APPENDIX A

ACCOUNTING PROCEDURES FOR ARMY NONAPPROPRIATED FUND INSTRUMENTALITIES

This appendix of the DoD Financial Management Regulation is for use by all nonappropriated fund accounting offices which use systems developed by the Department of Army. The appendix contains policies and procedures specific to those systems. The accounting policies and procedures contained in this appendix where formerly published in AR 215-5, that document is now obsolete. General or non-system specific policies and procedures are included in the core regulation and have been excluded from this appendix. For example, the requirement that nonappropriated fund instrumentalities (NAFIs) conform to generally accepted accounting principles is not system specific and applies to all DoD NAFIs. Therefore, it is included in the core regulation and excluded from this appendix.

This appendix supersedes all previously published policies and procedures. Therefore, in the event of conflicting instructions, the policies and procedures in the regulation itself should be followed.

CHAPTER 1

GENERAL INFORMATION

A0101 PURPOSE. This appendix prescribes a uniform system of accounting for Army NAFIs that is like a commercial system. It has standard financial statement formats to allow the operating results of NAFIs to be compared with each other and can be adapted to all NAFIs authorized by AR 215-1. This appendix applies to both manual and automated NAF accounting systems. The Nonappropriated Fund Information Standard System (NAFISS) is the only automated system authorized for Army NAF accounting outside USAREUR. NAFISS consists of seven subsystems: Mutual Data (MD), General Ledger (GL). Accounts Payable (AP), Accounts Receivable (AR), Inventory/ Stock Record (SR), Fixed Assets (FA), and Budget (BG). The MD, GL, AP, FA, and BG subsystems are mandatory for using NAFISS. The AR and SR subsystems are optional. MicroCADs is the standard NAF accounting system for USAREUR and consist of the following subsystems: General Ledger, Accounts Receivable, Accounts Payable, Fixed Assets, and Budget. All subsystems in MicroCADs are mandatory.

A0102 <u>REFERENCES</u>. Required and related publications and prescribed and referenced forms are listed in Attachment 1.

A0103 RESPONSIBILITIES.

A010301 <u>Installation Commanders</u>. Installation commanders will:

A. Fulfill the responsibilities required in A0201.

B. Make sure that adequate internal controls are set up to preserve the integrity of each fund.

C. Determine disposition of assets of dissolved CAOs (per A0207).

D. Appoint an official as point of contact between fund managers and the

servicing CAO when there is no local finance and accounting officer.

A010302 <u>Defense Accounting Office</u>. The Defense Accounting Office (DAO) will be responsible for control of the CAO except the consolidated CAO at Red River Army Depot.

A010303 <u>Central Accounting Office</u>. The central accounting office will do the accounting and supply those services needed to support its serviced NAFIs (see A0204).

A010304 As the representative of both the command and the DAO, the central accounting officer will perform those functions listed in A020201

A010305 <u>Fund Managers</u>. Fund managers of serviced NAFIs will:

A. Administer their own funds, except for formal accounting and reporting functions. They may consult with the CAO in interpreting their financial statements; however, fund managers will be solely responsible for actions taken based on interpretation of financial data supplied by the CAO.

B. Provide the CAO with the value of each month's ending inventory and conduct physical inventories as required.

C. Requisition purchases of merchandise and supplies.

D. Approve the establishment of change funds and petty cash funds. (See A040109 and A040111.)

CHAPTER 2

THE CENTRAL ACCOUNTING OFFICE

A0201 <u>ESTABLISHMENT OF A</u> <u>CENTRAL ACCOUNTING OFFICE</u>.

A020101 <u>Central Accounting Office</u>. Each installation, community, or region will have a central accounting office (CAO) to do the accounting for all of its NAFIs. The CAO will give timely, standard accounting and reporting services. The CAO will service each NAFI unless an exception to policy is granted.

A020102 <u>Organization and Funding</u>. The CAO will be set up as a division of the DAO and funded and accounted for as part of the DAO except the consolidated CAO at Red River Army Depot. This CAO is a division of the NAF Directorate, DFAS-IN.

A020103 <u>Services Provided</u>. The CAO provides services that are normally provided by a commercial accounting office.

A020104 <u>DAO</u>. The DAO or designee will appoint a central accounting officer to account for the funds of the serviced activities and for funds entrusted to the CAO. The central accounting officer may be-

A. A GS-510 accountant paid from appropriated funds (APF).

B. A commissioned or warrant officer.

C. A NAF-510 NAF accountant.

A020105 <u>Appropriated Fund Support.</u>

A. <u>Authorized APF Support</u>. Appropriated fund support in addition to the salary of the central accounting officer is authorized under AR 215-1. The support can only be provided in the form of appropriated fund employees, appropriated funded supplies and materials, or through a contract issued by the appropriated fund procurement office. Allowable appropriated fund support is calculated as follows: Total NAF CAO costs (excluding the central accounting officer position and NAF data automation costs), APF support-40%, NAF support-60%. If the CAO has GS employees other than the central accounting officer, 60% of the value of these GS salaries must be subtracted from the total allowable support. The 60% will be prorated among all NAFIs based on how total CAO costs are prorated, if they are prorated. APF support may be given to the extent funds and appropriatedfund civilian or military positions are available for positions specifically authorized.

B. <u>ADP Cost</u>. The CAO is authorized appropriated fund support for 65 percent of the CAO Automated Data Processing (ADP) cost. Refer to AR 215-1, app C, for details.

A020106 Additional 510-Series Accountants. If the total staff of the CAO is five or more, additional 510-series accountants will be needed to assist the central accounting officer. If the CAO services up to 149 departments, at least one more accountant is needed. At least one more 510-series accountant is needed when 150 to 224 departments are serviced. For each added increment of 75 departments (or fraction thereof), at least one more 510-series accountant is needed. A "department" in this formula is defined as the lowest level of accountability within a NAFI for which a separate income statement is produced. (This does not include unit funds.) The complexity of the serviced NAFI operations should be considered when applying this formula. APF positions for additional accountants will be established when the duties and responsibilities are authorized APF support by AR 215-1. Otherwise the positions will be staffed with NAF personnel. The extra accountants should occupy the following positions in the CAO:

A. First accountant-Assistant Central Accounting Officer.

B. Second accountant-Chief, Accounting and Control Branch.

C. Other accountants-Accounting and Control Branch Accountants or Chief, Pay and Examination Branch or Disbursing Branch.

A020107 <u>Emergency Checking Account</u>. When the installation is served by the consolidated CAO, an emergency checking account may be set up for an installation by the CAO. The disbursing agent should be the DAO. If there is no DAO, the installation commander may appoint a disbursing agent. The emergency checking account (GLAC 113) will be set up with a CAO check. (See A040108 for account restrictions.)

A0202 <u>C A O A N D N A F I</u> <u>ADMINISTRATION</u> In the general administration of CAOs and NAFIs, responsibilities involve specific tasks. Later chapters further detail such procedures for various types of funds. The basic administrative tasks are outlined below-

A020201 <u>Central Accounting Officer</u> <u>Duties</u>. The central accounting officer will:

A. Sign checks in payment of valid obligations of serviced funds after verifying bank account balances are sufficient for payment. The CAO can delegate check signing authority to an alternate.

B. On request from the NAFI and/or program manager, perform budget variance analysis and provide results to fund managers.

C. Prepare reports related to or included with the financial statements, coordinating data with fund and/or program managers.

D. Develop a fair method for prorating the CAO operating cost to serviced NAFIs.

E. Submit all requests for fund equity adjustments through command channels

to DFAS-HQ-A for approval. Also insure financial statements are footnoted to show any approved adjustments.

F. Ensure all routine interfund transfers and authorized debts between funds are liquidated within 30 days of the transactions unless interfund transfers including loans of more than 30 days are authorized by AR 215-1.

G. Evaluate change fund and petty cash fund balances not less than once a year to determine if amounts appear to be either excessive or inadequate and advise fund managers to authorize increases or decreases in balances as appropriate.

H. Meet with NAFI management at least monthly to discuss the financial reports and/or to give technical advice when the CAO is located on the installation served.

I. Prepare the CAO annual budget to include providing accounting and other costs data for inclusion in the appropriated fund budgets.

J. Direct day-to-day operations of the CAO. This is usually carried out through subordinate accountants, accounting technicians, and clerical personnel.

K. Advise subordinates on classification of transactions.

L. Plan and schedule accounting operations and computer processing.

M. Prepare requests to higher headquarters to change accounting policy or systems.

N. Advise the NAFI fund and/or program managers on the financial aspects of operations on their request.

O. Perform the following personnel management functions as a supervisor:

1. Schedule and approve leave.

2. Establish per-formance standards and appraise actual performance.

3. Counsel subordinates.

4. Initiate proposals for disciplinary action, as required.

5. Maintain production records.

6. Review position descriptions of subordinates for currency and accuracy.

7. Initiate or participate in the review and improvement of work methods and internal organization structure to achieve optimum results.

P. Ensure the CAO and serviced NAFIs comply with DFAS accounting policies and procedures and apply generally accepted accounting principles on a consistent basis.

Q. Perform a financial analysis of each activity's financial statement using tools and techniques discussed in chapter 11. The results of the financial analysis should be incorporated into a written narrative analysis and included with the financial statements once each quarter. However, management analysis is the responsibility of the NAFI manager. (See AR 215-1).

R. Ensure accounting functions are performed efficiently and at the lowest cost to serviced NAFIs.

S. Make disbursements only as permitted in chapter 5.

T. When notified of a change of NAFI managers, request that-

1. Reconciliations of all assets, inventories, and liabilities are prepared, reviewed by both the outgoing and incoming NAFI managers. Both NAFI managers will verify the validity of the reconciliations and the financial statements. (See Figure 2-1) 2. Notification of the transfer be sent to all banks, security dealers and/or investment companies, insurance companies, and payroll offices as deemed appropriate.

3. Incoming and outgoing NAFI managers each receive a copy of the certification of fund transfer, the related financial statements, and all recommendations and command responses.

4. Transfer of accountability is performed at end of month if possible. If performed during the month, prior month financial statements will be used for the transfer.

A020202 <u>Duties of CAO Personnel</u>. Central accounting office personnel will:

A. Maintain all books of original entry (journals and registers), the general ledger, and related subsidiary ledgers.

B. Maintain fixed asset records.

C. Prepare all disbursement vouchers and checks after assuring availability of funds. (This includes payrolls and paychecks, if the CAO is not serviced by the Central NAF Payroll Office (CNPO).)

D. If not serviced by the CNPO, maintain individual earnings records and issue IRS Forms W-2 for employees of the CAO and serviced NAFIs; combine payroll data received from funds with CAO employee data; and prepare, summarize, and post to proper records the payroll for all employees. (Only one Federal employer's ID number will be used for all personnel paid by the CAO.) If serviced by the CNPO, the CAO serves as the point of contact between the NAFIs and the CNPO. (Installations without a CAO will designate, in writing, to all NAFI managers and the CNPO, the point of contact for the installation.) The CAO posts payroll costs to CAO and NAFI records, whether serviced by the CNPO or not.

E. Prepare required periodic financial reports (The CAO gives the fund

manager ratios and percentages and narrative analysis thereof. The CAO also gives variances in relation to established standards or approved budget goals upon request).

F. Prepare other information when required by management or higher authority. The CAO may provide technical advice, but will not prepare other NAFI budgets.

G. Prepare financial reports for all serviced funds and send them to NAFI managers for review. The deadline for completion of these statements is 6 workdays after the CAO receives the months' final documents from NAFI management. For the consolidated CAO at Red River Army Depot, the deadline is 8 workdays after receipt of the final documents. A major departure in NAFI performance from the previous periods should be discussed with the NAFI managers prior to report distribution.

H. Prepare an annual operating budget for the CAO and a schedule that shows the estimated amounts to be assessed each serviced NAFI. The CAO also prepares comparative financial statements of the CAO operations. The CAO analyzes costs in relation to prior year costs and projected (budgetary) costs.

I. Reconcile the bank accounts of serviced NAFIs monthly. Review daily account balances shown on monthly bank statements to ensure that insurance and collateral are sufficient.

J. Compute the cost of operating the CAO for each NAFI and collect monies due.

K. Maintain DA Forms 1991 (Stock Record Cards), when NAFI management determines it is feasible and cost effective.

L. Arrange for an independent inventory observer to observe the required fixed and resalable merchandise inventories. The consolidated CAO at Red River will request that the installation NAFI management arrange the inventory for those NAFIs it serves. M. Perform monthly reconciliation of unpaid Government liabilities with corresponding records of receivables from installation NAFIs on the books of the DAO Accounting Division.

N. Review transmittal letters and attached documents for completeness and accuracy. Review daily activity reports to ensure accuracy and receipt of proper supporting documentation.

O. Obtain daily cash deposit data from the local depository bank and makes fund transfers to the central bank. CAOs may use alternative methods to determine deposit data and account balances available for transfer to the central bank. When the accounting is not performed on the installation, the CAO may delegate the function, in writing, to NAFI personnel on site.

P. Notify NAFI managers of missing or delayed fund deposit documentation.

Q. Review and analyze banking charges annually to determine if services are needed and charges are reasonable. Request the assistance of the NAFI Financial Management Division and provide review results to the NAFI manager for appropriate action.

R. Prepare reports concerning local bank deposits per AR 215-1.

A020203 <u>NAFI Manager Tasks</u>. NAFI managers-

A. Make bank transfers of funds when authorized in writing by the CAO to do so. NAFI managers do not sign checks.

B. Collect monies and make bank deposits, and furnish the CAO with all required documentation of cash receipts and deposits. (See chap 4 for requirements.)

C. Take month-end physical resale merchandise inventories and send documents to the CAO within 2 working days, to arrive by the third work day of the following month. D. Take action to collect dishonored checks and delinquent accounts receivable.

E. Maintain change funds and ensure that checks are cashed only for members or other authorized persons.

F. Ensure invoices mailed by vendors are sent directly to the CAO, except invoices for NAF insurance programs described in AR 215-1.

G. Furnish the CAO with minutes of council meetings, where a council exists. They furnish approved budget and other information to the CAO, as required, for accounting and reporting purposes.

H. Maintain petty cash funds and ensure vouchers are prepared to support all disbursements from such funds. Petty cash must be replenished at the end of each month. Negative submissions are required.

I. Submit a formal written request for any cash advance, including for travel and tour events, to the CAO. (This request will show the amount of the advance. It will include an agreed-upon time period (e.g., 24, 72 hrs) for submission of proper receipts and documents.)

J. Send daily activity reports, purchase orders, receiving reports, delivery required tickets. and other supporting documents to the CAO. Sequentially numbered daily transmittal letters will be used. All documents will be sent within 2 working days of receipt or issue. The CAO must receive the documents by the third work day after receipt or issue. The consolidated CAO at Red River Army Depot will receive these documents by the fifth work day after receipt or issue.

A0203 DOCUMENT CONTROL.

A020301 <u>Source Documents</u>. NAFIs will send all source documents to the CAO within two working days after receipt or issue but the CAOs must receive them by the third work day after receipt or issue. The consolidated CAO at Red River Army Depot must receive documents by the fifth work day after receipt or issue. CAOs will date-stamp all documents to track those that were received late.

A020302 <u>Electronic Media</u>. If electronic media is used to transmit DARs to the CAO, original documents do not have to be sent to the CAO unless the CAO ask for the documents. However, the original documents must be kept on file for three years after close of the fiscal year.

A0204 ACCOUNTING POLICY FOR A Total CAO operating costs will be CAO. prorated to serviced funds based on percentage of workload for each fund. The expense and liability will be recorded on the serviced funds' books at the end of each month and receivables and income will be recorded on the CAO's books. The CAO will not charge itself for maintaining accounting records. The portion to be charged to each serviced fund will be based on the number of documents processed for that fund, relative time spent on that fund, or by another equitable proration method. Volume of sales and number of personnel employed by a fund are not considered workload factors for this purpose. Costs that can be directly traced to a particular fund will be charged to that fund.

A0205FINANCIALSTATEMENTSAND SCHEDULES OF OPERATING EXPENSES.CAOs will prepare an income statement eachmonth. The statement will--

A020501 Summarize the results of financial operations and financial condition of the CAO, to aid CAO management in the control and planning functions.

A020502 Provide each serviced NAFI with a detailed statement of the total operating expenses allocated to the NAFIs.

A020503 Serve as a document to support the reimbursement to the CAO from serviced NAFIs.

A0206 <u>CAO COST PERCENTAGE</u>. The CAO cost percentage measures NAF CAO expenses as a percentage of the total revenue of serviced NAFIs. The CAO cost percentage is heavily influenced by the work environment. Some of the factors affecting it are labor costs, changes in NAFI revenue, and the complexity of the serviced NAFIs. The CAO cost percentage is an important indicator, but it doesn't measure quality of CAO services. The DFAS-established CAO gross cost goal is not to exceed 2.0% of total NAFI revenue. Gross CAO costs include all NAF expenses including the salary and benefits of Central Accounting Officers paid from NAF.

A0207 <u>DISSOLVING A CAO</u>. A CAO will be dissolved when the installation is inactivated or abandoned or the NAF entities can be more effectively serviced by a CAO at another installation. Approval to dissolve a CAO must be requested from DFAS-IN-AN. When a CAO is dissolved, all NAF purchased assets will be transferred to the Consolidated DFAS NAF CAO at net book value. APF purchased assets will be transferred to the local DAO.

CHAPTER 3

THE NAF ACCOUNTING CLASSIFICATION CODE SYSTEM

A0301 SCOPE OF THE SYSTEM

A030101 <u>Uniform System</u>. A uniform system for coding transactions has been developed to insure consistency in financial management procedures as well as flexibility in application to either manual or mechanized accounting records in the NAF area.

A030102 <u>Accounting Classification Code</u>. The NAF accounting classification code is a 12position code. This code shows the major command, the installation, the NAFI, the program code, the location, the department, and the general ledger account related to the transaction. It is made up of six parts, in the following order:

A. A two-position Command and Installation code.

B. A one-position NAFI code.

C. A two-position program code.

D. A two-position location code.

E. A two-position department code.

F. A three-digit general ledger account code (GLAC).

A030103 <u>Master Chart of Accounts</u>. This chapter has the master chart of accounts to be used by commands having the following types of NAFIs: resale and revenue-producing; military general welfare and recreation; supplemental mission services; and civilian employees general welfare and recreation. Each NAFI should select those accounts applicable to it's operations. Requests for additions to the chart of accounts should be submitted through command channels to DFAS-HQ-A.

A0302 <u>MAJOR COMMAND AND</u> <u>INSTALLATION CODE</u>. This two-position alphabetic code shows the command and installation, military community, or other area within the command. AR 215-1 lists the standard codes.

A0303 <u>NAFI CODE</u>. This one-position code shows the NAFI. AR 215-1 lists the NAFI codes.

A0304 <u>PROGRAM CODES</u>. The program code is a two-position code that immediately follows the NAFI code. (For NAFISS input, use ""00" instead of the program code. See the NAFISS user's manuals for the detailed instructions). Program codes show the various business activities within a NAFI. AR 215-1 lists Standard program codes.

A0305 <u>LOCATION CODES</u>. The location code is a two-position code that immediately follows the program code. Facilities/annexes within a program code will be named by a unique location code. The location codes are assigned locally.

A0306 <u>DEPARTMENT CODES.</u> The department code is a two-position code that immediately follows the location code. This code shows the activities of a NAFI for which income and expenses are recorded and reported on the NAFI Income Statement and links the income or expense transactions to the proper department. Department codes are restricted for use. Requests for additional department codes will be sent to the proponent for AR 215-1 for approval. An information copy of the request will be sent to DFAS-IN. AR 215-1 lists standard department codes.

A0307 <u>GLACs</u>. The GLAC is a three digit numeric code that immediately follows the department code. The GLAC shows the general ledger account. The GLACs are listed below in numerical sequence. For their descriptions, see Attachment 2 in this appendix.

Current Assets

Cash 101-US Cash. 102-Foreign Currency Cash. 103-US Payroll Cash. 104-Foreign Currency Payroll Cash. 105-Cash Change Fund. 106-Foreign Currency Conversion Fund. 107-US Petty Cash. 108-Foreign Currency Petty Cash. 109-Bingo Petty Cash. 110-Commercial Credit Card Compensating Balance. 111-Local Bank Compensating Balance. 112-Foreign Currency Change Fund. 113-Emergency Local Checking.

Investments

115-NAF Centralized Investment Program.116-Savings Account.117-Marketable Securities.

Receivables

119-Advance Receivable. 120-ARM Income Receivable. 121-Member Receivables. 123-Concessionaire Receivables. 124-Returned Checks Receivable. 125-AAFES Receivable. 126-Loans Receivable. 127-Claims Receivable. 128-Deposits Receivable. 129-Guest Ledger Receivables. 130-Accrued Interest Receivable. 131-Grants Receivable. 132-Dividends Receivable. 133-Reserve Component Dividends Receivable. 134-Allowance for Doubtful Accounts. 135-Inter NAFI Receivables-Inside MACOM. 136-Inter NAFI Receivables-Outside MACOM. 138-Layaway Receivables. 139-Commercial Credit Card Receivable. 140-Miscellaneous Other Receivables.

Inventories

141-Warehouse/Storeroom Inventory.142-Sales Outlet Merchandise Inventory.143-Inventory In Transit.144-Work in Progress Inventory.

Prepaid Expenses

151-Prepaid Supplies and Equipment. 152-Prepaid Taxes and Licenses. 153-Prepaid Insurance. 154-Prepaid Maintenance and Repair. 155-Prepaid Tableware, Kitchenware, Linens, and Uniforms. 156-Prepaid Bingo Prizes. 157-Prepaid Rent. 159-Prepaid Items In Transit. 160-Miscellaneous Other Prepaid Expenses. **Fixed Assets** 161-Buildings. 162-Accumulated Depreciation-Buildings. 163-Furniture, Fixtures, and Equipment. 164-Accumulated Depreciation-Furniture, Fixtures, and Equipment. 165-Vehicles, Aircraft, and Boats. 166-Accumulated Depreciation-Vehicles, Aircraft, and Boats. 167-Breeding Livestock. **168-Accumulated Depreciation-Breeding** Livestock. 169-Building Improvements. 170-Accumulated Depreciation-Building Improvements. 171-Land Improvements. 172-Accumulated Depreciation-Land Improvements. 175-Government Titled Buildings and Improvements. 176-Accumulated Depr-Government Titled Buildings and Improvements. 177-Other Government Titled Fixed Assets. 178-Accumulated Depreciation-Other Government Titled Fixed Assets. 179-Building and Improvement Construction Costs. 180-Fixed Assets In Transit. **Other Assets** 185-Long-term Loans Receivable.

185-Long-term Loans Receivable.
186-Artifacts.
187-Fixed Assets Sinking Fund.
188-Employee Separation Allowance Sinking Fund.
189-ARM Trust Allocation.
190-Transient Lodging Sinking Fund.
193-Central Accounting Office Loan Receivable.
195-Payroll Deposit Receivable.
196-Construction Advances.

199-Miscellaneous Other Assets.

Current Liabilities Payables

201-Accounts Payable. 202-Deposits Payable. 203-Loans Payable. 204-Installment Contracts Payable. 205-Grants Payable. 206-Dividends Payable. 207-Reserve Component Dividends Payable. 208-Vending Machine Revenue Sharing Payable. 209-Unclaimed Wages Payable. 210-Federal Withholding Taxes Payable. 211-State Withholding Taxes Payable. 212-Local Withholding Taxes Payable. 213-FICA Taxes Payable. 214-Employee Group Health and Life Insurance Premiums Payable. 215-Employee Group Retirement Insurance Premiums Payable. 216-Employee Supplemental Insurance Premiums Payable. 217-Employee Delinquent Tax Levy Withholdings Payable. 218-Employee Savings Bond Deductions Payable. 219-Employee Charitable Deductions Payable. 220-Employee Savings Allotment Deductions Payable. 221-Employee Union Dues Deductions Payable. 222-Employee Meals Deductions Payable. 224-Foreign Withholding Taxes Payable. 225-Foreign Unemployment Insurance Taxes Payable. 226-Foreign Medical Insurance Taxes Payable. 227-Foreign Welfare and Pension Taxes Payable. 228-Manual Pay Reimbursements Payable. 229-401k Deductions Payable. 230-Tips Payable. 231-Inter NAFI Payables-Within MACOM. 232-Inter NAFI Payables-Outside MACOM. 233-US Unemployment Insurance Payable. 234-ARM Distribution Payable. 235-Demand Deposits Payable. 236-Claims Payable. 237-Construction Contracts Payable. 238-Billeting Fund Surcharge Payable.

239-Thrift Savings Plan Deductions Payable.

240-Miscellaneous Other Payables.

Accruals

241-Interest Payable.
242-Salaries and Wages Payable.
243-Annual Leave Payable.
244-Payroll Taxes Payable.
245-Employee Bonuses Payable.
246-Other Employee Benefits Payable.
247-US Employee Compensatory Time Payable.
248-Foreign National Employee Compensatory Time Payable.
250-Bingo Cash Jackpot Payable.
251-Bingo Merchandise Jackpot Payable.
256-Audit Expense Payable.
257-Maintenance Expense Payable.
260-Miscellaneous Other Accruals.

Unearned income

261-Special Event Advance Ticket Sales.
262-Dues and Assessments Advance Payments.
263-Advance Payments on Account.
267-Miscellaneous Other Unearned Income.

Long-term Liabilities

268-Long-term Loans Payable.
270-US Employee Allowances Payable.
271-Foreign National Employee Allowances Payable.
272-Reserve For Claims.
275-Miscellaneous Other Long-term Liabilities.
289-Location Clearing Account.

Equity

291-Contributed Capital. 292-Retained Earnings.

Sales

301-Cash Sales. 302-Credit Sales. 303-Layaway Sales. 304-Sales Returns and Allowances. 305-Customer Discounts. 306-Employee Discounts.

Cost of Goods Sold

401-Purchases.402-Warehouse/Storeroom Requisitions.403-Transfers from Other Funds.404-Transfers from Other Locations

Departments.

411-Purchase Returns and Allowances.

412-Warehouse/Storeroom Issues.

- 413-Transfers To Other Funds.
- 414-Transfers to Other Locations/Departments.
- 416-Other Inventory Reductions.
- 432-Cost of Goods Sold, Inventory Overages.
- 452-Cost of Goods Sold, Promotions Expense. 453-Cost of Goods Sold, Customer Rejected
- Goods. 454-Cost of Goods Sold, Resale Merchandise
- SBO.
- 455-Cost of Goods Sold, Warehouse/Storeroom SBO.
- 456-Cost of Goods Sold, Inventory Shortage.

Other Operating Income

501-Service/Recreation Activity Income. 502-Concessionaire Commission Income. 503-Special Events Income. 504-Rental and Usage Fees Income. 505-TV and Radio Rights Income. 506-Program and Brochure Income. 507-Guaranteed Participation Income. 509-Dues and Assessment Income. 511-Cash Overage Income. 512-Inventory Overage Income. 515-Vendor Reimbursement Income. 516-Forfeited Layaway Sales Income. 517-Late Charge Assessment Income. 518-POV Registration Fee Income. 519-Operator License Fee Income. 520-Reregistration Fee Income. 521-Nonoperational Vehicle Fee Income. 522-Weapons Registration Fee Income. 523-Returned Check Service Charge Income. 524-ARM Profit Distribution. 525-ARM Expense Reimbursement. 527-Service Charge Income. 528-Warehouse Price Variance Income. 529-Fishing Income. 530-Hunting Income. 531-Greens Fee Income. 532-Driving Range Income. 533-Golf Cart Income. 534-Instruction Fee Income. 535-Lane Fees Income. 536-Shoe Rental Income. 537-Local Telephone Income. 538-Recyclable Material Income. 539-Amusement Machine Income (NonConcessionaire).

- 541-Commercial Travel Office Commission
- Income.
- 542-APF Contract Income.
- 543-USDA Income.
- 545-AAFES Dividend Income.
- 546-Insurance Premium Income.
- 547-Income From Allocation of Expenses.
- 548-Coupon and Special Offer Discounts.
- 549-AAFES Other Income.
- 550-Consignment Income.
- 551-Communications Services Income.
- 553-Commercial Sponsorship Income.
- 554-Food Purchase Rebate.
- 555-Garnishment Processing Revenue.
- 599-Miscellaneous Other Operating Income.

Labor

- 601-Salaries and Wages-US Employees. 602-Salaries and Wages-Foreign National **Employees.** 603-Annual Leave-US Employees. 604-Annual Leave-Foreign National Employees. 605-Sick Leave-US Employees. 606-Sick Leave-Foreign National Employees. 607-Workers' Compensation Insurance-US **Employees.** 608-Workers' Compensation Insurance-Foreign National Employees. 609-Retroactive Wage Increases-US Employees. 610-Retroactive Wage Increases-Foreign National Employees. 611-Employer's Share of FICA. 612-Employer's Share of Employee Group Health and Life Ins Plans. 613-Employer's Share of Employee Retirement Plans. 614-Foreign Unemployment Insurance Taxes. 615-Foreign Medical Insurance Taxes. 616-Foreign Welfare and Pension Taxes. 617-US Employee Bonuses. 618-Foreign National Employee Bonuses. 619-Foreign National Employee Separation Pay. 620-US Unemployment Insurance Expense. 621-US Employee Compensatory Time Expense. 622-Foreign National Employee Compensatory Time Expense. 623-Home Leave Expense.
- 624-Other Benefits-US Employees.
- 625-Other Benefits-Foreign National

Employees. 626-Employer Share of 401k Expense. 627-Employer Share of TSP Expense. **Other Operating Expenses** 651-Manager's Expense. 652-Promotions Expense. 653-Customer Rejected Goods Expense. 654-Resale Merchandise Spoilage, Breakage, and Obsolescence Expense. 655-Warehouse/Storeroom Spoilage, Breakage, Obsolescence Expense. and 656-Inventory Shortage Expense. 657-Facilities Maintenance and Repair Expense. 658-Equipment Maintenance and Repair Expense. 659-Vehicle Maintenance and Repair Expense. 660-Training Expense. 661-Bad Debt Expense. 662-Discount Lost Expense. 663-Bank Service Charge Expense. 664-Vehicle Operating Expense. 665-Printing Expense. 666-Vehicle License Plate Expense. 667-Vehicle Decal Expense. 669-Door Prize and Promotion Expense. 670-Sports Activities Expense. 671-Awards and Trophies Expense. 672-Sports Officials Expense. 673-Recruiting Expense. 674-Scouting Expense. 675-Training Table Expense. 676-Visiting Team Billeting and Meals Expense. 677-Program and Brochure Expense. 678-Volunteer Service Expense. 679-Condolences/Memorials 680-Warehouse Price Variance Expense. 681-Commissions Paid Expense. 682-Civilian Personnel Services Expense. 683-Administrative Support Branch Expense. 684-Central Procurement Office Expense. 685-Central Accounting Office Expense. 686-Contractual Services Expense. 688-Common Service Fund Expense.

689-Payroll Service Expense.
690-Data Processing Expense.
691-CDS/YA Meals and Snack Expense.

091-CDS/ IA Meals and Shack Expense

692-Training Travel Expense.

- 693-Claims Expense.
- 694-Studies and Analysis Expense.
- 695-Annuity Expense.

696-Grant Expense. 697-Dividend Expense. 698-Vending Machine Income Sharing Expense. 699-Major Construction Expense. 726-Supplies Expense. 727-Laundry and Dry Cleaning Expense. 728-Ice Expense. 729-Utilities Expense. 730-Communications Expense. 731-Freight Expense. 732-Travel Expense. 733-Insurance Premiums Expense. 734-Building and Contents Insurance Expense. 735-Advertising Expense. 736-Taxes and Licenses Expense. 737-Tort Claims Expense. 738-Audit Expense. 739-Cash Shortage Expense. 740-Late Payment Interest Expense. 741-Deposits Lost Expense. 742-Furniture and Equipment Expense. 743-Commercial Credit Care Expense. 744-General Entertainment Expense. 745-Special Events Entertainment Expense. 746-Rental Expense. 747-Flowers and Decorations Expense. 748-Official Hosting and Representation Expense. 749-Tableware, Kitchenware, Linen, and Uniforms Expense. 750-Bingo Prizes Expense. 751-Collection Agency Expense. 752-Investment Expense. 753-ARM Distribution Expense. 754-PCS Expense. 755-Interest Expense. 756-Consignment Ticket Expense. 757-Commercial Communication Expense. 758-Army Billeting Fund Surcharge Expense. 759-Cable/Pay TV Expense.

799-Miscellaneous Operating Expense.

Other Income

801-Interest Income.

803-Gain on Disposal of Other Fund-Owned Property.806-Nonoperating Sources of Revenue.807-Contributions From Charatable Sources.808-NAF to APF Conversion Income.

825-Miscellaneous Other Income.

Other Expenses

826-Interest Expense.
827-Loss or Gain on Disposal of Fixed Assets.
828-Loss or Gain on Foreign Currency Transactions.
830-Isolated Unit Dividend Expense.
831-Reserve Component Dividend Expense.
832-Loss on Close of Business Locations.
833-APF to NAF Conversion Expense.
850-Miscellaneous Other Expenses.

Depreciation Expenses

851-Buildings Depreciation Expense.
852-Building Improvements Depreciation Expense.
853-Furniture, Fixtures, and Equipment Depreciation Expense.
854-Vehicles, Aircraft, and Boats Depreciation Expense.
855-Land Improvements Depreciation Expense.
856-Breeding Livestock Depreciation Expense.

857-Other Government Titled Fixed Assets Depreciation Expense.

858-Government Titled Buildings and Improvements Depreciation Expense.

Extraordinary Items

891-Extraordinary Expense. 892-Extraordinary Income.

Income and Expense Summary

900-Income and Expense Summary.

Asset, liability, and equity accounts (GLACs 101-292) normally have a department code of "00". In NAFISS GLACs 151, 155, 156, and 900 will always have a department code of G1. GLAC 141 will always have a department code of W1. GLACs 142, 143, and 144 will have the applicable department code assigned.

CHAPTER 4

<u>ASSETS</u>

A0401 <u>CASH AND INVESTMENTS</u>

A040101 Cash Receipts.

Safeguarding and Depositing. A. Cash receipts will be safeguarded and deposited by the NAFI in accordance with AR 215-1. The bank deposit slip, properly identified with the NAFI and activity, will be prepared in triplicate. A copy will be kept by the activity preparing it; the bank will keep a copy; and a bank-receipted copy will be sent to the CAO. The copy sent to the CAO will normally be attached to the daily activity report (DAR), but local conditions or procedures may make it necessary for the deposit slip to be separated and sent to the CAO ahead of the DAR. CAO will send deposits from the local bank to the Central Bank through Electronic Funds Transfer (EFT) on a regular basis except when delegated to on-site NAFI personnel as outlined in A020202. O.

B. Receipt Voucher. DA Form 1992 (Nonappropriated Fund Receipt Voucher) or other sequentially numbered receipt document will be used to receipt for cash when the transaction is not recorded in cash registers or on sales slips. A record will be made of the person and section to whom all books of DA Forms 1992 are issued. The original of completed forms will be given to the person from whom the collection was made; the duplicate attached to the DAR and sent to the CAO; and the triplicate will remain in the book in numerical sequence. The person making the collection will sign the receipt; the signature must appear on all copies. If a receipt is spoiled, mark "VOID" across the Attach the original and face of all copies. duplicate to the DAR. The CAO will maintain records to ensure that all receipts are received and accounted for.

C. <u>Incoming Mail</u>. Someone in the control section will open all incoming mail in the CAO. When checks are received, DA Forms 1992 will be prepared. The checks will be stamped

"FOR DEPOSIT ONLY" on the back. immediately. The duplicate DA Form 1992 should go to the person remitting the check, however, unless requested by the remitter, it will not be mailed to him or her. It will remain in the book with the triplicate. The original will be attached to the DAR. A deposit will be made as soon as possible. Normally the CAO will not receive cash, but if it happens, a deposit should be made as soon as possible. Where large volumes of checks are received daily at the CAO, instruments other than the DA 1992 may be used as long as strong internal controls are in place and there is a record of all ckecks received.

D. <u>Daily Cashier's Record</u>. DA Forms 4082 (Daily Cashier's Record) will be prepared by all departments of the fund. Register readings and change fund controls will be in accordance with 215-1. Cash register tapes and copies of all receipt vouchers, sales slips, guest checks, cash collection sheets, and other documents will be attached to the DA Form 4082 as supporting documentation. Sales slips should be segregated for posting of charges to members' accounts.

E. Vending or Amusement Machine DA Form 4083-R (Vending or Collections. Amusement Machine Collections) will be prepared in duplicate each time cash is removed from fund-controlled vending or amusement machines. It will be signed by the person representing the command plus the fund or vendor representative. The original DA Form 4083-R will be turned in with the cash and eventually attached to the daily activity report going to the CAO. The duplicate of the form will be sent directly to the CAO by the fund manager or the person designated by the fund manager. The CAO will check it against the original coming with the DAR. The CAO will maintain a control log to assure receipt of all DA Forms 4083-R. A blank copy of DA Form 4083-R is publication for located at the back of this reproduction.

A040102 <u>Consolidated Daily Activity</u> <u>Report.</u>

Daily Activity Report. The A. consolidated daily activity report is a summary of all the cashiers' and other operating reports of each department by location, DA Form 4082 and bank deposit slips prepared in each activity for the day will be sent to the CAO with the consolidated daily activity report. Discrepancies between the consolidated daily activity report and the supporting documentation will be resolved before submission to the CAO. All NAFIs, locations or departments will prepare a consolidated daily activity report for each day of operation. However, if the weekly volume of business is \$500 or less, activity reports may be prepared weekly rather than daily. Even if activity reports are sent weekly, a report is required on the last business day of each month. If no business has occurred since the last report, a negative report will be submitted. All deposits made during the week will be consolidated on the weekly activity report.

B. <u>Content of Report</u>. There is no DA prescribed format for the daily activity report. However, it must contain at least the following information: date of report, day(s) covered by the report, location code, program code, all revenue received in the period covered, cash overages and shortages, name and signature of person preparing form, and name and signature of person verifying the data.

A040103 Foreign Currency Transactions. Transactions in foreign currency will be recorded at the equivalent dollar rate. The rate of exchange to the US Dollar will be shown on the document evidencing the transaction. Α subsidiary ledger will be kept in the foreign currency so that there is a running balance of the amount of foreign currency on hand. This is usually done in the disbursing section. Local procedures for a theater of operations, including rates of exchange, are established by the theater command. The procedures prescribed are generally applicable to NAF and must be followed. Gain or loss on use of foreign currency will be determined and recorded at the end of each month. Amounts such as the changes in the

dollar value of foreign currency will be determined and recorded at the end of each month. Amounts such as the changes in the dollar value of foreign currency petty cash funds need be changed only at the end of the fiscal year unless significant. Foreign currency petty cash and change funds should be authorized and accountable as an amount of the foreign currency, e.g., the foreign currency petty cash fund should be stated as 100,000 units of foreign currency; not \$100 worth of foreign currency. The CAO can then adjust the dollar value when necessary on journal voucher.

A040104 Checking accounts.

A. <u>Separate Checking Account</u>. Each NAFI must have a separate checking account. Under no circumstances will cash of one NAFI be used to pay obligations of another. The CAO will not sign a check in excess of the checking account balance.

Monthly Bank Statements. The Β. bank will be requested to mail or deliver monthly bank statements directly to the CAO. The CAO will reconcile each bank statement to the accounting records monthly. Use of DA Form 5353-R (Bank Reconciliation Worksheet) is optional. The CAO will also check the bank statement for any electronic transfers of funds they weren't aware of. Unreconciled discrepancies of \$1 or less may be adjusted without further research.

C. <u>Checks</u> Outstanding. When checks are outstanding for 4 months after the issue date, a follow-up will be required. A stop payment order will be issued for all checks outstanding over 6 months unless the bank has a stale date policy, the check has a stale date printed on it, or the service charge for a stop payment order is more than the check amount.

D. <u>Bank Account Signatory</u>. The person appointed as a bank account signatory will sign the forms prescribed by the bank and send them to the bank.

E. <u>Cash In Bank-Payroll</u>.

1. <u>Unclaimed Checks</u>. Payroll checks that have been unclaimed for one month past issue date will be canceled. If the check was by the CNPO, it will be sent to that office for proper cancellation. A liability (GLAC 209) will be established for a period of 5 months. The contra debit will be to GLAC 101 or 102. At the end of the 6-month period, the amount will be transferred from GLAC 209 to GLAC 825.

2. <u>Outstanding</u>

<u>Checks</u>. When checks are outstanding for 6 months after the issue date, a stop payment order will be issued. The offsetting increase in payroll cash will be credited to GLAC 825. The stop payment order need not be made if either-

a. The servicing bank has a stale date policy: or

b. The service charge is greater than the check amount. In the case of the CNPO check, the amount will be reimbursed to the participating NAFI.

F. <u>Signing Checks</u>. The only people authorized to sign checks or withdraw funds from the IMWRF bank account are authorized personnel within the CAO and personnel outside the CAO who are authorized in writing by the CAO to do so. Dual signatures are required when separation of duties is not possible and when the amount of the check exceeds the signer's fidelity bond limit.

A040105 Blank Check Stock.

A. <u>Prenumbered and Storage</u>. Checks will be sequentially prenumbered by the printer and imprinted with the words "an instrumentality of the United States". Blank check stock will be inventoried upon receipt, stored in a locked, fire-resistant safe with a combination three-tumbler lock, and issued for each day's business using a signed register. The safe must not be easily movable or accessible to check writing personnel.

B. <u>Stock Pile</u>. Blank check stock on hand should never fall below a 90-day supply. A separate record is required for each bank account. The CAO may designate someone to perform the duties of keeping the records and controlling the blank check stock, but it cannot be one of the check writers or signers.

1. The CAO or designee will sign on receipt of new stock from the bank or printer; the check writer will sign for blank stock issued; and the CAO or designee will sign for any blank stock returned by the check writer. The form must be completed and signed at the time the checks are received, issued, or returned.

2. The following is an alternate method which is useful when a CAO has several bank accounts:

a. A form similar to a stock record will be maintained for each bank account.

b. Another form is prepared listing all checks issued at the beginning of the day. The person receiving the blank checks will sign the form acknowledging receipt.

c. At the end of the day, the unused checks will be noted on another issue form and the person designated by the CAO will sign the form acknowledging receipt. The checks will be returned to stock. The number of checks used will be posted to the stock record at least weekly and at the end of the month.

A040106 <u>Check Signing Equipment</u>. There are three components to check-signing equipment: a signature plate, a key to the machine, and the machine itself.

A. The signature plate must be in the custody of the signatory. When not in use, the plates will be stored in a container with a lock.

B. The key to the machine must be in the possession of the signatory. A designated representative will be authorized to sign checks during the signatory's absence. When the signatory is to be absent, the designee is given the lock and machine keys and signature plate for which he signs a receipt.

C. A duplicate machine key and the key or combination to the container holding the plates will be placed in a sealed envelope and stored in a safe that does not contain the plates.

D. A log will be maintained to record machine usage. Whenever the machine is operated, the signatory or authorized operator will enter the beginning and ending readings, date, and their initials on the log.

E. When a change of signatory occurs, destroy the signature plates with the destruction witnessed by two other persons. A certificate of destruction will be prepared and signed by the two witnesses and the successor signatory.

A040107 Disbursements.

A. Each of the following steps in the disbursement procedure will be done by a different person:

1. Authorization of payments.

2. Preparation of checks.

3. Signing of checks.

4. Reconciliation of bank accounts.

5. Blank check storage and reconciliation.

B. Spoiled checks will be made nonnegotiable by cutting off the signature block and writing "VOID" across the face of the check. Voided checks will be filed in the canceled check file.

C. Checks will be signed by authorized signatories. Blank checks will not be signed before preparation.

D. Alternate signatories should be appointed so that checks can be signed on a timely basis.

E. The normal method of delivery of checks is by mail, however, they are frequently picked up in person. The person delivering checks must ensure that the person picking up a check is the payee or has been designated to pick up the check.

