3 plus column 4). The total of this column (Line 1.J) shall agree with the amounts on the reporting entity's Balance Sheet.

F. General PP&E in the Possession of Contractors. DoD Components shall not supplement their General PP&E information with values from the Defense Contract Management Agency's CPMS (DD Form 1662) database.

G. Other Information. Disclose in the narrative sections of this note other relevant information for General PP&E line item on the reporting entity's Balance Sheet.

1. Adjustments. If adjustments are required to existing PP&E in the period that the standards are implemented, in order to comply with the recognition and measurement criteria, the adjustments should be made and disclosed by major class in accordance with the standard.

2. General Disclosures Related to General PP&E. Disclose information pertaining to General PP&E, such as: the nature and extent of significant amounts of assets that are reported at zero or nominal value; restrictions on the use or convertibility of General PP&E (i.e., Outside the Continental U.S. real property); and, adjustments resulting from changes in the accounting standards. If the acquisition cost is unknown for certain types or significant amounts of General PP&E, DoD Components shall disclose the valuation method used to estimate the value reported.

3. Heritage Assets and Stewardship Land. Entities with heritage assets and stewardship land should disclose the following information. No asset dollar amount should be shown. Additional information regarding heritage assets, multi-use heritage assets and stewardship land is to be reported in Required Supplementary Information as disclosed in Chapter 12 of this volume.

a. A concise statement explaining how heritage assets and/or stewardship land relate to the reporting entity's mission.

b. A brief description of the reporting entity's stewardship policies for heritage assets and stewardship land. Stewardship policies for heritage assets and stewardship land are the goals and principles the reporting entity established to guide its acquisition, maintenance, use, and disposal of heritage assets consistent with statutory requirements, prohibitions, and limitations governing the entity and the heritage assets and/or stewardship land.

c. A concise description of each of the major categories of heritage assets and stewardship land. The appropriate level of categorization should be meaningful and determined by the reporting entity based on the entity’s mission, types of heritage assets, and how it manages the assets.

101204. [Note 10. Assets Under Capital Lease, Note Schedule Format](#)

Assets Under Capital Lease				
<i>As of [Current Fiscal Period End Date]</i>	Current FY		Prior FY	
(Amounts in thousands)				
1. Entity as Lessee, Assets Under Capital Lease				
A. Land and Buildings	\$	\$\$\$	\$	\$\$\$
B. Equipment		\$\$\$		\$\$\$
C. Other		\$\$\$		\$\$\$
D. Accumulated Amortization		\$\$\$		\$\$\$
E. Total Capital Leases	\$	\$\$\$	\$	\$\$\$

Figure 10-28. Assets Under Capital Lease

101205. [Fluctuations and Abnormalities](#). Refer to paragraph 101202, above.

101206. [Instructions](#). Report Assets under Capital Lease in accordance with the instructions provided in this chapter. The categories for assets under Capital Lease include land and buildings, equipment, and other assets.

A. [Summary of Assets Under Capital Lease \(Lines 1.A through 1.E\)](#). By major category of asset, report the gross assets under capital lease and the total accumulated amortization. Sum the total of Lines 1.A through 1.D on Line 1.E.

B. [Information Related to Assets under Capital Leases](#). Disclose any additional information related to assets under Capital Leases. Cite the line title (from the note schedule) for which information is being provided. Provide via narrative all dollar amounts and reasons for this additional disclosure.

C. [Other Capital Leases](#). Describe any amount that materially contributes to Other Capital Leases (Line 1.C). Materiality is defined as those items comprising more than 10 percent of the line value.

★1013 NOTE 11. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

101301. Note [Schedule Format](#)

As of <i>[Current Fiscal Period End Date]</i>	Current FY		Prior FY	
(Amounts in thousands)				
1. Intragovernmental Liabilities				
A. Accounts Payable	\$	\$\$\$	\$	\$\$\$
B. Debt		\$\$\$		\$\$\$
C. Other		\$\$\$		\$\$\$
D. Total Intragovernmental Liabilities	\$	\$\$\$	\$	\$\$\$
2. Nonfederal Liabilities				
A. Accounts Payable	\$	\$\$\$	\$	\$\$\$
B. Military Retirement Benefits and Other Employment-Related Actuarial Liabilities		\$\$\$		\$\$\$
C. Environmental Liabilities		\$\$\$		\$\$\$
D. Loan Guarantee Liability		\$\$\$		\$\$\$
E. Other Liabilities		\$\$\$		\$\$\$
F. Total Nonfederal Liabilities	\$	\$\$\$	\$	\$\$\$
3. Total Liabilities Not Covered by Budgetary Resources	\$	\$\$\$	\$	\$\$\$
4. Total Liabilities Covered by Budgetary Resources	\$	\$\$\$	\$	\$\$\$
5. Total Liabilities	\$	\$\$\$	\$	\$\$\$

Figure 10-29. Note 11. Liabilities Not Covered by Budgetary Resources

101302. Fluctuations and Abnormalities

A. Fluctuations. Disclose all differences between comparative periods in any line item on the financial statement and corresponding note schedule to which either (a) or (b) applies: (a) difference equals or exceeds +/- 10 percent for the same line item on the financial statement, or (b) difference equals or exceeds +/- two percent of the current period total assets on the respective entity's Balance Sheet for the line item on the financial statement. When (a) or (b) applies, the detailed explanation should provide concise answers to the following questions pertaining to the comparative periods:

1. What is the dollar amount of the fluctuation?
2. Who caused this fluctuation?
3. What business event caused the fluctuation?
4. Why did the fluctuation happen?
5. When, during the last four quarters, did the primary business event occur causing the fluctuation? Responding to this question helps identify which disclosures are likely to be in effect for the current fiscal year end.

B. Abnormalities. Disclose all abnormal account balances found in all financial statement lines and note schedules. Abnormal account balances are those in which the normal balance (debit or credit) is reversed. The detailed explanation should provide concise answers to the following questions:

1. What is the dollar amount of the abnormality?
2. Who caused this abnormality?
3. What business event caused the abnormality?
4. Why did the abnormality happen?
5. When, during the last four quarters, did the abnormality occur?
6. When will it be resolved?

101303. Instructions. Disclose intragovernmental liabilities not covered by budgetary resources separately from other liabilities not covered by budgetary resources.

A. Liabilities not Covered by Budgetary Resources (Line 1 and 2). Report the liabilities that are not covered by budgetary resources. Liabilities not covered by budgetary resources are liabilities for which Congressional action is needed before budgetary resources can be provided. The amounts reported on Lines 1.A through 1.D of this note shall represent the portion of intragovernmental liabilities not covered by budgetary resources for Accounts Payable (Line 1.A); Debt (Line 1.B); and Other intragovernmental liabilities (Line 1.C). Report on Line 1.D the sum of intragovernmental liabilities (Lines 1.A through 1.C). The amounts reported on Lines 2.A through 2.F of this note represent the portion of nonfederal liabilities not covered by budgetary resources for Accounts Payable (Line 2.A); Military Retirement Benefits and Other Employment Related Actuarial Liabilities (Line 2.B); Environmental Liabilities (Line 2.C); Loan Guarantee Liability (Line 2.D); and Other (nonfederal) Liabilities (Line 2.E). Report on Line 2.F the sum of nonfederal liabilities (Lines 2.A through 2.E).

B. Total Liabilities Not Covered by Budgetary Resources (Line 3). Report on Line 3 the sum of Line 1.D. and Line 2.F.

C. Total Liabilities Covered by Budgetary Resources (Line 4). Report on Line 4 the total amount of liabilities covered by budgetary resources. Budgetary resources include (1) new budget authority; (2) spending authority from offsetting collections; (3) recoveries of unexpired budget authority through downward adjustments of prior year obligations; (4) unobligated balances of budgetary resources at the beginning of the year or net transfers of prior year balances during the year; and (5) permanent indefinite appropriations or borrowing authority, which have been enacted and signed into law as of the Balance Sheet date, provided that the resources may be apportioned by the Office of Management and Budget (OMB) without further action by the Congress or without a contingency first having to be met.

D. Total Liabilities (Line 5). The amount reported on Line 5 is the sum of Line 3 and Line 4. Line 5 should equal the amount reported on the reporting entity's Balance Sheet.

E. Information Related to Liabilities Not Covered by Budgetary Resources. Provide other information needed to understand the nature of liabilities not covered by budgetary resources.

F. Other Liabilities. Disclose all items that encompass 10 percent or more of the Lines 1C and 2E. If no amount encompasses 10 percent or more, state the amount is attributable to multiple items.

★1014 NOTE 12. ACCOUNTS PAYABLE

101401. Note [Schedule](#) Format

Note 12.		Accounts Payable						
As of [<i>Current Fiscal Period End Date</i>]	Current FY			Prior FY				
	Accounts Payable	Interest, Penalties, and Administrative Fees	Total	Total	Total			
(Amounts in thousands)								
1. Intragovernmental Payables	\$	\$\$\$	N/A	\$	\$\$\$	\$	\$\$\$	
2. Nonfederal Payables (to the Public)	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$
3. Total	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$

Figure 10-30. Note 12. Accounts Payable

101402. [Fluctuations and Abnormalities](#)

A. [Fluctuations](#). Disclose all differences between comparative periods in any line item on the financial statement and corresponding note schedule to which either (a) or (b) applies: (a) difference equals or exceeds +/- 10 percent for the same line item on the financial statement, or (b) difference equals or exceeds +/- two percent of the current period total assets on the respective entity’s Balance Sheet for the line item on the financial statement. When (a) or (b) applies, the detailed explanation should provide concise answers to the following questions pertaining to the comparative periods:

1. What is the dollar amount of the fluctuation?
2. Who caused this fluctuation?
3. What business event caused the fluctuation?
4. Why did the fluctuation happen?
5. When, during the last four quarters, did the primary business event occur causing the fluctuation? Responding to this question helps identify which disclosures are likely to be in effect for the current fiscal year end.

B. [Abnormalities](#). Disclose all abnormal account balances found in all financial statement lines and note schedules. Abnormal account balances are those in which the normal balance (debit or credit) is reversed. The detailed explanation should provide concise answers to the following events:

1. What is the dollar amount of the abnormality?
2. Who caused this abnormality?
3. What business event caused the abnormality?
4. Why did the abnormality happen?
5. When, during the last four quarters, did the abnormality occur?
6. When will it be resolved?

101403. Instructions. Report accounts payable in accordance with the instructions provided below:

A. Intragovernmental Payables (Line 1). Disclose in column 1, that portion of the reporting entity's payables owed to other Federal entities (intragovernmental), e.g., for goods or services ordered and received but not yet paid. Interest, penalties and administrative fees in column 2 are not applicable to intragovernmental payables. In column 3, report the sum of column 1 and 2. Report in column 4 the prior period amount for intragovernmental accounts payable. The amount reported on Line 1, column 3, shall equal the total intragovernmental accounts payable reported on the Balance Sheet. The Line 1, column 3, amount shall also equal the total amount reported in the Required Supplementary Information section, DoD Agency-wide Intragovernmental Liability, Schedule B, Accounts Payable column.

B. Nonfederal Payables (to the Public) (Line 2). Disclose in column 1, the portion of the reporting entity's accounts payable that are owed to the public, e.g., for goods or services ordered and received but not yet paid. Report the interest, penalties and administrative fees in column 2. In column 3, report the sum of column 1 and 2. The amount reported in column 3 shall equal the total nonfederal accounts payable reported on the Balance Sheet.

C. Total (Line 3). Report the sum of Lines 1 and 2 for columns 1 through 4.

D. Other Information. Disclose any other information need to understand the nature of accounts payable being reported.

★1015 NOTE 13. DEBT

101501. Note Schedule Format

Note 13.		Debt							
As of <i>[Current Fiscal Period End Date]</i>		Current FY			Prior FY				
		Beginning Balance	Net Borrowing	Ending Balance	Net Borrowing	Ending Balance			
(Amounts in thousands)									
1. Agency Debt (Intragovernmental)									
A.	Debt to the Treasury	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$
B.	Debt to the Federal Financing Bank		\$\$\$		\$\$\$		\$\$\$		\$\$\$
C.	Total Agency Debt	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$
2. Total Debt									
		\$	\$\$\$	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$

Figure 10-31. Note 13. Debt

101502. Fluctuations and Abnormalities

A. Fluctuations. Disclose all differences between comparative periods in any line item on the financial statement and corresponding note schedule to which either (a) or (b) applies: (a) difference equals or exceeds +/- 10 percent for the same line item on the financial statement, or (b) difference equals or exceeds +/- two percent of the current period total assets on the respective entity’s Balance Sheet for the line item on the financial statement. When (a) or (b) applies, the detailed explanation should provide concise answers to the following questions pertaining to the comparative periods:

1. What is the dollar amount of the fluctuation?
2. Who caused this fluctuation?
3. What business event caused the fluctuation?
4. Why did the fluctuation happen?
5. When, during the last four quarters, did the primary business event

occur causing the fluctuation? Responding to this question helps identify which disclosures are likely to be in effect for the current fiscal year end.

