

**APPENDIX B****ACCOUNTING PROCEDURES FOR AIR FORCE NONAPPROPRIATED FUNDS**

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 the Air Force. The appendix contains policies and procedures specific to those systems. 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, in the event of conflicting instructions, the policies and procedures in the regulation itself should be followed.

## CHAPTER 1

PRINCIPLES, STANDARDS, AND REQUIREMENTS

B0101 Accounting Entity. The NAF Accounting Office (NAF AO) summarizes financial accounting results in terms of the entities that conduct the operation.

A. NAFI. Consider each NAFI (established according to AFI 34-201, Use of Funds) a separate entity for accounting purposes. Maintain asset, liability, and equity accounts at the NAFI-level. Use subsidiary records to reflect the location within the NAFI where the assets are used.

B. NAFI Subdivisions. NAFIs consist of one or more subdivisions called cost centers. Do not confuse the accounting term "cost center" with the operational term "activity." Group financial transactions relating to one operational activity (e.g., an NCO club) into one or more cost centers (e.g., bar, restaurant, snack bar, etc.). See AFMAN 34-214 for standard cost center codes and descriptions. These codes are used for accounting purposes only. They do not imply any organizational or operational relationship. Changes or additions to these codes must be approved by AFSVA/SVF. Use an optional third digit to provide further subdivisions (if needed).

B0102 Document Flow and Control. The activity manager sends all accounting documents to the NAF AO the next workday after the transaction date. Off-base sites submit accounting documents to the servicing NAF AO using a prearranged schedule.

B0103 General Ledger. The NAF AO maintains a separate general ledger for each NAFI. Air Force NAFs use a uniform general ledger chart of accounts to summarize NAFI business transactions.

A. General Ledger Account Codes (GLAC). AFSVA/SVF develops and assigns standard three-digit GLACs to identify general ledger and balance sheet accounts.

Changes or additions to these codes must be approved by AFSVA/SVF. The NAF AO uses an optional fourth digit to provide increased detail data within the guidelines of each GLAC description. See AFMAN 34-214 for GLACs and descriptions.

B. Authorized Changes. Changes to requests to combine history balances of individual accounts must be approved by AFSVA/SVF.

C. General Ledger Maintenance. The NAF AO maintains the general ledgers and prepares the financial statements. They post transactions to the general ledger each workday. Before publishing financial statements, the NAF AO:

1. Includes information from other systems, such as Point of Sales (POS) systems, into the NAF accounting system.
2. Prepares adjusting and closing entries.
3. Updates financial records.
4. Reconciles subsidiary records to general ledger control accounts.

D. Final Processing. The RMFC designates a central control point to compile all data for final processing. Before publishing the financial statements, the RMFC ensures that the NAF AO accomplishes the items listed in paragraph B0103.C.

E. Subsidiary Records. The NAF AO keeps subsidiary records on balance sheet accounts. Reconcile the balances in these subsidiaries to the general ledger control accounts before preparing the financial statement. Automate the subsidiary records where possible. If the subsidiary records are not in balance to the general ledger control accounts,

the RMFC annotates the financial statement before releasing to external users.

**B0104** Nonappropriated Fund Standard Accounting Management System (NAFSAMS). AFSVA maintains the standard Air Force accounting system. They provide centralized software development, maintenance, and support. AFSVA releases software updates and is the single organization authorized to change Air Force standard software.

**B0105** Interim Financial Statements. The NAF AO prepares reports monthly and provides the information to SV management. SV management uses the interim financial statement to assess each operation's current performance. SV management uses the interim financial statements to plan for the future.

A. Adjusting Entries. The NAF AO posts required adjusting entries before completing interim reports. Refer to AFMAN 34-214. Establish and use a checklist for all required adjusting entries and automated processing. Document and explain adjustments to the general ledger on AF Form 2541, NAF Journal Voucher. Number and control journal vouchers (JV) by NAFI. Enter the JV number on the transaction to provide an adequate audit trail. The RMFC or designee (e.g., office manager) approves AF Forms 2541. Before approving, ensure that the NAF AO correctly prepared the entries and that explanations or backup documents have sufficient detail.

B. Finalizing the Financial Statement. After the NAF AO posts all transactions to the G/L for the current accounting period, the NAF AO:

1. Prepares a preliminary trial balance.
2. Reconciles all subsidiary records.
3. Makes any necessary adjustments.
4. Prepares the final interim trial balance before the final closeout.

5. Maintains the original trial balance.

6. Provides each manager and the Nonappropriated Fund Financial Analyst (NAFFA) with a copy (or a copy of the interim financial statement).

C. Financial Statements. The NAF AO prepares a final financial statement for each NAFI at the end of each accounting period after they have produced and reconciled the trial balance.

**B0106** Fund Equity. The RMFC limits transactions into and out of equity to:

- A. Net income.
- B. Net losses.
- C. Approved prior year adjustments.
- D. Entries associated with the establishment, disestablishment, distribution, or redistribution of capital (see AFMAN 34-214).

**B0107** Fund Equity Adjustments. DFAS approves request to make adjustments to fund equity. The RMFC submits requests for prior year fund equity adjustments through the MAJCOM, AFSVA/SVF, and AF/SVF to DFAS. The NAF AO records the transaction only after DFAS grants approval. Footnote the financial statement with the adjustment. Refer to AFMAN 34-214 for additional details.

**B0108** Reserving Fund Equity. The NAF AO establishes the following Reserved Equity accounts for each NAFI:

A. Reserved Equity-Current Purchases. At the end of each accounting period, adjust this account to reflect the total value of all outstanding orders which have not yet been received. Include outstanding orders from all obligation documents, such as outstanding purchase orders, blanket purchase agreement (BPA) orders, and purchase requests for goods and services, including fixed assets on order.

**B. Reserved Equity-Capital Requirements.** During the month of September for each fiscal year, close the current dollar amount in the reserved equity to Fund Equity-Prior Year and set up the dollar amount for the next fiscal year. As of 30 September this account should reflect one fiscal year of proposed capital requirements (for example 30 September 1993 would reflect a balance for FY 94). At any other time during the year, the balance reflects the amounts approved but not yet obligated for the current FY. The NAF AO posts a change to this account when:

1. The NRB changes (part I that deals with capital assets).

2. An activity orders a capital item.

3. The fiscal year closes.

a. At the close of the fiscal year, the NAF AO reduces the current balance to zero and establishes the amount for the next fiscal year based on Part I of the NRB.

(1) Base-level NAFIs record only that portion of their NRB that the base will fund.

(2) MAJCOMs record the dollar value of approved grants for NRB items which have not yet been paid. The MAJCOMs adjust these amounts as they transfer portions of these grants to base level.

**C. Reserved Equity-Quantity (Bulk) Expendable Equipment.** During the month of September for each fiscal year (FY), close the current dollar amount in this reserve equity account to Fund Equity - Prior Year and set up the dollar amount for the next fiscal year. As of 30 September, this account should reflect one year of proposed quantity purchases of expendable items (part II of the NRB) (for example 30 September 93 would reflect a balance for FY 94). At any other time during the year, the balance reflects the amounts approved but not yet obligated for the current FY. The NAF AO posts a change to this account when:

1. The NRB changes (part II that deals with bulk purchases).

2. An activity orders a capital item.

3. The fiscal year closes. Follow the guidance in paragraph B0108.B.

**B0109 Income.** Record income when earned. Record to the benefitting cost center, if practical and identifiable. Income collected before the accounting period in which it is earned is recorded as a liability. Transfer the liability to income in the period in which it is earned.

**B0110 Expenses.** Record expenses when incurred. Record expenses to the cost center incurring the expense, if practical and identifiable.

A. Certain expenses, such as general advertising, depreciation on equipment for general purpose use, and accounting support service charge, are "overhead" expenses. The NAF AO posts these expenses to fund administration as defined in the cost center codes for A1-A9. Do not prorate those overhead expenses to other activities (except CCC A9 and certain marketing expenses as defined in CCC A5). Do not record identifiable activity operating expenses into the NAFI's fund administration cost center.