A040108 <u>Emergency Checking Account.</u> This type of checking account may be set up by installations served by the consolidated CAO, according to A020107. These accounts will be set up at the Central Bank, separate from the main checking account. The account will be recorded under GLAC 113-Emergency Checking Account. Any such accounts will be subject to the following restrictions:

A. The disbursing officer will maintain adequate internal control procedures for cash. (See AR 215-1, chap 11.)

B. The account will be limited to emergency use only. (Examples are last minute changes of entertainment groups that require one check be voided and a replacement issued, club cash door prize drawings, and unforeseen petty cash replenishment requirements.) Discrepancies and evidence of misuse of a special account should be reported to the installation commander at once.

C. The account balance will not exceed \$5,000 per NAFI. The amount of the cash advances to the NAFI will be reviewed quarterly by the CAO to ensure cash is not in excess of emergency needs. Additional cash requirements should be submitted through command channels to DFAS for approval.

D. The local installation DAO disbursing agent will maintain control and signature authority over the account.

E. The fund manager will supply the DAO disbursing agent the proper supporting documents. Within 48 hours of the transaction, the disbursing agent will transmit the supporting documents to the CAO.

F. The account will be replenished by mail deposit or wire transfer, as required. Suspenses and cash replenishment requirements will be accomplished by the CAO and the serviced installation by the end of each month. Funds will be transferred from the main checking account to replenish the emergency account.

G. Bank statements will be mailed directly from the bank to the servicing CAO for reconciliation.

A040109 <u>Change Funds</u>. These funds will be used to make change and cash checks. Cash received from operation may be used to replenish the fund at the end of the day as long as daily income is deposited in total and all checks cashed from these funds are deposited daily. In no case will the custodian exchange dollars for foreign currency.

A040110 Foreign Currency Conversion These funds will be used to convert Funds. dollars to foreign currency as a service to members and customers. The fund will not be used to convert foreign currency to dollars. The dollars collected will be deposited daily or when the fund is replenished and a check issued by the CAO to purchase or obtain foreign currency. The deposit slips should be kept and presented to the CAO when the fund is replenished. Conversion fund rates will be based on the monthly conversion rate established by the theater commander. As minimum, а reimbursement should be requested on the last business day of the month.

A040111 <u>Petty Cash Funds</u>. Petty cash is used for handling minor disbursements including commissary purchases and voluntary child care expenses. A fixed amount, designated as petty cash, is advanced to an appointed individual. Payments are made by the appointed individual and a petty cash voucher is completed to support each transaction. Periodically, a summary is prepared and sent to the CAO. The petty cash fund must be cleared out at the end of each accounting month. The CAO issues a check payable to the petty cash fund custodian to reimburse the petty cash fund and the vouchers are charged to the appropriate expense accounts. The following policies and procedures apply to petty cash:

A. The NAFI fund manager will appoint individuals to act as petty cash agents. Authorization document will specify by name who is the petty cash fund custodian. Each appointment will be covered by position bond.

B. The amount of a petty cash fund will not exceed one month's requirements.

C. Any one transaction will not exceed \$500. Transactions will not be fragmented to circumvent this limitation. Violations will require commanders approval prior to replinishment of the petty cash fund by the CAO.

D. If cash is given as bingo prizes, a separate petty cash fund will be used for bingo.

E. In foreign locations, an activity may have one petty cash fund in the local foreign currency as well as one in dollars. If an activity gives cash bingo prizes both in dollars and foreign currency, two bingo petty cash funds should be established.

F. There is no limit on the number of petty cash funds a NAFI or Location Code may be authorized, but any one petty cash agent will have as a maximum one non-bingo fund in dollars, one non-bingo fund in foreign currency, one bingo fund in dollars, and one bingo fund in foreign currency.

G. Petty cash funds will not be used for cashing checks, paying salaries and wages, travel payments, or travel advances. Occasional reimbursement for local mileage expense or purchases of gasoline for use in NAFI or privately owned vehicles while on NAFI business is authorized. Local travel payments must be supported by a local travel voucher, DD 1164. H. Each petty cash fund will be reimbursed at least monthly at the end of the month.

I. The CAO will expedite replenishment of petty cash funds.

J. DA Form 1994 (Petty Cash Voucher) will be used to evidence each petty cash transaction. They will be numbered sequentially and controlled by maintaining a record showing to whom they were issued. Original DA Forms 1994, including those voided, will be accounted for by the person responsible to the CAO when seeking and sent reimbursement. The IMWRF manager or designated representative will sign the approval block of DA Form 1993 prior to forwarding to the CAO for replenishment. When the disbursement is made from the petty cash fund, all receipts and other supporting papers will be stamped "PAID" by the petty cash fund agent. DA Form 1993 (Petty Cash Summary Voucher) will be used to summarize the DA Forms 1994 and serve as a cover voucher when seeking reimbursement from the CAO. The DA Form 1993 is an envelope form and the applicable DA Forms 1994 and supporting documents will be enclosed in the DA Form 1993.

K. Normally, NAFIs are not charged sales taxes, however, in some cases it is more expedient to pay the tax than apply for exemption. Sales taxes up to \$10 on a transaction may be paid from petty cash provided the petty cash agent includes a statement that attempts were made to gain exemption.

L. Use of petty cash for making purchases through money orders or COD is prohibited since this is a circumvention of normal procurement procedures. Petty cash funds are to be used for payment of incidental expenses for which payment by check is not feasible.

A040112 <u>Customer Refunds</u>. NAFI activities may issue cash refunds directly from the cash drawer. Refunds of more than \$50 will normally be made by check, but the local command may decide the maximum amount the various NAFI activities can refund to customers. Refunds for charge sales will be made as a credit to the charge account. Refunds for credit card sales will be made by credit memo. Cash and check sales may be refunded without a holding period. Proof of original sale/purchase must accompany any request for refund.

A040113 Securities and Investments.

A. ADA Form 4084-R (Investment Register) will be maintained as a subsidiary record to GLACs 115, 116, 117, and 187. This record will be reconciled to the control account each month. DA Form 4084-R is located at the back of this volume and will be reproduced locally on 8¹/₂ by 11-inch paper.

B. Adjustments are required to show gain or loss to the value of securities at time of sale. This is done by a debit or credit to the control account for the change in value; an offsetting credit or debit is made to miscellaneous income or expense account. If required, a statement may be prepared at year end, comparing current market value with cost.

A0402 RECEIVABLES.

A040201 <u>Subsidiary Records</u>. The CAO will keep subsidiary records for each member, customer, concessionaire, or other person or activity that owes the NAFI. Aging of accounts receivable will be done and given to the NAFI fund manager.

A040202 <u>Billeting</u>. The CAO will not keep detailed accounts receivable subsidiary records for billeting operations if-

A. Billeting gives a copy of all daily check-in and check-out folios to the CAO including voided folios.

B. The folios are prenumbered.

C. At month end, Billeting gives the CAO a list by folio number of all guests still in the facility and the amount due from each guest.

D. The CAO will post the total of daily room charges and cash collections from the daily activity reports. All unpaid guest charges will be recorded in GLAC 129, Guest Ledger Receivables. Do not transfer the amount of unpaid charges after the customer checks out of the billeting facility to GLAC 121, Member Receivables.

E. At month end the CAO will account for all folio numbers and reconcile the general ledger account balance with the Billeting list of accounts receivable.

F. This paragraph applies to Billeting Operations using the Housing Operations Management System (HOMES). If Billeting uses HOMES, the CAO will not keep the detailed accounts receivable subsidiary or receive copies of daily check-in and check-out folios. The CAO will receive the HOMES reports identified below to substantiate Billeting transactions recorded on the DAR.

1. The CAO will record room charge income on a daily basis. The CAO will receive the following HOMES reports on a daily basis from Billeting to support the room charge income recorded on the DAR: Night Audit Room Postings, Room Postings, Telephone Postings, and Miscellaneous Postings. The total by department from the Night Audit Room Postings and Room Postings reports will be recorded in GLAC 501. The total telephone charges for each department from the Telephone Postings report will be recorded in GLAC 504 or 537. Billeting must identify the GLAC for the items listed on the Miscellaneous Postings report if the total for each department.

2. The CAO will record customer credit card payments as a debit to GLAC 139 and a credit to GLAC 129, if the credit slips are redeemed by the credit card company. These payments are shown on the HOMES Invoice Maintenance Report. The CAO will receive a copy of this report on a daily basis to support the amount recorded in GLAC 139 on the DAR. Billeting must identify the credit card payments on this report. This report also shows adjustments to amounts due from guests who have checked out with an unpaid balance. Billeting must also identify these adjustments and the GLACs they are to be recorded in.

3. The HOMES Pay Postings report lists all cash received from inhouse guests. The CAO will receive a copy of this report on a daily basis to support the amount recorded in GLAC 101 on the DAR. The total amount of payments on this report will be credited to GLAC 129. The HOMES Accounts Receivable Payments report lists the amounts received from guests who checked out with an unpaid balance. This report also includes the payments received from credit card companies. Billeting must identify which payments apply to GLACs 129 and 139, respectively.

4. The HOMES Refund Postings report lists all cash refunds. The CAO will receive a copy of this report on a daily basis to support the DAR.

The HOMES 5. Guest Ledger Report is the detailed subsidiary ledger for in-house guests. This report is produced on a daily basis and shows the charges, payments, and outstanding balance for each guest. Separate totals are shown at the end of the report for guests with debit and credit balances. The CAO will receive the report produced for the last day of the month to substantiate the balance in GLAC 129. The total of the credit balances on this report will be recorded as unearned income, debit GLAC 129 and credit GLAC 263. This entry will be reversed at the beginning of the next month.

6. The HOMES Accounts Receivable Balances report is produced on request and shows the amounts due from customers who checked out with an unpaid balance. This report includes the amounts due from credit card companies. The CAO will receive a copy of this report for the last day of the month to substantiate the balance in GLACs 129 and 139.

7. The HOMES Aged Trial Balance Report is produced on request and is the aging schedule for amounts due from customers who checked out with an unpaid balance. This report also ages the amounts due from credit card companies. The CAO will receive this report for the last day of the month and use it to complete Financial Statement Supporting Schedule.

A040203 Uncollectible Accounts. Α receivable (GLACs 121-140) may be considered uncollectible when there is little chance of collecting it. Accounts for which no collection has been made in the past year will be considered uncollectible. If a receivable is deemed to be collectable, but collection will be delayed, the CAO should document the collection process and justification for not writing off a valid receivable. Receivables from other federal government entities will not be written off unless there is no chance of collecting the balance. The fact that an account is considered uncollectible does not prevent continued collection efforts by the fund manager. The CAO will write off monthly all accounts on which no collection has been made in the past year and let the NAFI fund manager and installation commander know of them. This action does not prevent Financial Management Division (FMD) from continuing efforts to collect delinquent accounts. A fund manager may choose the direct write-off method or the allowance method of accounting for uncollectible accounts. If the method is changed, the approval of the installation commander or equivalent is required.

A. Under the direct write-off method, accounts receivable considered uncollectible will be written off by debiting GLAC 661 and crediting the applicable receivable account.

B. Under the allowance method, an estimated bad debt amount is recorded as a debit to GLAC 661 and a credit to GLAC 134 each month. When a specific account is written off, debit GLAC 134 and credit the applicable receivable account. The following procedures will be used to establish and continue allowances for doubtful accounts:

1. To establish an allowance, find the average of the actual bad debt expenses each year for the past three years. Divide this by twelve to arrive at a monthly figure. Record this amount each month during the fiscal year as a debit to GLAC 661 and a credit to GLAC 134.

2. After the initial year, use prior year records (at least three years) to arrive at an estimated amount that should be recorded for the year. Divide this by twelve to arrive at the amount to record in the allowance account at the end of month (debit GLAC 661 and credit GLAC 134).

3. Alternate methods may be used to arrive at the allowance entry, however, it must be able to stand up to scrutiny. Most intermediate accounting text books and accounting handbooks give various methods of computation.

C. IMWRFs may take part in the Air Force's commercial debt collection contract. FMD will provide the necessary information for accounting entries on a DAR to the CAO. No accounting entries are required when the receivables are transferred to the contractor. The contractor will keep a 25% commission and forward the remainder to the installation. The following entry will be used when FMD receives the monthly check from the contractor, which includes interest income and unidentified payments and specifies the amount the contractor kept for his commission.

DR 101-US Cash

DR 751-Collection Agent Expense

CR 12X-Various Receivables

CR 801-Interest Income

CR 825-Miscellaneous Other Income

To record monthly check received from contractor. Contractor's register of collection and deposit ticket serve as supporting documentation.

D. The above instructions do not preclude the CAO from writing off receivables which are over 1 year old. If the contractor makes collection on accounts previously written off, the CAO will reverse the entry used to write off the receivable.

E. For billeting funds using the HOMES system, the general ledger write-off entry cannot be recorded by the CAO until the accounts are deleted from the HOMES system by the billeting fund personnel. The billeting fund should report account deletions through the HOMES system on a daily activity report and attach a copy of the CAO write-off letter verifying which accounts were written off so that the CAO can record the write-off entry in the same accounting month the accounts are deleted from the HOMES system.

A040204 IRS Tax Refund Offset Program. Army NAFIs may participate in the U.S. Treasury Department's income tax refund offset AMWRF/CFSC will purchase the program. receivables from NAFIs at a discounted rate and try to collect from the IRS. The following are accounting entries to record the purchase of uncollectible accounts receivable by AMWRF/CFSC. When a letter of acceptance is received by IMWRF, FMD will notify the CAO. The supporting document for the accounting entries is the letter of acceptance from CFSC.

A. Accounting entries for IMWRF.

DR 661-Bad Debt Expense or

DR 134-Allowance for Doubtful Accounts

DR 136-Inter NAFI Receivable

CR 12X-(Various Receivables)

To establish receivable for sale of uncollectible accounts receivables to AMWRF/CFSC and expense bad debts.

1. When CAO is notified that cash was transferred to the IMWRF's account, record the following entry. Letter of acceptance will specify date of cash transfer.

DR 101-US Cash

CR 136-Inter NAFI Receivables

To record receipt of cash from sale of uncollectible receivables.

2. In cases where the receivables were previously written off, record the following entry.

DR 136-Inter NAFI Receivables

CR 661-Bad Debt Expense

To establish receivable for sale of uncollectible receivables to AMWRF/CFSC. Accounts were previously written off.

B. Accounting entries for AMWRF.

DR 799-Miscellaneous Operating Expenses CR 232-Inter NAFI Payables To record purchase of receivable (at cost) and establish liability to IMWRF.

DR 232-Inter NAFI Payables CR 101-Cash To record payment to IMWRF for receivable.

1. When the debtor responds to notification of pending action by submitting a partial payment.

DR 101-Cash

CR 599-Miscellaneous Operating Income To record receipt of partial payment on uncollectible receivable purchased from IMWRF.

2. When IRS collected offset against refund.

DR 101-Cash

CR 599-Miscellaneous Operating Income To record receipt of IRS offset.

3. When IRS subsequently approves spousal claim.

DR 599 - Miscellaneous Income

CR 101 - US Cash

To reduce income previously reported as a result of IRS offset and establish liability to DFAS for amount IRS withheld for injured spousal claim.

DR 201 - Accounts Payable CR 101 - US Cash

To record payment to DFAS for amount IRS withheld for spousal claim.

A040205 Dishonored (Returned) Checks. Arrangements will be made with the bank to have dishonored checks returned directly to the CAO. Upon receipt of returned checks, they will be photocopied (front and back), suspenses will be established, the original checks will be forwarded to the fund manager by transmittal, journal entries will be made, and subsidiary ledgers will be posted. The fund manager or his designee(s) will take collection action. The subsidiary ledger for dishonored checks will be reconciled each month with GLAC 124. The policy and procedures about uncollectible accounts apply to dishonored checks. When served by the consolidated CAO at Red River, checks may be returned by the bank directly to the fund manager with a debit memorandum furnished the CAO. This could expediate recovery from the drawer of the dishonored check. CAO will maintain a subsidiary by name, amount, and date of bank debit.

A040206 Claims Receivable.

A. Destruction or loss of capitalized assets due to fire, theft, or other causes for which an insurance claim is submitted will be recorded by removing the asset and its accumulated depreciation, from accounting records and recording its book value as claims receivable (GLAC 127). When the insurance claim is settled, the receivable will be removed and the difference, if any, will be recorded as an insurance claim gain or loss.

B. Loss of cash for which an insurance claim is submitted will be recorded by a debit to GLAC 127, and a credit to GLAC 101 for the amount of the loss. If a deductible is involved, the amount will be charged to insurance losses and the debit to GLAC 127 reduced. When the insurance claim is settled, the receivable will be removed and the difference, if any, recorded as an insurance claim loss.

C. Loss of merchandise for which an insurance claim is submitted will be recorded as a debit to GLAC 127 and a credit to purchases. This will remove the inventory from the cost of goods sold section. If a deductible is involved, the amount will be charged to insurance losses and the debit to GLAC 127 reduced. When the insurance claim is settled, the receivable will be removed and the difference, if any, recorded as an insurance claim loss or gain.

D. Normally, insurance claims for expensed items, e.g., supplies, will not be recorded as receivables. If significant, the expense will be reversed and debited to GLAC 127. If a deductible is involved, the amount will be charged to insurance losses and the debit to GLAC 127 reduced. When the insurance claim is settled, the receivable will be removed and the difference, if any, recorded as an insurance claim loss or gain.

A040207 <u>Accounting For Credit Card</u> <u>Transactions</u>. The CAO is responsible for verifying credit card sales drafts and summary tickets with the DAR, computing the discount rate, keeping a detailed subsidiary for each credit card company, reconciling the payment check with the DAR and a suspensed copy of the summary ticket, and recording credit card transactions.

A. CAOs will make the following entries if commercial credit card expense is recorded at the end of the month:

1. After verifying the sales drafts and summary tickets with the DAR, the CAO will make the following entry:

DR 139 - Commercial Credit Card Receivable CR 302 - Credit sales or applicable 500 series

2. For credit issued for return of merchandise, the CAO will make the following entry:

DR 304-Sales Returns and Allowances or applicable 500 series GLAC CR 139-Commercial Credit Card Receivable

3. After receiving the reimbursement check from the credit card company or deposit slip from the NAFI, the CAO will make the following entry:

DR 101-US Cash

DR 743-Commercial Credit Card Expense CR 139-Commercial Credit Card Receivables

4. After receiving sales drafts rejected by the credit card company, the CAO will make the following entry:

DR 122-Customer Receivables CR 139-Commercial Credit Card Receivables

5. If the NAFI resubmits sales drafts and the credit card company accepts them, the CAO will make the following entry:

DR 139-Commercial Credit Card Receivables CR 122-Customer Receivables

6. If the NAFI can not collect from the customer after credit card company rejects credit, the CAO will make the following entry:

DR 661 - Bad Debt Expense CR 122 - Customer Receivables

7. After receiving a copy of the monthly report of the telephone calls made to the credit card company for credit approvals, the CAO will calculate the amount of reimbursement due from the credit card company and make the following entry:

DR 140 - Miscellaneous Other Receivables CR 730 - Communications Expense

8. To record the reimbursement, the CAO will make the following entry:

DR 101 - US Cash CR 140 - Miscellaneous Other Receivables

9. CAOs will record credit card expense for the balance in GLAC 139 at the end of the month as follows:

DR 743 - Commercial Credit Card Expense CR 139 - Commercial Credit Card Receivables

This entry will be reversed the following month.

B. CAOs will make the following entries for credit card receivables if commercial credit card expense is recorded at the time of charge sale:

1. At time of sale:

DR 139-Commercial Credit Card Receivables DR 743-Commercial Credit Card Expense

CR 302-Credit Sales or applicable 500 series GLAC

2. After receiving the reimbursement check from the credit card company or deposit slip from the NAFI, the CAO will make the following entry:

DR 101-US Cash Account CR 139-Commercial Credit Card Receivables

3. To record credit issued for return of merchandise-

DR 304-Sales Return and Allowances or applicable 500 series GLAC

CR 139-Commercial Credit Card Receivables CR. 743-Commercial Credit Card Expense

4. When credit card company rejects a charge sale:

DR. 122-Customer Receivables CR. 139-Commercial Credit Card Receivables CR. 743-Commercial Credit Card ense

5. If the NAFI resubmits sales drafts and the credit card company accepts, the CAO will make the following entry:

DR 139 - Commercial Credit Card Receivables DR 743 - Commercial Credit Card Expense CR 122 - Customer Receivables

6. If the NAFI can not collect from the customer after credit card company rejects credit, the CAO will make the following entry:

DR 661 - Bad Debt Expense CR 122 - Customer Receivables 7. After receiving a copy of the monthly report of the telephone calls made to the credit card company for credit approvals, the CAO will calculate the amount of reimbursement due from the credit card company and make the following entry:

DR 140 - Miscellaneous Other Receivables CR 730 - Communications Expense

To record the reimbursement, the CAO will make the following entry:

DR 101 - US Cash CR 140 - Miscellaneous Other Receivables

A040208 Delinquent Accounts Receivable. Accounts receivable become delinquent 30 days after billing. NAFIs should take action to collect accounts receivable within the 30 day time frame or shortly after. Delinquent fees may be assessed on the 31st day (the first day the accounts receivable is delinquent). Refer to AR 215-1 for guidance on delinquent fees. Delinquent fees should be recorded as NAFI administration income under GLAC 517-Late Charge Assessment Income.

A0403 <u>MERCHANDISE INVENTORY</u> AND PREPAID ITEMS

A040301 <u>General</u>. In this section, the word storeroom is not used; merchandise is either in a warehouse or in a sales department. Generally, merchandise is controlled in one of two ways:

A. <u>Perpetual Records</u>. By maintaining a perpetual record of each item (stock records). Periodically a physical inventory is taken and the stock records are adjusted to agree with the physical inventory. This method is used for warehouses with limited access to the stock and in certain retail outlets, e.g., golf pro shops. One person is responsible for the merchandise even though other persons (his or her subordinates) may have access to the merchandise. In this chapter, the term warehouse implies that stock records are maintained. If stock records are maintained, the procedures for warehouses will apply even if a retail sales department.

B. <u>Sales Accountability</u>. By control of the items based on sales accountability. The sales accountability method works on the principal that periodic physical inventories make it possible to anticipate the dollar amount of sales that should be recorded and make it possible to fix accountability for differences between anticipated and actual sales as to department, period of time, and personnel.

A040302 <u>Policy.</u>

A. <u>Inventory Stock Records.</u> DA Form 1991 or an approved mechanized system will be used to maintain warehouse perpetual inventory stock records.

B. Maintenance of Stock Records. Records will be kept by Stock NAFI administrative personnel or by the CAO, whichever is found to be the most cost effective by the NAFI fund manager. Warehouse personnel will not keep stock records, but this does not prevent them from keeping bin cards. If NAFI administrative personnel keep the stock records, they will enter the end-of-month inventory (quantities on hand) from stock records or a physical inventory on a listing from an approved automated system. The completed inventory count is sent to the CAO. If the CAO maintains the stock records, CAO personnel will use the listing produced by an authorized mechanized system. A copy of the listing will be sent to the NAFI fund manager for approval. The CAO will not prepare financial statements until automated listings are approved and provided by the NAFI fund manager.

C. <u>Physical Inventories</u>. Physical inventories are required as of the last business day of each month for merchandise in sales outlets under sales accountability, i.e., when stock records are not kept. Normally, shortages and overages cannot be ascertained since perpetual inventory records are not kept.

D. <u>Required Semi-annually</u>. Physical resale inventories are required semi-annually as

of the last business day of March and September for merchandise on which stock records are maintained. Shortages and overages will be recorded in accounting records separately, i.e., a net amount will not be recorded. The overages and shortages must also be posted to the stock records. If the net difference is 5 percent of the total stock record merchandise value or exceeds \$2,500, physical inventories of the merchandise being maintained on stock records must be taken as of the last business day of each month until difference is within the prescribed the (See AR 215-1 parameters. concerning investigation requirements for losses of \$500 or more.)

E. <u>NAFISS</u>. For those installations using NAFISS, the inventory stock record subsystems will provide mechanized forms for inventory control. Installations using a manual inventory control system will use DA Form 1759 to record the physical inventories required by this regulation.

F. <u>Forms for Issuance</u>. DD Form 1149 (Requisition, Invoice, and Shipping Document), DA Form 3161 (Request for Issue or Turn-in), DA Form 4080 (Transfer Between Activities), or a similar form which includes basically the same information as these forms will be used to issue inventory from the warehouse.

G. <u>Procurement From Government</u>. When requisitions are submitted to appropriated fund activities and other NAFIs, the form prescribed by the issuing organization will be used as a procurement instrument unless otherwise prescribed in AR 215-4.

H. <u>Receiving Report</u>. A legible copy of the procurement instrument (if form design includes receiving functions) or DD Form 250 will normally be used as a receiving report. For items that are delivered several times a month under blanket purchase agreements, e.g., bread, milk, eggs, and fresh vegetables, a copy of the vendor's delivery ticket may be used as a receiving report, however, copies of invoices will not be used as receiving reports. All receiving reports must be signed by an authorized person whose speciman signature is on file in the CAO.

Transfers. DA Form 4080 will be I. used to record transfers between departments. When blank DA Forms 4080 are received by a the NAFI should number NAFI. them sequentially. A record will be made of the person and section to whom all blank DA Forms 4080 are issued. Only an original will be prepared. Photocopies will be made if additional copies are required. The original should be sent to the CAO. The CAO will keep a control log or a suitable alternative method to determine if all DA Forms 4080 are received. Common uses for the DA Forms 4080 are:

1. Merchandise purchased for resale is used in a department for samples or display and cannot be sold afterwards.

2. Items issued to one department are used by another, e.g., lemons issued to the dining room are used in the bar.

3. Items for resale in one location code are needed by another location code as supplies, e.g., tools on sale in the Arts and Crafts Resale Store are purchased by the officers club swimming pool.

4. Items are returned to the warehouse.

5. Supplies are purchased by the post restaurant NAFI from the NCO club at cost.

6. Transfer of labor costs.

J. <u>Record At Cost</u>. Merchandise will be recorded in accounting records at cost. Cost is the purchase price less trade and cash discounts. Discounts lost and excise taxes paid will not be included in the cost of merchandise. They will be recorded in GLACs 662 and 736, respectively. Freight, drayage, insurance, and handling charges will be included in the cost of merchandise if they can be identified to specific items. If they cannot be identified to specific items they will be recorded in GLAC 731. K. <u>Method</u>. Use the moving average method or the first-in, first-out method to arrive at unit prices.

L. <u>Use Of Fair Market Value</u>. When the fair market value of merchandise, as determined by an independent appraisal, is materially less than its cost, the merchandise may be devalued upon the approval of the installation commander. All devaluations will be expenses of the current period; they will not be treated as fund equity adjustments. The loss will be charged to GLAC 654 or 655.

M. <u>Reconciliation</u>. The CAO must ensure that the balance in GLACs 141, 142, 143, and 144 on the balance sheet equal the ending inventories on the income statements.

A040303 Physical Inventories.

NAFI personnel will conduct A. required physical inventories of merchandise per table 4-2. See A040303E for information concerning using the Gross Profit method as an alternative to monthly inventory. A person or persons selected by the CAO will observe the physical inventory at least annually. Special physical inventories of the warehouse are exempted from this requirement. One of the semi-annual physical inventories will be observed. Since it is frequently impractical to perform physical inventories of all of the departments of a NAFI and the warehouse at one time, physical inventories may be scheduled and conducted by location code. Physical inventories of location codes with similar missions should be conducted at the same time, e.g., all club activities at one time. The observer(s) will come from the duty roster maintained by the installation adjutant when possible.

B. In coordination with the NAFI manager, the installation CAO schedules the annual physical inventories and briefs the independent observers. (See fig 4-1.) The activity maintaining the stock records reconciles the physical inventory to the stock records and makes necessary adjustments to the stock records. If the stock records are kept by NAFI personnel, differences will be reported to the CAO. The CAO will adjust the accounting records.

C. Approximately 60 days before a physical inventory must be observed, the CAO will arrange for the observers. If a request for observers goes to the installation adjutant, the desired ranks of the observers should be specified.

D. Following are the policies and procedures about physical inventories of merchandise. Briefings for observers will include these policies and procedures.

1. The organization keeping the stock records will prepare the inventory lists. These lists will be given to the inventory team who will conduct the physical count.

2. Inventory lists will be prepared in the same sequence in which the merchandise is stored or arranged for display, or in stock record number sequence.

3. Cutoff dates for sales, issues, returns, adjustments, and transfers between departments must be established so that inventory lists will accurately reflect items of inventory.

a. Merchandise delivered during the inventory will not be counted unless the purchase and payable or payment have been or will be recorded in the general ledger as of the inventory cutoff date.

b. Merchandise sold during the inventory will be included in the inventory count, unless the related sale and receivable or cash received have been or will be recorded in the general ledger as of the inventory cutoff date.

c. Inventories will be conducted separately for each department.

d. Inven-tories of merchandise held on consignment and returnable containers will be prepared and conducted separately from department owned merchandise. Inventory lists will be prepared for each owner of the goods.

4. Team members will work in pairs. One person will inspect and count the items; the other will enter the count on the list.

5. Team members should make identification by stock number, if possible.

6. The inventory team will verify that the merchandise is usable/salable.

7. When the physical count of the warehouse is completed, it will be reconciled with the stock records. Differences between the physical count and the stock records will be brought to the attention of the inventory team and the warehouse supervisor. Attempts will be made to locate the missing merchandise.

8. Necessary adjustments will be made to the stock records and the accounting records.

9. All observers must sign the briefing statement and furnish a report to the CAO concerning how the inventory was performed. (See fig. 4-2.)

10. The observers will not be released until the inventory is satisfactorily completed.

11. An accurate physical inventory is extremely important. It is imperative that all concerned be aware of this importance.

E. NAFIs may use the gross profit method of inventory valuation instead of monthly inventories at some sales outlets.

1. To use the gross profit method, the sales outlet must be able to demonstrate a consistent gross profit percentage over the previous 12 months. If the sales outlet resales like items on a continuous basis, the location can take a wall-to-wall physical inventory at the end of each quarter and estimate the ending inventory for the other two months in the quarter. The estimate is based on the dollar value of merchandise receipts, sales and the gross profit percentage. The NAFI can continue to use this method in the following quarter as long as the actual inventory valuation at the end of the quarter does not deviate more than three percent from the estimate using the gross profit method.

2. To use the gross profit method of inventory valuation, you must first determine the cost of goods percentage of sales. To do this, subtract the gross profit percentage from one (that is, 1.00 less .42 gross profit = .58or 58% cost of goods sold). Once you determine the cost of goods percentage, multiply the sales figure by the cost of goods percentage to determine the estimated cost of the goods which were sold during the period (that is, sales of \$517 x 58% = \$300 cost of goods sold). To arrive at an estimated ending inventory, subtract the estimated cost of goods sold (\$300) from the cost of goods available for sale (beginning inventory plus purchases, plus/minus adjustments).

A040304 Prepaid Expenses.

A. Prepaid Supplies. When Prepaid Supplies and Equipment, Prepaid Tableware, Kitchenware, Linens, and Uniforms, and Prepaid Bingo Prizes are kept, they will be accounted for on stock records in the same manner as merchandise. In the normal course of operations, payments are made in advance for a number of expenses which are to be used in later months. The prepayment of rent, insurance premiums, and interest are such expenses. These items will be expensed in the month actually used or consumed. The accounting principle of materiality should be considered before employing the prepaid concept. Supplies and equipment which do not fit the criteria for fixed asset depreciation may be expensed over the time period they provide benefit to the NAFI. However, the expensing may not exceed 12 months.

B. <u>Prepaid Expense and</u> <u>Amortization Record</u>. This subsidiary record will be maintained to aid proration of expenses for supplies, maintenance, insurance (RIMP), licenses, taxes, or other expenses requiring advance payments. Charges will be computed and prorated over each month of the period covered by the advance payment. Supplies will be expensed based on usage and reported by the fund manager. The unexpired portion will be reconciled to the correct G/L control account. The amortization amounts each month will be the basis for adjustments made on the worksheet.

A0404 <u>FIXED ASSETS</u>

A040401 <u>General</u>. Fixed asset accounting records substantiate the fixed assets and accumulated depreciation accounts on the balance sheet, serve as accountability records, and are utilized in computing depreciation. As there are no tax considerations, the purpose of depreciation of NAFI-owned property is to charge operations with the cost of a fixed asset over its estimated useful life. AR 215-1 contains policy on NAFI property and fixed assets.

A040402 Policies and Definitions.

A. Fixed Assets. Nonappropriated fund fixed assets are defined as tangible properties purchased by or donated to a NAFI that have an expected life of two or more years and cost \$1000 or more. Examples are land improvements, buildings, building alterations, renovations. and improvements; furniture, fixtures, and equipment; vehicles, aircraft, and boats; and breeding livestock. Unless otherwise stated below, fixed assets are recorded at cost plus any expenditures necessary to place those assets into readiness for use, i.e., installation, freight, testing, legal fees to establish title, and any other costs of putting the asset in the condition and location for use. Purchase discounts should be applied to reduce the costs, however, interest charges should not be capitalized.

B. <u>Quantity Purchases</u>. Like items purchased in a quantity in excess of one at a total cost of \$1000 or more, regardless of unit cost but meeting other criteria for fixed assets, may be treated as fixed assets at the discretion of the fund manager. This decision is made at the time the capital purchase and minor construction (CPMC) budget is prepared or revised; not at the time of purchase.

C. Repairs and Maintenance. Expenditures for repairs and maintenance which do not prolong the useful life of property beyond that anticipated when it was purchased or constructed should be charged as expenses at the time they take place. Expenditures of \$2,500 or more which prolong the useful life of property two years or more beyond that purchased anticipated when it was or constructed should be capitalized. Attachments or alterations which increase the usefulness of a building or change it in some way, even though not increasing its life, should be capitalized and depreciated over the estimated remaining useful life of the building. The decision of whether to capitalize is made at the time the capital budget is prepared or revised; not at the time of purchase.

D. <u>Self-Construction</u>. If fixed assets are built or manufactured by the NAFI, all costs incurred, including labor, should be capitalized. Since this situation occurs infrequently, CAOs who need help in this area should contact the proponent of this regulation, in writing, through command channels.

E. <u>Trade-In</u>. When property is traded-in at time of purchase, the new asset will be recorded at the amount of the monetary consideration paid plus the book value of the old asset. Set up a liability for the amount to be paid to the vendor. The acquisition cost and accumulated depreciation of the asset relinquished will be removed from the record.

F. <u>Basket Purchases</u>. If assets are purchased in groups (frequently called a basket purchase) without costs of individual assets being known, the total purchase cost must be allocated among the individual assets on the basis of their respective fair values.

G. <u>Donated Fixed Assets</u>. Fixed assets acquired by donation, i.e., at no cost to the NAFI, will be recorded in the appropriate fixed asset account with a contra credit to GLAC 291Contributed Capital, at current estimated value. Costs incurred in the acceptance of the asset, e.g., installation costs, transportation expenses, legal fees, should be capitalized but should not be recorded in GLAC 291. It is the responsibility of the fund manager to furnish the current estimated value. The fixed assets will be depreciated over the expected useful life per table 4-1.

H. Property Control Records. Use of DA Form 4078 (Property Control and Depreciation Record) and DA Form 4079 (Depreciation Expense Control (Furniture, Fixtures, and Equipment)) are mandatory unless the Fixed Asset subsystem of NAFISS or other approved mechanized system is in use. If an approved mechanized system is in use, the mechanized system will be the property control records. Each fixed asset must be recorded on a property control record, manual or mechanized. Fixed assets will remain on property control records, whether fully depreciated or not, until disposition is made by the fund manager. Special property records may also be maintained, if desired by the fund manager, for items considered sensitive by the fund manager that would not otherwise be recorded on property control records. Unless the fund manager has notified the CAO in writing of any general policies in this area, items will be added or deleted only at the specific request of the fund manager or his designee. At least monthly, the CAO will furnish the fund manager a list of the recorded items described above so that he or she is aware of items that are being carried on property control records not recorded in an asset account. The fund manager can add to or delete from this list as he or she desires. These items are not subject to the physical inventories described in this chapter. These items are recorded in NAFISS as subledger code "E".

I. <u>Depreciation</u>. Use of the straight-line method of depreciation is mandatory except for aircraft. Salvage value will not be considered, i.e., the total cost of the asset will be depreciated. Depreciation of fixed assets will begin the month after receipt and continue through the month of 100 percent depreciation. When a fixed asset that is not fully depreciated

is removed from property control records, a full month's depreciation will be recorded. Depreciation expense should be recorded in the using department code.

J. Government-Titled Fixed Assets. An unusual aspect of NAF accounting is that particularly some assets, buildings, are purchased using NAF and the NAFI has exclusive use, but title rests with the government. Special asset accounts (GLACs 175 and 177) and special Accumulated Depreciation accounts (GLACs 176 and 178) have been prescribed for recording these assets.

K. <u>Fixed Assets In Transit</u>. On occasion, title to fixed assets may pass to the NAFI and payment made before the NAFI has physical possession of the property. Typically, this happens when property destined for a NAFI overseas is delivered to an Army port for over water transportation by government means. The CAO makes payment based on the receipt at the port and records it in the Fixed Assets in Transit account. When the NAFI actually receives the property, the cost will be removed from the Fixed Assets in Transit account and placed in the appropriate fixed assets account.

L. Building and Improvement Construction Costs. Most construction contracts allow for progress payments during the construction period. As payments are made they will be recorded in the Building and Improvement Construction Costs account (GLAC 179). When the construction project is completed and ready for occupancy or accepted and occupied by the NAFI, the amount previously recorded will be reversed from the Building and Improvement Construction Costs account and recorded in the appropriate fixed asset account. Depreciation will begin the following month. There are no specific procedures nor forms prescribed for evidencing that the NAFI has occupied a new building or facility therefore the CAO must coordinate closely with the fund manager any time that progress payments are being made. Final payment cannot be used as criteria as payment is sometimes held back.

M. <u>Appropriated Fund Property</u>. The CAO is not responsible for property records for property purchased using appropriated funds.

N. <u>Major Construction</u>. The Army Morale, Welfare, and Recreation Fund (AMWRF) will pay for all major construction, projects costing over \$500,000, less any amounts funded locally. AR 215-1 describes the funding programs for NAF construction. The AMWRF will pay the district engineer or civilian contractor directly as invoices are received and as authorized by the contracting officer. The IMWRF will be notified of the project cost upon project completion.

1. When the AMWRF withdraws funds from the IMWRF for major construction projects, the AMWRF will send a message specifying the amount of the withdrawal. The entry necessary at the time the cash is withdrawn from the IMWRF is a DR to GLAC 196-Construction Advances for the amount the IMWRF pledged to the project, and CR to GLAC 187-Fixed Asset Sinking Fund.

2. When construction is completed, the AMWRF will notify the IMWRF of the amount paid for the project. The CAO will debit the proper fixed asset GLAC for the amount of the project. The credit will be to GLAC 196 for the amount previously debited to this account for the project and GLAC 291 for the remainder. Depreciation will begin the month after the contracting officers representative or the engineers determine that the facility is ready for "beneficial occupancy" or the month after the facility is put in to use, whichever occurs first. If the final cost of the project is not known at this time, base the monthly depreciation on the best estimate of cost and adjust later if necessary.

O. Fixed Assets At Closing Installations.

1. Fixed assets which were not transferred to another installation will be expensed to remove the remaining book value from the books. If the assets were in usable condition and in use at the time of closure, the assets will be removed from the books and the net book value will be debited to GLAC 832-Loss on Close of a Business Location. If the assets were not in use, record the loss to GLAC 827-Loss on Disposal of Fixed Assets because the loss is not attributable to the closure.

2. When assets with a net book value are transferred: a. Remove the asset account and corresponding depreciation account from the books. Record the net book value as a debit to GLAC 291-Contributed Capital. The loosing CAO will provide the gaining CAO with the net book value of the tranfereed fixed assets.

b. The gaining installation will bebit the applicable fixed asset account with the net book value and credit GLAC 291. The gaining Fund CAO will load the fixed assets on the books at the net book value and continue depreciation over the estimated remaining useful life.

A040403 <u>Transactions</u>. The various fixed asset accounting transactions can be grouped into acquisition, administration, disposition, and depreciation. Physical inventories take a significant amount of the CAO's time and may produce many accounting transactions.

A. <u>Acquisition</u>. Receiving reports are prepared by NAFI personnel evidencing acquisition of fixed assets. If all data required for maintenance of property control records is not included with the receiving report, the CAO will request it from the NAFI manager.

B. <u>Administration</u>. Documentation must be prepared by the fund manager whenever any data on the subsidiary records is changed even though no general ledger entries are required, e.g., fixed assets are transferred from one location to another. Transfers between NAFIs should be handled as donations by the receiving fund and as dispositions by the donating fund.

C. <u>Disposition</u>. Documents are prepared by the fund manager upon disposition of fixed assets. Disposal means that the fund manager has physical control of the item and disposes of it in accordance with AR 215-1. A "write-off" of a fixed asset means that the NAFI manager does not have physical control of the item, i.e., a shortage. Entries for dispositions will be made on journal vouchers. The only documentation needed by the CAO to "write-off" an asset is evidence that the property is missing.

1. Transfer to Defense Reutilization and Marketing Office (DRMO). When property is transferred to the DRMO, it will be evidenced on the form required by the DRMO (usually DD Form 1348 (DOD Single Line Requisition System Document)). The NAFI manager will furnish the CAO a copy of the document which will be used to support the entry. Any remaining book value will be charged to GLAC 827-Loss or Gain on Disposal of Fixed Assets. Any cash proceeds from disposal received at a later date will be recorded in GLAC 827 if the fixed asset can be identified; if not, the proceeds will be recorded in GLAC 825-Miscellaneous Other Income.

2. Write-off. The fund manager should report shortages of fixed assets to the CAO, in writing, upon discovery. Properly completed physical inventory documentation is considered notification in writing. As soon as notified, the CAO will remove shortages from the property control records, however, this does not constitute relief from property accountability. Relief can only be granted as specified in AR 215-1, therefore the CAO will report the shortages to the NAFI Manager's commander by letter. The letter should be hand-carried where possible and acknowledgement of receipt should be obtained. The letter to the Commander will also have the accounting entries made to remove ("write-off") the shortages from the property control records. A copy of the letter will be sent to the NAFI manager. If the property is found later, the item will be put back on property control records, the accounting entries previously made will be reversed, and an adjusting entry will be made to bring depreciation up to date.

3. <u>Sale</u>. When property is sold by the NAFI, cash or accounts receivable will be debited; the appropriate accumulated

depreciation debited; the appropriate fixed asset account credited; and gain or loss on disposal of fixed asset debited or credited, as applicable. The NAFI manager must give the CAO the documents. If NAFI-purchased or owned property is transferred to the Government and later sold, proceeds from the sale go to the Government; not the NAFI. See AR 215-1.

4. <u>Trade-in</u>. When old property is traded-in at time of purchase, the fund custodian will send documentary evidence. The old asset will be removed from property control records and the new asset recorded as described above.

Description	Life Expectancy	
Buildings	15-40 years	
Building Improvements	10-30 years	
Furniture, Fixtures, and Equipment	2-10 years	
Vehicles, Aircraft, and Boats	2-7 years	
Land Improvements	15-25 years	

Table 4-	1, Depre	ciation	Periods
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D. Depreciation. Depreciation is a systematic method of charging operations with the cost of a fixedasset over its estimated useful life. Estimates of the useful life of assets are seldom accurate since obsolescence or other factors may abbreviate or elongate its usefulness. Because of the uncertainty, the guideline lives in Table 4-1 will be used. Since salvage values are almost impossible to predict and restrictions are placed on disposal of military property, salvage values will be ignored in depreciation computations for NAFI-owned fixed assets. Although there are several depreciation methods in general use, Army NAFIs will use only the straight-line method except that aircraft may be depreciated based on hours flown (see below). Under the straight-line method, the cost of the fixed asset is spread in equal periodic portions over its estimated useful life. Monthly depreciation is calculated simply by dividing the total depreciable value of the fixed asset by the estimated months of life. An asset will not be depreciated in the month in which it is placed in use nor will a partial month's depreciation be recorded when disposition is made. If the fund manager desires, aircraft may be depreciated based on hours flown. The estimated flyinghours the aircraft is expected to last are divided into the cost to arrive at a depreciation per hour. Each month the fund manager must report to the CAO the number of hours flown so that depreciation may be calculated and recorded. This must be done manually. NAFISS supports only straight-line depreciation.

