



*Quick Reference for Acronyms and Abbreviations
Used Throughout the Report, Including a Glossary
to Define Key Terms.*

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(Previous page) Space Force Sgts. Frank and Jamie Franco pose for a photo following a transfer ceremony at Osan Air Base, South Korea, Feb. 5, 2021. (Air Force photo by Staff Sgt. Betty R. Chevalier).

(Above) Navy Petty Officer 2nd Class Christopher Walters, conducts a rifle swim during the water survival advanced course on Marine Corps Air Station Futenma, Okinawa, Japan, June 17, 2021. (U.S. Marine Corps photo by Lance Cpl. Alex Fairchild).

Appendix A: Reporting Entities

Appendix A: Reporting Entity

This appendix provides a list of the DoD reporting entities for the purposes of the consolidated/combined financial statements.

DoD Reporting Entities Designated to Prepare and Issue Financial Statements Annually as Mandated by OMB Bulletin No. 21-04

Department of Air Force, General Fund	Military Retirement Fund
Department of Air Force, Working Capital Fund	U.S. Army Corps of Engineers Civil Works Program
Department of the Army, General Fund	U.S. Marine Corps, General Fund
Department of the Army, Working Capital Fund	U.S. Navy, General Fund
Department of the Navy, Working Capital Fund	

DoD Reporting Entities Not Designated to Prepare and Issue Financial Statements Annually as Mandated by OMB Bulletin No. 21-04

Consolidated Defense Health Programs	Defense Logistics Agency National Defense Stockpile Trust Fund
Defense Commissary Agency, General Fund	Defense Logistics Agency, General Fund
Defense Commissary Agency, Working Capital Fund	Defense Logistics Agency, Working Capital Fund
Defense Contract Audit Agency	Department of Defense Office of Inspector General
Defense Finance and Accounting Service, Working Capital Fund	DoD Medicare-Eligible Retiree Health Care Fund
Defense Health Agency - Contract Resource Management	U.S. Special Operations Command
Defense Information Systems Agency, General Fund	U.S. Transportation Command
Defense Information Systems Agency, Working Capital Fund	

Other DoD Reporting Entities Consolidated in DoD-wide Financial Statements

Agency-Wide Component	Other Defense Activities - Defense Media Activity
Chemical Biological Defense Program	Other Defense Activities - Defense Prisoner of War/ Missing In Action Accounting Agency
Defense Advanced Research Projects Agency	Other Defense Activities - Defense Technology Security Administration
Defense Contract Management Agency	Other Defense Activities - Department of Defense Education Benefits Fund
Defense Finance and Accounting Service, General Fund	Other Defense Activities - Director, Operational Test and Evaluation
Defense Security Cooperation Agency	Other Defense Activities - Emergency Response Fund, Defense
Defense Technical Information Center	Other Defense Activities - Homeowners Assistance Fund
Defense Threat Reduction Agency	Other Defense Activities - Host Nation Support for U.S. Relocation Activities, Defense
Department of Defense Education Activity	Other Defense Activities - Military Housing Privatization Initiative
DoD Component Level Accounts	Other Defense Activities - Mutually Beneficial Activities Defense Wide
Joint Chiefs of Staff	Other Defense Activities - National Security Education Trust Fund
Medicare – Eligible Retiree Health Care Fund Payment	Other Defense Activities – Office of Local Defense Community Cooperation
Military Retirement Fund Payment	Other Defense Activities - Support for U.S. Relocation to Guam Activities
Missile Defense Agency	Other Defense Activities - Voluntary Separation Incentive Trust Fund
Other Defense Activities - Burden Sharing Account by Foreign Allies, Defense	Other Defense Activities Working Capital Funds
Other Defense Activities - Defense Acquisition University	Other TI-97 Funds Provided to the Air Force by the Office of the Secretary of Defense
Other Defense Activities - Defense Cooperation Account	Other TI-97 Funds Provided to the Army by the Office of the Secretary of Defense
Other Defense Activities - Defense Counter-intelligence and Security Agency, Working Capital Fund	Other TI-97 Funds Provided to the Navy by the Office of the Secretary of Defense
Other Defense Activities - Defense Gift Fund	Washington Headquarters Services
Other Defense Activities - Defense Human Resources Activity	

Appendix B: Acronyms

Acronym • Definition

A

ACWA	Assembled Chemical Weapons Alternatives
ADA	Antideficiency Act
AEAN	Aggregate Entry-Age Normal
AECA	Arms Export Control Act
AETC	Air Education and Training Command
AFB	Air Force Base
AFFF	Aqueous Film Forming Foam
AF-IPPS	Air Force Integrated Personnel and Pay System
AFR	Agency Financial Report
APSR	Accountable Property System of Record
ASC	Accounting Standards Codification
ASD	Assistant Secretary of Defense
AU	Assessable Unit

B

BAH	Basic Allowance for Housing
BD/DR	Building Demolition and Debris Removal
BEA	Business Enterprise Architecture
BRAC	Base Realignment and Closure
BRAC	Base Realignment and Closure
BRS	Blended Retirement System

C

CAP	Corrective Action Plan
CAP	Corrective Action Plan / Contactor-Acquired Property

Acronym • Definition

CARES Act	Coronavirus Aid, Relief, and Economic Security
CBY	Charge Back Year
CERCLA	Comprehensive Environmental Response, Compensation, and Liability Act
CFO Act	Chief Financial Officers Act of 1990
CFR	Code of Federal Regulations
CHCBP	Continued Health Care Benefits Program
CIO	Chief Information Officer
CJCS	Chairman of the Joint Chiefs of Staff
CMA	Chemical Materials Agency
CMC	Commandant of the Marine Corps
CNGB	Chief of the National Guard Bureau
CNO	Chief of Naval Operations
COLA	Cost of Living Adjustment
COTS	Commercial Off-The-Shelf
COVID-19	Coronavirus Disease 2019
CPI	Consumer Price Index
CPIM	Consumer Price Index Medical
CSA	Chief of Staff of the Army
CSAF	Chief of Staff of the Air Force
CSO	Chief of Space Operations
CSRS	Civil Service Retirement System
CTEF	Counter-Islamic State of Iraq and Syria (ISIS) Train and Equip Fund

Acronym • Definition

D

DAI	Defense Agencies Initiative
DART	Direct Access Reporting Tool
DATA Act	Digital Accountability and Transparency Act of 2014
DAWIA	Defense Acquisition Workforce Improvement Act
DBS	Defense Business Systems
DCHRMS	Defense Civilian Human Resource Management System
DCOI	Data Center Optimization Initiative
DEAMS	Defense Enterprise Accounting and Management System
DeCA	Defense Commissary Agency
DERP	Defense Environmental Restoration Program
DFARS	Defense Federal Acquisition Regulation Supplement
DFAS	Defense Finance and Accounting Service
DFC	U.S. International Development Finance Corporation
DHA	Defense Health Agency
DHA-CRM	Defense Health Agency – Contract Resource Management
DHP	Defense Health Program
DISA	Defense Information Systems Agency
DLA	Defense Logistics Agency
DM&R	Deferred Maintenance and Repair
DoDI	DoD Instruction
DOL	Department of Labor
DoS	Department of State
DPA	Defense Production Act

Acronym • Definition

DSCA

Defense Security Cooperation Agency

E

E&DL	Environmental and Disposal Liability
EBF	Education Benefits Fund
EDI	European Deterrence Initiative
EL	Environmental Liability
ELC	Entity Level Control
EO	Executive Order
EOP	Executive Office of the President
EOU	Excess, Obsolete, and Unserviceable
ERP	Enterprise Resource Planning

F

FAA	Foreign Assistance Act of 1961
FAR	Federal Acquisition Regulation
FASAB	Federal Accounting Standards Advisory Board
FASB	Financial Accounting Standards Board
FBwT	Fund Balance with Treasury
FCI	Facility Condition Index
FCRA	Federal Credit Reform Act of 1990
FECA	Federal Employees' Compensation Act
FEDVIP	Federal Employees Dental and Vision Insurance Program
FEGLI	Federal Employee Group Life Insurance
FEHB	Federal Employees Health Benefits
FEMA	Federal Emergency Management Agency
FERC	Federal Energy Regulatory Commission

Acronym • Definition

FERS	Federal Employees Retirement System
FFATA	Federal Funding Accountability and Transparency Act of 2006
FFCRA	Families First Coronavirus Response Act
FFMIA	Federal Financial Management Improvement Act of 1996
FFRDC	Federally Funded Research and Development Centers
FHIF	Family Housing Improvement Fund
FIAR	Financial Improvement and Audit Remediation
FISCAM	Federal Information System Controls Audit Manual
FITARA	Federal Information Technology and Acquisition Regulation Act
FLTCIP	Federal Long Term Care Insurance Program
FM	Financial Management
FMF	Foreign Military Financing
FMFDLFA	Foreign Military Financing Direct Loan Financing Accounts
FMFDLPA	Foreign Military Financing Direct Loan Program Account
FMFIA	Federal Managers' Financial Integrity Act of 1982
FMLLA	Foreign Military Loan Liquidating Account
FMR	Financial Management Regulation
FMS	Foreign Military Sales
FR	Federal Register
FR	Financial Report of the U.S. Government
FUSRAP	Formerly Utilized Sites Remedial Action Program

Acronym • Definition

FY	Fiscal Year
G	
GAAP	Generally Accepted Accounting Principles
GAO	Government Accountability Office
GCSS-A	Global Combat Support System – Army
GCSS-MC	Global Combat Support System – Marine Corps
GE	General Equipment
GFEBs	General Fund Enterprise Business System
GFP	Government Furnished Property
GPP&E	General Property, Plant and Equipment
GPRA	Government Performance and Results Act of 1993
GPRAMA	GPRA Modernization Act of 2010
GTAS	Government-wide Treasury Account Symbol Adjusted Trial Balance System
H	
HHS	Department of Health and Human Services
HIPC	Highly Indebted Poor Countries
HR	Human Resources
I	
I&RP	Inventory and Related Property
IA	Implementing Agencies
IBNR	Incurred-but-not-Reported
ICA	Internal Control Administrator
ICAM	Identity, Credential, and Access Management
IG	Inspector General
IGT	Intragovernmental Transaction

Acronym • Definition

IMET	International Military Education and Training
IMF	International Monetary Fund
IPA	Independent Public Accountant
IPPS-A	Integrated Personnel Pay System – Army
IRP	Installation Restoration Program
ISIS	Islamic State of Iraq and Syria
IT	Information Technology
IUS	Internal Use Software

J

JCS	Joint Chiefs of Staff
JSF	Joint Strike Fighter

K

KSA	Key System Attribute
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L

LAC	Latest Acquisition Cost
LLC	Limited Liability Company
LMP	Logistics Modernization Program
LP	Limited Partnership

M

MAC	Moving Average Cost
MDRFA	Military Debt Reduction Financing Account
MERHCF	Medicare-Eligible Retiree Health Care Fund
MHPI	Military Housing Privatization Initiative
MHS	Military Health System
MILDEP	Military Department
MMRP	Military Munitions Response Program
MOU	Memorandum of Understanding
MRF	Military Retirement Fund

Acronym • Definition

MRHB	Military Retirement Health Benefits
MTF	Military Treatment Facility
MUHIF	Military Unaccompanied Housing Improvement Fund
MWR	Morale, Welfare, and Recreation

N

NAF	Nonappropriated Fund
NAFI	Nonappropriated Fund Instrumentality
NDAA	National Defense Authorization Act
NFR	Notice of Findings and Recommendations
NOAA	National Oceanic and Atmospheric Administration
NP2	Navy Personnel and Pay System
NPV	Net Present Value
NRV	Net Realizable Value

O

OACT	Office of the Actuary
ODA&M	Office of the Director of Administration and Management
ODNI	Office of the Director of National Intelligence
ODO	Other Defense Organization
OIG	Office of the Inspector General
OM&S	Operating Materials and Supplies
OMB	Office of Management and Budget
OPEB	Other Post-employment Benefits
OPM	Office of Personnel Management
ORB	Other Retirement Benefits
OSD	Office of the Secretary of Defense
OTL	Oracle Time and Labor
OUSDC	Office of the Under Secretary of Defense (Comptroller)

Acronym • Definition

OUSD (R&E) Office of the Under Secretary of Defense for Research and Engineering

P

PCN Process Control Narratives
PDI Pacific Deterrence Initiative
PFAS Per- and Polyfluoroalkyl Substances
PII Personally Identifiable Information
PIIA Payment Integrity Information Act of 2019
PP&E Property, Plant, and Equipment
PPA Prompt Payment Act
PPE Personal Protective Equipment
PRA Payment Recapture Audit and Activities
PSA Principal Staff Assistant
PV Present Value

R

RACER Remedial Action Cost Engineering Requirements
RCRA Resource Conservation and Recovery Act
RMF Risk Management Framework
RMIC Risk Management and Internal Controls
RPA Real Property Assets
RSI Required Supplementary Information

S

SA Security Assistance
SAA Security Assistance Accounts
SAO Senior Accountable Official
SARA Superfund Amendments and Reauthorization Act of 1986
SBR Statement of Budgetary Resources

Acronym • Definition

SC Security Cooperation
SCNP Statement of Changes in Net Position
SDAF Special Defense Acquisition Fund
SDP Savings Deposit Program
SFFAC Statement of Federal Financial Accounting Concepts
SFFAS Statement of Federal Financial Accounting Standards
SFIS Standard Financial Information Structure
SMS Sustainment Management System
SNC Statement of Net Cost
SOC System and Organizational Control
SRM Sustainment, Restoration, and Modernization
SSAE Statement of Standards for Attestation Engagements
STAMIS Standard Army Management Information Systems

T

TAS Treasury Account Symbol
TFM Treasury Financial Manual
TNC Treasury Nominal Coupon
Tpharm TRICARE Pharmacy Program
TRR TRICARE Retired Reserve
TRS TRICARE Reserve Select
TSP Thrift Savings Plan
TYA TRICARE Young Adult Program

U

U.S. United States
U.S.C. United States Code
USACE United States Army Corps of Engineers

Acronym • Definition

USCG	U.S. Coast Guard
USCYBERCOM	United States Cyber Command
USD	Under Secretary of Defense
USFHP	United States Family Health Plan
USG	U.S. Government
USSGL	United States Standard General Ledger
USSOCOM	United States Special Operations Command

V

VCJCS	Vice Chairman of the Joint Chiefs of Staff
VSI	Voluntary Separation Incentive

W

WCF	Working Capital Fund
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Appendix C: SAA Financial Statements and Notes

Congress authorizes and appropriates funds for the United States Government (USG)-financed portions of Security Assistance (SA). Congress has a keen interest in the sale and transfer of defense articles and services to foreign countries and international organizations. Although several Executive Branch agencies (such as the National Security Council, the Department of the Treasury, the Department of State, and the Office of Management and Budget) have responsibilities related to SA, the Defense Security Cooperation Agency (DSCA) leads the broader U.S. security cooperation enterprise in its efforts to train, educate, advise, and equip foreign partners.

