

VOLUME 4, CHAPTER 16: “REVENUE, OTHER FINANCING SOURCES, GAINS AND LOSSES”

SUMMARY OF MAJOR CHANGES

Changes are identified in this table and also denoted by **blue font**.

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

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

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

The previous version dated **March 2012** is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
1.0 (1601)	Revised “General” section to comply with the Department of Defense (DoD) Financial Management Regulation Revision Standard Operating Procedures dated June 2015.	Revision
2.2.4. (160202.D)	Added clarification that Nonappropriated Fund Activities are non-federal activities.	Addition
2.3.3.6. (160203.C.6)	Added clarification that Nonappropriated Fund Activities are non-federal activities.	Addition
3.2 (160302)	Added “Fund Balance with Treasury Under a Continuing Resolution” as an account to be used before an apportionment is warranted.	Addition
3.5 (160305)	Added recognition of multi-use heritage assets at fair market value.	Revision
3.6 (160306)	Added the reclassification of excess, obsolete, or unserviceable inventory will usually result in a loss.	Addition
4.1 (160401)	Updated revenue recognition policy to agree with DoD Manual 4140.01.	Addition
4.2.1. & 4.2.3. (160402.A & C.)	Added caveat that customer orders from non-federal entities do not become budgetary resources until collected.	Addition
4.2.2. & 4.2.4. (160402.B & D.)	Added caveat that general ledger accounts 510900 and 520900 are not to be used for credit losses.	Addition
4.3.5. (160403. F)	Added Administrative Fee Revenue to nonexchange revenue accounts.	Addition
4.4 (160404)	Revised definition of Other Financing Sources to correspond with that in Statement of Federal Accounting Standards 7, “Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting.”	Revision

Table of Contents

VOLUME 4, CHAPTER 16: “REVENUE, OTHER FINANCING SOURCES, GAINS AND LOSSES”	1
*1.0 GENERAL (1601).....	3
1.1 Purpose (160101)	3
1.2 Authoritative Guidance (160102).....	3
2.0 REVENUE (1602).....	3
2.1 Sources of Revenue (160201)	3
2.2 Special Revenue Situations (160202)	4
2.3 Exchange Revenue (160203)	4
2.4 Nonexchange Revenue (160204)	6
3.0 OTHER FINANCING SOURCES (1603)	6
3.1 Other Financing Sources (160301)	6
*3.2 Appropriations (160302).....	6
3.3 Imputed Financing (160303).....	6
3.4 Transfers (160304)	7
*3.5 Donations (160305)	7
*3.6 Gains or Losses (160306)	7
4.0 ACCOUNTING FOR REVENUES, OTHER FINANCING SOURCES, DONATIONS, TRANSFERS, AND GAINS AND LOSSES (1604).....	8
4.1 Transaction Library (160401)	8
*4.2 Exchange Revenue Accounts (160402).....	8
*4.3 Nonexchange Revenue Accounts (160403).....	10
*4.4 Other Financing Sources (160404)	12
5.0 GAINS AND LOSSES (1605)	14
5.1 Gain Accounts (160501)	14
5.2 Loss Accounts (160502).....	14

CHAPTER 16

REVENUE AND OTHER FINANCING SOURCES, GAINS, AND LOSSES

*1.0 GENERAL (1601)

1.1 Purpose (160101)

This chapter describes the accounting principles and concepts that the Department of Defense (DoD) Components must follow to account for revenues, other financing sources, gains, and losses. Expenses are discussed in Chapter 17. Losses are discussed in both this chapter and Chapter 17 because the same type of transaction sometimes results in a gain and at other times a loss, e.g., disposition of real property at a price above or below the book value. The “Table of Transactions” in Appendix A assists in classifying exchange and nonexchange revenues, other financing sources, and gains and losses. Also see Volume 6B for information about how to report revenue on the financial statements.