E. Adjustments. Generally accepted accounting principles dictate that once an accounting principle is adopted it should not be changed in accounting for events and transactions of a similar type. Further, consistency facilitates analysis and understanding of comparative accounting data. If it is determined that a change in the estimated life of an asset is proper, the necessary adjustment to depreciation must be posted to the expense account; not Retained Earnings. By the same token, a large loss on the disposal or write-off of a fixed asset will be posted to the Loss on Disposal of Fixed Assets account; not Retained Earnings.

F. <u>Fully Depreciated Fixed Assets.</u> Fully depreciated fixed assets purchased prior to FY 89 which had an acquisition cost of less than \$1,000 may be removed from the accounting records.

Туре	Description	Frequency	Comments
Saleable merchandise, in any warehouse or storeroom.	This is a single account for saleable merchandise held in a warehouse or storeroom.	Monthly by fund employees or NAFI employees. Annually, observed by inde- pendent observation team.	Variances between inventory and stock records will be researched, costed, and documented by the inventory team.
Resale merchandise in sales outlets.	These accounts are for resale merchandise in sales outlets. Separate accounts are main- tained by activity codes. Sales outlets include bars, snack bars, package stores, and restaurants.	Monthly in sales outlets. Inventories will be conducted by NAFI employees under the direct supervision of the fund custodian or a designated representative. Annually, observed by an independent observation team.	Same as above.
Supplies	Supplies purchased in large quantities are maintained in a warehouse or storeroom until issued to using activities. This includes consumable supplies used in operations that are not normally for resale (china, glassware, silverware, linen, utensils).	Monthly by NAFI employees. Annually, observed by an independent inventory team.	Supplies issued but not consumed will be controlled by management review even though they were expensed at time of issue. Variances will be documented as above and reconciled by the inventory team.
Fixed assets	Includes furniture, fixtures, and equipment; vehicles and flying club aircraft	Annually. The inventory must be taken at the location level. The initial inventory will be taken by an inventory team appointed by the NAFI managers. The next year it will be taken by an inventory team appointed by the NAFI managers under the observation of independent observation team(s). Independent observation team members will observe the inventory every other year thereafter.	A memorandum will be prepared to support any difference between the physical inventory and the property control record. Shortages will be investigated per AR 215-1.
Expensed equipment (hand receipt/annex number).	All expensed equipment issued by DA Form 2062.	Annually, by DA Form 2062 holders. Also, upon change of DA Form 2062 holders.	A joint inventory is required when there is a change of DA Form 2062 holders.
Sensitive items (Note 3).	All items classified as sensitive.	Annually, by NAFI personnel.	A joint inventory is required when there is a transfer of responsibility.
Transfer of accountability.	All categories described above.	On each change of NAFI manager. Can be done by an independent inventory team.	Variances will be documented as described above. Certificate of transfer will be executed between relieving and successor fund managers. (See AR 215-1)

Table 4-2 ,	Types and	Frequencies o	f Physica	l Inventories

Notes:

1. Those NAF entities that have had only small dollar value of inventory adjustments over a representative period may request an exception to the monthly inventory requirement. Send request through command channels to the Defense Finance and Accounting Service-Indianapolis Center, ATTN: DFAS-IN-AN, 8899 East 56th Street, Indianapolis, IN 46249-1056. The request must be supported by a schedule showing percentages of adjustments, overages, and shortages relating to the value of the inventory. Before approving any request, DFAS will coordinate with the U.S. Army Community and Family Support Center or the Army and Air Force Civilian Welfare Fund, as appropriate.

2. If inventory stock records are kept, the monthly physical inventory requirment is changed to semi-annually, however, if there is a variance between the semi-annual physical inventory and the stock records in excess of 5 percent or \$2,500 of the inventory value, the requirement for a physical inventory will revert to monthly until the cause is determined and corrective action taken.

3. Does not apply to bar and food sensitive items.

A040404 <u>Physical Inventories</u>.

A. Annual Physical Inventory. A physical inventory of all NAFI-owned fixed assets will be conducted at least annually, per table 4-2. Since it is frequently impractical to perform a physical inventory of all of the fixed assets of a NAFI at one time, physical inventories may be scheduled and conducted by Location Code. Recommend that inventories of location codes with similar missions be conducted at the same time, e.g., all club activities at one time; all bowling activities at one time. A person or persons selected by the CAO will observe the inventory per table 4-2. The observer(s) will come from one or more of the following sources:

1. The CAO, including employees maintaining fixed asset records, if on site.

2. The duty roster maintained by the installation adjutant.

B. Scheduling of Annual Inventories. When the CAO is on site, he/she schedules the annual inventories, briefs the persons performing the inventory, briefs the independent observers, and furnishes a listing of the assets (without quantities) to the persons performing the inventory. If the installation is served by the consolidated CAO, the local installation will schedule the inventory and conduct the briefing. When the inventory is completed, the CAO reconciles the inventory to the property control records, and makes necessary adjustments to the property control records and other accounting records. The NAFI manager, the persons conducting the inventory, and the observer(s) sign a statement that the inventory has been properly conducted and that it is correct (see fig 4-3). The CAO will inform the commander, by letter of the results of the (shortages, overages, inventory accounting entries made, or that there were no discrepancies). The letter will be hand delivered, when practical, and an acknowledgement of receipt obtained. The commander will determine any actions to be taken regarding possible investigations.

Coordination With NAFI C. Manager. Approximately 60 days prior to a scheduled fixed asset inventory, the CAO will coordinate with the NAFI manager for appointment of the inventory team. The appointment should be in writing and signed by the NAFI manager and the Central Accounting Officer. The CAO will also arrange for the observer(s). If a request for observer(s) goes to the installation adjutant, the desired rank(s) of the observer(s) should be specified. The use of CAO employees as observers must be carefully considered. While the person who maintains the fixed asset records may be well qualified to act as an observer, the CAO must ensure that he or she can perform the observation objectively. If there is any objection from the NAFI manager, CAO personnel should not be used.

D. <u>Policies and Procedures</u>. The following are policies and procedures for physical inventories of fixed assets. These items will be included in briefings for the inventory team and the observers.

1. Work in pairs. One person will inspect and count the items; the other will enter the count on the list.

2. Make identification by asset number and/or serial number, if possible.

3. Any borrowed, loaned, rented, disposed of, or otherwise missing items will be recorded as shortages unless proper documentation is present.

4. The inventory team will verify that each item is permanently numbered and the number is not disfigured. Also they must verify that the item is well maintained. The listing should be annotated to indicate any items not in use, i.e., in store room or warehouse.

5. When the physical count is completed, the CAO will reconcile it with the property control records. Differences will be brought to the attention of the inventory team and the NAFI manager and reasonable attempts will be made to locate the missing property. 6. Necessary adjust-ments will be made to the property control records by the CAO as soon as the reconciliation is finished and the NAFI manager and inventory team have had a chance to check for shortages, unless written authority is received from the commander not to do so.

7. All members of the team must sign the briefing statement and the inventory statement.

8. The inventory team will not be released until the inventory is satisfactorily completed.

E. The following will also be included in the briefing:

1. The importance of an accurate physical inventory will be stressed during the briefing.

2. The use of the listing, their arrangement, and the use of location and department codes.

3. The physical presence of some items may be difficult to confirm or ascertain, e.g., building improvements and land improvements.

A040405 <u>Fixed Asset Sinking Fund</u>. NAIFs may use a Fixed Asset Sinking Fund to set aside funds for purchase/replacement of fixed assets in accordance with guidance by MACOMs and/or CFSC. Amounts may be debited to GLAC 187 monthly.

A040406 Disposal of Fixed Assets.

A. Items that have been fully depreciated will remain in the accounts until disposed of. On disposal, the asset account will be credited for the full amount of the asset's capitalized value. Debit the allowance for depreciation account for the depreciated amount of the asset. Items disposed of (through sale, donation, or retirement) that are not fully depreciated will be written off as follows: 1. <u>Sale</u>.

DR Cash or Receivables (amount received).

DR Allowance for Depreciation (amount depreciated).

CR Applicable Asset Account (original amount capitalized).

and

DR or CR Loss or Gain on Disposal of Fixed Assets (difference).

2. <u>Donation, Retirement, or</u> Destruction.

DR Allowance for Depreciation (amount depreciated).

DR Loss on Disposal of Fixed Assets (difference). CR applicable Fixed Asset Account (original amount capitalized).

B. CAOs will record losses or gains that result from disposal of fixed assets in department code G1 of the location using the asset.

A040407 <u>Lost Assets</u>. After an inventory is validated, fixed asset records will be adjusted to delete lost assets. The loss is reported to the NAFI council and commander. Write-off will not be delayed pending council and commander review. A write-off of a fixed asset does not constitute a relief from property accountability under AR 215-1. The following accounting entries should apply:

A. <u>When insurance recovery or</u> pecuniary liability is expected-

DR GLAC 127-Claims Receivable

DR Allowance for Depreciation

CR Applicable Fixed Asset Account To record a claim for the net book value of the asset and write-off the acquisition cost of the asset and accumulated depreciation.

B. <u>When insurance settlement or</u> other restitution is made-

DR GLAC 101-US Cash Account CR GLAC 127-Claims Receivable and DR or CR GLAC 827-Loss or Gain on Disposal of Fixed Asset

C. <u>When loss is not expected to be</u> recovered-

DR GLAC 827-Loss or Gain on Disposal of Fixed Asset

DR Allowance for Depreciation

CR Applicable Fixed Asset Account

To write-off lost fixed asset and record a loss equal to the net book value.

A040431 Closing a Business Location. All costs associated with closing a segment of the NAFI's business, or the entire NAFI, will be recorded in GLAC 832, Loss on Close of Business Location, to include losses on disposal of buildings, improvements, and furniture, fixtures, and equipment. GLAC 832 should be recorded in the administrative department code (G1) of the location that applies to the facility being closed. To record it in IMWRF administration would not show the cost in the proper program code. The notes to the financial statements for the period encompassing the closure should identify the operation that has been discontinued.

CHAPTER 5

LIABILITIES AND FUND EQUITY

A0501 <u>LIABILITY FOR NAF</u> RESOURCES

A050101 <u>Fund Manager Responsibility</u>. The sole responsibility for managing the resources of a NAFI including cash, rests with the fund manager, or the governing council, as applicable. Therefore, the CAO will disburse or use a NAFI's resources only with the approval of the fund manager or as authorized in this regulation.

A050102 <u>Authority For Payment</u>. Receipt of all the following documents, properly prepared and authenticated, is authority for payment.

A. <u>Procurement Instrument</u>. This may be a purchase order, a contract, a blanket purchase agreement, or other contractual document issued in accordance with AR 215-4.

B. <u>Receiving Report</u>. A receiving report or other signed documentary evidence that the goods or services have been received by the NAFI.

C. <u>Vendor Invoice</u>. An invoice or claim from the vendor requesting payment. This may be an invoice issued for a specific delivery or a statement showing deliveries over a month, week, or other period.

A050103 <u>Absence of a Purchase Order</u>. In the absence of a purchase order, the CAO will forward all documents received to the fund manager for proper disposition. AR 215-4 contains procedures for ratification of unauthorized commitments. Payment will not be made until the commitment has been ratified by issuance of a purchase order or contract. If the goods or services have already been received and cannot be returned (contract is not voidable), the contracting officer will recommend to the installation commander ratification or nonratification of the unauthorized commitment. In that case, the fund manager must obtain approval from the installation commander and certify in writing that the goods or services represented by the invoice were actually received and that payment is approved.

A050104 <u>Purchases From Another NAFI</u>. Purchase of goods or services from another NAFI will be supported by a request for the goods or services and a signed document showing receipt. DD Form 1149 or similar form will suffice.

A050105 <u>Purchases from Government</u>. Purchase of goods or services from the Government (bills from appropriated funds) will not normally be supported by a procurement instrument, however, a receiving report or other signed evidence of receipt must be present to support the payment.

A050106 <u>Payments to NAF Personnel</u>. NAF personnel will be paid only when the proper personnel documents are received. A TA report authenticated by the NAFI manager or his or her appointed representative must be given to the CAO or servicing payroll office.

A050107 <u>Payee</u>. Checks will not be made payable to "cash" or "bearer". Checks for operating cash such as check cashing, petty cash, foreign currency exchange, and change funds will be made payable to the name of the person appointed by the fund manager followed by the purpose, e.g., "John Doe (Annex 1 Petty Cash)".

A050108 <u>Payee Bankrupt or Insolvent</u>. When bankruptcy/insolvency of a payee is involved, payment will not be made from NAF without coordination with DFAS. Further, all potential bankruptcy claims will be submitted to DFAS. Bankruptcy procedures in AR 37-103 apply to all NAFIs covered by this regulation.

A0502 <u>PURCHASE ORDERS AND</u> <u>VENDOR INVOICES</u>

A050201 <u>Acquisition Procedures</u>. AR 215-4 contains acquisition procedures for Army NAFIs.

A050202 <u>Log Maintenance</u>. The CAO will maintain a log by NAFI and purchase order number. All purchase order numbers must be accounted for at month end.

Daily Receipts. Purchase orders A050203 for daily deliveries may be made on a monthly or annual basis. A copy of all blanket purchase agreements (BPA) will be sent to the CAO to document purchases. The CAO will keep a log, indexed by fund, to control the numerical sequence. The call record along with the matching delivery tickets and vendor's invoice are required documentation to support payment. However, payment will not be delayed pending receipt of the call record. Delivery orders issued on DA Form 4067-R (Army NAF Purchase Request) against GSA or DA contracts or agreements will also be controlled each month by fund and recorded in a control log.

A050204 <u>Stock Record Cards</u>. If NAFIs are maintaining manual DA Form 1991 (Stock Record Card), the CAO will send a copy of the invoice on a transmittal letter to the NAFI immediately upon receipt. The invoices will be used to update the NAFI's DA Forms 1991. If the NAFI requires copies of invoices for pricing stock or other purposes, the CAO will furnish a copy immediately upon receipt.

A050205 Copies of Facsimiles. Sequentially numbered electronic telephone message facsimile hard copy (i.e., TELEX) may be used in lieu of a purchase order when the electronic telephone message facsimile is the customary method of procurement. It is common to use this method when obtaining confirmed hotel or transportation reservations. A copy of the sequentially prenumbered receipt voucher will serve as the receiving report when the customer has paid for the reservation confirmation. The copy of the receipt voucher will be forwarded to the CAO and will reference the TELEX or electronic sequentially numbered message.

A0503 <u>RECEIVING REPORTS</u>

A050301 <u>Preparation</u>. A receiving report will be prepared in accordance with AR 215-4 for receipt of merchandise purchased or services performed. Enough information will be shown on the receiving report to verify vendors' invoices for payment. The receiving report will be sent to the CAO.

A050302 Payment Without the Original. CAOs may use electronically sent copies of receiving reports or notice of receipt as supporting documents for payments, original signatures are not required. CAOs must have receiving reports for the first and last payments when the same amount is paid to one vendor at fixed intervals for continuing services such as rent, equipment maintenance, or janitorial services. Payments for the intervening periods may be made without a receiving report. CAOs may require receiving reports for the intervening periods if they question the contract or have reason to believe the services are not being supplied. If CAOs choose to use this procedure, they must impress on the receiving activity to immediately inform them of any changes in the contract.

A050303 <u>Net of Discounts</u>. CAOs will record accounts payable net of discounts. Discounts are to be taken on the gross amount of the invoice if goods are supplied FOB destination. If the goods are supplied FOB other and a separate freight charge is shown, the CAO will take the discount on the cost of goods only. The FOB delivery terms are shown on the purchase order. CAOs will record discounts lost in GLAC 662.

A0504 <u>SERVICE CONTRACT</u> <u>PAYMENTS</u> (See A100702.)

A0505 <u>DA FORM 5313-R (NONAP-P R O P R I A T E D F U N D</u> <u>PAYABLE/DISBURSEMENT VOUCHER</u>. DA Form 5313-R or a locally developed form which includes the information on DA Form 5313-R will be used to support the establishment of all accounts payable and DA Form 5313-1-R will be used to support disbursements made for other than petty cash. DA Forms 5313-R and 5313-1-R will be sequentially numbered by IMWRF management upon issue. DA Forms 5313-R and 5313-1-R will be locally reproduced on 8½ x 11 inch paper. Petty cash vouchers may be recorded on these forms, if desired. Vouchers will not be marked "paid" until a check is issued. Purchase orders with original signatures, invoices, and receiving reports will be attached to the voucher. All purchase orders and supporting documents will be stamped "paid" when the check is issued. DA Form 5313-1-R and payment checks are usually made out to the official name of the vendor. Some vendors may ask that the checks be made out and mailed to an office that does not have the same name. This is allowed as long as the payment voucher and invoice clearly show the contract number.

A0506 <u>ELECTRONIC FUNDS</u> <u>TRANSFER (EFT)</u>. The servicing payroll office automatically moves funds to its local depositary from each serviced NAFI's account at the Central Bank for the NAFI's payroll. RIMP and unemployment compensation premiums are also automatically transferred from the NAFI's account at the Central Bank to the Army Central Insurance Fund.

A0507 PAYING DEBTS OWED THE US GOVERNMENT. The CAO will give priority to payment of NAF liabilities to the US Government. The CAO will coordinate with the Accounting Division of the DAO at least monthly to ensure settlement of all liabilities with the US Government as soon as possible. All personnel working in the CAO should be periodically reminded of this policy. All debts owed to appropriated fund activities are considered debts owed to the US Government. Debts to the Government are normally created from commissary and self-service supply center purchases, billings for utilities, and assorted services provided to the NAFI on a reimbursable basis. Debts owed to the Government will be paid immediately upon receipt of all documentation. The practice of paying debts owed to the Government as much as 30 days after receipt of the required documentation is prohibited.

A0508 <u>FUND EQUITY</u>. Fund equity (net worth) is the excess of total assets over liabilities. The retained earnings section of the Balance Sheet reports the beginning balance (prior month ending balance), plus current month income (loss) activity, and plus/minus adjustments.

A050801 <u>General Ledger Accounts</u>.

A. <u>Contributed Capital</u>. GLAC 291-Contributed Capital, reflects the amount of capital from sources outside the NAFI.

B. <u>Retained Earnings</u>. GLAC 292-Retained Earnings, reflects the amount of retained earnings. Retained earnings includes the beginning balance (prior month ending balance), plus current month income (loss) activity, and plus/minus adjustments.

A050802 <u>Retained Earnings Adjustments</u>. Retained earnings adjustments are extremely rare and require explanation in footnotes to the financial statements. Adjustments to the retained earnings account require DFAS approval.

CHAPTER 6

INCOME

A0601 <u>GENERAL</u>. Income is any inflow or receipt of resources earned by the NAFI. NAFIs usually receive income from the sale of goods or supplying a service. This chapter also has accounting policy for two other sources of income; concessionaire operations and Slot Machine Profits.

A0602 CONCESSIONAIRE INCOME. Certain activities may be operated under contract with a civilian concessionaire. The limits on sales and services by the funds apply fully to concessionaire operations. NAFIs will follow AR 215-1 and AR 215-4 when activities are operated under contract with a civilian concessionaire. AR 215-7 covers Army post restaurant activities operated under contract with a concessionaire. Concessionaire income will be recorded under the NAFI administrative department unless there is a clear relationship between the revenue and a specific location within the NAFI. When a particular location had a part in generating the revenue, the revenue will be recorded under that location.

A0603 CONCESSION ACCOUNTING. When a department of a NAFI operates (either wholly or in part) on a concession basis, the fees received from the concessionaire will be included in the applicable department codes under GLAC 502 - Concessionaire Commission Income. That portion from direct operations (other than concessionaire) will be recorded in other applicable GLACs (i.e., Service/ Recreation Activities income. etc.) and department codes. If the commission fee from the concessionaire is not received by the end of the month to which it pertains, an Accounts Receivable-Concessionaires should be established for the estimated amount receivable.

A0604ARMYRECREATIONMACHINE (ARM) PROFITS.Accountants willmake the following accounting entries to recordincome to the NAFI from the program. Debit101-USCashAccount andCredit525-ARM

Expense Reimbursement to record the cash provided to the NAFI to reimburse expenses for supporting slot machines. Record in the location housing the slot machines, using department code G1. Debit 189-ARM Allocations and Credit 524-ARM Income to accrue the NAFIs share of the program income, based on the budget projections given to the NAFI by USACFSC. Record in the NAFI administrative location, using department code G1. After receiving notice from USACFSC of actual income earned, make an entry to adjust GLACs 189 and 524 to the amount of the actual income. Debit 187-Fixed Asset Sinking Fund and Credit 189-ARM Allocations to record the receipt of cash, check, or notice of bank transfer for approved capital expenditure projects. Transfer amounts to GLAC 101 at the time of payment for purchase of fixed assets.

A0605 <u>TICKET SALES</u>. Record the entire proceeds from ticket sales as income and record the cost of the ticket as an expense. The difference between the proceeds and the cost of the ticket is the profit, or mark up, on the sale. When a customer makes a partial payment, record the payment in GLAC 202-Deposits Payable. Clear GLAC 202 when full payment is received.

A0606 <u>INCOME FROM RECYCLING</u> <u>MATERIALS</u>. When the recycling program is run by the installation engineer, the NAFI may receive some revenue from the program. Record the income received under program code RP in GLAC 538-Recyclable Material Income. If the NAFI operates the recycling program for the installation, record the income and expenses of the program in program code TT-Recycling. Record the income in GLAC 501-Service/Recreation Income.

A0607CONTRIBUTIONSFROMCHARITABLE SOURCES.When NAFIs receivecash contributions from the Combined FederalCampaign(CFC)orothercharitable

organizations, record the contributions as a credit to GLAC 807-Contributions From Charitable Sources and a debit to Cash. For noncash items that meet the criteria for fixed assets, see A040402G, for accounting procedures. For items that do not meet the criteria for fixed assets, record to the appropriate asset or expense account with an offsetting entry to GLAC 807.

A0608 <u>NON-OPERATING SOURCES</u> <u>OF REVENUE</u>. Non-operating Sources of Revenue are established to record the receipt of non-operating revenue by the NAFI (e.g., cash distributions, allocations, and dividends). The revenue will be recorded under the NAFI administration cost center, unless specifically designated for a particular department.

A0609 <u>COUPONS</u>. To assess the impact coupons have on operating activity programs, record the face value of coupons as sales or fees and charges, as appropriate. Cashiers will record the total value of the sale including coupons received. Record the total amount of redeemed coupons on the daily cashiers report.

A0610 <u>TOKEN ACCOUNTABILITY</u>. Tokens are counted, reported, and controlled the same as cash when used by a NAFI. When tokens are sold, record the sale as unearned revenue. When tokens are redeemed, record an entry to reverse the entry which was made when they were sold. When a series of tokens is changed, move the amount of unredeemed tokens to miscellaneous income, under the administration cost center. If a shortage occurs, record the amount as a charge to miscellaneous expense.

A0611 <u>INTEREST INCOME</u>. When interest is earned, record it at the NAFI administration cost center.

A0612 <u>OPERATING SUBSIDIES</u>. When subsidies are received from foreign governments, record all applicable expenses in full to the applicable cost center and record the subsidy as nonoperating income in the same cost center.

A0613 <u>LAYAWAY SALES</u>. When merchandise is sold on layaway, the sale will be

recorded at that time. The merchandise will be segregated from other resale merchandise and should be considered sold. Therefore, the cost of goods sold entry should occur at the same time the sale is recorded. The following entry will be recorded at the time of the sale:

DR GLAC 101 - US Cash	\$10
DR GLAC 138 - Layaway Receivables	\$490
CR GLAC 303 - Layaway Sales	\$500
To record the sale of merchandise on la	ayaway.

If the layaway sale is later canceled, the merchandise should be returned to inventory and the previous entry reversed.

CHAPTER 7

EXPENSES

A0701 <u>GENERAL</u>. Expenses are the cost of goods, services, and facilities used in the production of revenue. Expenses are deducted from revenue in determining net income.

A0702 <u>T R A V E L A N D</u> <u>TRANSPORTATION</u>. NAF personnel traveling under official orders citing appropriated funds will be processed by the servicing DAO. NAF personnel traveling under official orders citing NAF will be processed by the CAO as follows:

A070201 Advances. Advances will be requested using DD Form 1351 (Travel Voucher). The NAFI authorizing the travel will prepare DD Form 1351 and submit it to the CAO, with a request for check issuance at least 5 working days before the scheduled date of departure. Two copies of the document authorizing the travel (travel order) will accompany the DD Form 1351. The CAO will review the traveler's DD Form 1588 (Record of Travel Payments) to ensure that the traveler has not previously received an advance for the travel. The NAF CAO may compute the travel advance, or delegate this responsibility to the DAO. If the CAO delegates the advance computation, the CAO will then send the DD Form 1351 to the travel section of the servicing DAO via transmittal letter. The DAO will compute the amount to be advanced and return the DD Form 1351 to the CAO for payment. Advances should not be paid prior to 5 calendar days before the scheduled departure date.

A070202 <u>Travel Settlement Vouchers.</u> When travel is complete, DD Form 1351-2 (Travel Voucher or Subvoucher) must be submitted to the CAO, even if no advance was made. Travel vouchers involving an advance must be submitted for settlement within 15 days after the travel is completed. All other travel vouchers must be submitted for settlement within 30 days after the travel is completed. The CAO will send the DD Form 1351-2 to the travel section of the servicing DAO via transmittal letter; the DAO will compute the settlement, complete DD Form 1351-2, and return it to the CAO. If the settlement amount is more than the advance, the CAO will make payment to the traveler. If the advance was more than the settlement amount, the CAO will notify the NAFI that authorized the travel to collect the excess advance from the traveler. If the advance is not collected from the traveler after notification, it may be collected from the traveler's pay. (See AR 215-3)

A070203 <u>Record of Travel Payments</u>. All temporary duty travel and permanent change of station travel and transportation costs is recorded on DD Form 1588. The CAO serving the traveler will maintain the DD Form 1588 in alphabetical order. When a travel advance is paid, the CAO will annotate the traveler's DD Form 1588 for the payment. The accounting copy of the travel voucher will be annotated with a suspense date of 15 days after the scheduled return date. The advance suspense file will be reviewed daily to insure that all advances are settled.

A070204 <u>Accounting Entries</u>.

A. When an advance is paid: DB GLAC 119 - Advances Receivable CR GLAC 101 - US Cash.

B. In the month the travel occurs, debit the estimated cost of the travel to the expense account and credit the Miscellaneous accrual account.

C. When the travel is settled:

1. Reverse prior entry to expense and accrual.

2. If advance was not previously paid, debit the appropriate expense account for the total cost of the travel and credit Accounts Payable. Process check payment to traveler. 3. If advance was previously paid, debit the appropriate expense account for the total cost of the travel and credit Advance Receivable for an amount not to exceed the traveler's entitlement. If the advance was less than entitlement, credit Accounts Payable for the difference. If advance was greater than entitlement, the uncleared advance amount remains in Advances Receivable until cleared through receipt of cash from the traveler or by payroll deduction as applicable.

A0703 ACCOUNTING FOR CARE EXPENSES. VOLUNTEER CHILD Volunteer expenses for child care may be reimbursed by the using activity (see AR 215-1). Three methods of payment are possible, depending on the activity and volunteer petty preferences; cash disbursement, inter-department expense transfer (NAFI and prepayment deposit departments) (non-NAFI activities). Accounting entries are as follows:

A070301 <u>Petty Cash Vouchers</u>. Upon settlement of petty cash vouchers (when volunteers are directly reimbursed for private child care costs). DR 678-Volunteer Service and CR 101-Cash.

A070302 <u>Cost Transfer</u>. Upon receipt of Child Development Center (CDC) sign-in sheet for NAFI departments, enter a cost transfer. Any disagreements between the CDC and NAFI department concerning the amount of the cost transfer will be resolved by the CDC and/or Financial Management Division. DR 678 (for the using department) and CR 678 (for the CDC).

A070303 <u>Receipt Of Cash</u>. When cash is received from non-NAFI activities for prepayment of CDC charges (The CAO must keep a subsidiary ledger to account for the prepayment). DR 101-Cash and CR 202-Deposits Payable.

A070304 Income. Upon receipt of sign-in sheets from CDC for non-NAFI activities showing that the services were provided. DR 202-Deposits Payable and CR 501-Service/Recreation Activity Income. A0704 <u>INSURANCE PREMIUMS FOR</u> <u>FAMILY CHILD CARE PROVIDERS</u>. The Army Risk Management Insurance Program (RIMP) extends insurance coverage at a nominal fee for home providers of child care. The premiums collected for this coverage are forwarded to CFSC. The NAFI does not record the amount collected from the home providers as income and the amount paid to CFSC is not recorded as an expense. The collections and payments are recorded as payables without impacting the income statement. Accounting entries are as follows:

A070401 <u>Premiums</u>. When the NAFI collects the premiums from the child care providers.

DR 101 - US Cash CR 202 - Deposits Payable

A070402 <u>Recording</u>. When the RIMP bill including NAFI insurance premiums, as well as child care providers insurance premiums, is received.

DR 733 - Insurance Premiums Expense CR 201 - Accounts Payable DR 202 - Deposits Payable CR 201 - Accounts Payable

CR 201 - Accounts Payable

A070403 <u>Payment</u>. When the RIMP bill is paid,

DR 201 - Accounts Payable CR 101 - US Cash.

A0705 <u>BILLETING FUND</u> SURCHARGE.

A070501 <u>Collection Of Surcharge</u>. The Department of the Army Billeting Fund (ABF) will collect a 5 percent surcharge on installation Billeting 501-Service/Recreation Activity Income. The CAO must calculate and record the 5 percent surcharge amount in GLAC 758-Army Billeting Fund Surcharge Expense. The entry in GLAC 758 will be made prior to the monthly closing of the accounting books. The CAO will also record the 5 percent as a liability in GLAC 238-Army Billeting Fund Surcharge Payable. A070502 <u>Transfer of Funds</u>. The U.S. A (CFSC) account equal to the balance in GLAC 238 and transfer the funds to the ABFs' account. This transfer will occur quarterly on the last business day of the second month after the end of the quarter. CAOs should record the cash transfer on that date.

A0706 <u>ENTERTAINMENT</u> AND <u>PROMOTION</u> <u>EXPENSE</u>. Record the cost of entertainment or promotion in the cost center receiving the benefit.

CHAPTER 8

NONAPPROPRIATED FUNDS CENTRAL PAYROLL SYSTEM

A0801 GENERAL

A080101 <u>Pay and Leave Policy</u>. The basic policies in AR 215-3 governing the pay and leave accounting for NAF employees will be followed.

A080102 <u>Scope</u>. This chapter concerns all CAOs that have transferred pay and leave services for NAF employees to the Nonappropriated Funds Central Payroll System (NAFCPS); Human Resources Offices (HRO) providing personnel services to CAOs and NAFIs; and NAFI managers and supervisors who are involved in the pay and leave input or output of the NAFCPS. All Army NAFIs within CONUS, Alaska, Hawaii, Japan, Korea, Panama, Puerto Rico and Europe will be serviced by the NAFCPS.

A0802 PAYROLL RESPONSIBILITIES

A080201 <u>Servicing Payroll Offices</u>. There are two servicing payroll offices. The CONUS Central NAF Payroll Office (CNPO) operates under the functional control of Defense Finance and Accounting Service-Indianapolis Center. The USAREUR Nonappropriated Funds Central Payroll Division (NAFCPD) operates under the functional control of NAF Finance and Accounting Operations, 266th Theater Finance Command.

A080202Duties of Servicing PayrollOffice.The servicing payroll office processespayrolls.It will:

A. Make timely payment to all employees assigned to it for pay and leave accounting.

B. Issue employee earnings and leave statements. DA Form 5352 (Nonappropriated Funds Earnings and Leave Statement) (from CNPO) and DA Form 5352-1 (Nonappropriated Funds Earnings and Leave Statement) (from NAFCPD). DA Forms 5352 and DA Forms 5352-1 can be obtained from the US Army Publications Distribution Center.

C. Provide various disbursement services such as mailing of paychecks, savings bonds, and savings allotment checks based on the instruction of employees, HROs, and NAFI managers.

D. Prepare and maintain all pay and leave records and reports.

E. Report errors detected in personnel or payroll action documents, DA Form 4850 (Nonappropriated Funds Time and Attendance Report) or DA Form 4850-1-R (Nonappropriated Funds Time and Attendance Supplement Report) to the proper office.

F. Ensure that documents needed to make payment to employees have been received before payment is made.

G. Cooperate fully with all serviced offices in the primary mission of pay and leave accounting.

H. Answer all inquiries from serviced offices regarding pay and leave when information is not included in data normally provided by the servicing payroll office.

I. Process tax levies or court orders against wages earned.

J. Withhold Federal, State, and local taxes and remit them to the proper government agencies.

K. Withhold employee deductions for NAF employee benefit programs and remit them, along with employer's contribution, to HQDA in accordance with AR 215-3.

L. Record amounts of unclaimed payroll checks returned from CAOs in accordance with A0806.

A080203 <u>CAO Duties</u>. The servicing CAO will:

A. Receive DA Forms 4850 and 4850-1-R from the NAFIs. Once all forms for the installation are collected, they will be mailed to the servicing payroll office. Installations outside of CONUS, except Hawaii, may transmit their records by AUTODIN, after verification with original payroll data, then mail the original DA Forms 4850 and 4850-1-R immediately after AUTODIN transmission. This function will be handled by the NAFI fund managers at installations serviced by a regional CAO.

B. Receive payroll checks (USAREUR excluded), payroll listings, and preprinted DA Forms 4850 from the servicing payroll office for distribution to the NAFI managers or, CAO employees, and other NAF employees at the installation. For Korea, the CNPO computes the pay and transmits net pay issue records via AUTODIN to the CAO for local check preparation.

C. Make proper G/L accounting entries upon receipt of payroll listings and checks from servicing payroll office.

D. Return unclaimed/undeliverable payroll checks to servicing payroll office in accordance with A0806.

A080204 <u>HRO Duties</u>. The servicing HRO will:

A. Prepare all personnel or payroll action documents and submit them to the servicing payroll office.

B. Submit all changes to the employee's Master Employee Record. Examples are a change of address, a new IRS Form W-4, a new allotment or a change to an existing allotment, and other acceptable forms (A080403).

C. Review payroll reports returned from the CAO per A080702.

D. Comply with AR 215-3, other regulations, personnel and pay manuals, and

directives from HQDA on pay, leave, and personnel of NAFIs.

A080205 <u>NAFI Duties</u>. The serviced NAFIs will:

A. Provide the CAO with correct documents, as required, to support payment and leave accounting for employees.

B. Insure that prescribed procedures for DA Forms 4850 and 4850-1-R preparation and reporting are followed.

C. Collect and deposit overpayments not recoverable from payroll deduction, as requested by the servicing payroll office, and advise the CAO when collection has been made.

D. Collect and deposit fees paid to employees on jury duty.

E. Make required corrections related to pay and leave, in coordination with the servicing payroll office.

F. Interpret and administer regulations on entitlement to pay and leave.

G. Return undeliverable payroll checks to CAO or servicing payroll office for disposition.

A0803 <u>ESTABLISHMENT OF PAY</u> <u>PERIOD</u>. Pay periods are established on a biweekly basis and end on every other Wednesday.

A0804 <u>PERSONNEL OR PAYROLL</u> ACTION DOCUMENTS.

A080401 <u>Maintenance of Payroll Files.</u> The payroll copy of all personnel or payroll action documents will be maintained by the servicing payroll office.

A080402 Document Transmittal.

A. The HRO of the serviced installation will promptly transmit to the

servicing payroll office all personnel or payroll action documents required to maintain individual pay and leave records. The transmittal memorandum/form will be prepared in triplicate. The original and one copy will be sent to the servicing payroll office. One copy will be kept at the servicing HRO.

1. Payroll copies of personnel or payroll action documents to be processed by CNPO must be mailed with a transmittal memorandum, Subject: Personnel/ Payroll Actions Transmittal Number ____ within 1 workday of the day they are authenticated. For installations serviced by CNPO transmittal memorandum and payroll documents will be sent to the Central NAF Payroll Office, PO Box 75, Texarkana, TX 75504-0075.

2. Payroll copies of personnel or payroll action documents to be processed by NAFCPD must be mailed with USAREUR Form AE 1097-R. For installations serviced by NAFCPD transmittal form and payroll documents will be sent to the APO mailing address, CDR, 266th TFC, NAF Payroll Division, Unit #29001-07, APO AE 09007-0137 or the German mailing address, NAF FIN & ACCTG OPNS, 266th TFC, ATTN: NAF Payroll Division, POSTFACH 10-5704, 6900 Heidelberg, Germany.

B. Pay actions will not be processed during the current pay period for employees whose personnel or payroll action documents are not received at the CNPO by noon on Wednesday the last day of the pay period. In USAREUR, pay actions will not be processed during the current pay period for employees whose personnel or payroll action documents are not received in the servicing payroll office by noon on Thursday following the end of the pay period. Their pay or adjustment to pay will be deferred and included in the check for the first full pay period after receipt of the documents.

C. Sample transmittal memorandum is shown in Figure 8-1.

D. Transmittal memorandums will be sequentially numbered, preceded by the

two-letter installation code and followed by the two-digit calendar year (Examples: RR-1-93, RR-2-93, RR-3-93). The transmittal will be date-stamped on receipt at the servicing payroll office. When received, documents will be compared with the list on the transmittal memorandum and reviewed for completeness. Receipt will be acknowledged by signing and returning the duplicate copy. Documents that do not comply with AR 215-3 and other instructions will be returned to the serviced installation for proper completion.

A080403 <u>Documents Submitted to the</u> <u>Servicing Payroll Office</u>. The following is a list of forms that will be accepted by the servicing payroll office to establish, change, or terminate an employee's records.

A. DA Form 3434, Notification of Personnel Action

B. DA Form 3473, Application for USANAF Plan and/or Group Insurance Plans

C. EBB Form 401(k), US Army NAF Employee 401(k) Savings Plan Investment and Disposition Authorization

D. IRS Form W-4, Employee's Withholding Allowance Certificate (Individual State, county, city, or local withholding forms may be accepted.)

E. IRS Form W-5, Earned Income Credit Advance Payment Certificate

F. SBD 1192, Authorization for Purchase and Request for Change-US Series EE Savings Bonds

G. SF 1187, Request for Payroll Deductions for Labor Organization Dues

H. SF 1188, Cancellation of Payroll Deductions for Labor Organization Dues

I. SF 1190, Foreign Allowance Application, Grant, and Report

J. SF 1199A, Direct Deposit Sign-up Form

K. TSP-1, Thrift Savings Plan Election Form

L. Memorandum for:, To be used by the employee to send the HRO information not provided on other acceptable forms. Example: Change of address for an employee not participating in the US Army NAF Employee Benefits System.

A080404 <u>Document Omission</u>. The HRO is responsible for ensuring all personnel or payroll action documents are properly documented and submitted to the servicing payroll office in a timely manner. If an action is not included in the pay cycle, the NAFI manager or HRO will determine the reasons for the omission and take necessary corrective action to include it in the next pay cycle.

A0805P R O C E D U R E SF O RSUBMISSIONOF TIME AND ATTENDANCEFORMS

A080501 <u>Time and Attendance Forms</u>. The time, attendance, and leave of each NAF employee is maintained on DA Form 4850 and DA Form 4850-1-R.

A080502 Maintenance of DA Forms 4850 and 4850-1-R.

A. Each NAFI manager will obtain blank DA Forms 4850 through the post publications office. In USAREUR, the blank DA Forms 4850 will be obtained from the local CAO. Each NAFI manager will keep enough DA Forms 4850 on hand for at least one full pay period. Preprinted DA Forms 4850 will be produced each pay period by the servicing payroll office for employees in a pay status. These will be sent to the CAO for distribution to the NAFIs for future use. DA Forms 4850 for the first three pay periods (two pay periods in USAREUR) of employment must be prepared by hand. For new-hires, the HRO will complete the bottom line of the DA Forms 4850 for the three pay periods (two pay periods in USAREUR) and

attach the forms to copy 6 of the DA Form 3434 (Notification of Personnel Action- NAF Employee), to be sent to the NAFI manager.

B. Each NAFI manager, supervisor, or appointed timekeeper will maintain the DA Forms 4850. The original copy will be forwarded to CAO. Copy two will be held for adjustments or lost forms. Copy three will be retained for a file copy.

C. DA Form 4850-1-R will be locally reproduced on 8-1/2 by 11-inch paper. A copy for local reproduction purposes is located at the back of this volume. Each NAFI manager, supervisor, or appointed timekeeper will maintain the DA Forms 4850-1-R. Each DA Form 4850-1-R will be attached to the corresponding DA Form 4850 for submission to servicing payroll office.

D. DA Forms 4850 and 4850-1-R will be grouped at NAFI level, a 1-digit number, or at NAFI-location level, a 3-digit number.

E. The NAFI manager, supervisor, or designee is responsible for the authentication of DA Forms 4850 and 4850-1-R. No employee or supervisor may sign his or her own DA Forms 4850 and 4850-1-R. No employee may sign his or her own supervisor's DA Form 4850 or 4850-1-R. Corresponding DA Forms 4850 and 4850-1-R will be signed by the same person.

F. The timekeepers will:

1. Prepare DA Form 4853-R (NAF Time and Attendance Transmittal Form) when submitting any documents to servicing payroll office.

2. At the end of each pay period, arrange DA Form 4850 and 4850-1-R in work center sequence and within each work center in social security number sequence.

3. Record the total number of DA Forms 4850 and 4850-1-R in the space provided on DA Form 4853-R (NAF Time and Attendance Transmittal Form). DA Form 4853-R will be locally reproduced on 8-1/2 by 11-inch paper. A copy for local reproduction purposes is located at the back of this volume.

4. List individually all other documents submitted after the pay period ending date.

A080503 Submission of DA Forms 4850 and 4850-1-R.

A. Each NAFI manager, custodian, or supervisor will review the DA Forms 4850 and 4850-1-R for accuracy, completeness, correction of errors, proper initials on all corrections and proper signature, and submit them to the CAO. The CAO will mail the forms on Thursday following the end of the pay period on Wednesday. The forms will be packaged so that they will not be damaged or lost in transit. If the forms package weighs 11 ounces or less, mark it FIRST CLASS. If it weighs over 11 ounces, mark it PRIORITY. The word FIRST CLASS or PRIORITY should be large enough so that they can easily be read by postal employees. FIRST CLASS and PRIORITY applies to all domestic mail, including APO mail. USAREUR Mailing Instructions: The forms can be mailed via APO or German Bundespost. If Bundespost is used, mail forms either regular or express to the German address. Do not use registered mail and do not use government franked envelopes as this delays receipt. Forms mailed via APO must be addressed to the APO address. Time and attendance forms received by mail after 1500 hours on the Tuesday following the pay period ending on Wednesday will be checked for the postmark date. If the postmark date is later than Thursday after the pay period ending on Wednesday, a service fee will be charged for each DA Form 4850. The mailing addresses for the payroll offices are in A080402A.

B. The CAO has both the fiduciary responsibility for collection and mailing of the DA Forms 4850 and 4850-1-R and the authority to delegate these responsibilities to another central designee if the delegation will not impede the delivery of reports to the servicing payroll office. The keyword is CENTRAL, as the efficient processing of payroll at the servicing payroll offices is dependent upon having a central point of contact at each installation or community.

C. Each NAFI manager or supervisor will insure that a proper DA Form 4850 or 4850-1-R is submitted for each employee with hours to be reported. The servicing payroll office will process pay or leave for an employee only when an authenticated form is received containing hours worked or leave taken.

A080504 Adjustments to DA Form 4850 and DA Form 4850-1-R. Each NAFI manager or custodian will notify the servicing CAO of any adjustments required as soon as possible after the end of a pay period. Changes will be made on copies number two and three of DA Form 4850. Copy two of the DA Form 4850 will be signed by any person who has a proper DD Form 577 (Signature Card) on file at the servicing payroll office for that NAFI. Adjustments to DA Form 4850-1-R will be made on a new DA Form 4850-1-R. This form will be signed by any person who has a proper DD Form 577 on file for that NAFI in the servicing payroll office. If adjustment is only needed on DA Form 4850-1-R, the corresponding DA Form 4850 is not required to be sent to the payroll office. The servicing CAO will be responsible for sending adjustments to the payroll office. If the adjustments are not received by the payroll office in time to be incorporated into the current pay period, adjustments will be made in the next pay period. When the following errors are found on DA Form 4850 and DA Form 4850-1-R, the payroll clerk will process the time and attendance report and then request correction by the sender:

A. Questionable pay entitlement: Tour of duty does not agree with hours reported, tour of duty uncertain, or holiday worked or taken uncertain.