B. Abnormalities. Disclose all abnormal account balances found in all financial statement lines and note schedules. Abnormal account balances are those in which the normal balance (debit or credit) is reversed. The detailed explanation should provide concise answers to the following questions:

1. What is the dollar amount of the abnormality?
2. Who caused this abnormality?
3. What business event caused the abnormality?
4. Why did the abnormality happen?
5. When, during the last four quarters, did the abnormality occur?
6. When will it be resolved?

101503. Instructions. Report the net amount of debt in accordance with the instructions provided in this chapter. Agency debt (intragovernmental) includes debt to the Treasury and debt to the Federal Financing Bank.

A. Agency Debt (Lines 1.A through 1.C). Report the amount of debt owed to the U.S. Treasury, which includes direct loan and guaranteed loan financing account liabilities to the U.S. Treasury, as well as other debt owed to the U.S. Treasury on Line 1.A. Report the amount of debt owed to the Federal Financing Bank on Line 1.B. Line 1.C. is the sum of Lines 1.A. and 1.B. Report the beginning balance of borrowings in column 1, the current year net borrowing in column 2, and the ending current year balance in column 3. Report the prior year net borrowing in column 4 and the prior year ending balance in column 5.

B. Total Debt (Line 2). Report the amount reported on Line 1.C. Also, Line 2 of this note shall equal Debt on the reporting entity's Balance Sheet.

C. Information Related to Debt. Provide other information needed to understand the nature of debt (for example, write offs of debts owed to the U.S. Treasury or the Federal Financing Bank).

★1016 NOTE 14. ENVIRONMENTAL LIABILITIES AND DISPOSAL LIABILITIES

101601. Note Schedule Format

As of [Current Fiscal Period End Date]		Current FY			Prior FY	
		Current Liability	Noncurrent Liability	Total	Total	
(Amounts in thousands)						
1. Environmental Liabilities—Nonfederal						
A. Accrued Environmental Restoration (DERP funded) Costs:						
1. Active Installations-Environmental Restoration (ER)	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$
2. Active Installation-ER for Closed Ranges		\$\$\$		\$\$\$		\$\$\$
3. Formerly Used Defense Sites (FUDS)-ER		\$\$\$		\$\$\$		\$\$\$
4. FUDS-ER for Transferred Ranges		\$\$\$		\$\$\$		\$\$\$
B. Other Accrued Environmental Costs (NonDERP funds)						
1. Active Installations-Environmental Corrective Action		\$\$\$		\$\$\$		\$\$\$
2. Active Installations-Environmental Closure Requirements		\$\$\$		\$\$\$		\$\$\$
3. Active Installations-Environ. Response at Active Ranges		\$\$\$		\$\$\$		\$\$\$
4. Other		\$\$\$		\$\$\$		\$\$\$
C. Base Realignment and Closure (BRAC)						
1. BRAC Installations-Environmental Restoration (ER)		\$\$\$		\$\$\$		\$\$\$
2. BRAC Installations-ER for Transferring Ranges		\$\$\$		\$\$\$		\$\$\$
3. BRAC Installations-Environmental Corrective Action		\$\$\$		\$\$\$		\$\$\$
4. Other		\$\$\$		\$\$\$		\$\$\$
D. Environmental Disposal for Weapons Systems Programs						
1. Nuclear Powered Aircraft Carriers		\$\$\$		\$\$\$		\$\$\$
2. Nuclear Powered Submarines		\$\$\$		\$\$\$		\$\$\$
3. Other Nuclear Powered Ships		\$\$\$		\$\$\$		\$\$\$
4. Other National Defense Weapon Systems		\$\$\$		\$\$\$		\$\$\$
5. Chemical Weapons Disposal Programs		\$\$\$		\$\$\$		\$\$\$
6. Other		\$\$\$		\$\$\$		\$\$\$
2. Total Environmental Liabilities	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$

Figure 10-32. Note 14. Environmental Liabilities and Disposal Liabilities

101602. Fluctuations and Abnormalities

A. Fluctuations. Disclose all differences between comparative periods in any line item on the financial statement and corresponding note schedule to which either (a) or (b) applies: (a) difference equals or exceeds +/- 10 percent for the same line item on the financial statement, or (b) difference equals or exceeds +/- two percent of the current period total assets on the respective entity's Balance Sheet for the item on the financial statement. When (a) or (b) applies, the detailed explanation should provide concise answers to the following questions pertaining to the comparative periods:

1. What is the dollar amount of the fluctuation?
2. Who caused this fluctuation?
3. What business event caused the fluctuation?
4. Why did the fluctuation happen?
5. When, during the last four quarters, did the primary business event occur causing the fluctuation? Responding to this question helps identify which disclosures are likely to be in effect for the current fiscal year end.

B. Abnormalities. Disclose all abnormal account balances found in all financial statement lines and note schedules. Abnormal account balances are those in which the normal balance (debit or credit) is reversed. The detail explanation should provide concise answers to the following questions:

1. What is the dollar amount of the abnormality?
2. Who caused this abnormality?
3. What business event caused the abnormality?
4. Why did the abnormality happen?
5. When, during the last four quarters, did the abnormality occur?
6. When will this be resolved?

101603. Instructions. Present Environmental Liabilities as further explained below:

A. Current and Noncurrent Liabilities. Current liabilities represent debt due to be paid within 12 months of the Balance Sheet date. Noncurrent liabilities represent debt that is due to be paid beyond 12 months from the Balance Sheet date.

B. Nonfederal. Report nonfederal liabilities (i.e., those billed by a contractor or a nonfederal agency (e.g., state or local regulator), or in situations in which, as of the Balance Sheet date, the payee is unknown) on Lines 1.A.1. through 1.D.6.

1. Accrued Environmental Restoration (DERP Funded) Costs (Line 1.A). Accrued restoration (cleanup) liabilities represent the cost to correct past environmental problems that are funded under the Defense Environmental Restoration Program (DERP) in accordance with “Management Guidance for the DERP” and Chapter 14, “Accrued Environmental Restoration (Cleanup) Liabilities,” of Volume 4 of the DoDFMR. These liabilities relate to PP&E, including acquired land and Stewardship Land, as those major asset categories are described in Chapter 6 of Volume 4 of the DoDFMR. Environmental restoration activities may be conducted at operating installations, Formerly Used Defense Sites (FUDS), and at closed, transferred, and transferring ranges. Environmental restoration measurements use cost estimates that consider, on a current cost basis, the anticipated costs of the level of effort required to effect the restoration; as well as, applicable legal and/or regulatory requirements. Such cost estimates shall be based on the current technology available. Department components shall use site inventory and estimated cost data as the baseline for environmental restoration (cleanup) liability measurement (i.e., the current cost to acquire the required services) for the

DERP report to the Congress. Identify and report current and noncurrent amounts. The accrued environmental restoration (cleanup) costs do not include the costs of environmental compliance, pollution prevention, conservation activities, contamination or spills associated with current operations, or treaty obligations, all of which are accounted for as part of ongoing operations. The estimated liability may be a specific amount or a range of amounts. If some amount within the range is considered a better estimate than any other estimate, that amount shall be used. If no amount within a range is considered a better estimate than the other estimates, then the minimum amount in the range shall be used, and the range disclosed under the note narrative. The following subparagraphs describe the categories of liabilities that shall be reported and the applicable lines.

a. Active Installations-Environmental Restoration (ER)

(Line 1.A.1). This line represents the environmental liabilities associated with the identification, investigation and removal or remedial actions to address releases of:

(1) Hazardous substances (as defined in the Comprehensive Environmental Response, Compensation Liability Act (CERCLA)), pollutants and contaminants (as defined in the CERCLA), DoD-unique materials, petroleum and oil (POL) at active installations (including areas off active installations where such materials have migrated). This requirement only includes releases associated with activities at active installations when the releases occurred before October 17, 1986.

(2) Hazardous constituents at solid waste management units (SWMUs) being addressed under the Resource Conservation Recovery Act (RCRA) corrective action process when the release at the SWMU resulted from past activities and the SWMU was inactive or closed before October 17, 1986.

(3) Explosives constituents/contaminants that have migrated to soil, surface water, or groundwater from ammunition or explosives production or manufacturing at ammunition plants at active installations when the release occurred before October 17, 1986.

(4) Military munitions (i.e., Unexploded Ordnance (UXO) or waste military munitions), chemical residues from military munitions, and munition scraps at locations that are not on, or associated with, a military range on an active installation, when the activity that generated the military munitions (i.e., UXO or waste military munitions), chemical residues from military munitions, or munition scraps occurred before October 17, 1986.

(5) Report in column 1 the current portion of the liability for Active Installations-Environmental Restoration. Report in column 2 the noncurrent portion of the liability for Active Installations-Environmental Restoration. The sum of column 1 and column 2 shall be reported in column 3 representing the total liability for this category. Report in column 4 the total liability for the prior fiscal year.

b. Active Installations-Environmental Restoration for Closed Ranges (Line 1.A.2). This line represents the environmental liabilities associated with the identification, investigation and removal and remedial actions to address environmental contamination at ranges that are closed or will be closed during the current fiscal year.

(1) The contamination may include munitions, chemical residues from military munitions and munition scraps at ranges on active installations that pose a threat to human health or the environment.

(2) The amount to be reported shall only be that portion of the liability that can be estimated based on site-level investigations and characterizations. Any estimate produced must be based on site-specific information and cost models validated in accordance with DoD Instruction 5000.61.

(3) Specific data and model validation requirements are identified in the Management Guidance for the DERP. Total liabilities (cost-to-complete) shall not be estimated until there is sufficient site-specific data available to estimate the total liability. For example, before conducting a site-specific investigation and obtaining the required site-specific characterization data, only the cost of conducting the range inventory and studying (investigating) the sites on each range shall be identified as the financial liability.

(4) As the investigation process at a specific site proceeds, estimates shall be refined and reported as appropriate. NOTE: If a site (Site "A") is similar to another site (Site "B") for which valid cost estimates have been derived (through site-level investigation and characterization), the estimate for recognizing a liability for the site (Site "A") could be based on the valid cost estimates of the similar site (Site "B"). Additionally, the estimated cost of a future study (if required) shall be recognized. If there is no comparable site, then the remediation costs for the site (Site "A") are not considered reasonably estimable at this time, but the anticipated cost of conducting a future study (if required), plus any other identifiable costs, shall be recognized.

(5) All methods used to estimate the costs for this line (including the number of sites and costs estimates that are derived using data from similar sites) and what could not be estimated shall be disclosed in note narrative. Report in column 1 the current portion of the liability for Active Installations-Environmental Restoration for Closed Ranges. Report in column 2 the noncurrent portion of the liability for Active Installations-Environmental Restoration for Closed Ranges. The sum of column 1 and column 2 shall be reported in column 3 representing the total liability for this category. Report in column 4 the total liability for the prior fiscal year.

c. Formerly Used Defense Sites (FUDS)-(ER) (Line 1.A.3). Report only those properties transferred from DoD control before October 17, 1986, that meet the FUDS eligibility criteria described in the Management Guidance for the DERP. Include only those projects that address DoD hazardous, toxic and radioactive waste (HTRW). Include environmental response actions related to hazardous substances (as defined in the CERCLA),

pollutants and contaminants (as defined in the CERCLA), and DoD-unique materials. For additional detail, refer to the Management Guidance for the DERP. Report in column 1 the current portion of the liability for Formerly Used Defense Sites (FUDS)-(ER). Report in column 2 the noncurrent portion of the liability for (FUDS)-(ER). The sum of column 1 and column 2 shall be reported in column 3 representing the total liability for this category. Report in column 4 the total liability for the prior fiscal year.

d. FUDS-ER for Transferred Ranges (Line 1.A.4). Report only those properties transferred from DoD control before October 17, 1986, that meet the FUDS eligibility criteria described in the Management Guidance for the DERP.

(1) This line represents the environmental liabilities associated with the identification, investigation, and removal or remedial actions (or a combination of removal and remedial actions) to address military munitions (i.e., UXO or waste military munitions), chemical residues from military munitions, and munitions scrap only for those sites that are FUDS-eligible. NOTE: Liabilities associated with remediation of contamination from nonmunitions-related activities, including targets and other activities, shall be included in Line 1.A.3.