1.2 Authoritative Guidance (160102)

The authoritative source for accounting guidance on Revenue and Other Financing Sources is Statement of Federal Financial Accounting Standards (SFFAS) 7, “Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting.” Additional guidance is promulgated by the Department of the Treasury (Treasury) on the United States Standard General Ledger (USSGL) website. USSGL information is adapted for the DoD in the Standard Financial Information Structure (SFIS) DoD Standard Chart of Accounts and Transaction Library.

2.0 REVENUE (1602)

2.1 Sources of Revenue (160201)

Within the **DoD**, revenues are amounts earned as a result of normal operations while gains or losses relate to other transactions. Revenues result from the sale of, or reimbursement for, goods and services provided to DoD activities, other **Federal Government** agencies and the public. Revenue is an inflow of resources that results in an increase of assets, a decrease in liabilities (or a combination of both), and an increase in Net Position during a reporting period. Decreases in **Liabilities for Advances** and **Prepayment** after delivery of goods or services are examples of how decreases in liabilities impact revenue.

2.1.1. The distinction between revenues and gains or losses is whether the transaction is usual or recurring. Revenues are recorded at gross amount while gains are shown net of related costs.

2.1.1.1. Revenue comes from two sources: exchange transactions and nonexchange transactions.

2.1.1.2. Exchange revenues must be recognized when something of value is provided to another government entity or to the public.

2.1.1.3. Exchange revenue must be posted at the actual price that is received or receivable under the established pricing arrangement.

2.1.1.4. Nonexchange revenues are inflows of resources that the government demands or receives by donation.

2.1.1.5. Refunds received are recoveries of overpayments and, as such, are not revenue. Refunds can result from errors in paying invoices or items returned to vendor.

2.2 Special Revenue Situations (160202)

2.2.1. When appropriated funds are used to furnish goods and services on a reimbursable basis, the appropriated fund must have specific legal authority to retain the collections. Otherwise, the funds collected must be transferred to a miscellaneous receipt account. The expenses incurred in providing the goods or service must be recorded in the appropriate expense accounts and must not be reduced, even though the collection is deposited to miscellaneous receipts. See Volume 11A, Chapter 1 for additional information about reimbursements.

2.2.2. Revenue must be recorded in the financial records, collected promptly, and deposited in the appropriate Treasury account. Amounts received in advance of performance, however, must be accounted for as Liability for Advances and Prepayments until performance is accomplished in accordance with Chapter 12.

2.2.3. When revenues are generated by providing goods and services, the cost of the goods and services provided must be recorded as a cost of goods sold. Use of the cost of goods sold account is discussed in Chapter 17.

* 2.2.4. Revenues from Nonappropriated Funds Activities must be accounted for in accordance with Volume 13, Chapter 5. Nonappropriated Fund Activities are not included in federal financial statements and are considered as non-federal activities for budgetary and proprietary accounting purposes. They follow accounting standards promulgated by the Financial Accounting Standards Board rather than Federal Accounting Standards Advisory Board.

2.3 Exchange Revenue (160203)

2.3.1. Exchange revenues are inflows of resources to a governmental entity that the entity has earned. They arise from transactions that occur when each party to the transaction sacrifices value and receives value in return. Exchange revenue includes most user charges other than taxes. Exchange transactions also include those intragovernmental transactions where the price serves as a full or partial reimbursement for the costs incurred.

2.3.2. Revenue from exchange transactions must be recognized at the time goods or services are provided to the public or another government entity for a price.

2.3.3. Revenue from specific types of exchange transactions must be recognized as follows:

2.3.3.1. When services are provided to the public or another government entity (except for specific services performed to order under a contract), revenue must be recognized when the services are performed.

2.3.3.2. When goods are made to order under a contract (either short or long term), or specific services are performed under a contract (either short or long term), revenue must be recognized monthly in proportion to estimated total cost when goods and services are acquired to fulfill the contract. The amount of revenue to recognize is based on the ratio of the costs incurred to date to the total estimated costs of completing the contract. If a loss is probable (more likely than not), revenue must continue to be recognized in proportion to the estimated total cost and costs must continue to be recognized when goods and services are acquired to fulfill the contract. Thus, the loss must be recognized in proportion to total cost over the life of the contract.