B. Transfer merchandise, supplies, or services between activities at cost.

**B0111 Grants.** The NAF AO posts grants according to AFMAN 34-214.

**B0112 Extraordinary Items.** DFAS must give advance approval to record any transaction as an extraordinary gain or loss. The RMFC submits requests through the MAJCOM, AFSVA/SVF, and AF/SVF. The NAF AO does not post the transaction until DFAS gives written approval. Attach a footnote to the financial statements to explain the cause of the transaction and the effect it has on current operations.

**B0113 Contingencies.** Contingencies are

existing conditions, situations, or circumstances involving uncertainty as to possible gain or loss. The NAFI ultimately resolves contingencies when one or more future events occur or fail to occur. The RMFC works with SV management to determine the amount of the loss contingency. The NAF AO post accruals for loss contingencies where the outcome is probable and the amount is reasonably estimable. Do not record gain contingencies. When SV management identifies a contingency, the NAF AO footnotes the financial statements explaining the contingency and the potential for gain or loss.

B0114 Assessments. The NAF AO posts Air Force assessments to the activity being assessed.

B0115 Command Lodging Fund (CLF) Procedures. The NAF AO posts transfers of cash from the CLFs to base lodging funds and vice versa as transferred equity.

B0116 Morale, Welfare, and Recreation Fund Transfers. The NAF AO posts base or MAJCOM available cash transfers as transferred equity. When Air Force returns cash to the base or MAJCOM, each level records it as transferred equity.

B0117 Accounting in Small NAFIs. The NAF AO maintains NAF accounting records on the accrual basis of accounting, except as shown below.

A. The IUF maintains accounting records on a cash basis if total revenue is less than \$36,500 per year, and authorization is received from MAJCOMs.

B. Small NAFIs that lack local accounting support, or those with limited programs such as MAJCOM or remote site NAFIs, may not need all of the detailed accounting records and procedures required by larger NAFIs.

C. Small NAFIs may use the cash receipts journal, check register, and adjusting, closing, and reversing journals, and other general purpose journals as required to support their financial statements.

B0118 Major Command (MAJCOM) Supplements.

A. MAJCOMs may supplement this instruction. AFSVA/SVF through DFAS approves drafts of command supplements to this instruction before publication. The MAJCOMs furnish a copy of the final publication to HQ AFSVA/SVF.

B. BRFs or CWFs. Coordinate command supplements involving BRFs or CWFs with the BOD AAFCWF before submitting to AFSVA/SVF. Send one copy of each approved command supplement involving BRF or CWF to the BOD AAFCWF.

B0119 Requests for Technical Assistance or Waiver. Submit requests for clarification or interpretation of this instruction through the MAJCOM/SVF or field operating agency (FOA), HQ AFSVA/SVF to DFAS. Submit each request for waiver, except those waivers authorized and granted locally according to AFI 34-201, through the MAJCOM/SVF or FOA to HQ AFSVA/SVF. Waivers granted according to AFI 34-201 must be approved by the installation commander through the custodian, SV commander or director, as applicable. MAJCOMs submit their requests for waiver concerning BRFs and CWFs to HQ AFSVA/SVF through the BOD AAFCWF, 21 Army Pentagon, Washington DC 20310-0021. In the request for waiver, outline the problem, identify the specific requirement to be waived, recommend an alternative, and furnish complete justification. Waivers to this AFI have no effect without a control number assigned by the approving authority.

A. Review waivers, at least annually or when conditions and circumstances change.

B. Waivers are valid for a period not to exceed 3 years. At the end of the 3-year period, reevaluate waivers through the custodian, SV commander or director, MAJCOM, FOA, or HQ AFSVA/SVF, as appropriate.

C. All waivers in effect before the date of this AFI are void and must be reaccomplished.

B0120. Forms. AFSVA/SVF approves request for changes to Air Force forms. SV may automate the AF and NAF forms if form content and requirement do not change.

## CHAPTER 2

EXEMPT NAFIS

B0201 USAF Academy (USAFA) Athletic Association (USAFAAA). The USAFA Director of Services (HQ USAFA/SV) establishes and maintains the standard NAF accounting system according to Air Force directives. The USAFAA follows standard Air Force NAF accounting instructions to ensure consistency with generally accepted accounting principles and standards.

A. Fiscal Year (FY). The USAFAAA's FY is from 1 July through 30 June.

B. Reporting Requirements. The USAFAAA is exempt from reporting requirements specified in chapter 10 of this regulation.

C. Annual SVF Financial Report. The USAFAAA provides financial data to AFSVA/SVQ. AFSVA/SVQ includes the information in the annual MWR Financial Report, RCS: DD-M(A)1344.

B0202 USAFA Cadet Dining Hall NAFI.

A. Authority. This NAFI is established under the authority of DOD Instruction (DODI) 1338.17.

B. The NAF AO uses AFI 34-209, AFMAN 34-214, and AFMAN 34-215 to account for the cadet dining halls. When these directives conflict with DODI 1338.17, the requirements in DODI 1338.17 take precedence.

C. The fund is exempt from reporting requirements specified in chapter 10 of this appendix.

D. Reporting requirements.

1. The NAF AO uses report formats and preparation instructions found in DODI 1338.17 attachments. Prepare the report in three parts.

2. Reporting requirements

are assigned RCS: DD-COMP(A)1291.

E. The commandant of cadets, or designee, coordinates this report with the USAFA Director of Financial Management and Comptroller and the USAFA Director of Services. The commandant of cadets sends the coordinated report to the Assistant Secretary of Defense (Comptroller), ATTN: Directorate of Military Personnel. Send this report not later than 90 days after the end of the FY.

## CHAPTER 3

PROPERTY

B0301 Property. The NAF AO maintains accounting records and updates the subsidiary account for NAF property transactions. This includes:

- (1) Maintaining property records on all fixed assets;
- (2) Process payments to vendors; (3) Preparing asset lists for inventory purposes.

A. Non-reimbursable, Inter and Intra NAFI Transfers. Any activity that transfers property completes AF Form 2534, NAF Property Disposal/ Transfer Receipt. Authorized approval required by AFI 34-201 is adequate supporting documentation. The NAF AO receives the AF Form 2534 and posts the transaction according to AFMAN 34-214.

B0302 Defense Reutilization and Marketing Office (DRMO) Property. The NAF AO capitalizes acquisition costs of \$1,000 or more for DRMO property. The property must have a useful life of two or more years. See AFMAN 34-214 for detailed procedures.

B0303 Leases. The NAF AO posts leases as either capital leases or operating leases. Use the criteria in AFMAN 34-214 to decide if leases are capital or operating. Amortize capital leases over the life of the assets. Post other leases as operating leases. Post rental expense when payment is made. See AFMAN 34-214 for detailed procedures.

B0304 Repair of Fixed Assets. The NAF AO capitalizes repair of a fixed asset when the repair costs \$1,000 or more. The repair must extend the useful life of the asset 2 years or more. If the repair does not qualify, post the cost as an expense. See AFMAN 34-214.

A. Equipment. Use the same property number with an alpha code A, B, C, etc., for the number of repairs. When the activity disposes of the property, the NAF AO

writes off the related repairs.

B. Renovations. The NAF AO writes off the undepreciated value of previous renovations when new renovations completely change the previous one. Write off related renovations when an activity disposes of a facility.

B0305 Depreciation. The activity manager assigns the projected life for a fixed asset based on the depreciation tables in AFMAN 34-214. The RMFC helps the activity manager to determine the projected life. The RMFC and the civil engineers establish facility depreciation periods according to the depreciation table in AFMAN 34-214.

A. See AFMAN 34-214 for procedures on computing depreciation. The NAF AO posts depreciation expense to the cost center where the property is actually used. Do not charge depreciation expense to an administrative cost center code except when either situation applies:

1. The operation's business office physically uses the property.
2. More than one cost center uses the property. An example is a general purpose vehicle used by several cost centers in a club.