(2) The amount to be reported shall only be that portion of the liability that can be estimated based on site-level investigations and characterizations. Any estimate produced must be based on site-specific information and cost models validated in accordance with DoD Instruction 5000.61.

(3) Specific data and model validation requirements are identified in the Management Guidance for the DERP. Total liabilities (cost-to-complete) shall not be estimated until there is sufficient site-specific data available to estimate the total liability. For example, prior to conducting a site-specific investigation and obtaining the required site-specific characterization data, only the cost of conducting the range inventory and studying (investigating) the sites on each range shall be identified as the financial liability.

(4) As the investigation process at a specific site proceeds, estimates shall be refined and reported as appropriate. NOTE: If a site (Site "A") is similar to another site (Site "B") for which valid cost estimates have been derived (through site-level investigations and characterizations), the estimate for recognizing a liability for the site (Site "A") could be based on the valid cost estimates of the similar site (Site "B"). Additionally, the estimated cost of a future study (if required) shall be recognized. If there is no comparable site, then the remediation costs for the site (Site "A") are not considered reasonably estimable at this time, but the anticipated cost of conducting a future study (if required), plus any other identifiable costs, shall be recognized.

(5) All methods used to estimate the costs for this line (including the number of sites and costs estimates that are derived using data from similar sites) and what could not be estimated shall be disclosed in the note narrative. Report in column 1 the current portion of the liability for FUDS-ER for Transferred Ranges. Report in column 2 the noncurrent portion of the liability for FUDS-ER for Transferred Ranges. The sum of column 1 and column 2 shall be reported in column 3 representing the total liability for this category. Report in column 4 the total liability for the prior fiscal year.

2. Other Accrued Environmental Costs (NonDERP funds) (Line 1.B). Other Accrued Environmental Costs represent the costs to correct environmental problems that are not eligible under DERP. The estimated liability may be a specific amount or a range of amounts. If some amount within the range is considered a better estimate than any other estimate, that amount shall be used. If no amount within a range is considered a better estimate than the other estimates, then the minimum amount in the range shall be used, and the range disclosed in the note narrative. Current and noncurrent amounts reported shall be identified. Do not include the costs of activities that are accounted for as part of current operations or ongoing operations. Do not include the day-to-day costs associated with compliance, pollution prevention and conservation programs, such as disposal of hazardous waste, fees, repair and upkeep of facilities, etc. Do not include the cost of cleanup of spills that will be completed within a 12-month period. Break out the Accrued Environmental Costs (NonDERP funds) by the following line items:

a. Active Installations-Environmental Corrective Action (Line 1.B.1). This line represents those environmental liabilities associated with the cleanup of contamination that occurred after October 17, 1986, conducted under the RCRA or similar statutes and regulations. Report in column 1 the current portion of the liability for Active Installations-Environmental Corrective Action. Report in column 2 the noncurrent portion of the liability for Active Installations-Environmental Corrective Action. The sum of column 1 and column 2 shall be reported in column 3 representing the total liability for this category. Report in column 4 the total liability for the prior fiscal year.

b. Active Installations-Environmental Closure Requirements (Line 1.B.2). This line represents the environmental liability associated with the future closure of facilities on an active installation that may have environmental closure requirements. Examples include the future costs associated with closing a solid waste landfill, waste water treatment plant, or permit requirements associated with treatment, storage and disposal facilities, and open burning open detonation sites. Report in column 1 the current portion of the liability for Active Installations-Environmental Closure Requirements. Report in column 2 the noncurrent portion of the liability for Active Installations-Environmental Closure Requirements. The sum of column 1 and column 2 shall be reported in column 3 representing the total liability for this category. Report in column 4 the total liability for the prior fiscal year.

c. Active Installations-Environmental Response at Active Ranges (Line 1.B.3). This line represents the environmental liability associated with the identification, investigation and removal and remedial actions to address environmental contamination at active ranges.

(1) The contamination may include munitions, chemical residues from military munitions and munition scraps at ranges or other use of the land on active installations that pose a threat to human health or the environment. The amount to be reported shall only be that portion of the liability that can be estimated based on site-level investigations and characterizations. Any estimate produced must be based on site-specific information and cost models validated in accordance with DoD Instruction 5000.61.

(2) Environmental liabilities (cost-to-complete) shall not be estimated until there is sufficient site-specific data available to determine whether a threat to human health and a threat to the environment exists. For example, before conducting a site-specific investigation and obtaining the required site-specific characterization data only the cost of conducting the range inventory (identification) and studying (investigating) the sites on each range shall be identified as a financial liability.

(3) As the investigation process at a specific site proceeds, estimates shall be refined and reported as appropriate. NOTE: If a site (Site "A") is similar to another site (Site "B") for which valid cost estimates have been derived (through site-level investigations and characterizations), the estimate for recognizing a liability for the site (Site "A") could be based on the valid cost estimates of the similar site (Site "B"). Additionally, the estimated cost of a future study (if required) shall be recognized. If there is no comparable site, then the remediation costs for the site (Site "A") are not considered reasonably estimable at this time, but the anticipated cost of conducting a future study (if required), plus any other identifiable costs, shall be recognized.

(4) All methods used to estimate the costs for this line (including the number of sites and costs estimates that are derived using data from similar sites) and what could not be estimated shall be disclosed in the note narrative. Report in column 1 the current portion of the liability for Active Installations-Environmental Response at Active Ranges. Report in column 2 the noncurrent portion of the liability for Active Installations-Environmental Response at Active Ranges. The sum of column 1 and column 2 shall be reported in column 3 representing the total liability for this category. Report in column 4 the total liability for the prior fiscal year.

d. Other (Line 1.B.4). This line covers environmental liabilities not covered by Lines 1.B.1 through 1.B.3. Disclose the specific liabilities addressed in this line. Report in column 1 the current portion of the liability for Other Accrued Environmental Costs (NonDERP funds). Report in column 2 the noncurrent portion of the liability for Other Accrued Environmental Costs (NonDERP funds). The sum of column 1 and column 2 shall be reported in column 3 representing the total liability for this category. Report in column 4 the total liability for the prior fiscal year.

3. Base Realignment and Closure (BRAC) (Line 1.C). Liabilities represent the cost to correct past environmental problems that are funded under the BRAC. The following subparagraphs describe in more detail the categories of liabilities that shall be reported as well as the applicable lines.

a. BRAC Installations-Environmental Restoration (ER) (Line 1.C.1). Identification, investigation and removal or remedial actions to address releases of:

(1) Hazardous substances (as defined in the CERCLA), pollutants and contaminants (as defined in the CERCLA), DoD-unique materials, POL at active installations (including areas off active installations where such materials have migrated). This requirement only includes releases associated with activities at active installations when the releases occurred before October 17, 1986.

(2) Hazardous constituents at SWMUs being addressed under the RCRA corrective action process when the release at the SWMU resulted from past activities and the SWMU was inactive or closed before October 17, 1986.

(3) Explosives constituents/contaminants that have migrated to soil, surface water, or groundwater from ammunition or explosives production or manufacturing at ammunition plants at active installations when the release occurred before October 17, 1986.

(4) Military munitions (i.e., UXO or waste military munitions), chemical residues from military munitions, and munition scraps at locations that are not on, or associated with, a military range on a BRAC installation, when the activity that generated the military munitions (i.e., UXO or waste military munitions), chemical residues from military munitions, or munition scraps occurred before October 17, 1986.

(5) Report in column 1 the current portion of the liability for BRAC Installations-Environmental Restoration. Report in column 2 the noncurrent portion of the liability for BRAC Installations-Environmental Restoration. The sum of column 1 and column 2 shall be reported in column 3 representing the total liability for this category. Report in column 4 the total liability for the prior fiscal year.

b. BRAC Installations-ER for Transferring Ranges (Line 1.C.2). Identification, investigation and removal and remedial actions to address environmental contamination at BRAC Installations-ER for Transferring Ranges.

(1) The contamination may include munitions, chemical residues from military munitions and munitions scrap at BRAC Installations-ER for Transferring Ranges that pose a threat to human health or the environment for ranges that have closed or realigned or will close or realign during the current fiscal year.

(2) The amount to be reported shall only be that portion of the liability that can be estimated based on site-level investigations and characterizations. Any estimate produced must be based on site-specific information and cost models validated in accordance with DoD Instruction 5000.61.

(3) Specific data and model validation requirements are identified in the Management Guidance for the DERP. Total liabilities (cost-to-complete) shall not be estimated until there is sufficient site-specific data available to estimate the total liability. For example, prior to conducting a site-specific investigation and obtaining the required site-specific characterization data only the cost of conducting the range inventory and studying (investigating) each site on the range shall be identified as the financial liability.

(4) As the investigation process at a specific site proceeds, estimates shall be refined and reported as appropriate. NOTE: If a site (Site “A”) is similar to another site (Site “B”) for which valid cost estimates have been derived (through site-level investigations and characterizations), the estimate for recognizing a liability for the site (Site “A”) could be based on the valid cost estimates of the similar site (Site “B”). Additionally, the estimated cost of a future study (if required) shall be recognized. If there is no comparable site, then the remediation costs for the site (Site “A”) are not considered reasonably estimable at this time, but the anticipated cost of conducting a future study (if required), plus any other identifiable costs, shall be recognized.

(5) All methods used to estimate the costs for this line (including the number of sites and costs estimates that are derived using data from similar sites) and what could not be estimated shall be disclosed in the note narrative. Report in column 1 the current portion of the liability for BRAC Installations-ER for Transferring Ranges. Report in column 2 the noncurrent portion of the liability for BRAC Installations-ER for Transferring Ranges. The sum of column 1 and column 2 shall be reported in column 3 representing the total liability for this category. Report in column 4 the total liability for the prior fiscal year.

c. BRAC Installations-Environmental Corrective Actions (Line 1.C.3). This line represents those environmental liabilities associated with the cleanup of contamination that occurred after October 17, 1986, conducted under the RCRA or similar statutes and regulations. Report in column 1 the current portion of the liability for BRAC Installations-Environmental Corrective Action. Report in column 2 the noncurrent portion of the liability for BRAC Installations-Environmental Corrective Action. The sum of column 1 and column 2 shall be reported in column 3 representing the total liability for this category. Report in column 4 the total liability for the prior fiscal year.

d. Other (Line 1.C.4). This line covers environmental liabilities not covered by Lines 1.C.1 through 1.C.3. Disclose the specific liabilities addressed in this line. Report in column 1 the current portion of the liability for BRAC-Other. Report in column 2 the noncurrent portion of the liability for BRAC-Other. The sum of column 1 and column 2 shall be reported in column 3 representing the total liability for this category. Report in column 4 the total liability for the prior fiscal year.

4. Environmental Disposal for Weapon System Programs (Line 1.D). Environmental disposal liabilities relate to the final disposition of property, structures, equipment, munitions, and weapons. Report on Lines 1.D.1 through Line 1.D.6. Environmental Disposal Liabilities by the following line items:

a. Nuclear Powered Aircraft Carriers (Line 1.D.1). Report in column 1 the current portion of the liability for nuclear powered aircraft carriers. Report in column 2 the noncurrent portion of the liability for nuclear powered aircraft carriers. The sum of column 1 and column 2 shall be reported in column 3 representing the total liability for this category. Report in column 4 the total liability for the prior fiscal year.

b. Nuclear Powered Submarines (Line 1.D.2). Report in column 1 the current portion of the liability for nuclear powered submarines. Report in column 2 the noncurrent portion of the total liability for nuclear powered submarines. The sum of column 1 and column 2 shall be reported in column 3 representing the total liability for this category. Report in column 4 the total liability for the prior fiscal year.

c. Other Nuclear Powered Ships (Line 1.D.3). Report in column 1 the current portion of the liability for other nuclear powered ships. Report in column 2 the noncurrent portion of the liability for other nuclear powered ships. The sum of column 1 and column 2 shall be reported in column 3 representing the total liability for this category. Report in column 4 the total liability for the prior fiscal year.

d. Other National Defense Weapon Systems (Line 1.D.4). Report in column 1 the current portion of the liability for other National Defense Weapon Systems. Report in column 2 the noncurrent portion of the liability for other National Defense Weapon Systems. The sum of column 1 and column 2 shall be reported in column 3 representing the total liability for this category. Report in column 4 the total liability for the prior fiscal year.

e. Chemical Weapons Disposal Programs (Line 1.D.5). Report in column 1 the current portion of the liability for chemical weapons disposal. Report in column 2 the noncurrent portion of the liability for chemical weapons disposal. The sum of column 1 and column 2 shall be reported in column 3 representing the total liability for this category. Report in column 4 the total liability for the prior fiscal year.

f. Other (Line 1.D.6). Report in column 1 the current portion of the liability for Environmental Disposal for Weapons Systems Programs-Other. Report in column 2 the noncurrent portion of the liability for Environmental Disposal for Weapons Systems Programs-Other. The sum of column 1 and column 2 shall be reported in column 3 representing the total liability for this category. Report in column 4 the total liability for the prior fiscal year. If any of the individual components of the Other (nonfederal liabilities) Line 1.D.6 represents more than 10 percent of the value of the line, those components shall be separately disclosed in the note narrative.