B. Corrections made on DA Form 4850 and DA Form 4850-1-R not initialed.

C. Scheduled hours as reflected on DA Form 3434 (Notification of Personnel Action) not accounted for on DA Form 4850 and DA Form 4850-1-R. D. DA Form 4850 and DA Form 4850-1-R sent without signature.

E. Unauthorized signature on DA Form 4850 or DA Form 4850-1-R.

F. NAFI code reported on DA Form 4850 or DA Form 4850-1-R does not agree with DA Form 3434.

NOTE: The work center code in DA Form 4850 and DA Form 4850-1-R will be shown in the following sequence: NAFI code (Position 1), location code (Position 2-3), department code (Position 4-5), and constant "00" (Position 6-7). The standard NAFI number (SNN) in DA Form 3434 will be shown in the following sequence: Installation code (Position 1-2), NAFI code (Position 3), program code (Position 4- 5), location code (Position 6-7), and department code (Position 8-9).

A080505 <u>DA Forms 4850 and 4850-1-R</u> <u>Correction Suspenses</u>. For DA Forms 4850 and 4850-1-R returned for correction, there is a 21 day from date of return suspense for a first request. If corrections are not received, a second request will be forwarded to the CAO (or fund manager in the case of remote CAO) with a suspense date of 15 days from the date requested. Third requests are forwarded to the installation Defense Accounting Office.

A080506 Submission and Use of DA Form 577. Each person authorized to authenticate personnel/payroll action documents, time and attendance reporting documents (DA Forms 4850 and 4850-1-R) and/or Tips, Service Charges, and Meal Reporting documents (DA Form 5163-R) must complete a DD Form 577 (Signature Card) and send it to their servicing payroll office. A copy will be furnished to the servicing CAO. In addition to the name, grade, date, and signature the form must also have the installation name, fund and location codes and the individual's initials. (NOTE: The local commander may require department code also) DD Form 577 will be updated and sent when there are supervisory changes or changes of existing fund, location, or department (if required locally) codes. Payment will not be made on DA Form

4850, DA Form 4850-1-R, and DA Form 5163-R unless a DD Form 577 containing the authenticating official's signature is on file in the servicing payroll office.

A080507 Tips and Service Charges.

A. The Internal Revenue Service requires that employees report tip income on IRS Form 4070 (Employee's Report of Tips to Employer). A similar form can be used if it shows the employee name, social security number, employee address, employer name and address, date submitted to the employer, total tip income received, and the employee's signature.

1. A tip is a voluntary payment by a customer to an employee for services performed.

2. A tip is not subject to negotiation nor dictated by management policy.

3. The customer has a right to precisely determine the amount and recipient of the tip.

4. A tip may be either cash or charge.

B. Cash tips are cash that the employee receives directly from the customer. These tips must be reported to the NAFI manager on IRS Form 4070. The fund manager will complete DA Form 5163-R (Nonappropriated Funds Central Payroll System Tips, Service Charges and Meals Report). Cash tips will be reported under the heading "Reported Tips".

C. Charge tips are the amount the customer adds to a charge ticket to be paid to the employee as a tip. The liability for the tip payable will be established in GLAC 230. The tip will be billed to either the customer or credit card company depending on the type of accounts receivable system being used. There are two ways charge tips may be paid to an employee.

1. The employee may request payment directly. If payment is

requested, the fund manager will submit a request for payment to the CAO. The CAO may issue a local check for the amount of tips reported on the DAR for that employee. The accounting entry will be Debit GLAC 230 and Credit GLAC 101, US Cash Account. The tip payment is then a cash tip to the employee and procedures in (2) above apply.

2. The employee may request that charge tips be paid through the payroll office to be included with their regular payroll check. If this occurs the NAFI manager will provide the employee with a detailed list of tips charged. The employee will complete IRS Form 4070, or similar form and return the completed form to the NAFI manager for submission to CAO with DA Form 5163-R. Report these tips under the heading "Charge Tips".

D. The NAFI manager will complete DA Form 5163-R for each NAFI. They will submit the form to the CAO with other payroll documents the same pay period tips or service charges are earned. DA Form 5163-R will be reproduced locally on 8-1/2 by 11-inch paper. The tips must be reported under the proper heading: "Reported Tips" or "Charge Tips".

E. A service charge is a mandatory charge added to the customer's bill. The NAFI will record the amount in GLAC 527, Service Charge Income. The service charge may be distributed to the employee at the NAFI manager's discretion. If distributed, the service charge will be treated as additional wages and will be included in GLAC 601, Salaries and Wages. Service charges will be reported on DA Form 5163-R under the heading: "Service Charge."

F. Installations are authorized the option to participate in the tip offset system except those in the States of Alaska, California, Nevada, New Mexico and Washington. Under the tip offset system, a part of the employee's hourly wage is composed of tips. Installations will determine the tip offset rate in accordance with AR 215-3, chapter 3. The HRO will furnish the tip offset rate on DA Form 3434, Notification of Personnel Action, after the tip offset rate is provided by the NAFI. NAFCPS will compute tip offset based on DA Form 5163-R submitted by the installations. The service charge described in A080507E above will not be used in the tip offset calculation.

G. It is the responsibility of the NAFI to compute a tip allocation for those employees whose reported tips are less than 8 percent of applicable gross sales. Tip allocation amounts will be used for informational purposes only. Allocated tips are not subject to either FICA (OASDI and Medicare) or Federal withholding taxes. No G/L entries are required. The tip allocation will be reported on DA Form 5163-R in the "Tip Allocation" column.

A080508 <u>Meals</u>. Meals provided to employees that are to be deducted from pay will be reported on DA Form 5163-R.

A080509 <u>Worker's Compensation</u>. This compensation is provided for employees injured on the job. AR 215-1, chapter 13 prescribes the basic policies and procedures for Worker's Compensation.

A0806 <u>CHECK AND BOND MAILING</u>

A080601 Check Mailing.

A. A maximum of 3 workdays will be allowed for the processing and preparation of payrolls in the servicing payroll office.

B. The time between the end of the pay period and the distribution of checks by the servicing payroll office will be no more than 8 calendar days. The payday for NAF employees serviced by CNPO will be the second Wednesday following the end of the pay period. The payday for NAF employees serviced by NAFCPD will be the second Monday following the end of the pay period.

C. Individual employee payroll checks and Earnings and Leave Statements (ELS) will be mailed to the CAO for delivery on the second Wednesday following the close of each pay period. In USAREUR, payroll checks and ELS will be mailed to any address the employee designates. Composite checks will be mailed directly to the designated financial organization. The ELS will be mailed to the CAO or designated contact point. Bulk delivery of checks drawn on payrolls to individual payees may be made to third parties for distribution to payees.

D. The NAFI managers will designate in writing the person to receive checks for distribution; that person will receipt for all checks received from the CAO or the servicing payroll office. It is the responsibility of the NAFI manager to establish procedures covering distribution of the checks after they are received from the CAO or the servicing payroll office. Proper internal controls will be provided by the NAFI manager to insure that the handling and distribution of the paychecks is separated from the authorizing and recording of the payments. Undeliverable checks will be returned to the CAO or the servicing payroll office with the reason for nondelivery in accordance with paragraph A040104.

E. The servicing CAO, point of contact, or NAFI managers will notify the servicing payroll office immediately when errors or omissions are found on the payroll checks, reports, preprinted DA Forms 4850, or ELS.

A080602 Savings Bond Mailing.

A. All Series EE US Savings Bonds will be mailed directly to employees, using the address shown on SBD 1192. The bonds will be mailed by the servicing Federal Reserve Bank. To change the bond mailing address, a new SBD 1192 must be submitted to the servicing payroll office.

B. After the Federal Reserve Bank mails bonds, they forward bond registration information to the payroll office. This product provides bond issuance information.

A080603 <u>Nonreceipt or Loss of Bonds</u>. If a bond is not received within a reasonable time, the employee should notify the servicing CAO, in writing. The CAO will then contact the servicing payroll office to begin the research process with the servicing Federal Reserve Bank.

A0807 <u>OUTPUT REPORTS</u>

A080701 Payroll Reports.

A. Reports are provided to the serviced installations to help the CAO, HRO, and NAFI or program managers manage their personnel and NAFI accounting.

B. Reports are produced and provided to the servicing payroll office to insure that the payroll is processed accurately.

C. Local managers are required to verify that persons paid and charged to their accounts are officially employed. This is done by using the payroll listings below. The servicing payroll office will provide the servicing CAO, HRO, and NAFI or program manager with copies of the following reports produced during pay cycles:

1. Personal Services Report, Biweekly (Figure 8-2)

2. Individual Leave Register, Biweekly (Figure 8-3)

3. Active Employee Address Listing, Upon Request (Figure 8-4)

4. Payroll Change Listing, Biweekly (Figure 8-5)

5. Notice of UA Employee Within-grade Increase Due, Biweekly (Figure 8-6)

6. NAF Centralized Payroll Data Report, Biweekly (Figure 8-7)

7. Transfer of Annual Leave Liability, Biweekly (Figure 8-8)

8. Compute Research Listing, Biweekly (Figure 8-9) 9. Panama Withholding and Educational Taxes, Biweekly (Panama Distribution Only) (Figure 8-10)

10. Caja de Seguro Social de Panama Feeder Report, Monthly (Panama Distribution Only) (Figure 8-11)

11. Quarterly Review of Hours Worked, Quarterly (Figure 8-12)

12. MWR Personnel Strength Report, Quarterly (Figure 8-13)

13. Annual Leave Forfeit Report, Annually (Figure 8-14)

14. NAFI Employees' Compensation and Benefits Program Report, at Fiscal Year End (Figure 8-15)

15. Employee Cross Reference Roster, Upon Request (Figure 8-16)

16. Tip Offset/Service Charge Report, Biweekly (Figure 8-17)

17. Quarterly Inactive Employee Report, Quarterly (Figure 8-18)

18. Compensatory Aging Schedule, Biweekly (Figure 8-20)

19. A n n u a l L e a v e / Compensatory Time Adjustment Report, Biweekly (Figure 8-21)

20. Compensatory Time Subsidiary Report, Biweekly (Figure 8-22)

21. Home Leave Report, Biweekly (Figure 8-23)

A080702 Brief Description of Reports.

A. <u>Personal Services Report</u>. This report is produced each pay period and shows the current pay for each employee. It is prepared on DA Form 5314, Personal Services (Comprehensive) Nonappropriated Fund Employees. DA Form 5314 is stocked at Red River Army Depot for use by CNPO and at Rodelheim, Germany for use by NAFCPD. Base pay, gross pay, and net pay are shown with the check number for each employee paid. If the net pay for a person is part of a composite check, the check number is replaced with "ORGN" and the financial organization code. Cash awards are posted separately, below the current pay line entry. The cash award check number is included. The current totals for each work center are shown after the last listed employee of each work center. The amount of each check must be compared to the amounts on this report by the NAFI manager or his representative.

Individual Leave Register. This B. report shows annual, sick, and military leave, and leave or absences without pay for each employee. It includes the department total in each leave category. This report will be used by the servicing HRO to adjust an employee's computation official service date when applicable. It also provides the authority, based upon each person's leave balance, for approving leave. Leave is shown in hours and dollars for the pay period. The current total is shown only in hours.

C. <u>Active Employee Address</u> <u>Listing</u>. This listing gives all address and mailing instructions on the employee's Master Employee Record (MER).

D. <u>Payroll Change Listing</u>. This is a listing of all changes made to employees' MERs during the pay period. It will be used primarily by the servicing HRO to verify that the changes made match documentation submitted by the HRO.

E. <u>Notice of UA Employee</u> <u>Within-grade Increase Due</u>. This report shows UA employees who are within 120 days or 16 weeks of being eligible for a within-grade increase. An employee will remain on this report until his within-grade increase is effective. The servicing HRO will prepare DA Form 4017 (Request for Personnel Action-Nonappropriated Fund Instrumentality) and send it to the employee's supervisor for approval. For the UA employee's within-grade increase to be granted, item 34 on DA Form 4017 must contain a statement that "work is of an acceptable level of competence" and the form must be signed and dated by the supervisor. Upon receipt of the signed DA Form 4017, HRO will prepare a DA Form 3434 (Notification of Personnel Action). Approved DA Forms 3434 are forwarded by HRO to servicing payroll office for input by payroll clerk. The servicing HRO will insure that all regulatory requirements have been met before authorizing the within-grade increase. (See AR 215-3.)

F. <u>NAF Centralized Payroll Data</u> <u>Report</u>. This report shows the amount of pay and leave expenses that are incurred. It gives all the G/L entries that are required to update the accounting system, record payroll expenses, adjust the accrued annual leave liability, adjust payroll advance accounts, and establish service charge liability. The G/L entries are given at the proper level (department, location, or NAFI) for entry into the accounting system. G/L entries will be provided for installations using NAFISS or MICROCADS. The CAO should insure that the Personal Services Report agrees with this report.

Transfer of Annual Leave G. Liability. This report provides the annual leave liability when an employee's leave balance is transferred from one work center to another. It gives the following data: Social security number, employee's name, annual leave balance in hours, losing and gaining installation code, work center, hourly rate, and the dollar value of annual leave. The CAO and affected NAFI managers will use this report as a basis for transferring monies from the old work center to the new work center. The transfer of monies must be performed in the accounting period for which the name appears on this report. The accounting entries are as follows:

1. When the employee's name is on the report, the gaining NAFI will establish a receivable:

DR 140 - Miscellaneous Other Receivables CR 243 - Annual Leave Payable 2. The losing NAFI establishes the liability as follows:

a. Transfer without a change in grade:

DR 243 - Annual Leave Payable CR 240 - Miscellaneous Other Payables

b. Transfer with a

downgrade:

DR 243 - Annual Leave Payable CR 240 - Miscellaneous Other Payables CR 825 - Miscelleanous Other Nonoperating Income

3. When the money is transferred, the gaining NAFI will make the following entry:

DR 101 - US Cash CR 140 - Miscellaneous Other Receivables

4. The losing NAFI will make the following entry:

DR 240 - Miscellaneous Other Payables CR 101 - US Cash

H. <u>Compute Research Listing</u>. This listing is produced when pay is computed and gives informational type messages to identify when internal, automatic action was taken by the computer. An "I" indicates an informational message.

I. <u>Panama Withholding and</u> <u>Education Taxes</u>. This report is used only by Panama. It shows the NAFI name, employee's name, cedula number (7- to 9-digit identification number given to each Panamanian citizen at birth), gross pay, withholding tax, regular pay, and education tax for Panamanian employees. There is a separate line for NAFI totals and a separate page for overall totals. This biweekly report is sent to the CAO in Defense Complex Panama.

J.Caja de Seguro Social de PanamaFeeder Report.This report is used only by

Panama. It shows the NAFI name, work center, cedula number, social seguro number (7-digit identification number unique to each Panamanian citizen in the Caja de Seguro Social de Panama System), employee name, gross pay, and the employer contributions and employee deductions to the Panamanian government. This monthly report is sent to the CAO in Defense Complex Panama.

K. <u>Quarterly Review of Hours</u> <u>Worked</u>. This report shows biweekly base hours assigned, regular hours worked, overtime hours worked, and total hours worked for all NAF employees. This report will be used by HROs to review hours worked versus base hours assigned, per AR 215-3.

L. <u>MWR Personnel Strength Report.</u> The installation level of the MWR Personnel Strength Report is sent to the CAO quarterly. The MACOM level is sent to the MACOMs the first and third quarters of the FY for information purposes. The second and fourth quarters the servicing payroll offices send the MACOM and DA levels of the report to CFSC and AAFCWF (See Volume 13, Chapter 7).

M. <u>Annual Leave Forfeit Report</u>. This report is produced only after the close of the leave year. It shows all forfeited leave, by individual, for that year.

N. <u>NAFI Employees Compensation</u> and Benefits Program Report. This report shows the NAFI employee costs (payroll and benefits for US employees, employees overseas, and foreign nationals) and NAF benefit programs (retirement, medical and life insurance) for each MWR program group. An additional page is produced which summarizes each program group. This report is produced at the end of the fiscal year and is sent directly from the servicing payroll offices to CFSC and AAFCWF in accordance with DoD reporting requirements (See Volume 13, Chapter 7).

O. <u>Employee Cross- Reference</u> <u>Roster</u>. This listing is used as a cross-reference of employee information. It will show each employee's social security number, name, work center, type position code, grade and step, wage area code, first shift hourly rate, annual salary, type employment code, MWR category, installation code, intermittent days or weeks worked, base hours, retirement code, and life insurance and health benefits codes.

P. <u>Tip Offset/Service Charge</u> <u>Report</u>. This report will provide the work center code, employee social security number, employee name, tip offset rate, total tips, and service charges paid to the employee. Also total offset, which is derived by using the total hours in a tipped status times the tip offset rate.

Q. <u>Quarterly Inactive Employee</u> <u>Report</u>. This report will include the employee name, SSN, type of employment, and the date of the last pay period the employee worked for all inactive employees who did not work during that quarter. The purpose of this report is to inform the central accounting officer, NAFI managers, and civilian personnel officers (HRO), of inactive employees on the NAFCPS master file. The report will be reviewed and verified by the HRO in conjunction with the NAFI or program managers to determine the proper status of employees who have not worked for at least three months.

R. <u>Compensatory Aging Schedule</u>. This report includes the employee name, SSN, pay period number, compensatory hours, and the overtime rate, at which compensatory hours were worked for the 13 pay periods that compensatory balances are carried. The purpose of this report is to inform the CAO and NAFI manager of the compensatory time balance for each employee and the aging of that balance.

S. <u>Annual Leave/ Compensatory</u> <u>Time Adjustment Report</u>. This report will include the employee name, SSN, annual leave adjustment, compensatory time adjustment, and compensatory time converted to overtime adjustment. It shows adjustments made to GLAC 243 (Annual Leave Payable), GLAC 247 (US Employee Compensatory Time Payable), and GLAC 248 (Foreign National Employee Compensatory Time Payable for Panamanian Foreign Nationals). T. <u>Compensatory Time Subsidiary</u> <u>Report</u>. This report will be used by the CAO as a subsidiary record for GLAC 247 and GLAC 248. It includes each employee's current compensatory time balance. In addition, it informs managers two pay periods in advance of employees who have compensatory time balances that are close to conversion to overtime.

U. <u>Home Leave Report</u>. This report is a management information tool. It contains the employee's name, social security number, home leave overseas entrance on duty date, home leave accrual date, home leave eligibility date, accrual rate, beginning of leave year home leave balance, accrued and taken year to date, accrued and taken current pay period, dollar value of home leave taken current pay period, current balance of home leave, current pay period leave without pay, and service year leave without pay.

A0808 TRANSFERRING PAYROLL CASH. One week following the end of each pay period the individual NAFIs must have cash in their bank checking account equal to the gross pay and the employer's share of fringe benefits based on the previous pay period. For CBP participants payroll cash will be transferred by electronic fund transfer (EFT). Installations having NAFIs that are not CBP participants will wire transfer the amount of the consolidated payroll cash for all NAFIs they service. Communities serviced by NAFCPD must have a bank account with the military banking facility.

A080801 <u>EFT.</u> CNPO pulls payroll costs directly from NAFI checking accounts at the central bank. The EFT will occur concurrently with the distribution of the paychecks from CNPO, normally on Wednesday preceding payday. NAFCPD automatically transfers payroll costs from NAFI checking accounts by the second Friday after the pay period ending on Wednesday.

A080802 <u>Wire Transfer</u>. Installations must instruct their servicing bank to wire transfer the payroll cash in time for it to reach the central bank during banking hours on the Wednesday prior to payday (Thursday if Wednesday is a bank holiday). The name of the central bank and the CNPO account number to be used will be published separately since they are subject to change.

A0809 <u>PAYMENTS</u> The servicing payroll office will send payroll checks to the CAO that services each installation. If an installation does not have a CAO or is serviced by a regional CAO, checks will be sent directly to the NAFIs. The NAFCPD will mail all individual payroll checks directly to the employee's designated address. The NAF Centralized Payroll Data Report will be sent to the servicing CAO.

A080901The Servicing CAO Will (ForEach NAFI):

DR 601 - US Salaries and Wages

DR 6XX - Various Payroll Expense Accounts CR 101 - US Cash

A080902 <u>Data for Entries</u>. Data for the entries (payments) in A080901 above will be provided each pay period to the CAO. Those installations or NAFIs using NAFISS (MICROCADS in USAREUR) will receive punched cards or magnetic tape and a hard copy NAF Centralized Payroll Data Report.

A0810 <u>SERVICE CHARGES</u>. A service charge will be assessed in each pay period. These charges will be based on a predetermined rate multiplied by the number of employee records on the payroll master file (The rate will be published separately and changed as required). Payment of service charge will be combined with the transfer of payroll cash as described in A0808. Accounting entries will be:

DR 689 - Payroll Service Expense CR 101 - US Cash

A0811 <u>ANNUAL LEAVE</u>

A081101 <u>Liability</u>. Annual leave liability will be maintained in the general ledgers of the individual NAFIs. The Individual Leave Register will be used as the subsidiary to GLAC 243 (Annual Leave Payable). GLAC 243 balance on the Individual Leave Register can be located on the Fund Total page. Adjustments to GLAC 243 will be processed by the servicing payroll office. The Centralized Payroll Data Report will show the dollar amount of adjustment and NAFCPS will produce the punched card or magnetic tape record necessary to update the general ledger.

A081102 <u>Advance Leave</u>. When an employee has been granted advance annual leave and continues in a leave accruing status, the amount of leave accrued each pay period will reduce the amount of the advance leave balance.

A081103 <u>Transfer to Ineligible Status</u>. When an employee is transferred from an eligible leave status to an ineligible leave status, the policy is as follows:

A. At the time the employee is transferred, the payroll clerk servicing that installation will review the NAF Individual Leave Register to insure the employee does not have a negative annual leave balance.

B. If the employee has a negative annual leave balance, the payroll clerk will inform the employee's NAFI manager through the servicing HRO. The NAFI manager will make proper arrangements with the employee for a set amount to be deducted from the employee's biweekly pay until the negative balance is liquidated. The NAFI manager will advise the servicing payroll office, through the HRO, of collection arrangements. The servicing payroll office will then take required actions to collect the monies owed for the leave debt.

C. When an employee terminates employment with a negative annual leave balance, the annual leave debt will be deducted from the employee's base wages. If the wages are less than the debt, the servicing payroll office will advise the NAFI manager through the servicing HRO of the balance owed. The employee's NAFI manager must then collect the debt.

A0812 <u>SICK LEAVE</u>

A081201 The servicing CAO will enter the dollar value of sick leave taken (by department

or location within each NAFI) by a debit to GLAC 605 and a credit to GLAC 601.

A081202 When an employee is transferred from a leave accruing status to a non-leave accruing status, the policy is as follows:

A. The payroll clerk will review the NAF Individual Leave Register to ensure the employee does not have a negative sick leave balance.

B. If the employee has a negative leave balance, the sick leave debt will be collected by offsetting the lump sum payment for annual leave due him. If the annual leave payment is less than the debt, the servicing payroll office will proceed as for annual leave in A081103B.

A081203 <u>Termination with Negative Sick</u> <u>Leave Balance</u>. When an employee has been granted advance sick leave and terminates employment with a negative sick leave balance, the leave debt will be collected by offsetting the lump sum payment for annual leave due him. If the annual leave payment is less than the debt, the remaining debt will be deducted from the employee's base wages. If wages are less than the debt, the servicing payroll office will advise the NAFI manager through the servicing HRO of the remaining balance owed. The employee's NAFI manager must then collect the debt.

A081204 <u>Recording Advanced Sick Leave</u>. Entries required to effect the proper G/L transactions for an authorized advance sick leave balance are as follows:

A. No entry is required while the employee is in a sick leave accruing status.

B. When the employee changes to a non-leave accruing status or terminates employment:

DR 140 - Miscellaneous Other Receivables CR 605 - Sick Leave

C. To liquidate the receivable established in A081204B above:

DR 101 - US Cash

CR 140 - Miscellaneous Other Receivables

A0813 <u>HOME LEAVE</u> Home leave is automatically accrued and recorded to eligible employee records via NAFCPS in accordance with AR 215-3.

A081301 <u>Accrual</u>. Home leave may be accrued at the rate of 5, 10, or 15 days for 12 months service depending upon employee's eligibility and Home Leave Accrual Date. Unless adjusted by excess leave without pay, the Home Leave Accrual Date will be the same as the Overseas Entrance-on-duty Date. The balance of home leave carries over every year. There is no maximum accumulation.

A081302 <u>Employee Terminates with</u> <u>Balance</u>. If an employee terminates, the home leave balance is maintained in his terminated record, and if he/she returns to work with less than a 90-day break in service, the balance of home leave is restored for use. If employee transfers from overseas to the States and transfers back overseas AT ANY LATER DATE without more than a 90-day break in service, he/she will have the balance of home leave restored for use.

A081303. <u>AWOP</u>. For periods of absence without pay (AWOP) in excess of two workweeks within each 12 months of service abroad the system will automatically lengthen, at the rate of a day for a day, the period of time on which the individual will accrue home leave.

A081304 <u>Reported in Whole Days</u>. Home leave days taken will be reported on DA Form 4850-1-R in whole days only. Days of home leave taken in excess of days earned will automatically be cutback to annual leave by the NAFCPS. If the individual does not have annual leave sufficient to cover the excess home leave, the balance not covered will be cutback to leave without pay (LWOP).

A081305 <u>GLAC Entries</u>. For installations which have eligible individuals who have taken home leave during the current pay period the GLAC entries are:

DR 623 - Home Leave Expense CR 601 - US Salaries and Wages

A0814 ACCRUALS

A081401 <u>Payroll Expense</u>. At the end of the month, the servicing CAO will accrue the payroll expense for the estimated gross amount of the unpaid payroll. Employer's share of benefits will be accrued individually. The estimate should be based on the previous pay period. Accounting entries are as follows:

DR 601 - US Salaries and Wages DR 603 - US Annual Leave DR 611 - Employers Share of FICA DR 612 - Employers Share of Group Health and Life Insurance Plans DR 613 - Employers Share of Retirement Plan CR 214 - Life Insurance Premiums Payable CR 215 - Retirement Payable CR 242 - Salaries and Wages Payable CR 243 - Annual Leave Payable CR 244 - Payroll Taxes Payable

A081402 <u>Reversal of Accrual</u>. At the beginning of the next month, these entries will be reversed.

A0815 <u>EMERGENCY PAYMENT</u> PROCEDURES

A081501 <u>Procedures</u>. Cash payment procedures.

A. Determination of cash payment. Local payment to the employee may be made if his or her DA Form 4850 or 4850-1-R is missing, or hours were materially understated on DA Form 4850 or 4850-1-R.

B. Processing cash payment.

1. The CAO must call the servicing payroll office and state why the local payment is required. The nature and rarity of such emergencies require the approval of Chief, CNPO/NAFCPD, or his or her designee.

2. The Chief of the servicing payroll office will instruct the Inquiries

and Control Section to issue the CAO a control number for the approved local payment. The CAO will give the servicing payroll office the name of the installation, work center, the employee's name, his or her social security number, and hours worked. The CAO must provide the servicing payroll office with a DA Form 3434 and a properly authenticated time card before the pay can be computed. The payroll clerk will compute the amount to be paid based on actual hours worked. For new employees, the payroll clerk will base the computation on pay band, hourly rate and hours worked or grade, step, pay scale, and hours worked, as applicable. The CAO or NAFI manager will immediately send a letter to the servicing payroll office providing the information pertaining to the local payment (i.e., control number, pay period ending date, employee name, SSN and amount). The installation will be billed the service charge for the local payments. A CAO or NAFI manager will not disburse NAF funds for employee service without approval from the servicing payroll office. When a CAO or NAFI manager disburses NAF funds without proper approval, he or she is responsible for collection of those funds from the employee.

3. If an adjusted or missing DA Form 4850 or 4850-1-R is resubmitted after the employee has received a cash payment, the time on the second form is computed and added to the current pay. The previous cash payment is then deducted from the net pay.

4. If an employee was erroneously omitted from the current payroll, the servicing CAO, NAFI manager will determine why. The servicing CAO, NAFI manager will ensure that the next pay cycle includes the omitted pay data.

A081502 <u>Payroll Contingency Procedures</u> for Installations Serviced by the CNPO. If unforeseen circumstances prevent receipt of payroll checks at the local installations, the following contingency procedures will be used.

A. If checks are not received by 1400 hours on the second Tuesday following the

end of the pay period, the installation CAO or point of contact will inform the CNPO. (DSN 829-3135 or commercial (903) 792-6484. CNPO will re-issue the payroll checks and earnings and leave statements (ELS). These will be mailed via an overnight delivery service to arrive at the installation on the following Wednesday. (Persons participating in the composite check program will not be included). If the original payroll checks and ELS are received, the CAO or point of contact will return them to CNPO.

B. The CNPO will supply a payroll listing by either AUTODIN or facsimile machine transmission, as preferred by the local installation. If AUTODIN is used, the installation must provide AUTODIN routing information.

C. If the payroll checks have not been received by 1200 hours on Wednesday, the CAO may prepare and issue the local NAF payroll checks. No service fee will be charged to installations when payroll checks are not received by the time local checks are prepared.

D. The CNPO will wire transfer the money to cover the locally produced checks. It will void the checks printed at the CNPO. All efforts should be made to prevent distribution of checks received from the CNPO, if they arrive.

A081503 <u>Payroll Contingency Procedures</u> for Individuals Serviced by NAFCPD. In USAREUR individual payroll checks are mailed directly to each employee's designated address. If an employee does not receive his/her payroll check within three days from the date of the NAF payday he/she may request payment by the servicing CAO. The following contingency procedures will be used.

A. CAOs are authorized to make local payroll payment if an employee does not receive a payroll check within three days of the NAF payday. The CAO will require the employee to sign AEUCF Form 316 certifying that if original check is subsequently received, the employee will return it, uncashed, to the CAO for forwarding to the NAFCPD. B. Before making the local payment, the CAO must call NAFCPD for approval, explain circumstances and confirm that required AEUCF Form 316 has been signed by the employee requesting the local payment. CAOs are not authorized to make disbursement without NAFCPD approval. If the community CAO issues a replacement check and the original check is cashed, then the funds payroll account will be credited by the NAFCPD. The community CAO is then responsible for collection of those funds from the employee.

C. When requesting disbursement approval from NAFCPD, the CAO will provide the employee name, check number and amount of the missing check from the Payroll for Personnel Services Report. NAFCPD will verify this information and ensure the check has not been cashed. After verification, NAFCPD will issue the CAO a control number for the approved local payment.

D. Once the local payment is made, the CAD will immediately send a completed AEUCF Form 62 transmittal to NAFCPD with a copy of the signed AEUCF Form 316 attached.

E. NAFCPD will include the amount of the local payment in the monthly payroll reconciliation. If this reconciliation results in an amount due to the community, NAFCPD will forward a check to the community financial management division following the next monthly payroll reconciliation.

A081601EmployeePremium.Theemployee will remit premium to the servicingCAO on a monthly basis.

A081602EmployerPremium.Theservicing CAOwill collect the employer's shareof these premiums from the employing NAFI.

A081603 <u>Premium Remittance</u>. The servicing CAO will prepare one check, combining the employee and employer portions of the premium. The check will be made payable to the servicing payroll office. The employee's name, work center, period of coverage, and complete coverage information (amount of life or health) should be clearly shown and attached to the check before it is sent to the servicing payroll office.

A0817 PAYMENTS TO EMPLOYEES.

A081701 Payments by CNPO. The CNPO is authorized two methods of payment to NAF employees. One method is for an employee to receive payment through deposit to a financial organization. The second method is for the check to be mailed to the CAO (or to the NAFI if there is no CAO) and hand delivered to the employee. There may be a combination of the two. When the second method is used, the same person that signed the time and attendance report will not distribute the check. The duties of making actual payment and accounting for time and attendance must be separated (see AR 37-103, paragraph 4-9.)

A081702 <u>Payments by NAFCPD</u>. The NAFCPD is authorized two methods of payment to NAF employees. One method is for the employee to receive payment through deposit to a financial organization. The second method is for the check to be mailed directly to the employee. These methods may be combined.

A0818 <u>SECURITY</u>

A081801 <u>Maintenance of Reports</u>. Reports must be protected and maintained under the provisions of the Privacy Act.

A081802 <u>Retention and Destruction of</u> <u>Reports</u>. Installation CAOs, HROs, and NAFI managers will see that AR 25-400-2 is followed in the handling of the payroll reports.

A081803 <u>Checks</u>. Checks remaining in an office overnight must be locked in a safe or vault.

A0819R E C O U P M E N T O FOBLIGATIONS TO A NAFI

A081901Employee Obligations to a NAFI.Certain obligations that an employee owes to aNAFI may be recouped by means of a biweeklypayroll deduction.

A081902 Obligations That Are Not Due to Overpayments.

A. If the employee acknowledges the validity and amount of indebtedness and desires to repay by means of a payroll deduction, the NAFI manager will have the employee sign an authorization for payroll deduction. A memorandum may be used for this purpose. Total indebtedness should be paid within 26 pay periods. Basic statement should read:

> "I authorize \$ (total dollar amount of indebtedness) be deducted from my paycheck as payment of my obligation to (name of NAFI). Please make biweekly deductions of \$ (amount of biweekly payment) beginning with the first pay period following receipt of this statement."

B. Signed statement will be forwarded to the CAO so that accounts receivable can be established. Entry on the books of the NAFI will be a debit to GLAC 140 and a credit to the appropriate account pertaining to the type of indebtedness incurred. A copy of the statement should be retained for support of the accounts receivable entry. CAO then submits the original statement by transmittal letter to the servicing payroll office.

C. For each pay period that collections are made, the servicing payroll office will send a check to the NAFI for the amount of the biweekly collections with a listing of employee names and individual amounts. Upon receipt of check, GLAC 140 will be credited to reduce the accounts receivable. Documentation

will be retained for support of subsidiary records.

A081903 Erroneous Overpayments. In overpayments resulting from payroll processing and administrative errors, servicing payroll office will notify the employee in writing of such overpayment. Notification will provide total amount of indebtedness, amount of biweekly repayment deductions, and dates of deductions. Deductions will not exceed 15 percent of net pay. Copies of notification will be furnished to CAO. event these In the overpayments are subsequently waived by the installation commander, the employing NAFI is liable for employee's indebtedness to third parties, and not servicing payroll office. Likewise, if an employee terminates prior to liquidation of a debt or obligation being repaid, the employing NAFI is liable for the unpaid amount.

A081904 <u>General Disputes and Waivers.</u> If an employee disputes a debt or obligation, or requests waiver of repayment, the installation commander will make the final decision based upon information made available by both the NAFI and the employee. The employee will be notified in writing of the determination and a copy of the notification will be forwarded to servicing payroll office for collection in accordance with procedures stated above. These involuntary deductions will not exceed 15 percent of net pay. (See AR 215-1 and AR 215-3, paragraph 3-2h.)

A081905Retirement or Insurance Disputesand Waivers.If the overpayments or disputesdiscussed in A081903 or A081904 above involveretirement, or health or life insurance the Chief,Employee Benefits Branch, P.O. Box 107,Arlington, VA 22210-0107, not the installationcommander, will make determinations regardingwaivers.

A0820 <u>ON-THE-SPOT AWARDS</u> All locally paid awards must be reported to the servicing payroll office not later than the pay period following the period in which paid. Payments made in December are especially critical. Awards paid in December should be made prior to the last pay period of the calendar year. To ensure the calculation of wages and taxes is included on the employee's Form W-2 for the proper tax year, any payment made after the last pay period of the calendar year should be scheduled with the servicing payroll office and reported on a priority basis. Upon receipt of DA Form 5167-R (Incentive Awards Nomination and Approval-Nonappropriated Funds) the CAO will:

A082001 <u>Award Maximums</u>. Ensure the gross amount (amount before retirement contribution, OASDI and Medicare, federal, state and local income tax deductions) does not exceed the \$250 maximum per award. (See AR 215-3, paragraph 9-9 b.)

A. <u>Cash Award</u>. For a cash award, the gross amount is the amount of the award.

B. <u>Savings Bond Award</u>. For a savings bond award, the gross amount is the purchase price of the bond plus the applicable deductions. For employees who do not participate in the NAF Employee 401(k) Savings Plan or the Thrift Savings Plan (for employees covered by portability), the gross amount is determined by use of this formula:

Gross Amount = <u>Bond Purchase Price</u> (100% minus the sum total % of deductions)

1. Example 1: Bond purchase price for a \$200.00 bond is \$100.00. The sum total of retirement contribution (2%), OASDI (6.2%), Medicare (1.45%), Federal tax (28%), State tax (0%), and local tax (0%) is (37.65%).

Gross Amount	=	\$100.00 (100% minus 37.65%)
	=	<u>\$100.00</u> 62.35%
	=	\$160.38
A (1)		

As the gross amount of the bond award is less than \$250, the award may be given.

2. Using the gross amount of the bond award, \$160.38, the applicable deductions can now be calculated:

Retirement	\$160.38 times	2.00% = \$ 3.20
OASDI	\$160.38 times	6.20% = \$ 9.94
Medicare	\$160.38 times	1.45% = \$ 2.33
Federal tax	\$160.38 times	28.00% = \$44.91
		\$60.38

3. Example 2: Bond purchase price for a \$500.00 bond is \$250.00. The sum total of retirement contribution (2%), OASDI (6.2%), Medicare (1.45%), Federal tax (28%), State tax (0%), and local tax (0%) is (37.65%).

Gross Amount =	\$250.00 (100% minus 37.65%)
=	<u>\$250.00</u> 62.35%
=	\$400.96

As the gross amount of this award exceeds the \$250 maximum, the \$500 bond award cannot be given.

C. <u>Savings Bond Award for</u> <u>401k/TSP Participants</u>. For employees who do participate in the NAF Employee 401(k) Savings Plan or the Thrift Savings Plan, the calculation differs because the federal government does not tax these deductions. For these employees, the gross amount of a savings bond award is the purchase price of the bond plus the applicable deductions with the federal tax amount reduced for the 401(k) deduction. The gross amount is determined by use of this formula:

Gross Amount	=	Bond P	urcha	se Pri	ce
_		minus eduction		sum	total

1. Example 1: Bond purchase price for a \$200.00 bond is \$100.00. The sum total of 401(k) contribution percentage (3%), retirement contribution (2%), OASDI (6.2%), Medicare (1.45%), Federal tax (% must be calculated as shown below), State tax (0%), and local tax (0%) is (xx.xx%).

Federal Tax % = [X minus XY] times 28%

X = Gross Amount Y = Employee's 401(k) Percentage = [X minus X (3%)] times 28% = (.28X minus .0084X) = (.28 minus .0084)X = .2716X = 27.16%

In this example the Federal Tax % calculated is 27.16%. As before, you now sum the percentage deductions: 3% + 2% + 6.2% + 1.45% + 27.16% = 39.81%

Gross Amount =	\$100.00
	(100% minus 39.81%)
=	\$100.00
	60.19%
=	\$166.14

As the gross amount of the bond award is less than \$250, the award may be given.

2. Using the gross amount of the bond award, \$166.14, the applicable deductions can now be calculated:

401(k)	\$166.14 times	3.00% = \$ 4.99
Retirement	\$166.14 times	2.00% = \$ 3.32
OASDI	\$166.14 times	6.20% = \$10.30
Medicare	\$166.14 times	1.45% = \$ 2.41
Federal tax	\$166.14 times	$27.16\% = \underline{\$45.12}$
		\$66.14

3. Example 2: Bond purchase price for a \$500.00 bond is \$250.00. The sum total of 401(k) contribution percentage (4%), retirement contribution (2%), OASDI (6.2), Medicare (1.45%), Federal tax % must be calculated as shown below), State tax (0%), and local tax (0%) is (xx.xx%).

Federal Tax % = [X minus XY] times 28%

= Gross Amount

Х

Y

- = Employee's 401(k) Percentage
 - = [X minus X (4%)] times 28%
 - = (.28X minus .0112X)
 - = (.28 minus .0112)X
 - = .2688X
 - = 28.88%

In this example the Federal Tax % calculated is 26.88%. As before, you now sum the percentage deductions: 4% + 2% + 6.2% + 1.45% + 26.88% = 40.53%

Gross Amount =	<u>\$250.00</u> (100% minus 40.53%)
=	<u>\$250.00</u> 59.47%
=	\$420.38

As the gross amount of this award exceeds the \$250 maximum, the \$500 bond award cannot be given.

(NOTE: The OASDI and Medicare rates used in the examples above are those which were effective for 1994.)

A082002. <u>Award Limits</u>. Ensure that the employee will not have received awards in excess of \$1000 in the inclusive prior 12-month period.

A082003 <u>Type of Award</u>. Determine if the award is for cash or a savings bond.

A. If the award is for cash, the CAO will:

1. Compute the applicable 401(k) contribution, retirement contribution, OASDI, Medicare, federal, state, and local tax deductions.

2. Issue a check locally for the net amount.

3. Prepare a memorandum showing the gross amount, 401(k) contribution,

retirement contribution, OASDI, Medicare, federal, state and local tax deduction amounts and the net amount of the award issued. Attach the DA Form 5167-R to the memorandum and mail to the servicing payroll office requesting the payroll records be adjusted to include the cash award.

B. If the award is for a savings bond, the CAO will:

1. Issue a check locally for the purchase price of the bond (net amount).

2. Prepare a memorandum showing the bond amount, the gross amount (purchase price plus applicable deductions), 401(k) contribution, retirement contributions, OASDI, Medicare, federal, state and local tax deduction amounts and the net amount of the bond. Attach the DA Form 5167-R to the memorandum and mail to the servicing payroll office requesting the payroll records be adjusted to include the bond award.

A082004 <u>Use of Retirement Contributions</u> <u>in Award Calculations</u>. Retirement should only be calculated when employee is participating in the retirement program. To determine if a retirement contribution should be calculated, the CAO should refer to his most recent Employee Cross-Reference Roster. If the employee has an 'R' recorded under the 'RET CDE' column, use the retirement % in the award calculation. For 401(k) or Thrift Savings Plan deductions refer to the employee's Personnel Folder.

A0821AUTOMATIC WITHIN-GRADEINCREASESFORPREVAILINGRATEEMPLOYEES.Automatic within-grade increasesfor prevailingrate employees will be producedsystemically in accordance with AR 215-3.

A0822 <u>NOTICE OF UA EMPLOYEE</u> <u>WITHIN-GRADE INCREASE DUE</u>. A Notice of UA Employee Within-grade Increase Due report will be produced biweekly. A regular scheduled employee's name will appear on the report beginning the first pay period he/she is within 120 days or 16 weeks of being eligible to receive a within-grade increase. The employee's name will continue to appear on the report until the within-grade increase is effective. It remains the responsibility of the UA employee's servicing HRO to initiate within-grade increases (See A080702E).

A0823 <u>A U T O M A T I C L E A V E</u> <u>CATEGORY CHANGES</u> DA Form 3434's will automatically be produced for NF, UA and PR employees in regular full-time and regular part-time positions in accordance with accrual of annual leave restrictions cited in AR 215-3.

A0824 <u>PORTABILITY OF ANNUAL</u> <u>LEAVE BENEFITS</u>

A082401 <u>Transfer of Leave Balances.</u> Leave balances will be transferred when employees convert from NAF to Appropriated Fund (APF) or from APF to NAF status. However, there will be no transfer of funds. Therefore, the servicing CAO will make entries on the NAF accounting records to adjust the NAF liability for annual leave. NOTE: No adjustments are required for sick leave or home leave.