2.3.3.3. When goods are kept in inventory and are available for sale to customers when ordered, revenue must be recognized when the goods are issued to the customer.

2.3.3.4. When services are rendered continuously over time or the right to use an asset extends continuously over time, such as the use of borrowed money or the rental space in a building, the revenue must be recognized in proportion to the passage of time or the use of the asset.

2.3.3.5. When an asset other than inventory is sold, any gain (or loss) must be recognized when the asset is delivered to the purchaser.

* 2.3.3.6. Revenue received from Nonappropriated funds is accounted for as non-federal revenue from transactions with the public. Nonappropriated funds are not included in federal financial statements.

2.3.4. The source of balances for some trust funds and special funds may not be predominantly nonexchange revenue, and the source of balances for working capital funds and trust revolving funds may not be predominantly exchange revenue. For example, the main source of balances for two major trust funds, the Civil Service Retirement and Disability Fund and the DoD Military Retirement Trust Fund, consists of exchange revenue and other financing sources. In such exceptional cases, the interest must be classified in the same way as the predominant source of funds, as exchange revenue. See SFFAS 7, paragraphs 154-160 for more information.

2.4 Nonexchange Revenue (160204)

2.4.1. Nonexchange revenues include income taxes, excise taxes, duties, fines, penalties, and other inflows of resources arising from the Government's power to demand payments, as well as voluntary donations. Nonexchange revenue must be recognized when a reporting entity establishes a specifically identifiable, legally enforceable claim to cash or other assets. It is recognized to the extent that the collection is probable (i.e., more likely than not) and the amount is measurable (i.e., reasonably estimable).

2.4.2. Nonexchange revenue should be measured by the collecting entities, but should be recognized by the entities legally entitled to the revenue (the recipient entities). SFFAS 7, paragraphs 48 through 63 describe the application of this general standard.

3.0 OTHER FINANCING SOURCES (1603)

3.1 Other Financing Sources (160301)

The term "revenue" does not encompass all financing sources of government reporting entities, such as most of the appropriations they receive. These other financing sources do, however, provide resource inflows to government reporting entities, although not to the government as a whole. Other sources of financing include appropriations used, transfers of assets from other government entities, and **imputed** financing with respect to any cost subsidies.

*3.2 Appropriations (160302)

Until used, appropriations are not a financing source. They must be recognized in capital as "unexpended appropriations" (and among assets as "Fund Balance with Treasury" or "**Fund Balance with Treasury Under a Continuing Resolution**") when made available for apportionment, even if a Treasury Warrant has not yet been received, or the amount has not been fully apportioned. Unexpended appropriations must be reduced for appropriations used and adjusted for other changes in budgetary resources, such as **certain types of** rescissions and transfers. The net increase or decrease in unexpended appropriations for the period must be recognized as a change in net position of the entity. When used, appropriations must be recognized as a financing source in determining net results of operations. Appropriations are used in operations when goods and services are received or benefits and grants are provided. Goods and services (including amounts capitalized) are considered received when a liability is established. Benefits are considered to be provided when the related liability is established. Grants are considered to be provided when grantees meet the requirements that allow them to use the grant **funds**.

3.3 Imputed Financing (160303)

Government entities often receive goods and services from other government entities without reimbursing the providing entity for all the related costs. In addition, government entities often incur costs such as pensions, which are paid in total or in part by other entities. These goods and services constitute subsidized costs to be recognized by the receiving entity to

the extent required by other accounting standards. An imputed financing source must be recognized equal to the imputed cost. This offsets any effect of imputed cost on net results of operations for the period. Within the DoD, imputed costs can include military personnel costs, pensions, other retirement benefits, other postemployment benefits, costs unreimbursed by tenants of real property, and environmental cleanup costs not reimbursed to the entity administering the fund when the administering fund is outside the DoD reporting entity.