In accordance with [22 U.S.C. §2752](#), the Secretary of State is responsible for continuous supervision and general direction of SA programs. The DSCA is the Department of Defense (DoD) lead agency for the execution of security assistance functions, under Executive Order 11958, “Administration of Arms Export Controls.” SA programs are executed by the DoD Components on behalf of the Executive Office of the President and the Department of State.

The financial statements and explanatory notes in this appendix pertain to the following accounts, collectively referred to as the “Security Assistance Accounts” (SAA), which are granted to the Executive Office of the President (EOP) pursuant to the Arms Export Control Act, as amended:

- Foreign Military Sales ([FMS](#)) Trust Fund
- International Military Education and Training ([IMET](#)) Account
- Foreign Military Financing ([FMF](#)) Program Account
- Foreign Military Financing, Direct Loan Program Account
- Foreign Military Loan Liquidating Account
- Foreign Military Financing, Direct Loan Financing Account
- Military Debt Reduction Financing Account
- Special Defense Acquisition Fund
- Assistance for Relocation of Facilities in Israel, Executive
- Foreign Military Financing Program Account, Negative Subsidies
- Foreign Military Financing, Downward Reestimates of Subsidies
- Security Assistance and International Programs, Deposit Account

Though the Department of Defense (DoD) prepares the financial statements and notes for these accounts, they are not consolidated into the DoD Agency-wide financial statements. Instead, the SAA financial statements and notes are consolidated directly into the *Financial Report of the United States Government* as a separate stand-alone Significant Reporting Entity in accordance with Treasury Financial Manual Volume 1, Part 2, Chapter 4700, *Appendix 1a*.

The SAA financial statements are not currently under a financial statement audit but are undergoing various audit readiness efforts in preparation for the financial statement audit beginning in fiscal year 2022.

SECURITY ASSISTANCE ACCOUNTS CONSOLIDATED BALANCE SHEET (UNAUDITED)

As of September 30, 2021 and 2020 (in millions)	2021	2020
Assets (Note 2)		
Intragovernmental:		
Fund Balance with Treasury (Note 3)	\$ 45,412.3	\$ 42,697.7
Accounts Receivable, Net (Note 6)	\$ 2.8	\$ 96.5
Other Assets (Note 10)	\$ 10.7	\$ -
Total Intragovernmental Assets	\$ 45,425.8	\$ 42,794.2
Total Other than Intragovernmental:		
Cash and Other Monetary Assets (Note 4)	\$ 38,554.5	\$ 34,094.7
Accounts Receivable, Net (Note 6)	\$ (81.0)	\$ (106.5)
Loans Receivable, Net (Note 7)	\$ 2,046.2	\$ 2,407.2
Inventory and Related Property, Net (Note 8)	\$ 525.9	\$ 650.3
Advances and Prepayments (Note 10)	\$ 14.5	\$ 6,209.9
Total Other than Intragovernmental:	\$ 41,060.1	\$ 43,255.6
Total Assets	\$ 86,485.9	\$ 86,049.7
Stewardship Property, Plant and Equipment (Note 9)		
Liabilities (Note 11)		
Intragovernmental:		
Accounts Payable (Note 13)	\$ 634.5	\$ 572.5
Debt Associated with Loans (Note 12)	\$ 1,652.2	\$ 1,756.5
Other Liabilities (Notes 15 and 17)	\$ 449.7	\$ 683.5
Total Intragovernmental Liabilities	\$ 2,736.4	\$ 3,012.5
Other Than Intragovernmental:		
Accounts Payable	\$ 17,455.3	\$ 1,525.3
Federal Employee and Veteran Benefits Payable (Note 13)	\$ 16.6	\$ 19.1
Other Liabilities (Notes 15, 16, and 17)	\$ 164,757.0	\$ 134,736.0
Total Other Than Intragovernmental:	\$ 182,228.9	\$ 136,280.4
Total Liabilities	\$ 184,965.3	\$ 139,292.9

SECURITY ASSISTANCE ACCOUNTS CONSOLIDATED BALANCE SHEET (UNAUDITED) (CONTINUED)

<i>As of September 30, 2021 and 2020 (in millions)</i>	2021	2020
Commitments and Contingencies (Note 17)		
Net Position (Consolidated Totals)		
Unexpended Appropriations - Funds Other Than Dedicated Collections	\$ 7,766.2	\$ 7,244.4
Total Unexpended Appropriations (Consolidated)	\$ 7,766.2	\$ 7,244.4
Cumulative Results of Operations - Funds from Dedicated Collections (Note 18)		
Cumulative Results of Operations - Funds Other Than Dedicated Collections	\$ (106,245.6)	\$ (60,487.5)
Total Cumulative Results of Operations (Consolidated)	\$ (106,245.6)	\$ (60,487.5)
Total Net Position	\$ (98,479.4)	\$ (53,243.1)
Total Liabilities and Net Position	\$ 86,485.9	\$ 86,049.8
<i>The accompanying notes are an integral part of these statements.</i>		

SECURITY ASSISTANCE ACCOUNTS CONSOLIDATED STATEMENT OF NET COST (UNAUDITED)

<i>For Years Ended September 30, 2021 and 2020 (in millions)</i>	2021	2020
Gross Program Costs (Note 19)		
Gross Cost	\$ 95,684.6	\$ 158,662.3
Total Gross Program Costs	\$ 95,684.6	\$ 158,662.3
Less: Earned Revenue	\$ (17,320.4)	\$ (46,593.0)
Net Program Costs Before Losses/(Gains) from Actuarial Assumption Changes for Military Retirement Benefits	\$ 78,364.2	\$ 112,069.3
Net Cost of Operations	\$ 78,364.2	\$ 112,069.3
<i>The accompanying notes are an integral part of these statements.</i>		

SECURITY ASSISTANCE ACCOUNTS

CONSOLIDATED STATEMENT OF CHANGES IN NET POSITION

(UNAUDITED)

For Years Ended September 30, 2021 and 2020 (in millions)	2021	2020
Unexpended Appropriations		
Beginning Balance (Includes Funds from Dedicated Collections - See Note 18)	\$ 7,244.4	\$ 6,695.8
Beginning Balance, as adjusted	\$ 7,244.4	\$ 6,695.8
Budgetary Financing Sources:		
Appropriations Received	\$ 6,288.4	\$ 6,269.8
Appropriations Transferred In/Out	\$ (31.3)	\$ 222.6
Other Adjustments	\$ (41.2)	\$ (144.5)
Appropriations Used	\$ (5,694.1)	\$ (5,799.3)
Total Budgetary Financing Sources (Includes Funds from Dedicated Collections - See Note 18)	\$ 521.8	\$ 548.6
Total Unexpended Appropriations (Includes Funds from Dedicated Collections - See Note 18)	\$ 7,766.2	\$ 7,244.4
Cumulative Results of Operations		
Beginning Balance	\$ (60,487.4)	\$ 6,133.1
Beginning Balance, as adjusted (Includes Funds from Dedicated Collections - See Note 18)	\$ (60,487.4)	\$ 6,133.1
Budgetary Financing Sources:		
Appropriations Used	\$ 5,694.1	\$ 5,799.3
Nonexchange Revenue	\$ 38,548.1	\$ 38,324.9
Donations and Forfeitures of Cash and Cash Equivalents	\$ 273.0	\$ 281.9
Transfers In/Out Without Reimbursement	\$ -	\$ 1,236.6
Other Financing Sources (Nonexchange):		
Other (+/-)	\$ (11,909.2)	\$ (194.1)
Total Financing Sources (Includes Funds from Dedicated Collections - See Note 18)	\$ 32,606.0	\$ 45,448.7
Net Cost of Operations (+/-) (Includes Funds from Dedicated Collections - See Note 18)	\$ 78,364.2	\$ 112,069.3
Net Change	\$ (45,758.2)	\$ (66,620.6)
Cumulative Results of Operations (Includes Funds from Dedicated Collections - See Note 18)	\$ (106,245.6)	\$ (60,487.5)
Net Position	\$ (98,479.4)	\$ (53,243.1)

The accompanying notes are an integral part of these statements.

SECURITY ASSISTANCE ACCOUNTS

COMBINED STATEMENT OF BUDGETARY RESOURCES

(UNAUDITED)

	2021		2020	
	Budgetary	Non-Budgetary Credit Reform Financing Account	Budgetary	Non-Budgetary Credit Reform Financing Account
<i>For Years Ended September 30, 2021 and 2020 (in millions)</i>				
Budgetary Resources				
Unobligated Balance from Prior Year Budget				
Authority, Net (Discretionary and Mandatory) Note 21	\$ 176,910.6	\$ 32.8	\$ 182,734.4	\$ -
Appropriations (Discretionary and Mandatory)	\$ 11,869.7	\$ -	\$ 6,266.3	\$ -
Borrowing Authority (Discretionary and Mandatory)	\$ -	\$ 645.7	\$ -	\$ -
Contract Authority (Discretionary and Mandatory)	\$ 34,385.8	\$ -	\$ 54,653.7	\$ -
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	\$ 114.9	\$ 89.4	\$ 42.3	\$ 853.2
Total Budgetary Resources	<u>\$ 223,281.0</u>	<u>\$ 767.9</u>	<u>\$ 243,696.7</u>	<u>\$ 853.2</u>
Status of Budgetary Resources				
New Obligations and Upward Adjustments (Total)	\$ 44,807.9	\$ 712.1	\$ 69,655.3	\$ 820.4
Unobligated Balance, End of Year:				
Apportioned, Unexpired Accounts	\$ 106,684.1	\$ -	\$ 73,311.3	\$ -
Unapportioned, Unexpired Accounts	\$ 71,608.5	\$ 55.8	\$ 100,488.2	\$ 32.8
Unexpired Unobligated Balance, End of Year	\$ 178,292.6	\$ 55.8	\$ 173,799.5	\$ 32.8
Expired Unobligated Balance, End of Year	\$ 180.5	\$ -	\$ 241.9	\$ -
Unobligated Balance, End of Year (Total)	<u>\$ 178,473.1</u>	<u>\$ 55.8</u>	<u>\$ 174,041.4</u>	<u>\$ 32.8</u>
Total Budgetary Resources	<u>\$ 223,281.0</u>	<u>\$ 767.9</u>	<u>\$ 243,696.7</u>	<u>\$ 853.2</u>
Outlays, Net				
Outlays, Net (Total) (Discretionary and Mandatory)	\$ 39,438.6	\$ -	\$ 43,520.6	\$ -
Distributed Offsetting Receipts (-)	<u>\$ (37,718.9)</u>	<u>\$ -</u>	<u>\$ (38,359.6)</u>	<u>\$ -</u>
Agency Outlays, Net (Discretionary and Mandatory)	<u>\$ 1,719.7</u>		<u>\$ 5,161.0</u>	<u>\$ -</u>
Disbursements, Net				
Disbursements, Net (Total) (Mandatory)		\$ (128.1)		\$ (752.0)
<i>The accompanying notes are an integral part of these statements.</i>				



Notes to the Financial Statements (Unaudited)

Note 1. *Summary of Significant Accounting Policies*

Note Disclosures Related to the Balance Sheet (Unaudited)

Note 2. *Non-Entity Assets*

Note 3. *Fund Balance With Treasury*

Note 4. *Cash And Other Monetary Assets*

Note 6. *Accounts Receivable, Net*

Note 7. *Loans Receivable, Net And Loan Guarantee Liabilities*

Note 8. *Inventory And Related Property, Net*

Note 10. *Other Assets*

Note 11. *Liabilities Not Covered by Budgetary Resources*

Note 12. *Federal Debt and Interest Payable*

Note 13. *Federal Employee and Veteran Benefits Payable*

Note 15. *Other Liabilities*

Other Statements (Unaudited)

Note 19. *Disclosures Related to the Statement of Net Cost*

Note 20. *Disclosures Related to the Statement of Changes in Net Position*

Note 21. *Disclosures Related to the Statement of Budgetary Resources*

Note Disclosures Not Pertaining to a Specific Statement (Unaudited)

Note 24. *Reconciliation of Net Cost to Net Outlays*

Note 31. *Reclassification of Financial Statement Line Items for Financial Report compilation Process*

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Security Cooperation (SC) comprises all activities undertaken by the Department of Defense (DoD) to encourage and enable international partners to work with the United States to achieve strategic objectives. It includes all DoD interactions with foreign defense and security establishments, including all DoD-administered Security Assistance (SA) programs, that build defense and security relationships; promote specific U.S. security interests, including all international armaments cooperation activities and SA activities; develop allied and friendly military capabilities for self-defense and multinational operations; and provide U.S. forces with peacetime and contingency access to host nations. It is DoD policy that SC is an important tool of national security and foreign policy and is an integral element of the DoD mission. SC activities shall be planned, programmed, budgeted, and executed with the same high degree of attention and efficiency as other integral DoD activities. SC requirements shall be combined with other DoD requirements and implemented through standard DoD systems, facilities, and procedures.

SA is a group of programs, authorized under Title 22 authorities, by which the United States provides defense articles, military education and training, and other defense-related services by grant, loan, credit, cash sales, or lease, in furtherance of national policies and objectives. All SA programs are subject to the continuous supervision and general direction of the Secretary of State to best serve U.S. foreign policy interests; however, programs are variously administered by DoD or Department of State (DoS). Those SA programs that are administered by DoD are a subset of SC.

B. Basis of Presentation

These financial statements have been prepared to report the financial position and results of operations of the Security Assistance Accounts (SAA), which include analysis of the Foreign Military Sales (FMS) Trust Fund and several other accounts that are, identified in the President's Budget Request, appropriated through DoS, Foreign Operations, and Related Programs Appropriations Act. These accounts include those that contain U.S. government funds appropriated for Title 22 security assistance and funds deposited by foreign countries and international organizations, or by other entities for the use of foreign countries and international organizations. See paragraph 1.C, Appropriations and Funds, for a list of these accounts. The FMS Trust Fund and other accounts for funds appropriated for security assistance are managed by Defense Security Cooperation Agency (DSCA) on behalf of DoD, in accordance with the authority delegated from the Executive Office of the President (EOP), the requirements of the Chief Financial Officers Act of 1990 (CFO Act), as expanded by the Government Management Reform Act of 1994, and other applicable laws and regulations. The FMS Trust Fund and the accounts for funds appropriated for security assistance hereafter will be referred to as the Security Assistance Accounts.

The financial statements were prepared from accounting records that are maintained by the Implementing Agencies (IA), consisting of the Military Departments (MILDEPs), Other Defense Organizations (ODO), and the Defense Finance and Accounting Service (DFAS) in accordance with,

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

and to the extent possible, U.S. Generally Accepted Accounting Principles (U.S. GAAP) promulgated by the Federal Accounting Standards Advisory Board (FASAB); the Office of Management and Budget (OMB) Circular No. A-136, Financial Reporting Requirements; and the DoD Financial Management Regulation (FMR).