A082402 <u>NAF to APF Conversion</u>. When a former NAF employee converts to APF status, the servicing payroll office will send the servicing CAO a Record of Leave Data for the individual. The record will give the dollar value of annual leave to be removed from the annual leave liability account. The entry to record income recognized when the annual leave liability is dropped is shown below:

DR 243 - Annual Leave Payable CR 808 - NAF to APF Conversion Income

A082403 <u>APF to NAF Conversion</u>. When a former APF employee converts to NAF status, the servicing CAO must depend on the local HRO or fund manager to inform them of the transfer. The servicing payroll office will establish the transferred employee's leave balance based on documents received from the local HRO. The servicing payroll office will generate an entry to debit GLAC 603 (Annual Leave Expense) and credit GLAC 243 (Annual Leave Payable) in the amount of the fund's liability for the individual's leave balance. The servicing CAO will use the Individual Leave Register to identify the dollar amount of this entry. The entry to move the expense of establishing the employee's leave balance from an operating expense account to a non-operating expense account is shown below:

DR 833 - APF to NAF Conversion Expense CR 603 - US Annual Leave

A0825 <u>NAF 401(K) SAVINGS PLAN</u> AND APF THRIFT SAVINGS PLAN

A082501 <u>NAF 401(k) Savings Plan</u>. The NAF 401(k) Savings Plan allows regular full-time and regular part-time employees to contribute a percentage (1 to 15%) of their gross wages to a tax deferred pension plan. The NAFI will match up to 3% of the employee's gross wages. The employer matching contribution will be recorded in GLAC 626 (Employer Share of 401(k) Expense). The expense will be calculated by the NAFCPS and electronically deducted from the central bank account along with other payroll expenses.

A082502 <u>Thrift Savings Plan</u>. For employees who transferred from APF to NAF status and continued participation in the Thrift Savings Plan (TSP), the matching employer contribution will be recorded in GLAC 627 (Employer Share of TSP Expense.)

A0826 NON-CASH AWARDS

A082601 <u>Report to Servicing Payroll</u> <u>Office</u>. When a NAFI provides a non-cash performance award to an employee, the CAO will report the award to the servicing payroll office so the dollar value of the award can be included on the employee's W-2 as taxable income.

A082602Reporting and AccountingProcedures.Reporting and accountingprocedures found in A0820 apply to non-cashawards.When non-cash awards are made, theNAFI incurs the cost of the item awarded plusthe employee's share of payroll taxes related tothe award.Refer to the savings bond examples

in A082001B and C for details on calculating the cost of the award.

A. When a NAFI purchases merchandise, trips, or other items of value to be provided as performance awards at a later date, the accounting treatment should be as follows:

DR 160 - Miscellaneous Other Prepaid Expenses CR 101 - US Cash

B. When the award is provided to the employee, the CAO will establish a receivable from the servicing payroll office as follows:

DR 140 - Miscellaneous Other Receivables CR 160 - Miscellaneous Other Prepaid Expenses

C. If the non-cash award is purchased at the time it is presented, the entry is as follows:

DR 140 - Miscellaneous Other Receivables CR 101 - US Cash

A082603 <u>Calculation and Notification</u>. The CAO must calculate the cost of the award and send the servicing payroll office a copy of the DA Form 5167-R (Incentive Awards Nomination and Approval-Nonappropriated Funds) along with a memorandum which includes the information specified by A082003.

A082604Servicing Payroll OfficeProcedures. The servicing payroll office will:

A. Add the gross amount of the award to the employee's earnings and leave statement and withdraw this amount from the NAFI's bank account.

B. Issue a check to reimburse the NAFI for the purchase price of the non-cash item awarded.

A082605 <u>Receipt of Reimbursement</u>. Upon receipt of the check from the servicing payroll office, the CAO will clear out the debit balance in GLAC 140 as follows: DR 101 - US Cash

CR 140 - Miscellaneous Other Receivables

A082606 <u>Tokens of Appreciation</u>. These procedures do not apply to low dollar value "tokens of appreciation". Low dollar items will not be reported to the servicing payroll office, nor are they taxable to the employee.

CHAPTER 9

UNIT FUNDS

A0901 GENERAL

A090101 Accounting and Reporting This chapter has accounting and Procedures. reporting procedures for unit funds and unit activities established and administered by installation commanders in accordance with AR 215-1. Installation commander includes, as applicable, the State Adjutant General (AG) for the Army National Guard, the Major, U.S. Army Reserve Command (MUSARC), or reserve component (division, troop command, or brigade) delegated as a major command by the State AG or MUSARC. Included are those funds integrated into the IMWRF, and those maintaining their own accounting records. Funds keeping their own records are:

- A. Inmate morale support funds.
- B. Stockade morale support funds.
- C. Hospital prisoner morale funds.
- D. Non-troop program Reserve units.
 - E. Reserve Component units.

F. Units designated as isolated units.

A090102 <u>Reserve Components and</u> <u>Isolated Unit Funds</u>. Procedures in AR 215-1 are not changed by provisions of this publication.

A090103 <u>Installation Unit Activities</u>. Separate unit funds are not authorized for installation/ base units; however, at MACOM direction, those units may receive monetary NAF support through IMWRF. Installation units receiving NAF support are referred to as "unit activities" and are accounted for within the IMWRF. A0902 <u>CONSOLIDATED UNIT FUND</u> <u>ACCOUNTING.</u> Under AR 215-1, unit funds of two or more units of company, battery, battalion, brigade, or higher size, may be combined into one consolidated unit fund account. Accounting and reporting is required to be integrated with the functions of the IMWRF.

A0903 <u>SOURCE OF FUNDS.</u> Unit activities receive NAF support from the host IMWRF. NAF support to isolated and reserve component units is provided by the coordinating installation (usually the one nearest the unit). The coordinating installation will request reimbursement from FORSCOM for all CONUS reserve component units and isolated units, or USAPAC for units based in Puerto Rico and the Pacific.

A0904 <u>UNIT MWR FUNDS</u>. The accounting and reporting functions of installation unit activities will be integrated with the IMWRF functions. Isolated and reserve component unit funds will account for their funds in accordance with paragraph A0906.

A0905 <u>ACCOUNTING FOR IMWRF</u> <u>UNIT ACTIVITIES</u>. All installation unit activities will be accounted for using a locally assigned location code and the standard department code 5J under program code HD. Individual unit activity statements will be prepared by the IMWRF management, not the CAO.

A090501 Debit GLAC 6XX and Credit GLAC 201 is an example of entry to record the expense incurred by the IMWRF unit activity.

A090502 Debit GLAC 101 and Credit GLAC 5XX is an example of an entry to record the revenue received by the IMWRF for the unit activity.

A0906 <u>ACCOUNTING FOR ISOLATED</u> <u>UNIT ACTIVITIES</u>. Reserve or isolated units authorized to keep their own accounting records will use the following:

A090601 The frame work of accounting records in this section is the single-entry or cash basis system. Single-entry bookkeeping is simple and economical. It should, under certain conditions, provide enough data to prepare financial statements. The cash basis of accounting records revenue and expenses when actually received and paid, without regard to the period to which they apply.

A090602 No other classification of accounting transaction is maintained except for property purchased with unit funds or property acquired by gift, transfer, or donation. These acquisitions require subsidiary records for control purposes.

A090603 The isolated unit fund dividend distribution from the DA MWRF will be paid through Forces Comand and be paid by a coordinating installation. The coordinating installation will pay the dividend directly to an approved isolated unit fund and be reimbursed by Forces Command. The entry to record the payment by the coordinating installation is DR GLAC 140 - Miscellaneous Other Receivables and CR GLAC 101 - US Cash. When the corrdinating installation receives reimbursement, the entry is DR GLAC 101 and CR GLAC 140.

A090604 When the isolated unit activity is funded as part of an IMWRF, the procedures in A0905 apply.

A0907 <u>RECORDS AND FORMS</u>. Basic records and forms will be established and maintained as prescribed in this section. Records of a unit fund will be kept to the minimum required to support the funds transactions.

A090701 D A F o r m s 2 1 0 7 (Nonappropriated Fund Receipt and Disbursement Voucher) will be used to support all receipts and disbursements by unit funds. This general purpose voucher is prescribed to support all transactions except those processed through the petty cash fund. Refer to chapter 4 for procedures on petty cash expenditure.

A090702 DA Form 2107 will be numbered sequentially by calendar or fiscal year, i.e., 94-1, 94-2, etc. A single series of numbered vouchers will be used for all transactions within the calendar or fiscal year, whether the action is a receipt or a disbursement. For example, if the last voucher issued was No. 94-10 for an expenditure, and the next transaction to be recorded is a receipt of cash, the collection voucher will be numbered "94-11". Each DA Form 2107 prepared will be dated, numbered, and contain all data required to fully identify the transaction. The voucher will be signed by the fund manager. It will be supported by attached documents required to validate the transaction, such as vendor invoices, statements, bills, receipts, receiving reports, and other related documents.

A090703 Purchases made through petty cash disbursements will be processed according to procedures in chapter 4. A DA Form 2107 will be prepared when the petty cash fund is replenished.

A090704 When possible, all goods and services will be paid for at the time of purchase. Memorandum records will be maintained to insure that outstanding orders are properly suspensed. These memorandum files will prevent placing of orders in excess of the unit fund's available cash balances.

A090705 Other records will include a check book, bank deposit slips, bank statements, bank account reconciliations, statements of operation and fund equity, copies of audit reports, property receipts, and miscellaneous correspondence relating to unit fund administration.

A0908 <u>CASH, PROPERTY, AND</u> <u>RECONCILIATION RECORD (CPRR)</u>. This DA Form 5627-R (Cash, Property and Reconciliation Record) is the primary official record of unit fund management and administration. DA Form 5627-R will be locally reproduced on 8 1/2 by 11 inch paper. All entries must be supported by an approved DA Form 2107. A090801 <u>Cash Receipts</u>. Unit fund managers will be responsible for safeguarding cash receipts by promptly depositing them. Dividends received through the IMWRF and cash from sales of fund-owned property will be fully identified so that proper disposition may be made.

A090802 Cash Disbursements. All cash disbursements, except petty cash transactions, will be documented on a DA Form 2107. If a petty cash fund is established, the total authorized amount of the petty cash fund will be entered in the expenditure column of the DA Form 5627-R with a memo entry. Thereafter, only the amount of a fund replenishment to the original authorization will be recorded. When the petty cash fund is discontinued, the amount expended will be entered in the expenditure column, the balance will be deposited in the bank. The later will be shown as a memo entry in the receipts column of the DA Form 5627-R. Transactions affecting cash and property will be entered in both cash and property columns of the DA Form 5627-R.

A090803 <u>Property Transactions</u>. The following transactions will be entered in the DA Form 5627-R to maintain property control: (1) Cash purchases of property; (2) Cash sales of excess or worn out property; (3) Transfers and gifts from other units or other sources; and (4) Disposals to the property salvage officer. Property will be recorded on DA Form 4078. When cash is involved in the property transaction, entries will be made in both the cash column and the property column.

A090804 <u>Reconciliations</u>.

A. Reconcile the property records maintained on DA Forms 4078 with the balance shown in the property column of the DA Form 5627-R each quarter. The cost of all property items purchased with unit funds or otherwise acquired by the unit (excluding Government property) will be summarized from the DA Forms 4078. The amount will be balanced to the amount shown on the fund record. B. Reconcile the bank statement to the fund cash account each month. This account is also maintained on the DA Form 5627-R. The bank statement balance, minus outstanding checks, plus deposits made after the bank statement cutoff, should always equal the balance column on the DA Form 5627-R.

A0909 PETTY CASH SYSTEM.

A090901 Petty cash procedures will be governed by chapter 4.

A090902 Prepare DA Form 2107 to support the issuance of a check to restore the petty cash fund to its original amount. Attach all supporting documents to the DA Form 2107. Enter the total of all subvouchers on the DA Form 2107. Post the same amount in the expenditures column of the DA Form 5627-R.

A090903 Reserve component units are not required to use petty cash procedures if they:

A. Receive income only from dividends; and

B. Spend those dividends during annual training. Attach all sales slips, receipts, and supporting documents to the DA Form 5627-R. These documents will be accepted as evidence of purchase.

A0910 REPORTING. Unit fund managers will keep a DA Form 5627-R. Record receipts and expenditures on a daily basis, as they occur. At the end of each month, total all columns and send an information copy to the servicing IMWRF. Reserve Component units do not need to send an information copy of the DA Form 5627-R to the servicing IMWRF. RC unit fund managers will send a copy of the DA Form 5627-R to the next major command headquarters each quarter. After review, it will be returned to the RC fund manager to be included in the unit's files.

A091001 <u>Certificate of Transfer</u>. Fund managers will prepare a certificate of transfer as shown in figure 2-1. Both the current manager and the successor will sign the certificate. It will be filed with the current financial statement.

A091002 The outgoing fund manager will also notify the servicing bank of the change of fund managers. A letter resembling the following will be sent to the bank: "I have this date transferred the unit fund of Company A, 4th Infantry, to John Doe, 1st Lieutenant, Infantry, who will, until replaced, have authority to draw on the fund deposited in your bank. His signature appears below." The letter will be signed by the current fund manager and his or her successor.

CHAPTER 10

FINANCIAL REPORTING REQUIREMENTS

A1001 <u>GENERAL</u>

A100101 <u>Information Requirements</u>. Only one information requirement bearing a reports control symbol is prescribed in this chapter; the Nonappropriated Fund Financial Reporting (RCS CSCOA-24).

A100102 <u>Reporting and Submission</u>. Reporting frequency and submission address are prescribed in table 10-1. Additional information is contained in AR 215-1.

A100103 <u>CAO Signature</u>. The CAO will sign all financial statements required in table 10-1. Signatory authority will not be delegated.

A100104 <u>Must Report</u>. Since these are financial reports, there can be no negative reports.

A100105 <u>Reporting Schedules</u>. All financial statements must be submitted per table 10-1.

A. NAFI management should receive the final monthly financial statements as follows:

1. Installation CAOs must provide the final monthly financial statements to NAFI management by the 6th workday after receipt of all documents from the NAFI.

2. The consolidated CAO at Red River Army Depot must provide the final monthly financial statements to NAFI management by the 8th workday after receipt of all documents.

B. Local management may request other supporting schedules and management information or more frequent statements; however, managers should assess the need for such data in relation to the cost. A100106 <u>Official Cutoff Date</u>. The official cutoff date for the monthly accounting cycle is the last calendar day of the month. However, DFAS may select a date from December 26 through December 31 for cutting off December NAFI financial statements. Transactions subsequent to the cutoff date must be included in the January NAFI financial statements.

A1002 <u>NONAPPROPRIATED FUND</u> <u>FINANCIAL REPORTING (RCS CSCOA-24)</u>. This requirement is for an income statement and balance sheet.

A1003 <u>NAFI BANK BALANCES</u>

A100301 Reporting Uninsured Balances. Agencies designated in b below will prepare DA Form 3830-R (NAFI Bank Balances) twice a year showing the total balance in NAF accounts in each bank used by fund managers under their jurisdiction (exempt report, AR 335-15). DA Form 3830-R will be prepared as of March 31 and September 30 and sent to the Commander, U.S. Army Community and Family Support Center, ATTN: CFSC-RM-B, Alexandria, VA 22331-0508, not later than April 15 and October 15. CFSC will review the reports, make necessary adjustments in collateral allocations, and advise installation commanders and other agencies of the adjustments by completing column g of the report.

Table 10-1, Disposition of Reports

Situation	Due Date	Disposition
Funds supported by NAFISS and MICROCADS (except Post Restaurants and CWF)	Monthly. 30 days following the end of the month reported.	Send CFSC interface tape produced by job AVFR77/AVFJRM direct to CFSC, Attn: CFSC- RM, Alexandria, VA 22331-0508. MICROCADS sites will also submit interface tape direct to CFSC.
Post Restaurants and CWF. Balance sheet and income statement.	Monthly. 30 days following the end of the month reported.	Mail direct to CWF Board of Directors, AAFCWF, Box 46579, Washington, DC 20050- 6579.
Funds not covered above. Balance sheet and income statements consolidated by NAFI, consolidated pro- gram code by department and consolidated location by department.	Monthly. 30 days following the end of the month reported.	Send monthly balance sheets and income statements direct to CFSC at the address above.
NAFI Employees Compensation and Benefit Program. This report is prepared by the NAF pay- roll offices. NAFIs not supported by one of the payroll offices must prepare the report to cover their NAF employees.	Annually. October 30	Forward to CFSC at the address above. Post Restaurant and CWF reports will be forwarded to the Board of Directors, AAFCWF, Box 46579, Washington, DC 20050-6579

A100302 Preparing agencies.

A. CAOs will report for all NAF deposits maintained by installation NAFIs in local depositories. Reports for balances maintained by the Army Banking and Investment Fund at the contractor bank will be prepared by HQDA (CFSC-RM). Deposits maintained by overseas NAFIs in U.S. military banking facilities are exempt from the record keeping and reporting requirements specified above. B. NAFI managers will report for all other NAFIs established at major command and HQDA levels.

A100303 <u>Interim reports</u>. Interim reports will be submitted on DA Form 3830-R when:

A. Collateral requirements exceed the current allocations,

B. All NAF accounts maintained within the bank have been closed, or

C. An account is opened with a new financial institution.

A100304 Service Charges. Local banks are compensated for their services on the basis of either compensating balances or flat fee service charges, as agreed to by the local bank and the serviced NAFI. Service charges are supported by monthly bank account and activity analyses (BA&A) sent by the local banks to CAO/NAFI managers. CAOs must send a copy of the March and September BA&As for each local deposit to the following address: Commander, U.S. Army **Community and Family Support Center, ATTN:** CFSC-RM-B, Alexandria, VA 22331-0508. The March and September BA&As are due at the above address by the 15th of May and November respectively.

A1004 <u>FINANCIAL STATEMENT</u> <u>ERRORS</u>. The method of correction of errors depends on when the error occurred, when it was discovered, and how the error affected the financial records of the NAFI.

A100401 <u>Current FY</u>. If the error occurred in the current FY, adjust all account balances by journal voucher transaction. All transactions must go through the current monthly financial statements. No adjustments are authorized to G/L account totals. CAOs should not make pen and ink changes to account balances if the error is found after statements are final. Instead show the changes in the footnotes to the financial statements. Make the corrections the next month by journal voucher.

A100402 <u>Prior FY</u>. If the error occurred in a prior FY, the corrective action will be recorded in the current fiscal period in almost all cases.

A100403 <u>Material</u>. If the effect of the error is material, submit a request for retained earnings adjustment to DFAS for approval. Include full justification for the adjustment (See A100405 for more information on approvals). A material error which necessitates a prior period adjustment results from:

A. Substantial mathematical mistakes.

B. Substantial mistakes in the application of accounting principles.

C. Substantial oversight or misuse of facts existing at the time the financial statements were prepared.

A100404 Error Versus Change In Accounting. An error is contrasted with a change in an accounting estimate such as the useful life of an asset or bad debt expense under the allowance method. An accounting estimate is changed when new information or subsequent developments provide better insight or improved judgment. However, a change from an accounting principle which is not generally accepted to one that is generally accepted is to be considered a correction of an error. Also, a prior period adjustment is not allowed when late documentation causes prior year expenses to be understated. If documentation was not submitted to the CAO before the prior year statements were prepared, the expenses must be recorded in the current period. The understatement of prior year expense is not defined as an error, since there was no oversight or misuse of facts by the CAO.

A100405 Where To Record. As evidenced by the criteria for a retained earnings adjustment, most transactions will be recorded as income or expense amounts of the current period. When requests for retained earnings adjustments are received by DFAS, they will be evaluated concerning whether the adjustments requested meet the criteria for a retained earnings adjustment. If the item does not constitute a proper retained earnings adjustment, it will be returned to the installation with instructions to include in the current year income statement. If DFAS approves retained earnings treatment, the request will be returned to the installation with instructions for the CAO to footnote the financial statements with an explanation of the adjustment.

A1005 FOOTNOTES TO FINANCIAL

A100501 <u>Integral Part Of Financial</u> <u>Statements</u>. Footnotes are an integral part of the for

financial statements and should be used when more information is needed. The Generally Accepted Accounting Principal of disclosure requires that accountants "disclose" in the financial statements all relevant economic information pertaining to the business entity. When the actual dollar amounts on the financial statements do not provide sufficient information decision makers, accountants must supplement the financial statements with more detailed data in the form of footnotes. Footnotes are required to provide an explanation of special events on the income statement to help managers compare the operating results of the current

business period with the operating results of previous periods. Fund equity adjustments and significant business closures are prime examples of occurrences which require footnotes.

A100502 Post Restaurant Funds and CWF. For Post Restaurant funds and CWF, financial statements will be footnoted to reflect FY cumulative gross sales by a concessionaire to either of the civilian employee NAFIs which were used to generate the concessionaire income for the reporting period.

A1006 BINGO ACTIVITY SHEET. Prepare a numbered bingo activity sheet for each bingo event sponsored by the NAFI. Reconcile cash collected for bingo cards sold with bingo cards issued. Enter prizes awarded for games and require the winners to acknowledge receipt and furnish their social security numbers.

A1007 **REPORTING TO THE IRS**

A100701 General. All records relating to payments to individuals and firms must be retained for at least four years and be available for IRS review if required. CONUS offices should consult their local IRS office when forms, publications, or assistance are needed. Overseas offices should contact their local Legal Assistance office to get the address and telephone number representative. IRS of the nearest IRS representatives, in CONUS and overseas, are available to provide on-site instructions concerning IRS procedures for return preparation and filing, and depositing employment tax payments. Overseas offices should use the

following address to request forms and publications: Forms Distribution Center, PO Box 25866, Richmond, VA 23289, or Forms Distribution Center, Rancho Corboda, CA 95743-0001.

A100702 Contract payments. Cumulative payments made under service contracts of \$600 or more to anyone other than a corporation during a calendar year will be reported by the CAO. Provide all information required on IRS Form 1099 MISC. NAFI contracts with entertainers are considered service contracts. If a single payment to an individual is less than \$600 but total payments made by the CAO during the calendar year to the same individual reach \$600, IRS Form 1099 MISC must be filed. Therefore, the CAO must maintain a list or some method to determine if an individual reaches the \$600 threshold, requiring a report to the IRS of the payments. The IRS Form 1099 MISC will be provided to the individual or firm and to the IRS. The individual or firm should receive a copy of the Form 1099 MISC by January 31 of the year following the calendar year of payment. This requirement also applies to individuals who, in addition to being NAFI employees, have contracts with the NAFI for non-personal services. A separate Form 1099 MISC will be prepared for each individual or firm to whom total payments of \$600 or more are made. An IRS Form 1096 is used to transmit the IRS copy of the Form 1099s to the IRS. These forms must be forwarded to the IRS by February 28 each year. Refer to IRS publications for preparation instructions and filing requirements.

A100703 Gambling/Bingo Winnings. IRS reporting requirements for gambling and bingo winnings are tied to individual games. Winnings are not accumulated from game to game as contract payments are. Each game stands alone for IRS reporting requirements. Whenever cash, merchandise, or a combination thereof with a total value of \$1,200 or more is awarded to a person for winning a single bingo game or other gambling activity, the CAO must prepare IRS Form W-2G (Statement for Certain Gambling Winnings). Individuals should receive their copies of the W-2G either at the time payment is made or not later than January 31 of the following year. An IRS Form 1096 is used to transmit the IRS copy of the W-2Gs to the IRS. These forms must be forwarded to the IRS by February 28 of the following year. Refer to IRS publications for preparation instructions and filing requirements.

A100704 <u>Records Retention</u>. NAFIs must retain all records pertaining to federal income and employment taxes as required by federal law for at least four years (See AR 25-400, app B, category 27-101-1f, and category 37-105a).

A1008 <u>CONTRACTORS DETERMINED</u> <u>TO BE EMPLOYEES FOR IRS PURPOSES</u>. Some contract payments made to individuals may be considered by the IRS as payments to employees. The specific circumstances which classify individuals as employees are covered in Chapter 8 paragraph 0802 of Volume 13.

A100801 <u>Procedures After Determination</u>. When individuals are determined to be employees in the eyes of the IRS, the NAFI is required to withhold social security tax, medicare tax, and federal income tax from the individuals' earnings. These taxes must be reported to the IRS each quarter using IRS Form 941, Employer's Quarterly Federal Tax Return. The calculation of tax due on IRS Form 941 also requires the employer to match the social security and medicare tax withheld from the employee's pay. A check for the total tax due must accompany the IRS Form 941.

A100802 <u>Forms And Instructions</u>. IRS forms and instructions needed by the CAO include, but are not limited to, Publication 15, Form 941 and instructions, Form W-2 and instructions. If the CAO does not have a Federal Employer Identification Number, they must request one from the IRS. Individuals who are determined to be employees for IRS purposes must receive an IRS Form W-2 instead of an IRS Form 1099 for their earnings.

A100803 <u>Withholding</u>. The applicable tax amounts to be withheld currently are as follows:

Social Security Tax	= 6.2% of earnings
Medicare Tax	= 1.45% of earnings

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Federal Income Tax = 28% of earnings unless individual specifies another amount (ie, 10%, \$10, \$0, etc.).

The NAFI must also match the social security and medicare tax amounts. CAOs are not required to withhold state and local taxes, however, withholding of these taxes is not prohibited.

A100804 Proper Classification of Employees. NAFI management and the Department of the Army are responsible for determining if an individual is a contractor or an employee for IRS purposes as specified in AR 215-1. The CAO should be alert for situations where an employee or contractor has been classified. improperly and assist NAFI management, when requested, in making these determinations. It is DFAS policy to cooperate fully with the IRS and ensure that NAF activities comply with the tax laws of the United States. The CNPO will not knowingly make payments to any misclassified person and is required to notify the CAO and DFAS-Indianapolis Center when a misclassified person has been identified.

CHAPTER 11

FINANCIAL ANALYSIS

A1101 <u>GENERAL</u> The objective of financial analysis is the extraction of the data from the financial statement and other sources so that the decision makers have valid data upon which to plan their operations. It is important to know that the balance sheet is a statement of the NAFIs financial position as of a specific point in time. Whereas, the income statement shows the results of operations over a period of time. Management must be able to effectively analyze the data and react in a positive manner.

A1102 <u>STANDARDS</u>. The financial analysis provides ratios, trends, and other specific details of the business operations of the NAFIs. However, this accumulation of financial data only indicates the NAFIs financial position. To be useful as a management tool, the data must be compared with the NAFIs goals and established standards. For some NAFIs, standards are established by DA or MACOM agencies. Five of the most significant standards are presented here.

A110201 <u>Current Ratio</u>. This measures the NAFIs ability to meet its current obligations. The NAFIs financial position may not be sound unless the fund has more current assets than current liabilities. A ratio of 1.5 to 1 is generally acceptable.

A110202 <u>Acid Test Ratio</u>. This measures the extent to which specific current assets can be converted to cash to meet current obligations. A ratio of 1 to 1 is generally acceptable.

A110203 <u>Average Collection Period</u>. This measures the average length of time accounts receivable are outstanding. A ratio of 1.3 to 1 is generally acceptable.

A110204 <u>Inventory Turnover</u>. This measures the efficiency of inventory control. A ratio of 1 to 1 is generally acceptable for food and bar operations. For all other sales operations, the goal should be 1 to 3. A110205 <u>Net Income Ratio</u>. This measures the rate of return on revenue. A percentage of 5-10 percent is generally acceptable.

A1103 <u>LIMITATIONS</u>. Although ratios are useful management tools, they do have some limitations and must be used with caution. Ratios are constructed from accounting data, and accounting data are subject to different interpretations and manipulation.

A110301 <u>Historical Cost</u>. The use of historical cost is an excellent means for comparing costs of the NAFI and revenues generated by the activities. However, in periods of rapid inflation, the historical cost of an asset or expense may not provide a good basis to determine current values.

A110302 <u>Estimating</u>. Uncertainty in estimating future income statement items is a major limitation. A NAFI manager may predict higher revenues and lower expenses than actually occurs. Based on incorrect estimating of future revenues, assets may be purchased which when depreciated create a net loss.

A110303 <u>Comparability</u>. Achieving comparability between NAFIs located at different communities and even in different countries is very difficult. A community that has very little competition from the private sector should have an advantage over a community that must compete with a large number of civilian activities.

A1104 BALANCE SHEET RATIOS

A110401 <u>Current Ratio</u>. This ratio is the primary test of the solvency of the NAFI. The ratio is computed by dividing the current assets by the current liabilities. A ratio of 1.5:1 means that the value of the current assets is 150 percent of the value of the current liabilities.

Current= $\underline{Current Assets}$ = $\underline{\$150,000}$ = 1.5:1RatioCurrent Liabilities\$100,000

A ratio of less than 1.5:1 means that cash flow problems may exist.

A110402 <u>Acid Test Ratio</u>. This is a better test of immediate solvency than the current ratio. The acid test ration, or quick ratio, shows the amount of current assets that can rapidly be converted to cash to meet current debts. The ratio is computed by dividing the quick assets by the current liabilities. A ratio of 1:1 shows that the activity could pay all current bills within 30 days.

Acid	= Quick Assets	= <u>\$100,000</u> = 1:1
Test	Current	\$100,000
Ratio	Liabilities	

If the ratio is less than 1:1, the NAFI may not be able to pay its debts and would appear to be insolvent.

A1105 INCOME STATEMENT RATIOS

A110501 <u>Net Income Ratio.</u> This measures the rate of return on revenue. The ratio may be based on total revenue or only on sales revenue. The ratio for total revenue is computed by dividing net income by total revenue. The ratio for sales revenue is computed by dividing net income by revenue from sales of goods. Total Revenue = Account 301 through 303 less 304 through 306 plus 501 through 599, 801 through 825, and 892. Sales Revenue = Account 301 through 303 less 304 through 306.

A110502 <u>Gross Margin Ratio</u>. This measures the rate of markup on the sale of goods. The ratio is computed by dividing sales revenue less cost of goods sold, by total sales. COST OF GOODS SOLD = Accounts 401 through 456.

A1106 COMBINED RATIOS

A110601 <u>Average Collection Period</u>. This ratio is used to evaluate the effectiveness of the NAFIs collection procedures. The average collection period gives the number of days it takes the NAFIs to receive payment for credit sales. The ratio is computed by dividing the average accounts receivable for a given period by the average daily sales. A ratio of 1.3:1 indicates that if the terms of payment are net thirty days, payment should be received NLT 40 days after the date of sale.

Average	Average			
Collection	accounts			
Period	= <u>receivable</u>	=	\$1,300	= .3:1
	Average		\$1,000	
	daily			
	credit sales			

A110602 <u>Inventory Turnover Ratio</u>. This measures the velocity with which the resale merchandise moves through the NAFI. The ratio is computed by dividing the cost of goods sold by the average merchandise inventory. A ratio of 1:1 for food and bar sales and 1:3 for all other sales indicates the NAFI is maintaining optimum inventory levels.

Inventory	Cost of goods sold	= \$100,000 = 1:1
Turnover	Average inventory	\$100,000

Average Inventory = Beginning inventory + Ending inventory $\frac{2}{2}$

A slow turnover may indicate the NAFI has over-invested in merchandise or has some obsolete merchandise.

A110603 <u>Return On Assets Ratio</u>. This measures the NAFIs ability to generate revenue with its existing assets. The ratio is computed by dividing net income by the average total assets.

Return on Assets = <u>Income</u> Average total assets

Average Total Assets = Beginning total assets + ending total assets 2

A110604 <u>Return On Fund Equity</u>. This measures the NAFI's ability to use leverage by earning a higher rate of return than is paid for the funds used to operate. The ratio is computed by dividing net income by the average fund equity.

Return on Fund Equity = <u>Income</u> Average fund equity

Average Fund Equity = Beginning fund equity + Ending fund equity 2

A1107 <u>OTHER RATIOS</u>. The preceding ratios, while considered the most important, are by no means the only ones that may be computed. Others that can be reviewed are-

- A. Fixed asset turnover.
- B. Accounts receivable aging.
- C. Working capital to total assets.
- D. Return on tangible assets.
- E. Cash to debt ratio.
- F. Total labor to total revenue ratio.

A1108 <u>COMPARATIVE ANALYSIS</u>

A110801 Balance Sheets And Income Statements. Analysis of the balance sheet and income statement should include a comparative analysis by G/L accounts or groups of G/L accounts. The analysis of the balance sheet and income statement should be done at NAFI level and the activity level, respectively. The account items should be compared for: current and prior month, current and prior quarter, and current and prior year-to-date. The narrative should explain all significant variances and unusual account balances, i.e., credit balance in expense account, debit balance in liability account, or cost of goods exceeding 100 percent and negative cost of goods sold.

CHAPTER 12

MISCELLANEOUS

A1201 <u>POST RESTAURANTS</u>

A120101 General. AR 215-7 governs civilian employee NAFIs identified as post restaurant funds and CWF. Post restaurant funds operate restaurants, cafeterias, snack vending machines, and other authorized sale locations. These resale operations generate income to support approved recreation and welfare activities for civilian employees and other authorized patrons. Post restaurant funds are separate NAFIs and are not part of the installation IMWRF. If they are directly operated with NAF employees, partly concessionaire operated, or solely concessionaire operated, but own fixed assets, they will be accounted for in the same manner as other NAFIs.

A120102 <u>Post Restaurant Fund Dividend</u> <u>Accounting</u>. When the post restaurant fund declares a dividend to the CWF, the post restaurant fund will debit GLAC 292 and credit GLAC 206. When the post restaurant fund pays the dividend, the post restaurant will debit GLAC 206 and credit GLAC 101.

A120103 <u>Solely Concessionaire-Operated</u> Post Restaurants.

A. **Operated Solely By** Concessionaire. If a post restaurant is operated solely by a concessionaire and the NAFI owns no fixed assets, has no other source of income or expense, and does not maintain a bank account. the concessionaire will be instructed to issue one check at the end of each month for commission fees due. It will be made payable to the post restaurant officer (name of installation) and processed in accordance with AR 215-7, para 4-14 and 5-9. The post restaurant officer will also send a copy of the concessionaire's monthly financial statement to the AAFCWF. The statement will show the basis for the computation of the commission fee due and will be signed by the concessionaire of the commission fee due and will be signed by the concessionaire or representative. The statement

will take the place of the regular monthly post restaurant financial reports required by Chapter 10. The post restaurant officer will keep a record of all checks received and forwarded to the post CWF or CAO.

B. <u>Additional Information</u>. Included with each financial report sent to the AAFCWF will be a statement that:

1. Commission fees paid by the concessionaire are the only receipts of the post restaurant;

2. The post restaurant has no expenses and is not required to establish a bank account; and,

3. Any amounts due the AAFCWF will be sent by the post CWF by check drawn on its own bank account.

C. <u>Remittance</u>. The portion due the AAFCWF will be remitted immediately if it is \$10 or more. When the amount due the AAFCWF at the end of the month is less than \$10, the CAO will set aside that amount as an account payable due the AAFCWF. When the account payable reaches \$10, payment will be made to the AAFCWF. These cumulative amounts will not be withheld longer than six months.

A120104 <u>Vending Machines</u>. Revenue from vending machines selling goods owned by the post restaurant fund will be accounted for as sales and recorded in GLAC 301. Revenue from vending machines selling goods owned by a concessionaire will be accounted for as operating revenue and recorded in GLAC 502.

A120105 <u>Reports.</u> The reports prescribed in chapter 10 are applicable to post restaurant NAFIs. The concessionaire's gross sales amount against which the commission income was earned will be footnoted on the applicable income statement. In addition, a statement showing the computation of dividends available for distribution will be submitted as part of the monthly financial statement. The format is shown in Figure 12-1.

A1202 CIVILIAN WELFARE FUNDS

A120201 <u>General</u>. Civilian Welfare Funds (CWFs) are NAFIs established by installation commanders under AR 215-7. They are NAFIs as defined in AR 215-1. Their primary source of revenue is dividends from profits of post restaurants. On occasion, grants or dividends from the AAFCWF are available.

A120202 <u>CWF Dividend Accounting</u>. Dividends from post restaurants will be credited to GLAC 806. If the dividend is a check from a concessionaire payable to and endorsed by the post restaurant officer, 5 percent of it belongs to the AAFCWF and should be credited to GLAC 201. A check will be issued payable to the AAFCWF and mailed to P.O. Box 46579, WASH, DC 20050-6579.

A120203 <u>Accounting for Loans</u>. When construction or improvements are authorized by the AAFCWF, the following accounting procedures will be used:

A. <u>Certified Invoices</u>. When the certified invoices are submitted to the post CWF, the fund manager will furnish copies to the CAO who will debit GLAC 179 and credit GLAC 268.

B. <u>Completion of Construction</u>. When construction is completed, debit the appropriate fixed asset account and credit GLAC 179.

C. <u>Beginning Loan Payments</u>. When it is determined that loan repayments will start, transfer the amount due in the next 12 months to GLAC 203. Each month when payment is made, debit GLAC 268 until zero (12 months before final payment) then debit 203 until zero (last 12 months).

A120204 <u>Reporting</u>. The reports prescribed in chapter 10 are applicable to Civilian Welfare Fund NAFIs. At the end of each fiscal year, the CAO will also attach a schedule (on a separate sheet of paper) showing the following civilian strength data as of the end of the fiscal year. It will contain the consolidated strength for all activities located at the installation.

A. Number paid by appropriated funds.

B. Number paid by nonappropriated funds.

C. Total civilian strength for the post.

A120205 <u>DA Form 4138-R (Monthly</u> Authorization Control Record).

A. <u>Controlling Expenditures</u>. The record will be maintained to control expenditures made under the monthly authorization granted each activity by the fund council. DA Form 4138-R will be reproduced locally on 8 1/2 by 11 inch paper.

B. <u>Maintenance Of Records</u>. Authorized expenditures, by activity, will be recorded as approved by the fund council. Purchase orders will be recorded when approved by the civilian NAFI custodian. Receiving reports (indicating the receipt of items purchased) will be entered in the column provided opposite the correct purchase order entry. At the end of the month, each purchase order entry for which no receiving report has been entered, or any differences, will be extended to the column provided for undelivered purchases.

A1203 <u>VETERINARY SERVICES</u>

A120301 <u>Surcharges Collected By The</u> <u>Veterinary</u>. The veterinary will collect prescribed surcharges from paying customers as required by law and deposit them with the day's business. They will be shown as a separate line on the daily activity report. The CAO will record the surcharges as a debit to cash and a credit to GLAC 240, Miscellaneous Other Payables. A120302 Depositing The Surcharge To The U.S. Treasury. By the 15th of the month, the CAO will issue a check payable to the DAO in the amount of the surcharge collected during the previous month. The CAO will also prepare a DD Form 1131 (Cash Collection Voucher) citing Treasury Miscellaneous Receipt Account 21R3210.0001 and forward the check and voucher to the DAO. Make an entry to debit GLAC 240 and credit GLAC 101.

ATTACHMENT 1

REFERENCES, FORMS, AND FIGURES

Section I Required Publications

AR 37-1 Army Accounting and Fund Control.

AR 37-101 Organization and Functions of Finance and Accounting Offices.

AR 37-103 Finance and Accounting for Installations Disbursing Operations.

AR-215-1 Administration of Army Morale, Welfare, and Recreation Activities and Nonappropriated Fund Instrumentalities.

AR 215-3 Personnel Policies and Procedures.

AR 215-4 NAF Small Purchases Manual.

AR 215-7 Civilian Welfare Funds and Post Restaurant Funds.

AR 340-18 The Army Functional Files System.

Section II Related Publications. A related publication is merely a source of additional information.

AR 210-25 Vending Facility Program for the Blind on Federal Property

AR 230-36 Nonappropriated Chaplains' Fund

DA Pam 230-5-2 Food Management

Section III Prescribed Forms

DA Form 1759 Property/Merchandise Inventory.

DA Form 1991 Stock Record Card.

DA Form 1992 Nonappropriated Fund Receipt Voucher.

DA Form 1993 Nonappropriated Fund Petty Cash Summary Voucher.

DA Form 1994 Petty Cash Voucher.

DA Form 2107 NAF Receipt and Disbursement Voucher.

DA Form 2736-R International Balance Of Payments Transactions- Nonappropriated Fund Transactions. DA Form 3161

DA Form 4078 Property Control and Depreciation Record.

DA Form 4079 Depreciation Expense Control (Furniture, Fixtures, and Equipment).

DA Form 4080 Transfers Between Activities.

DA Form 4082 Daily Cashier's Record.

DA Form 4083 Vending or Amusement Machine Collections.

DA Form 4084-R Investment Register.

DA Form 4850 Nonappropriated Funds Time and Attendance Report.

DA Form 4850-1-R NAF Time and Attendance Supplement Report

DA Form 4853-R NAF Time and Attendance Transmittal.

DA Form 5163-R Central NAF Payroll System-Tips, Service Charges and Meals Report.

DA Form 5313-R Nonappropriated Fund Payable/Disbursement Voucher.

DA Form 5313-1-R NAF Payable/Disbursement Voucher-Continuation Sheet.

DA Form 5314 Personal Services (Comprehensive) NAF Employees.

DA Form 5352 NAF Earnings and Leave Statement (Texas).

DA Form 5352-1 NAF Earnings and Leave Statement (Europe).

DD Form 250 Material Inspection and Receiving Report.

DD Form 1131 Cash Collection Voucher

DD Form 1149 Requisition and Invoice/Shipping Document.

DD Form 1164 Service Order for Personal Property

DD Form 1348 DoD Single Line Item Requisition System Document (Manual)

Section IV

Referenced Forms

IRS Form W-2 Wage and Tax Statement

IRS Form W-4 Employee's Withholding Allowance Certificate

IRS Form W-5 Earned Income Credit Advance Payment Certificate

IRS Form 4070 Employee's Report of Tips to Employer

DA Form 2062 Hand Receipt

DA Form 3434 Notification of Personnel Action-Nonappropriated Fund Employee

DA Form 3473 Application for NAF Retirement Plan and/or Group Insurance Plans

DA Form 3884 Payroll Change Slip NAF Employee

DD Form 577 Signature Card

DD Form 1084 Bond Issuance Schedule

DD Form 1351 Travel Voucher

DD Form 1351-2 Travel Voucher or Subvoucher

DD Form 1588 Record of Travel Payments

DG 1199A Direct Deposit Sign-up Form

EBB Form 401(k) US Army NAF Employee 401(k) Savings Plan Investment and Disposition Authorization

SF 1187 Request for Payroll Deductions for Labor Organization Dues

SF 1188 Cancellation of Payroll Deductions for Labor Organization Dues

SF 1198 Request by Employee for Allotment of Pay for Credit to Savings Account with a Financial Organization

TSP 1 Thrift Savings Plan Election Form

Figure 2-1, Sample Certificate of Fund Transfer

Certificate of Fund Transfer

I, <u>(name of outgoing fund manager)</u>, certify that to the best of my knowledge and belief, the balances reflected on the financial statements and schedule of operating expenses for the period ending <u>(date)</u> are true and correct.

> (signature of outgoing fund manager) (date)

I, <u>(name of incoming fund manager)</u>, accept responsibility based on the fund and property balances as indicated on the financial statements referred to above, beginning on <u>(date)</u>.

> (signature of incoming fund manager) (date)

Note: In the event the incoming fund manager is not satisfied that the fund and property balances are accurate, the acceptance may be conditioned upon audit verification.

Figure 4-1, Sample Briefing Statement

NAF Inventory Observation Team Briefing (NAFI, Location & Department)

We, the undersigned, certify that the inventory teams were briefed on their responsibilities and procedures for conducting an independent inventory as required by DFAS and Army regulations.

Briefing Officer	<u>(signature)</u>	<u>(date)</u>
Team Leader	<u>(signature)</u>	<u>(date)</u>
Team Member(s)	<u>(signature)</u>	<u>(date)</u>

Figure 4-2, Sample Merchandise and Supplies Inventory Statement

NAF Merchandise and Supplies Inventory Statement (NAFI, Location & Department)

We, the undersigned, certify that, to the best of our knowledge, a complete and accurate end-of-the-month independent physical inventory was taken.

All known discrepancies between actual inventory counts and dollar values and the accounting records have been reconciled and corrections made where necessary.

The attached inventory list accurately shows the value of the fund's (or activity's) inventory as of <u>(date)</u>.

The following adjustments were required:

Physical Inventory Quantity	Value	\$
Accounting Records Quantity	Value	\$
Variance Over (Short) Quantity	Value	\$

Summary of individual adjustments. Quantity: Value:

(List any adjustments to the accounting records inventory value.)