3.4 Transfers (160304)

An **intragovernmental** transfer of cash or of a capitalized asset without reimbursement changes the resources available to both the receiving entity and the transferring entity. The receiving entity must recognize a transfer-in as an additional financing source in its result of operations for the period. Similarly, the transferring entity must recognize the transfer-out as a decrease in its result of operations. The value recorded must be the transferring entity's book value of the asset. If the receiving entity does not know the book value, the asset must be recorded at its estimated fair **market** value as of the date of transfer. See Appendix A for more information on property, plant, and equipment (PP&E) transfers.

*3.5 Donations (160305)

Donations are contributions to the government, i.e., voluntary gifts of resources to a government entity by a non-federal entity. Donations may be financial resources, such as cash or securities, or non-financial resources such as land or buildings. Revenue arising from donations must be recognized for those inflows of resources that meet recognition criteria for assets and must be measured at the estimated fair market value of the contribution. In cases of the donation of assets classified as heritage assets or stewardship land, no amount is recognized because such PP&E would have been expensed when purchased. **Multi-use heritage assets should be recognized at fair market value, similar to general PP&E.** See Chapter 6 and Appendix A for additional information about real property donations and PP&E.

*3.6 Gains or Losses (160306)

When a transaction occurs with the public or another government entity for a price which is unusual or nonrecurring, a gain or loss must be recognized rather than revenue or expense so as to differentiate such transactions. Gains or losses result from the sale, exchange, trade or disposition of government assets, with the exception of inventory held for sale. **The reclassification of excess, obsolete, or unserviceable inventory will generally result in a loss when revalued because the value is now less than the acquisition or moving average cost of the item. The amount of revaluation is recognized as a loss or gain in determining the net cost of operations.** As a rule, any difference between the sales proceeds at more or less than the book value of an asset is recognized as a gain or loss when the asset is sold. This general rule applies to the sale of PP&E, receivables, investments, and other assets where the selling entity is entitled to retain the proceeds of the sale. In addition, the distinction between revenues and gains or losses is a matter of classification in the general ledger accounts and their presentation in financial statements. Revenues are commonly reported at their gross amount while gains or losses are shown net of related book value.

4.0 ACCOUNTING FOR REVENUES, OTHER FINANCING SOURCES, DONATIONS, TRANSFERS, AND GAINS AND LOSSES (1604)

4.1 Transaction Library (160401)

The DoD SFIS Transaction Library is the transaction library for recording business events for revenue and other financing sources within the DoD. Also see Volume 1, Chapter 7. Additional information about how to classify transactions is available in SFFAS 7 and Appendix A. The following series of accounts are the primary USSGL accounts used to record revenue, other financing sources transaction, donations, transfers, and gains and losses. Specific account definitions for all USSGL accounts and subaccounts are included in the DoD Standard Chart of Accounts.

*4.2 Exchange Revenue Accounts (160402)

4.2.1. Revenue From Goods Sold (510000). Use this account to record exchange revenue earned from the sale of purchased or finished goods processed for sale or use under a program of trading or manufacturing. When goods are kept in inventory so that they are available to customers when ordered, revenue must be recognized in the same accounting period that the goods are delivered to the customer, or in the case of Defense Working Capital Fund (DWCF) when the ordered goods are placed into an in-transit status, (consistent with Fee On Board Shipping Point revenue recognition). Performers (DoD activities providing goods and/or services at cost) include the DWCF activities, working capital funds within the Military Departments, working capital funds within the "Other Defense Organizations," and construction agents, such as the United States (U.S.) Army Corps of Engineers. Customers include any DoD Component, organization, office or other element; non-DoD Federal Government agencies; others officially representing the Federal Government; and members of the public (as specified by law). Federal customer orders (funded requests for goods and services) provide budgetary resources to finance reimbursable operations; consequently, customer orders must be obligations of a Federal Government activity unless otherwise specified by law. Customer orders from non-federal entities do not become budgetary resources until collected. Customer orders from Nonappropriated Funds are accounted for as orders from non-federal entities.