The accompanying financial statement information encompasses all SAA unless otherwise noted. Information relating to classified assets, programs, and operations is excluded from the statements or otherwise aggregated and reported in such a manner that it is not discernible.

The DoD accounting processes used to compile SAA financial data are unable to fully implement all elements of U.S. GAAP and OMB Circular No. A-136 due to limitations of financial management processes, financial systems, and nonfinancial systems and processes that support the financial statements. Many of the accounts derive their reported values and other information for major asset and liability categories largely from nonfinancial systems, such as the SAA's case management systems. Such legacy systems were designed to support reporting requirements for maintaining asset accountability and reporting the status of federal appropriations rather than preparing financial statements consistent with U.S. GAAP. There are ongoing efforts to implement process and system improvements addressing these limitations. The SAA rely heavily on the DoD infrastructure; therefore, the success of the SAA is dependent on the DoD's ability to mitigate their material weaknesses.

C. Mission of the Reporting Entity

This mission includes leading and managing security cooperation programs and resources to support the U.S. national security objectives. Such programs build relationships with foreign countries and international organizations that promote the U.S. interests, develop allied and partner capacities for self-defense and coalition participation in overseas contingency operations, and promote peacetime and contingency access for U.S. forces. The SAA accomplishes its responsibilities for security cooperation in concert with DOS, MILDEPs, other U.S. Government organizations, U.S. industry, and non-governmental organizations. Together the SC provide financial and technical assistance, Foreign Military Financing (FMF) for defense articles and services, including training, provided through the FMS program, as well as training provided and funded under International Military Education and Training (IMET) authorities.

D. Appropriations and Funds

The FMS Trust Fund is a U.S. Treasury account (Treasury Account Symbol (TAS) 8242) which contains deposits from FMS foreign country and international organization customers, as well as funds transferred into the account from U.S. Government appropriations, for use in carrying out specific programs in accordance with the Arms Export Control Act (AECA), as amended (22 U.S.C. § 2751 et seq.), the Foreign Assistance Act (FAA) of 1961, as amended, (22 U.S.C. § 2151 et seq.), and other legal authorities. The monies in the FMS Trust Fund are subject to U.S. Treasury account system controls

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

from the date of receipt to the date of expenditure or refund. At the country or customer level there are distinct subsidiary accounts used by DoD through DSCA and DFAS to separately and individually account for each FMS customer's deposits, other collections or deposits, payments of bills, refunds, and adjustments. At the U.S. Treasury level, the corpus of the FMS Trust Fund represents the total aggregations of balances (receipts minus disbursements) for all activities and programs.

The SAA uses separate U.S. Treasury Accounts for the General Fund Foreign Operations (International Affairs) appropriations. These accounts are:

- International Military Education and Training (TAS 1081)
- Foreign Military Financing Program Account (TAS 1082)
- Foreign Military Financing, Direct Loan Program Account (TAS 1085)
- Assistance for Relocation of Facilities in Israel, Executive (TAS 1088)
- Foreign Military Financing Program Account, Negative Subsidies (TAS 2724.001)
- Foreign Military Financing, Downward Reestimates of Subsidies (TAS 2724.003)
- Foreign Military Loan Liquidating Account (TAS 4121)
- Foreign Military Financing, Direct Loan Financing Account (TAS 4122)
- Military Debt Reduction Financing Account (TAS 4174)
- Special Defense Acquisition Fund (TAS 4116)
- Security Assistance and International Programs Deposit Account (TAS 6147)

The SAA designates funds as general, special, and trust funds. The SAA uses these appropriations and funds to execute its missions and subsequently reports on resource usage.

General and special appropriations transferred into the FMS Trust Fund are used for financial transactions, including personnel, operations and maintenance of security assistance functions, and financing of FMS, which may include sales of defense articles and services from stock or through procurement, and the sale of foreign military construction.

The FMS Trust Fund accounts for receipts and expenditures of funds held in trust by the U.S. government for use in carrying out specific purposes or programs in accordance with applicable laws, regulations, and agreements.

The SAA is a party to allocation transfers with other Federal agencies as both a transferring (parent) entity and a receiving (child) entity. Allocation transfers are legal delegations by one entity of its authority to obligate budget authority and outlay funds to another entity. A separate fund account (allocation account) is created in the U.S. Treasury as a subset of the parent fund account for tracking and reporting purposes. All allocation transfers of balances are credited to this account, and subsequent obligations and outlays incurred by the child entity are charged to this allocation account as they execute the delegated

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

activity on behalf of the parent entity. Generally, all financial activity related to these allocation transfers (e.g., budget authority, obligations, outlays) is reported in the financial statements of the parent entity from which the underlying legislative authority, appropriations and budget apportionments are derived. Exceptions to this general rule affecting the SAA include all U.S. Treasury-Managed Trust Funds, EOP, and all other funds specifically designated by OMB. The SAA's managed T22 appropriations related to security assistance are allocation transfers from the EOP qualifying as the OMB exception mentioned above and all related activity is reported separately from the consolidated DoD financial statements.

E. Basis of Accounting

The legacy financial management systems utilized by IAs to execute SAA activities are not fully compliant with full accrual accounting requirements. Many of the IA's financial and nonfinancial feeder systems and processes were designed and implemented prior to the issuance of U.S. GAAP guidance. These legacy systems were not designed to collect and record financial information on a full accrual accounting basis as required by U.S. GAAP.

The SAA's financial statements and supporting trial balances are compiled from the underlying financial data and trial balances of the IAs. The underlying data is largely derived from budgetary transactions (obligations, disbursements, and collections), from nonfinancial feeder systems, and accruals made for major items such as payroll expenses, and accounts payable. Some of the sub-entity level trial balances may reflect known abnormal balances resulting largely from business and system processes. At the consolidated SAA level these abnormal balances may not be evident. Disclosures of abnormal balances are made in the applicable footnotes, but only to the extent that the abnormal balances are evident at the consolidated level.

The SAA, with the IAs, is continuing the actions required to bring its financial and nonfinancial feeder systems and processes into compliance with U.S. GAAP. One such action is the current revision of accounting systems to record transactions based on the U.S. Standard General Ledger (USSGL). Until all IA systems and related processes are able to collect and report financial information as required by U.S. GAAP, there will be instances when the reported financial data is based on budgetary transactions data from nonfinancial feeder systems.

F. Revenues and Other Financing Sources

As authorized by The Foreign Assistance Act (FAA) of 1961, as amended and The Arms Export Control Act (AECA) of 1976, as amended, payments for the sales of defense articles and services are deposited into the FMS Trust Fund. Appropriations provided on an annual or multiyear basis for security assistance are a financing source and are transferred into the FMS Trust Fund, or deposited into the accounts for funds appropriated for security assistance. Pricing for defense articles and services, including training, is established to recover costs as required by the AECA, the FAA, and OMB Circular A-25, User Charges. The SAA recognize revenue when earned within the constraints of current system capabilities.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The SAA does not include nonmonetary support provided by friendly foreign countries and international organizations in amounts reported in the Statement of Net Cost and Note 24, Reconciliation of Net Cost to Net Outlays.

The SAA participates in assistance in-kind agreements in its overseas presence. The assistance in kind provided in support of security cooperation programs includes the use of facilities and personnel (guards and drivers) at a small number of Security Cooperation Offices worldwide.

The SAA collects payments from foreign customers in advance of delivery of goods or services and records unearned revenue accordingly. Revenue is considered earned once goods or services have been provided to the foreign partner.

G. Recognition of Expenses

SAA policy requires the recognition of operating expenses in the period incurred. Current financial and nonfinancial feeder systems utilized by SAA were not designed to collect and record transactions on an accrual accounting basis. Estimates are made for major items such as payroll expenses, accounts payable, and unbilled revenue. The SAA continues to implement process and system improvements to address these limitations.

H. Accounting for Intragovernmental Activities

The reporting entity is a component of the U.S. Government. For this reason, some of the assets and liabilities reported by the entity may be eliminated for Government-wide reporting because they are offset by assets and liabilities of another U.S. Government entity. These financial statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity. Accounting standards require an entity to eliminate intra-entity activity and balances from consolidated financial statements to prevent overstatement for business with itself. However, SAA cannot accurately identify most of its intragovernmental transactions because IA systems do not track buyer and seller data needed to match related transactions. The DoD is enhancing systems and a standard financial information structure incorporating the necessary elements to enable DoD to correctly report, reconcile, and eliminate intragovernmental balances.

The Treasury Financial Manual Part 2- Chapter 4700, “Federal Entity Reporting Requirements for the Financial Report of the United States Government,” provides guidance for reporting and reconciling intragovernmental balances. The funds within the SAA are unable to fully reconcile intragovernmental transactions with all federal agencies; however, the SAA are able to reconcile balances pertaining to borrowing from the U.S. Treasury and the Federal Financing Bank, Federal Employees’ Compensation Act (FECA) transactions with the Department of Labor, and benefit program transactions with the Office of Personnel Management.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Imputed financing represents the costs paid on behalf of the FMS Trust Fund by the Office of Personnel Management for employee pension, post-retirement health, and life insurance benefits; and the Department of Labor for post-employment benefits for terminated and inactive employees to include unemployment and workers' compensation under the Federal Employees' Compensation Act.

The DoD's proportionate share of public debt and related expenses to the Federal Government is not included. The Federal Government does not apportion debt and its related costs to federal agencies. The DoD's financial statements do not report any public debt, interest, or source of public financing whether from issuance of debt or tax revenues.

I. Transactions with Foreign Governments and International Organizations

Each year, SAA sells defense articles and services to foreign governments and international organizations under the provisions of the AECA. Under the provisions of the Act, DoD has authority to sell defense articles and services to foreign countries and international organizations generally at no profit or loss to the Federal Government. Payment in U.S. dollars is required in advance of vendor payment and delivery of goods and services to the foreign partner.

J. Funds with the U.S. Treasury

The SAA monies are held in U.S. Treasury accounts and the Federal Reserve Bank in individual accounts established by the U.S. for foreign countries. Funds held in the Federal Reserve Bank are transferred to the FMS Trust Fund account to be disbursed for FMS purposes.

For monetary financial resources maintained in U.S. Treasury accounts, the disbursing offices of DFAS, the Military Departments, the U.S. Army Corps of Engineers (USACE), and the DOS's financial service centers process the majority of SAA cash collections, disbursements, and adjustments worldwide. Each disbursing station prepares monthly reports that provide information to the U.S. Treasury on checks issued, electronic fund transfers, interagency transfers, and deposits.

In addition, DFAS and the USACE Finance Center submit reports to the U.S. Treasury, by appropriation, on interagency transfers, collections received, and disbursements issued. The U.S. Treasury records this information to the applicable Fund Balance with Treasury (FBwT) account. On a monthly basis the FBwT for the SAA is reviewed and adjusted as required to agree with the U.S. Treasury accounts.

K. Cash and Other Monetary Assets

Cash is the total of cash resources under the control of DoD including coin, paper currency, negotiable instruments, which are held for deposit in banks or other financial institutions and is classified as "nonentity" and is restricted.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The FMS Trust Fund only accepts U.S. dollars for payment of defense articles and services per DSCA 5015.38-M Security Assistance Management Manual; Chapter 9; Financial Policies and Procedures.

L. Accounts Receivable

The SAA accounts receivable from other federal entities or the public include: accounts receivable, claims receivable, and refunds receivable. Allowances for uncollectible accounts due from the public are based upon analysis of collection experience by fund type. Gross receivables must be reduced to net realizable value by an allowance for doubtful accounts in accordance with SFFAS 1 and Technical Bulletin 2020-1, Loss Allowance for Intragovernmental Receivables.

M. Direct Loans and Loan Guarantees

Federal Credit Reform Act (FCRA) of 1990 governs all amended direct loan obligations and loan guarantee commitments made after FY 1991 resulting in direct loans or loan guarantees. As required by SFFAS 2, Accounting for Direct Loans and Loan Guarantees, the present value of the subsidy costs associated with direct loans and loan guarantees is recognized as costs in the year the direct or guaranteed loan is disbursed.

The SAA administers the FMF program on behalf of the EOP. Direct loans and loan guarantees are authorized by sections 23 and 24 of the AECA, Public Law (P.L). 90-269, as amended; section 503(a) of the FAA; and other specific legislation. These loans and guarantees assist friendly foreign countries and international organizations in purchasing U.S. defense articles and services.

N. Inventories and Related Property

The SAA maintain inventories in the Special Defense Acquisition Fund (SDAF) until it is placed on an FMS case. For FMS Trust Fund, the defense articles are provided to FMS customers from the U.S. Government or the contractor pursuant to a contract with the U.S. Government. Defense articles sold from the DoD or the U.S. Coast Guard are assets of the providing component until title is transferred to foreign customer.

O. Investments in U.S. Treasury Securities

Not applicable

P. General Property, Plant and Equipment

Not applicable

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Advances and Prepayments

When advances are permitted by law, legislative action, or presidential authorization, the DoD's policy is to record advances and prepayments in accordance with U.S. GAAP. As such, payments made in advance of the receipt of goods and services are reported as an asset on the Balance Sheet. The DoD's policy is to expense and/or properly classify assets when the related goods and services are received. Not all implementing agencies executing on behalf of the SAA have implemented this policy primarily due to system limitations.

R. Leases

The SAA do not have capital leases and currently is not able to reliably estimate the value of operating leases.

S. Other Assets

Other assets include civil service employee pay advances, travel advances, and certain contract financing payments not reported elsewhere on the SAA Balance Sheet.

The SAA conduct business with commercial contractors using two primary types of contracts: fixed price and cost reimbursable. Contract financing payments are defined in the Federal Acquisition Regulations, Part 32, as authorized disbursements to a contractor prior to acceptance of supplies or services by the Government. These payments are designed to alleviate the potential financial burden on contractors performing on certain long-term contracts and facilitate competition for defense contracts. Contract financing payment clauses are incorporated in the contract terms and conditions and may include advance payments, performance-based payments, commercial advance and interim payments, progress payments based on cost, and interim payments under certain cost-reimbursement contracts. It is DoD policy to record certain contract financing payments as other assets.

Contract financing payments do not include invoice payments, payments for partial deliveries, lease and rental payments, or progress payments based on a percentage or stage of completion. The Defense Federal Acquisitions Regulation Supplement authorizes progress payments based on a percentage or stage of completion only for construction of real property, shipbuilding, and ship conversion, alteration, or repair. Progress payments based on percentage or stage of completion are reported as Construction in Progress.