C. Total Environmental Liabilities (Line 2). The amount reported on this line equals the sum of Lines 1.A.1 through 1.D.6.

D. Other Information Related to Environmental Liabilities. Disclose any other information needed to understand the nature of the environmental liabilities. Disclose environmental liability cost information in accordance with SFFAS No. 5 and SFFAS No. 6. Include the (a) sources of cleanup requirements (applicable laws and regulations); (b) method for assigning estimated total cleanup costs to current operating periods; (c) unrecognized portion of estimated total cleanup cost associated with general PP&E; (d) material changes in total estimated liability costs due to changes in laws, technology, or plans, and the portion of the change in estimate that relates to prior period operations; and (e) nature of estimates and the disclosure of information regarding possible changes due to inflation, deflation, technology, or applicable laws and regulations. Include, in the narrative disclosure, information on the Components and amounts that are included in the other National Defense Weapon Systems line item. Provide other information necessary for understanding environmental liabilities. In addition, disclose in a narrative format to Note 14 other asset disposal information which specifically identifies both a description of similar groups of items included and the liability amount for each grouping.

101604. Definitions. The term liability, as defined by the Federal Accounting Standards Advisory Board (FASAB), means a probable and measurable future outflow of resources arising from past transactions or events. While some categories of environmental liabilities and environmental disposal liabilities are self-explanatory (e.g., nuclear powered aircraft carriers, submarines, and other ships), the definitions below are provided for clarity and to ensure consistency of reporting.

A. Ranges. A designated land or water area set aside, managed, and used to conduct research on, develop, test, and evaluate military munitions and explosives, other ordnance, or weapon systems, or to train military personnel in their use and handling. Ranges include firing lines and positions, maneuver areas, firing lanes, test pads, detonation pads, impact areas, and buffer zones with restricted access and exclusionary areas. Military ranges also include bodies of water located within the boundaries of a military range (e.g., a stream, lake, or pond) or that are themselves a range (e.g., an offshore range in the Atlantic or Pacific Ocean). Such water areas include all waters of the U.S. (as defined under the Clean Water Act) and those ocean waters extending out to 200 nautical miles from the U.S. coast. A military range may be a single site, or may be comprised of several sites.

1. Closed Range. A military range that has been taken out of service as a range and that either has been put to new uses that are incompatible with range activities or is not considered by the military to be a potential range area. A closed range is still under the control of a DoD Component. For purposes of funding, a range that is transferring from DoD control through land-transfer actions other than BRAC shall be considered “closed.” For purposes of funding, a range transferred from DoD control that was not transferred as a result of BRAC and that is not FUDS-eligible is considered “closed.”

2. Transferred Range. A property formerly used as a military range that is no longer under military control and has been leased by DoD, transferred, or returned from the DoD to another entity, including fFederal entities. A transferred range includes a military range that is no longer under military control, but was used under the terms of a withdrawal, executive order, special-use permit or authorization, right-of-way, public land order, or other instrument issued by the fFederal land manager. For purposes of funding, a range transferred from DoD control that is not transferred as a result of BRAC and that is not FUDS-eligible is considered “closed.”

3. Transferring Range. A military range that is proposed to be transferred or returned from the DoD to another entity, including fFederal entities. A transferring range includes a military range that is used under the terms of a withdrawal, executive order, act of Congress, public land order, special-use permit or authorization, right-of-way, or other instrument issued by the fFederal land manager or property owner. An active, inactive, or a closed range will not be considered a “transferring range” until the transfer is imminent. For purposes of funding, a range that is transferring from DoD control through land-transfer actions other than BRAC is considered “closed.”

4. Active Range. For purposes of this document, an active range includes military ranges that are currently in service and are being regularly used for range activities. Active ranges also include military ranges that are not currently being used, but (a) are still considered by the cognizant Military Service to be a potential range area, and (b) have not been put to a new use that is incompatible with range activities.

B. Other National Defense Weapon Systems. Includes other National Defense Weapons Systems environmental remediation and environmental disposal liabilities associated with hazardous materials that are not otherwise appropriately categorized in the Environmental Liabilities and Disposal Liabilities note. The definition of a weapon system is a combination of one or more weapons with all related equipment, materials, services, personnel and means of delivery and deployment (if applicable) required for self-sufficiency.

C. Chemical Weapons Disposal. Includes types of weapons, the filler of which is primarily a chemical agent. The Army, as executive agent for the disposal of chemical weapons, shall compile this liability amount and provide the information for reporting in the DoD Agency-wide financial statement as part of the Treasury Index 97, Other Defense Organizations General Funds.

D. Chemical Residues from Military Munitions. The chemical constituents of military munitions, including the chemical by-products of detonation, deflagration, or other reactive processes. Examples include such constituents as unconsumed explosives (even in trace concentrations) from the detonation of a military munition; explosives released by the structural compromise of an unfired waste military munition; residues from the destruction of excess propellant bags in the course of training; and chemical agents released from chemical munitions.

E. Other Asset Disposal. Includes all other environmental liabilities not otherwise applicable to the categories identified in the Environmental Liabilities and Disposal Liabilities note.

F. Accrued Restoration (Cleanup) Costs. Accrued restoration (cleanup) liabilities represent the cost to correct environmental problems that were created in the past. These liabilities relate to PP&E, including acquired land and Stewardship Land, as those major asset categories are described in Chapter 6 of Volume 4 of this regulation.

G. Environmental Disposal Liabilities. Disposal measurements involve the use of cost estimates that consider, on a current cost basis, the anticipated level of effort required to dispose of the item, as well as the cost of complying with associated legal and/or regulatory requirements. Such cost estimates shall be based on the current disposal or reuse technologies available. Cost estimates prepared in accordance with the guidance in Chapter 13 of Volume 4 of this regulation, “Accrued Environmental and Nonenvironmental Disposal Cost Liabilities,” shall be used by the DoD Components as the baseline for other environmental liability measurement. The estimated liability may be a specific amount or a range of amounts. If some amount within a range is considered a better estimate than any other estimate, that amount shall be used for liability recognition. If no amount within a range is considered a better estimate than the other estimates, then the minimum amount in the range shall be used, and the range disclosed.

H. Military Munitions. All ammunition products and components produced or used by or for the U.S. DoD or the U.S. Armed Services for national defense and security, including military munitions under the control of the DoD, the U.S. Coast Guard, the U.S. Department of Energy (DOE), and National Guard personnel. The term “military munitions” includes confined gaseous, liquid, and solid propellants; explosives; pyrotechnics; chemical and riot-control agents; smokes and incendiaries used by DoD Components, including bulk explosives and chemical warfare agents, chemical munitions, rockets, guided and ballistic missiles, bombs, warheads, mortar rounds, artillery ammunition, small-arms ammunition, grenades, mines, torpedoes, depth charges, cluster munitions and dispensers, demolition charges, and devices and components thereof. Military munitions do not include wholly inert items, improvised explosive devices, nuclear weapons, nuclear devices, and nuclear components thereof. However, the term does include nonnuclear components of nuclear devices, managed under DOE's nuclear weapons program, after all required sanitation operations under the Atomic Energy Act of 1954, as amended, have been completed.

I. Munition Scraps. The metal components of military munitions which are left from the destruction, detonation, demilitarization, or treatment of military munitions. “Munition scraps” are not associated with any concentration of explosives or other material that pose hazards to health, safety, or the environment.

J. Unexploded Ordnance. Military munitions that have been primed, fused, armed, or otherwise prepared for action, and have been fired, dropped, launched, projected, or placed in such a manner as to constitute a hazard to operations, installations, personnel, or material and remain unexploded either by malfunction, design, or any other cause.

K. Waste Military Munition. For purposes of this guidance, a waste military munition is defined as:

1. An unused munition that was abandoned by being disposed of, burned, or incinerated, or treated prior to disposal.

2. A used or fired munition that was recovered, collected, and disposed of by burial, land-filling, or land treatment.

3. Explosive-contaminated environmental media (i.e., soils, water, or air) where the concentration of the explosive present is sufficient to detonate or deflagrate when exposed to a strong initiating force or when the explosives are present at a concentration sufficient to make the soil a reactive hazardous waste under Title 40, Code of Federal Regulations (CFR), and section 261.23. Such contaminated media are to be managed as explosives and are subject to the explosives safety requirements (e.g., the hazard classification) applicable to the explosive present.

★1017 NOTE 15. OTHER LIABILITIES

101701. Note Schedule Format

Note 15.		Other Liabilities						
<i>As of [Current Fiscal Period End Date]</i>		Current FY			Prior FY			
		Current Liability	Noncurrent Liability	Total	Total			
(Amount in thousands)								
1. Intragovernmental								
A.	Advances from Others	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$	
B.	Deposit Funds and Suspense Account Liabilities		\$\$\$		\$\$\$		\$\$\$	
C.	Disbursing Officer Cash		\$\$\$		\$\$\$		\$\$\$	
D.	Judgment Fund Liabilities		\$\$\$		\$\$\$		\$\$\$	
E.	FECA Reimbursement to the Department of Labor		\$\$\$		\$\$\$		\$\$\$	
F.	Other Liabilities		\$\$\$		\$\$\$		\$\$\$	
G.	Total Intragovernmental Other Liabilities	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$	
2. Nonfederal								
A.	Accrued Funded Payroll and Benefits	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$	
B.	Advances from Others		\$\$\$		\$\$\$		\$\$\$	
C.	Deferred Credits		\$\$\$		\$\$\$		\$\$\$	
D.	Deposit Funds and Suspense Accounts		\$\$\$		\$\$\$		\$\$\$	
E.	Temporary Early Retirement Authority		\$\$\$		\$\$\$		\$\$\$	
F.	Nonenvironmental Disposal Liabilities							
(1)	Military Equipment (Nonnuclear)		\$\$\$		\$\$\$		\$\$\$	
(2)	Excess/Obsolete Structures		\$\$\$		\$\$\$		\$\$\$	
(3)	Conventional Munitions Disposal		\$\$\$		\$\$\$		\$\$\$	
(4)	Other		\$\$\$		\$\$\$		\$\$\$	
G.	Accrued Unfunded Annual Leave		\$\$\$		\$\$\$		\$\$\$	
H.	Capital Lease Liability		\$\$\$		\$\$\$		\$\$\$	
I.	Other Liabilities		\$\$\$		\$\$\$		\$\$\$	
J.	Total Nonfederal Other Liabilities	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$	
3. Total Other Liabilities		\$	\$\$\$	\$	\$\$\$	\$	\$\$\$	

Figure 10-33. Note 15. Other Liabilities

101702. Fluctuations and Abnormalities

A. Fluctuations. Disclose all differences between comparative periods in any line item on the financial statement and corresponding note schedule to which either (a) or (b) applies: (a) difference equals or exceeds +/- 10 percent for the same line item on the financial statement, or (b) difference equals or exceeds +/- two percent of the current period total assets on the respective entity's Balance Sheet for the item on the financial statement. When (a) or (b) applies, the detailed explanation should provide concise answers to the following questions pertaining to the comparative periods:

1. What is the dollar amount of the fluctuation?
2. Who caused this fluctuation?
3. What business event caused the fluctuation?
4. Why did the fluctuation happen?
5. When, during the last four quarters, did the primary business event occur causing the fluctuation? Responding to this question helps identify which disclosures are likely to be in effect for the current fiscal year end.

B. Abnormalities. Disclose all abnormal account balances found in all financial statement lines and note schedules. Abnormal account balances are those in which the normal balance (debit or credit) is reversed. The detailed explanation should provide concise answers to the following questions:

1. What is the dollar amount of the fluctuation?
2. Who caused this abnormality?
3. What business event caused the abnormality?
4. Why did the abnormality happen?
5. When, during the last four quarters, did the abnormality occur?
6. When will it be resolved?

101703. Instructions. Present Other Liabilities not included elsewhere on the Balance Sheet based upon the following instructions.