B. The applicable activity manager determines whether or not fixed assets have a salvage value. The RMFC, DRMO, and the SCO help to determine the salvage value. The NAF AO uses these values to determine the depreciable value.

C. The NAF AO continues to post depreciation expense for NAF capital assets transferred to APF records until the items are fully depreciated. Post the depreciation expense in the transferring activity's cost center.

**B0306**      Master Property Record Changes.  
The activity manager prepares an AF Form 2534 to physically move property items between cost centers or to dispose of property by any method. Forward the completed form to the NAF AO. The NAF AO processes the transfer in the accounting records.

**B0307**      Trade-In of Assets. The NAF AO posts the disposition of the old asset using the normal process. Post the newly-acquired asset at its full cost (before trade-in). When the trade-in value does not equal book value for the disposed asset, post the gain or loss in the disposed asset account.

**B0308**      Disposition of Assets. The NAF AO posts disposals of assets in the accounting system. Post any gain or loss resulting from the disposal on the financial statement. Use this procedure for all assets including those acquired by transfer or donation. See AFMAN 34-214 for detailed procedures.

**B0309**      Acquisition of Expendable Items.  
Expendable items do not meet fixed asset requirements. See AFMAN 34-214 for detailed procedures on acquisition of expendable items.

**B0310**      Government Surplus Aircraft. The NAF AO capitalizes initial repair costs to make government surplus aircraft air worthy. The repair must cost \$1000 or more. It must have a useful life of two years or more. If it does not meet this criteria, post the repair cost as an expense.

**B0311**      Government Surplus Aircraft Engines. The NAF AO depreciates an aircraft engine only when the old unit is removed from the aircraft and replaced by a rebuilt or new engine. Depreciate the replacement engine only until the first overhaul is due or for a maximum useful life of three years.

**B0312**      Claims. AFSVA settles claims for insured assets that are destroyed or damaged. Once AFSVA settles the claim, the NAF AO adjusts the affected accounts. Usually claim settlements do not exceed the acquisition value less accumulated depreciation of the property destroyed (book value).

**B0313**      BRF/CWF. For acquisitions or disposal of assets belonging to a Base Restaurant Fund or Base Civilian Welfare Fund, see AFJI 34-122.

## CHAPTER 4

REVENUE TRANSACTIONS

**B0401**        Revenue Processing. Activities use AF Form 1875, NAF Individual Cashier's Report (ICR), to provide accountability for individual cashiers. Activities use AF Form 1876, NAF Consolidated Cost Center Report (CCCR), or the daily cash reconciliation report (for lodging operations) to report deposits and consolidated income to the NAF AO. Activity managers control ICRs and CCCRs according to AFI 34-202, Protection of Assets. The NAF AO subsequently uses the AF Form 1876 to enter information into the financial records. AFMAN 34-214 contains detailed accounting procedures.

**B0402**        Service Charge Procedures for Lodging Funds. When TLFs charge several different rates, the NAF AO uses fourth-digit shredouts of the appropriate revenue GLAC to account for each rate within the TLF cost center.

**B0403**        Monte Carlo Night. The NAF AO accounts for Monte Carlo as a resale operation.

**B0404**        Quality Recycling Program (QRP). The NAF AO posts income and expenses to the QRP cost center. AFMAN 34-214 contains detailed accounting procedures.

**B0405**        Interest. AFSVA/SVF determines the interest rate paid on all cash within the CMIP and the amount of any end-of-year dividend. The NAF AO posts interest income in the applicable NAFI's administrative cost center code.

**B0406**        AAFES Simplified Dividend. The NAF AO does not accrue for distributions as they are made on a current basis. AFMAN 34-214 contains detailed accounting procedures.

**B0407**        Operating Subsidies. The NAF AO posts subsidies from foreign governments as nonoperating income in the applicable cost center. Post the associated expense to the applicable cost center.

**B0408**        Foreign Currency. NAF activities involved in accommodation exchange services buy foreign currency for resale at the wholesale rate established by the contracted military banking facilities (MBF) overseas. AFMAN 34-214 explains the computation.

**B0409**        Commercial Sponsorship Program. The NAF AO posts the sponsorship in the activity identified by the vendor. Use the administrative CCC of that activity if appropriate. If the vendor does not specify an activity, record the sponsorship in the NAFI's administrative CCC.

**B0410**        Randolph Sheppard Act-Vending Facility Program for the Blind. The NAF AO posts the NAFI's proceeds from vending machines as revenue in the applicable cost center. Show the payment to agencies for the blind as expenses in those cost centers. Use applicable GLACs to record these expenses.

**B0411**        Slot Machine. The NAF AO posts slot machine income and expenses in the activity having the slot machines. Use cost center codes A9, G5, W5, X5, Y5 and Z5 to record transactions involving slot machine revenue and expenses. See the guidelines in AFMAN 34-214.

## CHAPTER 5

ACCOUNTS RECEIVABLE

**B0501** Internal Accounts Receivable (A/R) Processing. The NAF AO maintains A/R subsidiaries except for lodging funds. The NCR 9300 User's Manual contains instructions for processing A/R. AFMAN 34-214 contains other A/R procedures. If problems arise in balancing the general ledger control accounts to subsidiary records, the RMFC or designee assists in reconciliation. If the NAF AO identifies variances but cannot correct them prior to publishing financial statements, the NAF AO footnotes the financial statements.

**B0502** A/R Function Located Outside the NAF AO. AFSVA/SVF approves requests to locate the A/R function outside the NAF AO. The RMFC prepares an A/R operating instruction (OI) for each approved operation. Include instructions to ensure:

A. The operating location reconciles the subsidiary record to the control account, as a minimum, before preparing the financial statement.

B. The operating location prepares a proper aging of accounts receivable.

**B0503** A/R Operating Instruction. The RMFC develops an OI to provide guidance on monitoring A/R. Include guidance on:

A. Follow-up actions.

B. Account write-offs.

C. Procedures to prevent fraud by collusion (more than one person working together to cause the fraud).

**B0504** Billing Cutoff Date. Activity managers and the RMFC attempt to establish a billing cutoff date other than the end of the month. Do not make the cutoff date earlier than

the 16th of the month. Ensure this date coincides for all clubs serviced by the NAF AO. The NAF AO posts dues for the current month, regardless of cutoff date, as of the 15th of the month (after posting all daily business for the 15th). Customers may pay dues and fees in advance. See AFMAN 34-214 for details.

**B0505** Minimum or Maximum Purchase Requirement for Extension of Internal Credit. The SV commander or director approves minimum or maximum amounts that a customer may charge on internal credit.

**B0506** Scope of Credit. Members of clubs may use their membership cards in any MWR fund activity. See AFMAN 34-214 for detailed A/R procedures.

**B0507** Organizational Credit. The SV commander or director may authorize official organizations to purchase through an open charge account from NAFIs. The NAF AO keeps written authorization (includes project officer's name and number) on file.

**B0508** Late Payment Charge. The MAJCOM/SV may authorize a late payment charge on member accounts. Do not authorize more than \$20 for any one delinquent cycle (60 and 90 days). The NAF AO posts late payment charges as non-operating revenue to the NAF AO cost center to offset costs of collecting delinquent accounts. Do not charge more than \$40 for the entire delinquency period. See AFMAN 34-214.

**B0509** Reversal of Dues Incorrectly Charged. The NAF AO prepares the list with back-up documentation to request dues adjustments. If the NAF AO does not maintain the A/R subsidiary records, the activity manager of the operating location submits the list and back-up documentation to the RMFC. The RMFC approves any dues adjustments. Once approved,

the NAF AO processes the adjustment. See paragraph B0511 for procedures to write-off valid uncollectible accounts.

**B0510**        Collection Actions. The NAF AO performs collection actions except where waived. This does not prevent activity managers from helping the NAF AO collect delinquent A/R.

A. The NAF AO:

1. Processes collection actions according to AFI 34-202.

2. Maintains, controls and reports delinquent accounts and returned checks on AF Form 1708, NAF Dishonored Check Control Log.