4.2.2. Contra Revenue for Goods Sold (510900). Use this account to offset revenue for goods sold when collection of accrued revenue is not expected. Record amounts based on adjustments, returns, allowances, price redetermination, and refunds other than taxes where revenue is earned, but does not include credit losses.

4.2.3. Revenue From Services Provided (520000). This account is used to record exchange revenue earned from the sale of services provided, including sale of power and transportation. Most often associated with revenue earned by working capital funds, revenue posted to this account is generally recorded at the point of sale. When services are provided to the public or another government entity, revenue must be recognized in the same accounting period that the services are performed. Service providers include DWCF activities, working capital funds within the Military Department, working capital funds within the "Other Defense Organizations," the U.S. Army Corps of Engineers, and appropriation funded activities.

Customers of the Department include any DoD Component, organization, office or other element; non-DoD Federal Government agencies and others officially representing the Federal Government; and members of the public (as specified by law). Federal customer orders (funded requests for goods and services) provide budgetary resources to finance reimbursable operations; consequently, customer orders must be obligations of a Federal Government activity unless otherwise specified by law. Customer orders from non-federal entities do not become budgetary resources until collected. Customer orders from Nonappropriated Funds are accounted for as orders from non-federal entities.

4.2.4. Contra Revenue for Services Provided (520900). Use this account to offset revenue for services provided when collection of accrued revenue is not expected. Record amounts based on adjustments, returns, allowances, price redetermination, and refunds other than taxes where revenue is earned, but does not include credit losses.

4.2.5. Interest Revenue - Other (531000). This account is used to record revenue earned from interest not associated with investments or borrowings/loans. Depending on the source of the funds, this revenue can be exchange or nonexchange revenue. For example, revenue resulting from interest charges on delinquent receivables is considered exchange revenue (refer to Chapter 3, Annex 1). For interest revenue transactions not related to investments, consult the SFIS Transaction Library.

4.2.6. Interest Revenue - Investments (531100). This account is used to record investment interest revenue. Depending on the source of the funds used to make an investment, the revenue can be exchange or nonexchange revenue. For example, invested balances for the Civil Service Retirement and Disability Fund and DoD Military Retirement Trust Fund are predominantly derived from exchange revenue and other financing sources and the interest earned on those balances must be classified as exchange revenue.

4.2.7. Contra Revenue for Interest Revenue - Investments (531800). Record a reduction in revenue for interest accrued on investments when realization is not expected.

4.2.8. Contra Revenue for Interest Revenue - Other (531900). Record a reduction in other revenue for interest accrued not associated with investments or borrowings/loans when realization is not expected. Amounts recorded are based on abatements, adjustments, returns, allowances, or price redeterminations.

4.2.9. Administrative Fees Revenue (532500). Record revenue from administrative fees to this account including revenue from administrative fees associated with collections on delinquent accounts (refer to Chapter 3, Annex 1).

4.2.10. Contra Revenue for Administrative Fees (532900). Record a reduction in revenue for administrative fees when realization is not expected as defined in SFFAS 7, paragraph 41.

4.2.11. Benefit Program Revenue (540000). Revenue received by agencies administering retirement plans, insurance plans, and other annuity programs are recorded to this

account. Employees of the Federal Government provide service to their employer in exchange for compensation, of which some is received currently (the salary); and some is deferred (pensions, retirement health benefits, and other retirement benefits). The financing of these benefits includes contributions paid by the employer entity to the retirement fund and is an inflow of resources to the retirement fund as part of this exchange transaction. It is a payment by the employer in exchange for the future provision of a pension or other retirement benefit to its employees. Therefore, it is exchange revenue of the entity that administers the retirement plan and, thus, is an offset to that entity's gross cost in calculating its net cost of operations.

4.2.12. Contra Revenue for Benefit Program Revenue (540900). Record a reduction in revenue for a benefit program based on adjustments as stipulated by law not including credit losses.

