

VOLUME 4, CHAPTER 15: “NET POSITION”**SUMMARY OF MAJOR CHANGES**

All changes are denoted by [blue font](#).

Substantive revisions are denoted by an asterisk (*) symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by [bold, italic, blue, and underlined font](#).

The previous version dated [September 2015](#) is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Updated hyperlinks to comply with current standard operating procedures.	Revision
All	Updated general ledger account definitions to better align with the United States Standard General Ledger.	Revision
150103	Added additional authoritative guidance sources to better align the chapter with Federal Generally Accepted Accounting Principles, while also allowing easier source identification when reading the chapter.	Addition
1504	Updated the recognition of Unexpended Appropriations and Cumulative Results of Operations in the financial statements to better align with the Office of Management and Budget Circular A-136.	Revision

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CHAPTER 15

NET POSITION

1501 GENERAL

150101. Overview

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

150102. Purpose

This chapter provides descriptions of the USSGL accounts that comprise Net Position on the Balance Sheet and the Statement of Changes in Net Position (SCNP) financial statements. It also outlines the reporting of prior-period adjustments on the financial statements.

*150103. Authoritative Guidance

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

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

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

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

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

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

1502 STANDARD GENERAL LEDGER ACCOUNTS FOR NET POSITION

150201. Unexpended Appropriations – Cumulative, Account Number 310000

This account reports the amount of unexpended appropriations after fiscal year-end closing. The balance in this account remains the same during the fiscal year. Activity to increase or decrease unexpended appropriations is reflected in other USSGL accounts in the 310000 series. At year-end, the nominal USSGL accounts in the 310000 series are closed to this USSGL account, including Special and Trust funds that receive appropriations from the General Fund of the [U.S. Government](#). See the [DoD USSGL Transaction Library](#) (Transactions F300.XXX – F499.XXX) for year-end closing entries. [DoD Transaction Code F342.XXX](#) must be used to record the closing of fiscal year activity to unexpended appropriations. During the fiscal year, the net of debit and credit balances in the 310000 series accounts reflects the total remaining balance of unused appropriations. Special and Trust funds that receive appropriations from the General Fund of the [U.S. Government](#) are to [record](#) this account. [Account 310000 does not close at year-end.](#)

150202. Unexpended Appropriations – Appropriations Received, Account Number 310100

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

150203. Unexpended Appropriations – Transfers-In, Account Number 310200

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

150204. Unexpended Appropriations – Transfers-Out, Account Number 310300

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

150205. Unexpended Appropriations – Prior-Period Adjustments Due to Corrections of Errors - Years Preceding the Prior Year, Account Number 310500

This account reports the amount of net increase or decrease to unexpended appropriations due to errors in years preceding the prior year's financial statements that resulted from [mathematical mistakes, mistake in the application of accounting principles, or oversight](#) or misuse of facts that existed at the time the financial statements were prepared. This account is only to be

used when comparative financial statements are being presented. Although the normal balance for this account is debit, it is acceptable in certain instances for this account to have a credit balance.

150206. Unexpended Appropriations – Adjustments, Account Number 310600

This account reports the amount of adjustments during the fiscal year to unexpended appropriations from current or prior years. Examples of adjustments include rescissions, and cancellation of expired appropriations. Although the normal balance for this account is **debit**, it is acceptable in certain instances for this account to have a **credit** balance.

150207. Unexpended Appropriations – Used, Account Number 310700

This account reports the amount of reduction during the fiscal year to unexpended appropriations from current or prior years that is paired with USSGL account 570000, “Expended Appropriations,” when goods and services are received or benefits provided. Special and Trust funds that receive appropriations from the General Fund of the **U.S. Government** are to use this account.

150208. Unexpended Appropriations - Prior-Period Adjustments Due to Corrections of Errors, Account Number 310800

This account reports the amount of net increase or decrease to unexpended appropriations due to errors in prior-period financial statements that resulted from mathematical mistakes, mistakes in the application of accounting principles, or oversight or misuse of facts that existed at the time the financial statements were prepared. (See **DoD Transaction Code D-304.001**, in the **DoD USSGL Transaction Library**.) Use USSGL account 310500, **Unexpended Appropriations – Prior – Period Adjustments Due to Corrections of Errors – Years Preceding the Prior-Year for the amount of net increase or decrease to unexpended appropriations due to errors occurring in years preceding the prior-year’s financial statements**. Although the normal balance for this account is debit, it is acceptable in certain instances for this account to have a credit balance.

150209. Unexpended Appropriations - Prior-Period Adjustments Due to Changes in Accounting Principles, Account Number 310900

This account reports the amount of net increase or decrease to unexpended appropriations from a prior period due to a change from one generally accepted accounting principle to another one that can be justified as preferable or the adoption of a new FASAB standard. (See **DoD Transaction Code D-302.001**, in the **DoD USSGL Transaction Library**.) Although the normal balance for this account is debit, it is acceptable in certain instances for this account to have a credit balance.

150210. Cumulative Results of Operations, Account Number 331000

This account reports the net difference since the inception of the activity between (1) expenses and losses, and (2) financing sources including appropriations, revenues, and gains. Although the normal balance for this account is credit, it is acceptable in certain instances for this account to have a debit balance. [Account 331000 does not close at year-end.](#)

1503 ACCOUNTING POLICY FOR NET POSITION

150301. Activities Financed By Appropriations

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

150302. Activities Financed by Revenues

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

*1504 RECOGNITION IN FINANCIAL STATEMENTS

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

150401. Unexpended Appropriations

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

150402. Cumulative Results of Operations

This amount represents the net results of operations since inception plus the cumulative amount of prior-period adjustments. This includes the cumulative amount of donations and

transfers of assets in and out without reimbursement. [Cumulative results of operations on the Balance Sheet should equal cumulative results of operations on the SCNP](#). Cumulative results of operations attributable to Funds from Dedicated Collections, if material, must be shown separately on the face of the Balance Sheet [and should equal the cumulative results of operations in the Funds from Dedicated Collections Note, in accordance with SFFAS 27 as amended](#).

1505 ACCOUNTING FOR NET POSITION

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

1506 CORRECTION OF AN ERROR OR A CHANGE IN ACCOUNTING PRINCIPLE

150601. Errors in Financial Statements

Errors in financial statements result from mathematical mistakes, mistakes in the application of accounting principles, or oversight or misuse of facts that existed at the time the financial statements were prepared. When errors are discovered after the issuance of financial statements, and if the financial statements would be materially misstated absent correction of the errors, corrections should be made as follows:

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

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

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

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

150602. Changes in Accounting Principles

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

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

B. Prior-period financial statements presented for comparative purposes should be presented as previously reported; [and](#)

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