3. Documents follow-up actions.

B. The NAF AO does not delay the minimum followup actions required in AFMAN 34-214. The installation commander approves requests to shorten the time-frame in AFMAN 34-214.

**B0511**        Bad Debt Write Off Procedures. If the followup procedures prescribed in paragraph B0510 and AFMAN 34-214 are not successful, the RMFC begins write-off procedures as stated in AFI 34-202. The NAF AO posts the bad debt write-off to the applicable activity's administrative cost center.

**B0512**        Commercial Debt Collection Contracts. RMFCs use the Air Force Nonappropriated Fund Purchasing Office (AFNAFPO) procured commercial debt collection contract to collect past due accounts, returned checks, and other debts owed to Air Force NAFIs. Use the contract for individuals where payment cannot be recover through DD Forms 139, Military Pay Order, or APF/NAF payroll systems. See AFI 34-202. When an account is sent to the collection agency, the NAF AO writes it off the financial statements. Use the applicable cost center to record the bad debt write off.

**B0513**        Reinstatement of Membership

Privileges. The SV commander or director approves requests for reinstatement of membership privileges (see AFMAN 34-214).

**B0514**        A/R Aging and Reporting. The NAF AO prepares and reports aged A/R for all NAFIs and activities authorized internal credit systems. When a location outside the NAF AO maintains the A/R subsidiary records, the activity manager furnishes an aged A/R report to the NAF AO.

**B0515**        Dues Cutoff for Delinquent Accounts. The NAF AO does not post membership dues to a member's account after 3 months dues have been posted and remain unpaid. The NAF AO can only charge up to three months' unpaid dues in the following instances:

A. A member has an MPO pending.

B. A member turns in his or her club card.

C. A member leaves the base without clearing the club.

**B0516**        Allowance for Uncollectible A/R. The NAF AO posts bad debt expense at the end of each accounting period. Post the estimated value of uncollectible A/R. Use the applicable activity's administrative cost center. Record this same amount in an allowance for uncollectible A/R account. Base the estimate on the average write-offs of A/R using historical data.

A. Do not establish an allowance for uncollectibles that exceeds 1 percent of the A/R for the current period. If the estimate of average write-offs is greater than 1 percent, review collection procedures to ensure they are sufficient and timely.

B. The NAF AO reduces the allowance for uncollectibles account when an actual account is written-off. If the write-off reduces the allowance for A/R account to zero, expense any remaining amount in the current accounting period.

B0517 Allowance for Uncollectible Returned Checks. If the amount of write-offs is not significant, the NAF AO may post the expense at the time of write-off. If history indicates significant amounts written-off, establish an accrual according to paragraph 7.18.

B0518 Accounts with Credit Balances. The NAF AO reviews accounts with credit balances at the end of each accounting period. If the credit balances exceed five percent of total A/R due, the NAF AO posts this amount in an unearned income liability account. Reverse the entry the following month. If the credit balances are less than five percent of the receivables, net them in the A/R asset account.

B0519 Lodging A/R.

A. Lodging personnel send statements to TDY personnel on the last day of the month for:

1. Visiting officers' quarters (VOQ).

2. Visiting airmen quarters (VAQ).

3. Temporary lodging facilities (TLF).

B. Send statements only if patrons used the quarters for 15 days or more and the anticipated stay during the succeeding month exceeds 15 days (see AFMAN 34-214).

C. Collection actions required in AFI 34-202 remain the RMFC's responsibility. Use the time-frame in AFMAN 34-214 to complete follow-up actions. The Innkeeper processes collection actions on accounts that are 30 and 60 days delinquent. The RMFC ensures that the Innkeeper is performing collection actions in a timely manner. Once accounts become 90 days delinquent, the RMFC assumes responsibility for additional collection actions.

B0520 Returned Checks. For policy, follow-up, and collection procedures on returned checks, see AFI 34-202.

## CHAPTER 6

PURCHASE AND CONTROL OF MERCHANDISE

**B0601** Partial Shipments. The activity documents receipt of partial shipments on a DD Form 250, Material Inspection and Receiving Report. The activity completes the form and writes "Partial Shipment" across the top of the form. Annotate the form with the original purchase order (PO) number. Complete the partial receiving report with the item number, quantity received, and description of items received. Annotate the original PO to show items received in a partial shipment, the date received, and the date the partial receiving report was forwarded to the NAF AO.

**B0602** Value Added Tax (VAT). Under United States and Federal Republic of Germany (FRG) agreement, authorized personnel may obtain exclusion from the German VAT if they make their purchases through an official US government contracting activity at USAF Europe (USAFE) installations. VAT offices are part of the MWR Fund. For currency conversion on VAT transactions, the NAF AO reimburses the Military Banking Facility (MBF) the difference between the bulk rate and the wholesale rate for its monthly VAT Deutsche Mark (DM) transactions. For procedures governing operation of VAT offices see USAFE AFR 176-1.

**B0603** Stock Records. The NAF AO uses the NAFSAMS inventory system to maintain automated stock records to track inventory or highly sensitive items. Activities may use other automated systems to track in-house inventories.

A. The applicable activity manager maintains stock record cards on all transactions involving firearms. Report any discrepancies immediately to the RMFC.

B. When using stock record cards, limit access to the cards. Secure records during nonduty hours.

**B0604** Stock Levels and Reorder Points. The activity manager and RMFC establish stock levels and reorder points. The NAF AO may include reorder points in the inventory subsidiary.

**B0605** Stock Numbers and Standard Units of Measure. The NAF AO, with the assistance of the activity manager, assigns stock numbers and standard units of measure to control inventories on all resale, storeroom merchandise and supply items. Use consistent numbers throughout all NAFIs. The activity annotates the stock numbers on AF Form 2533, NAF Transfer Between Cost Centers, or uses order entry forms when transferring merchandise for resale or promotion. See the NCR 9300 User's Guide for the list of standard units of measure and their abbreviations used when processing inventory. Refer to AFMAN 34-214 for additional details.

**B0606** AF Form 2533, NAF Transfer Between Cost Centers (TBCC). The activity manager or designee uses AF Form 2533 or an order entry form to transfer goods or stock between cost centers. The activity manager or designee may consolidate work orders to one TBCC (See AFMAN 34-214).

**B0607** AF Form 1735, NAF Interfund Purchase Order (IPO). The activity manager or designee uses an AF Form 1735 or order entry form to order services or merchandise from other NAFIs. The ordering activity manager processes and numbers IPOs or order entry registers. The RMFC signs the IPO unless purchase authority was delegated to the ordering activity manager. The NAF AO processes the payment between the applicable NAFIs, using AF Form 1804, NAF Interfund Dollar Transfer. Process the payment not later than the following month (See AFMAN 34-214).

B0608        Spoilage, Breakage, and Out-Dated Material. The activity manager determines the amount of spoilage or breakage by incident, not by individual line item. The NAF AO posts reported losses in the month of occurrence. AFMAN 34-214 contains accounting procedures.

B0609        Commodities. The activity manager controls commodities received through the United States Department of Agriculture (USDA) Food Program. The requirements for ordering, receiving, and controlling inventory and payment vary from state to state. The activity manager, appropriate flight chief, and the RMFC, decide the method of inventory accountability (See AFMAN 34-214).

## CHAPTER 7

ACCOUNTS PAYABLE PROCESSING

**B0701**      Establishment of Accounts Payable. The NAF AO posts accounts payable transactions when an activity has received goods or services on credit. The NAF AO makes payment to the vendor to clear the accounts payable.

**B0702**      Documents and Entries. The NAF AO does not record an obligation unless orders or agreements are in writing and supported by a receiving report (RR) or proof of shipment. Any activity using a POS system to maintain perpetual inventory enters receiving documents into the POS system before forwarding to the NAF AO. Activities using POS systems forward documents to the NAF AO no more than two workdays after the receiving date.