4.2.13. Insurance and Guarantee Premium Revenue (550000). Revenue earned from insurance and guaranteed premiums. The premiums are recorded as exchange revenue in this account and any interest earned on investments made with premium revenue is therefore exchange revenue recorded to Account 531100.

4.2.14. Contra Revenue for Insurance and Guarantee Premium Revenue (550900). Record a reduction in revenue for an insurance and guarantee premium based on adjustments stipulated by law not including credit losses.

4.2.15. Other Revenue (590000). Use this account to record the amount of revenue received but not otherwise classified. For example, funds received for administering international and other agreements when the U.S. Government is reimbursed represent Other Revenue. Other uses of this account include the sale of stockpile materials or the cancellation of a receivable for a reimbursable activity.

4.2.16. Contra Revenue for Other Revenue (590900). Record a reduction in revenue recorded in account 590000 when realization is not expected to this account. Amounts recorded are based on adjustments, returns, allowances, price redetermination, and refunds other than taxes. Credit losses on other nonexchange revenue also are recorded in this account.

*4.3 Nonexchange Revenue Accounts (160403)

4.3.1. Nonexchange revenues that can be retained by the collecting entity in accordance with permanent provisions of law or through the authorization and/or appropriations process are not matched with costs because they are not earned in the operations process. Because they are inflows that finance operations, nonexchange revenues must be classified and recognized only in determining the overall financial results of operations for the period. See Volume 6B, Chapter 6, for information about how to report nonexchange revenue in the notes to the financial statements. Collections not authorized by law for retention and used as appropriation reimbursements may be considered exchange or nonexchange revenue and must be deposited to the General Fund of the Treasury as miscellaneous receipts.

4.3.2. Interest Revenue - Other (531000). This account is used to record revenue earned from interest not associated with investments or borrowings/loans. Depending on the source of the funds used to make the investment, the revenue can be exchange or nonexchange revenue. For example, interest revenue resulting from the Military Housing Privatization Program is considered nonexchange revenue. For interest revenue transactions not related to investments, consult the SFIS Transaction Library.

4.3.3. Interest Revenue - Investments (531100). This account is used to record investment interest revenue. Depending on the source of the funds used to make the investment, the revenue can be exchange or nonexchange revenue. Interest on securities held by trust and special funds (except trust revolving funds) is often nonexchange revenue because the investment is made with funds derived from the government's sovereign authority. The key is the source of the funds used to make the investment, i.e., exchange or nonexchange. For example, invested balances for the U.S. Army Corps of Engineers' Harbor Maintenance Trust Fund are predominantly derived from nonexchange revenue and the interest earned on those balances must be classified as nonexchange revenue.

4.3.4. Penalties and Fines Revenue (532000). Record revenue derived from penalties and fines to this account. Penalties and fines revenue should be reported as a non-entity custodial activity in accordance with SFFAS 7, paragraphs 260 and 262. The custodial activity will be presented at net value on the Balance Sheet along with a corresponding amount recorded as a custodial liability. Collection and disposition of custodial revenue to the General Fund Receipt Account will not impact the Net Position of the collecting entity. Refer to Volume 6B, for additional information on reporting of custodial revenue. Refer to Chapter 3, Annex 1, for more information about penalties and administrative charges.

4.3.5. Contra Revenue for Penalties and Fines (532400). Record an amount reflecting a reduction in revenue for penalties and fines when realization is not expected as defined in SFFAS 7, paragraph 41.

* 4.3.6. Administrative Fee Revenue (532500). This account is used to record revenue associated with administrative fees assessed on delinquent receivables. Refer to Volume 4, Chapter 3, Annex 1, for more information about penalties and administrative charges.

4.3.7. Donated Revenue - Financial Resources (560000). Record the donation of financial resources to a Federal Government entity from a non-federal source, for example, cash or securities. **Donations should** be measured at the estimated **market** value of the contribution.

4.3.8. Contra Revenue for Donations - Financial Resources (560900). Record an amount reflecting a reduction in revenue for donated financial resources that are returned.