T. Contingencies and Other Liabilities

The Statement of Federal Financial Accounting Standard (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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

more future events occur or fail to occur. The SAA recognize contingent liabilities when past events or exchange transactions occur, a future loss is probable, and the loss amount can be reasonably estimated.

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. The SAA risk of loss due to contingencies arise as a result of pending or threatened litigation or claims and assessments due to events such as aircraft, ship, and vehicle accidents; medical malpractice; property or environmental damages; and contract disputes.

U. Accrued Leave

For personnel compensation and benefits the issue is usually the “timing” of the obligation and not the “amount” of the obligation. The amount is prescribed by laws that cover the civil service and the uniformed service and determined by well-established personnel procedures. As for the timing of the obligation, the amounts generally are recorded as obligations as the amounts are earned during the reporting pay period, with the following exception:

Annual leave at the time it becomes due and payable as terminal leave or taken in lieu of a lump sum payment because normally, annual leave is unfunded.

The balance of the liabilities for annual leave and other leave (compensatory time and credit hours), including fringe benefit costs associated with the leave, must be assessed and, as needed, adjusted to reflect all pay increases and unused leave balances at least quarterly for financial statement purposes. For General funds, unused annual leave is typically unfunded until the leave is used.

The FMS Trust Fund reports liabilities for accrued compensatory and annual leave for civilians. Sick leave for civilians is expensed as taken. The liabilities are based on current pay rates.

V. Net Position

Net position consists of unexpended appropriations and cumulative results of operations. Unexpended appropriations represent the amounts of budget 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. Cumulative results of operations represent the net difference between expenses and losses and financing sources (including appropriations, revenue, and gains) since inception. The cumulative results of operations also include donations and transfer in and out of assets that were not reimbursed.

W. Treaties for Use of Foreign Bases

Not applicable

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

X. Undistributed Disbursements and Collections

Undistributed disbursements and collections represent the difference between disbursements and collections matched at the transaction level to specific obligations, payables, or receivables in the source systems and those reported by the U.S. Treasury. Supported disbursements and collections may be evidenced by the availability of corroborating documentation generally support the summary level adjustment made to accounts payable and receivable. Unsupported disbursements and collections do not have supporting documentation for the transactions and most likely would not meet audit scrutiny. However, both supported and unsupported adjustments may have been made to the SAA accounts payable and receivable trial balances prior to validating underlying transactions. As a result, misstatements of reported Accounts Payable and Receivable are likely included in the SAA financial statements.

Due to noted material weaknesses in current accounting and financial feeder systems, the DoD is generally unable to determine whether undistributed disbursements and collections should be applied to federal or nonfederal accounts payables/receivable at the time accounting reports are prepared. Accordingly, the SAA on this DoD policy and the DoD infrastructure, to allocate supported undistributed disbursements and collections between federal and nonfederal categories based on the percentage of distributed federal and nonfederal accounts payable and accounts receivable. Unsupported undistributed disbursements and collections are also applied to reduce accounts payable and receivable accordingly.

Y. Fiduciary Activities

Not applicable

Z. Military Retirement and Other Federal Employment Benefits

Not applicable

AA. Significant Events

Not applicable

NOTE 2. NON-ENTITY ASSETS

Table 2. Non-Entity Assets

<i>As of September 30 (in millions)</i>	2021	2020
Intragovernmental Assets		
Fund Balance with Treasury	\$ 20,712.7	\$ (2.2)
Total Intragovernmental Assets	\$ 20,712.7	\$ (2.2)
Non-Federal Assets		
Cash and Other Monetary Assets	\$ 38,554.5	\$ 34,094.7
Accounts Receivable	\$ 449.8	\$ 683.5
Total Non-Federal Assets	\$ 39,004.3	\$ 34,778.2
Total Non-Entity Assets	\$ 59,717.0	\$ 34,775.9
Total Entity Assets	\$ 26,768.9	\$ 51,273.8
Total Assets	\$ 86,485.9	\$ 86,049.7

Intragovernmental Assets

Nonentity Assets are assets for which the SAA maintain stewardship accountability and reporting responsibility but are not available for the SAA's operations.

Fund Balance with Treasury and Cash and Other Monetary Assets consist of advance deposits from friendly countries and international organizations to facilitate the purchase of U.S. defense articles and services based on future requirement forecasts.

Accounts Receivable consist of amounts for interest, fines, and penalties due on debt from loans and nonfederal funds owed to the FMS Trust Fund country accounts in litigation at Department of Justice or collection status at DFAS. Some portion of these uncollected funds may be payable to the FMS Administrative Surcharge account but are not discernible prior to collection.

Non-Federal Assets

Nonfederal other Assets consist primarily of advances paid for undelivered defense articles and services intended for future delivery to the FMS customer.

NOTE 3. FUND BALANCE WITH TREASURY

Table 3. Status of Fund Balance with Treasury

<i>As of September 30 (in millions)</i>	2021	2020
Unobligated Balance		
Available	\$ 106,684.1	\$ 73,311.3
Unavailable	\$ 71,915.4	\$ 106,453.2
Total Unobligated Balance	\$ 178,599.5	\$ 179,764.5
Obligated Balance Not Yet Disbursed	\$ 58,639.1	\$ 56,296.6
Non-Budgetary FBWT		
Deposit funds	\$ 16.7	\$ -
Total Non-Budgetary FBWT	\$ 16.7	\$ -
Non-FBWT Budgetary Accounts		
Contract Authority	\$ (191,851.4)	\$ (193,363.4)
Total Non-FBWT Budgetary Accounts	\$ (191,851.4)	\$ (193,363.4)
Total FBWT	\$ 45,403.9	\$ 42,697.7

The Status of FBwT, as presented in Table 3, reflects the reconciliation between the budgetary resources supporting FBwT (largely consisting of Unobligated Balance and Obligated Balance Not Yet Disbursed) and those resources provided by other means. The Total FBwT reported on the Balance Sheet reflects the budgetary authority remaining for disbursements against current or future obligations. Unobligated Balance is classified as available or unavailable and represents the cumulative amount of budgetary authority set aside to cover future obligations. The available balance consists primarily of the unexpired, unobligated balance that has been apportioned and available for new obligations. The unavailable balance consists primarily of funds invested in Treasury securities and are temporarily precluded from obligation by law. Certain unobligated balances are restricted for future use and are not apportioned for current use. Unobligated balances for trust fund accounts are restricted for use by public laws establishing the funds.

Obligated Balance Not Yet Disbursed represents funds obligated for goods and services but not paid.

NOTE 3. FUND BALANCE WITH TREASURY (CONTINUED)

Contract Authority and Spending Authority from Anticipated Collections does not increase the FBwT when initially posted, but does provide budgetary resources. FBwT increases only after the customer payments for services or goods rendered have been collected. Conversely, appropriations received increase FBwT upon receipt of the budget authority.

Unfilled Customer Orders Without Advance and Reimbursements and Other Income Earned - Receivable provide budgetary resources when recorded. FBwT is only increased when reimbursements are collected, not when orders are accepted or have been earned.

The FBwT reported in the financial statements has been adjusted to reflect the SAA's balance as reported by Treasury. The difference between FBwT in the SAA's general ledgers and FBwT reflected in the Treasury accounts is attributable to transactions that have not been posted to the individual detailed accounts in the DoD Components' general ledgers as a result of timing differences or the inability to obtain valid accounting information prior to the issuance of the financial statements. When research is completed, these transactions will be recorded in the appropriate individual detailed accounts in the IA's general ledger accounts and up the SAA financial statements.

For FY 21, there is a variance of \$8.4 million between the total FBwT stated in Note 3 and FBwT stated on the balance sheet. This variance is due to a prior year adjustment requested by OMB in FY21 to correct a FY20 sequestration for the FMS Trust Fund.

NOTE 4. CASH AND OTHER MONETARY ASSETS

Table 4. Cash and Other Monetary Assets

<i>As of September 30 (in millions)</i>	2021	2020
Cash	\$ 38,554.5	\$ 34,094.7
Total Cash and Foreign Currency	<u>\$ 38,554.5</u>	<u>\$ 34,094.7</u>

Cash balance as of September 30, 2021 and 2020 includes advance deposits from foreign nations in the Federal Reserve Bank and Commercial Banking Account which have not been transferred to the Foreign Military Sales Trust Fund and are not available for agency use (nonentity cash).

NOTE 5. INVESTMENTS AND RELATED INTEREST

Table 5. Investments and Related Interest

The SAA had no Investments or Related Interest in FY 2021 or FY 2020.

NOTE 6. ACCOUNTS RECEIVABLE, NET

Table 6. Accounts Receivable, Net

As of September 30 (in millions)	2021		
	Gross Amount Due	Allowance for Estimated Uncollectibles	Accounts Receivable, Net
Intragovernmental			
Receivables	\$ 2.8	\$ -	\$ 2.8
Non-Federal Receivables			
(From the Public)	\$ (80.9)	\$ (0.1)	\$ (81.0)
Total Accounts Receivable	\$ (78.1)	\$ (0.1)	\$ (78.2)

As of September 30 (in millions)	2020		
	Gross Amount Due	Allowance for Estimated Uncollectibles	Accounts Receivable, Net
Intragovernmental			
Receivables	\$ 96.5	\$ -	\$ 96.5
Non-Federal Receivables			
(From the Public)	\$ (106.5)	\$ (0.1)	\$ (106.6)
Total Accounts Receivable	\$ (10.0)	\$ (0.1)	\$ (10.1)

Accounts Receivable represent the Foreign Military Sales (FMS) Trust Fund claim for payment from other entities. Allowances for uncollectible accounts are based on an estimation methodology using three years of historical collection data and is calculated on consolidated receivable balances.

The \$81 million and \$106 million in FY 2021 and FY 2020, respectively, abnormal balance in Non-Federal Accounts Receivable is related to main account 8242 (the FMS Trust Fund) and is due to improper reporting from feeder accounting systems. The SAA is researching the root cause of this abnormal balance to be corrected in future reporting periods.

NOTE 7. LOANS RECEIVABLE, NET AND LOAN GUARANTEE LIABILITIES

Direct Loan and Loan Guarantee Programs

The SAA operates the following direct loans and/or loan guarantee programs:

The Arms Export Control Act, as amended, authorizes funds to be appropriated to the President for financing the sales of defense articles and defense services to eligible foreign countries. Each loan is reviewed in the light of the purchasing country's financial condition, its need for credit, U.S. economic or military assistance programs in the country and region, and other proposed arms purchases by the country. The President delegates to the Secretary of Defense the authority to issue and guaranty loans through the designated administering agency, SAA. The loans are issued to friendly, less economically developed countries. Pursuant to the authority contained in the Act, SAA operates the four funds, known as:

Foreign Military Loan Liquidating Account (FMLLA)), for pre-1992 loans

Foreign Military Financing Direct Loan Program Account (FMFDLPA), for post-1991 loans

Foreign Military Financing Direct Loan Financing Accounts (FMFDLFA), for post-1991 loans

Military Debt Reduction Financing Account (MDRFA) for reducing loan receivables for eligible countries.

The FMLLA is a liquidating account including all assets, liabilities, and equities for loan balances recorded prior to FY 1992. No new loan disbursements are made from this account. Certain collections made into this account are made available for default claim payments. The Federal Credit Reform Act of 1990 (FCRA) provides permanent indefinite authority to cover obligations for default payments in the event the funds in the liquidating account are otherwise insufficient.

The FMFDLPA is a program account established pursuant to the FCRA to provide the funds necessary for the subsidy element of loans. Expenditures from this account finance the subsidy element of direct loan disbursements and are transferred into the FMFDLFA to make required loan disbursements for approved Foreign Military Sales or commercial sales.

The FMFDLFA is a financing account used to make disbursements of Foreign Military Loan funds for approved procurements and for subsequent collections for the loans after September 30, 1991. The account uses permanent borrowing authority from the U.S. Treasury combined with transfers of appropriated funds from FMFDLPA to make the required disbursements to loan recipient country borrowers for approved procurements. Receipts of debt service collections from borrowers are used to repay borrowings from U.S. Treasury.

NOTE 7. LOANS RECEIVABLE, NET AND LOAN GUARANTEE LIABILITIES (CONTINUED)

The MDRFA is a financing account established for the debt relief of certain countries as established by Public Law 103-87. The MDRFA buys the portfolio of loans from the FMLLA, thus transferring the loans from the FMLLA account to the MDRFA account. The Paris Club negotiates the debt forgiveness with Highly Indebted Poor Countries (HIPC). The Paris Club has twenty-two member countries that negotiate rescheduling or refinancing of debt for HIPC. The Paris Club provides debt reduction initially on payments coming due over a specific period corresponding to the length of an International Monetary Fund (IMF) supported economic reform program. Reduction then is staged, with each successive stage contingent upon debtor country compliance with its IMF-support program. Under Naples Terms, stock of debt reduction is provided after three years of good performance with respect to IMF reform programs and payments to Paris Club creditors. The United States incurs the budget cost of the eventual stock of debt reduction when it agrees to the initial “maturities” reduction of payments coming due, since bilateral agreements commit us to stock reduction once the Paris Club agrees to provide them.

The FCRA governs all amended direct loan obligations and loan guarantee commitments made after FY 1991 resulting in direct loans or loan guarantees.

The SAA loans are reported at the present value basis for post-credit reform loans and under the allowance-for-loss method for pre-credit reform of the following projected cash flows: (1) loan disbursements, (2) repayments of principal, and (3) payments of interest and other payments over the life of the loan after adjusting for estimated defaults, prepayments, fees, penalties, and other recoveries.