A. General Guidance on Other Liabilities. General instructions on other liabilities are presented below.

1. Other Liabilities include, but are not limited to capital lease liabilities, insurance, advances from others and prepayment from others, liabilities, deposit fund amounts held in escrow, contingent liabilities, contract holdbacks, accrued liabilities related to ongoing continuous expenses such as Federal employee salaries and accrued employee annual leave, resources payable to the U.S. Treasury and other accrued liabilities.

2. Do not include cleanup costs which shall be reported as environmental liabilities or the environmental portion of disposal costs in the Environmental Liabilities and Disposal Liabilities note.

3. Contingent liabilities shall be reported on the Other Liabilities line of the Balance Sheet. All the following conditions must be met for a contingent liability to be recognized: (a) a past event or exchange transaction has occurred, (b) a future outflow or other sacrifice of resources is probable, and (c) the future outflow or sacrifice of resources is measurable. The amount to be reported (recognized) on the balance sheet is the total amount of the estimated probable loss. Examples of claims or other contingencies include (a) indemnity agreements-reimbursements due to licensees or contractors for losses incurred in support of Federal activities, (b) adjudicated claims-claims against the Federal Government that are in the process of judicial proceedings, and (c) commitments to international institutions-payments due to international financial institutions.

4. Current liabilities represent debt due to be paid within 12 months of the Balance Sheet date. Noncurrent liabilities represent debt that is due to be paid beyond 12 months from the Balance Sheet date.

B. Intragovernmental Other Liabilities (Lines 1.A. through 1.F.). Report Intragovernmental Other Liabilities on Lines 1.A through 1.F.

1. Advances from Others (Line 1.A.). Report in column 1 the current portion of the liability. Report in column 2 the noncurrent portion of the liability. The sum of column 1 and column 2 shall be reported in column 3 representing the total. Report in column 4 the liability for the prior fiscal year.

2. Deposit Funds and Suspense Account Liabilities (Line 1.B.). Report in column 1 the current portion of the liability. Report in column 2 the noncurrent portion of the liability. The sum of column 1 and column 2 shall be reported in column 3 representing the total. Report in column 4 the liability for the prior fiscal year.

3. Disbursing Officer Cash (Line 1.C.). Report in column 1 the current portion of the liability. Report in column 2 the noncurrent portion of the liability. The sum of column 1 and column 2 shall be reported in column 3 representing the total. Report in column 4 the liability for the prior fiscal year.

4. Judgment Fund Liabilities (Line 1.D.). Report in column 1 the current portion of the liability. Report in column 2 the noncurrent portion of the liability. The sum of column 1 and column 2 shall be reported in column 3 representing the total. Report in column 4 the liability for the prior fiscal year. Include liabilities for reimbursements due to the judgment fund for claims paid by the judgment fund related to the DoD reporting entity.

5. Federal Employees' Compensation Act (FECA) Reimbursement to the Department of Labor (DOL) (Line 1.E.). Report in column 1 the current portion of the liability. Report in column 2 the noncurrent portion of the liability. The sum of column 1 and column 2 shall be reported in column 3 representing the total liability for FECA reimbursement to DOL. Report in column 4 the liability for the prior fiscal year. The FECA provides benefit coverage for death, disability, medical, and miscellaneous costs for approved cases of on the job

incidents. FECA claims are submitted to and approved by the DOL. The DOL pays the claim holders. The DOL then prepares a charge back billing to the responsible Agencies. Public Law 93-416, Section 8147 (the FECA law) essentially gives agencies two years to pay this charge back bill, allowing time for the amount to be included in their budgets. Under the FECA law, once funding is received, it should be paid within 30 days. If the Department of Defense still has some amounts outstanding, these amounts should be reflected as covered by budgetary resources and an explanation for late payment is required.

6. Other Liabilities (Line 1.F.). Report in column 1 the current portion of the liability. Report in column 2 the noncurrent portion of the liability. The sum of column 1 and column 2 shall be reported in column 3 representing the total. Report in column 4 the liability for the prior fiscal year.

7. Total Intragovernmental Other Liabilities (Line 1.G.). The amounts reported represent the sum of Lines 1.A through Lines 1.F for each column (1, 2, 3, and 4). Also, line 1.G. of this note shall equal the amount reported on the reporting entity's Balance Sheet. In addition, disclose the total Intragovernmental portion of other liabilities not covered by budgetary resources in the Liabilities Not Covered By Budgetary Resources note.

C. Nonfederal Other Liabilities (Lines 2.A. through 2.I.). Report Nonfederal Other Liabilities.

1. Accrued Funded Payroll and Benefits (Line 2.A.). Report in column 1 the current portion of the liability. Report in column 2 the noncurrent portion of the liability. The sum of column 1 and column 2 shall be reported in column 3 representing the total. Report in column 4 the liability for the prior fiscal year.

2. Advances from Others (Line 2.B.). Report in column 1 the current portion of the liability. Report in column 2 the noncurrent portion of the liability. The sum of column 1 and column 2 shall be reported in column 3 representing the total. Report in column 4 the liability for the prior fiscal year.

3. Deferred Credits (Line 2.C.). Report in column 1 the current portion of the liability. Report in column 2 the noncurrent portion of the liability. The sum of column 1 and column 2 shall be reported in column 3 representing the total. Report in column 4 the liability for the prior fiscal year.

4. Deposit Funds and Suspense Accounts (Line 2.D.). Report in column 1 the current portion of the liability. Report in column 2 the noncurrent portion of the liability. The sum of column 1 and column 2 shall be reported in column 3 representing the total liability for this category. Report in column 4 the liability for the prior fiscal year.

5. Temporary Early Retirement Authority (Line 2.E). Report in column 1 the current portion of the liability. Report in column 2 the noncurrent portion of the liability. The sum of column 1 and column 2 shall be reported in column 3 representing the total. Report in column 4 the liability for the prior fiscal year.

6. Nonenvironmental Disposal Liabilities (Line 2.F). Report in column 1 the current portion of the liability. Report in column 2 the noncurrent portion of the liability. The sum of column 1 and column 2 shall be reported in column 3 representing the total liability for this category. Report in column 4 the liability for the prior fiscal year. Breakout the Nonenvironmental Disposal Liabilities by the following categories: (a) Military Equipment (Nonnuclear), (b) Excess/Obsolete Structures, (c) Conventional Munitions Disposal, and (d) Other.

7. Accrued Unfunded Annual Leave (Line 2.G). Report in column 1 the current portion of the liability. Report in column 2 the noncurrent portion of the liability. The sum of column 1 and column 2 shall be reported in column 3 representing the total. Report in column 4 the liability for the prior fiscal year.

8. Capital Lease Liability (Line 2.H). Report in column 1 the current portion of the liability. Report in column 2 the noncurrent portion of the liability. The sum of column 1 and column 2 shall be reported in column 3 representing the total liability. Report in column 4 the liability for the prior fiscal year.

9. Other Liabilities (Line 2.I). Report in column 1 the current portion of the liability. Report in column 2 the noncurrent portion of the liability. The sum of column 1 and column 2 shall be reported in column 3 representing the total liability. Report in column 4 the liability for the prior fiscal year.

10. Total Nonfederal Other Liabilities (Line 2.J). The amounts reported on Line 2.J. represents the sum of Lines 2.A. through Lines 2.I. for each column (1, 2, 3, and 4). Also, Line 2.J. of this note shall equal the amount reported on the reporting entity's Balance Sheet. In addition, disclose the total Nonfederal portion of other liabilities not covered by budgetary resources in the Liabilities Not Covered By Budgetary Resource note.

D. Total Other Liabilities (Line 3). The amounts represent the sum of Lines 1.G. and 2.J. for each column (1, 2, 3, and 4).

E. Other Information Pertaining to Other Liabilities. Report other information relevant to other liabilities that is not disclosed in the above categories. If any element of other liabilities that are not separately identified (Lines 1.F. and 2.I.) comprises more than 10 percent of the total amount reported on the respective lines, then separately disclose those components in the other narrative statement.

101704. [Note 15. Capital Lease Liability, Note Schedule Format](#)

Capital Lease Liability							
As of <i>[Current Fiscal Year End Date]</i>	Current FY				Prior FY		
	Asset Category				Total		
	Land and Buildings	Equipment	Other	Total	Total		
(Amounts in thousands)							
1. Future Payments Due							
A. Current Year	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$	
B. Fiscal Year 2 (CY + 1)		\$\$\$		\$\$\$		\$\$\$	
C. Fiscal Year 3 (CY + 2)		\$\$\$		\$\$\$		\$\$\$	
D. Fiscal Year 4 (CY + 3)		\$\$\$		\$\$\$		\$\$\$	
E. Fiscal Year 5 (CY + 4)		\$\$\$		\$\$\$		\$\$\$	
F. Fiscal Year 5 (CY + 5)		\$\$\$		\$\$\$		\$\$\$	
G. After 5 Years		\$\$\$		\$\$\$		\$\$\$	
H. Total Future Lease Payments Due	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$	
I. Less: Imputed Interest Executory Costs		\$\$\$		\$\$\$		\$\$\$	
J. Net Capital Lease Liability	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$	
2. Capital Lease Liabilities Covered by Budgetary Resources				\$	\$\$\$	\$	\$\$\$
3. Capital Lease Liabilities Not Covered by Budgetary Resources				\$	\$\$\$	\$	\$\$\$

Figure 10-34. Capital Lease Liability

101705. [Instructions](#)

A. Future Payments Due (Lines 1.A. through 1.G.). Report the future lease payments, by major category (columns 1, 2 and 3) for all noncancelable leases with terms longer than 1 year. Enter the totals for the current year information in column 4.

B. Total Future Lease Payments Due (Line 1.H.). Report the total future lease payments due for columns 1, 2, 3, and 4.

C. Less: Imputed Interest Executory Costs (Line 1.I.). Report the imputed interest and executory costs for each category.

D. Net Capital Lease Liability (Line 1.J.). The Net Capital Lease Liability shall equal the total reported on the Other Liabilities note for Nonfederal Capital Lease Liability.

E. Covered by Budgetary Resources Versus Not Covered by Budgetary Resources (Lines 2 and 3). Separately disclose the portions of the capital lease liability covered by budgetary resources and not covered by budgetary resources. (See Appendix B of [OMB Circular A-11](#) for additional guidance, but notice a difference in terminology. The term “capital leases” as used in this DoD volume includes “capital leases and lease purchases”).

F. Fiscal Year Information. The information presented in the Future Payments Due column shall be an actual fiscal year. For example, if the report is for FY 2006, then Line 1.A., Current Year shall be displayed as FY 2006. Fiscal Year 2 (Line 1.B) shall be displayed as FY 2007 and Year 3 (Line 1.C) shall be displayed as FY 2008, etc. For quarterly reporting, report the payments remaining for the current fiscal year (e.g. FY 2006) on Line 1.A.

★1018 NOTE 16. COMMITMENTS AND CONTINGENCIES

Note 16.	Commitments and Contingencies
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Instructions. A loss contingency is an existing condition, situation, or set of circumstances involving uncertainty as to possible loss to an entity. The uncertainty should ultimately be resolved when one or more future events occur or fail to occur. The likelihood that the future event or events will result in the loss or the incurrence of a liability can range from probable to remote. SFFAS No. 5, Accounting for Liabilities in the Federal Government as amended by the SFFAS No. 12, Recognition of Contingent Liabilities Arising from Litigation contains the criteria for recognition and disclosure of contingent liabilities. It provides an exception to the contingent liability standard for recognizing loss contingencies on matters of pending or threatened litigation and unasserted claims.

A. Disclosure versus Recognition of Contingent Liabilities. The Commitment and Contingencies note is the applicable note to disclose contingent liabilities that do not meet the criteria for recognition on the books of a reporting entity. The contingent liabilities that meet the recognition criteria are recorded on the books of the reporting entity and are included on the applicable liability line(s) of the Balance Sheet (e.g., Environmental Liabilities and Disposal Liabilities; and Other Liabilities) and in notes, as appropriate.

B. Criteria for Disclosure of a Contingent Liability. A contingent liability shall be disclosed if any of the conditions for liability recognition are not met and there is at least a reasonable possibility that a loss or an additional loss may have been incurred. Disclosure in this context refers to the reporting information in notes regarded as an integral part of the basic financial information.

C. Required Disclosures. Include contingent liabilities that meet the criteria for disclosure:

1. Each reporting entity shall review its financial processes, systems and data and modify or expand, as necessary, the following sample disclosure statements so that each statement is a complete and accurate representation.

The *[Reporting Entity]* is a party in various administrative proceedings and legal actions, with claims including environmental damage claims, equal opportunity matters, and contractual bid protests. The *[Reporting Entity]* has accrued contingent liabilities for legal actions where the *[Reporting Entity's]* Office of the General Counsel considers an adverse decision probable and the amount of loss is measurable. In the event of an adverse judgment against the Government, some of the liabilities may be payable from the Judgment Fund. The *[Reporting Entity]* records Judgment Fund liabilities in Note 15, "Other Liabilities" and Note 12 "Accounts Payable." See Notes 15 and 12 for details.