**B0703**      Payable Suspense File. The NAF AO establishes a suspense file for all payables. The NAF AO sets the file up to ensure they pay invoices timely and to help reconcile the subsidiary. The documents in this file make up the subsidiary record of the general ledger control account. The total should balance to the automated accounts payable subsidiary and the general ledger control account. After processing RRs through the payable system, file them in the suspense file for matching with invoices and making payment.

**B0704**      Proof of Shipment. The NAF AO may need to pay vendors on shipment, rather than on receipt of goods. Review the contract terms to determine if the vendor requires payment on shipment. See AFMAN 34-214 for guidance.

**B0705**      Vendor Invoices. The vendor mails invoices directly to the NAF AO. When the NAF AO receives the invoice, the RMFC may provide a copy of it to the activity manager. See AF Form 2210, General Provisions, for required information for a vendor to include on invoices. The NAF AO uses the invoice as part of the

documentation required for payment. Include vendor invoice numbers with the check to the vendor. See AFMAN 34-214 for overpayments and minor errors on invoices.

**B0706**      Discounts. The NAF AO posts discounts by reducing the cost of the item purchased. Take all discounts to which you are entitled. The discount period begins with the date of the contractor's invoice. For the purpose of earning a discount, the day that the NAF AO issues the check is considered the payment date. To comply with the Prompt Payment Act, mail checks to vendors on the same day they are issued.

**B0707**      Delivery Costs. The NAF AO posts freight costs to purchase expendable equipment, supplies, or resalable merchandise as supplies expense or cost of goods as appropriate. Include freight, postage, etc., as part of the purchase price. Include freight cost associated with capitalized items (fixed assets) as part of the acquisition cost of the asset.

**B0708**      Preparing Accounts Payable for Payment. The NAF AO matches vendor invoices with the receiving reports. The activity manager or designee certifies AF Forms 1735 used to transfer merchandise between NAFIs. No invoice is required for AF Forms 1735. Pay AF Forms 1735 using interfund dollar transfers.

**B0709**      Documentation Required for Payment. The NAF AO usually requires three documents to substantiate payment to a vendor. They are: a contract, a receiving report, and a vendor invoice. The following qualify as a contract: (1) Purchase order; (2) Blanket purchase agreement (BPA), or a call or delivery order written against an NPA, etc.; (3) A single document that constitutes a contract.

A. When an Air Force agency or

a utility provides goods or services, the NAF AO does not receive a formal contract (for example, commercial telephone service or purchases from the commissary). The NAF AO uses the documents in this paragraph to support payment.

1. The NAF AO substantiates payments to government sources by their invoices and extended commissary subsistence requests (AF Form 287, Subsistence Request).

2. The activity manager or designee certifies the government invoices and commissary subsistence requests.

3. The designer certifies invoices for interior design contracts.

4. The lodging fund may request customer refunds using SIMS check requests.

B. Use of AF Form 2539, NAF Disbursement Request. Use AF Form 2539 instead of a purchase order, for items such as:

1. Loan payments.

2. Registration or entry fees.

3. NAF official travel.

4. Tax payments and Internal Revenue Service payments.

5. Workers' compensation claims.

6. Payments to other government instrumentalities.

7. Payments against special contracts, interior design, commercial telephone, utilities, etc. See AFMAN 34-214 for entertainers and NAF official travel.

C. Blanket Purchase Agreements (BPA). The NAF AO should pay amounts due

vendors for calls placed against BPAs or interfund purchases monthly. This does not apply to meat or meat food products. Pay for meat or meat food products according to the Prompt Payment Act. See AFMAN 34-214 for other requirements related to paying vendors on BPA.

D. Signature Authorization. The RMFC or designee approves documents authorizing payments made from NAFs. The RMFC designates signature authority in writing. File the authorization in the LOF.

E. Filing Paid Documents. The NAF AO marks all backup documentation by stamping them paid after making disbursements. File one copy of the check, with all backup documentation, in the accounts payable disbursements file. File these chronologically by vendor.

F. Centralized Payment of Consolidated Purchases. AFSVA/SVFF pays vendors for AFNAFPO central buys and subsequently withdraws the amount paid from each base's CMIP account. See AFMAN 34-214 for details.

## CHAPTER 8

INVENTORY

B0801 Inventory Maintenance. Activity managers control inventories at all times to prevent loss due to spoilage, obsolescence, or theft. The NAF AO maintains inventory records by updating the system with information from accounts payable, AF Forms 2533, or NCR order entry forms. To ensure the general ledger and the actual inventory contain the same data, the RMFC may establish a cutoff date for inventory related documents (see AFMAN 34-214). The types of inventories are:

A. Central storeroom. The NAF AO accounts for inventory maintained in a central storeroom as an asset until the storeroom issues the inventory. Once the storeroom issues the inventory, the NAF AO posts the expense in the applicable GLAC using the applicable CCC.

B. In-Use. Activities establish inventories for merchandise held for resale or consumption in sales outlets.

C. Decentralized Storeroom. Activities establish decentralized storeroom inventories as

1. Backup stock for in-use inventories.

2. High value or sensitive (such as POL and spare parts for aero club and slot machine operations) merchandise identified by management for additional control.

D. Consigned Merchandise. The consignor establishes consigned merchandise inventory to control items received on consignment. When consigned goods are received, the NAF AO does not post the receipt of, or any obligation for, the consigned items in the financial records. AFMAN 34-214 contains additional procedures.

E. Fixed Assets. The NAF AO

includes furniture, equipment, and facilities. Show this inventory as the appropriate accounting type, APF or NAF. AFMAN 34-214 contains additional procedures.

F. Inventory-In-Transit. The NAF AO records items purchased but received by an agent outside the NAFI proper. When the NAFI receives the items, record in the correct accounts.

B0802 Establishing Inventory Dollar Levels. The SV commander or director approves maximum inventory levels for each cost center (See AFMAN 34-214).

B0803 Review of Storeroom and In Use Inventories. Activity managers review all inventories and stock records to identify slow moving items and dead stock at least semi-annually. The SV commander or director may authorize below cost sales (not promotional) for slow moving or dead stock inventory items.

B0804 Inventory Schedule and Frequency. Activity managers submit completed inventory count sheets to the NAF AO for extension. The NAF AO processes inventories promptly to obtain a dollar valuation of the physical inventory for inclusion in the financial reports. The RMFC uses the physical inventory to determine if variances exist and if analysis or investigation is required according to AFI 34-202.

A. Activities inventory all food or beverage activities, pro shops, audio/photo and tickets monthly.

B. Activities inventory other resale merchandise including centralized and decentralized storerooms and merchandise on consignment, as a minimum, at the end of each quarter.

C. Activities inventory

merchandise held for special events by type of event. Items include donations received from commercial sponsored occasions (see AFI 34-202).

D. Activities with firearms inventories them monthly. The activity manager accounts for firearms daily.

E. The SV commander or director may allow any activity having a point-of-sale (POS) system that maintains perpetual inventory to take only an annual physical inventory. As a minimum, an independent observation team must observe the taking of the physical inventory:

1. At the end of the FY.
2. On change of activity manager (unless waived).
3. When spot checks by the NAFFA indicate an inventory problem.
4. When required by an Air Force Audit.

**B0805**      Change of Activity Managers.

A. The NAF AO furnishes fixed asset property listings to the activity managers when management changes. Incoming activity managers must satisfy themselves as to the correctness of the property records. To verify the property records, the activity usually physically inventories the property. The incoming activity manager may waive this requirement. The NAF AO attaches the waiver to the change of custodian certificate (see AFMAN 34-214 for details).

B. The incoming activity manager also checks correctness of decentralized storeroom or in-use inventories. (See AFMAN 34-214 for details).

**B0806**      Change of Custodian (RMFC).  
Change of custodian does not require a physical inventory except for NAF AO assets. Transfer inventories by exchanging receipts between the

outgoing and incoming RMFCs.

**B0807**      Decentralized Storeroom (Aero Club and Slots Operation). See AFMAN 34-214 for decentralized inventories for Aero clubs and slot machines.

