

VOLUME 6B, CHAPTER 10: “NOTES TO THE FINANCIAL STATEMENTS”**SUMMARY OF MAJOR CHANGES**

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

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

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

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

The previous version dated **November 2018** is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Reordered, retitled, and disaggregated notes to more closely follow the order used in Office of Management and Budget (OMB) Circular A-136, Financial Reporting Requirements, dated June 28, 2019. Streamlined language and notes throughout.	Revision
100202	Revised the title of the Federal Accounting Standards Advisory Board Handbook containing U.S. Generally Accepted Accounting Principles.	Revision
100202, 1004, Figure 10-1, 102604	Revised the title of Note 1 from “Significant Accounting Policies,” to “Summary of Significant Accounting Policies,” to match OMB Circular A-136.	Revision
100308	Removed unnecessary abnormal balance guidance not required by OMB Circular A-136. Consolidated other references to abnormal balance reporting for simplicity.	Revision
100309	Added a new paragraph consolidating references to the DoD Financial Reporting Guidance containing procedural information used to produce the year-end notes to the financial statements.	Addition
Figure 10-1	Revised the listing of significant accounting policies to align disclosures produced as part of the year-end financial reporting process with OMB policy.	Revision
100602, Figure 10-3	Added line items to Note 3, “Fund Balance with Treasury” (FBWT), used to report more detailed FBWT amounts.	Revision
1009, Figure 10-6	Revised the title of Note 6 from “Accounts Receivable,” to “Accounts Receivable, Net,” to match OMB Circular A-136.	Revision
1010	Revised the title of Note 7 from “Direct Loan and Loan Guarantees,” to “Direct Loan and Loan Guarantees, Nonfederal Borrowers,” to match OMB Circular A-136.	Revision

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
Figure 10-10	Revised the column headings used to report subsidy expenses for direct loans by program to align with OMB Circular A-136.	Revision
Figure 10-12, 101007.C, 101007.D	Revised the line items used to report subsidy cost allowance information to align with OMB Circular A-136.	Revision
Figure 10-15, 101010.C	Updated and clarified note format used to report liabilities for loan guarantees.	Revision
101010, 101013	Removed information on Pre-1992 loans as DoD currently only has Post-1991 loans.	Revision
1011, Figure 10-19	Revised the title of Note 8 from “Inventory and Related Property,” to “Inventory and Related Property, Net,” to match OMB Circular A-136.	Revision
Figure 10-20, 101103	Revised titles for inventory and related property reporting categories and removed inventory allowance information as Statement of Federal Financial Accounting Standards (SFFAS) 3, “Accounting for Inventory and Related Property,” does not require this information.	Revision
Figure 10-21, 101104	Removed operating material & supplies (OM&S) allowance information from the OM&S calculation, as SFFAS 3 does not require this information.	Revision
Figure 10-23, 101201.D.1	Revised the line numbering by combining federal and non-federal lease information on one line. Federal and non-federal lease information is separately reported in Note 16, “Leases.”	Revision
Figure 10-23	Revised the service life used for buildings, structures, and facilities to align with current DoD policy.	Revision
Figure 10-24	Removed unnecessary column used to identify the measurement quantity for heritage assets.	Revision
Figure 10-29 (Previous Version)	Deleted Figure 10-29, “Accounts Payable,” from Note 11, “Liabilities Not Covered by Budgetary Resources,” because OMB does not require this information.	Deletion
Figure 10-30	Revised note presentation to report information on actuarial gains and losses more clearly. Added second schedule used to present prior year information.	Revision
101802.A.5	Added disclosures for insurance programs required by SFFAS 51, “Insurance Programs.”	Addition
Figure 10-32, 101802.C.8	Combined reporting for federal and nonfederal capital lease liability information onto one line.	Revision
1019	Added new note for leases by consolidating information to align with the notes included in OMB Circular A-136. Information on leases was previously contained in Notes 9, “General Property, Plant and Equipment,” and 15, “Other Liabilities.”	Addition

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
Figure 10-33, 101901	Revised the title and presentation of the figure to clarify the information presented is for the lessee. Included a line to include a description of lease arrangements.	Revision
Figure 10-34	Revised the title and presentation of the figure to identify the information presented is for federal entities.	Revision
Figure 10-34, 101902.D	Separated reporting for imputed interest and executory costs on to separate lines to align with OMB Circular A-136.	Revision
Figure 10-35	Added new figure to account for future payments due for nonfederal capital leases, as OMB Circular A-136 requires federal and nonfederal leases to be reported separately.	Addition
Figure 10-36	Revised to identify both federal and nonfederal operating lease information, as OMB Circular A-136 requires federal and nonfederal leases to be reported separately.	Revision
1021, Figure 10-37, Figure 10-38, Figure 10-39	Revised note presentation so both current year and prior year information is presented together for funds from dedicated collections.	Revision
Figure 10-40, 102201.D	Revised the title of Figure 10-40 to "Cost and Exchange Revenue by Major Program." Renamed "Total Net Cost" to "Net Program Costs" within Figure 10-40.	Revision
102202.C, 102304.D	Added references to SFFAS 55, "Amending Inter-entity Cost Provisions," identifying disclosures related to inter-entity costs.	Addition
Figure 10-42, 102303, 102304	Added information clarifying required reconciliations between the Statement of Budgetary Resources (SBR) and the Statement of Changes in Net Position.	Revision
1024, Figure 10-43, Figure 10-44	Divided previous figure into two and added disclosures used to explain amounts reported on the SBR as required per OMB Circular A-136.	Revision
Figure 10-45	Added a figure used to explain differences between the SBR and the Budget of the U.S. Government.	Addition
102603	Revised to identify SFFAS 31, "Accounting for Fiduciary Activities," fiduciary activity exclusions.	Revision
1027, Figure 10-48, 102701, 102704	Revised note presentation and line items used to identify the relationship of net costs to net outlays required by SFFAS 53, "Budget and Accrual Reconciliation: Amending SFFAS 7, and 24, and Rescinding SFFAS 22." Revised the title of the note to: "Reconciliation of net cost to net outlays."	Revision
102701.A	Clarified the purpose of the reconciliation required by SFFAS 53.	Revision
1030	Added new note required by OMB Circular A-136 used to show how line items in the financial statements relate to amounts reported in the Financial Report of the U.S. Government.	Addition

Figure 10-4. Cash and Other Monetary Assets, Note Schedule Format 25

100701. Instructions 25

100702. Reporting..... 25

1008 NOTE 5. INVESTMENTS AND RELATED INTEREST..... 27

Figure 10-5. Investments and Related Interest, Note Schedule Format..... 27

100801. Instructions 29

100802. Reporting..... 29

*1009 NOTE 6. ACCOUNTS RECEIVABLE, NET..... 31

*Figure 10-6. Accounts Receivable, Net Note Schedule Format 31

100901. Instructions 31

100902. Reporting..... 31

*1010 NOTE 7. DIRECT LOAN AND LOAN GUARANTEES, NONFEDERAL
BORROWERS 32

101001. General Information on Direct Loans and Loan Guarantees 32

Figure 10-7. Summary of Direct Loans and Loan Guarantees, Note Schedule Format 35

101002. Instructions 35

Figure 10-8. Direct Loans Obligated, Note Schedule Format..... 36

101003. Instructions 36

Figure 10-9. Total Amount of Direct Loans Disbursed, Note Schedule Format 37

101004. Instructions 37

*Figure 10-10. Subsidy Expense for Direct Loan by Program, Note Schedule Format 38

101005. Instructions 38

Figure 10-11. Subsidy Rate for Direct Loans by Program, Note Schedule Format..... 40

101006. Instructions 40

*Figure 10-12. Schedule for Reconciling Subsidy Cost Allowance Balances for Post-1991
Direct Loans, Note Schedule Format 41

101007. Instructions 41

Figure 10-13. Defaulted Guaranteed Loans, Note Schedule Format 43

101008. Instructions 43

Figure 10-14. Guaranteed Loans Outstanding 45

101009. Instructions 45

*Figure 10-15. Liabilities for Loan Guarantees 46

*101010. Instructions 46

Figure 10-16. Subsidy Expense for Loan Guarantees by Program 47

101011. Instructions 47

Figure 10-17. Budget Subsidy Rates for Loan Guarantees by Program for the Current FY 49

101012. Instructions 49

Figure 10-18. Schedule for Reconciling Loan Guarantee Liability Balances for Post-1991
Loan Guarantees 50

*101013. Instructions 50

101101. General Information on Valuation Methods 52

*Figure 10-19. Inventory and Related Property, Net Note Schedule Format	52
101102. Instructions	52
*Figure 10-20. Inventory, Net.....	53
*101103. Instructions	53
*Figure 10-21. Operating Material & Supplies, Net.....	55
*101104. Instructions	55
Figure 10-22. Stockpile Material, Net.....	57
101105. Instructions	57
1012 NOTE 9. GENERAL PROPERTY, PLANT, AND EQUIPMENT, NET	59
*Figure 10-23. Major General PP&E Asset Classes.....	59
101201. Instructions	60
*Figure 10-24. Heritage Assets.....	62
101202. Heritage Assets.....	62
Figure 10-25. Stewardship Lands.....	63
101203. Stewardship Land.....	63
1013 NOTE 10. OTHER ASSETS	65
Figure 10-26. Other Assets, Note Schedule Format.....	65
101301. Instructions	65
101302. Reporting.....	65
1014 NOTE 11. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES	67
Figure 10-27. Liabilities Not Covered by Budgetary Resources	67
101401. Instructions	67
101402. Reporting.....	67
1015 NOTE 12. DEBT.....	69
Figure 10-28. Debt	69
101501. Instructions	69
101502. Reporting.....	69
1016 NOTE 13. MILITARY RETIREMENT AND OTHER FEDERAL EMPLOYMENT BENEFITS.....	71
Figure 10-29. Military Retirement and Other Federal Employment Benefits	71
101601. Instructions	72
*Figure 10-30. Reconciliation of Beginning and Ending Liability Balances for Military Retirement and Other Federal Employment Benefits	75
101602. Instructions	76
101603. Reporting.....	77
1017 NOTE 14. ENVIRONMENTAL AND DISPOSAL LIABILITIES	78

Figure 10-31. Environmental and Disposal Liabilities	78
101701. Instructions	79
101702. Definitions	87
1018 NOTE 15. OTHER LIABILITIES	91
Figure 10-32. Other Liabilities	91
101801. Instructions	92
101802 Reporting	92
*1019 NOTE 16. LEASES	97
*Figure 10-33. Entity as Lessee-Assets Under Capital Lease, Note Schedule Format	97
*101901. Instructions	97
*Figure 10-34. Future Payments Due for Federal Capital Leases	98
*Figure 10-35. Future Payments Due for Nonfederal Capital Leases	99
101902. Instructions for Capital Leases	99
*Figure 10-36. Total Future Operating Lease Payments Due	101
101903. Instructions for Operating Leases	101
101904. Entity as Lessee – Operating Leases	101
1020 NOTE 17. COMMITMENTS AND CONTINGENCIES	102
102001. Instructions	102
102002. Disclosures	102
*1021 NOTE 18. FUNDS FROM DEDICATED COLLECTIONS	104
*Figure 10-37. Combined Balance Sheet - Funds from Dedicated Collections	104
*Figure 10-38. Combined Statement of Net Cost – Funds from Dedicated Collections	105
*Figure 10-39. Combined Statement of Changes in Net Position – Funds from Dedicated Collections	106
102101. Instructions	106
102102. Reporting	107
1022 NOTE 19. GENERAL DISCLOSURES RELATED TO THE STATEMENT OF NET COST	108
*Figure 10-40. Cost and Exchange Revenue by Major Program	108
102201. Instructions	109
102202. Other Disclosures	111
102203. Stewardship PP&E	111
1023 NOTE 20. DISCLOSURES RELATED TO THE STATEMENT OF CHANGES IN NET POSITION	112
Figure 10-41. Disclosures Related to the Statement of Changes in Net Position	112
*Figure 10-42. Disclosures Related to the Statement of Changes in Net Position	113

102301.	Instructions	114
102302	Consolidating Net Position.....	114
*102303	Reconciliation of the SBR to the SCNP.....	114
*102304.	Reporting.....	114
*1024	NOTE 21. DISCLOSURES RELATED TO THE STATEMENT OF BUDGETARY RESOURCES	115
	*Figure 10-43. Available Borrowing/Contract Authority.....	115
102401.	Net Adjustments to Unobligated Balance, Brought Forward, October 1.....	115
102402.	Terms of Borrowing Authority Used	115
102403.	Available Borrowing/Contract Authority, End of Period	115
	*Figure 10-44. Budgetary Resources Obligated for Undelivered Orders at the End of the Period	116
102404.	Undelivered Orders at the End of the Period	116
102405.	Budgetary Resources Obligated for Undelivered Orders at the End of the Period	116
102406	Legal Arrangements Affecting the Use of Unobligated Balances	117
102407	Explanation of Differences between the SBR and the Budget of the U.S. Government.....	117
	*Figure 10-45. Explanation of Differences between the SBR and the Budget of the U.S. Government.....	117
102408	Contributed Capital.	118
102409.	Permanent Indefinite Appropriations	118
1025	NOTE 22. DISCLOSURES RELATED TO INCIDENTAL CUSTODIAL COLLECTIONS.....	118
102501.	Instructions.....	118
102502.	Disclosures	118
1026	NOTE 23. FIDUCIARY ACTIVITIES	119
	Figure 10-46. Schedule of Fiduciary Activity.....	119
	*Figure 10-47. Schedule of Fiduciary Net Assets.....	119
102601.	Instructions	119
102602.	Fiduciary Activities	120
*102603.	Exclusions	120
*102604.	Reporting.....	120
*1027	NOTE 24. RECONCILIATION OF NET COST TO NET OUTLAYS	121
	*Figure 10-48. Reconciliation of the Net Cost of Operations to Net Outlays	121
*102701.	Reconciliation Objective	122
102702.	Budgetary to Proprietary Accounting Reconciling Differences	122
102703.	Reconciliation Crosswalk.....	122
*102704.	Instructions	122
102705.	Narrative Disclosures	124

1028 NOTE 25. PUBLIC-PRIVATE PARTNERSHIPS..... 124

 102801. Definition 124

 102802. Reporting..... 124

1029 NOTE 26. DISCLOSURE ENTITIES AND RELATED PARTIES 125

 102901. Instructions 125

 102902. Disclosure Entities..... 125

 102903. Related Parties..... 125

*1030 NOTE 27. RECLASSIFICATION OF BALANCE SHEET, STATEMENT OF NET COST, AND STATEMENT OF CHANGES IN NET POSITION FOR COMPILATION IN THE U.S. GOVERNMENTWIDE FINANCIAL REPORT 126

 103001. Instructions 126

 103002. Reporting..... 126

 103003. Reclassifications..... 126

1031 NOTE 28. RESTATEMENTS 126

 103101. Misstatements..... 126

 103102. General Disclosures..... 126

CHAPTER 10

NOTES TO THE FINANCIAL STATEMENTS

1001 GENERAL

100101. Purpose

This chapter prescribes the format, content, and instructions for the preparation and presentation of notes to the principal financial statements.

100102. Authoritative Guidance

A. This chapter supplements the reporting requirements of Office of Management and Budget (OMB) [Circular A-136](#), “Financial Reporting Requirements,” dated June 28, 2019. Updates to OMB Circular A-136 are on the OMB website. OMB Circular A-136 specifically authorizes agencies to modify illustrations in the Circular in order to clarify amounts or remove information that does not apply or is uninformative. The chapter also describes responsibilities of the DoD Chief Financial Officer (CFO) as established by the CFO Act of 1990. The major DoD components and reporting entities listed in Chapter 1 will prepare quarterly and fiscal year (FY)-end comparative financial statements and notes.

B. The entities covered by this chapter are “reporting entities” and “component reporting entities” under Statement of Federal Financial Accounting Standards ([SFFAS](#) 47, “Reporting Entity.” Under SFFAS 47, inclusion in a reporting entity’s financial statements may take the form of consolidation or disclosure. Agencies should review SFFAS 47, and consult with OMB and the Department of the Treasury (Treasury) Bureau of the Fiscal Service (Fiscal Service), if they have questions regarding which agencies to include in their Performance and Accountability Report or Agency Financial Report (AFR).

1002 REPORTING

100201. Consistency and Agreement

The supporting schedules presented in the notes must have total figures that agree with the amounts presented in the body of the financial statements. Maintain the consistency of the chosen presentation (i.e. “thousands” or “millions”) and rounding level throughout the financial statements and notes. Rounded totals must agree between the financial statements as applicable (e.g., Net Position line on the Statement of Changes in Net Position (SCNP) must equal the Total Net Position line on the Balance Sheet). Individual line items must sum to the totals, which may require adjusting the individual detail line items for differences created by the rounding process rather than adjusting column totals. The prior FY column must be consistent with the amounts published on the financial statements and notes in the prior FY. Comparative financial information is presented on a one-year trailing period basis. For example, if presenting third quarter data, show comparative data from the third quarter of the prior fiscal year.

*100202. Noncompliance with U.S. Generally Accepted Accounting Principles (USGAAP)

The underlying financial systems and operations that produce these statements were not designed to generate auditable financial statements in compliance with the form and content guidance. Because of such long-standing system deficiencies, many DoD organizations may not be fully compliant with USGAAP and OMB Circular A-136. DoD is developing long-term systems improvements that will correct these deficiencies and ensure compliance with USGAAP. Within the Federal Government, the Federal Accounting Standards Advisory Board (FASAB) [Handbook of Federal Accounting Standards and Other Pronouncements, as Amended](#) is an authoritative source for USGAAP. In cases where individual line items of the financial statements are not obtainable, or a substitution is made from the requirements herein, explain the deficiencies, and the reason for the noncompliance, in the related note. In addition, identify departures from USGAAP in Note 1, “[Summary of Significant Accounting Policies.](#)”

100203. Classifications

Treasury account symbols are the basis for reporting the Department's financial transactions. Fiscal Service classifies receipt and expenditure accounts according to the [Treasury Financial Manual \(TFM\) Federal Account Symbols and Titles](#) Supplement to Volume 1. For descriptions of fund groups, and how they are used, refer to Volume 12, Chapter 1.