4.3.9. Donated Revenue - Nonfinancial Resources (561000). Record the donation of nonfinancial resources to a Federal Government entity from a non-federal source, for example, land or buildings. **Nonfinancial donations are calculated on the estimated fair market value at the time of the donation.**

4.3.10. Contra Donated Revenue - Nonfinancial Resources (561900). Record an amount reflecting a reduction in revenue for donated nonfinancial resources that are returned.

*4.4 Other Financing Sources (160404)

Financing sources, other than exchange and nonexchange revenues, that provide inflows of resources that increase results of operations during the reporting period include expended appropriations, transfers of assets from other government entities, and financing imputed with respect to any cost subsidies. Financing outflows may result from transfers of an entity's assets to other Government entities or from exchange revenues earned by the entity that must be transferred to the general fund or another government entity.

4.4.1. Expended Appropriations (570000). This account is used to record the amount of appropriations used during the fiscal year when goods and services are received or benefits are provided. Special and trust funds that receive appropriations from the General Fund of the Treasury must use this account.

4.4.2. Transfer Accounts (572000 and 573000). These accounts are used to record the transfers of capitalized assets between DoD Components without the receipt of a direct appropriation or transfer document from the Office of Management and Budget (OMB). These accounts are not to be used to transfer Fund Balance with Treasury.

4.4.2.1. Financing Sources Transferred In Without Reimbursement (572000). The amount determined to increase the financing source of a reporting entity that occurs as a result of an asset being transferred in. If the transfer is general PP&E, the amount of the asset is recorded at the book value of the transferring entity. However, if the asset is classified as stewardship PP&E in its entirety by both the transferring entity and the recipient entity, the transfer does not affect the net cost of operation or net position of either entity; therefore, it is not revenue, a gain or loss, or other financing source.

4.4.2.2. Financing Sources Transferred Out Without Reimbursement (573000). This account is used to record the amount determined to decrease the financing source of a reporting entity that occurs as a result of an asset being transferred out. The amount of the asset is recorded at book value as of the transfer date. If the asset is general PP&E for the transferring entity but stewardship for the recipient entity, it is recognized as a transfer-out (a negative other financing source) of capitalized assets by the transferring entity.

4.4.3. Other Transfer Accounts. Transfers reduce budgetary resources (budget authority and unobligated balances) in one account and increase them in another. Refer to the OMB Circular A-11, “Preparation and Submission of the Budget,” Section 20.4(j)), for guidance on the budgetary impact of transfers.

4.4.3.1. Appropriated Dedicated Collections Transferred In (574000). Record the amount in the expenditure account of dedicated collections appropriated via warrant from an unavailable receipt account. Transactions using this account will have a budgetary impact.

4.4.3.2. Appropriated Dedicated Collections Transferred Out (574500). These accounts are used to record the amount in the unavailable receipt account of **dedicated** receipts appropriated, via warrant, to an expenditure **account**.

4.4.3.3. Expenditure Financing Sources - Transfers-In (575000). Record the amount of financing sources of a federal entity representing funds transferred in, or to be transferred in, occurring as a result of a nonexchange expenditure transfer-in from a trust or federal fund. **Transactions using this account will have a budgetary impact.**

4.4.3.4. Nonexpenditure Financing Sources - Transfers-In - Other (575500). This account is used to record the amount of financing sources of a reporting federal entity representing funds transferred in, or to be transferred in, occurring as a result of a nonexchange, nonexpenditure transfer-in between two trust funds or two federal funds where a credit to unexpended appropriations is not valid. This account excludes nonexpenditure transfers classified as capital transfers. **Transactions using this account will have a budgetary impact.**

4.4.3.5. Expenditure Financing Sources - Transfers-Out (576000). Record the amount of financing sources of a reporting federal entity representing funds transferred out, or to be transferred out, occurring as a result of a nonexchange expenditure transfer-out to a trust or federal fund. **Transactions using this account will have a budgetary impact.**