**B0808**      Free Items or Donations. When vendors provide free items as bonuses or a purchase discount, the receiver notes the free items on the receiving report. The NAF AO records free items on the inventory. If an activity receives donations for special occasions and gives them away, the activity manager accounts for these items without having the NAF AO process them through the inventory and cost of goods sold. The RMFC or designee examines all transactions involving donations to ensure that the activity manager accounts for the items received.

## CHAPTER 9

CHILD CARE

B0901 Reimbursement for Child Care Food Programs (CCFP). The NAF AO posts income, accounts receivable and subsequent reimbursement for child development program participation in the USDA CCFP. The USDA administers the program in all states and territories through the state or regional office. Follow regional USDA policies for completion and reporting purposes.

A. Reimbursement Requests for Continental United States (CONUS) Bases. At CONUS bases, the child development center director or designee completes the required forms requesting reimbursements (using state provided forms). Send the requests to the NAF AO. The NAF AO reconciles the forms to the subsidiary record and forwards them to the state's office for the USDA CCFP.

B. CCFP Sponsorship Family Day Care Providers. Air Force Child Development Centers (CDC) act as sponsors for family day care home providers participating in the USDA CCFP.

C. USDA, through the sponsoring CCFP, reimburses family day care providers for part of the costs of providing nutritional meals and snacks to the children. The NAF AO does not issue IRS Form 1099 for CCFP disbursements to family day care providers for USDA reimbursements.

D. The CDC receives compensation from the USDA to administer the program. The CDC can use the funds received from USDA to hire staff to administer the program.

B0902 Accounting for Child Care Service to Volunteers. The CDC or authorized family day care providers may provide child care services for volunteers when the volunteers serve the Air Force community.

A. When the CDC provides child care services to volunteers, refer to AFMAN 34-214 for accounting procedures.

B. The installation commander may approve, in writing, a specific number of family day care providers to care for children of volunteers when no space is available in the CDC. The NAF AO prepares a nonpersonal service contract, in advance, with the provider to specify the rate charged and other charges (for example, food, diapers). The NAF AO provides the day care provider an IRS Form 1099 at year-end according to IRS requirements. The NAF AO includes on the IRS Form 1099 the amount paid to day care providers for volunteer care. Do not include amounts paid relating to USDA food reimbursements.

## CHAPTER 10

REPORTS**B1001**      Temporary Lodging Facility (TLF) Assessment.

A. AFSVA/SVF advises the NAF AO of new or changed rates for assessment collection and reporting purposes.

B. The NAF AO computes the TLF assessment. Do not count or include visiting officers' quarters (VOQ) and visiting airmen's quarters (VAQ) used for permanent change of station (PCS) families unless AFSVA/SVP officially redesignates them as TLFs. Post all income from such units in the VOQ or VAQ cost centers of the lodging fund. See AFMAN 34-214 for computation and reporting. The NAF AO reports assessment data to AFSVA/SVFF before the 15th work day of the following month.

**B1002**      Employee Census Data (Quarterly). The NAF AO reports employee totals as of the last pay period of the quarter. Include foreign national information that is not included in the US employees' payroll system. See AFM 176-378 for format.

**B1003**      APF Support to Morale, Welfare, and Recreation (MWR) Activities, RCS: HAF-MWR(Q)7503. Financial Services Office (FSO) personnel prepare and submit this report according to AFR 177-101. The RMFC reviews the data for accuracy and validates the report. Include a footnote showing the amount of APF expenditures to cost centers supported by the NAFI in the quarterly financial statements.

**B1004**      Special Morale and Welfare Expenditure Report. The NAF AO prepares the SM&W Expenditure Report for each quarter according to AFI 34-201. The NAF AO reconciles the SM&W report to cost center "Q" on the MWRF financial statement.

**B1005**      Nonappropriated Fund Cash

Management and Investment Program (CMIP) Report, RCS: HAF-DPM(D)7505. For reporting CMIP transactions, follow guidance in AFMAN 34-215.

**B1006**      Nonappropriated Fund Financial Statement, RCS: HAF-DPM(Q)7407. See AFMAN 34-214 for the format of the financial statement for all NAFIs.

A. The financial statement consists of four basic elements:

B. Balance Sheet. The NAF AO prepares a report of assets, liabilities, and fund equity (see AFMAN 34-214).

C. Income and Expense (I&E) Statement. The NAF AO prepares a consolidated statement of income and expenses for each NAFI and supports the consolidated statement with individual cost center reports. Use the same format for the consolidated statement and the individual cost center reports (see AFMAN 34-214). Report the amount of appropriated fund support provided for each NAFI on the quarterly consolidated statement.

D. Statement of Cash Flows (SCF). The RMFC or designee prepares this statement on a quarterly and annual basis. Prepare it either manually or by using an automated program.

E. Supporting Schedules. AFSVA/SVF, MAJCOM, and local management may require supporting schedules to the financial statements. As a minimum, the NAF AO prepares the following to support financial statements:

1. Schedule of aged accounts receivable.

2. A copy of AF Form 1736,

NAF Cash Management and Investment Program Account Verification, to support the quarterly financial statement.

F. Special Instructions, Frequency, and Distribution. See AFMAN 34-214 for special reporting instructions for unit funds, subordinate commands, MAJCOMs, BRFs, and CWFs.

G. NAF AOs transmit reports to MAJCOMs to arrive by the 15th calendar day after the quarter being reported. Each MAJCOM accumulates the data and submits reports to AFSVA/SVQ to arrive NLT the 20th of the month after the end of each fiscal quarter. (See AFMAN 34-214 for format for submission, MAJCOM submission and method of submission).

B1007 Quarterly Prompt Payment Report, RCS:DD-COMP(Q)1619. NAF AO's prepare quarterly Prompt Payment Reports (see AFMAN 34-214 for format). Submit the report to AFSVA/SVF by the 10th calendar day following the end of each quarter. Round all amounts to the nearest dollar. AFSVA/SVF prepares and submits the quarterly report to SAF/FMPB.

B1008 Annual Prompt Payment Report, RCS: DD-COMP(A)1607. AFSVA/SVF prepares and submits the annual prompt payment report to SAF/FMPB.

B1009 International Balance of Payments Transactions, RCS: DD-COMP(Q)743 (AF). This report applies to all Air Force NAF supported activities having transactions entering the international balance of payments (IBP) (whether abroad or in the US, its possessions, Puerto Rico, and Panama Canal Zone) except unit funds and those NAFIs whose quarterly purchases do not exceed \$50,000. AFSVA/SVF prepares and submits the quarterly report for applicable bases. Follow guidance in AFMAN 34-214.

B1010 Tax Reports. See AFMAN 34-214 for reporting quarterly payroll tax returns. Use IRS Form 1096, Annual Summary and Transmittal of US Information Return, IRS Form 1099-MISC, Statement for Recipients of

Miscellaneous Income (entertainers and personnel service contracts), and TD Form W-2G, Statement for Certain Gambling Winnings (bingo). See AFIs 34-201 and 34-202, AFM 176-378 (for reporting tips) and NCR 9300 Users' Guide for procedures in assembling and reporting information.

B1011 Certification of Financial Statements. Quarterly, the custodian certifies the financial statements for all NAFIs by signing the following certification, "I certify that the information used for preparation of and the balances in this statement are true and correct to the best of my knowledge." This certification includes all elements of the financial statement as defined in AFMAN 34-214. Forward the certification to AFSVA/SVF, through your MAJCOM, to arrive not later than 45 days following the end of the quarter.

B1012 Certification of Cash Management and Investment Program (CMIP) Accounts. Quarterly, the custodian certifies the accuracy of the CMIP account verification on AF Form 1736, CMIP Account Verification, and forwards it to AFSVA/SVF through MAJCOM/SVF to arrive NLT 45 days after the end of the quarter. Submit a certification statement on AF Form 1736. Use the statement described in paragraph 12.11. Include a separate AF Form 1736 for each account and NAFL, i.e., cash, severance, and cash in bank savings.