1003 GENERAL NOTE INSTRUCTIONS

100301. General

The objective of the notes to the financial statements is to provide additional disclosures to ensure that the financial statements are more informative and not misleading. Consider the audience when writing the note narrative. Users of the general-purpose financial reports, including internal users, tend to have different levels of knowledge about government operations, accounting, and finance. Prepare the financial statements such that individuals without a detailed knowledge of accounting principles and specific business practices can understand them. DoD's financial statements are provided to various internal users within DoD as well as external users such as OMB, Fiscal Service, Congress, and the general public.

100302. Narrative

The narrative should explain issues in “plain English” and with sufficient detail so that a person with general knowledge of the subject matter would understand. The narrative should describe the balances rather than a list or statement as to which component the balance is attributable.

100303. Multiple Sources

Review narratives from various sources for consistency. Additional research may be necessary to ensure the presentation of a similar level of detail for all entities in the note narrative.

100304. Amounts in Narrative

The narrative should readily agree with the line item(s) on the financial statements and note schedules.

100305. Other Lines

Include a narrative for any line item titled “Other.” If the individual components of the “Other” line item represent 10 percent or more of the value of the line, disclose those components separately. If no amount sums to 10 percent or more of the “Other” line item, state that the amount is attributable to multiple items.

100306. Intragovernmental Amounts

Intragovernmental amounts disclosed in a table to a note must contain a statement concerning the entity’s ability to reconcile with its trading partner.

100307. Format of Notes

A consistent format is required for the narrative portion of notes. The narrative **includes** definitions and other relevant disclosures. References to financial regulations or other notes are not required in the note narrative.

*100308. Abnormal Balances

OMB Reportable Components are required to explain all abnormal balances appearing on individual note schedules or financial statement lines. Current policy for reporting abnormal balance information is contained in the [DoD Financial Reporting Guidance](#).

*100309. DoD Financial Reporting Guidance

The DoD Financial Reporting Guidance provides additional information pertaining to the notes to the financial statements. Reporting entities must use the policies in this chapter, in addition to the DoD Financial Reporting Guidance, when preparing the notes to the financial statements.

*1004 NOTE 1. [SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES](#)

100401. Content of Note

Note 1 to the financial statements must describe the reporting entity and identify its major components if not fully described in the Management’s Discussion and Analysis. Also, summarize the accounting principles, and the methods of applying those principles, that management has concluded are the most appropriate for presenting the entity’s assets, liabilities, equity, net cost of operations, changes in net position, and budgetary resources. Do not duplicate details presented elsewhere as part of the notes to the financial statements.

A. In general, the disclosure encompasses important judgments as to the valuation, recognition, and allocation of assets, liabilities, expenses, revenues, and other financing sources. Include in Note 1 a description of changes in USGAAP that impact the financial statements and an explanation of concepts, such as Fund Balance with Treasury (FBWT) and funds from dedicated collections, unique to federal financial statements.

B. In addition, disclose any significant changes, from the prior FY, in the composition of the reporting entity or significant changes in the manner in which the reporting entity aggregates information for financial reporting purposes.

100402. Note 1 Format

Figure 10-1 outlines the Note 1 format and includes some sample disclosure statements. All DoD reporting entities listed in Chapter 1, as well as reporting entities not listed in Chapter 1, must review financial processes, systems, and data and modify or expand the sample disclosure statements for a complete and accurate representation of each issue. The specific language shown in sample disclosure statements may not be applicable to all DoD Components. Do not include narratives that are not applicable (N/A).

*Figure 10-1. Note 1. [Summary of Significant Accounting Policies](#)

Note 1 Content Requirement and Format	
REQUIREMENT AND/OR DISCLOSURE STATEMENT	REPORTING ENTITY
1.A. Reporting Entity	
Describe the reporting entity and identify its major components if not fully described in the Management’s Discussion and Analysis. Also, describe any consolidated entities and disclosure entities in accordance with SFFAS 47, and explain that disclosure entities are not consolidated entities.	All Entities
1.B. Basis of Presentation and Accounting	
<p>Disclose how the financial statements are prepared and any limitation that prevents compliance with USGAAP. Include a disclosure that the financial statements have been prepared to report the financial position and results of operations as required by the CFO Act of 1990, expanded by the Government Reform Act of 1994, and other legislation. Include the following disclosure statements: “The financial statements have been prepared from the books and records of the [Reporting Entity] in accordance with, and to the extent possible, USGAAP promulgated by the FASAB; OMB Circular A-136, “Financial Reporting Requirements;” and DoD Financial Management Regulation (FMR).”</p> <p>Only those entities recording the data report classified activity.</p> <p>Disclose significant changes in the composition of the reporting entity, or significant changes in the manner in which the reporting entity aggregates information for financial reporting purposes. Describe the accounting principles, and methods of applying those principles, that management has concluded are appropriate for presenting fairly the entity’s assets, liabilities, net cost of operations, changes in net position, and budgetary resources. Describe changes in USGAAP affecting the financial statements and explain concepts such as FBWT and Funds from Dedicated Collections. Describe limitations that prevent compliance with full accrual accounting as required by USGAAP.</p>	All Entities

*Figure 10-1. Note 1. [Summary of Significant Accounting Policies](#) (Continued)

1.C. Mission of the Reporting Entity	
For each reporting entity, enter a brief mission statement.	All Entities
1.D. Use of Estimates	
Disclose the reporting entity's use of estimates, and that actual results could differ materially from the estimated amounts. Describe the methodology used to account for, and recognize, estimates.	All Applicable Entities
1.E. Recognition of Expenses	
Disclose the accounting policy for recognizing operating expenses and any limitation that may hinder recognition in accordance with USGAAP. Also, define Operating Material & Supplies (OM&S) operating expenses, its recognition method, and any limitations.	All Entities
1.F. Revenues and Other Financing Sources	
Disclose the accounting policy for revenue recognition, the reporting entity's pricing policy, and any limitation that may hinder revenue recognition in accordance with USGAAP. Also, provide policy information on: (1) other financing sources; and (2) non-monetary support provided by U.S. allies for common defense and mutual security, where applicable.	All Entities
1.G. Accounting for Intragovernmental Activities	
Describe the reporting entity's: (1) methodology for eliminating transactions among entities within DoD and between other federal agencies; (2) any limitation that prevents the elimination of the intragovernmental transactions; and (3) actions the reporting entity is taking to correct the problem(s). Disclose that DoD's proportionate share of public debt and related expenses, including interest cost of the Federal Government, is not included.	All Applicable Entities

*Figure 10-1. Note 1. [Summary of Significant Accounting Policies](#) (Continued)

1.H. Transactions with Foreign Governments and International Organizations	
Describe the authority to sell defense articles and services to foreign countries and international organizations.	All Applicable Entities
1.I. Entity and Non-entity Assets	
Describe entity and non-entity assets. Disclose relevant information related to amounts reported as entity and non-entity assets.	All Applicable Entities
1.J. Fund Balance with Treasury	
Include the following disclosure statements: “The Reporting Entity’s monetary resources are maintained in U.S. Treasury accounts.” Also, include any other information relevant to understanding Funds with the U.S. Treasury. Entities (Defense Agencies) with zero fund balance reported in their financial statements disclose: “Appropriations are suballocated to [Reporting Entities] by DoD. Differences between the U.S. Treasury and DoD balances are reconciled at the Department level.”	All Entities
1.K. Cash and Other Monetary Assets	
Include the following disclosures: (1) description of cash and foreign currency; (2) any restrictions on cash or foreign currency; (3) classification of these assets; and (4) procedures for handling exchange rate gains and losses.	All Applicable Entities

*Figure 10-1. Note 1. [Summary of Significant Accounting Policies](#) (Continued)

1.L. Accounts Receivable	
Include the following disclosures: (1) categories of receivables included in the amount reported in accounts receivable on the Balance Sheet; and (2) allowance methods for uncollectible accounts due from the public. Pursuant to TFM Volume 1, Part 2, Chapter 4700 , agencies may not recognize any allowance for loss on intragovernmental accounts receivable.	All Entities
1.M. Inventory and Related Property	
Include the following disclosures: (1) the method for valuing inventory and related property; (2) an approximation of the percent of resale inventory valued using the moving average cost (MAC) method and other methods; and (3) any limitations in valuing inventory in accordance with SFFAS 3 , “Accounting for Inventory and Related Property,” or uncertainties about completeness and existence of reported values of inventory. Describe the held for sale; held in reserve for future sale; excess, obsolete, and unserviceable; held for repair; raw materials; and work-in-process categories. Also describe the OM&S held for use; held in reserve for future use; excess, obsolete, and unserviceable inventory; held for repair; and in development categories. DoD Components are responsible for identifying inventory (including inventory held as OM&S) that is excess, obsolete, and unserviceable. Upon identification of inventory as excess, obsolete, and unserviceable, the DoD Component adjusts the value of excess, obsolete, and unserviceable inventory to its net realizable value (NRV) as described in Volume 4, Chapter 4.	All Applicable Entities
1.N. Investments and Related Interest	
Include the following disclosures: (1) the method for valuing investments; (2) the amortization method for premiums and discounts; (3) the provision for unrealized gains or losses; (4) a description of the types of securities purchased; (5) the information on investment in limited liability partnerships; and (6) information related to accrued interest on investments.	All Applicable Entities

*Figure 10-1. Note 1. [Summary of Significant Accounting Policies](#) (Continued)

1.O. General Property, Plant, and Equipment	
Include the following disclosures: (1) the method for valuing general equipment; (2) the capitalization threshold; (3) any limitations in valuing General Property, Plant, and Equipment (PP&E) in accordance with federal standards; and (4) the policy for reporting property provided to contractors.	All Applicable Entities
1.P. Stewardship Property, Plant, and Equipment	
Describe stewardship PP&E. Disclose the methodology used to account for, and recognize, stewardship PP&E.	All Applicable Entities
1.Q. Advances and Prepayments	
Describe advances and prepayments. Disclose DoD's policy for reporting advances and prepayments. If the reporting entity is not in compliance, provide an explanation for noncompliance.	All Applicable Entities
1.R. Leases	
Describe the conditions under which capital and operating leases would be recorded. Identify the method used to determine the value for capital leases. Describe how the discount rate for the present value calculation is determined. Disclose current year (CY) federal and nonfederal leases separately. Prior year lease amounts do not need to be disclosed separately.	All Applicable Entities
1.S. Other Assets	
Identify the majority of items reported as "Other Assets." Describe contract financing payments and the circumstances under which the reporting entity uses them. See Volume 4, Chapter 5 for additional information related to contract financing payments.	All Applicable Entities

*Figure 10-1. Note 1. [Summary of Significant Accounting Policies](#) (Continued)

1.T. Environmental and Other Contingent Liabilities	
Describe environmental and other contingent liabilities. Identify the conditions in which they would be reported on the Balance Sheet as a liability, or condition where financial statement reporting is limited to a note disclosure. Describe the liabilities that arise from anticipated disposal costs.	All Applicable Entities
1.U. Accrued Leave	
Describe accrued leave. Sick leave is not included in accrued leave.	All Applicable Entities
1.V. Net Position	
Describe the components of net position. Describe the amounts, which comprise the overall net position balance.	All Entities
1.W. Treaties for Use of Foreign Bases	
Describe the use, purchase, and limits on land, buildings, and other overseas facilities obtained through various international treaties and agreements.	All Applicable Entities
1.X. Funds From Dedicated Collections	
Describe the accounting for funds from dedicated collections, as defined by SFFAS 43 , "Funds from Dedicated Collections: Amending Statement of Federal Financial Accounting Standards 27, Identifying and Reporting Earmarked Funds."	All Applicable Entities

*Figure 10-1. Note 1. [Summary of Significant Accounting Policies](#) (Continued)

1.Y. Fiduciary Activities	
Disclose information concerning fiduciary activities in accordance with SFFAS 31 , “Accounting for Fiduciary Activities.” Fiduciary activities are reported on the financial statement note schedules, and not recognized on the proprietary financial statements. Define the reporting entity’s fiduciary activities. Disclose that fiduciary assets are not assets of the Federal Government and are not recognized on the Balance Sheet.	All Applicable Entities
1.Z. Military Retirement and Other Federal Employment Benefits	
Describe transactions involving Military Retirement and Other Federal Employment Benefits. The Department applies SFFAS 33 , “Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates,” in selecting the discount rate and valuation date used in estimating actuarial liabilities.	All Applicable Entities

1005 NOTE 2. NON-ENTITY ASSETS

Figure 10-2 identifies a reporting entity's non-entity asset balance for the current and prior FY.

Figure 10-2. Non-entity Assets, Note Schedule Format

Note 2.	Non-entity Assets	
<i>As of [Current Fiscal Period End Date]</i>	Current FY	Prior FY
1. Intragovernmental Assets		
A. Fund Balance with Treasury	\$ \$\$\$	\$ \$\$\$
B. Accounts Receivable	\$\$\$	\$\$\$
C. Other Assets	\$\$\$	\$\$\$
D. Total Intragovernmental Assets	\$ \$\$\$	\$ \$\$\$
2. Nonfederal Assets		
A. Cash and Other Monetary Assets	\$ \$\$\$	\$ \$\$\$
B. Accounts Receivable	\$\$\$	\$\$\$
C. Other Assets	\$\$\$	\$\$\$
D. Total Nonfederal Assets	\$ \$\$\$	\$ \$\$\$
3. Total Non-entity Assets	\$ \$\$\$	\$ \$\$\$
4. Total Entity Assets	\$ \$\$\$	\$ \$\$\$
5. Total Assets	\$ \$\$\$	\$ \$\$\$

100501. Instructions

Disclose "Non-entity Assets" consisting of the categories shown in Figure 10-2, in accordance with the instructions provided in this chapter.

100502. Reporting

A. Non-entity Assets (Lines 1 and 2). These are assets that are held by an entity (as manager or custodian), but are not available for the entity's own operational use. Within DoD, cash held by a disbursing officer (DO), as reflected on the Central Accounting Reporting System Account Statement for the relevant DO Cash Treasury Account Symbol, is an example of a non-entity asset. The amounts reported on Lines 1.A through 1.C are totaled and reported on Line 1.D. The amounts reported on Lines 2.A through 2.C are totaled and reported on Line 2.D.

B. Total Non-entity Assets (Line 3). This line is a summation of the totals reported on Lines 1.D, "Total Intragovernmental Assets," and 2.D, "Total Nonfederal Assets."

C. Total Entity Assets (Line 4). These are assets the reporting entity has authority to use. For example, an entity's assets may be used in entity operations (such as equipment), be sold or exchanged for other assets (such as inventory for cash), or be used to liquidate (pay) entity liabilities.

D. Total Assets (Line 5). This line represents the sum of Lines 3, "Total Non-entity Assets," and 4, "Total Entity Assets." The amount on Line 5 must equal the Total Assets line on the Balance Sheet.

E. Other Information. Disclose in the narrative a description of each current FY non-entity asset focusing on the nature of the asset that causes it to be classified as "Total Non-entity Assets" (Line 3).

F. Other Non-entity Assets. If any of the individual components of Lines 1.C, "Other Assets," and 2.C, "Other Assets," represent 10 percent or more of the value of the line, disclose those components separately.

1006 NOTE 3. FUND BALANCE WITH TREASURY

Figure 10-3 identifies the status of a reporting entity's FBWT for the current and prior FY.

*Figure 10-3. Status of Fund Balance with Treasury, Note Schedule Format

Note 3. Fund Balance with Treasury		
Status of Fund Balance with Treasury		
<i>As of [Current Fiscal Period End Date]</i>	Current FY	Prior FY
1. Unobligated Balance:		
A. Available	\$ \$\$\$	\$ \$\$\$
B. Unavailable	\$\$\$	\$\$\$
C. Total Unobligated Balance	\$ \$\$\$	\$ \$\$\$
2. Obligated Balance not yet Disbursed	\$ \$\$\$	\$ \$\$\$
3. Nonbudgetary FBWT:		
A. Clearing Accounts	\$ \$\$\$	\$ \$\$\$
B. Deposit Funds	\$\$\$	\$\$\$
C. Non-entity and Other	\$\$\$	\$\$\$
D. Total Nonbudgetary FBWT	\$ \$\$\$	\$ \$\$\$
4. Non-FBWT Budgetary Accounts:		
A. Investments in Treasury Securities	\$ \$\$\$	\$ \$\$\$
B. Unfilled Customer Orders Without Advance	\$\$\$	\$\$\$
C. Contract Authority	\$\$\$	\$\$\$
D. Borrowing Authority	\$\$\$	\$\$\$
E. Receivables and Other Accounts	\$\$\$	\$\$\$
F. Total Non-FBWT Budgetary Accounts	\$ \$\$\$	\$ \$\$\$
5. Total FBWT	\$ \$\$\$	\$ \$\$\$

100601. Instructions

A. **Status of FBWT.** The “Status of Fund Balance with Treasury” is the total of the entity's FBWT, as reflected in the entity's general ledger. Unobligated and obligated not yet disbursed balances presented in this section may not equal related amounts reported on the Combining Statement of Budgetary Resources (SBR). Do not include fiduciary activity on these lines. Refer to section 1026 for the reporting of fiduciary activities.