Central Accounting Officer	<u>(signature)</u>	<u>(date)</u>
Fund Custodian	<u>(signature)</u>	<u>(date)</u>
Team Leader	<u>(signature)</u>	<u>(date)</u>
Team Member(s)	<u>(signature)</u>	(date)
Inventory Observer(s)	(signature)	<u>(date)</u>

Figure 4-3, Fixed Asset Inventory Statement

Fixed Asset Inventory Statement (NAFI, Location & Department)

We, the undersigned, certify that, to the best of our knowledge, a complete and accurate physical inventory was taken of the fund's (or activity's) fixed assets. The inventory was reconciled to the asset records and overages/shortages have been reconciled. All known discrepancies between actual inventory counts and dollar values and the accounting records have been reconciled and corrections made where necessary. The attached inventory list accurately shows the value of the fund's (or activity's) fixed assets as of <u>(date)</u>.

The following adjustments were required:

Physical Inventory	Quantity	Value \$
Accounting Records	Quantity	Value \$
Variance Over (Short)	Quantity	Value \$

Summary of individual adjustments:

Item <u>Description</u>	Unit <u>Cost</u>	Property Control <u>Record</u>	Physical <u>Count</u>	Variance <u>Over/Short</u>
			Net Variance	<u></u>
Team Leader Team Member	·(s)	<u>(signature)</u> (signature)	<u>(date)</u> (date)	

<u>Fund Custodian</u>: I agree with the inventory results and the summary of individual adjustments noted above.

(signature) (date)

Independent Observer: I observed the inventory and certify that the inventory was taken appropriately.

(signature) (date)

Central Accounting Officer: I agree with the summary of individual adjustments noted above.

(signature) (date)

Date adjustments made to the fixed asset subsidiary and control accounts: Fixed asset subsidiary records: <u>(date)</u> General ledger control records: <u>(date)</u>

Date inventory approved by Command: <u>(date)</u>

Figure 8-1, Sample CNPO Transmittal Memorandum

(YOUR CPO OFFICE SYMBOL)

MEMORANDUM FOR CHIEF, (CENTRAL NAF PAYROLL OFFICE P.O. BOX 75, TEXARKANA, TX 75504-0075

Subject: Personnel/Payroll Actions Transmittal Number

1. The enclosed documents are forwarded for appropriate action.

CONTROL NR.	TROL NR. TYPE OF DOCUMENT REMARKS/IDENTIFICATION		
1	IRS W-4	123-44-3333 Jane Smith	
1	SF 1199A	222-33-5555 Nancy Roe	
3	DA Form 3434	111-55-7777 james O'Connor	
-		555-66-9999 Saily Terry	
		444-22-7777 Mary jones	
1	DA Form 3473	111-88-4444 Floyd Perrine	

2. Request acknowledgment of documents listed above within 5 workdays from the date of receipt by signing and returning the enclosed duplicate copy.

3. Point of contact for this transmittal is _______, Personnel Specialist, AUTOVON XXX-XXXX or Commercial (XXX) XXX-XXXX.

6 Encis

NAME Title Office

1. _____ I have received the documents listed above and verified that documents stated were enclosed and complete.

2. ____ I have received the documents listed above. The following documents are returned for correction.

3. ____ These documents were/were not listed above and were/were not received.

CONTROL NR. TYPE OF DOCUMENT

REMARKS/IDENTIFICATION

FOR CHIEF CENTRAL NAF PAYROLL OFFICE:

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Figure 8-2, Personal Services Report

<u>Figure</u>	<u>8-2, Personal</u>	Services R	leport (continued)

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Figure 8-2, Personal Services Report (continued)

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Volume 13, Appendix A

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I LEAVE PAID AY	ONARY	AEQ-FT	NEG 71	NEO FT	NEO FT	NEG FT	NEO FI	<u>j</u>	AVROLL OFFICE
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Figure 8-3, Individual Leave Register

FOR OFFICIAL USE ONLY - PRIVACY ACT DATA

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FOR OFFICIAL USE ONLY . PRIVACY ACT DATA

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GE 1060100 RECORD ADORESS	GE 1060100 NECONO ADDRESS	GE 1050100 RECORD ADDRESS	GE 10èG100 RECORD ADORESS	GE 1032400 RECOND ADDRESS	GE 1013400 RECORD ADDRESS BOND ADDRESS BOND ADDRESS BOND ADDRESS	GE 1020100 RECORD ADDRESS	BOND ADDRESS	CACTE & HWA CENLUYT BAANOTT OLLICE	BGWX BJIGLY	
222-10-0117-0	222-18-0116-0	222-18-0115-0	222-14-0114-0	478-87-1242-0	416-30 2741 0	073 36 8770 0		AVNOLL OFFICE		
TROV K TERAV BURDING 117	SUB STADUE	BETTY STAYLOR BUILDING 115	CORA J SMAAQMS BUILDING 114	GNGER GOELZWOER 30001 PANCHO STREET	WILBERTO F GOMEZ 2041 RIVERA RIO 9420 RICADO AVERUE 2916 COLUMBU STREET 28 SANCHEZ	JUAN E ARACOMAS 4728 GONZALES DLVD	400 SAN JUAN DAVE			FOR OFFICIAL USE ON
FT BUCHANAN	FT BUCKANAN	FT BUCHANAN	FT BUCHANAN	ZANNEZ	BAYAMON SAN JUAN SAN JUAN	NAVE NVB	SANTURCE	ACTIVE EMPLOYEE ADDRESS LISTING		FOR OFFICIAL USE ONLY - PRIVACY ACT DATA
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					w -		I 1 RIOS GRANDE 1 DIAZ GOMES FRIOS 1 SANTCHEZ RIVERA	PAY PERIOD ENDING DATE BE/12/14		
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Figure 8-4, Active Employee Address Listing

FOR OFFICIAL USE ONLY - PRIVACY ACT DATA

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FOR OFFICIAL USE ONLY - PRIVACY ACT BATA	SERVICE COMPUTATION DATE SERVICE COMPUTATION DATE STEP STEP	ITEM CHANGED	PAYROLL CHANGE LISTING	FOR OFFICIAL USE ONLY - PRIVACY ACT DATA
	90231 92 92	DATA ENTERED	PAY PERIOD ENDING DATE \$7/04/01	
			PAGE	871 716623 40

Figure 8-5, Payroll Change Listing

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	123-27-2702-0	123-27-2701-0	555-25 0013-0	555 25 0002-0	555 25 0001 O	555-25-0004-0	Ţ	CPO SON - 2212 - CIVILIAN PERSONNEL OFFICE, FT ARMY, VA FOLLOWING UA EMPLOYEES INCREASE ON SCHEDULE DA AUTHEITICATED BY THE SUP OFFICE PRIOR TO THE EFFEC	OFFICE	
FOR OFFICIAL USE	BLONDI S ALAXANDER	LONDI J ANDERSON	NICH O RIDGEWAY	JULIA M GARMER	noum a sampers	GMGER B HOUSE	BWWK	SOMMEL OFFICE, FI AMMY, VA FOLLOWING UA EMPLOYEES WILL BE ELIGIBLE FOR WITHIN GRADE INCREASE WITHIN BO DAYS FOR INCREASE ON SCHEDULE DA FORM 3014, MOTICE OF FERSOWIEL ACTION, MUST BE INSTATED BY THE AUTHETISCATED BY THE SUFERVISOR, AND RETURNED TO THE CPO FOR TRANSMISSION AND RECEIPT OFFICE PRIOR TO THE SUFECTIVE DATE OF THE INCREASE	NOHAPPROPRIATED FUN NOTICE OF UA EMPLOYE	FOR OFFICIAL USE
FOR OFFICIAL USE ONLY - PRIVACY ACT BATA	UA 07 01	UA-08/01	UA-07/01	UA-08/01	UA-05/01	LN-06/01	CLANENT GRADE/STEP	ADE INCREASE WITHIN BO-DAYS NEL ACTION, MUST DE INITIATED B Cho for transmission and re	NOMAPPROPRIATED FUNDS CENTRAL PAYROLL SYSTEM MOTICE OF UA EMPLOYEE WITHIN GRADE INCREASE DUE	FOR OFFICIAL USE OWLY - PRIVACY ACT DATA
	07-12-17	87-12-17	07-12-17	N-04-14	00-04-13	98-04-12	DATE LAST GR/STP CHANGE	FOR EMPLOYEES TO RECEIVE THEM Y THE CANLAN PERSONNEL OFFICE. CEPT IN THE SERVICING PAYROLL	PAYP	
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	8	8	8	9 75	8	8	LIMOP SINCE LAST CHANGE		87176	
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Figure 8-6, Notice of UA	Employee	Within-Grade	Increase	Du

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Volume 13, Appendix A

Figure 8-7, NAF Centralized Payroll Data Report

total for this pp	SERVICE CHARGES FOR THIS PP	PAYROLL EXPENSES THE PP (A+B-D) (EXCLUDES CASH THES)					D ADVANCED WAGES	C EANNED INCOME CREDIT	TOTAL			2 149	I WAGES AND SALARES	D GROSS PAY U.S. PERSONNEL	TOTAL EMPLOYER SHARE				A EMPLOYERS SHARE OF	HOME LEAVE TAKEN		-	COMP TO OVERTIME			SICH LEAVE TAREN	ANNUAL LEAVE TAKEN ADJ	ANNUAL LEAVE TAKEN	AMMUAL LEAVE EARMED Ammuaal Leave adj	FUND 1 LOC 11 DEPT G2	SERVICING CAD INSTALLATION CG FT ALASKA, AR	D71GD2 TASK BGLY
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			F NET PAY. U S PERSONNEL	TOTAL EMPLOYEE DEDUCTIONS	(ALIMONY/CHILD SUPPORT INCLUDED)	17 OTHER	(ADVANCED WAGES INCLUDED)	16 MANUAL PAY REMOURSEMENT	13 SUPPLEMENTAL INSUMANCE	12 LOCAL TAX	-		SAVINGS ALLOTMENTS		S EBS-NETHRENENT			I FEDERAL TAX	E EMPLOYEE DEDUCTIONS												MSTALLATION OC FT ALASKA, AK	NAF CENTRALIZED FAVROLL DATA REPORT CYCLE P NAF CENTRAL PAVROLL OFFICE 14 DEC 89
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		F MET PAY, U S PERSONNEL	TOTAL EMPLOYEE DEDUCTIONS	ALMONY/CHED SUPPORT INCLUDED	16 ADVANCE SLAL	16 MANUAL PAY REMOURSEMENT		12 LOCAL TAX	10 MEALS	B EMPLOYEE ONGN DUES	Avings ALLOTMENTS	2 CHARITY			1 STATE TAX	I FEDERALIAX		· •				MSTALLATION GC FT ALASKA. AK	NAF CEMTRALIZED PAYROLL DATA REPORT CYCLE P NAF CEMTRAL PAYROLL DATA REPORT 14 DEC 80
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Figure 8-7, NAF Centralized Payroll Data Report (continued)

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		•	F NET PAY. U S PERSONNEL	TOTAL EMPLOYEE DEDUCTIONS	17 OTHER IALMONY/CHILD SUPPORT WELUDED	15 MANALAL PAY REMOUNSEMENT ADVANCE WARES INCLUDED	13 DELMONIANT TATTON	10 MEALS	ENVIROS ALLOTMENTS ENVIROS ALLOTMENTS		4 EBS-MSURANCE	a biang iang iang iang iang iang iang iang	•												MSTALLATION GC FT ALASKA. AK	NAF CEMIRALIZED PAYROLL DATA REPORT CYCLE P MAF CEMIRAL PAYROLL OFFICE 14 DEC 00	
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Figure 8-7, NAF Centralized Payroll Data Report (continued)

Figure 8-8, Transfer of Annua				abili		
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			NAME	FOLLOWING EMPI	PAYROLL OFFICE	
Ş		38	ANNUAL LEAVE BALANCE	FOLLOWING EMPLOYEE(S) HAVE BEEN TRANSFERRED FROM YOUR ORGANIZATION TRANSFER OF FUNOS TO COVER THE ANNU LEAVE LIABRITY SHOULD BE MADE TO THE GAINING ORGANIZATION LAW AR 215 8, CH 0 7 DURING THIS ACCOUNTING PERIOD	8A 1	FOR O
		5	NS1	NED FROM YOUR (BA TRANSFER OF ANNUAL LEAVE LIABRITY LOSING INSTALLATION BEQUENCE	FOR OFFICIAL USE OWLY - PRIVACY ACT DATA
		17102	LOSING INST/WC W/C HALY A	M IAW AR 2	AL LEAVE LI	- MINACY M
		10 2	HALY NATE	DN TRANSFE	CE	T DATA
		32 M	VAL A/L	TRANSFER OF FUNDS TO COVER THE ANNUAL CH & 7 DURING THIS ACCOUNTING PERIOD	PAY PERK	
		7	WSI GA	COVEN IN	PEMOD ENDING 80/12/14	
		, 111Q2	GAMMING INSTANC	FEMOD	10/12/14	
		10 M	W/C HALY AATE	•		
		27 M	VAL A/L		PAGE I	871A189084G

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32 54	10 90	20111		5	32 F 4	10 98	17102	۶,	1 8	noew MATHES	489-28 8667-0
VAL A/L	W/C HALVRATE	GAINING INST/WC	- E	WS1	VAL A/L	LOSING INST/WC W/C INILY RATE	LOSMQ W/C	NS I	BALANCE ANNUAL LEAVE	NAME	852
		I PERIOD	tino ¢	COVER THE ANNUAL	DURING THIS	1714 1714 1714 1714 1714 1714 1714 1714	DANZATION	nned to your org	FOLLOWING EMPLOYEE(S) HAVE BEEN TRANSFERRED TO YOUR ORGANIZATION TRANSFER OF FUNDS TO COVER THE AMMUAL LEAVE LIABILITY SHOULD BE RECEIVED FROM LOSING ORGANIZATION IAW AR 218 S. CH & 7 DURING THIS ACCOUNTING PERIO	FOLLOWING	
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871R189064Q						ACT DATA	Y - PRIVACY	FOR OFFICIAL USE ONLY - PRIVACY ACT DATA	60		

Figure 8-8, Transfer of Annual Leave Liability (continued)

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1 151-49 8430 0	1 148-38 7042 0	1 148-38 7042 0	1 148 38 7042 0	1 148 38 7042 0	1 148 38 7042 0	1 148 38 7042 0	1 143 10 9999 0	1 001 42 5043 0	1 001 42 5043 0	1 001-42 \$043 0	1 001 42 5043 0	CYCLE P CENTRAL MAS PAYROLL OFFICE	OGFX B71GAX	
JOHN O CREMORA	ELSIE J COCHRAN	ELSIE J COCHAAN	ELSIE J COCHRAN	ELSNE J COCHRAN	ELSKE J COCHRAN	ELSIE J COCHRAN	CAROLYN A PRICE	sara k guzard	SARA K GUZZARD	SARA K GAZAND	SARA K GUZANO			
												HAI AA		
REG MAS LESS THAN BASE MAS	REG MRS GREATEN THAN BASE MRS	TOT WOEBT OF OTH DED I ZERO	TOT WDEBT OF OTH DED I ZENO	REPORTED THE OFFSET	TOTAL HAS WAND	TOTAL THIS ENTERED ON 230	NEQ HAS LESS THAN BASE HAS	TOT WOEBT OF OTH DED 1 ZERO	REPORTED THE OFFSET	TOTAL HAS WAND	TOTAL THE ENTERED ON 230	COMPUTE RESEARCH LISTING		FOR OFFICIAL USE ONLY - PRIVACY ACT DATA
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FOR OFFICIAL USE ONLY - PRIVACY ACT DATA

(18.95 3.14		27.66	547.63			FUNDS TOTALS 547.63 27.66	FUNDS TOTALS
2.96 .00	128.00 290.95 .00	3.77 23.89 .00	140.80 361.83 45.00	000123334 008444444 123334446	NOEL BERRY Rosalie & Cherry Lela Schwerry	P087	FT PAHONA POST REBTAURANT
BGULAR BDUCATIONAL AY TAX	18GULAR PAY	VITHHOLDING TAX	GROSS PAY	CEDULA	NAME OF EMPLOYES		FUND NAMB
DING 20 MAY 82	ENDING 20 MA	D POR PAY PERIOD	SUNDRY FUN	ACCOUNTING	B OF THE CENTRAL	FOR THE FOLLOWING EMPLOYEES OF THE CENTERL ACCOUNTING SUNDRY FUND FOR PAY PERIOD BUDING 20 MAY 82	FOR THE
FUND	SUNDRY FUND	VERING VITHHOLDIN		THE AMOUNT	BCK NUMBER IN	TAANAMA YA, KEFUBLICA DE FANAHA Transmitted herevith is Check	TRANSHIT
PANTRY BRIGADE (PANAMA) RAL ACCOUNTING OPPICE	CENTRAL ACCOUNT	1930 IN	NAP)	PARA DOD (D SOBRE LA RENTA	ATTN: DIRECTOR DEL IMPUESTO SOBRE LA RENTA PARA DOD (NAP)	ATTN: DI
PAGE 2			PAY PERIOD ENDING 82/05/28	PAY P	LL OFFICE	CTCLE X, CENTRAL NAF PAYROLL OPPICE Ministraio of Hacisson V Teenso	CTCLB X,
		FAMADA WITHOULDING AND BUCKTIONAL TAIDS	WING AND BU	TOULTS VUY			

TRANSMITTED HEREWITH IS (FOR THE FOLLOWING EMPLOYE	ATTN: DIRECTOR DEL IMPUESTO SOBRE LA RENTA PARA DOD (NAP) Panama 9a, republica de Panama	CYCLE X, CENTRAL WAF PAYROLL OPPICE Himisterio de Hacienda y Ternad	BGUX-B71GVX
CHECK NUMBER IN	ito sobre la renta Vanaha		
ACCOUNTING SUNDI	PARA DOD (NAP)	PAY PERIOD ENDING \$2/05/28	
COVERING WIT		PAY PERIOD ENDING 82/05/28	
TRANSMITTED HEREWITH IS CHECK NUMBER IN THE AMOUNT OF \$ COVERING WITHHOLDING AND EDUCATIONAL TAXES	CENTRAL ACCOUNTING OPPICE	PAGE	8718181024

Figure 8-10, Panama Withholding and Educational Taxes (Panama Distribution Only)

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	FUND	FT PAMONA POST RESTAURANT FT PAMONA POST RESTAURANT FT PAMONA POST RESTAURANT FT PAMONA POST RESTAURANT		BGGZ B71MBZ CYCLE P. CENTRAL NAF PAYROLL OFFICE		
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		01 3333 01 33333 033333 144444	SOCIAL SEGUND M	CAJA DE SEGURO SOCIAL PANAMA CENTRAL ACCI		
		NOEL BERRY NOEL BERRY	EMPLOYEE NAME	CAJA DE SEGURO SOCIAL DE PANAMA FEEDER REPORT PANAMA CENTRAL ACCOUNTING OFFICE - MAY 87		
	163 08	38 34 94 17 38 07 4 81	; EMPLOYER CONTRIBUTION			
	107 40		EMPLOYEE DEDUCTION	_		
		45 88	GROSS PAY	871 71 91034M		
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Figure 8-11, Caja de Seguro Social de Panama Feeder Report (Panama Distribution	<u>Only)</u>

CYCLE P NAF CENTI	CYCLE P HAS CENTRAL PAYROLL OFFICE		QUARTERLY REVIEW OF HOURS WORKED	HOURS WORKED		
1003 HEIDELBENG (2003 MEIDELBERG COMMUNITY CPO. EURO MAFFAD.GE	O HAFFAD.GE	MSTL ZG			
WONKCENTER	85	Berros	PAY PENDO ENONG GATE			REGULAR HINS
10101	123-12-1242-0					
	0-2921-21-621	GNEO H GOLF	NO -12-14	REG-PT	8	6 0 C8
10101	344-33-4440-0	BEN AUSS	00 -12-14	NEQ-FT	8	8
10711	0.001-29-1003-0	MARTHA WASHINGTON	46 -12-14	NEQ-FT	8	8
10201	123-12-1206-0	MARY L MORNES	80-12-14	14-0 3	8	8.
10301	123-12-1241-0	HORMAN H HOWARD	8-12-14	14-DN	8	8
11201	123-12-1267-0	BRENDA C BOOGS	NB-12-14	NEQ-71	8	88 78
81724	123-12-1207-0	MCHOLAS M OSCAR	W-12-14	NEQ-FT	8	8
10801	123-12-1264-0	ALDERT V YOKE	00-12-14	NQ-1	8	5
205.01	131.34.0003 A				4	1
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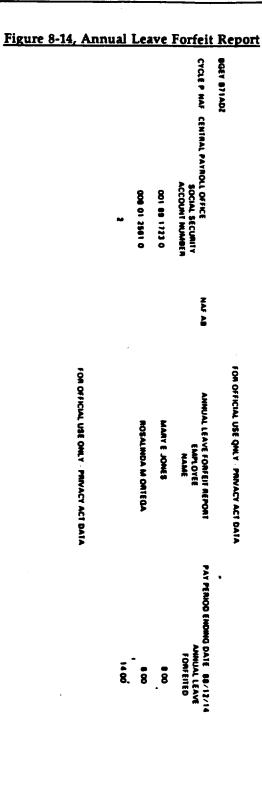
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TOTAL PERS	FOREIGN NATIONALS FULL TIME PART-TIME TEMPORARY WITERNATTENT	MYERAMITENT MALTARY DEFENDENT DTNER	TEMPORANY FI DEPENDENI FI DINER FI MULIANY FI DEPENDENI FI DINER	U S CITRENS/NATIONALS REGULAR FT DEFENDENT FT DEFENDENT FT DEFENDENT FT DEFENDENT FT DEFENDENT	CATEGORY OF PERSONNEL PROGRAM GROUP	BGBY B710EZ CYCLE P NAF CENTRAL PAYROLL OFFICE MACOM R. INSTALLATION FT KOREA KO
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Figure 8-13, MWR Personnel Strength Report

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Figure 8-13, MWR Personnel Strength Report (continued)



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Figure 8-15, NAFI Employees' Compensation and Benefits Program Report (continued)

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Figure 8-16, Employee Cross Referen	ce Ros	ster
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Figure A8-17, Tip Offset/Service Charge Report

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Figure 8-18. Ouarterly Inactive Employee Report, Cover Letter

2 ALL OTHER EMPLOYEES LISTED ON THE SUBJECT REPORT ARE STILL EMPLOYED EXCEPT AS NOTED

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CIVILIAN PERSONNEL OFFICER

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Figure 8-19, Ouarterly Inactive Employee Report

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Figure 8-20, Compensatory Aging Schedule

FOR PAMAMANIAN FOREIGN NATIONALS -- DR 248 & DRCRI 622

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Figure 8-21, Annual Leave/Compensatory Time Adjustment Report

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Report

Volume 13, Appendix A

FOR OFFICIAL USE ONLY - PRIVACY ACT DATA

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Figure 12-1, Computation of CWF Dividends Available

Computation of CWF Dividends Available

(1)	Excess liquid assets:	
	Cash on hand and in bank	\$
	Accounts Receivable	
	Investments	
	Total liquid assets	
	Less: Current liabilities	
	Excess liquid assets	\$
(2)	Net Profit (from income statement)	\$
(3)	Summary:	
. ,	Excess liquid assets (1) above	\$
	Net profit (2) above	
(4)	Amount available for distribution (lesser	
	of (1) and (2)	\$
	Amount to be distributed to post CWF	
	* percent of (4)	\$
	Amount to be distributed to AAFCWF	
	5 percent of (4)	\$
	Total amount to be distributed	\$

* Determined per AR 215-7

ATTACHMENT 2

DESCRIPTION OF GENERAL LEDGER ACCOUNTS

This attachment gives a description for each general ledger account and the typical transactions for each account. It does not include all the possible transactions that may be needed.

Current Assets

Cash

101-US Cash Account
Used for: ALL NAFIs.
Normal balance: Debit
Purpose: Record all US cash receipts and check disbursements.
Typical transactions:
(1) Debit with all collections of US cash.
(2) Credit with all US check disbursements and related adjustments.
Normal contra GLACs: many

102-Foreign Currency Cash Account
Used for: NAFIs outside CONUS
Normal balance: Debit
Purpose: Record all foreign currency receipts and disbursements.
Typical transactions:

Debit with all foreign currency receipts and related adjustments.
Debit with the increase in value at the equivalent US dollar. Contra to GLAC 943.
Credit with all foreign currency disbursements and related adjustments.

(4) Credit with the decrease in value at the equivalent US dollars. Contra to GLAC 943.
Normal contra GLAC 943.

103-US Payroll Cash Account
Used for: Does not apply to NAFIs serviced by the CNPO at Texarkana, TX.
Normal balance: Debit
Purpose: Separate checking account for payroll.
Typical transactions:

Debit with deposits in the net amount of US salaries and wages to be paid each pay period.
Credit with the disbursement of the net amount of salaries and wages.

Normal contra GLACs: 101.

104-Foreign Currency Payroll Cash Account Used for: NAFIs outside of CONUS. Does not apply to NAFIs serviced by the CNPO. Normal balance: Debit Purpose: Separate checking account for payrolls in foreign currency. Typical transactions:(1) Debit with deposits in the net amount of salaries and wages to be paid foreign employees each pay period.(2) Credit with the net amount of salaries and wages disbursed.Normal contra GLACs: 102.

105-Change Fund
Used for: ALL NAFIS.
Normal balance: Debit
Purpose: Record the amount of impress change fund cash kept on hand for use in daily operations.
Typical transactions:

Debit with the amount of all established change funds and approved increases.
Credit with the amount prescribed by the NAFI manager to reduce the cash on hand.

Normal contra GLACs: 101.

106-Foreign Currency Conversion Fund Used for: NAFIs outside CONUS. Normal balance: Debit Purpose: Record the amount of cash to be used for acquiring foreign currency. Typical transactions: (1) Debit with the US dollar equivalent of foreign currency acquired. (2) Debit with the increase in value at the equivalent US dollar value. (3) Credit with US dollar equivalent of disbursement or transfer of foreign currency units. Use the rate of exchange at which the currency is shown in this account. (4) Credit with the decrease in value at the equivalent US dollar value. Normal contra GLACs: 101.

107-US Petty Cash
Used for: All NAFIs.
Normal balance: Debit
Purpose: Record the amount of impress petty cash kept on hand. Typical transactions:

Debit with the amount of all authorized petty cash funds and increases thereto.
Credit with the amount approved by the NAFI manager to reduce the impress fund balance.

Normal contra GLACs: 101.

108-Foreign Currency Petty Cash
Used for: NAFIs outside of CONUS.
Normal balance: Debit.
Purpose: Record the amount of impress foreign currency petty cash kept on hand.
Typical transactions:
(1) Debit with the amount of authorized petty cash funds and increases thereto.

(2) Debit with the increase in value at the equivalent US dollar amount.
(3) Credit with the amount approved by the NAFI manager to reduce the impress balance.
(4) Credit with the decrease in value at the equivalent US dollar amount.
Normal contra GLACs: 102 and 828.

109-Bingo Petty Cash
Used for: ALL NAFIs.
Normal balance: Debit
Purpose: Record the amount of impress petty cash kept on hand to pay for small cash bingo prizes.
Typical transactions:
(1) Debit with the amount of authorized bingo petty cash funds and increases thereto.
(2) Credit with the amount approved by the NAFI manager to reduce the balance.
Normal contra GLACs: 101 and 102.

110-Commercial Credit Card Compensation Balance Used for: All NAFIs Normal balance: Debit Purpose: Record compensating balances with commercial credit card clearing activities when required. NAFISS users will not receive a total for GLAC 110 on the cash receipts journal.

Typical transactions:

(1) Debit for amounts to increase the compensating balance.

(2) Credit for adjustments to the compensating balance. Normal contra GLACs: 101 and 102.

111-Local Bank Compensating Balance Used for: All NAFIs. Normal balance: Debit Purpose: Record compensating balances with local banks for Central Banking Program (CBP) participants. NAFISS users will not receive a total for GLAC 111 on the cash receipts journal. Typical transactions:

(1) Debit with amounts to increase the compensating balance.

(2) Credit for returned checks and other adjustments to the local bank account.

(3) Credit with amount transferred to the central bank. Normal contra GLACs: 101 and 102.

112-Foreign Currency Change Fund Used for: ALL OCONUS NAFIS. Normal balance: Debit Purpose: Record the amount of foreign impress change fund cash kept on hand for use in daily operations. Typical transactions:

 Debit with the US dollar equivalent amount when change funds are established or increases are approved.
 Credit with the amount prescribed by the NAFI manager to reduce the foreign currency cash on hand. Normal contra GLACs: 102.

113-Emergency Local Checking Account

Used for: All NAFIs. Normal balance: Debit Purpose: Record the amount of authorized emergency checking account balance when approved by the NAF accounting office. The account will be maintained in the Central Bank. Typical transactions: (1) Debit with initial amount authorized to establish the account, and any authorized increases in the balance. (2) Credit with downward adjustments to the authorized balance. Normal contra GLACs: 101. Investments 115-NAF Centralized Investment Program Used for: NAFIs not included in the Centralized Banking and Investment Program. Normal balance: Debit Purpose: Record only the current unencumbered portion of the Centralized Investment Program. Typical transactions: (1) Debit to increase the balance in the master cash central account. (2) Credit for amounts set aside in sinking funds (GLACs 187 and 188). Normal contra GLACs: 101, 102, 187, and 188. **116-Savings Account** Used for: NAFIs not included in the Centralized Banking and Investment Program. Normal balance: Debit. Purpose: Record cash deposited in approved banking or savings institutions to earn interest. Typical transactions: (1) Debit with deposits of cash. (2) Credit with withdrawals of principal or interest. (3) Debit with interest earned. Contra credit to GLAC 901. Normal contra GLACs: 101, 102, and 801. 117-Marketable Securities Used for: NAFIs not included in the Centralized Banking and Investment Program. Normal balance: Debit Purpose: Record the amount of securities purchased for investment.

Typical transactions: (1) Debit with the acquisition cost of investments at the time of purchases.

(2) Credit with the acquisition cost of investments at the time of sale or conversion. Normal contra GLACs: 101 and 102.

Normai contra GLACS. 101 and 10

Accounts Receivable

119-Advances Receivables Used for: All NAFIs Normal balance: Debit Purpose: Record the amount of travel advances given to travelers on TDY orders and PCS orders. Typical transactions: (1) Debit with the amount of advances provided to travelers.

(2) Credit with the amount of the advance when it is refunded or earned by the traveler and recorded as a travel expense.

Normal contra GLAC: 101, 102, 692, 732, and 754.

120-ARM Income Receivables

Used for: All NAFIs participating in the ARM program. Normal balance: Debit Purpose: Record the amount or slot machine income the NAFI expects to receive. Typical transactions: (1) Debit with the amount of income expected, based on documentation received or based on projected income. (2) Credit with the original estimate when the actual income is received.

Normal contra GLACs: 101 and 524.

121-Members Receivables
Used for: All NAFIs
Normal balance: Debit
Purpose: Record the amounts owed by members and customers.
Typical transactions:
(1) Debit with the amount of member charge sales, dues, credit transactions, and for receivables collected after their write-off.

(2) Credit with the amount of payments received from members and customers. Normal contra GLACs: 101, 102, 302, 501, and 509.

123-Concessionaire Receivables
Used for: ALL NAFIS.
Normal balance: Debit
Purpose: Record the computed amount of concessionaire and other commission fees due.
Typical transactions:

Debit with the amount of concessionaire and other commission fees due the fund.
Credit with same amount debited when payment is received.

Normal contra GLACs: 101, 102, and 502.

124-Returned Checks Receivable
Used for: All NAFIs
Normal balance: Debit
Purpose: Record the amount of checks dishonored by banks and penalty fees charged by the bank.
Typical transactions:

Debit with the amount of checks returned and any service fees charged.
Credit with the amounts received from the makers of dishonored checks, and with the amount of checks determined to be uncollectible.

Normal contra GLACs: 101, 102, and 661.

125-AAFES Receivable Used for: All NAFIs Normal balance: Debit Purpose: Record the amount of the distribution the NAFI expects to receive from the AAFES.
Typical transactions:

Debit with the amount expected from AAFES.
Credit with the amount originally debited when the check is received.

Normal contra GLACs: 101 and 549.

126-Loans Receivable
Used for: All NAFIS.
Normal balance: Debit
Purpose: Record the amount of loans to other NAFIS.
Typical transactions:

Debit with the amount of loans made to other NAFIS.
Credit with the amount of payments received from debtors.

Normal contra GLACs: 101, 102, and 801.

127-Claims Receivable Used for: All NAFIs Normal balance: Debit Purpose: Record the amount of claims against third parties covering the destruction or loss of assets due to fire, theft, or other causes. Typical transactions: (1) Debit with the net book value of assets lost, stolen, damaged, or destroyed. (2) Credit with the amounts received as insurance settlements. Normal contra GLACs: 101, 102, 827, and fixed asset and inventory GLACs. 128-Deposits Receivable Used for: All NAFIs Normal balance: Debit Purpose: Record the amount on deposit with vendors in connection with the purchase of bottled, cased, or barreled merchandise. Adjust the balance to the dollar value of the physical inventory at the end of the accounting period. Typical transactions: (1) Debit with the amount of the deposit required by vendors. (2) Debit with the amount of the deposit given to customers when bottled or cased goods are returned by customers. (3) Credit when bottled or cased goods are sold to customers or returned to vendors. Normal contra GLACs: 101, 102, and 741. 129-Guest Ledger Receivables Used for: Hotel and Billeting NAFIs. Normal balance: Debit Purpose: To record the unpaid charges made by hotel and billeting customers. Typical transactions:

(1) Debit with the amount of unpaid customer charges made before checkout.

(2) Credit with the amount of payments received from customers.

Normal contra GLACs: 101, 102, 123, and 501.

DoD Financial Management Regulation

130-Accrued Interest Receivable
Used for: All NAFIs.
Normal balance: Debit
Purpose: Record the amount of interest income earned but not yet received.
Typical transactions:

Debit with the amount of accrued interest at the end of the accounting period.
Credit with the accrual amount when interest is received.

Normal contra GLACs: 101, 102, 115, 116, 117, and 801.

131-Grants Receivable

Used for: All NAFIs.

Normal balance: Debit

Purpose: Record the amount of a grant due NAFIs for an approved project. Reconcile monthly with GLAC 205 of the next higher echelon which will provide the grant. Typical transactions:

(1) Debit at Major Command for the amount of the approved funding for the FY.

(2) Debit at installation for the amount of an approved grant due.

(3) Credit at Major Command for the amount of cash transferred, including amount transferred directly to the installation by higher HQ. Contra to GLAC 205 for the amount transferred directly to the installation, and GLAC 101 for the amount retained by the Major Command.
(4) Credit at installation with the amount of cash received.
(5) Credit at Major Command with the amount of any unused grant returned after completion of the project for which the grant was approved.
Normal contra GLACs: 101, 205, 291.

132-Dividends Receivable

Used for: All NAFIs.

Normal balance: Debit

Purpose: Record the amount of dividend allocations due. Reconcile monthly with GLAC 206 of the next higher echelon providing the dividend.

Typical transactions:

(1) Debit at Major Command with the amount of the dividend allocation given by higher HQ.

(2) Debit at installations with the amount of the allocation received from the Major Command.

(3) Credit at Major Command with the amount of cash transferred, including the amount transferred directly to installations, by higher HQ.

(4) Credit at installations with the actual amount of cash received.

Normal contra GLACs: 101, 206, and 806.

133-Reserve Component Dividends Receivable Used for: Major Command MSFs only.

Normal balance: Debit

Purpose: Record an advance dividend credit allocation issued to an installation MSF for reserved component units. Typical transactions:

(1) Debit with the amount of the advance dividend credit allocation.

(2) Credit with the advance amount when the quarterly dividend is received. Normal contra GLACs: 206.

134-Allowance for Doubtful Accounts
Used for: All NAFIs. (Use this account only when the NAFI expects uncollectible accounts to total \$300 or more during the fiscal year.)
Normal balance: Credit
Purpose: Record the calculated amount set up to allow for uncollected accounts.
Typical transactions:
(1) Debit with the amounts written-off as they are determined to be worthless.
(2) Credit with the monthly estimate set up for uncollectible charges.
Normal contra GLACs: 121 and 661.

135-Inter NAFI Receivables-Within MACOM Used for: All NAFIs.
Normal balance: Debit
Purpose: Record amount due from other NAFIs within the MACOM.
Typical transactions:

Debit with the amount due.
Credit with the amount received.

Normal contra GLACs: 101 and 102.

136-Inter NAFI Receivables-Outside MACOM
Used for: All NAFIs.
Normal balance: Debit
Purpose: Record amount due from other NAFIs outside the
MACOM.
Typical transactions:

(1) Debit with the amount due.
(2) Credit with the amount received.

Normal contra GLACs: 101 and 102.

138-Layaway Receivables
Used for: All NAFIS.
Normal balance: Debit
Purpose: Record amount due on layaway sales.
Typical transactions:

Debit with the amount due on layaway sales.
Credit with the amount received or the balance due at the time a layaway is cancelled or expires.

Normal contra GLACs: 101, 303, and 516.

139-Commercial Credit Card Receivable
Used for: All NAFIs.
Normal balance: Debit
Purpose: Record credit card charge sales made by
customers to a credit card company such as Visa or Master
Card. Do not use this account for internal charge sales
where payment will not be made to a credit card company.
Typical transactions:
(1) Debit with the amount due from credit card charge sales.
(2) Credit with the amount of payment when received.
Normal contra GLACs: 101.

140-Miscellaneous Other Receivables
Used for: All NAFIs.
Normal balance: Debit
Purpose: Record the amount due the NAFI that can not properly be recorded in another receivable GLAC.
Typical transactions:
(1) Debit with the amounts due the NAFI.
(2) Credit with the payments received or adjustments.
Normal contra GLACs: 101, 599, and 825.

Inventories

141-Warehouse/Storeroom Inventory Used for: All NAFIs. Normal balance: Debit Purpose: Record the amount of inventory held in the central warehouse for resale at the end of the statement period. The entry will be reversed at the beginning of the following accounting period. Typical transactions: (1) Debit with the cost of inventory held in the warehouse for resale at the end of the accounting period. (2) Credit with the cost of inventory held in the warehouse for resale at the beginning of the accounting period. Normal contra GLACs: 900. Do not use other GLACs. 142-Sales Outlet Merchandise Inventory Used for: All NAFIs Normal balance: Debit Purpose: Record the value of inventory at the end of an accounting period for the sales outlets. The entry will be reversed at the beginning of the following accounting period. Typical transactions: (1) Debit with the cost of merchandise on hand at the end of the accounting period. (2) Credit with the cost of merchandise on hand at the beginning of the accounting period. Normal contra GLACs: 900. Do not use other GLACs. 143-Inventory In Transit Used for: All NAFIs. Normal balance: Debit Purpose: Record the amount of merchandise that has been shipped free on board and held by a common carrier on

shipped free on board and held by a common carrier on the last day of the accounting period. (The CAO should have a document from the vendor to support this transaction.) The entry will be reversed at the beginning of the following accounting period. Typical transactions:

(1) Debit with the cost of merchandise in transit at the end of the accounting period.

(2) Credit with the cost of merchandise in transit at the beginning of the accounting period.

Normal contra GLACs: 900. Do not use other GLACs.

144-Work-in Progress Inventory Used for: All NAFIs. Normal balance: Debit Purpose: Record the cost of partially manufactured goods in inventory at the end of the accounting period. Typical transactions:

 Debit with the cost of partially manufactured goods on hand at the end of the accounting period.
 Credit with the cost of partially manufactured goods on hand at the beginning of the accounting period.
 Normal contra GLACs: 900. Do not use other GLACs.

Prepaid Expenses

151-Prepaid Supplies and Equipment
Used for: All NAFIs.
Normal balance: Debit
Purpose: Record the amount of prepaid supplies and equipment held by the NAFI and/or stored in a central warehouse. These supplies and equipment will be expensed at a later date or issued from a central warehouse.
Typical transactions:
(1) Debit with the cost of items received.
(2) Credit with the cost of supplies and equipment when they are expensed or transferred.
Normal contra GLACs: 201, 726, and 742.

152-Prepaid Taxes and Licenses
Used for: All NAFIs.
Normal balance: Debit
Purpose: Record the amount of prepaid taxes and licenses.
Typical transactions:

Debit with the amount of taxes and licenses paid in advance.
Credit with the amount expensed during the period, using the straight-line method.

Normal contra GLACs: 201 and 736.

153-Prepaid Insurance Used for: All NAFIs. Normal balance: Debit Purpose: Record the amount of prepaid insurance premiums paid. Typical transactions: (1) Debit with the amount of insurance premiums paid in advance (2) Credit with the amount expensed for the period, using the straight-line method. (3) Credit with the amount refunded when insurance is cancelled. Normal contra GLACs: 201, 607,733, and 734. 154-Prepaid Maintenance and Repair Used for: All NAFIs. Normal balance: Debit Purpose: Record advance payments of \$240 or more on maintenance or repair contracts that will span later months and will result in a monthly expense of \$20 or more.

Amortization is not mandatory, larger amounts may be expensed immediately if it does not materially distort net income for the reporting period.

Typical transactions:

(1) Debit with the amount paid in advance.

(2) Credit with the amount expensed for the accounting period.

Normal contra GLACs: 201 and 658.

155-Prepaid Tableware, Kitchenware, Linens, and Uniforms Used for: All NAFIs.
Normal balance: Debit
Purpose: Record the amount of prepaid china, glassware, flatware, linens, utensils, and uniforms on hand in the fund. This account also applies to items stored in a central warehouse.
Typical transactions:
(1) Debit with the cost of the prepaid items.
(2) Credit with the cost of these items when put into use.
Normal contra GLACs: 201 and 749.

Used for: All NAFIS. Normal balance: Debit Purpose: Record the cost of prepaid merchandise on hand for use as bingo prizes. Typical transactions: (1) Debit with the cost of the prepaid items. (2) Credit with the cost of these items when put into use. Normal contra GLACs: 201 and 750.

157-Prepaid Rent
Used for: All NAFIs.
Normal balance: Debit
Purpose: Record the cost of prepaid rent.
Typical transactions:

Debit with the cost of the prepaid rent.
Credit with the cost of rent as it is used.

Normal contra GLACs: 201 and 746.

159-Prepaid Items In Transit
Used for: All NAFIs.
Normal balance: Debit
Purpose: Record the cost of prepaid items in transit when title passes to the NAFI before receiving the assets.
Typical transactions:
(1) Debit with the cost of the prepaid items in transit at the end of the accounting period.
(2) Credit with the cost of these items when received.
Normal contra GLACs: 201, 151-157, and 160.

160-Miscellaneous Other Prepaid Expenses
Used for: All NAFIs.
Normal balance: Debit
Purpose: Record all prepaid expenses that can not be properly recorded in another prepaid expense GLAC.
Typical transactions:

Debit with the amount of expenses paid in advance.
Credit with the amount expensed for the accounting period.

Normal contra GLACs: 201, 799, and 850.

Fixed Assets and Accumulated Depreciation

161-Buildings Used for: All NAFIs. Normal balance: Debit Purpose: Record the costs of buildings moved from GLAC 179. (The transfer will be made when a building or building addition is completed, occupied, or when the IMWRF is notified the building is ready for beneficial occupancy, whichever occurs first.)
Typical transactions:
(1) Debit with the amount of construction costs transferred.
(2) Credit with the cost when a building is disposed of. Normal contra GLACs: 179.

162-Accumulated Depreciation-Buildings
Used for: All NAFIs.
Normal balance: Credit
Purpose: Record the amount of depreciation to date for assets in GLAC 161.
Typical transactions:
(1) Debit with the accumulated depreciation on a building when disposed of.
(2) Credit with the amount of depreciation expense for each accounting period.
Normal contra GLACs: 851.

163-Furniture, Fixtures, and Equipment
Used for: All NAFIs.
Normal balance: Debit
Purpose: Record the cost of nonexpendable furniture, fixtures, and equipment.
Typical transactions:
(1) Debit with the purchase cost of nonexpendable items.
(2) Credit with the cost when an item is disposed of.
Normal contra GLACs: 201

164-Accumulated Depreciation-Furniture, Fixture, and Equipment
Used for: All NAFIs.
Normal balance: Credit
Purpose: Record the amount of depreciation for GLAC 163.
Typical transactions:
(1) Debit with the amount of accumulated depreciation when assets are disposed of.
(2) Credit with the depreciation expense for each accounting period.
Normal contra GLACs: 853.