NOTE 7. LOANS RECEIVABLE, NET AND LOAN GUARANTEE LIABILITIES (CONTINUED)

Direct Loans and Loan Guarantee Programs

Table 7A. Summary of Direct Loans and Loan Guarantees

<i>As of September 30 (in millions)</i>	2021	2020
Loans Receivable, net		
Direct Loan		
Foreign Military Loan Liquidating Account	\$ 449.8	\$ 683.5
Military Housing Privatization Initiative		
Foreign Military Financing Account	\$ 1,557.7	\$ 1,723.7
Military Debt Reduction Financing Account	\$ 38.7	\$ -
Total Direct Loan	\$ 2,046.2	\$ 2,407.2
Total Default Loan Guarantees	\$ -	\$ -
Total Loans Receivable, Net	\$ 2,046.2	\$ 2,407.2

<i>As of September 30 (in millions)</i>	2021	2020
Loan Guarantee Liabilities		
Military Housing Privatization Initiative	\$ -	\$ -
Other Programs	\$ -	\$ -
Total Loan Guarantee Liabilities	\$ -	\$ -

NOTE 7. LOANS RECEIVABLE, NET AND LOAN GUARANTEE LIABILITIES (CONTINUED)

Table 7B. Direct Loans Obligated

As of September 30 (in millions)	2021	2020
Direct Loans Obligated Prior to FY 1992 (Allowance for Loss Method):		
Foreign Military Loan Liquidating Account		
Loans Receivable, Gross	\$ 219.9	\$ 311.4
Interest and Fees Receivable	\$ 1,734.1	\$ 2,353.2
Present Value Allowance/ Allowance for Loan Losses	\$ (1,504.2)	\$ (1,981.2)
Direct Loans, Net	\$ 449.8	\$ 683.4
Direct Loans Obligated After FY 1991:		
Foreign Military Financing Account		
Loans Receivable, Gross	\$ 1,923.8	\$ 2,581.1
Interest and Fees Receivable	\$ 24.5	\$ -
Allowance for Subsidy Cost (Present Value)	\$ (390.6)	\$ (857.4)
Direct Loans, Net	\$ 1,557.7	\$ 1,723.7
Military Debt Reduction Financing Account		
Loans Receivable, Gross	\$ 38.6	\$ -
Allowance for Subsidy Cost (Present Value)	\$ 0.1	\$ -
Direct Loans, Net	\$ 38.7	\$ -
Other Programs		
Loans Receivable, Gross	\$ 2,182.3	\$ 2,892.6
Interest and Fees Receivable	\$ 1,758.7	\$ 2,353.2
Allowance for Subsidy Cost (Present Value)	\$ (1,894.8)	\$ (2,838.6)
Direct Loans, Net	\$ 2,046.2	\$ 2,407.2

**NOTE 7. LOANS RECEIVABLE, NET AND LOAN
GUARANTEE LIABILITIES
(CONTINUED)**

Other Disclosures:

The SAA bills the countries semiannually for loan repayments. Applying terms of the loans with the countries, accrued interest receivable is calculated using the simple interest method.

The allowance for credit subsidy account for the FMFDLFA account is calculated taking into consideration three transactions: (1) transfers of subsidy from the program account to the financing account; (the subsidy is the difference between the expected cash outlays from the U.S. Government and the present value of the expected collections); (2) interest payments from the U.S. Treasury to the financing fund; and (3) upward adjustments due to re-estimates as U.S. Treasury borrowing rates change over time from the loan repayment rate and an increase in estimated defaults on the loan.

Table 7C. Total Amount of Direct Loans Disbursed (Post-1991)

The SAA had no Direct Loans Disbursed in FY 2021 or FY 2020.

Table 7D. Subsidy Expense for Direct Loan by Program

The SAA had no subsidy expenses for Direct Loan Programs in FY 2021 or FY 2020.

Table 7E. Budget Subsidy Rates for Direct Loans by Program for the Current Year’s Cohorts

The SAA had no budget subsidy rates for Direct Loans in FY 2021 or FY 2020.

NOTE 7. LOANS RECEIVABLE, NET AND LOAN GUARANTEE LIABILITIES (CONTINUED)

Table 7F. Schedule for Reconciling Subsidy Cost Allowance Balances (Post-1991 Direct Loans)

<i>As of September 30 (in millions)</i>	2021	2020
Beginning Balance of the Subsidy Cost Allowance	\$ 857.4	\$ 732.8
Add total subsidy expense for direct loans disbursed during the reporting years shown in Table 7D.1 and 7D.2	\$ -	\$ -
Adjustments:		
Subsidy Allowance Amortization	\$ (466.8)	\$ 124.6
Ending Balance of the Subsidy Cost Allowance before Reestimates	\$ 390.6	\$ 857.4
Add or subtract total subsidy reestimates as shown in Table 7D.3 and 7D.4	\$ -	\$ -
Ending Balance of the Subsidy Cost Allowance	<u>\$ 390.6</u>	<u>\$ 857.4</u>

Table 7G. Defaulted Guaranteed Loans from Post-1991 Guarantees

The SAA had no Defaulted Guaranteed Loans in FY 2021 or FY 2020.

Table 7H. Guaranteed Loans Outstanding

The SAA had no outstanding Guaranteed Loans in FY 2021 or FY 2020.

**NOTE 7. LOANS RECEIVABLE, NET AND LOAN
GUARANTEE LIABILITIES**
(CONTINUED)

Table 7I. Liabilities for Loan Guarantees (Present Value)

The SAA had no liabilities for Loan Guarantees in FY 2021 or FY 2020.

Table 7J. Subsidy Expense for Loan Guarantees by Program

The SAA had no subsidy expense for Loan Guarantees in FY 2021 or FY 2020.

Table 7K. Budget Subsidy Rates for Loan Guarantees by Program for the Current Year's Cohorts

The SAA had no budget subsidy rates for Loan Guarantees in FY 2021 or FY 2020.

Table 7L. Schedule for Reconciling Loan Guarantee Liability Balances (Post-1991 Loan Guarantees)

The SAA has no outstanding Loan Guarantee Liability Balances for Post-FY 1991 Loan Guarantees in FY 2021 or FY 2020.

Administrative expenses

Administrative expenses for loans are not funded in the loan program account. The Office of Management and Budget made the decision to fund administration of loans in the Foreign Military Financing Grant account (11*1082) since the dollar amount is immaterial.

NOTE 8. INVENTORY AND RELATED PROPERTY, NET

Table 8A. Inventory and Related Property, Net

As of September 30 (in millions)	2021	2020
Inventory, Net	\$ 525.9	\$ 650.3
Total Inventory and Related Property, Net	\$ 525.9	\$ 650.3

Management is continuing ongoing efforts to determine if there any additional inventory that should be reported in the financial statements and related footnotes. As Management continues to assess the data, reporting and accounting treatment may change in future periods.

Inventory, Net

Table 8B. Inventory Categories

As of September 30 (in millions)	2021			
	Inventory, Gross Value	Revaluation Allowance	Inventory, Net	Valuation Method
Held for Sale	\$ 522.1	\$ -	\$ 522.1	LAC, MAC
Work-in-Process	\$ 3.8	\$ -	\$ 3.8	MAC
Total	\$ 525.9	\$ -	\$ 525.9	

As of September 30 (in millions)	2020			
	Inventory, Gross Value	Revaluation Allowance	Inventory, Net	Valuation Method
Held for Sale	\$ 635.1	\$ -	\$ 635.1	LAC, MAC
Work-in-Process	\$ 15.2	\$ -	\$ 15.2	MAC
Total	\$ 650.3	\$ -	\$ 650.3	

Legend for Valuation Methods:
 LAC = Latest Acquisition Cost, adjusted for holding gains and losses
 NRV = Net Realizable Value; MAC = Moving Average Cost

NOTE 8. INVENTORY AND RELATED PROPERTY, NET (CONTINUED)

General Composition of Inventory

Inventory is tangible personal property such as raw materials to be consumed in the production of goods for sale or in the provision of service for a fee, the value of inventory used in the production process, finished goods held for sale, and goods held for repair and eventual sale. Inventory includes spare and repair parts, clothing and textiles, and fuels held for sale. SAA assigns inventory items to a category based on asset type and condition.

Inventory Restrictions

There are no known restrictions on inventory.

Operating Materiel and Supplies, Net

The SAA does not report Operating Material and Supplies in FY 2021 or FY 2020.

Stockpile Materiel, Net

The SAA does not report Stockpile Material in FY 2021 or FY 2020.

NOTE 9. GENERAL PP&E, NET

The SAA has no general property, plant, and equipment. Management is continuing ongoing efforts to determine if there any PP&E that should be reported in the financial statements and related footnotes. As Management continues to assess the data, reporting and accounting treatment may change in future periods.

NOTE 10. OTHER ASSETS

Table 10. Other Assets

As of September 30 (in millions)	2021	2020
Intragovernmental		
Advances and Prepayments	\$ 10.7	\$ -
Total Intragovernmental	\$ 10.7	\$ -
Other than Intragovernmental		
Outstanding Contract Financing Payments	\$ 10.8	\$ 6,191.2
Advances and Prepayments	\$ 3.7	\$ 18.7
Subtotal	\$ 14.5	\$ 6,209.9
Less: "Outstanding Contract Financing Payments" and "Advances and Prepayments" totaled and presented on the Balance Sheet as "Advances and Prepayments"	\$ (14.5)	\$ (6,209.9)
Net Other than Intragovernmental	\$ -	\$ -
Total Other Assets	\$ 10.7	\$ -

Intragovernmental Other Assets

The SAA has no Intragovernmental Other Assets.

Non-Federal Other Assets

Contract terms and conditions for certain types of contract financing payments convey certain rights to the Foreign Military Sales (FMS) Trust Fund that protect the contract work from state or local taxation, liens or attachment by the contractor's creditors, transfer of property, or disposition in bankruptcy. However, these rights should not be misconstrued to mean that ownership of the contractor's work has transferred to the Government. The Government does not have the right to take the work, except as provided in contract clauses related to termination or acceptance, and the FMS Trust Fund is not obligated to make payment to the contractor until delivery and acceptance of a satisfactory product.

The \$10.8 million of Outstanding Contract Financing payments is related to contract financing payments and estimated future payments to contractors upon delivery and government acceptance of a satisfactory product.

NOTE 11. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

Table 11. Liabilities Not Covered by Budgetary Resources

<i>As of September 30 (in millions)</i>	2021	2020
Intragovernmental Liabilities		
Other	\$ 449.8	\$ 683.5
Total Intragovernmental Liabilities	\$ 449.8	\$ 683.5
Other than Intragovernmental Liabilities		
Accounts payable	\$ (0.1)	\$ (3.5)
Federal employee and veteran benefits payable	\$ 1.2	\$ 0.9
Other liabilities	\$ 38,554.5	\$ 34,094.7
Total Other than Intragovernmental Liabilities	\$ 38,555.6	\$ 34,092.1
Total Liabilities Not Covered by Budgetary Resources	\$ 39,005.4	\$ 34,775.6
Total Liabilities Covered by Budgetary Resources	\$ 145,959.9	\$ 104,517.3
Total Liabilities Not Requiring Budgetary Resources	\$ -	\$ -
Total Liabilities	<u>\$ 184,965.3</u>	<u>\$ 139,292.9</u>

Intragovernmental Liabilities

Other Liabilities consists primarily of pre-credit reform loan receivables that will be due to Treasury upon collection of funds. The SAA currently reports this as a Liability for Non-Entity Assets not reported on the Statement of Custodial Activity, however, there are ongoing efforts to determine proper classification and accounting treatment for balances related to pre-credit reform loans. As such, The SAA's reporting for Pre-credit reform loans may change in future periods.

Non-Federal Liabilities

Accounts Payable primarily represents liabilities in canceled appropriations, which if paid, will be disbursed using current year funds.

Other Liabilities consists primarily of the liability to offset Other Cash currently in Federal Reserve Bank and Commercial Banking Account which have not been transferred to the Foreign Military Sales Trust Fund and are not available for agency use (nonentity cash).

NOTE 11. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES (CONTINUED)

Total Liabilities

Budgetary resources include (1) new budget authority, (2) unobligated balances of budgetary resources at the beginning of the year or net transfers of prior year balances during the year, (3) spending authority from offsetting collections, and (4) recoveries of unexpired budget authority through downward adjustments of prior year obligations. Additionally, liabilities are covered by budgetary resources if they are to be funded by permanent indefinite appropriations, provided that the resources may be apportioned by OMB without further action by Congress and without contingency having to be met first.

Liabilities Not Covered by Budgetary Resources require congressional action before budgetary resources can be provided. Liabilities Not Requiring Budgetary Resources have not in the past and will not in the future require the use of budgetary resources.

NOTE 12. FEDERAL DEBT AND INTEREST PAYABLE

Table 12. Debt

As of September 30 (in millions)	2021		
	Beginning Balance	Net Borrowing	Ending Balance
Agency Debt (Intragovernmental)			
Debt to the Treasury	\$ 1,756.5	\$ (104.3)	\$ 1,652.2
Total Agency Debt	\$ 1,756.5	\$ (104.3)	\$ 1,652.2
Total Debt	\$ 1,756.5	\$ (104.3)	\$ 1,652.2

As of September 30 (in millions)	2020		
	Beginning Balance	Net Borrowing	Ending Balance
Agency Debt (Intragovernmental)			
Debt to the Treasury	\$ 3,114.4	\$ (1,357.9)	\$ 1,756.5
Total Agency Debt	\$ 3,114.4	\$ (1,357.9)	\$ 1,756.5
Total Debt	\$ 3,114.4	\$ (1,357.9)	\$ 1,756.5

The Federal Credit Reform Act (FCRA) of 1990 provides financing accounts with indefinite authority to borrow from the U.S. Treasury to fund disbursements of loans made to sovereign nations for security assistance. This debt to the U.S. Treasury is reflected in the Foreign Military Financing Direct Loan Financing Account and the Military Debt Reduction Account.

The majority of the debt represents direct to foreign countries for pre 1992 and post 1991 loans. The FCRA governs all direct loan obligations and loan guarantee commitments made after FY 1991. Beginning in 1992, based on the FCRA, the security assistance program began borrowing the funds from the U.S. Treasury.

NOTE 13. FEDERAL EMPLOYEE AND VETERAN BENEFITS PAYABLE

The SAA does not report any Military Retirement and Other Federal Employment Benefits in FY 2021 or FY 2020. As the SAA continues to assess data, reporting and accounting treatment of Military Retirement and Other Federal Employment Benefits may change in future periods.

Table 13A. Federal Employee and Veteran Benefits Liability

As of September 30 (in millions)	2021		
	Liabilities	(Assets Available to Pay Benefits)	Unfunded Liabilities
Pension and Health Benefits			
Total Pension and Health Benefits	-	-	-
Other Benefits			
Other	\$ 16.6	\$ (15.3)	\$ 1.2
Total Other Benefits	\$ 16.6	\$ (15.3)	\$ 1.2
Total Federal Employee and Veteran Benefits Payable (presented separately on the Balance Sheet)	\$ 16.6	\$ (15.3)	\$ 1.2
Other benefits-related payables included in Intragovernmental Accounts Payable on the Balance Sheet	\$ -	\$ -	\$ -
Other benefits-related payables included in Intragovernmental Other Liabilities on the Balance Sheet	\$ (0.1)	\$ 0.1	\$ -
Total Federal Employee and Veteran Benefits Payable	\$ 16.5	\$ (15.3)	\$ 1.2
Actuarial Cost Method Used for Pension and Health Benefits: Aggregate Entry-Age Normal Method			
Market Value of Investments in Non-Marketable, Market Based Securities included in Assets Available to Pay Benefits: \$			1.7 trillion

NOTE 13. FEDERAL EMPLOYEE AND VETERAN BENEFITS PAYABLE (CONTINUED)

Table 13A. Federal Employee and Veteran Benefits Liability (continued)

As of September 30 (in millions)	2020		
	Liabilities	(Assets Available to Pay Benefits)	Unfunded Liabilities
Pension and Health Benefits			
Military Retirement Pensions	-	-	-
Military Pre Medicare-Eligible Retiree Health Benefits	-	-	-
Military Medicare-Eligible Retiree Health Benefits	-	-	-
Total Pension and Health Benefits	-	-	-
Other Benefits			
FECA	-	-	-
Voluntary Separation Incentive Programs	-	-	-
DoD Education Benefits Fund	-	-	-
Other	\$ 19.1	\$ (18.2)	\$ 0.9
Total Other Benefits	\$ 19.1	\$ (18.2)	\$ 0.9
Total Federal Employee and Veteran Benefits Payable (presented separately on the Balance Sheet)	\$ 19.1	\$ (18.2)	\$ 0.9
Other benefits-related payables included in Intragovernmental Accounts Payable on the Balance Sheet	\$ -	\$ -	\$ -
Other benefits-related payables included in Intragovernmental Other Liabilities on the Balance Sheet	\$ -	\$ -	\$ -
Total Federal Employee and Veteran Benefits Payable	\$ 19.1	\$ (18.2)	\$ 0.9
<i>Actuarial Cost Method Used for Pension and Health Benefits: Aggregate Entry-Age Normal Method</i> <i>Market Value of Investments in Non-Marketable, Market Based Securities included in Assets Available to Pay Benefits: \$ 1.5 trillion</i>			

NOTE 14. ENVIRONMENTAL AND DISPOSAL LIABILITIES

The SAA has not been made aware of nor currently engaged in litigation related to any Environmental and Disposal Liabilities. Management is continuing ongoing efforts to determine if there any Environmental and Disposal Liabilities that should be reported in the financial statements and related footnotes. As Management continues to assess the data, reporting and accounting treatment may change in future periods.