B. **Crosswalks.** Base the mapping for the lines within this schedule on the USSGL crosswalks utilized in the Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS) and the Year-end Transaction Module. See I TFM 2-4200 for guidance on reporting year-end unexpended balances. For USSGL account information, refer to the [Fiscal Service USSGL](#) and [DoD USSGL Transaction Library](#).

*100602. Reporting

A. Unobligated Balance (Line 1). This line represents the cumulative amount of budgetary authority that has not been set aside to cover outstanding obligations. Classify unobligated balances as available or unavailable. In the 4th quarter of the FY, this balance must agree with the sum of available and unavailable unobligated ending balances reported in GTAS and the Year-end Transaction Module.

1. Available (Line 1.A). This line represents the amount of unexpired, unobligated balance that has been apportioned or is not subject to apportionment. This amount is immediately available for new obligations.

2. Unavailable (Line 1.B). This line represents the amount of unexpired, unobligated balance that has not been apportioned, deferred, withheld pending rescission, or other similar limits on resources usage. It also may include expired budgetary resources available only for obligation adjustments until the appropriation is cancelled.

3. Total Unobligated Balance (Line 1.C). Report the sum of Line 1.A, “Available,” and Line 1.B, “Unavailable.”

B. Obligated Balance not yet Disbursed (Line 2). This line represents funds that have been obligated for goods that have not been received, services that have not been performed, and goods and services that have been delivered and received, but not paid. In the 4th quarter of the FY, this balance must agree with amounts reported in GTAS and the Year-end Transaction Module.

C. Nonbudgetary FBWT (Line 3). Include entity and non-entity FBWT accounts, which represent adjustments that do not have budgetary authority. Report the following fund types: Clearing Accounts; Deposit Funds; and Non-entity and Other accounts.

D. Non-FBWT Budgetary Accounts (Line 4). Include amounts from the following budgetary accounts, which do not impact FBWT: Investments in Treasury Securities; Unfilled Customer Orders Without Advance; Contract Authority; Borrowing Authority; and Receivables and Other Accounts.

E. Total FBWT (Line 5). This amount represents the sum of Lines 1.C, “Total Unobligated Balance;” Line 2, “Obligated Balance not yet Disbursed;” Line 3.D, “Total Nonbudgetary FBWT;” and Line 4.F, “Total Non-FBWT Budgetary Accounts.” Within Note 3, provide an explanation for any differences between this line and the amounts reported on the Balance Sheet.

F. Explanation of Unobligated Unavailable Balances. Disclose and explain restrictions on unobligated balances. Also, disclose if there are no restrictions.

1007 NOTE 4. CASH AND OTHER MONETARY ASSETS

Figure 10-4 identifies a reporting entity's cash and other monetary asset balance for the current and prior FY.

Figure 10-4. Cash and Other Monetary Assets, Note Schedule Format

Note 4.	Cash and Other Monetary Assets	
<i>As of [Current Fiscal Period End Date]</i>	Current FY	Prior FY
1. Cash	\$ \$\$\$	\$ \$\$\$
2. Foreign Currency	\$\$\$	\$\$\$
3. Other Monetary Assets	\$\$\$	\$\$\$
4. Total Cash, Foreign Currency, & Other Monetary Assets	\$ \$\$\$	\$ \$\$\$

100701. Instructions

Report the current and prior FY amount of cash and other monetary assets.

100702. Reporting

A. Cash (Line 1). **Cash consists of:** coins; paper currency and readily negotiable instruments, such as money orders, checks, and bank drafts on hand or in transit for deposit; amounts on demand deposit with banks or other financial institutions, including nonconfirmed collections and disbursements; investments held outside of Treasury; and foreign currencies, which will be converted into U.S. dollars at the exchange rate on the financial statement date. Cash available for reporting entity use includes petty cash, and cash held in revolving funds, not transferred into the General Fund of the Treasury.

B. Foreign Currency (Line 2). The total U.S. dollar equivalent of nonpurchased foreign currencies held in foreign currency fund accounts. Nonpurchased foreign currency is limited to the Treasury Index 97X7000 fund account.

C. Other Monetary Assets (Line 3). **Report other monetary assets not reported on other lines.** If any of the individual components of Line 3 represent 10 percent or more of the value of the line, disclose those components separately.

D. Total Cash, Foreign Currency, & Other Monetary Assets (Line 4). The amount reported on this line equals the sum of Lines 1, 2, and 3. This line must equal the amount reported on the Balance Sheet.

E. Additional Information. Provide additional information needed to understand the nature of cash and other monetary assets. Disclose any restrictions on cash and the dollar amount. **Refer to Volume 4, Chapter 2 and SFFAS I**, "Accounting for Selected Assets and

Liabilities,” [for information related to restricted cash](#). Components report entity assets and non-entity assets under an entity’s custody or management in the financial statements, except for non-entity assets meeting definition of fiduciary assets, which are not recognized on the Balance Sheet, but disclosed in accordance with the provisions of SFFAS 31.

1. Disclose any restrictions on the use or conversion of foreign currencies. If there are no restrictions on cash or the use or conversion of foreign currencies, include a statement in the narrative disclosing that there are no restrictions.

2. Components must reconcile all imprest fund transactions involving cash on a periodic basis, but no less frequently than quarterly, to ensure cash reported reconciles with the agency’s accounting records and related financial statements in accordance with I TFM 2-3400.

1008 NOTE 5. INVESTMENTS AND RELATED INTEREST

Figure 10-5 identifies a reporting entity’s investments in federal securities and other investments for the current and prior FY.

Figure 10-5. Investments and Related Interest, Note Schedule Format

Note 5.		Investments and Related Interest				
<i>As of [Current Fiscal Period End Date]</i>		Current FY				
		Cost	Amortization Method	Amortized (Premium)/ Discount	Investments, Net	Other Adjustments
1. Intragovernmental Securities						
A. Non-Marketable, Market-Based						
1. Military Retirement Fund	\$ \$\$\$		\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
2. Medicare-Eligible Retiree Health Care Fund	\$\$\$		\$\$\$	\$\$\$	\$\$\$	\$\$\$
3. U.S. Army Corps of Engineers	\$\$\$		\$\$\$	\$\$\$	\$\$\$	\$\$\$
4. Other Funds	\$\$\$		\$\$\$	\$\$\$	\$\$\$	\$\$\$
5. Total Non-Marketable, Market-Based	\$\$\$		\$\$\$	\$\$\$	\$\$\$	\$\$\$
B. Accrued Interest	\$\$\$		\$\$\$	\$\$\$	\$\$\$	\$\$\$
C. Total Intragovernmental Securities	\$ \$\$\$		\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
2. Other Investments						
A. Total Other Investments	\$ \$\$\$		\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$

Figure 10-5. Investments and Related Interest, Note Schedule Format (Continued)

Note 5.		Investments and Related Interest				
<i>As of [Current Fiscal Period End Date]</i>		Prior FY				
		Cost	Amortization Method	Amortized (Premium)/ Discount	Investments, Net	Other Adjustments
1. Intragovernmental Securities						
A. Non-Marketable, Market-Based						
1. Military Retirement Fund	\$ \$\$\$		\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
2. Medicare-Eligible Retiree Health Care Fund	\$\$\$		\$\$\$	\$\$\$	\$\$\$	\$\$\$
3. U.S. Army Corps of Engineers	\$\$\$		\$\$\$	\$\$\$	\$\$\$	\$\$\$
4. Other Funds	\$\$\$		\$\$\$	\$\$\$	\$\$\$	\$\$\$
5. Total Non-Marketable, Market-Based	\$\$\$		\$\$\$	\$\$\$	\$\$\$	\$\$\$
B. Accrued Interest	\$\$\$		\$\$\$	\$\$\$	\$\$\$	\$\$\$
C. Total Intragovernmental Securities	\$ \$\$\$		\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
2. Other Investments						
A. Total Other Investments	\$ \$\$\$		\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$

100801. Instructions

A. Disclose the reporting entity's investments in federal securities and other investments. Investments in federal securities include market-based U.S. Treasury securities issued by Fiscal Service. Investments are normally reported on the Balance Sheet at their par value or acquisition cost, adjusted for the amortization of the premium or discount recorded at the time of acquisition.

B. Net Investments (column 5) are equal to Cost (column 2), plus Amortized (Premium)/Discount (column 4). Securities are normally recognized at amortized cost on the Balance Sheet. However, use market value for Balance Sheet purposes when: (a) there is intent to sell the securities before maturity; and (b) there is a reduction in value that is more than temporary. Other Adjustments (column 6) discloses amounts resulting from the sale of securities prior to maturity or any change in value that is more than temporary. Market Value (column 7) discloses the fair value of all non-marketable market-based securities. Other investments are comprised of investments of funds with developers of family housing.

100802. Reporting

A. Non-Marketable, Market-Based Intragovernmental Securities (Line 1.A). Non-marketable, market-based U.S. Treasury securities are not traded on any securities exchange, but mirror the prices of marketable securities with similar terms. All investments maintained by the [Defense Finance and Accounting Service \(DFAS\)](#) Trust Fund Accounting Office are non-marketable, market-based U.S. Treasury securities (e.g., DoD Education Benefits Fund and Military Retirement Fund). If any of the individual components of Line 1.A.4, "Other Funds," represent 10 percent or more of the value of the line, disclose those components separately. [Refer to SFFAS 1 for required non-marketable, market-based U.S. Treasury security disclosures.](#)

B. Accrued Interest (Line 1.B). The amount recorded as accrued interest represents the amount of interest accrued on intragovernmental investment securities, but not received as of the date of the statements.

C. Total Intragovernmental Securities (Line 1.C). This line represents the sum of Intragovernmental Securities Cost (column 2), Amortized (Premium)/Discount (column 4), and Investments, Net (column 5) for the current period reported. The total amount reported in column 5 of this line must equal the amount reported on the reporting entity's Balance Sheet.

D. Other Investments (Line 2). The Military Family Housing Revitalization Act of 1996 provides for the DoD Family Housing Improvement Fund. The legislation permits investment of funds into ventures with developers to provide family housing. For example, the ventures will be real estate ventures, rent differential payments, investment in limited partnerships, and investments in equity or debt instruments related to family housing. Additionally, provide a description of the accounting method used and the amount of cash and non-cash assets conveyed to the venture.

E. Intragovernmental Investments for Funds from Dedicated Collections. The following is a required disclosure for any reporting entity reporting funds from dedicated collections: “The Federal Government does not set aside assets to pay future benefits or other expenditures associated with funds from dedicated collections (or name(s) of fund(s)). The cash generated from funds from dedicated collections is deposited in the U.S. Treasury, which uses the cash for general government purposes. U.S. Treasury securities are issued to funds from dedicated collections as evidence of its receipts. U.S. Treasury securities are an asset to the [Reporting Entity] and a liability to the U.S. Treasury. Because the [Reporting Entity] and the U.S. Treasury are both parts of the government, these assets and liabilities offset each other from the standpoint of the government as a whole. For this reason, they do not represent an asset or a liability in the U.S. Governmentwide financial statements. U.S. Treasury securities provide the [Reporting Entity] with authority to draw upon the U.S. Treasury to make future benefit payments or other expenditures. When the [Reporting Entity] requires redemption of these securities to make expenditures, the government finances the securities out of accumulated cash balances, by raising taxes or other receipts, by borrowing from the public or repaying less debt, or by curtailing other expenditures. This is the same way that the government finances all other expenditures.”

F. Other Information. Disclose any additional information relative to understanding the nature of reported investments, such as permanent impairments, and any securities that have been reclassified as securities available for sale or early redemption.

*1009 NOTE 6. ACCOUNTS RECEIVABLE, NET

Figure 10-6 identifies a reporting entity's total accounts receivable balance for the current and prior FY.

*Figure 10-6. Accounts Receivable, Net Note Schedule Format

Note 6. Accounts Receivable, Net			
		Current FY	
<i>As of [Current Fiscal Period End Date]</i>	Gross Amount Due	Allowance For Estimated Uncollectibles	Accounts Receivable, Net
1. Intragovernmental Receivables	\$ \$\$\$	N/A	\$ \$\$\$
2. Nonfederal Receivables (From the Public)	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
3. Total Accounts Receivable	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
		Prior FY	
<i>As of [Prior Fiscal Period End Date]</i>	Gross Amount Due	Allowance For Estimated Uncollectibles	Accounts Receivable, Net
1. Intragovernmental Receivables	\$ \$\$\$	N/A	\$ \$\$\$
2. Nonfederal Receivables (From the Public)	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
3. Total Accounts Receivable	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$

100901. Instructions

Present the gross receivables, the allowance for uncollectible accounts (from the public), and the net amount due for the current FY and prior FY. [Disclose the method used to estimate the allowance.](#) Pursuant to I TFM 2-4700, agencies may not recognize any allowance for loss on intragovernmental accounts receivable. The amount represented in this note includes both entity and non-entity receivables. Do not include receivables related to direct or guaranteed loans. Report these amounts in Note 7, "Direct Loan and Loan Guarantees, [Nonfederal Borrowers.](#)"

100902. Reporting

A. Intragovernmental Receivables (Line 1). Do not report an allowance for uncollectible accounts for Intragovernmental Receivables. The amount on Line 1, column 4, of this note must equal the amount reported on the reporting entity's Balance Sheet.

B. Nonfederal Receivables (From the Public) (Line 2). The term "nonfederal entities" encompasses domestic and foreign persons and organizations outside the U.S.

Government. The amount on Line 2, column 4, of this note must equal the amount reported on the reporting entity's Balance Sheet.

C. Total Accounts Receivable (Line 3). The amount reported on Line 3 equals the sum of Lines 1 and 2 for each column.

D. Criminal Restitution. Disclose criminal restitution balances included in accounts receivable separately, including the gross amount of receivables related to criminal restitution orders monitored by the agency and the estimate of **NRV** determined to be collectible for criminal restitution orders monitored by the agency.

E. Other Information. Disclose the method used to estimate the allowance for uncollectible accounts and the net amount due. Disclose any other information needed to understand the nature of the accounts receivable.

***1010 NOTE 7. DIRECT LOAN AND LOAN GUARANTEES, NONFEDERAL BORROWERS**

101001. General Information on Direct Loans and Loan Guarantees

A. Federal Credit Reform Act (FCRA) of 1990. The FCRA divides direct loans and loan guarantees into two groups: Pre-1992 and Post-1991. Pre-1992 means the direct loan obligations or loan guarantee commitments made prior to FY 1992 and the resulting direct loans or loan guarantees. Post-1991 means the direct loan obligations or loan guarantee commitments made after FY 1991 and the resulting direct loans or loan guarantees. Refer to OMB Circular A-11, "Preparation, Submission, and Execution of the Budget," Part 5, Section 185 for definitions and explanations of terms and concepts. The reporting entity discloses direct loan obligations and loan guarantee commitments made after FY 1991. See SFFAS 2, "Accounting for Direct Loans and Loan Guarantees," for policy on recognizing the present value of the subsidy costs.

1. Direct Loans. These loans are reported at the net present value of the following projected cash flows: loan disbursements, repayments of principal, payments of interest, recoveries, proceeds of asset sales, and other payments over the life of the loan after adjusting for estimated defaults, prepayments, fees, penalties, and other recoveries.

2. Loan Guarantee Liabilities. Report these liabilities at the net present value. The cost of the loan guarantee is the net present value of the following estimated projected cash flows: payments by DoD to cover defaults and delinquencies; interest subsidies, or other payments offset by payments to DoD including origination; and other fees, penalties, and recoveries.

B. Pre-1992 Direct Loans and Loan Guarantees. The reporting entity discloses whether Pre-1992 direct loans and loan guarantees are reported **under the present value method**, or are reported under the allowance for loss method. DoD has elected to report Pre-1992 direct

loans and loan guarantees using the allowance for loss method. [See SFFAS 2 for additional information on the present value and allowance methods.](#)

1. Note Format. Depending on the reporting method selected by management, agencies must choose the appropriated note format, which includes the net present value method or the allowance for loss method.

2. Changing Reporting Methods. Changing from one method to the other is not permitted without the advance approval of OMB. If a reporting entity needs guidance related to Pre-1992 direct loans or loan guarantees, contact the Office of the Under Secretary of Defense (Comptroller), Office of the Deputy CFO. The reporting entity discloses that their loans receivable, net, or their value of assets related to direct loans, is not the same as the proceeds they would expect to receive from selling their loans.

C. Payments Made on Behalf of Borrowers. When the reporting entity has made payments on behalf of borrowers (which should be collected from the borrowers), the resulting receivables must be reported in the same column as loans receivable for either direct loans or defaulted guaranteed loans.

D. Direct Loan or Loan Guarantee Programs. Enter the names of the direct loans and loan guarantee programs operated by the reporting entity. An example of a DoD direct loan program is the Military Housing Privatization Initiative (MHPI). The Armament Retooling and Manufacturing Support Initiative is an example of a DoD guaranteed loan program.

E. Other Information. Disclose events and changes in economic conditions, other risk factors, legislation, credit policies, and subsidy estimation methodologies and assumptions that: (a) have had a significant and measurable effect on subsidy rates, subsidy expense, and subsidy re-estimates; and (b) are events and changes in conditions that have occurred and are more likely than not to have a significant impact, but the effects of which are not measurable at the reporting date.

F. Reporting. Report direct loan and loan guarantee information as follows:

1. Figure 10-7 identifies a summary of a reporting entity's direct loan and loan guarantees balance for the current and prior FY.
2. Figure 10-8 identifies direct loan obligation balances for the current and prior FY.
3. Figure 10-9 identifies direct loan disbursement balances for the current and prior FY.
4. Figure 10-10 identifies subsidy expenses for direct loans for the current and prior FY.