2. Disclose the nature of the contingency and an estimate of the possible liability, an estimate of the range of the possible liability, or a statement that such an estimate cannot be made. Amounts disclosed for litigations claims, and assessments are fully supportable and agree with the agency's legal representation letters and management summary schedule.

3. In addition to the contingent liability disclosures required, the following shall also be disclosed as required by the Office of Management and Budget (OMB): (1) an estimate of obligations related to cancelled appropriations for which the reporting entity has a contractual commitment for payment, and (2) amounts for contractual arrangements which may require future financial obligations (e.g., undelivered orders).

★1019 NOTE 17. MILITARY RETIREMENT BENEFITS AND OTHER EMPLOYMENT RELATED ACTUARIAL LIABILITIES

101901. Note [Schedule](#) Format

Note 17.	Military Retirement Benefits and Other Employment Related Actuarial Liabilities
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As of [<i>Current Fiscal Period End Date</i>]	Current FY				Prior FY
	Actuarial Present Value of Projected Plan Benefits	Assumed Interest Rate (%)	(Less: Assets Available to Pay Benefits)	Unfunded Actuarial Liability	Unfunded Actuarial Liability
(Amounts in thousands)					
1. Pension and Health Benefits					
A. Military Retirement Pensions	\$ \$\$\$	■	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
B. Military Retirement Health Benefits	\$\$\$	■	\$\$\$	\$\$\$	\$\$\$
C. Medicare-Eligible Retiree Health Care Benefits	\$\$\$	■	\$\$\$	\$\$\$	\$\$\$
D. Total Pension and Health Benefits	\$ \$\$\$		\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
2. Other					
A. FECA	\$ \$\$\$	■	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
B. Voluntary Separation Incentive PPrograms	\$\$\$		\$\$\$	\$\$\$	\$\$\$
C. DoD Education Benefits Fund	\$\$\$		\$\$\$	\$\$\$	\$\$\$
D. Total Other	\$ \$\$\$		\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
3. Total Military Retirement Benefits and Other Employment Related Actuarial Liabilities	\$ \$\$\$		\$ \$\$\$	\$ \$\$\$	\$ \$\$\$

Figure 10-35. Note 17. Military Retirement Benefits and Other Employment Related Actuarial Liabilities

101902. Fluctuations and Abnormalities

A. Fluctuations. Disclose all differences between comparative periods in any line item on the financial statement and corresponding note schedule to which either (a) or (b) applies: (a) difference equals or exceeds +/- 10 percent for the same line item on the financial statement, or (b) difference equals or exceeds +/- two percent of the current period total assets on the respective entity's Balance Sheet for the line item on the financial statement. When (a) or (b) applies, the detailed explanation should provide concise answers to the following questions pertaining to the comparative periods:

1. What is the dollar amount of the fluctuation?
2. Who caused this fluctuation?
3. What business event caused the fluctuation?
4. Why did the fluctuation happen?
5. When, during the last four quarters, did the fluctuation occur?

B. Abnormalities. Disclose all abnormal account balances found in all financial statement lines and note schedules. Abnormal account balances are those in which the normal balance (debit or credit) is reversed. The detailed explanation should provide concise answers to the following questions:

1. What is the dollar amount of the abnormality?
2. Who caused this abnormality?
3. What business event caused the abnormality?
4. Why did the abnormality happen?
5. When, during in the last four quarters, did the abnormality occur?
6. When will it be resolved?

101903. Instructions. Present Military Retirement Benefits and Other Employment Related Actuarial Liabilities based on the following instructions. NOTE: The information required in the note shall only be reported by the entity that administers pension and/or other retirement benefit(s), except for Line 2.A, FECA (Federal Employee Contribution Act).

A. Pension and Health Benefits (Lines 1.A. through 1.C.). Report the pension and health benefit liabilities.

1. Military Retirement Pensions (Line 1.A.). The Military Retirement Fund (MRF) shall report the actuarially determined present value of all future pensions earned to date, using the "aggregate entry age normal" method (refer to Chapter 10 of Volume 4 of this regulation for further guidance). In the required note columns, enter:

a. Actuarial Present Value of Projected Plan Benefits (Column 1). Report the actuarial present value of projected benefits accrued to date. For pensions, this would be the projected benefit obligation.

b. Assumed Interest Rate (Column 2). Report the assumed interest rate used to discount the projected benefits cost to its present value.

c. Less: Assets Available to Pay Benefits (Column 3). Report the net assets, if any, available to pay benefits.

d. Unfunded Actuarial Liability (Column 4). Report the actuarial liability not covered by budgetary resources, i.e., the actuarial present value of projected benefits (column 1) less fund assets (column 3).

2. Military Retirement Health Benefits (Line 1.B.). In the required note columns, enter:

a. Actuarial Present Value of Projected Plan Benefits (Column 1). Report the actuarial present value of projected plan benefits accrued to date. The Defense Health Plan (DHP) shall report the actuarially determined present value of all retirement benefits earned to date, using the “aggregate entry age normal” method (refer to Chapter 10 of Volume 4 of the DoDFMR for further guidance).

b. Assumed Interest Rate (Column 2). Report the assumed interest rate used to discount the projected plan benefits cost to its present value.

c. Less: Assets Available to Pay Benefits (Column 3). Report the net assets, if any, available to pay benefits.

d. Unfunded Actuarial Liability (Column 4). Report the actuarial liability not covered by budgetary resources, i.e., the actuarial present value of projected plan benefits (column 1) less assets available to pay benefits (column 3).

3. Medicare-Eligible Retiree Health Benefits (Line 1.C.). In the required note columns, enter:

a. Actuarial Present Value of Projected Plan Benefits (Column 1). Report the actuarial present value of projected benefits accrued to date.

b. Assumed Interest Rate (Column 2). Report the assumed interest rate used to discount the projected benefits cost to its present value.

c. Less: Assets Available to Pay Benefits (Column 3). Report the net assets, if any, available to pay benefits.

d. Unfunded Actuarial Liability (Column 4). Report the actuarial liability not covered by budgetary resources, i.e., the actuarial present value of projected benefits (column 1) less fund assets (column 3).

4. Total Pension and Health Benefits (Line 1.D.). The amount reported on this line equals the sum of the Lines 1.A through 1.C.

B. Other Employment-Related Actuarial Liabilities (Lines 2.A. through 2.C.). Report Other Employment-Related Actuarial Liabilities on Lines 2.A through 2.C.

1. FECA (Line 2.A.). Include amounts owed to the Department of Labor (DOL) for estimated actuarial liabilities for future workers' compensation benefits. Refer to the DOL website <http://www.dol.gov/ocfo/publications/main.htm> for the DOL Actuarial Memo which will provide information to assist in answering the following information. In the required note columns, enter:

a. Actuarial Present Value of Projected Plan Benefits (Column 1). Report the actuarial present value of projected benefits accrued to date.

b. Assumed Interest Rate (Column 2). Report the assumed interest rate used to discount the projected benefits cost to its present value.

c. Less: Assets Available to Pay Benefits (Column 3). Report the net assets, if any, available to pay benefits.

d. Unfunded Actuarial Liability (Column 4). Report the actuarial liability not covered by budgetary resources, i.e., the actuarial present value of projected benefits (column 1) less fund assets (column 3).

2. Voluntary Separation Incentive Programs (Line 2.B.). In required note columns, enter:

a. Actuarial Present Value of Projected Plan Benefits (Column 1). Report the actuarial present value of projected benefits accrued to date.

b. Assumed Interest Rate (Column 2). Report the assumed interest rate used to discount the projected benefits cost to its present value.

c. Less: Assets Available to Pay Benefits (Column 3). Report the net assets, if any, available to pay benefits.

d. Unfunded Actuarial Liability (Column 4). Report the actuarial liability not covered by budgetary resources, i.e., the actuarial present value of projected benefits (column 1) less fund assets (column 3).

3. DoD Education Benefits Fund (Line 2.C.). In the required note columns, enter:

a. Actuarial Present Value of Projected Plan Benefits (Column 1). Report the actuarial present value of projected benefits accrued to date.

b. Assumed Interest Rate (Column 2). Report the assumed interest rate used to discount the projected benefits cost to its present value.

c. Less: Assets Available to Pay Benefits (Column 3). Report the net assets, if any, available to pay benefits.

d. Unfunded Actuarial Liability (Column 4). Report the actuarial liability not covered by budgetary resources, i.e., the actuarial present value of projected benefits (column 1) less fund assets (column 3).

4. Total Other (Line 2.D.). The amount reported on this line equals the sum of Lines 2.A. through 2.C.

C. Total Military Retirement Benefits and Other Employment-Related Actuarial Liabilities (Line 3). For Line 3, enter the sum of the totals from Lines 1.D. and 2.D., in corresponding columns above. The total Actuarial Present Value of Projected Plan Benefits (column 1) should agree with the amount reported on the Balance Sheet. The Unfunded Actuarial (column 4) shall agree with the Liabilities Not Covered by Budgetary Resources Note 11.

D. Other Information Pertaining to Military Retirement Benefits and Other Employment-Related Actuarial Liabilities. Report the following minimum disclosures related to pensions and other actuarial liabilities:

1. Total Liability. Disclose the separate amounts for the liability covered by budgetary resources and not covered by budgetary resources and the total liability.

2. Actuarial Cost Method Used. Provide a description of the actuarial cost method used to compute the projected plan benefit cost.

3. Assumptions. Disclose the actuarial, economic, and health care cost trend assumptions used in the calculations of the liability.

4. Expense Components. Disclose the individual components of the expense for the period.

5. Market Value of Investments. Disclose the market value of investments in market-based and marketable securities to pensions and other post-retirement benefits investments.

6. Variances. Disclose the changes in actuarial liability since the previous calculation.

7. Summary. Provide a brief summary of the program for which the actuarial liability is computed.

★1020 NOTE 18. DISCLOSURES RELATED TO THE STATEMENT OF NET COST

102001. Note Schedule Format**Note 18. General Disclosures Related to the Statement of Net Cost**

As of [<i>Current Fiscal Period End Date</i>]	Current FY		Prior FY	
(Amounts in thousands)				
1. Intragovernmental Costs	\$	\$\$\$	\$	\$\$\$
2. Public Costs		\$\$\$		\$\$\$
3. Total Costs	\$	\$\$\$	\$	\$\$\$
4. Intragovernmental Earned Revenue	\$	\$\$\$	\$	\$\$\$
5. Public Earned Revenue		\$\$\$		\$\$\$
6. Total Earned Revenue	\$	\$\$\$	\$	\$\$\$
7. Net Cost of Operations	\$	\$\$\$	\$	\$\$\$

Figure 10-36. Note 18. General Disclosures Related to the Statement of Net Cost102002. Fluctuations and Abnormalities

A. Fluctuations. Disclose all differences between comparative periods in any line item on the financial statements and corresponding note schedule to which either (a) or (b) applies: (a) difference equals or exceeds +/- 10 percent for the same line item on the financial statement, or (b) difference equals or exceeds +/- two percent of the current period total assets on the respective entity's Balance Sheet for the line item on the financial statement. When (a) or (b) applies, the detailed explanation should provide concise answers to the following questions pertaining to the comparative periods:

1. What is the dollar amount of the fluctuation?
2. Who caused this fluctuation?
3. What business event caused the fluctuation?
4. Why did the fluctuation happen?

5. When, during the last four quarters, did the primary business event occur causing the fluctuation? Responding to this question helps identify which disclosures are likely to be in effect for the current fiscal year end.

B. Abnormalities. Disclose all abnormal account balances found in all financial statement lines and note schedules. Abnormal account balances are those in which the normal balance (debit or credit) is reversed. The detailed explanation should provide concise answers to the following questions:

1. What is the dollar amount of the abnormality?
2. Who caused this abnormality?
3. What business event caused the abnormality?
4. Why did the abnormality happen?
5. When, during the last four quarters, did the abnormality occur?
6. When will it be resolved?

102003. Instructions

A. Intragovernmental Costs (Line 1). This line contains costs that arise from exchange transactions made between two reporting entities within the Federal Government. The effects of intraentity business transactions are eliminated from reporting entity statements.

B. Public Costs (Line 2). This line contains costs that arise from exchange transactions made between the reporting entity and a nonfederal entity.

C. Total Costs (Line 3). This is the sum of Lines 1 and 2 and must agree with the amounts reported on the Statement of Net Cost.

