

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

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

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

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

Hyperlinks are denoted by **bold, italic, blue and underlined font**.

The previous version dated January 2012 is archived.

<b>PARAGRAPH</b>	<b>EXPLANATION OF CHANGE/REVISION</b>	<b>PURPOSE</b>
Multiple	Updated hyperlinks and format to comply with current guidance.	Update

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## CHAPTER 15

NET POSITION

## 1501 GENERAL

Net Position or its equivalent, Net Assets, is the arithmetic difference between the total assets and total liabilities recognized in the Federal Government's or a component 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 U.S. Government in the Department of Defense (DoD). As such, 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 [United States Standard General Ledger \(USSGL\) Standard Financial Information Structure \(SFIS\) Transaction Library](#).

## 1502 STANDARD GENERAL LEDGER ACCOUNTS FOR NET POSITION

## 150201. Unexpended Appropriations – Cumulative, Account No. 3100

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 3100 series. At yearend, the nominal USSGL accounts in the 3100 series are closed to this USSGL account, including special and trust funds that receive appropriations from the General Fund of the Treasury. See **SFIS** (Transactions F300.XXX-F499.XXX) for year-end closing entries. USSGL transaction 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 3100 series accounts reflects the total remaining balance of unused appropriations. Special and trust funds that receive appropriations from the General Fund of the Treasury are to use this account.

## 150202. Unexpended Appropriations- Appropriations Received, Account No. 3101

[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 and earmarked receipts. However, special and trust funds that receive appropriations from the General Fund of the Treasury are to use this account.

## 150203. Unexpended Appropriations - Transfers-In, Account No. 3102

[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 Treasury are to use this account for transfers of unexpended appropriations.

## 150204. Unexpended Appropriations - Transfers-Out, Account No. 3103

[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 Treasury are to use this account for transfers of unexpended appropriations.

## 150205. Unexpended Appropriations – Adjustments, Account No. 3106

[This account reports](#) the amount of adjustments during the fiscal year to unexpended appropriations from current or prior years. Examples of adjustments include rescissions, capital transfers, and cancellation of expired appropriations. See the [USSGL Accounting Guidance for “Cancellations Scenarios.”](#) Although the normal balance for this account is credit, it is acceptable in certain instances for this account to have a debit balance.

## 150206. Unexpended Appropriations – Used, Account No. 3107

[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 5700, “Expended Appropriations,” when goods and services are received or benefits provided. Special and trust funds that receive appropriations from the General Fund of the Treasury are to use this account.

## 150207. Unexpended Appropriations - Prior-Period Adjustments Due to Corrections of Errors, Account No. 3108

[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 SFIS account transaction D-304.001, [USSGL SFIS 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.

## 150208. Unexpended Appropriations - Prior-Period Adjustments Due to Changes in Accounting Principles, Account No. 3109

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 Federal Accounting Standards Advisory Board (FASAB) standard. (See SFIS account transaction D-302.001, [USSGL SFIS 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.

## 150209. Cumulative Results of Operations, Account No. 3310

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. The account is increased by revenues and the value of assets transferred in and reduced by expenses requiring current resources, expenses not requiring current resources, expenses recorded that are not currently funded and transfers out.

### 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 in 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

#### 150401. Unexpended Appropriations and Cumulative Results of Operations

The Components entity's Net Position are Unexpended Appropriations and Cumulative Results of Operations and each must be shown in the consolidated balance sheet and statement of changes in net position. See Volume 6B, "Form and Content of DoD Audited Financial Statements."

A. Unexpended Appropriations. This amount includes the portion of the entity's appropriations represented by undelivered orders and unobligated balances. Unexpended appropriations attributable to earmarked funds, if material, must be shown separately on the face of the balance sheet and statement of changes in net position. See [SFFAS 27, "Identifying and Reporting Earmarked Funds"](#) and [OMB Circular A 136, "Financial Reporting Requirements."](#)

B. 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 attributable to earmarked funds, if material, must be shown separately on the face of the balance sheet, in accordance with the provisions of SFFAS 27. See [SFFAS 27, "Identifying and Reporting Earmarked Funds"](#) and [OMB Circular A 136, "Financial Reporting Requirements."](#)

## 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, and equity) and the budgetary accounts. Entries to these accounts (3000 series) normally require compound entries to budgetary accounts in the 4000 series of accounts. See [USSGL Standard General Ledger](#) supplement, Part 2, Section 3 for a listing of the transaction postings to the 3000 series accounts. Entries that affect direct program Expended Authority (Paid and Unpaid) must also include postings to Appropriations Used (Revenue) and Unexpended Appropriations (Equity).

## 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 statement of changes in net position.

B. If comparative financial statements are presented an error should be corrected in the earliest effected 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 statement of changes in net position 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 No. 21, "Reporting Correction of Errors and Changes in Accounting Principles"](#) 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. For the purposes of this standard, 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 statement of changes in net position for the period that the change is made.

B. Prior-period financial statements presented for comparative purposes should be presented as previously reported.

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 No. 21, “Reporting Correction of Errors and Changes in Accounting Principles”\*](#) for additional guidance.