5. Figure 10-11 identifies estimated budget subsidy rates for direct loans.
6. Figure 10-12 identifies the reconciliation between the beginning and ending balances of the subsidy cost allowance for outstanding direct loans.
7. Figure 10-13 identifies the defaulted loan guarantees for applicable credit reform programs.
8. Figure 10-14 identifies the outstanding amount of guaranteed loans for each loan guarantee program.
9. Figure 10-15 identifies the liabilities for loan guarantees for each loan guarantee program.
10. Figure 10-16 identifies the estimated cash flows (on a present value basis) for the various subsidy expense components of the loan guarantee programs.
11. Figure 10-17 identifies the components used to compute the budget subsidy rates for loan guarantees.
12. Figure 10-18 identifies the reconciliation between the beginning and ending balances of the liability for outstanding loan guarantees reported in each entity's Balance Sheet.

Figure 10-7. Summary of Direct Loans and Loan Guarantees, Note Schedule Format

Note 7. Direct Loan and Loan Guarantees, Nonfederal Borrowers		
Summary of Direct Loans and Loan Guarantees		
<i>As of [Current Fiscal Period End Date]</i>	Current FY	Prior FY
Loans Receivable		
<u>Direct Loans</u>		
1. Military Housing Privatization Initiative	\$ \$\$\$	\$ \$\$\$
2. Total Direct Loans	\$ \$\$\$	\$ \$\$\$
<u>Defaulted Loan Guarantees</u>		
3.A. Military Housing Privatization Initiative	\$ \$\$\$	\$ \$\$\$
3.B. Armament Retooling & Manufacturing Support Initiative	\$\$\$	\$\$\$
4. Total Default Loan Guarantees	\$ \$\$\$	\$ \$\$\$
5. Total Loans Receivable	\$ \$\$\$	\$ \$\$\$
<i>As of [Current Fiscal Period End Date]</i>	Current FY	Prior FY
Loan Guarantee Liability		
1. Military Housing Privatization Initiative	\$ \$\$\$	\$ \$\$\$
2. Armament Retooling & Manufacturing Support Initiative	\$\$\$	\$\$\$
3. Total Loan Guarantee Liability	\$ \$\$\$	\$ \$\$\$

101002. Instructions

Summarize the total amounts for loans receivable and loan guarantee liability reported in Note 7. The “Total Loans Receivable” (Line 5) must agree with the amount reported on the Balance Sheet. The “Total Loan Guarantee Liability” (Line 3) must agree with the amount reported on the Balance Sheet.

Figure 10-8. Direct Loans Obligated, Note Schedule Format

Note 7. Direct Loan and Loan Guarantees, <u>Nonfederal Borrowers</u>		
Direct Loans Obligated		
<i>As of [Current Fiscal Period End Date]</i>	Current FY	Prior FY
Direct Loans Obligated After FY 1991 (Present Value Method):		
1. Military Housing Privatization Initiative		
A. Loans Receivable Gross	\$ \$\$\$	\$ \$\$\$
B. Interest Receivable	\$\$\$	\$\$\$
C. Foreclosed Property	\$\$\$	\$\$\$
D. Allowance for Subsidy Cost (Present Value)	\$\$\$	\$\$\$
E. Value of Assets Related to Direct Loans, Net	\$ \$\$\$	\$ \$\$\$
2. Total Direct Loans Receivable	\$ \$\$\$	\$ \$\$\$

101003. Instructions

Present information for direct loans obligated.

A. Military Housing Privatization Initiative (Lines 1.A through 1.E). Report in column 2 (Current FY): the Loans Receivable Gross, the Interest Receivable, the estimated NRV of related Foreclosed Property, the Allowance for Subsidy Cost (Present Value), and the Value of Assets Related to Direct Loans, Net. Line 2 is the sum of Lines 1.A through 1.E. Report amounts from the prior FY in column 3.

B. Total Direct Loans Receivable (Line 2). The amount reported in this line must agree with the amount reported on the reporting entity's Balance Sheet. Loan receivables for defaulted loan guarantees will also be included on the reporting entity's Balance Sheet.

C. Other Information. If you have foreclosed property resulting from credit reform activities, [refer to OMB Circular A-136 for required disclosures](#).

D. Additional Instructions for Foreclosed Property. Value foreclosed property associated with Post-1991 direct loans at the net present value of the projected cash flows. [Refer to Section 86 of OMB Circular A-11 for policy related to reporting foreclosed property](#).

Figure 10-9. Total Amount of Direct Loans Disbursed, Note Schedule Format

Note 7. Direct Loan and Loan Guarantees, Nonfederal Borrowers		
Total Amount of Direct Loans Disbursed		
<i>As of [Current Fiscal Period End Date]</i>	Current FY	Prior FY
Direct Loan Programs		
1. Military Housing Privatization Initiative	\$ \$\$\$	\$ \$\$\$
2. Total	\$ \$\$\$	\$ \$\$\$

101004. Instructions

Report the total amount of direct loans disbursed after FY 1991.

A. Direct Loan Programs Disbursed. DoD administers a direct loan program on behalf of the Executive Office of the President, which is reported in Other Accompanying Information. Disclose the amount of direct loans disbursed for each program the reporting entity manages. DoD has one direct loan program that disburses direct loans, the MHPI.

B. Direct Loan Programs, Total (Line 2). Report the total of the amount of direct loans disbursed for the current and prior reporting years.

C. Other Information. Provide other information related to direct loans disbursed necessary to understand the nature of the loans.

*Figure 10-10. Subsidy Expense for Direct Loan by Program, Note Schedule Format

Note 7.		Direct Loan and Loan Guarantees, Nonfederal Borrowers				
Subsidy Expense for Direct Loan by Program						
<i>As of [Current Fiscal Period End Date]</i>						
Current FY		Interest Differential	Defaults	Fees and Other Collections	Other	Total
1. Subsidy Expense for New Direct Loans Disbursed						
Military Housing Privatization Initiative		\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
Total		\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
Prior FY		Interest Differential	Defaults	Fees and Other Collections	Other	Total
2. Subsidy Expense for New Direct Loans Disbursed						
Military Housing Privatization Initiative		\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
Total		\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
Current FY		Total Modifications	Interest Rate Re-estimates	Technical Re-estimates	Total Re-estimates	
3. Direct Loan Modifications and Re-estimates:						
Military Housing Privatization Initiative		\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	
Total		\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	
		Current FY	Prior FY			
4. Total Direct Loan Subsidy Expense:						
Military Housing Privatization Initiative		\$ \$\$\$	\$ \$\$\$			
Total		\$ \$\$\$	\$ \$\$\$			

101005. Instructions

For each direct loan program, report the direct loan subsidy expense, at present value.

A. Subsidy Expense for New Direct Loans Disbursed – Current FY (Line 1). Report in column 2 the present value amount of the current FY's subsidy expense attributable to the interest rate differential between the interest rate charged to the borrowers and the discount rate used to calculate the present value of the direct loans and the subsidy costs; in column 3, report the present value of the estimated delinquencies and defaults (net of recoveries) for the current FY; in column 4, report the present value of the estimated fees and other collections (offsetting expense) for the current FY; in column 5, report the present value of other cash flows for the current FY, including prepayments and proceeds of loan asset sales; and in column 6, report the total of columns 2 through 5.

B. Subsidy Expense for New Direct Loans Disbursed – Prior FY (Line 2). Report in column 2 the present value amount of the prior FY's subsidy expense attributable to the interest rate differential between the interest rate charged to the borrowers and the discount rate used to calculate the present value of the direct loans and the subsidy costs; in column 3, report the present value of the estimated delinquencies and defaults (net of recoveries) for the prior FY; in column 4, report the present value of the estimated fees **and other collections** (offsetting expense) for the prior FY; in column 5, report the present value of other cash flows for the prior FY, including prepayments and proceeds of loan asset sales; and in column 6, report the total of columns 2 through 5.

C. Direct Loan Modifications and Re-estimates – Current FY (Line 3). Report in column 2 the current FY's subsidy cost of modifications of direct loans previously disbursed; in column 3 report the current FY's subsidy cost for interest rate re-estimates which are due to a change in interest rates from the rate assumed in budget preparation and used in calculating the subsidy expense to the rates that are prevailing at the time the direct loan is disbursed; in column 4, report the current FY's subsidy cost for technical re-estimates which are due to changes made in projected cash flows under the terms of direct loans after reevaluating all the risk factors as of the financial statement date, except for the effect of interest rate re-estimates; and in column 5, report the total of columns 3 and 4.

D. Total Direct Loan Subsidy Expense (Line 4). Report in column 2 the total direct loan subsidy expense for the current FY, and in column 3, report the total direct loan subsidy expense for the prior FY.

E. Other Information. Identify other information related to direct loan subsidy expense for Post-1991 direct programs. If modifications were made, explain the nature of the modifications, the discount rate used in calculating the expense, and the basis for recognizing a gain or loss related to the modifications. Also, if appropriate, disclose that the subsidy expense resulting from re-estimates that is included in the financial statements is not reported in the budget until the following year.

Figure 10-11. Subsidy Rate for Direct Loans by Program, Note Schedule Format

Note 7. Direct Loan and Loan Guarantees, Nonfederal Borrowers					
Budget Subsidy Rates for Direct Loans by Program for the Current Fiscal Year					
<i>As of [Current Fiscal Period End Date]</i>	Interest Differential	Defaults	Fees and Other Collections	Other	Total
1. Military Housing Privatization Initiative	0.00%	0.00%	0.00%	0.00%	0.00%

101006. Instructions

Disclose the budget subsidy rates estimated for the cohorts of the current reporting year. Disclose the subsidy rate for the following components: interest differential costs; default costs (net of recoveries); fees and other collections; and other costs. These estimated subsidy rates for direct loans are in the current FY's budget (President's Budget).

A. Subsidy Rate. These rates must be consistent with rates published in the Direct Loans: Assumptions Underlying the FY Subsidy Estimates Table contained in the Federal Credit Supplement to the [Budget of the U.S. Government](#).

B. Relevant Information for Comprehension. Subsidy rates pertain to the loan agreements contracted during the current FY. Do not apply these rates to the direct loans disbursed during the current reporting year to yield the subsidy expense. The subsidy expense for new loans disbursed in the current FY could result from disbursement of loans from both current and prior FY loan agreements. The subsidy expense reported in the current FY also includes modifications and re-estimates.

C. Subsidy Rate Amount. Each subsidy rate is the dollar amount of the total subsidy or a subsidy component as a percentage of the direct loans obligated in the cohort year. Entities are encouraged to use trend data to display significant fluctuations in subsidy rates. Trend data, if used, includes an analysis to explain the underlying causes for the fluctuations.

*Figure 10-12. Schedule for Reconciling Subsidy Cost Allowance Balances for Post-1991 Direct Loans, Note Schedule Format

Note 7. Direct Loan and Loan Guarantees, Nonfederal Borrowers		
Schedule for Reconciling Subsidy Cost Allowance Balances for Post-1991 Direct Loans		
<i>As of [Current Fiscal Period End Date]</i>	Current FY	Prior FY
Beginning Balance, Changes, and Ending Balance:		
1. Beginning Balance of the Subsidy Cost Allowance	\$ \$\$\$	\$ \$\$\$
2. Add Subsidy Expense for Direct Loans Disbursed During the Reporting Years by Component		
A. Interest Rate Differential Costs	\$ \$\$\$	\$ \$\$\$
B. Default Costs (Net of Recoveries)	\$\$\$	\$\$\$
C. Fees and Other Collections	\$\$\$	\$\$\$
D. Other Subsidy Costs	\$\$\$	\$\$\$
E. Total of the Subsidy Expense Components	\$ \$\$\$	\$ \$\$\$
3. Adjustments		
A. Loan Modifications	\$ \$\$\$	\$ \$\$\$
B. Fees Received	\$\$\$	\$\$\$
C. Foreclosed Property Acquired	\$\$\$	\$\$\$
D. Loans Written Off	\$\$\$	\$\$\$
E. Subsidy Allowance Amortization	\$\$\$	\$\$\$
F. Other	\$\$\$	\$\$\$
4. Ending Balance of the Subsidy Cost Allowance Before Re-estimates	\$ \$\$\$	\$ \$\$\$
5. Add or Subtract Subsidy Re-estimates by Component		
A. Interest Rate Re-estimate	\$ \$\$\$	\$ \$\$\$
B. Technical/Default Re-estimate	\$\$\$	\$\$\$
C. Total of the Re-estimate Components	\$ \$\$\$	\$ \$\$\$
6. Ending Balance of the Subsidy Cost Allowance	\$ \$\$\$	\$ \$\$\$

101007. Instructions

Display the reconciliation between the beginning and ending balances of the subsidy cost allowance for outstanding direct loans reported in the reporting entity's Balance Sheet. The reconciliation is required for direct loans obligated on or after October 1, 1991, the effective date of the FCRA. Reporting entities are encouraged, but not required, to display reconciliations for direct loans obligated prior to October 1, 1991, in schedules separate from the direct loans obligated after September 30, 1991.

A. Beginning Balance of the Subsidy Cost Allowance (Line 1). Report the Beginning Balance of the Subsidy Cost Allowance.

B. Add Subsidy Expense for Direct Loans Disbursed During the Reporting Years by Component (Lines 2.A through 2.E). Report the components of subsidy expense for direct loans: Interest Rate Differential Costs; Default Costs (Net of Recoveries); Fees and Other Collections; and Other Subsidy Costs. Total the components of subsidy expense for direct loans.

* C. Adjustments (Lines 3.A through 3.F). Report the adjustments for direct loans: Loan Modifications, Fees Received; Foreclosed Property Acquired; Loans Written Off; Subsidy Allowance Amortization; and Other Adjustments.

* D. Ending Balance of the Subsidy Cost Allowance Before Re-estimates (Line 4). Report the sum of Lines 1, 2.E, and 3.A through 3.F.

E. Add or Subtract Subsidy Re-estimates by Component (Lines 5.A through 5.C). Report the Interest Rate Re-estimate and Technical/Default Re-estimate for direct loans. Total the re-estimates for direct loans.

F. Ending Balance of the Subsidy Cost Allowance (Line 6). Report the sum of Line 4 and Line 5.C.

Figure 10-13. Defaulted Guaranteed Loans, Note Schedule Format

Note 7. Direct Loan and Loan Guarantees, Nonfederal Borrowers		
Defaulted Guaranteed Loans		
<i>As of [Current Fiscal Period End Date]</i>	Current FY	Prior FY
Defaulted Guaranteed Loans from Post-1991 Guarantees (Present Value Method):		
1. Military Housing Privatization Initiative		
A. Defaulted Guaranteed Loans Receivable, Gross	\$ \$\$\$	\$ \$\$\$
B. Interest Receivable	\$\$\$	\$\$\$
C. Foreclosed Property	\$\$\$	\$\$\$
D. Allowance for Subsidy Cost (Present Value)	\$\$\$	\$\$\$
E. Value of Assets Related to Defaulted Guaranteed Loans Receivable, Net	\$ \$\$\$	\$ \$\$\$
2. Armament Retooling & Manufacturing Support Initiative		
A. Defaulted Guaranteed Loans Receivable, Gross	\$ \$\$\$	\$ \$\$\$
B. Interest Receivable	\$\$\$	\$\$\$
C. Foreclosed Property	\$\$\$	\$\$\$
D. Allowance for Subsidy Cost (Present Value)	\$\$\$	\$\$\$
E. Value of Assets Related to Defaulted Guaranteed Loans Receivable, Net	\$ \$\$\$	\$ \$\$\$
3. Total Value of Assets Related to Defaulted Guaranteed Loans Receivable		
	\$ \$\$\$	\$ \$\$\$

101008. Instructions

Report the defaulted loan guarantees for applicable credit reform programs. If the reporting entity does not have defaulted guaranteed loans, state "Not Applicable" after the note number and title.

A. Military Housing Privatization Initiative (Lines 1.A through 1.E). Report the: Defaulted Guaranteed Loans Receivable, Gross; Interest Receivable; the estimated value of related Foreclosed Property; the Allowance for Subsidy Cost (Present Value); and the Value of Assets Related to Defaulted Guaranteed Loans Receivable, Net.

B. Armament Retooling and Manufacturing Support Initiative (Lines 2.A through 2.E). Report the: Defaulted Guaranteed Loans Receivable, Gross; Interest Receivable; the estimated value of related Foreclosed Property; the Allowance for Subsidy Cost (Present Value); and the Value of Assets Related to Defaulted Guaranteed Loans Receivable, Net.

C. Total Value of Assets Related to Defaulted Guaranteed Loans Receivable (Line 3). Report the total Value of Assets Related to Defaulted Guaranteed Loans Receivable from

Lines 1.E and 2.E. The sum of these lines must equal the amount reported on the Balance Sheet as loans receivables. (Loans receivable for direct loans will also be included on the reporting entity's Balance Sheet.)

D. Other Information. If you have foreclosed property resulting from credit reform activities, [refer to OMB Circular A-136 for required disclosures](#).

E. Additional Instructions for Foreclosed Property. **Value** foreclosed property associated with Post-1991 direct and acquired defaulted guaranteed loans at the net present value of the projected cash flows associated with the property. At the time of foreclosure, foreclosed property may be recorded at the estimated NRV if the differences do not meet the materiality threshold identified in the DoD Financial Reporting Guidance. A portion of the related allowance for subsidy account applies to the foreclosed property, but that amount need not be separately determined. Rather, subtract the allowance account from the sum of the credit program assets to determine the net present value of the assets.