D. Intragovernmental Earned Revenue (Line 4). This line contains revenues that arise from exchange transactions made between two reporting entities within the Federal Government. The effects of intraentity business transactions are eliminated from reporting entity statements.

E. Public Earned Revenue (Line 5). This line contains revenues that arise from exchange transactions made between the reporting entity and a nonfederal entity.

F. Total Earned Revenue (Line 6). This is the sum of Lines 4 and 5 and must agree with the amounts reported on the Statement of Net Cost. This amount must match the amounts reported in the Required Supplementary Information section.

G. Net Cost of Operations (Line 7). This line is the cost incurred by the reporting entity less any exchange revenues earned. This amount must agree with the amount reported on the Statement of Net Cost, the Statement of Changes in Net Position, and the Statement of Financing.

H. General Disclosures. Disclose the intragovernmental costs and revenue related to transactions made between two reporting entities within the Federal Government. Disclose that public costs and revenues are exchange transactions made between the reporting entity and a nonfederal entity. For public earned revenue, the buyer of the goods or services is a nonfederal entity. For intragovernmental costs, the seller is a federal entity. If a federal entity purchases goods or services from another federal entity and sells them to the public, the exchange revenue would be classified as public, but the related costs would be classified as intragovernmental. The purpose of this classification is to enable the Federal Government to provide consolidated financial statements, and not to match public and intragovernmental revenue with costs that are incurred to produce public and intragovernmental revenue.

I. Intragovernmental Reconciliation. If the reporting entity was able to compare its intragovernmental costs and revenues with the corresponding balances of its intragovernmental trading partners, disclose any material differences identified. Additionally, provide an explanation for the material differences identified and whether or not the differences were resolved.

102004. Other Disclosures

A. General Disclosure. Disclose that this statement is unique because its principles are driven on understanding the net cost of programs and/or organizations that the Federal Government supports through appropriations or other means. This statement provides gross and net cost information that can be related to the amount of output or outcome for a given program and/or organization administered by a responsible reporting entity.

B. General Funds Costs. Each reporting entity shall disclose instances when the reporting entity does not meet accounting standards. Each reporting entity shall review its financial processes, systems and data and disclose, if appropriate, that the amounts presented in this statement are based on obligations and disbursements and therefore may not, in all cases, report actual accrued costs. As such, information presented is based on budgetary obligations, disbursements, and collection transactions, as well as nonfinancial feeder systems adjusted to record known accruals for major items such as payroll expenses, accounts payable, and environmental liabilities.

C. The Working Capital Fund (WCF) Costs. Each reporting entity shall disclose instances when the reporting entity does not meet accounting standards. Each reporting entity shall review its financial processes, systems and data and disclose, if appropriate, that while the WCF generally record transactions on an accrual basis, the systems do not always capture actual costs in a timely manner. Information presented on this statement is primarily based on budgetary obligation, disbursements, or collection transactions, as well as information from nonfinancial feeder systems.

102005. Stewardship Assets. Stewardship assets include heritage assets, stewardship land, nonfederal physical property, and investments in research and development. The cost of acquiring, constructing, improving, reconstructing, or renovating heritage assets (other than multi-use heritage assets), and the cost of acquiring stewardship land and any costs to prepare stewardship land for its intended use, shall be recognized as a cost in the Statement of Net Cost in the period when it is incurred. These costs shall be disclosed in the notes. If the cost of heritage assets and stewardship land transferred from other federal entities is not known, then the receiving entity shall disclose their fair value. Heritage assets and stewardship land acquired through donation or devise shall not be recognized as a cost in calculating net cost, but the fair value of the property shall be disclosed. If the fair value is not known or reasonably estimable, information related to the type and quantity of assets received shall be disclosed.

★1021 NOTE 19. DISCLOSURES RELATED TO THE STATEMENT OF CHANGES IN NET POSITION

102101. Note [Schedule](#) Format

Note 19	Disclosures Related to the Statement of Changes in Net Position
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As of [<i>Current Fiscal Period End Date</i>]	Current FY		Prior FY	
	Cumulative Results of Operations	Unexpended Appropriations	Cumulative Results of Operations	Unexpended Appropriations
(Amounts in thousands)				
1. Prior Period Adjustments Increases (Decreases) to Net Position Beginning Balance				
A. Changes in Accounting Standards	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
B. Errors and Omissions in Prior Year Accounting Reports	\$\$\$	\$\$\$	\$\$\$	\$\$\$
C. Total Prior Period Adjustments	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
2. Imputed Financing				
A. Civilian CSRS/FERS Retirement	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
B. Civilian Health	\$\$\$	\$\$\$	\$\$\$	\$\$\$
C. Civilian Life Insurance	\$\$\$	\$\$\$	\$\$\$	\$\$\$
D. Judgment Fund	\$\$\$	\$\$\$	\$\$\$	\$\$\$
E. IntraEntity	\$\$\$	\$\$\$	\$\$\$	\$\$\$
F. Total Imputed Financing	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$

Figure 10-37. Note 19. Disclosures Related to the Statements of Changes in Net Position

102102. Instructions. Disclose the nature and amount of prior period adjustments reported on Lines 1.A and 1.B. The amounts reported in Lines 1.A. and 1.B. should agree with the amounts reported on the entity’s Statement of Changes in Net Position. The following information should be reported in Other Information Related to Statement of Changes in Net Position for all restatements: the nature of the error and the reason for the restatement, the year(s) being restated, which financial statements are impacted, the amounts being restated, and

the effect of the restatement on the financial statements as a whole (i.e. change in overall net position, change in audit opinion, etc.). In addition, disclose actions taken by the reporting entity after discovering the error.

A. Changes in Accounting Standards (Line 1.A.). Include in this category those adjustments that result from changes in the Federal Accounting Standards Advisory Board, Statement of Federal Accounting (SFFAS) or the DoD application of those standards.

B. Errors and Omissions in Prior Year Accounting Reports (Line 1.B.). Include in this category those material adjustments that result from accounting errors and omission of data in prior year accounting records. The Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position reflect restated balances for these adjustments.

C. Total Prior Period Adjustments (Line 1.C.). The amount reported represents the sum of Lines 1.A. and 1.B.

D. Imputed Financing (Line 2). SFFAS No. 4 requires reporting entities to measure and report the full costs of their outputs (products and services) in financial reports. SFFAS No. 4 defines the full cost of an output produced by a responsibility segment as the sum of (1) the costs of resources consumed by the segment that directly or indirectly contribute to the output, regardless of funding sources and (2) the costs of identifiable supporting services provided by other responsibility segments within the reporting entity, and by other reporting entities. Imputed costs and revenue must identify the trading partner who has covered these costs.

1. Interentity Imputed Costs/Revenue. Costs displayed on the Statement of Net Cost shall include certain imputed costs and the associated imputed revenue shall also be recognized as directed by the Office of Management and Budget (OMB). All federal agencies are required to report imputed costs for the categories described below to ensure consistency across the government. Imputed costs/revenue represents those costs that are paid in total or in part by other entities. Limit the recognition of interentity imputed costs/revenue to three categories: (1) employees' pension, post-retirement health and life insurance benefits, (2) other post-employment benefits for retired, terminated, and inactive employees, which includes unemployment and workers compensation under the Federal Employees' Compensation Act, and (3) losses in litigation proceedings, see Federal Accounting Standards Advisory Board (FASAB) Interpretation No. 2, "Accounting for Treasury Judgment Fund Transactions" for additional information. Full implementation of the interentity cost provision in SFFAS No. 4 is required for reporting periods beginning after September 30, 2008, in accordance with SFFAS 30, "Interentity Cost Implementation Amending SFFAS No. 4, Managerial Cost Accounting Standards and Concepts."

2. Intraentity Imputed Costs/Revenue. Costs displayed on the Statement of Net Cost shall also include intraentity imputed costs and the associated imputed revenue as required by the SFFAS No. 4 Interpretation No. 6. Imputed intraentity costs/revenue are the unreimbursed portion of the full costs of goods and services received by the entity from a

providing entity that is part of the same department or larger reporting entity (i.e. other bureaus, components, or responsibility segments within the department or larger reporting entity). An example of an imputed cost/revenue may be the occupation of business space rent free. The limitation imposed on imputed interentity costs/revenue is not applicable to imputed intraentity costs. Therefore, intragovernmental costs/revenue may be assigned, allocated, or imputed as determined by department management in accordance with the full-cost provision of SFFAS No. 4, to account for the full cost of a program and its output(s).

a. Imputed Costs/Revenue for Military Pension Expense.

Each of the DoD reporting entities shall recognize an imputed cost and associated revenue that is equal to the reported employer entity pension expense for the accounting period (as computed using factors provided by the Office of the Under Secretary of Defense (Personnel and Readiness) (OUSD(P&R)), less any accounting period contributions by the Military Departments to the Military Retirement Fund. Report administrative entity expenses only in the Military Retirement Fund audited financial statements.

b. Imputed Costs/Revenue for Military Health Benefits.

Each of the DoD reporting entities shall recognize an imputed cost and associated revenue that are equal to the employer entity expense for the military health benefits that is attributable to the Military Department (as computed using factors provided by the OUSD(P&R)) for the accounting period. The administrative entity for the military health benefits is the OUSD(P&R). Report the administrative entity's actual expenses only in the Medicare Eligible Retiree Health Care Fund, Defense Health Program, and Other Defense Organizations-General Funds financial statements.

E. Other Information Related to the Statement of Changes in Net Position.

Include the information required in 102102.C. above and discuss other information to help the user understand the Statement of Changes in Net Position.

F. Appropriations Received.

Disclose that Appropriations Received on the Statement of Changes in Net Position may not agree with Appropriations Received on the Statement of Budgetary Resources due to differences between proprietary and budgetary accounting concepts and reporting requirements.

★1022 NOTE 20. NOTE DISCLOSURES RELATED TO THE STATEMENT OF BUDGETARY RESOURCES

102201. Note Schedule Format

Note 20.	Disclosures Related to the Statement of Budgetary Resources
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As of [<i>Current Fiscal Period End Date</i>]	Current FY	Prior FY
(Amount in thousands)		
1. Net Amount of Budgetary Resources Obligated for Undelivered Orders at the End of the Period	\$ \$\$\$	\$ \$\$\$
2. Available Borrowing and Contract Authority at the End of the Period	\$ \$\$\$	\$ \$\$\$

Figure 10-38. Note 20. Disclosures Related to the Statement of Budgetary Resources

102202. Instructions. Disclose information related to the Statement of Budgetary Resources (SBR) based upon the following instructions:

A. Net Amount of Budgetary Resources Obligated for Undelivered Orders at the End of Period (Line 1). Disclose the net amount of budgetary resources obligated for undelivered orders as of the end of the reporting period.

B. Available Borrowing and Contract Authority at the End of Period (Line 2). Disclose the amount of borrowing and contract authority available at the end of the reporting period.

C. Excluded Amounts. This note should not include any amounts from cancelled accounts for which the Department of the Treasury is willing to accept corrections in accordance with the Statement of Federal Financial Accounting Standards (SFFAS) No. 1.

D. Other Information. Disclose other information necessary to understand the SBR.

1. Disclose apportionment categories for obligations incurred. Disclose the amount of direct and reimbursable obligations incurred against amounts apportioned under category A, B, and exempt from apportionment. This disclosure should agree with the aggregate of the related information as reported on the agency’s applicable SF 133s and amounts reported on the SBR. Apportionment categories shall be determined in accordance with the Office of Management and Budget (OMB) Circular A-11, “Preparation, Submission and Execution of the Budget.”

2. Disclose that intraentity transactions have not been eliminated because the statements are presented as combined and combining.
3. Disclose repayment requirements, financing sources for repayment, and other terms of borrowing authority used.
4. Disclose material adjustments made to budgetary resources available at the beginning of the year and provide an explanation.
5. Disclose the existence, purpose, and availability of permanent indefinite appropriations.
6. Disclose information about legal arrangements affecting the use of unobligated balances of budget authority such as time limits, purpose, and obligation limitations.
7. Explain any capital infusion received during the reporting period including the amount, the source, and the reason for these additional funds.
8. Explain any material differences between the information required by the statement and amounts described as “actual” in the Budget of the United States Government. Legitimate reasons for difference could exist for example, expired unobligated balances are reported on the SBR, but not in the Budget of the United States Government.
9. Disclose that Appropriations Received on the SBR may not agree with Appropriations Received on the Statement of Changes in Net Position because of differences between proprietary and budgetary accounting concepts and reporting requirements. Discuss the reasons for differences.
10. As applicable, disclose that the Undelivered Orders on the note schedule above (Figure 10-38) does not equal the Undelivered Orders reported on the SBR. Discuss the reasons for differences.
11. Disclose any other relevant information relating to the reporting entity that promotes a better understanding of the entity’s SBR.