165-Vehicles, Aircraft, and Boats
Used for: All NAFIs.
Normal balance: Debit
Purpose: Record the cost of vehicles, aircraft, and boats (transportation equipment).
Typical transactions:

Debit with the purchase cost of transportation equipment.
Credit with the cost of transportation equipment when disposed of.

Normal contra GLACs: 201.

166-Accumulated Depreciation-Vehicles, Aircraft, and Boats Used for: All NAFIs. Normal balance: Credit Purpose: Record the amount of depreciation for GLAC 165. Typical transactions: (1) Debit with the amount of accumulated depreciation when transportation equipment is disposed of.
 (2) Credit with the amount of depreciation expense for the accounting period.
 Normal contra GLACs: 854.

167-Breeding Livestock
Used for: All NAFIs.
Normal balance: Debit.
Purpose: Record the cost of breeding livestock.
Typical transactions:

Debit with the cost of the asset.

(2) Credit with the cost when the asset is disposed of.
Normal contra GLACs: 201.

168-Accumulated Depreciation-Breeding Livestock
Used for: All NAFIs.
Normal balance: Credit
Purpose: Record the amount of depreciation for GLAC 167.
Typical transactions:

Debit with the amount of accumulated depreciation on individual fixed assets when disposed of.
Credit with the amount of depreciation expense for the accounting period.

Normal contra GLACs: 856.

169-Building Improvements
Used for: All NAFIs
Normal balance: Debit
Purpose: Record the cost of improvements transferred from GLAC 179.
Typical transactions:

Debit with the cost of improvements transferred from GLAC 179.
Credit with the cost of improvements when the building is disposed of.

Normal contra GLACs: 179.

170-Accumulated Depreciation-Building Improvements Used for: All NAFIs.
Normal balance: Credit
Purpose: Record the amount of depreciation for GLAC 169. Typical transactions:
(1) Debit with the amount of accumulated depreciation when disposed of.
(2) Credit with the amount of depreciation expense for the accounting period.
Normal contra GLACs: 852.

171-Land Improvements
Used for: All NAFIs
Normal balance: Debit
Purpose: Record the cost of improvements transferred from GLAC 179.
Typical transactions:
(1) Debit with the cost of improvements transferred from GLAC 179.
(2) Credit with the cost of improvements when the land is disposed of.
Normal contra GLACs: 179.

172-Accumulated Depreciation-Land Improvements Used for: All NAFIs. Normal balance: Credit Purpose: Record the amount of depreciation for GLAC 171 Typical transactions: (1) Debit with the amount of accumulated depreciation when disposed of. (2) Credit with the amount of depreciation expense for the accounting period. Normal contra GLACs: 855. 175-Government Titled Buildings and Improvements Used for: All NAFIs. Normal balance: Debit. Purpose: Record purchases of real property facilities and improvements procured with NAF dollars and retained by the NAFI, title to which is transferred to the Government. Typical transactions: (1) Debit with the cost of property facilities and improvements. (2) Credit with the cost when the property is disposed of. Normal contra GLACs: 161 and 179. 176-Accumulated Depreciation-Government Titled Buildings and Improvements Used for: All NAFIs. Normal balance: Credit Purpose: Record the amount of depreciation for GLAC 175. Typical transactions: (1) Debit with the amount of accumulated depreciation on individual fixed assets when disposed of. (2) Credit with the amount of depreciation expense for the accounting period. Normal contra GLACs: 858.

177-Other Government Titled Fixed Assets
Used for: All NAFIs.
Normal balance: Debit.
Purpose: Record purchases of equipment procured with
NAF dollars and retained by the NAFI, title to which is transferred to the Government.
Typical transactions:
(1) Debit with the cost of the equipment.
(2) Credit with the cost when the property is disposed of.
Normal contra GLACs: 201.
178-Accumulated Depreciation-Other Government Titled

Fixed Assets Used for: All NAFIs. Normal balance: Credit Purpose: Record the amount of depreciation for GLAC 177. Typical transactions: (1) Debit with the amount of accumulated depreciation on individual fixed assets when disposed of.

(2) Credit with the amount of depreciation expense for the accounting period. Normal contra GLACs: 857.

179-Construction in Progress

Used for: All NAFIs.

Normal balance: Debit

Purpose: Record progress expenditures for a new building, building addition, or building and land improvements. This includes construction cost architectural fees, surveys, commissions, legal fees, insurance, and alterations on the uncompleted project.

Typical transactions:

 Debit with progress payments on projects.
 Credit with the total cost of the project when completed or ready for occupancy. This transfers the asset to the proper fixed asset account.
 Normal contra GLACs: 101, 161, 165, 171, 175, 177, 196, and 2XX.

180-Fixed Assets in Transit
Used for: All NAFIs.
Normal balance: Debit
Purpose: Record the cost of fixed assets in transit when title passes to the NAFI before receiving the asset.
Typical transactions:

Debit with the cost of the asset in transit.
Credit with the cost of the fixed asset when received by the NAFI.

Normal contra GLACs: 101, 165, 177, 196, and 2XX.

Other Assets

185-Long-term Loans Receivable
Used for: All NAFIs
Normal balance: Debit
Purpose: Record the amount of loans which are due beyond the next 12 months.
Typical transactions:

Debit with the original amount of loans.
Credit with the amount transferred to GLAC 126.

Normal contra GLACs: 126.

186-Artifacts

Used for: All NAFIs. Normal balance: Debit Purpose: Record the cost of art or other items of historic or intrinsic value at cost if purchased or appraised value if donated. Items will not be appreciated or devaluated. The account balance will remain unchanged unless an official appraisal has taken place. In such case, increases or decreases will be make by a fund equity adjustment approved by DFAS. A detailed subsidiary record will be maintained for this GLAC.

Typical transactions:

(1) Debit with the purchase price.

(2) Debit with the appraised value of donated items.(3) Credit with the recorded value when items are disposed of.

Normal contra GLACs: 201 and 291.

187-Fixed Asset Sinking Fund Used for: All NAFIs. Normal balance: Debit Purpose: Record those funds earmarked for the purchase of fixed assets. Typical transactions: (1) Debit monthly with an amount at least equal to the amount shown on the Minimum Fixed Asset Transfer Worksheet. (2) Debit with the amount of funds received from outside sources. (Contra to GLAC 291.) (3) Credit with the amount of the payment for the purchase of fixed assets. (Transfer to GLAC 101.) (4) Credit with the amount of withdrawals for other purposes approved by higher HQ. Normal contra GLACs: 101, 115, 196, and 291. 188-Employee Separation Allowance Sinking Fund Used for: NAFIs outside of CONUS. Normal balance: Debit Purpose: Record the funds set aside for employee separation allowances. Normally, cash for payment of separation pay will be invested in the central banking fund, however, deposits may be made in local currency accounts. A review of the related accounts will be made at least at the end of each fiscal year. The balance in these accounts will be adjusted to show the correct liability and sinking fund reserve. Typical transactions: (1) Debit with the amount of funds set aside for separation allowances. (2) Credit with the amount paid to separating employees. Normal contra GLACs: 101, 102, and 619. **189-ARM Trust Allocations** Used for: MACOM NAFIs only. Normal balance: Debit Purpose: Record the amount of ARM profit distribution advice received from CFSC. This account will be used to accumulate the distribution until the applicable expenses are incurred and funds are received from CFSC. Typical transactions: (1) Debit with the amount of the ARM profit distribution advice received. (2) Credit with the amount of the ARM profit received. Normal contra GLACs: 101, and 524. 190-Transient Lodging Sinking Fund Used for: Transient Lodging NAFIs only. Normal balance: Debit Purpose: Record those funds earmarked for transient lodging improvements. Typical transactions: (1) Debit with the amount of transient lodging profit each month. (2) Credit with the amount of the payment for the purchase of fixed assets or other authorized expenditures. (Transfer to GLAC 101.)

Normal contra GLACs: 101.

193-Central Accounting Office Loan Receivable

Used for: ALL NAFIS.
Normal balance: Debit
Purpose: Record the amount of funds advanced to the CAO to support its accounting services.
Typical transactions:

Debit with the amount of the initial advance and any increases.
Credit with the amount of the refund of the advance by the CAO and any decreases.

Normal contra GLACs: 101.

195-Payroll Deposits Receivable
Used for: ALL NAFIS.
Normal balance: Debit
Purpose: Record the amount either sent to the CNPO or electronically transferred by CNPO from NAFI bank account at the central bank for payroll expenses.
Typical transactions:
(1) Debit with the gross amounts of payroll expenses.
(2) Credit with the gross amounts of payroll expenses.
Normal contra GLACs: 101 and 601-625.

196-Construction Advances
Used for: All NAFIs.
Normal balance: Debit
Purpose: Record the amount provided to higher HQ or other commands for construction of fixed assets for the NAFI.
Typical transactions:
(1) Debit with the amount advanced.
(2) Credit when the asset is transferred to another fixed asset GLAC.
Normal contra GLACs: 101, 179, and 292.

199-Miscellaneous Other Assets
Used for: All NAFIs.
Normal balance: Debit
Purpose: Record the cost of assets that can not properly be recorded in other asset accounts. Subsidiary records will be maintained and reconciled to this account monthly.
Typical transactions:

Debit with the cost of the asset.
Credit when the asset is disposed of or moved to another account.

Normal contra GLACs: 201.

Current Liabilities

Payables

201-Accounts Payable Used for: All NAFIs. Normal balance: Credit Purpose: Record the amount due creditors. A schedule of accounts payable will be prepared at the end of each month and reconciled with the control account. The schedule will age the payables into the following categories: 0-30, 31-60, 61-90, and over 90 days. Typical transactions:

(1) Credit with the amount of the liability on receipt of the goods or services.

(2) Debit with the amount of the cash payment, allowance, credit documents from creditors, or any other event that reduces the debt. Normal contra GLACs: 101, 102, and many others.

202-Deposits Payable Used for: All NAFIs. Normal balance: Credit Purpose: Record the amounts received from customers or other NAFIs that will be refunded or transferred to the proper account within the next 12 months (i.e., deposits collected for special orders and party arrangements). CNPO will use this account to record the amounts sent by the serviced funds for later payrolls. This account will be used by local CAO to record the amounts collected from the serviced funds and not yet sent to the CNPO. Typical transactions: (1) Credit with the amount of the deposits received. (2) Debit with the amount of the deposit refunded or transferred to the proper account. Normal contra GLACs: 101, 102, and many others.

203-Short Term Loans Payable
Used for: All NAFIs.
Normal balance: Credit
Purpose: Record the amount of loans payable that are due within the next 12 months.
Typical transactions:

Credit with the amount of loan principal payable in the next 12 months.

(2) Debit with the amount paid on the loan.
Normal contra GLACs: 101, 102, and 268.

204-Installment Contracts Payable
Used for: All NAFIs.
Normal balance: Credit
Purpose: Record the amount of installment contracts due in the next 12 months.
Typical transactions:
(1) Credit with the amount of installment contracts payable in the next 12 months.
(2) Debit with the amounts paid on installment contracts.
Normal contra GLACs: 101, 102, and 268.

205-Grants Payable Used for: Major Command level NAFIs. Normal balance: Credit Purpose: Record the amount of grants owed to subordinate NAFIs. Typical transactions: (1) Credit with the amount of grants approved for installations. (2) Debit with the amount of cash transferred to installations. (3) Debit with the amount cancelled or withdrawn from an installation. This entry applies when withdrawal is made before the receipt of cash. Major Commands will not record an entry when withdrawal is made after receipt of cash by the installations. Then, the cash and allocation would be returned to the original organization which provided the funds.

Normal contra GLACs: 101. 102. 131. and 291. 206-Dividends/Interest Payable Used for: Major Command and installation MSFs, and post restaurants Normal balance: Credit Purpose: Record the amount of dividends owed to subordinate funds and the amount of dividend declared, but not yet paid, at the end of the statement period by post restaurants to their CWFs, and to the AAFCWF. Typical transactions: (1) Credit at Major Command with the amount of dividends allocated to installations. (2) Credit at installation with the amount of dividends allocated to isolated or reserve units. (3) Debit at Major Command with the amount of cash transferred to installations. (4) Debit at Major Command with the amounts cancelled or withdrawn from the installations. This entry applies when withdrawal is made before the receipt of cash. Major Commands will not record an entry when withdrawal is made after the receipt of cash by an installation. Then, the cash and allocation would be returned to the original organization which provided the funds. (5) Debit at installation with the amount of cash transferred to isolated units. (6) Debit with the amount of dividends paid. Normal contra GLACs: 101, 102, 132, and 292. 207-Reserve Components Dividends Payable Used for: All NAFIs. Normal balance: Credit Purpose: Record the amount of advance dividend credit allocations for reserve component units (See AR 215-1). Typical transactions: (1) Credit with the amount of advance dividend credit allocation. (2) Debit when the dividend credit allocation is distributed. Normal contra GLACs: 101, 102, 133, and 831. 208-Vending Machine Revenue Sharing Payable Used for: All NAFIs. Normal balance: Credit Purpose: Record the amount of vending machine profits owed to state licensing agencies or other third parties. Typical transactions: (1) Credit with the amount of vending machine profits owed to state licensing agencies or others. (2) Debit with the amounts paid to state licensing agencies and with special dividends to the AAFCWF and installation CWF. Normal contra GLACs: 101, 102, and 698. 209-Unclaimed Wages Payable Used for: All NAFIs. Normal balance: Credit Purpose: Record the amount of checks for wages that were not claimed. The entry will remain in this account for no more than one month after issue. Typical transactions:

(1) Credit with the amount of unclaimed wages.

(2) Debit with the amount of wages claimed.(3) Debit with the amount of checks for wages that remain unclaimed after one month.Normal contra GLACs: 101, 102, and 825.

210-Federal Withholding Taxes Payable
Used for: All NAFIs.
Normal balance: Credit
Purpose: Record the amount of Federal income tax
withheld from employee pay, including tips and service charges.
Typical transactions:
(1) Credit with the amount of taxes withheld.
(2) Debit with the amounts paid to the IRS.
Normal contra GLACs: 101.

211-State Withholding Taxes Payable
Used for: All NAFIS.
Normal balance: Credit
Purpose: Record the amount of state tax withheld from employee pay.
Typical transactions:
(1) Credit with the amount of state taxes withheld.
(2) Debit with the amount paid to the state involved.
Normal contra GLACs: 101.

212-Local Withholding Taxes Payable
Used for: All NAFIs.
Normal balance: Credit
Purpose: Record the amount of city, county, and area taxes withheld from employee pay.
Typical transactions:

Debit with the amount withheld from employee pay.
Credit with the amount paid to the local governing unit.

Normal contra GLACs: 101.

213-FICA Taxes Payable
Used for: All NAFIS.
Normal balance: Credit
Purpose: Record the amount of FICA taxes due. FICA taxes will also be withheld from the part time pay or extra duty pay paid to military personnel.
Typical transactions:

Credit with the amount of FICA taxes withheld from employee pay, including tips, plus the employers contribution.
Debit with the amount paid to the IRS.

Normal contra GLACs: 101 and 611.
214-Life Insurance Premiums Payable

214-Life insurance Premiums Payable
Used for: ALL NAFIs.
Normal balance: Credit
Purpose: Record the amount of insurance premiums
withheld from employee pay plus the amounts contributed
by the NAFI.
Typical transactions:
(1) Credit with the amount of insurance premiums
withheld from employee pay plus the amount contributed
by the NAFI.
(2) Debit with the amount paid to the insurer.

Normal contra GLACs: 101, 102, and 612.

215-Retirement Payable
Used for: All NAFIs.
Normal balance: Credit
Purpose: Record the amount of retirement premiums withheld from employee pay and the amount contributed by the NAFI.
Typical transactions:
(1) Credit with the amount withheld from employee pay plus the amount contributed by the NAFI.
(2) Debit with the amount paid to the retirement plan.
Normal contra GLACs: 101, 102, and 613.

216-Employee Supplemental Insurance Premiums Payable
Used for: CNPO only for deductions made for employees of the Defense Logistics Agency.
Normal balance: Credit
Purpose: Record the amount of supplemental insurance premiums withheld from employee pay.
Typical transactions:

Credit with the amount of insurance premiums withheld.
Debit with the amount paid to the insurer.

Normal contra GLACs: 101 and 102.

Used for: All NAFIs. Normal balance: Credit Purpose: Record the amount deducted from employee pay for delinquent taxes. Typical transactions: (1) Credit with the amount withheld from employee pay. (2) Debit with the amounts paid to the taxing authority. Normal contra GLACs: 101 and 102.

218-Savings Bonds Deductions Payable
Used for: All NAFIs.
Normal balance: Credit
Purpose: Record the amounts withheld from employee pay for the purchase of savings bonds.
Typical transactions:
(1) Credit with the amount deducted from employee pay.
(2) Debit with the amount paid to the bond issuer.
Normal contra GLACs: 101 and 102.

219-Charitable Deductions Payable Used for: All NAFIs. Normal balance: Credit Purpose: Record the amount employees volunteered to be deducted from their pay for the Combined Federal Campaign. Typical transactions:

(1) Credit with the amount deducted from employee pay.
 (2) Debit with the amount paid to the agency and the amount kept by the NAFI as a service fee.
 Normal contra GLACs: 101, 102, and 825.

220-Employee Savings Allotment Deductions Payable Used for: All NAFIs. Normal balance: Credit Purpose: Record the amount of allotments employees authorize to be deducted from their pay and paid to the savings institution. Typical transactions: (1) Credit with the amount of allotments deducted from employee pay. (2) Debit with the amount paid to the savings institution. Normal contra GLACs: 101 and 102. 221-Employee Union Dues Deductions Payable Used for: All NAFIs. Normal balance: Credit Purpose: Record the amount deducted from employee pay for union dues. Typical transactions: (1) Credit with the amount deducted for union dues. (2) Debit with the amount paid to the union. Normal contra GLACs: 101 and 102.

222-Employee Meal Deductions Payable
Used for: Used by CNPO only.
Normal balance: Credit
Purpose: Record the amount withheld from employee pay for meals charged.
Typical transactions:
(1) Credit with the amount withheld from employee pay.
(2) Debit with the amount paid to the NAFI.
Normal contra GLACs: 101 and 102.

224-Foreign Withholding Taxes Payable
Used for: NAFIs outside CONUS.
Normal balance: Credit
Purpose: Record the amount of tax withheld from local foreign national pay.
Typical transactions:

Credit with the amount of taxes withheld.
Credit with the amount of increases due to changes in the foreign exchange rate at year end.
Debit with the amount of decreases due to changes in the foreign exchange rate at year end.

Her and the foreign exchange rate at year end.
Debit with the amount of decreases due to changes in the foreign exchange rate at year end.
Normal contra GLACs: 102 and 828.

225-Foreign Unemployment Insurance Taxes Payable Used for: NAFIs outside CONUS.
Normal balance: Credit
Purpose: Record the amount withheld from foreign national employee pay for the tax plus the amount contributed by the employer.
Typical transactions:
(1) Credit with the amount of tax withheld from foreign national employee pay plus the amount contributed by the employer.
(2) Debit with the amount paid to the foreign government or authorized agent.
Normal contra GLACs: 102 and 614.

226-Foreign Medical Insurance Taxes Payable Used for: NAFIs outside CONUS. Normal balance: Credit

Purpose: Record the amount withheld from foreign national employee pay and bonuses for the tax plus the amount contributed by the employer. Typical transactions:

(1) Credit with the amount withheld from foreign national employee pay plus the amount contributed by the employer.

(2) Debit with the amount paid to the foreign government or authorized agent.

Normal contra GLACs: 102 and 615.

227-Foreign Welfare and Pension Taxes Payable Used for: NAFIs outside CONUS. Normal balance: Credit Purpose: Record the amount withheld from local foreign national pay and bonuses for each tax and the amount contributed by the employer.

Typical transactions:

(1) Credit with the amount withheld from local foreign national pay plus the amount contributed by the employer. (2) Debit with the amount paid to the foreign government or authorized agent. Normal contra GLACs: 102 and 616.

228-Manual Pay Reimbursements Payable Used for: Used only by the CNPO. Normal balance: Credit Purpose: Record the amount paid employees independent of the payroll system that must be repaid to the NAFI. Typical transactions: (1) Credit with the amount of the manual payment to the employees. (2) Debit with the amount withheld from the employee and paid back to the NAFI. Normal contra GLACs: 102 and 102. 229-401k Deduction Pavable

Used for: All NAFIs. Normal balance: Credit Purpose: Record the amount of 401k deductions which were deducted from employees pay and have not yet been forwarded. Typical transactions: (1) Credit with the amount of the deduction.

(2) Debit with the amount paid to the 401k account. Normal contra GLACs: 101 and 626.

230-Tips and Service Charge Payable Used for: All NAFIs. Normal balance: Credit Purpose: Record the amount of tips and service charges earned by employees that are collected by the fund. Typical transactions: (1) Credit with the amounts that appear on customer

charge slips and cash tips turned over to the NAFI. (2) Debit with the amount paid to the employees. Normal contra GLACs: 102 and 102.

231-Inter NAFI Pavables - Within MACOM Used for: All NAFIs. Normal balance: Credit

Purpose: Record the amount owed to other NAFIs. Subsidiary records will be maintained and reconciled with the control account monthly. Typical transactions: (1) Credit with the amount owed to other NAFIs. (2) Debit with the amount paid to the other NAFI. Normal contra GLACs: 102 and 102.

232-Inter NAFI Payables - Outside MACOM Used for: All NAFIs. Normal balance: Credit Purpose: Record the amount owed to other NAFIs. Subsidiary records will be maintained and reconciled with the control account monthly. Typical transactions: (1) Credit with the amount owed to other NAFIs. (2) Debit with the amount paid to the other NAFI. Normal contra GLACs: 102 and 102.

233-U.S. Unemployment Insurance Payable Used for: CFSC only. Normal balance: Credit Purpose: Record the total amount owed to the Department of Labor for unemployment compensation. Typical transactions: (1) Credit with the amount of unemployment compensation collected from NAFIs. (2) Debit with the amount paid to the Department of Labor. Normal contra GLACs: 101 and 102

234-ARM Distribution Payable Used for: CFSC only. Normal balance: Credit Purpose: Record the amount of slot machine profits to be distributed to Major Commands and installations. Typical transactions: (1) Credit with the amount of the payable. (2) Debit with the amount paid. Normal Contra GLACs: 101 and 753.

235-Demand Deposits Payable Used for: CFSC only. Normal balance: Credit Purpose: Record the amount of funds NAFIs have on deposit in the central banking program. Typical transactions: (1) Credit with the amount of increases in the funds NAFIs have on deposit. (2) Debit with the amount of decreases in the funds NAFIs have on deposit. Normal Contra GLACs: 101.

236-Claims Payable Used for: CFSC only. Normal balance: Credit Purpose: Record the amount of claims payable to individuals or businesses. Typical transactions: (1) Credit when the claim is established. (2) Debit when the claim is paid.

Normal Contra GLACs: 101 and 693.

237-Construction Contracts Payable
Used for: CFSC only.
Normal balance: Credit
Purpose: Record the amount of construction contracts
outstanding for major construction funded partially or fully
by the military department level NAFI.
Typical transactions:
(1) Credit with the amount of major construction contracts awarded.
(2) Debit with the amount paid for major construction.
Normal Contra GLACs: 101 and 699.

238-Army Billeting Fund Surcharge Payable
Used for: Billeting Fund NAFIs Only.
Normal balance: Credit
Purpose: Record the amount of surcharge payable to the
HQ Army billeting fund.
Typical transactions:
(1) Credit with the amount of surcharge payable.
(2) Debit with the surcharge amount paid.
Normal Contra GLACs: 101 and 758.

239-Thrift Savings Plan Payable
Used for: Used by CNPO Only.
Normal balance: Credit
Purpose: Record the amount of thrift savings deducted from employees pay and the employers matching amount payable to the Federal government.
Typical transactions:
(1) Credit with the amount deducted and the NAFIs matching contribution.
(2) Debit with the amount paid to the Federal government.
Normal Contra GLACs: 101 and 627.

240-Miscellaneous Other Payables
Used for: All NAFIs.
Normal balance: Credit
Purpose: Record the amount of current liabilities that can not properly be recorded in other current liability accounts.
Typical transactions:

Credit with the amount of miscellaneous payables.
Debit with the amount paid.

Normal contra GLACs: Use as applicable.

Accruals

241-Interest Payable
Used for: All NAFIs.
Normal balance: Credit
Purpose: Record the amount of interest due on all outstanding interest bearing obligations.
Typical transactions:

Credit with the amount of interest accrued as of the end of the accounting period.

(2) Debit with the amount of interest paid.
Normal contra GLACs: 102, 102, and 826.

242-Salaries and Wages Payable Used for: All NAFIs.

Normal balance: Credit Purpose: Record the amount of salaries and wages earned but not paid at the end of each accounting period. Typical transactions: (1) Credit with the amount of salaries and wages earned but not paid. (2) Debit at the beginning of the next accounting period with the amount of the credit balance in this GLAC. Normal contra GLACs: 101, 102, 601, and 602. 243-Annual Leave Payable Used for: All NAFIs. Normal balance: Credit Purpose: Record the amount of leave accrued but not yet taken for all full time and part time employees. Adjustments necessary to bring the accrued annual leave account into balance with the aggregate individual leave records will be made monthly for those CAOs using NAFISS. The adjustment will be made at the end of each accounting year for those not using NAFISS. Typical transactions: (1) Credit with the amount of leave accrued during the accounting period. (2) Debit with the amount of leave taken or paid during the accounting period. Normal contra GLACs: 103 and 603. 244-Payroll Taxes Payable Used for: All NAFIs Normal balance: Credit Purpose: Record the accrued payroll taxes on the unpaid salaries and wages recorded in GLAC 242 at the end of the accounting period. Typical transactions: (1) Credit with the amount of the employer's share of the tax liability. (2) Debit at the beginning of the next accounting period with the amount of the balance shown in this GLAC. Normal contra GLACs: 103 and 104. 245-Employee Bonuses Payable Used for: All NAFIs. Normal balance: Credit Purpose: Record the estimated amount of bonuses accrued, but not yet paid, to employees. Maintain subsidiary records for each type bonus and reconcile to the control account monthly. Typical transactions: (1) Credit with the amount of bonus earned by employees, but not yet paid. (2) Credit with the amount of the employer's share of payroll taxes incurred against bonuses. (3) Credit with the amount of the increase in the payable due to changes in the foreign exchange rate at year end. (4) Debit with the excess amount of the accrual over the amount paid. (5) Debit with the amount of bonuses paid to employees.

(6) Debit with the amount of bonuses paid to employees.(6) Debit with the amount of the decrease in the payable due to changes in the foreign exchange rate at year end. Normal contra GLACs: 103, 104, 617, 618, and 828.

246-Other Employee Benefits Payable Used for: All NAFIs. Normal balance: Credit Purpose: Record the estimated amount of other employee benefits that can not properly be recorded in other GLACs. Typical transactions: (1) Credit with the amount of benefits earned. (2) Credit with the amount of employer's share of payroll taxes incurred against the benefits. (3) Credit with the amount of increase in the payable due to changes in the foreign exchange rate at year end. (4) Debit with the amount paid to employees. (5) Debit with the excess amount of the accrual over the amount paid. (6) Debit with the amount of decrease in the payable due to changes in the foreign exchange rate at year end. Normal contra GLACs: 103, 104, 624, 625, and 828. 247-US Employee Compensatory Time Payable Used for: All NAFIs. Normal balance: Credit Purpose: Record the amount of compensatory time earned, but not yet paid to employees. Typical transactions: (1) Credit with the amount of compensatory time earned, but not yet paid. (2) Debit with the amount of compensatory time paid or used. Normal contra GLACs: 103 and 621. 248-Foreign National Employee Compensatory Time Pavable Used for: NAFIs outside CONUS. Normal balance: Credit Purpose: Record the amount of compensatory time earned but not yet paid to foreign employees. Typical transactions: (1) Credit with the amount of compensatory time earned but not paid. (2) Debit with the amount of compensatory time paid or used. Normal contra GLACs: 104 and 622. 250-Bingo Cash Jackpot Payable Used for: All NAFIs. Normal balance: Credit Purpose: Record the amount of unawarded cash bingo prizes. Typical transactions: (1) Credit with the amount not yet paid. (2) Debit with the amount accrued when prizes are awarded. Normal contra GLACs: 101 and 750. 251-Bingo Merchandise Jackpot Payable Used for: All NAFIs. Normal balance: Credit Purpose: Record the amount of the NAFIs cost of unawarded merchandise bingo prizes.

Typical transactions:

(1) Credit with the amount not yet paid.

(2) Debit with the amount accrued when prizes are awarded. Normal contra GLACs: 101 and 750. 256-Audit Expense Payable Used for: All NAFIs. Normal balance: Credit Purpose: Record the estimated cost of commercial audits. Typical transactions: (1) Credit with the estimated cost each month until the audit is performed. (2) Debit with the amount of the accrual when the audit fee is paid. Normal contra GLACs: 101, 102, and 738. 257-Accrued Maintenance Payable Used for: All NAFIs. Normal balance: Credit Purpose: Record the amount of anticipated maintenance costs for major items that occur infrequently but are properly expensed over the accounting year. Typical transactions: (1) Credit with the amount of estimated maintenance expense accrued. (2) Debit with the amount accrued when the maintenance is paid for. Normal contra GLACs: 101, 102, 657, 658, and 659. 260-Miscellaneous Other Accruals Used for: All NAFIs. Normal balance: Credit Purpose: Record the amount of accruals that can not properly be recorded in other accounts. Typical transactions: (1) Credit with the amount of the accrual. (2) Debit with the amount when the item is paid for. Normal contra GLACs: 101 and 102. Unearned Income 261-Special Event Advance Ticket Sales Used for: All NAFIs. Normal balance: Credit

Normal balance: Credit Purpose: Record the amount of the liability for tickets sold in advance of an event. Typical transactions: (1) Credit with the amount of tickets sold. (2) Debit when the event is held. Normal contra GLACs: 101, 102, and 503.

262-Dues and Assessments Advance Payments
Used for: All NAFIs.
Normal balance: Credit
Purpose: Record the amount of dues and fees received in advance.
Typical transactions:
(1) Credit with the amount received in advance.
(2) Debit with the amount received in advance.
Normal contra GLACs: 101, 102, and 509.

263-Advance Payments on Accounts

Used for: All NAFIS Normal balance: Credit Purpose: Record the amount of fees paid in advance that can not properly be recorded in GLAC 282. For example, fees for billeting or mess. Typical transactions: (1) Credit with the amount received in advance. (2) Debit with the amount earned. Normal contra GLACs: 101 and 5XX.

267-Miscellaneous Other Unearned Income Used for: All NAFIs.
Normal balance: Credit
Purpose: Record the amount of the liability for deferred income that can not properly be recorded in other GLACs.
Typical transactions:

Credit with the amount of deferred income.
Debit with the amount of deferred income.

(2) Debit with the amount earned or moved to another GLAC.
(3) Debit to transfer the months amortized portion of the discount/interest from major construction projects to GLAC 801.
Normal contra GLACs: 101, 102, 196, and 801.

Long Term Liabilities

268-Long Term Loans Payable
Used for: All NAFIs.
Normal balance: Credit
Purpose: Record the amount of loans due beyond the next 12 months.
Typical transactions:
(1) Credit with the original amount of the loan.
(2) Debit with the amount moved to GLAC 203.
Normal contra GLACs: 203.

270-US Employee Allowances Payable
Used for: All NAFIs.
Normal balance: Credit
Purpose: Record the amount accrued for various types of allowances to pay each group of US employees upon transfer or separation, such as transportation or severance allowances and separation pay.
Typical transactions:
(1) Credit each month with the amount accrued for allowances.
(2) Debit with the amount paid.
Normal contra GLACs: 101 and 601.

271-Foreign National Employee Allowances Payable Used for: NAFIs outside CONUS.
Normal balance: Credit
Purpose: Record the amount accrued for various types of allowances to pay each group of employee upon separation, under local foreign government statutes.
Typical transactions:
(1) Credit with the amount accrued for allowances.
(2) Debit with the amount paid.

Normal contra GLACs: 102, 614, 615, 616, and 619.

272-Reserve for Claims

Used for: CFSC only. Normal balance: Credit Purpose: Record the amount of claims to be paid in the future based on actuarial evaluations or other estimating methods Typical transactions: (1) Credit with the estimated amount of outstanding claims. (2) Debit with the amount paid. Normal Contra GLACs: 101 and 693. 275-Miscellaneous Other Long Term Liabilities Used for: All NAFIs. Normal balance: Credit Purpose: Record the amount of other long term liabilities of the NAFI that can not properly be recorded in another GLAC. Typical transactions: (1) Credit with the amount accrued. (2) Debit with the amount paid. Normal contra GLACs: Use as applicable.

289-Location Clearing Account
Used for: All NAFIs.
Normal balance: NONE
Purpose: Record the amounts transferred between locations in the same fund. The amounts will be recorded in this account and backed out within the same accounting period.
Typical transactions:

Credit with the amount transferred out of one location.
Debit with the same amount transferred into the other location.

Normal contra GLACs: Use as applicable.

Equity

291-Contributed Capital Used for: All NAFIs. Normal balance: Credit Purpose: Record the amount of capital from sources outside the NAFI. For example, the amount of approved grants. Typical transactions: (1) Credit with the amount received from higher HQ and other NAFIs. (2) Credit with the amount of dividends found by AOB to be CPMC equity share. (3) Credit to record funds provided from outside sources to make payments and CPMC purchases. (4) Debit at Major Command with cash grants transferred to installations. Normal contra GLACs: 101, 102, and 196. 292-Retained Earnings Used for: All NAFIs. Normal balance: Credit Purpose: Record the amount of retained earnings. Transactions affecting retained earnings not requiring

DFAS approval are limited to the following: net income; net loss; entries associated with dissolution of a NAFI; the

declaration of retained earnings distributions by resale and revenue-sharing funds; approved inter-NAFI transfers; and transfers from GLAC 990 at the end of each fiscal year. Retained earnings adjustments will be explained in a footnote to the Balance Sheet.

Typical transactions:

(1) Credit with the amount of net income for the accounting period.

(2) Credit with the amount of DFAS approved adjustments.(3) Debit with the amount of net loss for the accounting period.

(4) Debit with the amount of DFAS approved adjustments. Normal contra GLACs: 206 and 900.

Sales

301-Cash sales Used for: All NAFIS. Normal balance: Credit Purpose: Record the amount of cash sales of goods. Some examples are sales made by dining rooms, bars, snack bars, and book departments. This account may be used for hotel telephone operations that are accounted for as an annex or activity of the hotel. Typical transactions: Credit with the amount of cash sales. Normal contra GLACs: 101.

302-Credit Sales Used for: All NAFIs. Normal balance: Credit Purpose: Record the amount of charge sales. Typical transactions: Credit with the amount of charge sales. Normal contra GLACs: 121 and 139.

303-Layaway Sales Used for: All NAFIs. Normal balance: Credit Purpose: Record the amount of sales of items on layaway. Typical transactions: Credit with the amount of layaway sales. Normal contra GLACs: 138.

304-Sales Returns and Allowances Used for: All NAFIs. Normal balance: Debit Purpose: Record the amount of returns of, or allowances on, goods previously sold and later returned. See GLAC 653 for customer rejected meals and beverages which were rejected before the customer paid for them. Typical transactions: Debit with the amount of sales returns. Normal contra GLACs: 101, 121, and 139.

305-Sales discounts Used for: All NAFIs. Normal balance: Debit Purpose: Record the amount of sales discounts given on the sale of items. Typical transactions: Debit with the amount of discounts given on the sale of items.

Normal contra GLACs: 301 and 302.

306-Employee discounts Used for: All NAFIS. Normal balance: Debit Purpose: Record the amount of sales discounts given to NAFI employees. Typical transactions: Debit with the amount of employee sales discounts. Normal contra GLACs: 301 and 302.

Cost of goods sold

401-Purchases

Used for: All NAFIs.

Normal balance: Debit

Purpose: Record the cost of merchandise purchased for resale including shipping and handling. This account may also be used to record local and long distance telephone service charges when charged as part of a hotel or separate operation. Purchase transactions for warehouse storage and later issue will be identified by use of the fund code of the entity operating the warehouse. Purchase transactions for immediate use by a facility will be identified by use of the assigned facility code with the fund code. Typical transactions:

 Debit with the cost (net of discount) of all merchandise purchased for resale from all sources.
 Credit with the balance at the end of the accounting period.

(3) Credit with the discounts received after the purchase cost is recorded.

Normal contra GLACs: 201 and 204.

402-Warehouse/Storeroom Requisitions
Used for: All NAFIs.
Normal balance: Debit
Purpose: Record the cost of merchandise moved from the warehouse to various locations within the same NAFI.
Typical transactions:

Debit with the amount of merchandise moved from the warehouse.
Credit with the balance at the end of the accounting period.

Normal contra GLACs: 412 ONLY.

403-Transfers From Other Funds
Used for: All NAFIs.
Normal balance: Debit
Purpose: Record the amount of resale merchandise
received from another NAFI.
Typical transactions:

Debit with the cost of resale merchandise received from another NAFI.
Credit with the balance at the end of the accounting period.

Normal contra GLACs: 101, 231, and 232.

404-Transfers From Other Locations/Departments

Used for: All NAFIS Normal balance: Debit Purpose: Record the amount of resale merchandise received from another location or department in the same NAFI. Typical transactions: (1) Debit with the cost of resale merchandise received. (2) Credit with the balance at the end of the accounting period. Normal contra GLACs: 414 ONLY.

411-Purchase Returns and Allowances
Used for: All NAFIs.
Normal balance: Credit
Purpose: Record the amount of merchandise returned or allowances taken.
Typical transactions:

Credit with the amount of merchandise returned or allowances taken.

(2) Debit with the balance at the end of the accounting period.
Normal contra GLACs: 201.

412-Warehouse/Storeroom Issues
Used for: All NAFIs.
Normal balance: Credit
Purpose: Record the cost of merchandise moved from the warehouse or storeroom to departments or locations in the same NAFI.
Typical transactions:

Credit with the cost of merchandise moved.

(2) Debit with the balance at the end of the accounting period.
Normal contra GLACs: 402 ONLY.

413-Transfers to other Funds
Used for: All NAFIs.
Normal balance: Credit
Purpose: Record the cost of resale merchandise issued to another NAFI.
Typical transactions:
(1) Credit with the cost of resale merchandise issued.
(2) Debit with the balance at the end of the accounting period.
Normal contra GLACs: 135 and 136.

414-Transfers to Other Locations/Departments
Used for: All NAFIS.
Normal balance: Credit
Purpose: Record the cost of resale merchandise transferred to another department or location in the same NAFI.
Typical transactions:

Credit with the cost of resale merchandise transferred.

(2) Debit with the cost of resale merchandise transferred.
(2) Debit with the balance at the end of the accounting period.
Normal contra GLACs: 404 ONLY.

416-Other Inventory Reductions Used for: All NAFIs. Normal balance: Credit. Purpose: Deduct the cost of unusual reductions in inventory from cost of goods sold, such as losses that result from insurance claims. Also used when transferring amounts to an operating expense GLAC or to net to zero in the cost of goods sold section for a non-resale NAFI other than a warehouse. Also includes the cost of meals provided to employees free of charge. Typical transactions: Credit with the amount of the loss or transfer. Normal contra GLACs: 131, 6XX, 730, and 7XX.

432-Cost of Goods Sold, Inventory Overage Used for: All NAFIs. Normal balance: Debit Purpose: Record the value of inventory overages resulting from the physical inventory count of resale merchandise. Typical transactions: Debit with the amount of inventory overages. Normal contra GLAC: 512 ONLY.

452-Cost of Goods Sold, Promotions Used for: All NAFIs. Normal balance: Credit. Purpose: Deduct the cost of merchandise consumed during promotions within the NAFI from cost of goods sold. Typical transactions: Credit with the cost of the merchandise given away. Normal contra GLAC: 652 ONLY.

453-Cost of Goods Sold, Customer Rejected Goods Used for: All NAFIs. Normal balance: Credit Purpose: Deduct the cost of meals and beverages rejected by customers before sales are consummated from cost of goods sold. Typical transactions: Credit with the cost of rejected meals and beverages. Normal contra GLAC: 653 ONLY.

454-Cost of Goods Sold, Resale Merchandise, Spoilage, Breakage, and Obsolescence Used for: All NAFIs. Normal balance: Credit Purpose: Deduct the cost of food and bar items or other resale merchandise broken or spoiled from cost of goods sold. Typical transactions: Credit with the cost of merchandise losses. Normal contra GLAC: 654 ONLY.

455-Cost of Goods Sold, Warehouse/Storeroom Spoilage, Breakage, and Obsolescence Used for: All NAFIS. Normal balance: Credit Purpose: Deduct the cost of broken or spoiled warehouse inventory items from cost of goods sold. This includes inventory obsolescence losses reported to the installation commander. Typical transactions: Credit with the cost of merchandise losses. Normal contra GLAC: 655 ONLY.

456-Cost of Goods Sold, Inventory Shortage Used for: All NAFIs. Normal balance: Credit Purpose: Deduct the cost of inventory shortage discovered in the physical inventory count from cost of goods sold. Typical transactions: Credit with the cost of inventory shortages. Normal contra GLAC: 656 ONLY.

Other Operating Income

501-Service/Recreation Activity Income Used for: All NAFIs. Normal balance: Credit Purpose: Record the amount of income from recreation fees and services, or income from the NAFIs recycling supplemental mission sale of recyclable material to a commercial dealer. Typical transactions: Credit with the amount of income received. Normal contra GLACs: 101, 121, and 139.

502-Concession Income Used for: All NAFIS. Normal balance: Credit Purpose: Record the amount of fees received or due from vending machines, restaurants, snack bars, and such, operated under a concessionaire contract. Also record the amount received from hotels, tour operators, etc. for referrals and bookings. Typical transactions: Credit with the amount received or due. Normal contra GLACs: 101 and 123.

503-Special Events Income Used for: All NAFIs. Normal balance: Credit Purpose: Record the amount of income received from special events sponsored by a NAF activity that can not be properly recorded in GLAC 501. Typical transactions: Credit with the amount of income received. Normal contra GLACs: 101 and 139.

504-Rental and Usage Fee Income Used for: All NAFIs. Normal balance: Credit Purpose: Record the amount of fees received from or billed to customers and others for the use of facilities, equipment, utilities, delivery services, and other charges. Typical transactions: Credit with the amount of fees received or billed. Normal contra GLACs: 101 and 121.

505-TV and Radio Rights Income Used for: ALL NAFIS. Normal balance: Credit Purpose: Record the amount of income received or billed from TV and radio coverage of athletic and special events. Also includes amounts received from cable franchise fees. Typical transactions: Credit with the amount of income received or billed. Normal contra GLACs: 101.

506-Program and Brochure Income Used for: All NAFIs. Normal balance: Credit Purpose: Record the amount of income received from the sale of programs and brochures at athletic and special events. Typical transactions: Credit with the amount of income received. Normal contra GLACs: 101.

507-Guaranteed Participation Income Used for: All NAFIs. Normal balance: Credit Purpose: Record the amount of income received for taking part in athletic and special events where the host guarantees income. Typical transactions: Credit with the amount of income received. Normal contra GLACs: 101.

509-Dues Income Used for: NAFIs which charge dues. Normal balance: Credit Purpose: Record the amount of dues billed, collected, or moved from GLAC 282. Typical transactions: Credit with the amount of dues billed, collected, or moved from GLAC 282. Normal contra GLACs: 101 and 262.

511-Cash Overage Income Used for: All NAFIs. Normal balance: Credit Purpose: Record the amount of the overages of cashiers. Typical transactions: Credit with the amount of the overages. Normal contra GLACs: 101.

512-Inventory Overage Income Used for: All NAFIs. Normal balance: Credit Purpose: Record the amount of inventory overages identified in the physical inventory count. Typical transactions: Credit with the amount of inventory overages. Normal contra GLACs: 432 ONLY.

515-Vendor Reimbursement Income Used for: All NAFIs. Normal balance: Credit Purpose: Record the amount of vendor reimbursement received for services or supplies provided to the concessionaire by the NAFI. Typical transactions: Credit with the amount charged. Normal contra GLACs: 101.