NOTE 15. OTHER LIABILITIES

Table 15. Other Liabilities

As of September 30 (in millions)	2021		
	Current Liability	Non-Current Liability	Total
Intragovernmental			
Advances from Others and Deferred Revenue	\$ -	\$ -	\$ -
Disbursing Officer Cash	\$ -	\$ -	\$ -
Liabilities for Non-entity Assets	\$ -	\$ 449.8	\$ 449.8
Other Liabilities	\$ -	\$ -	\$ -
Subtotal	\$ -	\$ 449.8	\$ 449.8
Other Liabilities reported on Note 13, Federal Employee and Veteran Benefits Payable	\$ (0.1)	\$ -	\$ (0.1)
Total Intragovernmental	\$ (0.1)	\$ 449.8	\$ 449.7
Other than Intragovernmental			
Accrued Funded Payroll and Benefits	\$ 33.6	\$ -	\$ 33.6
Advances from Others and Deferred Revenue	\$ 126,153.3	\$ -	\$ 126,153.3
Deposit Funds and Suspense Accounts	\$ 16.7	\$ -	\$ 16.7
Conventional Munitions Disposal	\$ -	\$ -	\$ -
Contract Holdbacks	\$ (1.0)	\$ -	\$ (1.0)
Employer Contribution and Payroll Taxes Payable	\$ -	\$ -	\$ -
Contingent Liabilities		\$ -	\$ -
Other Liabilities without Related Budgetary Obligations	\$ 0.0	\$ 38,554.5	\$ 38,554.5
Other Liabilities with Related Budgetary Obligations	\$ 0.0		\$ 0.0
Total Other than Intragovernmental	\$ 126,202.5	\$ 38,554.5	\$ 164,757.0
Total Other Liabilities	\$ 126,202.5	\$ 39,004.3	\$ 165,206.7

NOTE 15. OTHER LIABILITIES (CONTINUED)

Table 15. Other Liabilities (continued)

As of September 30 (in dollars)	2020		
	Current Liability	Non-Current Liability	Total
Intragovernmental			
Liabilities for Non-entity Assets	\$ -	\$ 683.5	\$ 683.5
Subtotal	\$ -	\$ 683.5	\$ 683.5
Other Liabilities reported on Note 13, Federal Employee and Veteran Benefits Payable	\$ -	\$ -	\$ -
Total Intragovernmental	\$ -	\$ 683.5	\$ 683.5
Other than Intragovernmental			
Accrued Funded Payroll and Benefits	\$ 41.6	\$ -	\$ 41.6
Advances from Others and Deferred Revenue	\$ 100,599.7	\$ -	\$ 100,599.7
Other Liabilities without Related Budgetary Obligations	\$ -	\$ 34,094.7	\$ 34,094.7
Total Non-Federal Other Liabilities	<u>\$ 100,641.3</u>	<u>\$ 34,094.7</u>	<u>\$ 134,736.0</u>
Total Other Liabilities	<u>\$ 100,641.3</u>	<u>\$ 34,778.2</u>	<u>\$ 135,419.5</u>

NOTE 15. OTHER LIABILITIES (CONTINUED)

Intragovernmental Other Liabilities

Advances from Others represent liabilities for collections received to cover future expenses or acquisition of assets.

Custodial Liabilities represents liabilities for collections reported as non-exchange revenues where SA is acting on behalf of another Federal entity.

Other than Intragovernmental Other Liabilities

Nonfederal Advances from Others, Noncurrent includes \$126.2 billion for FY 2021 and \$100.6 billion in FY 2020 related to contracts authorizing progress payments based on cost as defined in the Federal Acquisition Regulation (FAR). In accordance with contract terms, specific rights to the contractors' work vest with the Federal Government when a specific type of contract financing payment is made. This action protects taxpayer funds in the event of contract nonperformance. These rights should not be misconstrued as rights of ownership. The SAA is under no obligation to pay contractors for amounts greater than the amounts authorized in contracts until delivery and government acceptance. Due to the probability the contractors will complete their efforts and deliver satisfactory products, and because the amount of potential future payments are estimable, the SAA has recognized a contingent liability for estimated future payments which are conditional pending delivery and government acceptance.

Contract Holdbacks are amounts earned by contractors or suppliers during the production period but not yet paid to the contractor/supplier to ensure future performance.

Total Contingent Liabilities for progress payments based on cost represent the difference between the estimated costs incurred to date by contractors and amounts authorized to be paid under progress payments based on cost provisions within the FAR. Estimated contractor-incurred costs are calculated by dividing the cumulative unliquidated progress payments based on cost by the contract-authorized progress payment rate. The balance of unliquidated progress payments based on cost is deducted from the estimated total contractor-incurred costs to determine the contingency amount.

NOTE 16. LEASES

Capital Leases

The SAA had no Capital Leases in FY 2021 or FY 2020. Management is continuing ongoing efforts to determine if there any leases that should be reported in the financial statements and related footnotes. As Management continues to assess the data, reporting and accounting treatment may change in future periods.

Operating Leases

The SAA had no reported Operating Leases in FY 2021 or FY 2020. Management is continuing ongoing efforts to determine if there any leases that should be reported in the financial statements and related footnotes. As Management continues to assess the data, reporting and accounting treatment may change in future periods.

NOTE 17. COMMITMENTS AND CONTINGENCIES

The U.S. Government may be a party in various administrative proceedings or court litigations, but it is highly unlikely any will implicate the FMS Trust Fund. SAA has not recorded any contingent liabilities for litigations for FY 2021 or FY 2020 within the Security Assistant Accounts. The U.S. funds appropriated for security assistance generally are not legally available for paying claims.

NOTE 18. FUNDS FROM DEDICATED COLLECTIONS

The SAA had no Funds from Dedicated Collections in FY 2021 or FY 2020. Management is continuing ongoing efforts to determine if there any Funds from Dedicated Collections that should be reported in the financial statements and related footnotes. As Management continues to assess the data, reporting and accounting treatment may change in future periods.

NOTE 19. DISCLOSURES RELATED TO THE STATEMENT OF NET COST

Table 19. Costs and Exchange Revenue by Appropriation Category

For the period ended September 30, 2021 (in millions)		2021	2020
Military Retirement Benefits			
Gross Cost		-	-
Less: Earned Revenue		-	-
Losses/(Gains) from Actuarial Assumption Changes for Military Retirement Benefits		-	-
Net Program Costs		-	-
Civil Works			
Gross Cost		-	-
Less: Earned Revenue		-	-
Net Program Costs		-	-
Military Personnel			
Gross Cost		-	-
Less: Earned Revenue		-	-
Net Program Costs		-	-
Operations, Readiness & Support			
Gross Cost	\$	95,684.6	\$ 158,662.3
Less: Earned Revenue	\$	(17,320.4)	\$ (46,593.0)
Losses/(Gains) from Actuarial Assumption Changes for Military Retirement Benefits	\$	-	\$ -
Net Program Costs	\$	78,364.2	\$ 112,069.3
Procurement			
Gross Cost	\$	-	\$ -
Less: Earned Revenue	\$	-	\$ -
Net Program Costs	\$	-	\$ -
Research, Development, Test & Evaluation			
Gross Cost	\$	-	\$ -
Less: Earned Revenue	\$	-	\$ -
Net Program Costs	\$	-	\$ -
Family Housing & Military Construction			
Gross Cost	\$	-	\$ -
Less: Earned Revenue	\$	-	\$ -
Net Program Costs	\$	-	\$ -

NOTE 19. DISCLOSURES RELATED TO THE STATEMENT OF NET COST (CONTINUED)

Table 19. Costs and Exchange Revenue by Appropriation Category (continued)

<i>For the period ended September 30, 2021 (in millions)</i>	2021	2020
Consolidated		
Gross Cost	\$ 95,684.6	\$ 158,662.3
Less: Earned Revenue	\$ (17,320.4)	\$ (46,593.0)
Losses/(Gains) from Actuarial Assumption Changes for Military Retirement Benefits	\$ -	\$ -
Total Net Cost	\$ 78,364.2	\$ 112,069.3

Other Disclosures

The Statement of Net Cost (SNC) represents the net cost of programs and organizations of the SAA supported by appropriations or other means. The intent of the SNC is to provide gross and net cost information related to the amount of output or outcome for a given program or organization administered by a responsible reporting entity. Intragovernmental costs and revenue represent transactions between two reporting entities within the Federal Government. Public costs and exchange revenues are transactions made between the reporting entity and a nonfederal entity.

The SAA's current processes and systems capture costs based on appropriation groups as presented in the schedule above. The lower level costs for major programs are not presented as required by the Government Performance and Results Act of 1993 (GPRA). The SAA is in the process of reviewing available data and developing a cost reporting methodology required by SFFAS No. 4, "Managerial Cost Accounting Concepts and Standards for the Federal Government as amended by SFFAS No. 55, "Amending Inter-Entity Cost Provisions."

The systems utilized by the SAA do not fully meet accounting standards. 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 and accounts payable. The SAA's current processes and systems do not capture and report accumulated costs for major programs based upon the performance measures as required by the Government Performance and Results Act of 1993 (GPRA). The SAA is in the process of reviewing available data and developing a cost reporting methodology as required by the Statement of Federal Financial Accounting Standards (SFFAS) 4, "Managerial Cost Accounting Concepts and Standards for the Federal Government," as amended by SFFAS 30, "Inter-entity Cost Implementation."

Additionally, these systems do not track intragovernmental transactions by a customer at the transaction level. The FMS Trust Fund adjusts expenses by reclassifying amounts between federal and nonfederal expenses and accruing additional payables and expenses. Intradepartmental revenues and expenses are then eliminated.

NOTE 20. DISCLOSURES RELATED TO THE STATEMENT OF CHANGES IN NET POSITION

The Appropriations on the SBR does not agree with the Appropriations Received on the Statement of Changes in Net Position. The difference of \$5.6 billion is attributed to temporary reductions in the Foreign Military Sales Trust Fund as well as the transfers for International Military Education & Training and the Foreign Military Financing Grant account. OMB instructed DSCA to no longer book a temporary reduction starting in FY21.

Table 20A. Reconciliation of Appropriations on the Statement of Budgetary Resources to Appropriations Received on the Statement of Changes in Net Position

<i>For the period ended September 30, 2021</i> (\$ in millions)	2021	2020
Appropriations, Statement of Budgetary Resources	\$ 11,869.7	\$ 6,266.3
Permanent and Temporary Reductions	\$ 5,620.3	\$ (415.0)
Contract Authority	\$ (35,897.7)	\$ 474.6
Current Year Transfers	\$ (64.0)	\$ (63.2)
OMB Rescission	\$ 25.0	\$ -
Trust and Special Fund Receipt	\$ 35,897.7	\$ -
Total Reconciling Difference	\$ 5,581.3	\$ (3.6)
Appropriations Received, Statement of Changes in Net Position	\$ 6,288.4	\$ 6,269.8

NOTE 21. DISCLOSURES RELATED TO THE STATEMENT OF BUDGETARY RESOURCES

Net Adjustments to Unobligated Balance, Brought Forward, October 1

There were no material adjustments during FY 2021 to the budgetary resources available at the beginning of the year.

Terms of Borrowing Authority Used

The SAA utilizes borrowing authority for the Foreign Military Financing (FMF) Initiatives. Borrowing authority is used in compliance with OMB Circular No. A-129. See Note 7, Direct Loans and Loan Guarantees, Non-Federal Borrower, for additional information related to FMF.

Available Borrowing/Contract Authority, End of Period

Table 21A. Available Borrowing/Contract Authority

No available borrowing authority remained at the end of the period for FY 2021 or 2020.

Undelivered Orders at the End of the Period

Table 21B. Budgetary Resources Obligated for Undelivered Orders at the End of the Period

<i>As of September 30 (in millions)</i>	2021	2020
Intragovernmental		
Unpaid	\$ 1,055.4	\$ -
Total Intragovernmental	\$ 1,055.4	\$ -
Non-Federal		
Unpaid	\$ 37,269.6	\$ 55,335.9
Prepaid / Advanced	\$ 25.2	\$ 101.9
Total Non-Federal	\$ 37,294.8	\$ 55,437.7
Budgetary Resources Obligated for Undelivered Orders at the End of the Period	\$ 38,350.2	\$ 55,437.7

NOTE 21. DISCLOSURES RELATED TO THE STATEMENT OF BUDGETARY RESOURCES (CONTINUED)

Legal Arrangements Affecting the Use of Unobligated Balances

A portion of the SAA's unobligated balances represent trust fund receipts collected in the current fiscal year exceeding the amount needed to pay benefits or other valid obligations. These receipts are temporarily precluded from obligation by law due to a benefit formula or other limitation. The receipts, however, are assets of the funds and are available for obligation in the future. The SAA operates within the constraints of fiscal law and has no additional legal arrangements affecting the use of unobligated balances.

Explanation of Differences between the SBR and the Budget of the U.S. Government

The FY 2021 SBR will be reconciled to the FY 2021 actuals on the P&F Schedules reported in the Budget of the United States Government, FY 2023, once released. The FY 2023 Budget of the US Government is expected to be published in February 2022.

Contributed Capital

There was no infusion of capital received in in FY 2021 or FY 2020.

NOTE 22. DISCLOSURES RELATED TO INCIDENTAL CUSTODIAL COLLECTIONS

The SAA has no disclosures related to Incidental Custodial Collections in FY 2021 or FY 2020.