## CHAPTER 11

DEPOSITS, CHECK WRITING AND CONTROL OF CHECK STOCK

B1101 Deposit Slips. The NAF AO receives the numbered deposit slips (validated and unvalidated) for CMIP processing. If the NAF AO receives an unvalidated deposit slip, suspense it until the bank sends a validated copy. The NAF AO should receive the validated deposit slip within 3 days after the day of business. Immediately notify the office manager of any variances between the suspended deposit slip and the validated deposit slip when received. If the NAF AO finds a difference in the amount actually deposited, process a deposit adjustment to the general ledger and CMIP.

B1102 Bank Fees and Charges. The NAF AO posts bank fees and charges to the NAFI's administrative cost center. Include those items that are not identified to a patron. This includes fees for deposit bags, keys or deposit slips and re-presented check fees absorbed by the NAFI (does not include return check service charge). It also includes the fee paid for armored car service.

B1103 Check Writing Function.

A. Check Number Control Log. The NAF AO maintains a log (either manual or automated) of all checks (written and voided) and related information for general, payroll, limited payee checks.

B. Check Writing. The NAF AO reports checks written to AFSVA/SVFB through CMIP transmission. Under CMIP, the NAF AO prepares all checks except payroll from a single general check stock. The individual responsible for check writing (check writer):

1. Uses checks in numerical sequence.

2. Writes checks for individual NAFIs and identifies the NAFI on each check. Include the NAF ID on each check

stub (except payroll).

3. Spells out the dollar amount for checks typed manually or processes them through a check protector. They should not contain typing errors or strikeouts.

C. General Checks. The NAF AO normally writes checks on a weekly or bi-weekly basis to ensure compliance with the Prompt Payment Act requirements. The NCR 9300 automatic check generation program normally generates these checks. However, the NAF AO may prepare handwritten checks for out-of-cycle payments.

D. Foreign Currency Checks. Overseas locations use foreign currency and limited payee checks. The NAF AO uses a foreign currency checking account, established in a military banking facility in the overseas area, to satisfy local requirements for foreign currency and to make disbursements that require this medium of exchange. Use limited payee checks (LP) for change funds and accommodation sales (see AFI 34-202).

E. Distribution of Checks and Paid Documents. The check writer returns the signed checks with supporting documents to the accounts payable technician for distribution. AFMAN 34-214 contains mail, retention, and distribution instructions.

B1104 Control of Blank Check Stock. The NAF AO stores blank checks in a locked container or safe. Use AF Form 1249, Check/Bond Control Record, to record receipt, issue, return, balance on hand, and spoiled or voided checks. Maintain a separate check control record for each type of check. NAFIs not under CMIP obtain check stock from normal commercial sources.

B1105 Destruction of Blank Check Stocks.

When a blank stock of checks needs to be destroyed, two individuals independent of the check writing function witness the destruction (see AFMAN 34-214). The NAF AO notifies AFSVA/SVFB of the destruction according to AFMAN 34-214.

## CHAPTER 12

MISCELLANEOUS TRANSACTIONS

B1201 Aero Club Liability Insurance Expense. The NAF AO computes liability insurance premiums for Aero Club aircraft based on the number of flying hours per aircraft. Compute the monthly expense by using the total flying hours reported on the status of Aero Club Aircraft and Operations Report, RCS: HAF-DPM(Q)7211. See AFMAN 34-214.

B1202 Aero Club Hull Insurance. The NAF AO computes hull insurance based on the declared value of each aircraft as reported on the quarterly RCS: HAF-DPM(Q)7211 report. See AFMAN 34-214.

B1203 Workers' Compensation (WC). The Payroll Retrieval Interface to General Ledger (PRIGL) program computes the accrued WC expense and produces the journal entries used to update the financial records. The PRIGL computes premiums based on US civilian gross payroll. The NAF AO posts the premium expense by the end of each accounting period to each applicable cost center. See AFMAN 34-214.

B1204 Unemployment Compensation (UC). The PRIGL computes the accrued UC expense and produces the journal entries used to update the financial records. The PRIGL program computes premiums base on US civilian payroll. The NAF AO posts the premium expense by pay period to each applicable cost center where personnel are assigned. See AFMAN 34-214.

B1205 Asset and Liability Insurance. The NAF AO records premiums at the end of each accounting period based on balances from the quarterly 7407 report. Use the fund administration cost center for each NAFL.

A. Asset Computation. The NAF AO computes asset premium payments based on the book value of assessable assets.

B. Liability Computation. The NAF AO computes liability premium payments based on the total gross income for each applicable NAFL.

B1206 Group Life Accidental Death and Dismemberment and Comprehensive Medical Expense Insurance Program. The PRIGL computes the employer's share of the Insurance Program. The NAF AO posts this expense each pay period to the respective cost center where personnel are assigned. Transfer the total employee and employer share of group insurance to the MWR fund. The NAF AO makes payment from the MWR fund to the Air Force Insurance Fund (AFIF) through CMIP.

B1207 Retirement Program. The PRIGL computes the employee's contribution of retirement and transfers it to the MWR fund. The NAF AO makes payment from the MWR fund to the Air Force Retirement Fund (AFRF) through CMIP.

B1208 Reimbursements from MAJCOMs. When MAJCOMs authorize reimbursements, the NAF AO does not net the reimbursement into the expense account. Record the expense in full on the NAFLs books. The MAJCOM does not reimburse for more than 100 percent of the actual cost.

B1209 Procedures for Aero Club Accruals. The NAF AO accrues the anticipated engine overhaul or replacement cost monthly. NAF AOs should also establish accruals in Aero Clubs for any other planned major maintenance such as repainting aircraft. To account for accrued maintenance, the NAF AO keeps two separate subsidiary ledgers, one for engine overhaul and one for other planned maintenance. See AFMAN 34-214.

B1210 Promotions. An activity uses the entertainment and promotional expense GLACs

to separate the expense of such programs. Use these accounts for programs or events held to further the growth or development of that activity. The NAF AO posts expenses for goods and or supplies only when an activity specifically advertises the items in connection with a promotion, or the item is used during a free program. Transfer labor expenses only if an activity specifically schedules labor that is used in conjunction with the promotion or giveaway. Post the cost of the entertainment or promotion to the activity receiving the benefit. See AFMAN 34-214 for additional details.

**B1211**        Severance Pay. The NAF AO accrues obligations for severance pay due employees according to AFMAN 34-214. Accrue severance for NAF foreign national employees during the period in which the entitlement is earned, whether or not the amount is currently payable. For other NAF employees, severance accrual begins when the NAFI knows it will incur such a liability in the future (for example, when announced for closure or major realignment). Set aside funds in the severance benefits investment program to pay for future liabilities. Contact HQ AFSVA/SVF to establish a severance benefits investment account.