Figure 10-14. Guaranteed Loans Outstanding

Note 7. Direct Loan of Loan Guarantees, Nonfederal Borrowers		
Guaranteed Loans Outstanding		
As of [Current Fiscal Period End Date]		
Current FY	Outstanding Principal of Guaranteed Loans, Face Value	Amount of Outstanding Principal Guaranteed
Guaranteed Loans Outstanding		
1. Military Housing Privatization Initiative	\$ \$\$\$	\$ \$\$\$
2. Armament Retooling & Manufacturing Support Initiative	\$\$\$	\$\$\$
3. Total	\$ \$\$\$	\$ \$\$\$
Current FY	Principal of Guaranteed Loans, Face Value	Amount of Principal Guaranteed
New Guaranteed Loans Disbursed		
1. Military Housing Privatization Initiative	\$ \$\$\$	\$ \$\$\$
2. Armament Retooling & Manufacturing Support Initiative	\$\$\$	\$\$\$
3. Total	\$ \$\$\$	\$ \$\$\$
Prior FY	Principal of Guaranteed Loans, Face Value	Amount of Principal Guaranteed
New Guaranteed Loans Disbursed		
1. Military Housing Privatization Initiative	\$ \$\$\$	\$ \$\$\$
2. Armament Retooling & Manufacturing Support Initiative	\$\$\$	\$\$\$
3. Total	\$ \$\$\$	\$ \$\$\$

101009. Instructions

Present the outstanding amount of guaranteed loans for each loan guarantee program.

A. Guaranteed Loans Outstanding (Lines 1 through 3). For each guaranteed loan outstanding, report in column 2 the face value of outstanding principal of guaranteed loans disbursed by a third party. In column 3, report the guaranteed amount of the outstanding principal.

1. Total (Line 3). Present the total of Lines 1 and 2.

2. Other Information. Identify other information related to guaranteed loans outstanding necessary to understand the nature of the loan.

B. New Guaranteed Loans Disbursed (Lines 1 through 3). For each new guaranteed loan disbursed, report in column 2 the face value of principal of guaranteed loans. In column 3, report the guaranteed amount of principal.

1. Total (Line 3). Present the total of Lines 1 and 2.

2. Other Information. Identify other information related to new guaranteed loans disbursed necessary to understand the nature of the loan.

*Figure 10-15. Liabilities for Loan Guarantees

Note 7. Direct Loan and Loan Guarantees, Nonfederal Borrowers		
Liability for Loan Guarantees		
<i>As of [Current Fiscal Period End Date]</i>	Current FY	Prior FY
Liability for Loan Guarantees from Post-FY 1991 (Present Value):		
1. Military Housing Privatization Initiative	\$ \$\$\$	\$ \$\$\$
2. Armament Retooling & Manufacturing Support Initiative	\$\$\$	\$\$\$
3. Total Loan Guarantee Liability (Post-FY 1991)	\$ \$\$\$	\$ \$\$\$

*101010. Instructions

For each program with Post-FY 1991 loan guarantees, report the present value of the estimated net cash flows (outflows less inflows), to be paid by the entity because of the loan guarantees. Present the liabilities for loan guarantees for each loan guarantee program.

A. Military Housing Privatization Initiative (Line 1). Report the present value of current and prior FY estimated net cash flows (outflows less inflows) to be paid because of loan guarantees.

B. Armament Retooling & Manufacturing Support Initiative (Line 2). Report the present value of current FY and prior FY estimated net cash flows (outflows less inflows) to be paid because of loan guarantees.

* C. Total Loan Guarantee Liability (Post-FY 1991) (Line 3). Report the totals from Line 1 and Line 2.

D. Other Information. Identify other information necessary to understand the nature of the loan guarantee liability.

Figure 10-16. Subsidy Expense for Loan Guarantees by Program

Note 7. Direct Loan and Loan Guarantees, Nonfederal Borrowers					
Subsidy Expense for Loan Guarantees by Program					
<i>As of [Current Fiscal Period End Date]</i>					
(Current FY)	Interest Supplements	Defaults	Fees and Other Collections	Other	Total
1. Subsidy Expense for New Loan Guarantees:					
Military Housing Privatization Initiative	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
Armament Retooling & Manufacturing Support Initiative	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Total	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
(Prior FY)	Interest Supplements	Defaults	Fees and Other Collections	Other	Total
2. Subsidy Expense for New Loan Guarantees:					
Military Housing Privatization Initiative	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
Armament Retooling & Manufacturing Support Initiative	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Total	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
(Current FY)	Total Modifications	Interest Rate Re-estimates	Technical Re-estimates	Total Re-estimates	
3. Modifications and Re-estimates:					
Military Housing Privatization Initiative	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	
Armament Retooling & Manufacturing Support Initiative	\$\$\$	\$\$\$	\$\$\$	\$\$\$	
Total	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	
	Current FY	Prior FY			
4. Total Loan Guarantee Subsidy Expense:					
Military Housing Privatization Initiative	\$ \$\$\$	\$ \$\$\$			
Armament Retooling & Manufacturing Support Initiative	\$\$\$	\$\$\$			
Total	\$ \$\$\$	\$ \$\$\$			

101011. Instructions

Report the estimated cash flows (on a present value basis) for the various subsidy expense components of the loan guarantee programs.

A. Subsidy Expense for New Loan Guarantees – Current FY (Line 1). Disclose, in column 2, the present value of the amount of the interest supplements; in column 3,

the present value of the estimated payments for defaults on loan guarantees (net of recoveries); in column 4, the present value of the estimated fees and other collections (offsetting expense); in column 5, the present value of other cash flows; and in column 6, the total of columns 2 through 5.

B. Subsidy Expense for New Loan Guarantees – Prior FY (Line 2). Disclose, in column 2, the present value of the amount of the interest supplements; in column 3, the present value of the estimated payments for defaults on loan guarantees (net of recoveries); in column 4, the present value of the estimated fees and other collections (offsetting expense); in column 5, the present value of other cash flows; and in column 6, the total of columns 2 through 5.

C. Modifications and Re-estimates – Current FY (Line 3). Disclose, in column 2, the subsidy expense for modifications of loan guarantees in guaranteed loans previously disbursed by a third party (whether Pre-1992 or Post-1991). Disclose, in columns 3 and 4, re-estimates of the subsidy expense for loan guarantees, previously committed, by component (interest rate and technical); and in column 5, the total of columns 3 and 4.

D. Total Loan Guarantee Subsidy Expense (Line 4). Report in column 2 (Current FY) the total subsidy expense for the current FY's loan guarantees, modifications, and re-estimates. Report in column 3 (Prior FY) the total subsidy expense for the prior FY's loan guarantees, modifications, and re-estimates.

E. Other Information. Identify other relevant information for loan guarantee programs subsidy expenses. If modifications were made, explain the nature of the modifications, the discount rate used in calculating the expense, and the basis for recognizing a gain or loss related to the modifications. Also, if appropriate, disclose that the subsidy expense resulting from re-estimates that is included in the financial statements is not reported in the budget until the following year.

Figure 10-17. Budget Subsidy Rates for Loan Guarantees by Program for the Current FY

Note 7. Direct Loan and Loan Guarantees, Nonfederal Borrowers					
Budget Subsidy Rates for Loan Guarantees by Program for the Current FY					
<i>As of [Current Fiscal Period End Date]</i>	Interest Supplements	Defaults	Fees and Other Collections	Other	Total
1. Military Housing Privatization Initiative	00.00%	00.00%	00.00%	00.00%	00.00%
2. Armament Retooling & Manufacturing Support Initiative	00.00%	00.00%	00.00%	00.00%	00.00%

101012. Instructions

A. Military Housing Privatization Initiative and Armament Retooling & Manufacturing Support Initiative (Lines 1 and 2). Report information on the subsidy rates for loan guarantees. Disclose the estimated subsidy rates for the following components: Interest Supplement costs (column 2); Default costs (net of recoveries) (column 3); Fees and Other Collections (column 4); and Other costs (column 5). These estimated subsidy rates for loan guarantees are in the current FY's budget (President's Budget).

B. Subsidy Rates

1. Subsidy Rates. Subsidy rates must be consistent with rates published in the Loan Guarantees: Assumptions Underlying the (FY) Subsidy Estimates table, contained in the Federal Credit Supplement to the Budget of the U.S. Government, which is a supporting document to the budget. Refer to the Federal Credit Supplement to the Budget of the U.S. Government for current guidance pertaining to subsidy estimates for loan guarantees.

2. Subsidy Rate Amount. Each subsidy rate is the dollar amount of the total subsidy or a subsidy component as a percentage of the guaranteed loans obligated. Entities may use trend data to display significant fluctuations in subsidy rates. Such trend data, if used, includes an analysis to explain the underlying causes for the fluctuations.

3. Subsidy Rate Applicability. The subsidy rates disclosed pertain only to the current FY's cohorts. Do not apply these rates to the guarantees of loans disbursed during the current reporting year to yield the subsidy expense. The subsidy expense for new loan guarantees reported in the current FY could result from disbursements of loans from both current FY cohorts and prior FY(s) cohorts. The subsidy expense reported in the current FY also includes modifications and re-estimates.

Figure 10-18. Schedule for Reconciling Loan Guarantee Liability Balances for Post-1991 Loan Guarantees

Note 7. Direct Loan and Loan Guarantees, Nonfederal Borrowers		
Schedule for Reconciling Loan Guarantee Liability Balances for Post-1991 Loan Guarantees		
<i>As of [Current Fiscal Period End Date]</i>	Current FY	Prior FY
Beginning Balance, Changes, and Ending Balance:		
1. Beginning Balance of the Loan Guarantee Liability	\$ \$\$\$	\$ \$\$\$
2. Add Subsidy Expense for Guaranteed Loans Disbursed during the Reporting Years by Component		
A. Interest Supplement Costs	\$ \$\$\$	\$ \$\$\$
B. Default Costs (Net of Recoveries)	\$\$\$	\$\$\$
C. Fees and Other Collections	\$\$\$	\$\$\$
D. Other Subsidy Costs	\$\$\$	\$\$\$
E. Total of the Subsidy Expense Components	\$ \$\$\$	\$ \$\$\$
3. Adjustments		
A. Loan Guarantee Modifications	\$ \$\$\$	\$ \$\$\$
B. Fees Received	\$\$\$	\$\$\$
C. Interest Supplements Paid	\$\$\$	\$\$\$
D. Foreclosed Property and Loans Acquired	\$\$\$	\$\$\$
E. Claim Payments to Lenders	\$\$\$	\$\$\$
F. Interest Accumulation on the Liability Balance	\$\$\$	\$\$\$
G. Other	\$\$\$	\$\$\$
H. Total of the Adjustments	\$ \$\$\$	\$ \$\$\$
4. Ending Balance of the Loan Guarantee Liability Before Re-estimates	\$ \$\$\$	\$ \$\$\$
5. Add or Subtract Subsidy Re-estimates by Component		
A. Interest Rate Re-estimate	\$\$\$	\$\$\$
B. Technical/Default Re-estimate	\$\$\$	\$\$\$
C. Total of the Re-estimate Components	\$ \$\$\$	\$ \$\$\$
6. Ending Balance of the Loan Guarantee Liability	\$ \$\$\$	\$ \$\$\$

*101013. Instructions

Display the reconciliation between the beginning and ending balances of the liability for outstanding loan guarantees reported in each entity's Balance Sheet based upon the following instructions. The reconciliation is required for loan guarantees committed on or after October 1, 1991, the effective date of the FCRA. Reporting entities are encouraged, but not

required, to display reconciliations for loan guarantees committed prior to October 1, 1991, in schedules separate from the loan guarantees committed after September 30, 1991.

A. Beginning Balance of the Loan Guarantee Liability (Line 1). Report on Line 1 the beginning balance of the loan guarantee liability.

B. Add Subsidy Expense for Guaranteed Loans Disbursed during the Reporting Years by Component (Lines 2.A through 2.E). Report the following components of subsidy expense for guaranteed loans disbursed: Interest Supplemental Costs; Default Costs (Net of Recoveries); Fees and Other Collections; and Other Subsidy Costs. Total the components of subsidy expense for guaranteed loans.

C. Adjustments (Lines 3.A through 3.H). Report the following adjustments for loan guarantees: Loan Guarantee Modifications; Fees Received; Interest Supplements Paid; Foreclosed Property and Loans Acquired; Claim Payments to Lenders; Interest Accumulation on the Liability Balance; and Other adjustments. Total the adjustments for loan guarantees.

D. Ending Balance of the Loan Guarantee Liability Before Re-estimates (Line 4). Report on Line 4 the sum of Lines 1, 2.E, and 3.H.

E. Add or Subtract Subsidy Re-estimates by Component (Lines 5.A through 5.C). Report Interest Rate Re-estimates and Technical/Default Re-estimates for loan guarantees and report the total subsidy re-estimates for loan guarantees.

F. Ending Balance of the Loan Guarantee Liability (Line 6). Report the sum of Lines 4 and 5.C.

*1011 NOTE 8. INVENTORY AND RELATED PROPERTY, NET

101101. General Information on Valuation Methods

Volume 4, Chapter 4 contains more complete information on inventory valuation methods. Valuation methods shown in this chapter are those used by DoD, but may be specific to a particular organization or type of organization. Figure 10-19 identifies the total amounts of Inventory and Related Property reported on the Balance Sheet.

*Figure 10-19. Inventory and Related Property, Net Note Schedule Format

Note 8.		Inventory and Related Property, Net	
<i>As of [Current Fiscal Period End Date]</i>		Current FY	Prior FY
1.	Inventory, Net	\$ \$\$\$	\$ \$\$\$
2.	Operating Material & Supplies, Net	\$\$\$	\$\$\$
3.	Stockpile Material, Net	\$\$\$	\$\$\$
4.	Total Inventory and Related Property, Net	\$ \$\$\$	\$ \$\$\$

101102. Instructions

In Figure 10-19, include the total amounts of Inventories and Other Related Property reported in Figure 10-20 (Inventory), Figure 10-21 (OM&S), and Figure 10-22 (Stockpile Material) in Note 8. The Total **Inventory and Related Property, Net** (Line 4) must agree with the amount reported on the Balance Sheet.

*Figure 10-20. Inventory, Net

Note 8. Inventory and Related Property, Net				
Inventory Categories				
<i>As of [Current Fiscal Period End Date]</i>	Current FY			Valuation Method
	Inventory, Gross Value	Revaluation Allowance	Inventory, Net	
Inventory Categories				
A. Held for Sale	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	LAC, MAC
B. Held in Reserve for Future Sale	\$\$\$	\$\$\$	\$\$\$	LAC, MAC
C. Held for Repair	\$\$\$	\$\$\$	\$\$\$	LAC, MAC
D. Raw Materials	\$\$\$	\$\$\$	\$\$\$	LAC, MAC
E. Work-In-Process	\$\$\$	\$\$\$	\$\$\$	LAC, MAC
F. Excess, Obsolete, and Unserviceable	\$\$\$	\$\$\$	\$\$\$	NRV
G. Total	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	
<i>As of [Prior Fiscal Period End Date]</i>	Prior FY			Valuation Method
	Inventory, Gross Value	Revaluation Allowance	Inventory, Net	
Inventory Categories				
A. Held for Sale	\$ \$\$\$	\$\$\$	\$ \$\$\$	LAC, MAC
B. Held in Reserve for Future Sale	\$\$\$	\$\$\$	\$\$\$	LAC, MAC
C. Held for Repair	\$\$\$	\$\$\$	\$\$\$	LAC, MAC
D. Raw Materials	\$\$\$	\$\$\$	\$\$\$	LAC, MAC
E. Work-In-Process	\$\$\$	\$\$\$	\$\$\$	LAC, MAC
F. Excess, Obsolete, and Unserviceable	\$\$\$	\$\$\$	\$\$\$	NRV
G. Total	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	
Legend for Valuation Methods				
LAC = Latest Acquisition Cost		NRV = Net Realizable Value		
MAC = Moving Average Cost				

*101103. Instructions

Report the current FY and prior FY net amount of each inventory category in accordance with the instructions provided in this chapter. Inventory categories include: held for sale; held in reserve for future sale; held for repair; raw materials; work-in-process; and excess, obsolete, and unserviceable inventory.

A. Valuation. Disclose the following for each category of inventory: in column 2, the gross amount recorded in the inventory system; in column 3, the revaluation allowance for holding gains (losses) on inventory, if any; in column 4 (column 2 plus column 3), the net book value of the inventory; and in column 5, the valuation method used. The revaluation allowance represents adjustments to the recorded values in column 2 required to arrive at the value in column 4, in accordance with the applicable valuation methodology in column 5.

B. Valuation Method. Enter the appropriate valuation method using the codes from the legend for column 5: Latest Acquisition Cost adjusted for holding gains and losses; NRV; and MAC.

C. Held for Sale (Line A). Report inventory that is held for sale, which includes consumable spare and repair parts, and repairable items owned and managed by DoD. This inventory includes materiel held due to a managerial determination to retain these items to support military or national contingencies.

D. Held in Reserve for Future Sale (Line B). Report the cost or value of tangible personal property held in reserve for future sale. Line 1.B includes inventory held for future sale because it is not readily available or will be needed.

E. Held for Repair (Line C). Report inventory held for repair, which includes damaged inventory that requires repairs to make it suitable for sale. DoD often relies on weapon systems and machinery no longer in production and encourages the repair and rebuilding of certain items. Report inventory identified as unserviceable, but not reviewed to determine its reparability, as held for repair. When an assessment has been conducted, and it has been determined that it is not economically feasible to repair the item, the item must be reported as excess, obsolete, and unserviceable.