4.4.3.6. Nonexpenditure Financing Sources - Transfers-Out - Other (576500). This account is used to record the amount of financing sources of a reporting federal entity representing funds transferred out, or to be transferred out, occurring as a result of a nonexchange, nonexpenditure transfer-out between two trust funds or two federal funds where a debit to unexpended appropriations is not valid. This account excludes nonexpenditure transfers classified as capital transfers. **Transactions using this account will have a budgetary impact.**

4.4.4. Imputed Financing Sources (578000). Record the imputed financing amounts the federal entity received to cover imputed costs. The balance in this account must equal the balance in USSGL account 673000, "Imputed Costs." Examples of costs that may be imputed include military personnel costs, pensions, other retirement benefits, other postemployment benefits, and unreimbursed tenant cost when occupying a facility that is not under the jurisdiction of the tenant. Another example is environmental cleanup costs not reimbursed to the entity administering the fund when the administering fund is outside the DoD reporting entity. See Interpretation of Federal Financial Accounting Standards 6: "Accounting for Imputed Intra-departmental Costs: An Interpretation of SFFAS 4," for additional information about imputed costs. Additionally, imputed financing sources and costs are incurred when one DoD reporting entity uses another federal agency's (including other DoD reporting entities) asset without financial compensation.

5.0 GAINS AND LOSSES (1605)

5.1 Gain Accounts (160501)

Specific guidance on gains and losses is included in each subject area. For example, Base Realignment and Closure gains and losses are discussed in Volume 12, Chapter 13.

5.1.1. Gains on Disposition of Assets - Other (711000). Record the gain on the disposition (such as sale, exchange, disposal, or retirement) of assets not associated with investments or borrowings/loans.

5.1.2. Gains on Disposition of Investments (711100). Record the gain on the disposition (such as sale, exchange, disposal, or retirement) of investments.

5.1.3. Unrealized Gains (718000). Record unrealized gains that include, but are not limited to, unrealized holding gains on available for sale securities in accordance with Financial Accounting Standard (FAS) 115, deferred gains on qualified hedges under FAS 133, and qualified foreign currency translation adjustments under FAS 52.

5.1.4. Other Gains (719000). Record the gain on assets resulting from events other than a disposition. This excludes amounts related to the gain on the change in long term assumptions from experience and gain on the change in long term assumptions for federal employee pension, other retirement benefit and other postemployment benefit liabilities, including veteran's compensation. This account includes amounts related to the Federal Employees Compensation Act (FECA) Program. Uses for this account include transactions for:

5.1.4.1. Miscellaneous gains such as a gain resulting from converting foreign currency holdings to U.S. dollars.

5.1.4.2. Used by activities to record miscellaneous gains, e.g., ammunition, resulting from inventory counts of operating materials and supplies.

5.2 Loss Accounts (160502)

Specific guidance on gains and losses is included in each subject area. For example, Base Realignment and Closure gains and losses are discussed in Volume 12, Chapter 13.

5.2.1. Losses on Disposition of Assets - Other (721000). Record the loss on the disposition (such as sale, exchange, disposal, or retirement) of assets not associated with investments or borrowings/loans.

5.2.2. Losses on the Disposition of Investments (721100). Record the loss on the disposition (such as sale, exchange, disposal, or retirement) of investments.

5.2.3. Unrealized Losses (728000). To record unrealized losses that include, but are not limited to, unrealized holding losses on available for sale securities in accordance with FAS 115,

deferred losses on qualified hedges under FAS 133, and qualified foreign currency translation adjustments under FAS 52.

5.2.4. Other Losses (729000). Record the loss, **damage, or obsolescence** on assets resulting from events other than disposition. This excludes amounts related to the losses on the change in long term assumptions from experience and gain on the change in long term assumptions for federal employee pension, other retirement benefit and other postemployment benefit liabilities, including veteran's compensation. This account includes amounts related to the FECA Program. Uses for this account include transactions for:

- 5.2.4.1. Recording a contingent liability.
- 5.2.4.2. Recording the loss of inventory that is deemed material.
- 5.2.4.3. Foreign currency.