★1023 NOTE 21. DISCLOSURES RELATED TO THE STATEMENT OF [FINANCING](#)**Note 21. Disclosures Related to the Statement of Financing**

102301. Instructions. The objective of the Statement of Financing is to ensure that users understand the difference between budgetary obligations and net cost of operations reported. The statement provides this understanding through a comprehensive reconciliation process. Report in this note any information relating to the reporting entity that provides a further understanding of the entity's Statement of Financing. At a minimum, discuss the following items and their impact on the Statement of Financing:

A. Disclose that due to the DoD's financial system limitations, budgetary data is not in agreement with proprietary expenses and assets capitalized. Differences between budgetary and proprietary data are a previously identified deficiency. To bring the Statement of Financing into balance with the Statement of Net Cost, the following adjustments (absolute) were made:

Resources That Finance the Acquisition of Assets	\$	\$\$\$
Other Components Not Requiring of Generating Resource	\$	\$\$\$

B. The following Statement of Financing lines are presented as combined instead of consolidated due to interagency budgetary transactions not being eliminated:

- Obligations Incurred
- Less: Spending Authority from Offsetting Collections and Recoveries
- Obligations Net of Offsetting Collections and Recoveries
- Less: Offsetting Receipts
- Net Obligations
- Undelivered Orders
- Unfilled Customer Orders

C. Other Material Changes. Disclose any information necessary to explain what is included in each "Other" line (if it is material).

D. Liabilities Not Covered by Budgetary Resources. Disclose the amount and explain the relationship between amounts reported as liabilities not covered by budgetary resources on the Balance Sheet and amounts reported as components requiring or generating resources in future periods on the Statement of Financing. Disclose the following:

1. The Balance Sheet components required to explain the difference between recognized liabilities not covered by budgetary resources and total components requiring or generating resources in future periods.

2. The business lines involved in the discrepancy.
3. The reason(s) for the discrepancy.

E. Transfers that Appear as a Reconciling Item. When allocation transfers occur, the transferor should report the activity in its financial statements, unless the allocation transfer is material to the recipient of the transfer. If the allocation transfer is material to the recipient, the recipient should report the activity relating to the allocation in all of its financial statements, except the Statement of Budgetary Resources. In this case, the transferor should continue to report the appropriation and the related budgetary activity in its Statement of Budgetary Resources. This will result in a reconciling item on both the transferor's and recipient's Statement of Financing. Both should disclose a general description of the funds transferred to or the funds received from another entity, including the nature and purpose of the transfer. Additional detail is encouraged (e.g., their trading partner/agency, bureau, and account title for each parent appropriation).

★1024 NOTE 22. DISCLOSURES RELATED TO THE STATEMENT OF CUSTODIAL ACTIVITY

Note 22.	Disclosures Related to the Statement of Custodial Activity
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102401. Instructions. Reporting entities that collect immaterial custodial revenue incidental to their primary mission should disclose the sources and amounts of collections and amounts distributed to others.

A. Foreign Military Sales (FMS). Disclose that under authority of the Arms Export and Control Act, the Foreign Military Sales Trust Fund (FMSTF) receives collections from foreign governments that are dedicated specifically to FMS purchases. Funds collected into the Trust Fund are in advance of the performance of services or sale of articles. These advance collections constitute a fiduciary relationship with the countries. Disclose the dollar amount of current year deposits/collections and disbursements.

B. Development Fund for Iraq (DFI). Disclose that the DFI is for urgent humanitarian assistance, reconstruction, and other projects carried out for the benefit of the Iraqi people. Disclose the collections and disposition of custodial collections. This information shall be presented as follows:

	<i>(Amount in thousands)</i>	
	During CY	Cumulative from Inception
Source of Collections	\$\$\$	\$\$\$
Deposits by Foreign Governments	\$\$\$	\$\$\$
Disposition of Collections	\$\$\$	\$\$\$
Security and Law Enforcement	\$\$\$	\$\$\$
Electric Sector	\$\$\$	\$\$\$
Oil Infrastructure	\$\$\$	\$\$\$
Water Resources and Sanitation	\$\$\$	\$\$\$
Transportation and Telecommunication	\$\$\$	\$\$\$
Roads, Bridges and Construction	\$\$\$	\$\$\$
Health Care	\$\$\$	\$\$\$
Private Sector Development	\$\$\$	\$\$\$
Educations, Refugees, Human Rights and Governance	\$\$\$	\$\$\$
Total Disbursed on Behalf of Foreign Governments	\$\$\$	\$\$\$
Retained for Future Support of Foreign Governments *	\$\$\$	\$\$\$
Total Disposition of Collections	\$\$\$	\$\$\$
Net Custodial Collection Activity	<u>\$ 0</u>	<u>\$ 0</u>

* Reported on Statement of Custodial Activity under Disposition of Collections, Increase (Decrease) in Amounts to be Transferred.

C. Seized Assets. Disclose that during Operation Iraqi Freedom, the U.S. Government seized assets from the Iraqi Government that are used in support of the Iraqi people. Disclose the collection and disposition of seized assets as follows:

	<i>(Amount in thousands)</i>	
	During CY	Cumulative from Inception
Source of Collections	\$\$\$	\$\$\$
Deposits by Foreign Governments	\$\$\$	\$\$\$
Disposition of Collections	\$\$\$	\$\$\$
Iraqi Salaries	\$\$\$	\$\$\$
Repair/Reconstruction/Humanitarian Assistance	\$\$\$	\$\$\$
Iraqi Ministry Operations (Ministry of Finance, Defense, etc.)	\$\$\$	\$\$\$
Fuels/Supplies	\$\$\$	\$\$\$
Total Disbursed on Behalf of Iraqi People	\$\$\$	\$\$\$
Total Disposition of Collections	\$\$\$	\$\$\$
Net Custodial Collection Activity	<u>\$ 0</u>	<u>\$ 0</u>

D. Other Information Related to the Statement of Custodial Activity. Disclose other information relating to the further understanding of the Statement of Custodial Activity.

★1025 [NOTE 23. EARMARKED FUNDS](#)102501. [Note Schedule Format](#)

Note 23.	Earmarked Funds			
1. BALANCE SHEET				
<i>[As of Current Fiscal Period End Date]</i>				
(In Thousands)				
A. ASSETS	MRF	MERHCF	Other Earmarked Funds	Total Earmarked Funds
1. Fund Balance with Treasury	\$\$\$	\$\$\$	\$\$\$	\$\$\$
2. Investments	\$\$\$	\$\$\$	\$\$\$	\$\$\$
3. Accounts and Interest Receivable	\$\$\$	\$\$\$	\$\$\$	\$\$\$
4. Other Assets	\$\$\$	\$\$\$	\$\$\$	\$\$\$
5. Total Assets	\$\$\$	\$\$\$	\$\$\$	\$\$\$
B. LIABILITIES AND NET POSITION				
1. Military Retirement Benefits and Other Employment Related Actuarial Liabilities	\$\$\$	\$\$\$	\$\$\$	\$\$\$
2. Other Liabilities	\$\$\$	\$\$\$	\$\$\$	\$\$\$
3. Unexpended Appropriations	\$\$\$	\$\$\$	\$\$\$	\$\$\$
4. Cumulative Results of Operations	\$\$\$	\$\$\$	\$\$\$	\$\$\$
5. Total Liabilities and Net Position	\$\$\$	\$\$\$	\$\$\$	\$\$\$
2. STATEMENT OF NET COST				
<i>[For the Period Ended Current Fiscal Period End Date]</i>				
A. Program Costs	\$\$\$	\$\$\$	\$\$\$	\$\$\$
B. Less Earned Revenue	\$\$\$	\$\$\$	\$\$\$	\$\$\$
C. Net Program Costs	\$\$\$	\$\$\$	\$\$\$	\$\$\$
D. Less Earned Revenues Not Attributable to Programs	\$\$\$	\$\$\$	\$\$\$	\$\$\$
E. Net Cost of Operations	\$\$\$	\$\$\$	\$\$\$	\$\$\$
3. STATEMENT OF CHANGES IN NET POSITION				
<i>[For the Period Ended Current Fiscal Period End Date]</i>				
A. Net Position Beginning of the Period	\$\$\$	\$\$\$	\$\$\$	\$\$\$
B. Net Cost of Operations	\$\$\$	\$\$\$	\$\$\$	\$\$\$
C. Other Nonexchange Revenue	\$\$\$	\$\$\$	\$\$\$	\$\$\$
D. Change in Net Position	\$\$\$	\$\$\$	\$\$\$	\$\$\$
E. Net Position End of Period	\$\$\$	\$\$\$	\$\$\$	\$\$\$

Figure 10-39. Note 23. Earmarked Funds

102502. Instructions. Earmarked funds are financed by specifically identified revenues and are required by statute to be used for designated activities or purposes, and must be accounted for separately from the Government's general revenues. Statement of Federal Financing Accounting Standards (SFFAS) No. 27, Identifying and Reporting Earmarked Funds, requires disclosure of all earmarked funds for which the reporting entity has program management responsibility.

A. Disclosure for Earmarked Funds. The following information should be disclosed for the Military Retirement Fund (MRF) and the Medicare Eligible Retiree Health Care Fund (MERHCF) individually. All other earmarked funds should be presented in the aggregate.

1. Condensed information about assets and liabilities showing, Fund Balance with Treasury, investments in Treasury securities, other assets, liabilities due and payable, other liabilities, cumulative results of operations and net position.

2. Condensed information on gross cost, exchange revenue, net cost, nonexchange revenues and other financing sources, and changes in net position.

3. The total cumulative results of operations shown in the note disclosure should agree with the cumulative results of operations for earmarked funds shown on the face of the component entity's Balance Sheet and the Statement of Changes in Net Position.

4. A description of each fund's purpose, how the component accounts for and reports the fund, and its authority to use those revenues and other financing sources.

5. The source of revenue or other financing for the period and an explanation of the extent to which they are inflows of resources to the Government or the result of intragovernmental flows.

6. Any change in legislation during or subsequent to the reporting period and before the issuance of the financial statements that significantly changes the purpose of the fund or that redirects a material portion of the accumulated balance.

7. Any eliminations between earmarked funds and other funds within the reporting entity should be disclosed in this note.

B. Change in Reporting from Prior Years. If a component entity reports a different portion of an earmarked fund than it reported in prior years, it should not restate its prior year financial statements. It should disclose the change in a note. This applies if a component entity does not report an earmarked fund, or a portion thereof, that it reported in the previous year. It also applies if a component entity does report an earmarked fund, or portion thereof, that it did not report in the previous year.

★1026 NOTE 24. OTHER DISCLOSURES

102601. [Note Schedule Format](#)

Note 24.	Other Disclosures
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Entity As Lessee - Operating Leases

As of [<i>Current Fiscal Period End Date</i>]	Current FY Asset Category							
	Land and Buildings	Equipment	Other	Total				
(Amounts in thousands)								
1. Future Payments Due								
A. Current Year	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$
B. Fiscal Year 2 (CY +1)		\$\$\$		\$\$\$		\$\$\$		\$\$\$
C. Fiscal Year 3 (CY +2)		\$\$\$		\$\$\$		\$\$\$		\$\$\$
D. Fiscal Year 4 (CY + 3)		\$\$\$		\$\$\$		\$\$\$		\$\$\$
E. Fiscal Year 5 (CY + 4)		\$\$\$		\$\$\$		\$\$\$		\$\$\$
F. Fiscal Year 6 (CY + 5)		\$\$\$		\$\$\$		\$\$\$		\$\$\$
G. After 5 Years		\$\$\$		\$\$\$		\$\$\$		\$\$\$
2. Total Future Lease Payments Due	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$

Figure 10-40. Note 24. Other Disclosures

102602. [Instructions](#). Disclose information relating to the reporting entity’s financial position and results that are not applicable to any other notes.

A. [Entity as Lessee- Operating Leases](#)

1. [Description of Operating Lease Arrangements](#). Report information that would disclose the level of the agency’s funding commitments. Include the following items in the disclosure: the major asset categories and associated lease terms; existence and terms of renewal options; escalation clauses; contingent rental restrictions imposed by lease agreements; deviations from the standard lease terms; and the lease period.

2. [Future Payments Due for Operating Leases](#). Enter future lease payments, by major category, for all irrevocable leases with terms longer than one year.

B. [Other Disclosures](#). Make disclosures deemed necessary by the reporting entity in order to provide a better understanding of information presented elsewhere in the Statements.