F. Raw Materials (Line D). Report the raw material inventory.

G. Work-In-Process (Line E). Report inventory that is work-in-process, which includes costs related to the production or servicing of items, including direct material, direct labor, applied overhead, and other direct costs. This may also be used to accumulate the amount paid to a contractor under cost reimbursable contracts, including the amount withheld from payment to ensure performance, and the amount paid to other government plants for accrued costs of end items of material ordered but not delivered. Also, report work-in-process at depot maintenance activities.

H. Excess, Obsolete, and Unserviceable Inventory (Line F). Report inventory estimated to be potentially excess, obsolete, or beyond economic repair. Excess, obsolete, and unserviceable inventory must be valued at its expected NRV. Refer to Volume 4, Chapter 4 regarding the use of the NRV for excess inventory.

I. Total (Line G). Report the sum of Lines A. through F. The amounts reported in column 4 of this note equal the amounts reported on Line 1 of Note 8 (the summary note for Inventory and Other Related Property) in Figure 10-19.

J. Definitions of Inventory Gross Value, Revaluation Allowance, and Inventory, Net Columns. Column 2, Inventory, Gross Value, represents the standard value used for inventory transactions in the financial system. Column 3, Revaluation Allowance, represents the difference between standard inventory values and either historical cost or NRV. Column 4, Inventory, Net, is approximate historical cost or NRV. Column 5, Valuation Method, is the applicable valuation methodology used to arrive at the net inventory value.

K. Other Information (Related to Inventory). Disclose other information for the inventory component of the Inventory and Related Property line item on the reporting entity’s Balance Sheet. At a minimum, include information for the inventory disclosures identified in SFFAS 3.

*Figure 10-21. Operating Material & Supplies, Net

Note 8. Inventory and Related Property, Net				
Operating Material & Supplies, Net				
<i>As of [Current Fiscal Period End Date]</i>	Current FY			Valuation Method
	OM&S, Gross Value	Revaluation Allowance	OM&S, Net	
OM&S Categories				
A. Held for Use	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	MAC
B. Held in Reserve for Future Use	\$\$\$	\$\$\$	\$\$\$	MAC
C. Held for Repair	\$\$\$	\$\$\$	\$\$\$	MAC
D. In Development	\$\$\$	\$\$\$	\$\$\$	MAC
E. Excess, Obsolete, and Unserviceable	\$\$\$	\$\$\$	\$\$\$	NRV
F. Total	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	
<i>As of [Current Fiscal Period End Date]</i>	Prior FY			Valuation Method
	OM&S, Gross Value	Revaluation Allowance	OM&S, Net	
OM&S Categories				
A. Held for Use	\$ \$\$\$	\$\$\$	\$ \$\$\$	MAC
B. Held in Reserve for Future Use	\$\$\$	\$\$\$	\$\$\$	MAC
C. Held for Repair	\$\$\$	\$\$\$	\$\$\$	MAC
D. In Development	\$\$\$	\$\$\$	\$\$\$	MAC
E. Excess, Obsolete, and Unserviceable	\$\$\$	\$\$\$	\$\$\$	NRV
F. Total	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	
Legend for Valuation Methods				
MAC = Moving Average Cost		NRV = Net Realizable Value		

*101104. Instructions

Report the current FY and prior FY net amount of each OM&S category in accordance with the instructions provided in this chapter. OM&S include spare and repair parts, ammunition, tactical missiles, aircraft configuration pods, and centrally managed aircraft engines. OM&S categories include held for use; held in reserve for future use; held for repair; in development; and excess, obsolete, and unserviceable.

A. Valuation. Disclose the following for each category of OM&S: in column 2, the gross amount reported in the inventory system; in column 3, the allowance for gains (losses) on OM&S, if any; in column 4 (column 2 plus column 3), the net book value; and in column 5, the valuation method used. The amounts identified in column 3, revaluation allowance, represent the

adjustment to the recorded value in column 2 required to arrive at the historical cost reported in column 4.

B. Held for Use (Line A). Report OM&S Held for Use balances which include all issuable materiel.

C. Held in Reserve for Future Use (Line B). Report OM&S held in reserve for future use balances representing the cost or value of tangible personal property, held in reserve because it is not readily available or because it will be needed.

D. Held for Repair (Line C). Report OM&S held for repair, which includes all economically repairable materiel. OM&S that has been identified as unserviceable, but not yet reviewed to determine its reparability, must be reported as held for repair. When an assessment has been conducted, and it has been determined that it is not economically feasible to repair the item, then the item must be reported as excess, obsolete, and unserviceable.

E. In Development (Line D). Report the cost incurred or value of tangible personal property, such as OM&S in development that will be consumed in normal operations upon completion of development.

F. Excess, Obsolete, and Unserviceable (Line E). Report OM&S estimated to be potentially excess, obsolete, or beyond economic repair. Value excess, obsolete, and unserviceable OM&S at their expected NRV. Refer to Volume 4, Chapter 4 regarding the use of the NRV for excess OM&S.

G. Total (Line 1.F). Report the sum of Lines A through E. The amounts reported on Line F, column 4 of this note must equal the amounts reported on Line 2 of Note 8 (the summary note for Inventory and Related Property, Net) in Figure 10-19.

H. Valuation Method. Enter the appropriate valuation method using the codes from the following legend for column 5: NRV and MAC.

I. Other Information (Related to OM&S). Disclose other information for the OM&S component of the Inventory and Related Property line item on the entity's Balance Sheet. At a minimum, include information for the OM&S disclosures identified in SFFAS 3.

Figure 10-22. Stockpile Material, Net

Note 8. Inventory and Related Property, Net				
Stockpile Material, Net				
<i>As of [Current Fiscal Period End Date]</i>	Current FY			Valuation Method
	Stockpile Material, Gross Value	Allowance for Gains (Losses)	Stockpile Material, Net	
A. Held for Sale	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	MAC
B. Held in Reserve for Future Sale	\$\$\$	\$\$\$	\$\$\$	MAC
C. Total	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	
<i>As of [Current Fiscal Period End Date]</i>	Prior FY			Valuation Method
	Stockpile Material, Gross Value	Allowance for Gains (Losses)	Stockpile Material, Net	
A. Held for Sale	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	MAC
B. Held in Reserve for Future Sale	\$\$\$	\$\$\$	\$\$\$	MAC
C. Total	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	
Legend for Valuation Methods				
MAC = Moving Average Cost				

101105. Instructions

A. Stockpile Material. Reserve this category of inventory for use exclusively within the Department by the National Defense Stockpile Transaction Fund. Report the current FY and prior FY net amount of each inventory category in accordance with the instructions provided in this chapter.

1. The stockpile material categories are “Held for Sale” and “Held in Reserve for Future Sale.” Stockpile material is strategic and critical material, held due to statutory requirements, for use in national defense, conservation, or national emergencies. All material held by the National Defense Stockpile is classified as Held in Reserve for Future Sale until congressional action declares the material no longer required to be stockpiled, and available for sale on the open market. When the authorization to offer material for sale is received, the material is reclassified to Held for Sale.

2. Disposals cannot be made from the stockpile except for: (1) necessary upgrading, refining, or processing; (2) necessary rotation to prevent deterioration; (3) determination as excess with potential financial loss if retained; or (4) as authorized by law.

B. Valuation. For each category of Stockpile Material, disclose the amount reported in the logistics system in column 2; the allowance for gains (losses) on stockpile material, if any, in column 3; and the net book value of stockpile material (column 2 plus column 3) in column 4.

C. Valuation Method. Enter the appropriate valuation method using the code from the legend for column 5: MAC.

D. Total Stockpile Material (Line C). Report the total amounts for Stockpile Material in column 4. These total amounts equal the amounts reported on Line 3 of Note 8 (the summary note for Inventory and Related Property) in Figure 10-19.

E. Other Information. Disclose other information for the Stockpile Material component of the Inventory and Related Property, Net line item on the Balance Sheet. At a minimum, include information for the stockpile disclosures identified in SFFAS 3.

1012 NOTE 9. GENERAL PROPERTY, PLANT, AND EQUIPMENT, NET

Figure 10-23 identifies a reporting entity’s General PP&E, Net balance for the current and prior FY.

*Figure 10-23. Major General PP&E Asset Classes

Note 9.		General PP&E, Net				
<i>As of [Current Fiscal Period End Date]</i>		Current FY				
		Depreciation/Amortization Method	Service Life	Acquisition Value	(Accumulated Depreciation/Amortization)	Net Book Value
1. Major Asset Classes						
A.	Land	N/A	N/A	\$ \$\$\$	N/A	\$ \$\$\$
B.	Buildings, Structures, and Facilities	S/L	35, 40 or 45	\$\$\$	\$ \$\$\$	\$\$\$
C.	Leasehold Improvements	S/L	Lease Term	\$\$\$	\$\$\$	\$\$\$
D.	Software	S/L	2-5 or 10	\$\$\$	\$\$\$	\$\$\$
E.	General Equipment	S/L	5 or 10	\$\$\$	\$\$\$	\$\$\$
F.	Assets Under Capital Lease ¹	S/L	Lease Term	\$\$\$	\$\$\$	\$\$\$
G.	Construction-in-Progress (Excludes Military Equipment)	N/A	N/A	\$\$\$	N/A	\$\$\$
H.	Other	N/A	N/A	\$\$\$	\$\$\$	\$\$\$
I.	Total General PP&E			\$ \$\$\$	\$ \$\$\$	\$ \$\$\$

¹ See Note 16 for additional information on Capital Leases

Legend for Depreciation/Amortization Methods:	
S/L = Straight Line	N/A = Not Applicable

*Figure 10-23. Major General PP&E Asset Classes (Continued)

Note 9. General PP&E, Net		Prior FY				
<i>As of [Current Fiscal Period End Date]</i>	Depreciation/ Amortization Method	Service Life	Acquisition Value	(Accumulated Depreciation/ Amortization)	Net Book Value	
1. Major Asset Classes						
A. Land	N/A	N/A	\$ \$\$\$	N/A	\$ \$\$\$	
B. Buildings, Structures, and Facilities	S/L	35,40, or 45	\$\$\$	\$ \$\$\$	\$\$\$	
C. Leasehold Improvements	S/L	Lease Term	\$\$\$	\$\$\$	\$\$\$	
D. Software	S/L	2-5 or 10	\$\$\$	\$\$\$	\$\$\$	
E. General Equipment	S/L	5 or 10	\$\$\$	\$\$\$	\$\$\$	
F. Assets Under Capital Lease ¹	S/L	Lease Term	\$\$\$	\$\$\$	\$\$\$	
G. Construction-in- Progress (Excludes Military Equipment)	N/A	N/A	\$\$\$	N/A	\$\$\$	
H. Other	N/A	N/A	\$\$\$	\$\$\$	\$\$\$	
I. Total General PP&E			\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	

¹ See Note 16 for additional information on Capital Leases

Legend for Depreciation/Amortization Methods:

S/L = Straight Line N/A = Not Applicable

101201. Instructions

A. **General PP&E.** Report the current FY and prior FY balances for General PP&E by major class. Recognition and measurement criteria for General PP&E are in [SFFAS 6](#), “Accounting for Property, Plant, and Equipment,” as amended by [SFFAS 10](#), “Accounting for Internal Use Software;” [SFFAS 23](#), “Eliminating the Category National Defense Property, Plant, and Equipment;” [SFFAS 44](#), “Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use;” and [SFFAS 50](#), “Establishing Opening Balances for General Property, Plant, and Equipment: Amending SFFAS 6, 10, and 23, and Rescinding SFFAS 35.” As part of Note 9, Figure 10-24 identifies a reporting entity’s beginning counts, additions, deletions, and ending counts of Heritage Assets. Figure 10-25 identifies a reporting entity’s beginning counts, additions, deletions, and ending counts of stewardship land.

B. **Depreciation/Amortization Method (Column 2).** Report the depreciation or amortization method used: Straight Line (S/L) or N/A. See Volume 4 for information on how to calculate depreciation using the S/L method.

C. **Service Life (Column 3).** Report the range of service life by Major Asset Class based on DoD Standard Recovery Periods contained in Volume 4.

D. Acquisition Value (Column 4). Report the acquisition costs or estimated values by Major Asset Class.

* 1. Assets Under Capital Lease. For assets under capital lease, report the lesser of the present value or the fair value of the asset. The present value will be calculated, using either the lessor's implicit rate or the U.S. Treasury borrowing rate of the rental or other lease payments during the lease term, and will exclude that portion of the payments representing executory costs paid to the lessor. Include a cross-reference to Note 16, "Leases," for additional information on capital leases.

2. Other. If any of the individual components of the "Other" line represent 10 percent or more of the value of the line, disclose those amounts separately, by Major Asset Class, as a subcomponent of Total General PP&E.

E. Accumulated Depreciation/Amortization (Column 5). Report the accumulated depreciation/amortization through the current reporting period, by Major Asset Class.

F. Net Book Value (Column 6). Report the net book value of each Major Asset Class (acquisition cost less accumulated depreciation/amortization) in column 6 (column 4 plus column 5). The total of this column for Total General PP&E must agree with the amounts on the reporting entity's Balance Sheet.

G. General PP&E in the Possession of Contractors. Report all property in the hands of contractors in accordance with Volume 4.

H. General PP&E Opening Balances. SFFAS 50 allows a reporting entity, under specific conditions, to apply alternative methods in establishing opening balances for General PP&E. DoD's alternative methods include: using deemed cost to establish opening balances of General PP&E, selecting between deemed cost and prospective capitalization of internal use software, and allowing an exclusion of land and land rights from opening balances with disclosure and acreage information and expensing of future acquisitions.

1. Disclose the use of deemed costs in the first year the entity uses deemed costs to value assets for its opening balances and in any subsequent year those financial statements are presented for comparative purposes. The disclosure should describe the deemed cost methods used, and in the first year presented, the effect on relevant balances.

2. Account for general equipment and real property after opening balances in accordance with SFFAS 6.

I. Other Information. Disclose in the narrative sections of this note other relevant information for the General PP&E line item on the reporting entity's Balance Sheet.

1. Adjustments. If adjustments are required to existing PP&E in the period the standards are implemented, in order to comply with the recognition and measurement criteria, record and disclose the adjustments by Major Asset Class in accordance with the standard.

2. General Disclosures Related to General PP&E. Disclose the required information pertaining to General PP&E, such as: (a) restrictions on the use or convertibility of General PP&E (e.g., outside the continental U.S. real property) or a statement disclosing there are no restrictions; (b) capitalization thresholds, including any changes in thresholds during the period; and (c) adjustments from changes in the accounting standards. If the acquisition cost is unknown for certain types or significant amounts of General PP&E, DoD Components must disclose the valuation method used to estimate the value reported.

3. Other. If any of the individual components of the “Other” line represent 10 percent or more of the value of the line, disclose those components separately.

*Figure 10-24. Heritage Assets

Note 9.	General PP&E, Net			
Categories	Beginning Balance	Additions	(Deletions)	Ending Balance
Buildings and Structures	X	X	X	X
Archeological Sites	X	X	X	X
Museum Collection Items (Objects, Not Including Fine Art)	X	X	X	X
Museum Collection Items (Objects, Fine Art)	X	X	X	X

101202. Heritage Assets

Heritage Assets are items of historical, natural significance, cultural, educational, or artistic (e.g., aesthetic) importance, or items with significant architectural characteristics. Heritage Assets are expected to be preserved indefinitely. [SFFAS 29](#), “Heritage Assets and Stewardship Land,” requires entities with Stewardship PP&E to reference a note on the Balance Sheet where required disclosures relative to these assets are contained. Rather than a separate note, DoD discloses Heritage Assets with the General PP&E note.

A. Reporting. Reporting entities will disclose the beginning counts, additions, deletions, and ending counts of their Heritage Assets, by category for the period presented. Disclose the quantity of Multi-Use Heritage Assets (i.e., Heritage Asset buildings used predominantly for government operations) in the schedule.

B. Categories. Report balances for Heritage Assets within the following categories.

1. Buildings and Structures. Building and Structures include buildings and structures listed on, or eligible for listing on, the National Register of Historic Places, including Multi-Use Heritage Assets. This category also includes National Historic Landmarks; buildings or structures that are contributing elements to districts listed on, or eligible for, the

National Register of Historic Places or a National Historic Landmark District; and buildings and structures designated eligible in the National Register of Historic Places for purposes of program alternatives.

2. Archeological Sites. Archeological Sites include sites identified, evaluated, and determined to be eligible for, or are listed on, the National Register of Historic Places.

3. Museum Collection Items. Museum Collection Items include items that are unique for one or more of the following reasons: historical or natural significance; cultural, educational, or artistic importance; or significant, technical, or architectural characteristics. Divide museum collection items into two subcategories: fine art and objects. Fine art includes paintings, sculptures, and other three dimensional art. Objects are current use, excess, obsolete, or condemned material; war trophies; personal property, such as uniforms, medals, or diaries; and military equipment.

C. Disclosures. Include the [disclosures for Heritage Assets identified in OMB Circular A-136](#).

D. Year-End Reporting. Report deferred maintenance and repair information regarding Heritage Assets in Required Supplementary Information at year-end only.