NOTE 23. FIDUCIARY ACTIVITIES

The SAA has no Fiduciary Activities in FY 2021 or FY 2020.

NOTE 24. RECONCILIATION OF NET COST TO NET OUTLAYS

Table 24. Reconciliation of the Net Cost of Operations to Net Outlays

As of September 30 (in millions)	2021		
	Federal	Non-Federal	Total
Net Cost of Operations (SNC)	\$ 2,419.7	\$ 75,944.6	\$ 78,364.2
Components of Net Cost Not Part of Net Outlays			
General property, plant, and equipment, net change	\$ -	\$ -	\$ -
Increase/(decrease) in assets:			\$ -
Accounts and taxes receivable, net	\$ (99.3)	\$ 25.5	\$ (73.9)
Loans receivable, net	\$ -	\$ (361.0)	\$ (361.0)
Other assets	\$ 10.7	\$ (8,118.4)	\$ (8,107.7)
Increase/(decrease) in liabilities:			
Accounts payable	\$ (56.3)	\$ (15,930.1)	\$ (15,986.4)
Federal employee and veteran benefits payable	\$ -	\$ 2.5	\$ 2.5
Other liabilities	\$ 233.7	\$ (30,021.0)	\$ (29,787.3)
Other financing sources			
Donated Revenue	\$ -	\$ (273.0)	\$ (273.0)
Total Components of Net Cost Not Part of Net Outlays	\$ 88.7	\$ (54,675.5)	\$ (54,586.8)
Components of Net Outlays Not Part of Net Cost			
Inventory and related property	\$ -	\$ (124.4)	\$ (124.4)
Total Components of Net Outlays Not Part of Net Cost	\$ -	\$ (124.4)	\$ (124.4)
Miscellaneous Reconciling Items			
Distributed offsetting receipts	\$ -	\$ (782.0)	\$ (782.0)
Other	\$ 607.0	\$ -	\$ 607.0
Total Other Reconciling Items	\$ 607.0	\$ (782.0)	\$ (175.0)
Total Net Outlays	\$ 3,115.4	\$ 20,362.7	\$ 23,478.0
Agencies Outlays, Net (Statement of Budgetary Resources)			\$ 1,652.4
Unreconciled Difference			\$ 21,825.6

NOTE 24. RECONCILIATION OF NET COST TO NET OUTLAYS (CONTINUED)

Table 24. Reconciliation of the Net Cost of Operations to Net Outlays (continued)

As of September 30 (in millions)	2020		
	Federal	Non-Federal	Total
Net Cost of Operations (SNC)	\$ (454.0)	\$ 112,523.3	\$ 112,069.3
Components of Net Cost Not Part of Net Outlays			
Year-end credit reform subsidy re-estimates	\$ 61.1	\$ -	\$ 61.1
Increase/(decrease) in assets:			\$ -
Accounts and taxes receivable, net	\$ 99.9	\$ (113.2)	\$ (13.3)
Loans receivable, net	\$ -	\$ 2,468.2	\$ 2,468.2
Other assets	\$ -	\$ (38,381.9)	\$ (38,381.9)
Increase/(decrease) in liabilities:			
Accounts payable	\$ 89.3	\$ 756.6	\$ 845.9
Federal employee and veteran benefits payable	\$ -	\$ (18.6)	\$ (18.6)
Other liabilities	\$ 337.6	\$ (31,365.3)	\$ (31,027.7)
Other financing sources			
Donated Revenue	\$ -	\$ (281.9)	\$ (281.9)
Total Components of Net Cost Not Part of Net Outlays	\$ 588.0	\$ (66,936.3)	\$ (66,348.3)
Components of Net Outlays Not Part of Net Cost			
Inventory and related property	\$ -	\$ 362.1	\$ 362.1
Total Components of Net Outlays Not Part of Net Cost	\$ -	\$ 362.1	\$ 362.1
Miscellaneous Reconciling Items			
Other	\$ (1,263.0)	\$ -	\$ (1,263.0)
Total Other Reconciling Items	\$ (1,263.0)	\$ -	\$ (1,263.0)
Total Net Outlays	\$ (1,129.0)	\$ 45,949.1	\$ 44,820.1
Agencies Outlays, Net (Statement of Budgetary Resources)			\$ 5,161.0
Unreconciled Difference			\$ 39,659.1

NOTE 24. RECONCILIATION OF NET COST TO NET OUTLAYS (CONTINUED)

The Reconciliation of Net Cost to Net Outlays demonstrates the relationship between the SAA's Net Cost of Operations, reported on an accrual basis on the Statement of Net Cost, and Net Outlays, reported on a budgetary basis on the Statement of Budgetary Resources. While budgetary and financial accounting are complementary, the reconciliation explains the inherent differences in timing and in the types of information between the two during the reporting period. The accrual basis of financial accounting is intended to provide a picture of the SAA's operations and financial position, including information about costs arising from the consumption of assets and the incurrence of liabilities. Budgetary accounting reports on the management of resources and the use and receipt of cash by the SAA. Outlays are payments to liquidate an obligation, other than the repayment to the Treasury of debt principal.

The Reconciling Difference is due to timing differences between the recognition of expenses/revenues and disbursements/collections on the Statement of Net Cost and Statement of Budgetary Resources. Additionally, the SAA's diverse business events may be recorded using different, but equally valid, transaction scenarios. Research is on-going to resolve the remaining difference.

NOTE 25. PUBLIC-PRIVATE PARTNERSHIPS

The SAA had no Public-Private Partnerships in FY 2021 or FY 2020. Management is continuing ongoing efforts to determine if there are any P3s that should be reported in the financial statements and related footnotes. As Management continues to assess the data, reporting and accounting treatment may change in future periods.

NOTE 26. DISCLOSURE ENTITIES AND RELATED PARTIES

The SAA has no disclosure entities or related parties in FY 2021 or FY 2020. In accordance with FASAB Statement of Federal Financial Accounting Standards (SFFAS) 47, management is continuing ongoing efforts to determine if any should be reported in the financial statements and related footnotes. As Management continues to assess the data, reporting and accounting treatment may change in future periods.

NOTE 27. SECURITY ASSISTANCE ACCOUNTS

Note 27 in the DoD wide AFR gives a brief overview of the Security Assistance Accounts and references the SAA appendix for more details regarding the financial statements and footnotes. In order for the SAA footnotes to be in numerical alignment with the DoD wide footnotes, Note 27 is included in the SAA appendix however there is no additional information to be reported for this note.

NOTE 28. RESTATEMENTS

The SAA has no restatements to report for FY 2021 or FY 2020.

NOTE 29. COVID-19 ACTIVITY

The SAA had no significant amount of budgetary activity in FY 2021 or FY 2020 associated with responding to COVID-19 to report and did not receive a significant amount of budgetary resources under any of the COVID-19 supplemental appropriations.

NOTE 30. SUBSEQUENT EVENTS

The SAA had no significant events or transactions that occurred after the date of the Balance Sheet but before the issuance of the audited financial statements that have a material effect on the financial statements and, therefore, require adjustments to or disclosure in the statements.

**NOTE 31. RECLASSIFICATION OF FINANCIAL STATEMENT LINE ITEMS
FOR FINANCIAL REPORT COMPILATION PROCESS**

The SAA financial statements, including the DoD’s, are included in the Financial Report of the U.S. Government (FR). The FY 2021 FR will be published by The Bureau of Fiscal Service upon its release.

To prepare the FR, the Department of the Treasury requires agencies to submit an adjusted trial balance, which is a listing of amounts by U.S. Standard General Ledger account that appear in the financial statements. Treasury uses the trial balance information reported in the Government-wide Treasury Account Symbol Adjusted Trial Balance System (GTAS) to develop a Reclassified Balance Sheet, Reclassified Statement of Net Cost, and a Reclassified Statement of Changes in Net Position for each agency. Treasury eliminates all intragovernmental balances from the reclassified statements and aggregates lines with the same title to develop the FR statements.

The following tables display the relationship between each of the SAA’s financial statements (on the right side) and the DoD’s corresponding reclassified statements (on the left side) prior to elimination of intragovernmental balances and prior to aggregation of repeated FR line items.

“Non-Federal” transactions are with individuals, businesses, non-profit entities, and state, local, and foreign governments.

NOTE 31. RECLASSIFICATION OF FINANCIAL STATEMENT LINE ITEMS FOR FINANCIAL REPORT COMPILATION PROCESS (CONTINUED)

Table 31A. Reclassification of Balance Sheet

As of September 30 (in millions)

FY 2021 SAA Balance Sheet		Line Items Used to Prepare FY 2021 Government-wide Balance Sheet					
Financial Statement Line	Amounts	Dedicated Collections Combined	Dedicated Collections Eliminations	All Other Amounts (with Eliminations)	Eliminations between Dedicated and All Other	Total	Reclassified Financial Statement Line
ASSETS							ASSETS
Intragovernmental Assets							Intragovernmental Assets
Fund Balance with Treasury (Note 3)	\$ 45,412.3	\$ -		\$ 45,412.3		\$ 45,412.3	FBWT
Investments (Note 5)	\$ -	\$ -		\$ -		\$ -	Federal investments
Investments (Note 5)	\$ -	\$ -		\$ -		\$ -	Interest receivable - investments
Total Investments	\$ 45,412.3					\$ 45,412.3	Total Reclassified Investments
Accounts Receivable (Note 6)	\$ 2.8	\$ -		\$ 2.8	\$ -	\$ 2.8	Accounts receivable, net
Accounts Receivable (Note 6)	\$ -	\$ -		\$ -		\$ -	Transfers receivable
Total Accounts Receivable	\$ 2.8					\$ 2.8	Total Reclassified A/R
Other Assets (Note 10)	\$ 10.7			\$ 10.7		\$ 10.7	Advances to others and prepayments
Total Other Assets	\$ 10.7					\$ 10.7	Total Reclassified Other Assets
Total Intragovernmental Assets	\$ 45,425.8					\$ 45,425.8	Total Intragovernmental Assets
With the public							With the public
Cash and Other Monetary Assets (Note 4)	\$ 38,554.5	\$ -		\$ 38,554.5		\$ 38,554.5	Cash and other monetary assets
Accounts Receivable, Net (Note 6)	\$ (81.0)	\$ -		\$ (81.0)		\$ (81.0)	Accounts receivable, net
Loans Receivable (Note 7)	\$ 2,046.2			\$ 2,046.2		\$ 2,046.2	Direct loan and loan guarantees receivable, net
Inventory and Related Property, Net (Note 8)	\$ 525.9			\$ 525.9		\$ 525.9	Inventory and related property, net
General Property, Plant and Equipment, Net (Note 9)	\$ -	\$ -		\$ -		\$ -	General PP&E, net
Advances and prepayments	\$ 14.5			\$ 14.5		\$ 14.5	Advances and Prepayments
Investments (Note 5)	\$ -			\$ -		\$ -	Securities and investments
Other Assets (Note 10)	\$ -	\$ -		\$ -		\$ -	Other assets
Total with public	\$ 41,060.1					\$ 41,060.1	Total with public
Total assets	\$ 86,485.9					\$ 86,485.9	Total assets

NOTE 31. RECLASSIFICATION OF FINANCIAL STATEMENT LINE ITEMS FOR FINANCIAL REPORT COMPILATION PROCESS (CONTINUED)

Table 31A. Reclassification of Balance Sheet (continued)

As of September 30 (in millions)

FY 2021 SAA Balance Sheet		Line Items Used to Prepare FY 2021 Government-wide Balance Sheet					
Financial Statement Line	Amounts	Dedicated Collections Combined	Dedicated Collections Eliminations	All Other Amounts (with Eliminations)	Eliminations between Dedicated and All Other	Total	Reclassified Financial Statement Line
LIABILITIES							LIABILITIES
Intragovernmental Liabilities							Intragovernmental Liabilities
Other Liabilities (Notes 15 and 17)	\$ (0.1)			\$ (0.1)		\$ (0.1)	Benefit program contributions payable
Accounts Payable	\$ -	\$ -		\$ -	\$ -	\$ -	Accounts payable
Accounts Payable	\$ 634.5			\$ 634.5		\$ 634.5	Transfers payable
Total Accounts Payable	\$ 634.5					\$ 634.5	Total Reclassified A/P
Debt (Note 12)	\$ 1,652.2			\$ 1,652.2		\$ 1,652.2	Loans payable
Total Debt Associated with Loans	\$ 1,652.2					\$ 1,652.2	Total Reclassified Debt Associated with Loans
Other Liabilities (Notes 15 and 17)	\$ 449.8			\$ 449.8		\$ 449.8	Advances from others and deferred credits
Other Liabilities (Notes 15 and 17)	\$ -			\$ -		\$ -	Other liabilities (w/o reciprocals)
Other Liabilities (Notes 15 and 17)	\$ -	\$ -		\$ -		\$ -	Liability to the GF of the USG for custodial and other non-entity assets
Other Liabilities (Notes 15 and 17)	\$ -			\$ -		\$ -	Liability to agency other than GF for custodial and other non-entity assets
Total Other Liabilities	\$ 449.8					\$ 449.8	Total Reclassified Other Liabilities
Total Intragovernmental Liabilities	\$ 2,736.4					\$ 2,736.4	Total Intragovernmental Liabilities
With the public							With the public
Accounts Payable	\$ 17,455.3	\$ -		\$ 17,455.3		\$ 17,455.3	Accounts payable
Military Retirement and Other Federal	\$ 16.6			\$ 16.6		\$ 16.6	Federal employee and veteran benefits payable
Other Liabilities (Notes 15 and 17)	\$ 126,153.3			\$ 126,153.3		\$ 126,153.3	Advances from Others and deferred revenue
Environmental and Disposal Liabilities (Note 14)	\$ -	\$ -		\$ -		\$ -	Environmental and disposal liabilities

NOTE 31. RECLASSIFICATION OF FINANCIAL STATEMENT LINE ITEMS FOR FINANCIAL REPORT COMPILATION PROCESS (CONTINUED)

Table 31A. Reclassification of Balance Sheet (continued)

As of September 30 (in millions)