516-Forfeited Layaway Sales Income

Used for: All NAFIs. Normal balance: Credit Purpose: Record the amount of revenue received when a layaway order is cancelled or expires. Typical transactions: Credit with the amount or revenue received. Normal contra GLACs: 101.

517-Late Charge Assessment Income Used for: All NAFIs. Normal balance: Credit Purpose: Record the amount charged for late payment. Typical transactions: Credit with the amount charged. Normal contra GLACs: 101.

518-POV Registration Fee Income Used for: USAREUR Vehicle Registration Fund. Normal balance: Credit Purpose: Record the amount of revenue received from the registration of privately owned vehicles involving issuing license plates. Typical transactions: Credit with the amount received from the sale of license plates. Normal contra GLACs: 101.

519-Operator License Fee Income Used for: USAREUR Vehicle Registration Fund. Normal balance: Credit Purpose: Record the amount of revenue received from the issue of operator licenses. Typical transactions: Credit with the amount received from the sale of license plates. Normal contra GLACs: 101.

520-Reregistration Fee Income Used for: USAREUR Vehicle Registration Fund. Normal balance: Credit Purpose: Record the amount of revenue received from the issue of registration decals. Typical transactions: Credit with the amount received for reregistration decals. Normal contra GLACs: 101.

521-Nonoperational Vehicle Fee Income Used for: USAREUR Vehicle Registration Fund. Normal balance: Credit Purpose: Record the amount of revenue received from the issue of documents which let an owner keep a vehicle but don't allow it to be driven. Typical transactions: Credit with the amount or nonoperational fees received. Normal contra GLACs: 101.

522-Weapons Registration Fee Income Used for: USAREUR Vehicle Registration Fund. Normal balance: Credit Purpose: Record the amount of revenue received from the registration of privately owned weapons.

Typical transactions: Credit with the amount or registration fees received. Normal contra GLACs: 101. 523-Returned Check Service Charge Income Used for: All NAFIs. Normal balance: Credit Purpose: Record the amount of revenue received form locally assessed service charge for collecting returned checks. Typical transactions: Credit with the amount of service charge assessed or collected. Normal contra GLACs: 101, 121, and 140. 524-ARM Profit Distribution Income Used for: NAFIs outside CONUS. Normal balance: Credit Purpose: Record the amount of revenue received from the ARM program at the time the money is removed from the machines and/or when the ARM profit distribution advice is received from CFSC. Typical transactions: Credit with the amount of the revenue or profit distribution advice received. Normal contra GLACs: 101, 120, and 189. 525-ARM Expense Reimbursement Income Used for: NAFIs outside CONUS. Normal balance: Credit Purpose: Record the amount of income received from CFSC as reimbursement for the cost of providing a facility for and operating the slot machines. Typical transactions: Credit with the amount of reimbursement received or expected. Normal contra GLACs: 101, and 120. 527-Service Charge Income Used for: All NAFIs. Normal balance: Credit Purpose: Record the amount of revenue earned as service charges, other than from returned checks. Typical transactions: Credit with the amount of service charges added to customer bills. Normal contra GLACs: 101 and various receivables. 528-Warehouse Price Variance Income Used for: All NAFIs. Normal balance: Credit Purpose: Record the price adjustments when the amount to be paid for inventory purchases is less than the amount recorded as the original purchase. Use only for warehouse inventories under stock record control. Do not use for retail inventories. Typical transactions: Credit with the amount of service charges added to customer bills. Normal contra GLACs: 101 and 201.

529-Fishing Income Used for: All NAFIs. Normal balance: Credit Purpose: Record the fees earned from fishing activities. Typical transactions: Credit with the amount of revenue. Normal contra GLACs: 101 and 121.

530-Hunting Income Used for: All NAFIs. Normal balance: Credit Purpose: Record the fees earned from hunting activities. Typical transactions: Credit with the amount of revenue. Normal contra GLACs: 101 and 121.

531-Green Fees Income Used for: All NAFIs. Normal balance: Credit Purpose: Record the revenue earned as green fees. Typical transactions: Credit with the amount of revenue earned. Normal contra GLACs: 101 and 121.

532-Driving Range Income Used for: All NAFIs. Normal balance: Credit Purpose: Record the revenue earned from driving ranges. Typical transactions: Credit with the amount of revenue earned. Normal contra GLACs: 101 and 121.

533-Golf Cart Income Used for: All NAFIs. Normal balance: Credit Purpose: Record the revenue earned from renting golf carts. Typical transactions: Credit with the amount revenue earned. Normal contra GLACs: 101 and 121.

534-Instructional Income Used for: All NAFIs. Normal balance: Credit Purpose: Record the revenue earned as instruction fees. Typical transactions: Credit with the amount of revenue earned. Normal contra GLACs: 101 and 121.

535-Lane Fees Income Used for: All NAFIs. Normal balance: Credit Purpose: Record the revenue earned as bowling lane fees. Typical transactions: Credit with the amount of revenue earned. Normal contra GLACs: 101 and 121.

536-Shoe Rental Income Used for: All NAFIs. Normal balance: Credit Purpose: Record the revenue earned from shoe rentals.

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Typical transactions: Credit with the amount of revenue. Normal contra GLACs: 101 and 121.

537-Local Telephone Income Used for: All NAFIs. Normal balance: Credit Purpose: Record the revenue earned from customer use of telephones. Typical transactions: Credit with the amount of revenue. Normal contra GLACs: 101.

538-Recyclable Material Income Used for: All NAFIs. Normal balance: Credit Purpose: Record the payment received from non-NAFI recycling programs. This account <u>will not be used</u> for the revenue earned by the NAFI from selling recyclable materials when the NAFI runs the recycling program. Typical transactions: Credit with the amount of the payment. Normal contra GLACs: 101.

539-Amusement Machine Income (Non-Concessionaire) Used for: All NAFIs. Normal balance: Credit Purpose: Record the revenue earned from NAFI controlled amusement machines. Typical transactions: Credit with the amount of revenue. Normal contra GLACs: 101.

541-Commercial Travel Office Commission Income Used for: All NAFIS. Normal balance: Credit Purpose: Record the income the installation receives. Typical transactions: Credit with the amount of income. Normal contra GLACs: 101.

542-APF Contract Income Used for: All NAFIs. Normal balance: Credit Purpose: Record the income received from APF contracts where the NAFI performs a service or provides materials to the U.S. Government. Typical transactions: Credit with the amount of income. Normal contra GLACs: 101 and 140.

543-USDA Income Used for: All NAFIs. Normal balance: Credit Purpose: Record the income received from the U.S. Department of Agriculture for meals provided to children. Typical transactions: Credit with the amount of income. Normal contra GLACs: 101 and 140.

545-AAFES Dividend Income

Used for: All NAFIs. Normal balance: Credit Purpose: Record the Army Simplified Dividend (ASD) received from the military exchange service. Typical transactions: Credit with the amount of income. Normal contra GLACs: 101 and 125.

546-Insurance Premiums Income Used for: CFSC and SAI Fund only. Normal balance: Credit Purpose: Record the amount of insurance premiums received from installations and Major Commands. Typical transactions: Credit with the amount of insurance premiums received or billed. Normal contra GLACs: 101 and 140.

547-Income From Allocation of Expenses Used for: CFSC only. Normal balance: Credit Purpose: Record the amount of income from other funds when costs are distributed between various funds. Typical transactions: Credit with the amount of cost allocated to other funds. Normal contra GLACs: 101 and 119.

548-Coupon and Special Offer Discounts Used for: All NAFIs. Normal balance: Debit (Contra income account) Purpose: Record the amount of coupon and special offer discount granted to customers. Typical transactions: Debit with the amount of discounts granted. Normal contra GLACs: 101 and 5XX.

549-AAFES Other Income Used for: All NAFIS. Normal balance: Credit Purpose: Record the other income received from the military exchange service that is not ASD. Typical transactions: Credit with the amount of income. Normal contra GLACs: 101 and 125.

550-Consignment Income Used for: All NAFIs. Normal balance: Credit Purpose: Record the full amount of cash received from consignment sales. Includes tickets sold via automated ticketing machines. Typical transactions: Credit with the amount of consignment tickets sold. Normal contra GLACs: 101, 121, and 140.

551-Communications Services Income Used for: All NAFIs. Normal balance: Credit Purpose: Record the revenue earned from customer use of communications equipment including electronic mail, faxes, etc.. Typical transactions: Credit with the amount of revenue. Normal contra GLACs: 101, 121, and 140.

553-Commercial Sponsorship Income Used for: All NAFIs. Normal balance: Credit Purpose: Record the cash or checks received from commercial sponsors or MWR events, functions, or promotions. Typical transactions: Credit with the amount of cash or checks received. Normal contra GLACs: 101.

554-Food Purchase Rebate Used for: All NAFIs. Normal balance: Credit Purpose: Record the rebates received from food vendors involved in the food purchase rebate program. Typical transactions: Credit with the amount of rebate received. Normal contra GLACs: 101.

555-Garnishment Processing Revenue Used for: Central NAF Payroll Office only. Normal balance: Credit Purpose: Record the amount of garnishment processing revenue received from individuals whose wages are garnished. Typical transactions: Credit with the amount or revenue collected. Normal contra GLACs: 101.

599-Miscellaneous Other Operating Income Used for: All NAFIs. Normal balance: Credit Purpose: Record the amount of income received that can not properly be recorded in any other operating income GLAC. Typical transactions: Credit with the amount of income received. Normal contra GLACs: 101 and 140.

Operating Expenses

Labor Expenses

601-US Salaries and Wages
Used for: All NAFIs.
Normal balance: Debit
Purpose: Record the amount of gross salaries and wages paid to U.S. employees.
Typical transactions:

Debit with the gross amount of salaries and wages paid, including overtime.
Debit with the gross amount of salaries and wages earned but not paid, at the end of the accounting period.
This entry will be reversed at the beginning of the new accounting period.
Credit with the amount of annual and sick leave paid.

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602-Foreign National Salaries and Wages. Used for: NAFIs outside CONUS. Normal balance: Debit Purpose: Record the amount of salaries and wages paid to foreign national employees. Typical transactions: (1) Debit with the gross amount of salaries and wages paid. (2) Debit with the gross amount of salaries and wages earned, but not paid, at the end of the accounting period. This entry will be reversed at the beginning of the new accounting period. (3) Credit with the amount of annual and sick leave paid. Normal contra GLACs: 242, 243, 604, and 606. 603-US Annual leave Used for: All NAFIs. Normal balance: Debit Purpose: Record the amount of annual leave earned each payroll period. Typical transactions: Debit with the amount of annual leave earned at the end of each payroll period. Normal contra GLACs: 243. 604-Foreign National Annual Leave Used for: NAFIs outside CONUS. Normal balance: Debit Purpose: Record the amount of annual leave earned by

foreign national employees at the end of each payroll period. Typical transactions: Debit with the amount of annual leave earned at the end of each payroll period. Normal contra GLACs: 243.

605-US Sick Leave Used for: All NAFIs. Normal balance: Debit Purpose: Record the amount of sick leave paid to U.S. employees during the accounting period. Typical transactions: Debit with the amount of sick leave paid during the accounting period. Normal contra GLACs: 101, 103, and 601.

606-Foreign National Sick Leave Used for: NAFIs outside CONUS. Normal balance: Debit Purpose: Record the amount of sick leave paid to foreign national employees during the accounting period. Typical transactions: Debit with the amount of sick leave paid at the end of each payroll period. Normal contra GLACs: 102, 104, and 602.

607-US Worker's Compensation Insurance Used for: All NAFIs. Normal balance: Debit Purpose: Record the amount of the NAFI's cost for Worker's Compensation Insurance for US employees. Typical transactions: Debit with the cost of Worker's Compensation Insurance. Normal contra GLACs: 101 and 201.

608-Foreign National Worker's Compensation Insurance Used for: NAFIs outside CONUS. Normal balance: Debit Purpose: Record the amount of the NAFI's cost for Worker's Compensation Insurance for foreign national employees. Typical transactions: Debit with the cost of Worker's Compensation insurance. Normal contra GLACs: 102 and 201.

609-US Retroactive Wage Increases Used for: All NAFIs. Normal balance: Debit Purpose: Record the amount of wage increases granted retroactively to U.S. employees. When such an increase is anticipated, the amount may be estimated and apportioned monthly over the period covered. Typical transactions: Debit with the estimated or actual amount of the wage increase for the accounting period. Normal contra GLACs: 246.

610-Foreign National Retroactive Wage Increases Used for: NAFIs outside CONUS. Normal balance: Debit Purpose: Record the amount of wage increases granted retroactively to foreign national employees. When such an increase is anticipated, the amount may be estimated and apportioned monthly over the period covered. Typical transactions: Debit with the estimated or actual amount of the wage increase for the accounting period. Normal contra GLACs: 246.

611-Employer's Share of FICA Used for: All NAFIS. Normal balance: Debit Purpose: Record the amount of the NAFI's share of FICA taxes, which matches the amount deducted from the employee's wages. Typical transactions: Debit with the amount of the NAFI's share of FICA taxes. Normal contra GLACs: 213.

612-Employer's Share of Employee Group Health and Life Insurance Plans Used for: All NAFIs. Normal balance: Debit Purpose: Record the amount of the NAFI's share of group health and life insurance premiums. Typical transactions: Debit with the amount of the NAFI's share of group health and life insurance premiums. Normal contra GLACs: 214.

613-Employer's Share of NAF Employee Retirement Plans Used for: All NAFIs.

Normal balance: Debit Purpose: Record the amount of the NAFI's share of NAF group annuity retirement plan. Typical transactions: Debit with the amount of the NAFI's share of NAF group annuity retirement plans. Normal contra GLACs: 215.

614-Foreign National Unemployment Insurance Taxes Used for: NAFIs outside CONUS. Normal balance: Debit Purpose: Record the amount of the NAFI's share of foreign national unemployment insurance taxes. Typical transactions: Debit with the amount of the NAFI's share of foreign national unemployment insurance taxes. Normal contra GLACs: 225.

615-Foreign National Medical Insurance Taxes Used for: NAFIs outside CONUS. Normal balance: Debit Purpose: Record the amount of the NAFI's share of foreign national medical insurance taxes. Typical transactions: Debit with the amount of the NAFI's share of foreign medical insurance taxes. Normal contra GLACs: 226.

616-Foreign National Welfare and Pension Taxes Used for: NAFIs outside CONUS. Normal balance: Debit Purpose: Record the amount of the NAFI's share of foreign national welfare and pension taxes. Typical transactions: Debit with the amount of the NAFI's share of foreign national welfare and pension taxes. Normal contra GLACs: 227.

617-US Employee Bonuses and Awards Used for: All NAFIs. Normal balance: Debit Purpose: Record the amount of U.S. employee bonuses, to include the amount of cash and non-cash awards. Typical transactions: Debit with the amount of employee bonuses and awards. Normal contra GLACs: 245.

618-Foreign National Employee Bonuses and Awards Used for: NAFIs outside of CONUS. Normal balance: Debit Purpose: Record the amount of estimated accruals for bonuses to be paid to foreign national employees, to include cash and non-cash awards. Typical transactions: Debit with the estimated amount of the bonuses or awards accrued for the accounting period. Normal contra GLACs: 245.

619-Foreign National Employee Separation Pay Used for: NAFIs outside CONUS. Normal balance: Debit Purpose: Record the estimated accruals for separation pay to be paid to foreign national employees. Typical transactions: Debit with the amount accrued each month for separation pay. Normal contra GLACs: 271.

620-US Unemployment Insurance Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the amount of NAFI unemployment compensation costs. Typical transactions: Debit with the amount of unemployment compensation insurance expense for the period. Normal contra GLACs: 101 and 153.

621-US Compensatory Time Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the amount of compensatory time earned by US employees. Typical transactions: Debit with the amount of earned compensatory time. Normal contra GLACs: 247.

622-Foreign National Compensatory Time Expense Used for: NAFIs outside of CONUS. Normal balance: Debit Purpose: Record the amount of compensatory time earned by foreign national employees. Typical transactions: Debit with the amount of foreign national employee earned compensatory time earned. Normal contra GLACs: 248.

623-Home leave Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the expense when home leave is taken. Do not accrue home leave. Typical transactions: Debit with the amount of home leave expense. Normal contra GLACs: 601

624-Other US Benefits Used for: All NAFIs. Normal balance: Debit Purpose: Record the amount of employee related expenses that can not properly be recorded in another GLAC. For example, quarters allowances and tuition fees for dependents. Typical transactions: Debit with the amount of expense for the accounting period. Normal contra GLACs: 246.

625-Other Foreign National Benefits Used for: NAFIs outside of CONUS. Normal balance: Debit Purpose: Record the amount of employee related expenses that can not properly be recorded in another GLAC. For example, expense for foreign national employee's recreation and welfare required by the foreign government. Typical transactions: Debit with the amount of expense for the accounting period. Normal contra GLACs: 246.

626-Employer Share of 401K Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the employer share of 401K contributions on behalf of employees. Typical transactions: Debit with the amount of expense for the accounting period. Normal contra GLACs: 101.

627-Employer Share of Thrift Savings Plan Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the employer share of thrift savings plan contributions on behalf of employees. Typical transactions: Debit with the amount of expense for the accounting period. Normal contra GLACs: 101.

Other Operating Expenses

651-Manager's Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the amount of reimbursable expenses incurred by the NAFI manager in the administration of the NAFI. This includes customer relation items and the cost of comparative shopping. Typical transactions: Debit with the amount of the expense. Normal contra GLACs: 101 and 201.

652-Promotion Expense Used for: All NAFIS. Normal balance: Debit Purpose: Record the amount of nonreimbursable incurred by the manager in the administration of the NAFI. This includes the cost of free food and beverages to members and the cost of sampling meals for the purpose of testing the quality of the food and service. Typical transactions: Debit with the cost of the promotion item. Normal contra GLACs: 452 only.

653-Customer Rejected Goods Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the cost of meals and beverages rejected by customers before sales are consumated. Typical transactions: Debit with the cost of rejected meals and beverages. Normal contra GLACs: 453 only.

654-Resale Merchandise, Spoilage, Breakage, and Obsolescence Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the cost of food and bar items or other resale merchandise broken or spoiled. This includes inventory obsolescence losses reported to the installation commander. Typical transactions: Debit with the amount of losses. Normal contra GLACs: 454 only.

655-Warehouse/Storeroom Spoilage, Breakage, and Obsolescence Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the amount of broken or spoiled warehouse inventory items recorded in GLACs 141, 151, 155, and 156. This includes inventory obsolescence losses reported to the installation commander. Typical transactions: Debit with the cost of the losses. Normal contra GLACs: 455 only.

656-Inventory Shortage Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the cost of inventory shortages identified in physical inventories. Individual DA Forms 1991 should show all adjustments. Typical transactions: Debit with the amount of losses. Normal contra GLACs: 456 only.

657-Facility Maintenance and Repair Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the amount of repairs and maintenance of facilities. This includes NAFI-owned and non-NAFI-owned facilities. Generally, amounts over \$2,500 will be capitalized. Typical transactions: Debit with the cost of repairs and maintenance. Normal contra GLACs: 201.

658-Equipment Maintenance and Repair Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the amount of repairs and maintenance of equipment. This includes NAFI-owned and non-NAFI-owned equipment. Generally, amounts over \$2,500 will be capitalized. Typical transactions: Debit with the cost of repairs and maintenance. Normal contra GLACs: 201.

659-Vehicle Maintenance and Repair Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the cost of maintaining and repairing vehicles owned by the NAFI. Typical transactions: Debit with the amount of the expense. Normal contra GLACs: 201.

660-Training Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the cost of training employees. Typical transactions: Debit with the cost of the training. Normal contra GLACs: 201.

661-Bad Debt Expense Used for: All NAFIS. Normal balance: Debit Purpose: Record the amount of returned checks and other receivables that can not be collected. Typical transactions: Debit with the uncollectible amounts. Normal contra GLACs: 12X and 134.

662-Discount Loss Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the amount of discounts lost because the payment was not made within the time shown on the vendor invoices. Typical transactions: Debit with the amount of discounts lost. Normal contra GLACs: 201.

663-Bank Service Charge Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the cost of keeping a bank account. Typical transactions: Debit with the amount of the expense. Normal contra GLACs: 101.

664-Vehicle Operating Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the amount of normal operating costs of vehicles such as gas. Typical transactions: Debit with the amount of vehicle operating expenses. Normal contra GLACs: 101 and 201.

665-Printing Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the amount of printing and reproduction costs. Typical transactions: Debit with the amount of the expense. Normal contra GLACs: 101 and 201.

666-Vehicle License Plate Expense Used for: USAREUR Vehicle Registration Fund only. Normal balance: Debit Purpose: Record the NAFI's cost of license plates bought for the vehicle registration program. Typical transactions: Debit with the cost of license plates bought for the vehicle registration program. Normal contra GLACs: 101 and 201.

667-Vehicle Decal Expense Used for: USAREUR Vehicle Registration Fund only. Normal balance: Debit Purpose: Record the NAFI's cost of decals bought for the vehicle registration program. Typical transactions: Debit with the cost of decals bought for the vehicle registration program. Normal contra GLACs: 101 and 201.

669-Door Prize and Promotion Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the cost of merchandise or other prizes given away, including bingo, which are not normally found in the NAFIs inventory. Typical transactions: Debit with the cost of door prize or promotion merchandise. Normal contra GLACs: 101 and 201.

670-Sports Activities Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the cost incurred for running sports programs, such as travel and entry fees. Typical transactions: Debit with the cost incurred. Normal contra GLACs: 101 and 201.

671-Awards and Trophies Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the amount of cash awards and the cost of trophies and other non-cash awards. This does not apply to employee awards. See GLACs 617 and 618 for employee awards. Typical transactions: Debit with the amount of awards and trophies, both cash and non-cash. Normal contra GLACs: 101 and 201.

672-Sports Officials Expense Used for: All authorized NAFIs. Normal balance: Debit Purpose: Record the amount of officiating expenses incurred by the NAFI to include MSF activities and Army Athletic Association events. Typical transactions: Debit with the amount of officiating expenses. Normal contra GLACs: 101 and 201.

673-Sports Recruiting Expense

Used for: All authorized NAFIs. Normal balance: Debit Purpose: Record the cost incurred in recruiting potential scholar-athletes. Typical transactions: Debit with the cost incurred. Normal contra GLACs: 101 and 201.

674-Sports Scouting Expense Used for: All authorized NAFIs. Normal balance: Debit Purpose: Record the costs incurred in the scouting of opponents sporting events. Typical transactions: Debit with the cost incurred. Normal contra GLACs: 101 and 201.

675-Sports Training Table Expense Used for: All authorized NAFIs. Normal balance: Debit Purpose: Record the cost incurred in feeding scholar-athletes. Typical transactions: Debit with the cost incurred. Normal contra GLACs: 101 and 201.

676-Sports Visiting Team Billeting and Meals Expense Used for: All authorized NAFIs. Normal balance: Debit Purpose: Record the cost incurred in feeding and housing visiting teams. Typical transactions: Debit with the cost incurred. Normal contra GLACs: 101 and 201.

677-Program and Brochure Expense Used for: All NAFIS. Normal balance: Debit Purpose: Record the costs in buying and selling programs and brochures. Typical transactions: Debit with cost incurred. Normal contra GLACs: 101 and 201.

678-Volunteer Service Expense Used for: All NAFIs.

Normal balance: Debit (Credit for the child care center). Purpose: Record the NAFI cost to care for the children of authorized volunteers who give their services to command approved MWR programs. The activity or fund receiving the benefit of the volunteers services is charged with compensating the child care program for costs incurred. Credit this account at the child care center. The resulting credit balance in an expense account will not require an explanatory footnote to the financial statements. Crediting the expense rather than an income account prevents overstatement of income and expense.

Typical transactions:

(1) Debit with the amount charged to the NAFI or activity for compensating the child care program.

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(2) Credit for the Child Care program with the amount of revenue received. Normal contra GLACs: 135, 136, 231, and 232.

679-Condolences/Memorials Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the costs for condolences and memorials. Typical transactions: Debit with the cost incurred. Normal contra GLACs: 101 and 201.

680-Warehouse Price Variance Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the price adjustments when the amount to be paid to the warehouse for inventory purchases is more than the amount recorded as purchases. Use only for warehouse inventories under stock record control. Not to be used for retail inventories. Typical transactions: Debit with the cost incurred. Normal contra GLACs: 101 and 201.

681-Commissions Paid Expense Used for: All NAFIS. Normal balance: Debit Purpose: Record the costs incurred by NAFIs under agreement with travel agencies, businesses, or individuals that provide business referrals. Typical transactions: Debit with the costs incurred. Normal contra GLACs: 101 and 201.

682-Civilian Personnel Services Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the NAFI's share of the cost of civilian personnel services. Typical transactions: Debit with the NAFI's share of the cost of civilian personnel services. Normal contra GLACs: 201.

683-Administrative Support Branch Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the NAFI's share of the cost of Administrative Support Branch Services. Typical transactions: Debit with the NAFI's share of the cost. Normal contra GLACs: 231 and 232.

684-Central Procurement Office Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the NAFI's share of central procurement office services. Typical transactions: Debit with the NAFI's share of the cost. Normal contra GLACs: 231 and 232.

685-Central Accounting Office Expense Used for: All NAFIs that use an off site accounting office. Normal balance: Debit Purpose: Record the NAFI's share of the accounting office expenses. Typical transactions: Debit with the NAFI's share of the cost. Normal contra GLACs: 231 and 232.

686-Contract Services Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the cost for all services performed for the NAFI on contract or agreement. Typical transactions: Debit with the cost of all services performed for the NAFI on contract or agreement. Normal contra GLACs: 201.

688-Common Service Fund Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the NAFI's share of common service expenses. Typical transactions: Debit with the NAFI's share of expense. Normal contra GLACs: 231 and 232.

689-Payroll Service Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the NAFI's share of the payroll service expense. Record at the department code level. Typical transactions: Debit with the NAFI's share of expense. Normal contra GLACs: 231 and 232.

690-Data Processing Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the NAFI's share of ADP expenses. Typical transactions: Debit with the NAFI's share of the expense. Normal contra GLACs: 201.

691-CDS/YA Meals and Snack Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the cost of meals and snacks served by CDS when the cost is a part of the child development program. Do not use to record sales. Typical transactions: Debit with the amount of the expense. Normal contra GLACs: 101 and 201.

692-Training Travel Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the cost of travel by NAF civilian employees to attend training. Typical transactions: Debit with the amount of travel expense for training. Normal contra GLACs: 101 and 119.

693-Claims Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the cost of claims paid by the NAFI. Typical transactions: Debit with the amount of claims paid by the NAFI. Normal contra GLACs: 101, 236, and 272.

694-Studies and Analysis Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the cost of contract studies and analysis. Typical transactions: Debit with the amount of contract studies and analysis paid by the NAFI. Normal contra GLACs: 101 and 201.

695-Annuity Expense Used for: CFSC Only. Normal balance: Debit Purpose: Record the amount of annuities paid during the accounting period. Typical transactions: Debit with the amount of annuities paid. Normal contra GLACs: 101 and 201.

696-Grants Expense Used for: CFSC Only. Normal balance: Debit Purpose: Record the amount of grants provided to other NAFIs. Typical transactions: Debit with the amount of grants provided. Normal contra GLACs: 101 and 201.

697-Dividend Expense Used for: CFSC only. Normal balance: Debit Purpose: Record the amount of dividends provided to other NAFIs. Typical transactions: Debit with the amount of dividends provided. Normal contra GLACs: 101 and 206.

698-Vending Machine Income Sharing Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the amount of the NAFI's vending machine profits subject to profit sharing or other sharing requirements. Typical transactions: Debit with the amount of vending machine profits payable to state licensing agencies or other outside operations. Normal contra GLACs: 208.

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699-Major Construction Expense Used for: CFSC Only. Normal balance: Debit Purpose: Record the cost of major construction projects. Typical transactions: Debit with the cost of major construction projects. Normal contra GLACs: 201 and 237.

726-Supply Expense
Used for: All NAFIS.
Normal balance: Debit
Purpose: Record the amount of supplies bought for immediate use or issued from the warehouse for use.
Typical transactions:

Debit with the amount of supplies bought for immediate use.
Debit with the amount of supplies received from the warehouse.

Normal contra GLACs: 151 and 201.

727-Laundry and Dry Cleaning Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the cost for the cleaning linens, uniforms, and such. Typical transactions: Debit with the amount of expense for laundry and dry cleaning. Normal contra GLACs: 101 and 201.

728-Ice Expense Used for: All NAFIS. Normal balance: Debit Purpose: Record the cost of ice for operations. Typical transactions: Debit with the amount of expense for ice. Normal contra GLACs: 101 and 201.

729-Utilities Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the cost of electricity, gas, water, and other utilities billed to, or paid by the NAFI. Typical transactions: Debit with the amount billed to or paid by the NAFI for utilities. Normal contra GLACs: 101 and 201.

730-Communications Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the cost for telephone service, tolls, telegraph service, and postage charges including cost of providing toll-free service to in-calling customers. Typical transactions: Debit with the cost incurred. Normal contra GLACs: 101 and 201.

731-Freight Expense Used for: ALL NAFIs. Normal balance: Debit Purpose: Record the cost of moving operating supplies and equipment by commercial carriers. Freight expense that can be identified to a specific fixed asset should be included in the cost of the asset and depreciated. Typical transactions: Debit with the amount of the expense. Normal contra GLACs: 101 and 201.

732-Operational Travel Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the cost of travel by NAF civilian employees as authorized by AR 215-1. Typical transactions: Debit with the amount of travel expense. Normal contra GLACs: 101 and 119.

733-Insurance Premiums Expense
Used for: All NAFIs.
Normal balance: Debit
Purpose: Record the cost of premiums paid for vehicles, aircraft, watercraft, fidelity bonds, and money and security insurance coverage.
Typical transactions:
Debit with the amount of premiums paid.
Normal contra GLACs: 101 and 153.

734-Building and Contents Insurance Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the cost of premiums paid for buildings and contents insurance coverage. Typical transactions: Debit with the amount of premiums paid. Normal contra GLACs: 101 and 153.

735-Advertising Expense
Used for: All NAFIs.
Normal balance: Debit
Purpose: Record the cost of monthly calendars and flyers, general advertising, and advertising for special events and sales.
Typical transactions:
Debit with the cost of advertising.
Normal contra GLACs: 101 and 201.

736-Taxes and Licenses Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the amount of taxes on alcoholic beverages and any other tax or licenses required by Federal and State governments. Typical transactions: Debit with the amount of taxes paid or billed to the NAFI. Normal contra GLACs: 101 and 201.

737-Tort Claims Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the cost of tort claims paid by the NAFI per Chapter 12, AR 27-20 and AR 215-1. Typical transactions: Debit with the amount of claims paid by the NAFI. Normal contra GLACs: 101, 236, and 272.

738-Audit Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the cost of audits performed by commercial firms if the NAFI is required to pay. Typical transactions: Debit with the cost of commercial audits. Normal contra GLACs: 256.

739-Cash Shortage And Overage Expense
Used for: All NAFIs.
Normal balance: Debit if shortage, Credit if overage.
Purpose: Record the amount of shortages or overages of cashiers.
Typical transactions:
(1) Debit with the amount of cash shortages.
(2) Credit with the amount of cash overages.
Normal contra GLACs: 101 and 102.

740-Interest Expense-Prompt Payment Act Used for: All NAFIs. Normal balance: Debit Purpose: Record the amount of interest penalties paid for late payments. Typical transactions: Debit with the amount of the penalty paid. Normal contra GLACs: 101.

741-Deposits Lost Expense Used for: All NAFIS. Normal balance: Debit Purpose: Record the amount of deposits lost on containers due to breakage or loss. Typical transactions: Debit with the amount of the penalty paid. Normal contra GLACs: 101 and 128.

742-Furniture and Equipment Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the amount of furniture, fixtures, and equipment identified as expense items rather than depreciable fixed assets. Typical transactions: Debit with the amount of expense items. Normal contra GLACs: 201.

743-Commercial Credit Card Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the amount charged by commercial credit card companies for handling member credit card charge sales. Typical transactions: Debit with the fees charged by commercial credit card companies. Normal contra GLACs: 101 and 201.

744-General Entertainment Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the cost of general entertainment activities. Typical transactions: Debit with the amount of general entertainment expense. Normal contra GLACs: 101 and 201.

745-Special Events Entertainment Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the cost of entertainment for special events for which an admission fee may be charged. Typical transactions: Debit with the expense of entertaining for special events. Normal contra GLACs: 101 and 201.

746-Rental Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the cost of renting equipment, buildings, vehicles, and other items. Typical transactions: Debit with the amount paid by or billed to the NAFI. Normal contra GLACs: 101 and 201.

747-Flowers and Decorations Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the cost of flowers, plants, floral arrangements, and other decorations. Typical transactions: Debit with the amount paid or billed to the NAFI. Normal contra GLACs: 101 and 201.

748-Hosting and Memberships Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the cost of official hosting and representation activities, dues in authorized organizations, and the cost of complimentary tickets. Typical transactions: Debit with the amount paid or billed to the NAFI. Normal contra GLACs: 101 and 201.

749-Tableware, Kitchenware, Linen, and Uniforms Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the cost of china, glassware, silverware, utensils linens, and uniforms bought for immediate use, issued from the warehouse, or transferred form the prepaid GLAC. This GLAC includes the cost of renting. Typical transactions: Debit with the amount of the expense. Normal contra GLACs: 101, 155, and 201.

750-Bingo Prize Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the cost of bingo prizes awarded. Typical transactions: Debit with the amount of the expense. Normal contra GLACs: 101, 156, and 201.

751-Collection Agency Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the amount of collection agency charges. Typical transactions: Debit with the fees charged by collection agencies. Normal contra GLACs: 101 and 201.

752-Investment Expense Used for: CFSC Only. Normal balance: Debit Purpose: Record the amount of expenses incurred in investing cash by the central investment funds. Typical transactions: Debit with the amount of expenses incurred. Normal contra GLACs: 101, 117, and 201.

753-ARM Distribution Expense Used for: CFSC only. Normal balance: Debit Purpose: Record the amount of slot machine revenues distributed to other NAFIs. Typical transactions: Debit with the amount of slot machine revenue distributed to other NAFIs. Normal contra GLACs: 101 and 234.

754-PCS Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the cost related to PCS of NAF employees including travel, per diem, movement and storage of household goods, and any other related expenses. Typical transactions: Debit with the cost of the PCS expense. Normal contra GLACs: 101, 119, and 201.

755-Interest Expense Used for: CFSC only. Normal balance: Debit Purpose: Record the amount of interest paid by the fund to scintillations and to vendors. Typical transactions: Debit with the amount of interest paid. Normal contra GLACs: 101 and 201.

756-Consignment Ticket Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the cost of tickets which the NAFI sells on consignment. Typical transactions: Debit with cost incurred. Normal contra GLACs: 101 and 201.

757-Commercial Communications Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the cost for commercial communication services incurred for customer paid services provided. Includes electronic mail, fax, etc. Typical transactions: Debit with the cost incurred. Normal contra GLACs: 101 and 201.

758-Billeting Fund Surcharge Expense Used for: Billeting NAFIs only. Normal balance: Debit Purpose: Record the amount of surcharge which is payable to the HQ Army billeting fund NAFI. Typical transactions: Debit with cost incurred. Normal contra GLACs: 238.

759-Cable/Pay TV Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the cost of cable and pay TV services purchased. Typical transactions: Debit with cost incurred. Normal contra CLACs: 201

799-Miscellaneous Operating Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the amount of operating expenses that can not properly be recorded in other operating expense accounts. Typical transactions: Debit with the amount of the expense. Normal contra GLACs: 240 and 260. Nonoperating Income

801-Interest Income Used for: All NAFIs. Normal balance: Credit Purpose: Record the amount of interest income earned on bank deposits and securities. Only record at fund administration level. Appreciation in the value of bonds not providing for periodic payments of interest will also be credited to this account. Typical transactions: (1) Credit with the amount of interest income accrued during the accounting period. (2) Credit with the amount of interest income received in addition to the amount accrued. (3) Credit with the amount of appreciation to the value of bonds not providing for periodic payments of interest. Normal contra GLACs: 101 and 267.

803-Gain On Disposal Of Other Fund-Owned Property Used for: All NAFIs. Normal balance: Credit Purpose: Record the amount received from the sale of NAFI-owned property that was expensed when bought. Record at the location where the property was located. This account is not to be used to record gains from the sale or other disposal of fixed assets.

Typical transactions:

Credit with the amount received from the sale of property. Normal contra GLACs: 101.

806-Nonoperating Sources of Revenue Used for: All NAFIs Normal balance: Credit Purpose: Record the amount of nonoperating revenue received by the NAFI. The revenue will be recorded under the fund administration location unless the funds are specified for a particular NAFI program. If the funds are designated, the revenue will be recorded in the administration department of the recipient location. An example is a cash distribution from a higher HQ to an installation NAFI. Typical transactions: Credit with the amount of the nonoperating revenue. Normal contra GLACs: 101.

807-Contributions and Donations From Charitable Sources Used for: All NAFIs Normal balance: Credit Purpose: Record the contributions received from the Combined Federal Campaign or other charitable organizations. Record the contribution in the administrative department of the recipient location. Typical transactions: Credit with the amount of the contribution. Normal contra GLACs: 101.

808-NAF To APF Conversion Income Used for: All NAFIs Normal balance: Credit Purpose: Record the amount of accrued leave removed from the NAFI books when a NAF employee moves to the APF payroll and the NAFI is not required to transfer funds to the APF books for the accrued leave. Typical transactions: Credit with the amount of the accrued leave. Normal contra GLACs: 243.

825-Miscellaneous Other Nonoperating Income Used for: All NAFIs. Normal balance: Credit Purpose: Record the amount of income that can not properly be recorded in another income GLAC. Only record at fund administration. Some examples are unclaimed wages held for 6 months, and amounts of checks that have not cleared the bank within 6 months after issue, or on which stop payment orders have been made.

Typical transactions: Credit with the amount of the income. Normal contra GLACs: 101.

Nonoperating Expenses

Normal balance: Debit Purpose: Record the amount of interest expense incurred. Only record at fund administration level. Typical transactions: (1) Debit with the interest expense accrued for the accounting period. (2) Debit with the amount of interest paid in addition to the amount accrued. Normal contra GLACs: 101 and 241. 827-Loss or Gain on Disposal of Fixed Assets Used for: All NAFIs. Normal balance: Debit if loss, Credit if gain. Purpose: Record the amount of loss or gain on the sale or other disposal of fixed assets. Record in location where asset was used. Typical transactions: (1) Debit with the amount of the asset's current book value in excess of the amount received. (2) Credit with the amount of cash received in excess of the assets current book value. Normal contra GLACs: Fixed Asset GLACs.

826-Interest Expense

Used for: All NAFIs.

828-Loss or Gain on Foreign Currency Transactions Used for: All NAFIs. Normal balance: Debit if loss, Credit if gain. Purpose: Record the amount of losses or gains resulting from differences between foreign currency units and the equivalent US dollar. Only record at fund administration level. Typical transactions:

 Debit with the amount of the loss.
 Credit with the amount of the gain. Normal contra GLACs: 102.

830-Isolated Unit Dividend Expense Used for: CFSC only. Normal balance: Debit Purpose: Record the amount of dividends paid to isolated units that keep their own accounting records. Typical transactions: Debit with the amount of cash paid to the unit. Normal contra GLACs: 101.

831-Reserve Component Dividend Expense
Used for: All NAFIs.
Normal balance: Debit
Purpose: Record the amount of dividends reserved for or paid to reserve components.
Typical transactions:

Debit for Major Commands with the amount of reserve component dividends reported by each NAFI.
Debit for Major Commands with the amount of dividends paid directly to reserve component units.
Debit for NAFIs with the amount of dividends paid to reserve component units.

(4) Debit for NAFIs with the amount of dividends due to non-troop program reserve component units.
(5) Credit with the amount of adjustments as applicable.

Normal contra GLACs: 101 and 206.

832-Loss on Close of Business Locations Used for: All NAFIs. Normal balance: Debit Purpose: Record all costs associated with closing down a business, such as losses on disposal of buildings, improvements, and furniture, fixtures, and equipment. Record at the location that applies to the facility or business activity being closed. Also applies to base closure. Typical transactions: Debit with the amount of book value of assets written off as a result of closing down a segment of the NAFI's business. Normal contra GLACs: Fixed assets and various other asset GLACs. 833-APF to NAF Conversion Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the cost of the accrued leave which must be established on the NAFIs books when an employee transfers from APF to NAF and the NAFI must fund the employees transferred accrued leave. Typical transactions: Debit with the amount established as accrued leave for the employee. Normal contra GLACs: 243. 850-Miscellaneous Other Nonoperating Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the amount of nonoperating expense that can not properly be recorded in other expense GLACs. Record at fund administration level. Typical transactions:

Debit with the amount of expense. Normal contra GLACs: 201 and 260.

Depreciation and Amortization

851-Building Depreciation Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the amount of depreciation expense for buildings financed by the NAFI. Typical transactions: Debit with the amount of depreciation expense for the accounting period. Normal contra GLACs: 162.

852-Building Improvements Depreciation Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the amount of depreciation expenses for building improvements that have been capitalized. Typical transactions: Debit with the amount of depreciation expense for the accounting period. Normal contra GLACs: 170. 853-Furniture, Fixtures, and Equipment Depreciation Expense
Used for: All NAFIs.
Normal balance: Debit
Purpose: Record the amount of depreciation expense for furniture, fixtures, and equipment capitalized by the fund.
Typical transactions:
Debit with the amount of depreciation expense for the accounting period.
Normal contra GLACs: 164.
854-Vehicles, Aircraft, and Boats Depreciation Expense
Used for: All NAFIs.
Normal balance: Debit
Purpose: Record the amount of depreciation expense on

vehicles, aircraft, and boats capitalized by the NAFI. Typical transactions: Debit with the amount of depreciation expense for the accounting period. Normal contra GLACs: 176.

855-Land Improvements Depreciation Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the amount of depreciation expenses for land improvements that have been capitalized. Typical transactions: Debit with the amount of depreciation expense for the accounting period. Normal contra GLACs: 172.

856-Breeding Livestock Depreciation Expense Used for: All NAFIs. Normal balance: Debit Purpose: Record the amount of depreciation expense on breeding livestock. Typical transactions: Debit with the amount of depreciation expense for the accounting period. Normal contra GLACs: 168.

857-Other Government Titled Fixed Assets Depreciation Expense
Used for: All NAFIs.
Normal balance: Debit
Purpose: Record the amount of depreciation expense on fixed assets bought by the NAFI and then moved to the Government.
Typical transactions:
Debit with the amount of depreciation expense for the accounting period.
Normal contra GLACs: 178.
858-Government Titled Buildings and Improvements
Depreciation Expense

Used for: All NAFIs. Normal balance: Debit Purpose: Record the amount of depreciation expense on buildings and improvements paid for by the NAFI and then turned over to the Government. Typical transactions: Debit with the amount of depreciation expense for the accounting period. Normal contra GLACs: 176.

Extraordinary Items

891-Extraordinary Expense Used for: All NAFIS. Normal balance: Debit Purpose: THIS ACCOUNT IS USED VERY SELDOM. Record the amount of the expense incurred for unusual and infrequent items. Losses must meet the following criteria to be considered extraordinary: material in nature, of a character significantly different from typical NAFI activities, and NOT EXPECTED TO EVER OCCUR AGAIN. Typical transactions:

Debit with the amount of the expense. Normal contra GLACs: Use as applicable.

892-Extraordinary Income Used for: All NAFIs. Normal balance: Credit Purpose: THIS ACCOUNT IS USED VERY SELDOM. Record the amount of income received from unusual and infrequent items. Gains must meet the following criteria to be considered extraordinary: material in nature, of a character significantly different from typical NAFI activities, and NOT EXPECTED TO EVER OCCUR AGAIN. Typical transactions: Credit with the amount of income. Normal contra GLACs: Use as applicable.

Income and Expense Summary

900-Income and Expense Summary Used for: All NAFIs. Normal balance: Credit Purpose: Record the amount of expenses and income in order to compute the amount of net income or net loss for the accounting period. Amounts recorded in several accounts will be recorded as contra entries to this account. At the end of each period, this account is closed into fund equity.

Typical transactions:

(1) Debit with the amount of expenses at the end of each accounting period.

(2) Credit with the amount of income at the end of each accounting period.

(3) Credit with the amounts recorded in inventory GLACs. Normal contra GLACs: Various and 292.