Figure 10-25. Stewardship Lands

Note 9.		General PP&E, Net			
Facility Number	Facility Title	Beginning Balance	Additions	(Deletions)	Ending Balance
9110	Government Owned Land	X	X	X	X
9111	State Owned Land	X	X	X	X
9120	Withdrawn Public Land	X	X	X	X
9130	Licensed and Permitted Land	X	X	X	X
9140	Public Land	X	X	X	X
9210	Land Easement	X	X	X	X
9220	In-leased Land	X	X	X	X
9230	Foreign Land	X	X	X	X
Grand Total					X
Total - All Other Lands					X
Total – Stewardship Land					X

101203. Stewardship Land

Stewardship land is land and land rights owned by the Federal Government, but not acquired for or in connection with, items of General PP&E. “Acquired for or in connection with” is defined as including land acquired with the intent to construct General PP&E and land acquired

in combination with General PP&E. Each DoD Component responsible for such land will report land classified as stewardship land. Without exception, classify all land provided to the Department from the public domain or at no cost as stewardship land, regardless of its use. SFFAS 29 requires entities with Stewardship PP&E to reference a note on the Balance Sheet where required disclosures relative to these assets are contained. Rather than a separate note, DoD discloses stewardship land within the General PP&E note.

A. Reporting. Reporting entities will disclose the beginning counts, additions, deletions, and ending counts of their stewardship land, by category. Report the facility numbers and category descriptions. DoD Instruction (DoDI) [4165.14](#), “Real Property Inventory (RPI) and Forecasting,” identifies the predominant categories authorized for use.

1. Government Owned Land (Facility Number 9110) and State Owned Land (Facility Number 9111) is land held in public trust and will be reported as stewardship land;

2. Withdrawn Public Land (Facility Number 9120) is land held in public trust and will be reported as stewardship land;

3. Licensed and Permitted Land (Facility Number 9130) [are interests and privileges held by the entity in land owned by others and will be reported as stewardship land;](#)

4. Public Land (Facility Number 9140) is land held in public trust and will be reported as stewardship land;

5. Land Easement (Facility Number 9210) [are interests and privileges held by the entity in land owned by others and will be reported as stewardship land;](#)

6. In-leased Land (Facility Number 9220) [are interests and privileges held by the entity in land owned by others and will be reported as stewardship land;](#) and

7. Foreign Land (Facility Number 9230) [are interests and privileges held by the entity in land in foreign countries and will be reported as stewardship land.](#)

B. Disclosures. Include the disclosures for stewardship land [identified in OMB Circular A-136.](#)

1013 NOTE 10. OTHER ASSETS

Figure 10-26 identifies a reporting entity's other asset balance for the current and prior FY.

Figure 10-26. Other Assets, Note Schedule Format

Note 10.	Other Assets	
As of [<i>Current Fiscal Period End Date</i>]	Current FY	Prior FY
1. Intragovernmental Other Assets		
A. Advances and Prepayments	\$ \$\$\$	\$ \$\$\$
B. Other Assets	\$\$\$	\$\$\$
C. Total Intragovernmental Other Assets	\$ \$\$\$	\$ \$\$\$
2. Nonfederal Other Assets		
A. Outstanding Contract Financing Payments	\$ \$\$\$	\$ \$\$\$
B. Advances and Prepayments	\$\$\$	\$\$\$
C. Other Assets (With the Public)	\$\$\$	\$\$\$
D. Total Nonfederal Other Assets	\$ \$\$\$	\$ \$\$\$
3. Total Other Assets	\$ \$\$\$	\$ \$\$\$

101301. Instructions

Report the amount of Other Assets.

101302. Reporting

A. Intragovernmental Other Assets (Line 1). Separately categorize the intragovernmental other assets.

1. Advances and Prepayments (Line 1.A). Include advances and prepayments to other federal entities.

2. Other Assets (Line 1.B). Include other assets categorized as federal.

3. Total Intragovernmental Other Assets (Line 1.C). The amount reported on this line equals the sums of Lines 1.A and 1.B and must match the amount reported on the Balance Sheet.

B. Nonfederal Other Assets (Line 2). Separately categorize the nonfederal other assets.

1. Outstanding Contract Financing Payments (Line 2.A). Include contract financing payments, classified as advances, as defined in Volume 4, Chapter 5.

2. Advances and Prepayments (Line 2.B). Include advances and prepayments categorized as nonfederal.

3. Other Assets (With the Public) (Line 2.C). Include other assets categorized as nonfederal.

4. Total Nonfederal Other Assets (Line 2.D). The amount reported on this line equals the sum of Lines 2.A through 2.C and must match the amount reported on the Balance Sheet.

C. Total Other Assets (Line 3). The amount reported on this line equals the sum of Lines 1.C, “Total Intragovernmental Other Assets,” and 2.D, “Total Nonfederal Other Assets.” The total amount reported on Line 3 must equal the sum of federal and nonfederal Other Assets on the Balance Sheet.

D. Information Related to Other Assets. Identify other relevant information for other assets reported on the Balance Sheet. If any of the individual components of Line 1.B, “Other Assets,” and Line 2.C, “Other Assets (With the Public),” represent 10 percent or more of the value of the line, disclose those components separately.

1014 NOTE 11. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

Figure 10-27 identifies a reporting entity's liabilities not covered by budgetary resources for the current and prior FY.

Figure 10-27. Liabilities Not Covered by Budgetary Resources

Note 11.		Liabilities Not Covered by Budgetary Resources	
<i>As of [Current Fiscal Period End Date]</i>		Current FY	Prior FY
1. Intragovernmental Liabilities			
A. Accounts Payable		\$ \$\$\$	\$ \$\$\$
B. Debt		\$\$\$	\$\$\$
C. Other Liabilities		\$\$\$	\$\$\$
D. Total Intragovernmental Liabilities		\$ \$\$\$	\$ \$\$\$
2. Nonfederal Liabilities			
A. Accounts Payable		\$ \$\$\$	\$ \$\$\$
B. Military Retirement and Other Federal Employee Benefits		\$\$\$	\$\$\$
C. Environmental and Disposal Liabilities		\$\$\$	\$\$\$
D. Other Liabilities		\$\$\$	\$\$\$
E. Total Nonfederal Liabilities		\$ \$\$\$	\$ \$\$\$
3. Total Liabilities Not Covered by Budgetary Resources		\$ \$\$\$	\$ \$\$\$
4. Total Liabilities Covered by Budgetary Resources		\$ \$\$\$	\$ \$\$\$
5. Total Liabilities Not Requiring Budgetary Resources		\$ \$\$\$	\$ \$\$\$
6. Total Liabilities		\$ \$\$\$	\$ \$\$\$

101401. Instructions

Report the Liabilities Not Covered by Budgetary Resources, which are liabilities for which congressional action is needed before budgetary resources can be provided.

101402. Reporting

A. Liabilities Not Covered by Budgetary Resources (Lines 1 and 2). The amounts reported on Lines 1.A through 1.C of this note represent the portion of intragovernmental liabilities not covered by budgetary resources for Accounts Payable (Line 1.A); Debt (Line 1.B); and Other Liabilities (Line 1.C). Report on Line 1.D the sum of intragovernmental liabilities (Lines 1.A through 1.C). The amounts reported on Lines 2.A through 2.D of this note represent the portion of nonfederal liabilities not covered by budgetary resources for Accounts Payable (Line

2.A); Military Retirement and Other Federal Employee Benefits (Line 2.B); Environmental and Disposal Liabilities (Line 2.C); and Other Liabilities (Line 2.D). Report on Line 2.E the sum of nonfederal liabilities (Lines 2.A through 2.D).

B. Total Liabilities Not Covered by Budgetary Resources (Line 3). Report on Line 3 the sum of Lines 1.D and 2.E.

C. Total Liabilities Covered by Budgetary Resources (Line 4). Report on Line 4 the total amount of liabilities covered by budgetary resources. Budgetary resources include: (1) new budget authority; (2) spending authority from offsetting collections; (3) recoveries of unexpired budget authority through downward adjustments of prior FY obligations; and (4) unobligated balances of budgetary resources at the beginning of the year or net transfers of prior FY balances during the year; and (5) permanent indefinite appropriations or borrowing authority, which have been enacted and signed into law as of the Balance Sheet date, provided that the resources may be apportioned by OMB without further action by the Congress or without a contingency first having to be met.

D. Total Liabilities Not Requiring Budgetary Resources (Line 5). Report on Line 5 the total amount of liabilities not requiring budgetary resources. Amounts reported on Line 5 represent liabilities that have not been required in the past and will not require the use of budgetary resources in the future. Examples of liabilities reported on Line 5 include liabilities for clearing accounts, non-fiduciary deposit funds, custodial collections, and unearned revenue.

E. Total Liabilities (Line 6). The amount reported on Line 6 is the sum of Line 3 through Line 5. Line 6 must equal the amount reported on the reporting entity's Balance Sheet.

F. Information Related to Liabilities Not Covered by Budgetary Resources. Disclose why material amounts and sensitive areas such as accounts payable and debt are not covered. Provide other information needed to understand the nature of liabilities not covered by budgetary resources. All entities reporting a balance on Line 2.B must disclose that Military Retirement and Other Federal Employment Benefits Not Covered by Budgetary Resources comprise various employee actuarial liabilities not due and payable during the current FY. These liabilities are primarily comprised of [Identify the content of Line 2.B] \$XXX. Refer to Note 13, "Military Retirement and Other Federal Employment Benefits," for additional details and disclosures.

G. Other Liabilities. If any of the individual components of Line 1.C, "Other Liabilities," and Line 2.D, "Other Liabilities," represent 10 percent or more of the value of the line, disclose those components separately. If no amount encompasses 10 percent or more, state the amount is attributable to multiple items.

1015 NOTE 12. DEBT

Figure 10-28 identifies a reporting entity's total debt balance for the current and prior FY.

Figure 10-28. Debt

Note 12.		Debt		
<i>As of [Current Fiscal Period End Date]</i>		Current FY		
		Beginning Balance	Net Borrowing	Ending Balance
1. Agency Debt (Intragovernmental)				
A.	Debt to the Treasury	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
B.	Debt to the Federal Financing Bank	\$\$\$	\$\$\$	\$\$\$
C.	Total Agency Debt	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
2.	Total Debt	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
<i>As of [Current Fiscal Period End Date]</i>		Prior FY		
		Beginning Balance	Net Borrowing	Ending Balance
1. Agency Debt (Intragovernmental)				
A.	Debt to the Treasury	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
B.	Debt to the Federal Financing Bank	\$\$\$	\$\$\$	\$\$\$
C.	Total Agency Debt	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
2.	Total Debt	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$

101501. Instructions

Report the net amount of debt in accordance with the instructions provided in this chapter. Agency Debt (Intragovernmental) includes debt to the U.S. Treasury and debt to the Federal Financing Bank.

101502. Reporting

A. Agency Debt (Lines 1.A. through 1.C). For the current FY and prior FY, report the amount of debt owed to the U.S. Treasury, which includes direct loan and guaranteed loan financing account liabilities to the U.S. Treasury, as well as other debt owed to the U.S. Treasury on Line 1.A. Report the amount of debt owed to the Federal Financing Bank on Line 1.B. Line 1.C is the sum of Lines 1.A and 1.B. Report the beginning balance of borrowings in column 2; the year's net borrowing in column 3; and the ending balance of borrowings in column 4.

B. Total Debt (Line 2). Report the amount reported on Line 1.C. In addition, the Ending Balance on Line 2 of this note must equal the balance for "Debt" on the reporting entity's Balance Sheet.

C. Information Related to Debt. Provide other information needed to understand the nature of debt (e.g., write offs of debts owed to the U.S. Treasury or the Federal

Financing Bank) which includes direct loans and guaranteed loans financing account liabilities disclosed in paragraph 101001.

1. Disclose that the outstanding debt consists of interest and principal due to the U.S. Treasury and the Federal Financing Bank. State the specific purpose for which the reporting entity borrows funds.

2. Disclose that the reporting entity must pay the debt if borrowers (e.g. foreign country, ship leasing, or housing builder) default on the loan. For loan guarantees, the reporting entity must pay the amount of outstanding principal guaranteed.

1016 NOTE 13. MILITARY RETIREMENT AND OTHER FEDERAL EMPLOYMENT BENEFITS

Figure 10-29 identifies a reporting entity's Military Retirement Benefits and Other Federal Employment Benefits balance for the current and prior FY.

Figure 10-29. Military Retirement and Other Federal Employment Benefits

Note 13. Military Retirement and Other Federal Employment Benefits		Current FY		
		Liabilities	(Assets Available to Pay Benefits)	Unfunded Liabilities
As of [Current Fiscal Period End Date]				
1. Pension and Health Benefits				
A.	Military Retirement Pensions	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
B.	Military Pre Medicare-Eligible Retiree Health Benefits	\$\$\$	\$\$\$	\$\$\$
C.	Military Medicare-Eligible Retiree Health Benefits	\$\$\$	\$\$\$	\$\$\$
D.	Total Pension and Health Benefits	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
2. Other Benefits				
A.	Federal Employees' Compensation Act (FECA)	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
B.	Voluntary Separation Incentive Programs	\$\$\$	\$\$\$	\$\$\$
C.	DoD Education Benefits Fund	\$\$\$	\$\$\$	\$\$\$
D.	Other	\$\$\$	\$\$\$	\$\$\$
E.	Total Other Benefits	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
3. Total Military Retirement and Other Federal Employment Benefits		\$ \$\$\$	\$ \$\$\$	\$ \$\$\$

Actuarial Cost Method Used For Pension and Health Benefits:

Assumptions:

Market Value of Investments in Non-Marketable, Market-based Securities included in Assets Available to Pay Benefits:

Figure 10-29. Military Retirement and Other Federal Employment Benefits (Continued)

Note 13. Military Retirement and Other Federal Employment Benefits			
As of [Current Fiscal Period End Date]	Prior FY		
	Liabilities	(Assets Available to Pay Benefits)	Unfunded Liabilities
1. Pension and Health Benefits			
A. Military Retirement Pensions	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
B. Military Pre Medicare-Eligible Retiree Health Benefits	\$\$\$	\$\$\$	\$\$\$
C. Military Medicare-Eligible Retiree Health Benefits	\$\$\$	\$\$\$	\$\$\$
D. Total Pension and Health Benefits	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
2. Other Benefits			
A. Federal Employees' Compensation Act (FECA)	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
B. Voluntary Separation Incentive Programs	\$\$\$	\$\$\$	\$\$\$
C. DoD Education Benefits Fund	\$\$\$	\$\$\$	\$\$\$
D. Other	\$\$\$	\$\$\$	\$\$\$
E. Total Other Benefits	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
3. Total Military Retirement and Other Federal Employment Benefits			
	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$

Actuarial Cost Method Used for Pension and Health Benefits:

Assumptions:

Market Value of Investments in Non-Marketable, Market-Based Securities included in Assets Available to Pay Benefits:

101601. Instructions

Present Military Retirement Benefits and Other Federal Employment Benefits for the current and prior FY based on the following instructions. Report the information required in the note by the entity that administers the benefit(s), except for Line 2.A, “Federal Employees’ Compensation Act (FECA).” Include amounts owed to the Department of Labor (DOL) for estimated actuarial liabilities for future workers’ compensation benefits. Figure 10-30 identifies the reporting entity’s change in actuarial liability for the current FY.

A. Pension and Health Benefits (Lines 1.A through 1.D). Report the pension and health benefit liabilities for Military Retirement Pensions, Military Pre Medicare-Eligible Retiree Health Benefits, and Military Medicare-Eligible Retiree Health Benefits.

1. Liabilities (Column 2). Report the actuarial present value of projected benefits. For pensions, this would be the projected benefit obligation.

a. **Military Retirement Pensions** accumulates funds used to pay pensions and annuities to retired military personnel and their survivors. **Military Retirement Pensions** will report the actuarially determined present value of all future pensions earned to date, using the “aggregate entry age” normal cost method. This is a method whereby projected retirement costs are spread over the projected future salaries of a new entrant cohort. (Refer to Volume 4, Chapter 10 for further guidance.)

b. The Military Pre Medicare-Eligible Retiree Health Benefits will include beneficiaries of the Defense Health Program (DHP), retirees, their dependents, and survivors who are not yet Medicare-eligible. The DHP will report the actuarially determined present value of all retirement benefits earned to date, using the “aggregate entry age” normal cost method. This is a method whereby projected medical costs are spread over the projected future service of a cohort at the point of entry. (Refer to Volume 4, Chapter 10 for further guidance).

c. The **Military Medical-Eligible Retiree Health Benefits** pay for health care programs for Medicare-eligible Military and other Uniformed Service retirees and their Medicare-eligible dependents or survivors. Report the actuarial present value of projected benefits accrued to date, using the “aggregate entry age” normal cost method. This is a method whereby projected retiree medical plan costs are spread over the projected service of a new entrant cohort.

d. Line 1.D, “Total Pension and Health Benefits,” is the sum of Lines 1.A through 1.C.

2. Less: Assets Available to Pay Benefits (Column 3). Report the net assets, if any, available to pay benefits.

3. Unfunded Liabilities (Column 4). Report the actuarial liabilities not covered by budgetary resources, e.g., the actuarial present value of projected benefits (column 2) less funded assets available to pay benefits (column 3).

B. Other Benefits (Lines 2.A through 2.E). Report other employment related actuarial liabilities.

1. Liabilities (Column 2). Report the actuarial present value of projected benefits. Line 2.E, “Total Other Benefits,” is the sum of Lines 2.A through 2.D.

2. Less: Assets Available to Pay Benefits (Column 3). Report the net assets, if any, available to pay benefits.

3. Unfunded Liabilities (Column 4). Report the actuarial liabilities not covered by budgetary resources, e.g., the actuarial present value of projected benefits (column 2) less funded assets available to pay benefits (column 3).

C. Total Military Retirement and Other Federal Employment Benefits (Line 3). Enter the sum of the totals from Lines 1.D and 2.E in the corresponding columns. The

liabilities total (column 2) must agree with the amount reported on the Balance Sheet. The unfunded liabilities (column 4) must agree with Note 11, "Liabilities Not Covered by Budgetary Resources," Line 2.B, "Military Retirement and Other Federal Employee Benefits."