## ATTACHMENT B.1

ABBREVIATIONS GLOSSARY

AAFCWF	Army and Air Force Civilian Welfare Fund
AAFES	Army and Air Force Exchange Service
AFAA	Air Force Audit Agency
AFB	Air Force Base
AFFMF	Air Force Financial Management Fund
AFI	Air Force Instruction
AFIF	Air Force Insurance Fund
AFM	Air Force Manual
AFMWRAB	Air Force Morale, Welfare, and Recreation Advisory Board
AFNAFPO	Air Force Nonappropriated Fund Purchasing Office
AFPD	Air Force Policy Directive
AFROTC	Air Force Reserve Officer Training Corps
AFSVA	Air Force Services Agency
ANG	Air National Guard
APF	Appropriated Funds
ASD	Office of the Assistant Secretary of Defense
A/R	accounts receivable
BOD	Board of Directors
BPA	blanket purchase agreement
BRF	base restaurant funds
CBPO	Consolidated Base Personnel Office
CC	cost center (accounting term)
CCC	cost center code
CCCR	consolidated cost center report
CCFP	child care food program
CLF	command lodging fund
CMIP	cash management and investment program
CONUS	Continental US
CT	cash transfer
CWF	civilian welfare fund
DOB	date-of-business
DOD	department of defense
DODI	DOD instruction
DRMO	defense reutilization and marketing office
EDC	electronic data capture
EOM	end-of-month
FC	foreign currency
FM	financial manager
FMFIA	Federal Managers' Financial Integrity Act
FM&P	Force Management and Personnel
FOA	field operating agency
FY	fiscal year
GAAP	generally accepted accounting principles
GAO	general accounting office
GLAC	general ledger account code
GSA	general services administration

IAW	in accordance with
IBP	international balance of payments
ICR	internal control review
ICR	individual cashier's report
I&E	income and expense
IG	inspector general
IPO	interfund purchase order
IUF	isolated unit funds
JER	Joint Ethics Regulation
JV	journal voucher
LOF	life-of-the-fund
MAJCOM	major command
MBF	military banking facility
MPO	military pay order
MWR	morale, welfare, and recreation
MWRF	MWR fund
NAF	nonappropriated fund
NAFFA	nonappropriated fund financial analyst
NAFI	nonappropriated fund instrumentality
NAFSAMS	nonappropriated fund standard accounting management system
NAF AO	NAF accounting office
NLT	not later than
NRB	NAF requirements budget
NTE	not to exceed
OI	operating instruction
OPM	Office of Personnel Management
PCS	permanent change of station
PDO	Publications Distribution Office
PL	Public Law
PO	purchase order
POC	point of contact
POS	point of sale
PRIGL	payroll interface to the general ledger
RCS	report control symbol
RMF	resource management flight
RMFC	resource management flight chief
RRRP	resource recovery and recycling program
SAV	savings account
SCO	servicing contracting office
SEV	severance account
SM&W	special morale and welfare
SV	Services
SVF	Directorate of Financial Management and Comptroller
TBCC	transfer between cost centers
TDY	temporary duty
TLF	temporary lodging facility
TR	dollar transfer
UC	unemployment compensation
US	United States
USAF	United States Air Force

USAFA	USAF Academy
USAFAAA	United States Air Force Academy Athletic Association
USAFE	USAF Europe
USDA	United States Department of Agriculture
VAQ	visiting airmen's quarters
VAT	value added tax
VOQ	visiting officers quarters
WC	workers' compensation

## ATTACHMENT B.2

TERMS EXPLAINED

B2.1. Accounting Period. An accounting period is from the first day of a given month through the last day of the same month.

B2.2. Accounting System. The NAF accounting system is based on commercial accounting practices modified to meet the needs of the Air Force. The principles underlying this system are based on experience, the needs within the Air Force NAFI environment, and generally accepted accounting principles (GAAP).

B2.3. Accounting Year. The accounting year is from 1 October of a given year through 30 Sep of the following year.

B2.4. Activity. This term describes operational organizations within the SV structure, such as bowling center, officers' club. It is also used when referring to specific functions within each operational organization such as, lanes operation, snack bar, bar, dining room, slot machines, ticket operations, etc. Do not confuse the operational functions of the "activity" with the accounting term "cost center."

B2.5. Assets. Assets are economic resources obtained or controlled by NAFIs as a result of past transaction or events. They are classified as either current or noncurrent items.

B2.6. Balance sheet. The balance sheet shows the financial position of a NAFI at a point in time. It lists the assets and claims against the NAFI. The balance sheet lists separate columns for current period (FY) and prior period data. This report also includes current and acid test ratios.

B2.7. Budget Working Committee. Individuals selected by the Services Commander or Director to review and prioritize items on NAF Requirements budgets.

B2.8. Cash Flow Budget. A formal financial

plan which shows the beginning cash balance, the cash inflows and outflows, and the ending cash balance expected for a period of time. The purpose of the cash flow budget is to anticipate changes in the level of cash. The ANF AO prepares a cash flow budget for each NAFI.

B2.9. Cost Center. Term used to identify the accounting subdivision of a NAFI. This term is used for accounting purposes and should not be confused with the operational term "activity." A standard 2-digit identity code is assigned by Air Force for each cost center.

B2.10. Current Assets. Cash and other assets that can be reasonably expected to be converted to cash or consumed (accounts receivables and inventory) during the next 12 months.

B2.11. Current Liabilities. Debts that should be paid within the next 12 months; includes accounts payable, accrued payroll, taxes, and current portion of loans payable.

B2.12. Custodian. The Resource Management Flight Chief (RMFC) is the primary custodian for all NAFIs supporting a base with the exception of the base restaurant and civilian welfare funds, exchanges, and in some instances NAFIs at remote or isolated units.

B2.13. Depreciation. The method used to expense the acquisition cost of a fixed asset over the life expectancy of that asset.

B2.14. Financial Analysis. Analysis is a continuing process throughout the normal course of operations, with the manager as the focal point. The objective is to spot potential problems, identify root causes, and obtain solutions.

B2.15. Fixed Assets. Tangible items with an individual cost of \$1,000 or more, and with a life span of 2 years or more, which do not lose their

identity through use. Includes items such as, furniture, equipment, tools, machinery, facilities, major repairs and improvements, etc.

B2.16. Fund Equity. Fund equity (net worth) is the excess of total assets over total liabilities.

B2.17. General Ledger. The general ledger is the core of the NAF accounting system and provides a detail of all accounting transactions for the current period. The system consists of control accounts for assets, liabilities, equity, income, and expenses.

B2.18. Host MWRF. Provides financial management and accounting services required by NAFIs at other locations. The host MWRF custodian is responsible for financial management assistance and accounting support, and serves as the focal point for fiduciary accountability.

B2.19. Income and Expense (Operating) Budget. A formal financial plan which reflects monthly and quarterly projected income and expenses for a fiscal year. It reflects the expected outcome of management's plans and decisions in financial terms. It shows the revenue and associated expenses an activity expects to generate over a given period. This budget gives the activity manager an estimate of the profit to be realized from the operation. (For this reason, the I&E budget is sometimes referred to as the "operating" budget.)

B2.20. Liabilities. Liabilities are obligations to transfer assets, provide services, or otherwise expense assets to satisfy responsibilities resulting from past or current transactions. They are classified on the financial statements as either current or noncurrent liabilities.

B2.21. Minimum Cash Balance. The minimum amount of cash that should be kept in cash-in-bank for efficient operations and sound cash management.

B2.22. NAF Requirements Budget. A formal 5 year financial plan which shows the estimated cost and time for buying new equipment, furnishing, renovating facilities, replacing and

repairing fixed assets, buying bulk purchases of expendable equipment and buying bulk purchases of high cost supply items.

B2.23. Small Operations. Those with limited programs and gross revenues of less than \$36,500 per year. Small operations may not require all of the detailed accounting records and procedures outlined for NAFIs at bases or stations.

B2.24. Statement of Cash Flows. The Statement of Cash Flows is a formal statement of cash received and cash paid out for the period being reported. It shows the uses and sources of cash. It is prepared by NAFI.

B2.25. Unprogrammed NAF Expenditures. Expenditures for costly capital assets (equipment and facilities) which are not included in the NRB of the NAFI (called "unprogrammed"). These can cause serious cash flow problems.

B2.26. In Use Inventory. In use inventory consists of merchandise maintained by operating activities for resale or consumption in sales outlets such as bars, pro shops, restaurants, and snack bars.

**ATTACHMENT B.3****PRESCRIBED FORMS**

AF Form 1708	NAF Dishonored Check Control Log
AF Form 1735	NAF Interfund Purchase Order
AF Form 1736	NAF Cash Management and Investment Program Account Verification
AF Form 1804	NAF Interfund Dollar Transfer
AF Form 1875	NAF Individual Cashier's Report
AF Form 1876	NAF Consolidated Cost Center Report
AF Form 2533	NAF Transfer Between Cost Centers
AF Form 2534	NAF Property Disposal Transfer Receipt
AF Form 2539	NAF Disbursement Request
AF Form 2541	NAF Journal Voucher