FY 2021 SAA Balance Sheet		Line Items Used to Prepare FY 2021 Government-wide Balance Sheet					
Financial Statement Line	Amounts	Dedicated Collections Combined	Dedicated Collections Eliminations	All Other Amounts (with Eliminations)	Eliminations between Dedicated and All Other	Total	Reclassified Financial Statement Line
Other Liabilities (Notes 15 and 17)	\$ -			\$ -		\$ -	Benefits due and payable
Loan Guarantee Liability (Note 7)	\$ -			\$ -		\$ -	Loan guarantee liability
Other Liabilities (Notes 15 and 17)	\$ 38,603.7	\$ -		\$ 38,603.7		\$ 38,603.7	Other liabilities
Total with public	<u>\$ 182,228.9</u>					\$ 182,228.9	Total with public
Total liabilities	\$ 184,965.3					\$ 184,965.3	Total liabilities
NET POSITION							NET POSITION
Unexpended Appropriations - Dedicated Collections	\$ -	\$ -		\$ -		\$ -	Unexpended appropriations - Funds from Dedicated Collections
Cumulative Results of Operations - Dedicated Collections	\$ -			\$ 7,766.2		\$ -	Cumulative results of operations - Funds from Dedicated Collections
Unexpended Appropriations - Other Funds	\$ 7,766.2			\$ (104,182.6)	\$ -	\$ 7,766.2	Unexpended appropriations - All Other Funds
Cumulative Results of Operations - Other Funds	\$ (106,245.6)					\$ (106,245.6)	Cumulative results of operations - All Other Funds
Total Net Position	<u>\$ (98,479.4)</u>					<u>\$ (98,479.4)</u>	Total Net Position
Total Liabilities and Net Position	\$ 86,485.9					\$ 86,485.9	Total Liabilities and Net Position

NOTE 31. RECLASSIFICATION OF FINANCIAL STATEMENT LINE ITEMS FOR FINANCIAL REPORT COMPILATION PROCESS (CONTINUED)

Table 31B. Reclassification of Statement of Net Cost

As of September 30 (in millions)

FY 2021 SAA Statement of Net Cost		Line Items Used to Prepare FY 2021 Government-wide Statement of Net Cost					
Financial Statement Line ¹	Amounts	Dedicated Collections Combined	Dedicated Collections Eliminations	All Other Amounts (with Eliminations)	Eliminations between Dedicated and All Other	Total	Reclassified Financial Statement Line
Gross Costs							Gross Cost
Gross Costs	\$ 90,346.3	\$ -		\$ 90,346.3		\$ 90,346.3	Non-federal gross cost
Losses/(Gains) from Actuarial Assumption Changes	\$ -			\$ -		\$ -	Gains/losses from changes in actuarial assumptions non-federal
Total non-federal gross cost	\$ 90,346.3					\$ 90,346.3	Total non-federal gross cost
Intragovernmental Costs							Intragovernmental Costs
Gross Costs	\$ 44.1	\$ -		\$ 44.1		\$ 44.1	Benefit program costs (RC 26) - Footnote 2
Gross Costs	\$ -	\$ -		\$ -		\$ -	Imputed costs (RC 25) - Footnote 2
Gross Costs	\$ 5,244.4	\$ -		\$ 5,244.4	\$ -	\$ 5,244.4	Buy/sell cost (RC24) - Footnote 2
Gross Costs	\$ -			\$ -		\$ -	Purchase of assets (RC 24) - Footnote 2
Gross Costs	\$ 37.8			\$ 37.8		\$ 37.8	Borrowing and other interest expense (RC05) - Footnote 2
Gross Costs	\$ 12.0	\$ -		\$ 12.0		\$ 12.0	Other expenses (w/o reciprocals) (RC 29)
Total Intragovernmental Costs	\$ 5,338.3					\$ 5,338.3	Total Intragovernmental Costs
Total Gross Costs	\$ 95,684.6					\$ 95,684.6	Total Reclassified Gross Costs
Earned Revenue							Earned Revenue
(Less: Earned Revenue)	\$ (13,006.6)	\$ -		\$ (13,006.6)		\$ (13,006.6)	Non-federal earned revenue
Intragovernmental Earned Revenue							Intragovernmental Earned Revenue
(Less: Earned Revenue)	\$ -			\$ -		\$ -	Benefit program revenue (exchange) (RC 26) - Footnote 2
(Less: Earned Revenue)	\$ (4,312.1)			\$ (4,312.1)	\$ -	\$ (4,312.1)	Buy/sell revenue (exchange) (RC 24) - Footnote 2

NOTE 31. RECLASSIFICATION OF FINANCIAL STATEMENT LINE ITEMS FOR FINANCIAL REPORT COMPILATION PROCESS (CONTINUED)

Table 31B. Reclassification of Statement of Net Cost (continued)

As of September 30 (in millions)

FY 2021 SAA Statement of Net Cost		Line Items Used to Prepare FY 2021 Government-wide Statement of Net Cost					
Financial Statement Line ¹	Amounts	Dedicated Collections Combined	Dedicated Collections Eliminations	All Other Amounts (with Eliminations)	Eliminations between Dedicated and All Other	Total	Reclassified Financial Statement Line
Gross Costs	\$ -			\$ -		\$ -	Purchase of assets offset (RC 24) / 2
(Less: Earned Revenue)	\$ -	\$ -		\$ -		\$ -	Federal securities interest revenue including associated gains and losses (exchange) (RC 03) - Footnote 2
(Less: Earned Revenue)	\$ (1.6)			\$ (1.6)		\$ (1.6)	Borrowing and other interest revenue (exchange) (RC 05) - Footnote 2
Total Intragovernmental earned revenue	\$ (4,313.8)					\$ (4,313.8)	Total Intragovernmental earned revenue
Total Earned Revenue	\$ (17,320.4)					\$ (17,320.4)	Total Reclassified Earned Revenue
Net Cost of Operations	<u>\$ 78,364.2</u>					<u>\$ 78,364.2</u>	Net Cost of Operations

NOTE 31. RECLASSIFICATION OF FINANCIAL STATEMENT LINE ITEMS FOR FINANCIAL REPORT COMPILATION PROCESS (CONTINUED)

Table 31C. Reclassification of Statement of Changes in Net Position

As of September 30 (in millions)

FY 2021 SAA Statement of Changes in Net Position		Line Items Used to Prepare FY 2021 Government-wide Statement of Changes in Net Position					
Financial Statement Line	Amounts	Dedicated Collections Combined ²	Dedicated Collections Eliminations	All Other Amounts (with Eliminations)	Eliminations between Dedicated and All Other	Total	Reclassified Financial Statement Line
Beginning Balances (Includes Funds from Dedicated Collections)	\$ (53,243.1)	\$ -		\$ (53,243.1)		\$ (53,243.1)	Net position, beginning of period
Non-Federal Prior-Period Adjustments:							Non-Federal Prior-Period Adjustments:
Changes in accounting principles (+/-)	\$ -			\$ -		\$ -	Changes in accounting principles
Corrections of errors (+/-)	\$ -			\$ -		\$ -	Corrections of errors - non-federal
Federal Prior-Period Adjustments							Federal Prior-Period Adjustments
Corrections of errors	\$ -			\$ -		\$ -	Prior period adjustment to unexpended appropriations - federal (RC 31)
Corrections of errors (+/-)	\$ -			\$ -		\$ -	Prior period adjustment to expended appropriations - federal (RC 32)
Net Position, Beginning of Period - Adjusted	\$ (53,243.1)					\$ (53,243.1)	Net Position, Beginning of Period - Adjusted
Non-Federal Non-exchange Revenue:							Non-Federal Non-exchange Revenue:
Nonexchange revenue	\$ 27,509.4	\$ -		\$ 27,509.4		\$ 27,509.4	Other taxes and receipts
Total non-federal non-exchange revenue	\$ 27,509.4					\$ 27,509.4	Total non-federal non-exchange revenue
Federal Non-Exchange Revenue:							Federal Non-Exchange Revenue:
Nonexchange revenue	\$ -	\$ -		\$ -		\$ -	Federal securities interest revenue including associated gains and losses (non-exchange) (RC 03) /1
Nonexchange revenue	\$ -	\$ -		\$ -		\$ -	Other taxes and receipts (RC 45) /1
Nonexchange revenue	\$ -	\$ -		\$ -		\$ -	Collections transferred into a TAS Other Than the General Fund of the U.S. Government - Nonexchange (RC 15)
Nonexchange revenue	\$ (9.5)			\$ (9.5)		\$ (9.5)	Accruals for Entity amounts to be collected in a TAS Other Than the General Fund of the U.S. Government - Nonexchange (RC 16)

NOTE 31. RECLASSIFICATION OF FINANCIAL STATEMENT LINE ITEMS FOR FINANCIAL REPORT COMPILATION PROCESS (CONTINUED)

Table 31C. Reclassification of Statement of Changes in Net Position (continued)

As of September 30 (in millions)

FY 2021 SAA Statement of Changes in Net Position		Line Items Used to Prepare FY 2021 Government-wide Statement of Changes in Net Position					
Financial Statement Line	Amounts	Dedicated Collections Combined ²	Dedicated Collections Eliminations	All Other Amounts (with Eliminations)	Eliminations between Dedicated and All Other	Total	Reclassified Financial Statement Line
Other (+/-)	\$ -			\$ -		\$ -	Accrual of Collections Yet to be Transferred to a TAS Other Than the General Fund of the U.S. Government - Nonexchange (RC 16)
Total federal non-exchange revenue	\$ (9.5)					\$ (9.5)	Total federal non-exchange revenue
Budgetary Financing Sources:							Budgetary Financing Sources:
Appropriations received	\$ (6,247.2)			\$ (6,247.2)		\$ (6,247.2)	Appropriations received as adjusted (rescissions and other adjustments) (RC 41) /1
Appropriations used	\$ 5,694.1			\$ 5,694.1		\$ 5,694.1	Appropriations used (RC 39)
Appropriations used	\$ (5,694.1)			\$ (5,694.1)		\$ (5,694.1)	Appropriations expended (RC 38) /1
Transfers-in/out without reimbursement		\$ -	\$ -	\$ -			Appropriation of unavailable special or trust fund receipts transfers-in (RC 07) /1
Transfers-in/out without reimbursement		\$ -	\$ -	\$ -			Appropriation of unavailable special or trust fund receipts transfers-out (RC 07) /1
Transfers-in/out without reimbursement	\$ (9,400.4)	\$ -	\$ -	\$ (9,400.4)		\$ (9,400.4)	Non-expenditure transfers-in of unexpended appropriations and financing sources (RC 08) /1
Transfers-in/out without reimbursement	\$ 9,431.7	\$ -	\$ -	\$ 9,431.7		\$ 9,431.7	Non-expenditure transfers-out of unexpended appropriations and financing sources (RC 08) /1
Transfers-in/out without reimbursement	\$ (113.3)	\$ -	\$ -	\$ (113.3)	\$ -	\$ (113.3)	Expenditure transfers-in of financing sources (RC 09) /1
Transfers-in/out without reimbursement	\$ 113.3	\$ -	\$ -	\$ 113.3		\$ 113.3	Expenditure transfers-out of financing sources (RC 09) /1
Other adjustments (+/-)	\$ -			\$ -		\$ -	Revenue and Other Financing Sources - Cancellations (RC 36)
Non-Entity Collectetions Trasferred to the General Fund of US Government	\$ 607.0			\$ 607.0		\$ 607.0	Non-Entity Collectetions Trasferred to the General Fund of US Government
Total budgetary financing sources	\$ (5,609.0)					\$ (5,609.0)	Total budgetary financing sources

NOTE 31. RECLASSIFICATION OF FINANCIAL STATEMENT LINE ITEMS FOR FINANCIAL REPORT COMPILATION PROCESS (CONTINUED)

Table 31C. Reclassification of Statement of Changes in Net Position (continued)

As of September 30 (in millions)

FY 2021 SAA Statement of Changes in Net Position		Line Items Used to Prepare FY 2021 Government-wide Statement of Changes in Net Position					
Financial Statement Line	Amounts	Dedicated Collections Combined ²	Dedicated Collections Eliminations	All Other Amounts (with Eliminations)	Eliminations between Dedicated and All Other	Total	Reclassified Financial Statement Line
Other Financing Sources:							Other Financing Sources:
Transfers-in/out without reimbursement (+/-)	\$ (607.0)	\$ -	\$ -	\$ (607.0)		\$ (607.0)	Transfers-in without reimbursement (RC 18) /1
Transfers-in/out without reimbursement (+/-)	\$ 607.0	\$ -	\$ -	\$ 607.0	\$ -	\$ 607.0	Transfers-out without reimbursement (RC 18) /1
Imputed financing from costs absorbed by others	\$ -	\$ -		\$ -		\$ -	Imputed financing sources (RC 25) /1
Other (+/-)	\$ -			\$ -		\$ -	Non-entity collections transferred to the General Fund of the U.S. Government (RC 44)
Accrual for non-entity amounts to be collected and transferred to the General Fund of the U.S. Government (RC 48)	\$ -			\$ -		\$ -	Accrual for non-entity amounts to be collected and transferred to the General Fund of the U.S. Government (RC 48)
Total other financing sources	\$ -					\$ -	Total other financing sources
Net cost of operations (+/-)	\$ 78,364.2			\$ 78,364.2		\$ 78,364.2	Net cost of operations (+/-)
Net Position, End of Period	\$ 98,479.4					\$ 98,479.4	Net Position, End of Period

2. Reconciliation of Note 31 Dedicated Collections Combined to Note 18 (in thousands)

	<u>Note 18</u>	<u>Note 31 Dedicated Collections Combined</u>	
Net position beginning of period	15,021.0	15,021.0	Non-Federal Nonexchange Revenue:
			Non-Federal Nonexchange Revenue
Nonexchange revenue	2,089.9	513.6	Non-Federal Donations
Donations and forfeitures of cash and cash equivalents	55.6	55.6	Non-Federal Other Taxes and Receipts
Non-Federal Other financing sources, other (+/-) (1 of 2)	56.7	56.7	Federal Nonexchange Revenue
		-	Budgetary Financing Sources: Transfers-in/out without reimbursement (+/-)
Transfers-in/out without reimbursement (+/-)	(1,621.0)	-	Other Financing Sources: Transfers-in/out without reimbursement (+/-)
Transfers-in/out without reimbursement (+/-)	(716.0)	-	Imputed financing from costs absorbed by others

NOTE 31. RECLASSIFICATION OF FINANCIAL STATEMENT LINE ITEMS FOR FINANCIAL REPORT COMPILATION PROCESS (CONTINUED)

Table 31C. Reclassification of Statement of Changes in Net Position (continued)

As of September 30 (in millions)

FY 2021 SAA Statement of Changes in Net Position		Line Items Used to Prepare FY 2021 Government-wide Statement of Changes in Net Position					Reclassified Financial Statement Line
Financial Statement Line	Amounts	Dedicated Collections Combined ²	Dedicated Collections Eliminations	All Other Amounts (with Eliminations)	Eliminations between Dedicated and All Other	Total	
Imputed financing costs absorbed by others (+/-)		6.9	6.9				
		14,893.1	15,653.8				
Reporting Differences: Items not included in the Reclassified Statement of Net Position (Expenses, Exchange Revenue, and Exchange Gains and Losses)							
Federal Other financing sources, other (+/-) (2 of 2)		26.5					
Less: Net cost of operations		(94.2)					
Net Position End of Period - Dedicated Collections		14,825.4	15,653.8				