D. Other Information Pertaining to Military Retirement and Other Federal Employment Benefits. Report the minimum disclosures related to pensions and other actuarial liabilities.

1. Total Liability. Disclose the separate amounts for the liabilities covered by budgetary resources and not covered by budgetary resources and the total liability.

2. Actuarial Cost Method Used. Provide a description of the actuarial cost method used to compute the projected plan benefit cost.

3. Assumptions. Disclose the actuarial, economic, and health care cost trend and discount rate assumptions used to calculate the liability. Refer to [SFFAS 5](#), "Accounting for Liabilities of the Federal Government," and SFFAS 33 for discount rate assumptions. Include the statement that the estimated actuarial liability is updated only at the end of each FY.

4. Expense Components. Disclose the individual components of expense for the period.

5. Fair Value of Investments. Disclose the fair value of investments in market-based and marketable securities.

6. Changes. Disclose the changes in actuarial liability since the previous calculation and provide a brief summary of the program(s) for which actuarial liabilities are computed.

7. Materiality. If any of the individual components of Line 2.D represents 10 percent or more of the value of the line, disclose those components separately.

*Figure 10-30. Reconciliation of Beginning and Ending Liability Balances for Military Retirement and Other Federal Employment Benefits

As of [Current Fiscal Period End Date]	Current FY				
	Military Retirement Pensions	Military Pre Medicare-Eligible Retiree Health Benefits	Military Medicare-Eligible Retiree Health Benefits	Voluntary Separation Incentive Programs	DoD Education Benefits Fund
Beginning Actuarial Liability	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
Plus Expenses:					
Normal Cost	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Interest Cost	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Plan Amendments	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Experience Losses (Gains)	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Other factors	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Subtotal: Expenses Before Losses (Gains) from Actuarial					
Assumption Changes	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Actuarial Losses (Gains) due to:	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Changes in Trend Assumptions	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Changes in Assumptions Other Than Trend	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Losses (Gains) from Actuarial Assumption Changes	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Total Expenses	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
Less: Benefit Outlays	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Total Changes in Actuarial Liability	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
Ending Actuarial Liability	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$

*Figure 10-30. Reconciliation of Beginning and Ending Liability Balances for Military Retirement and Other Federal Employment Benefits (Continued)

Note 13.	Military Retirement and Other Federal Employment Benefits				
	Prior FY				
As of [Current Fiscal Period End Date]	Military Retirement Pensions	Military Pre Medicare-Eligible Retiree Health Benefits	Military Medicare-Eligible Retiree Health Benefits	Voluntary Separation Incentive Programs	DoD Education Benefits Fund
Beginning Actuarial Liability	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
Plus Expenses:					
Normal Cost	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Interest Cost	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Plan Amendments	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Experience Losses (Gains)	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Other factors	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Subtotal: Expenses Before Losses (Gains) from Actuarial Assumption Changes	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Actuarial Losses (Gains) due to:	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Changes in Trend Assumptions	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Changes in Assumptions Other Than Trend	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Losses (Gains) from Actuarial Assumption Changes	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Total Expenses	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
Less: Benefit Outlays	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Total Changes in Actuarial Liability	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
Ending Actuarial Liability	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$

101602. Instructions

Provide a reconciliation of the changes in actuarial liabilities from beginning and ending balances. SFFAS 33 requires the display of the components of pension expense, as well as the gains and losses from changes in long-term assumptions used to estimate liabilities for federal employee pensions, other retirement benefits, and other post-employment benefits including a discount rate assumption.

101603. Reporting

Report actuarial liability data related to normal cost liabilities, interest costs, plan amendment liabilities, actuarial (gains)/losses, and benefit outlays. Report actuarial liability data according to the following categories: Military Retirement Pensions, Military Pre Medicare-Eligible Retiree Health Benefits, Military Medicare-Eligible Retiree Health Benefits, Voluntary Separation Incentive Programs, and DoD Education Benefits Fund.

1017 NOTE 14. ENVIRONMENTAL AND DISPOSAL LIABILITIES

Figure 10-31 identifies a reporting entity's environmental and disposal liabilities for the current and prior FY.

Figure 10-31. Environmental and Disposal Liabilities

Note 14. Environmental and Disposal Liabilities	
<i>As of [Current Fiscal Period End Date]</i>	Current FY Total
1. Environmental Liabilities—Nonfederal	
A. Accrued Environmental Restoration Liabilities	
1. Active Installations - Installation Restoration Program (IRP) and Building Demolition and Debris Removal (BD/DR)	\$ \$\$\$
2. Active Installations - Military Munitions Response Program (MMRP)	\$\$\$
3. Formerly Used Defense Sites - IRP and BD/DR	\$\$\$
4. Formerly Used Defense Sites - MMRP	\$\$\$
B. Other Accrued Environmental Liabilities – Non-BRAC	
1. Environmental Corrective Action	\$\$\$
2. Environmental Closure Requirements	\$\$\$
3. Asbestos	\$\$\$
4. Other	\$\$\$
C. Base Realignment and Closure Installations	
1. IRP	\$\$\$
2. MMRP	\$\$\$
3. Environmental Corrective Action/Closure Requirements	\$\$\$
4. Asbestos	\$\$\$
5. General Equipment	\$\$\$
6. Other	\$\$\$
D. Environmental Disposal for General Equipment/Weapons Programs	
1. Nuclear Powered General Equipment/Spent Nuclear Fuel	\$\$\$
2. Non-Nuclear Powered General Equipment	\$\$\$
E. Chemical Weapons Disposal Program	
1. Chemical Demilitarization – Chemical Materials Agency	\$\$\$
2. Chemical Demilitarization – Assembled Chemical Weapons Alternatives	\$\$\$
3. Other	\$\$\$
2. Total Environmental and Disposal Liabilities	\$ \$\$\$

*Figure 10-31. Environmental and Disposal Liabilities (Continued)

Note 14. Environmental and Disposal Liabilities	
As of [<i>Current Fiscal Period End Date</i>]	Prior FY Total
1. Environmental Liabilities—Nonfederal	
A. Accrued Environmental Restoration Liabilities	
1. Active Installations - Installation Restoration Program (IRP) and Building Demolition and Debris Removal (BD/DR)	\$ \$\$\$
2. Active Installations - Military Munitions Response Program (MMRP)	\$\$\$
3. Formerly Used Defense Sites - IRP and BD/DR	\$\$\$
4. Formerly Used Defense Sites - MMRP	\$\$\$
B. Other Accrued Environmental Liabilities – Non-BRAC	
1. Environmental Corrective Action	\$\$\$
2. Environmental Closure Requirements	\$\$\$
3. Asbestos	\$\$\$
4. Other	\$\$\$
C. Base Realignment and Closure Installations	
1. IRP	\$\$\$
2. MMRP	\$\$\$
3. Environmental Corrective Action/Closure Requirements	\$\$\$
4. Asbestos	\$\$\$
5. General Equipment	\$\$\$
6. Other	\$\$\$
D. Environmental Disposal for General Equipment/Weapons Programs	
1. Nuclear Powered General Equipment/Spent Nuclear Fuel	\$\$\$
2. Non-Nuclear Powered General Equipment	\$\$\$
E. Chemical Weapons Disposal Program	
1. Chemical Demilitarization – Chemical Materials Agency	\$\$\$
2. Chemical Demilitarization – Assembled Chemical Weapons Alternatives	\$\$\$
3. Other	\$\$\$
2. Total Environmental and Disposal Liabilities	\$ \$\$\$

101701. Instructions

Present reported current FY and prior FY environmental liabilities in accordance with the instructions provided in this chapter, and the corresponding policy guidance presented in Volume 4, Chapter 13.

A. Total Environmental Liabilities. Report the total environmental liability for each line in the schedule at Figure 10-31.

1. Environmental liabilities cost estimates consider, on a current cost basis, the anticipated costs of the level of effort required for remediating environmental cleanup sites, in compliance with associated environmental legal and regulatory requirements, and estimated environmental costs associated with the future closure of operations, including closure and disposal of PP&E.

2. Base such cost estimates on the current technology available. The estimated liability may be a specific amount or a range of amounts. If some amount within the range is considered a better estimate than any other estimate, use that amount. If no amount within a range is considered a better estimate than the other estimates, use the minimum amount in the range, and disclose the range under the note narrative.

a. Base the amount reported on site level investigations and characterizations. Base any estimate produced on site-specific information and cost models validated in accordance with [DoDI 5000.61](#), “DoD Modeling and Simulation (M&S) Verification, Validation, and Accreditation (VV&A).”

b. As investigation at a specific site proceeds, the estimate is refined and reported as appropriate. If a site (Site “A”) is similar to another site (Site “B”) for which valid cost estimates have been derived (through site level investigation and characterization), the estimate for recognizing a liability for the site (Site “A”) could be based on the valid cost estimate for the similar site (Site “B”). Additionally, the estimated cost of a future study (if required) must be recognized. If there is no comparable site, then the remediation cost for the site (Site “A”) is not considered reasonably estimable at this time, but the anticipated cost of conducting a future study plus any other required costs must be recognized.

c. Disclose all methods used to estimate the costs for this line (including the number of sites and costs estimates derived using data from similar sites) in a note narrative, as well as any elements that could not be estimated.

B. Nonfederal Environmental Liabilities. All environmental liabilities are nonfederal liabilities and reported on Line 1.A.1 through Line 1.E.3 of Figure 10-31.

1. Accrued Environmental Restoration Liabilities (Line 1.A). Accrued Environmental Restoration (cleanup) Liabilities represent the cost to correct past environmental problems funded from the Environmental Restoration Accounts in accordance with [DoD Manual 4715.20](#), “Defense Environmental Restoration Program (DERP) Management,” and Volume 4, Chapter 13. These liabilities relate to PP&E, including acquired land and stewardship land, which are major asset categories described in Volume 4. Environmental restoration activities may be conducted at operating installations and Formerly Used Defense Sites (FUDS), and other than operational ranges. Site inventory and estimated cost data prepared for the [Defense Environmental Programs Annual Report to the Congress](#) is the baseline for environmental restoration (cleanup) liability measurement (e.g., the current cost to acquire the required services).

a. Active Installations-Installation Restoration Program (IRP) and Building Demolition and Debris Removal (BD/DR) (Line 1.A.1). This line represents the environmental liabilities associated with remedial actions eligible for funding under DoD Manual 4715.20. Report cleanup costs not eligible for DERP funding on Line 1.B.1. These remedial actions may address:

(1) Hazardous substances, pollutants, and contaminants as defined in the [Comprehensive Environmental Response, Compensation and Liability Act](#) (CERCLA);

(2) Hazardous waste or hazardous constituents addressed under the [Resource Conservation and Recovery Act](#) (RCRA) corrective action process or other federal or state statutes and regulations;

(3) Military munitions (e.g., Unexploded Ordnance (UXO) or Waste Military Munitions (WMM)), chemical residues from military munitions, and munitions scrap at locations other than operational ranges associated with an active installation, when the environmental restoration activity is incidental to the IRP environmental restoration activity; or

(4) BD/DR, which is the demolition and removal of unsafe buildings and structures at facilities or sites owned by, leased to, or otherwise possessed by the United States and under the jurisdiction of the Secretary of Defense. For additional information, refer to the [Management Guidance for the DERP](#) (Chapters 6 and 7) for program category definitions and funding eligibility criteria, respectively.

b. [Active Installations-Military Munitions Response Program \(MMRP\) \(Line 1.A.2\)](#). This line represents the environmental liabilities associated with the MMRP category defined as response actions (e.g., the identification, investigation, and removal actions, remedial actions, or a combination of removal and remedial actions) to address military munitions (e.g., UXO or WMM) or the chemical residues of munitions at locations other than operational ranges. The contamination may include munitions, chemical residues from military munitions and munitions scrap at ranges other than operational ranges associated with active installations that pose a threat to human health or the environment. Refer to the Management Guidance for the DERP (Chapters 6 and 7) for more details on the definition of the MMRP category and funding eligibility criteria, respectively.

c. [Formerly Used Defense Sites - IRP and BD/DR \(Line 1.A.3\)](#). This line represents properties that meet the FUDS eligibility criteria described in the Management Guidance for the DERP. Include only those projects that address DoD hazardous, toxicological, and radiological waste (HTRW) and containerized HTRW (e.g., storage tanks).

(1) Include the environmental response actions related to hazardous substances (as defined in the CERCLA), pollutants or contaminants (as defined in the CERCLA), and DoD-unique materials. The BD/DR program category is defined as the demolition and removal of unsafe buildings and structures at facilities or sites that are or were owned by, leased to, or otherwise possessed by the United States and under the jurisdiction of the Secretary of Defense.

(2) For additional detail, refer to the Management Guidance for the DERP (Chapters 6 and 7) for program category definitions and funding eligibility criteria, respectively.

d. Formerly Used Defense Sites - MMRP (Line 1.A.4). This line represents properties that meet the FUDS eligibility criteria described in the Management Guidance for the DERP. This line represents the environmental liabilities associated with the identification, investigation, and removal or remedial actions (or a combination of removal and remedial actions) to address military munitions (e.g., UXO or WMM), chemical residues from military munitions, and munitions scrap for those sites that are FUDS eligible. Report liabilities associated with remediation of contamination from non-munitions related activities on Line 1.A.3.

2. Other Accrued Environmental Liabilities – Non-BRAC (Line 1.B). This line represents the costs to remediate cleanup sites that are not eligible for funding from environmental restoration accounts. Other accrued environmental liabilities also include environmental costs associated with the future closure of operations, including closure and disposal of PP&E.

a. Although hazardous waste cleanup and disposal activities are normally thought of as a cost of ongoing operations, associated activities remain a liability if not disposed of or cleaned up by the financial reporting date. Thus, environmental conditions that result from current operations and require immediate cleanup, e.g. an oil spill or routine hazardous waste disposal, are not considered environmental liabilities and will be recognized as a current operating expense, assuming the DoD Component completes the cleanup, closure, and disposal action in the current reporting period.

b. The following subparagraphs describe in more detail the categories of liabilities, as well as the applicable lines.

(1) Environmental Corrective Action (Line 1.B.1). This line represents those environmental liabilities associated with the cleanup sites not eligible for funding under the DERP, typically conducted under RCRA or other federal or state statutes and regulations. Include environmental liabilities associated with the identification, investigation, and removal and remedial actions to address environmental contamination emanating from an operational range on this line.

(2) Environmental Closure Requirements (Line 1.B.2). This line represents the environmental liability associated with the future closure/decommissioning of facilities on an active installation that have environmental closure requirements. Examples include the future costs associated with closing a solid waste landfill, wastewater treatment plant, fuel storage tanks, or permit requirements associated with treatment, storage and disposal facilities, and open burn-open detonation sites.

(3) Asbestos (Line 1.B.3). This line represents environmental liabilities associated with the removal, containment, and/or disposal of friable (immediate health threat) and non-friable (not an immediate health threat): (1) asbestos-containing materials from property, or (2) material and/or property that consists of asbestos-containing material at permanent or temporary closure or shutdown of associated PP&E on non-Base Realignment and Closure (BRAC) installations.

(4) Other (Line 1.B.4). This line covers environmental liabilities not covered by Lines 1.B.1 through 1.B.3. Disclose the specific liabilities addressed in this line in a schedule.

3. Base Realignment and Closure Installations (Line 1.C). This line includes the cost to address environmental cleanup at bases that are realigning or closing. These liabilities can be from past activities that are part of DERP or from activities not covered by DERP.

a. IRP (Line 1.C.1). This line represents the environmental liabilities associated with remedial actions eligible for funding under the DERP. Report all BRAC cleanup costs not eligible for DERP funding on Line 1.C.3. These remedial actions may address:

(1) Hazardous substances, pollutants, and contaminants as defined in the CERCLA;

(2) Hazardous waste or hazardous constituents addressed under the RCRA corrective action process or other federal or state statutes and regulations; and

(3) Military munitions (e.g., UXO or WMM), chemical residues from military munitions, and munitions scrap at BRAC installations, when the environmental restoration activity is incidental to the IRP environmental restoration activity.

b. MMRP (Line 1.C.2). This line represents the environmental liabilities associated with the MMRP that are defined as response actions (e.g., the identification, investigation, and removal actions, remedial actions, or a combination of removal and remedial actions) to address military munitions (e.g., UXO or WMM) or the chemical residues of munitions at locations other than operational ranges. The contamination may include munitions, chemical residues from military munitions, and munitions scrap at BRAC Installations (e.g., MMRP that pose a threat to human health or the environment). Refer to the Management Guidance for the DERP for more details on the definition of the MMRP category and funding eligibility criteria, respectively.

c. Environmental Corrective Action/Closure Requirements (Line 1.C.3). This line represents those environmental liabilities associated with cleanup sites not eligible for funding under the DERP, typically conducted under RCRA or other federal or state statutes and regulations. This line also includes the environmental liability associated with the future closure of facilities that have environmental closure requirements. Examples include the future costs associated with closing a solid waste landfill, waste water treatment plant, fuel storage tanks, or permit requirements associated with treatment, storage and disposal facilities, and open burn-open detonation sites.

d. Asbestos (Line 1.C.4). This line represents environmental liabilities associated with the removal, containment, and disposal of friable (immediate health threat) and non-friable (not an immediate health threat). The environmental liability includes: (1) asbestos-containing materials from property, or (2) material and property that consist of asbestos-

containing material at permanent or temporary closure or shutdown of associated PP&E on BRAC installations.

e. General Equipment (Line 1.C.5). This line represents environmental liabilities resulting from the disposal of general equipment on BRAC installations. Environmental liability cost estimates associated with disposal include, on a current cost basis, the anticipated level of effort required to comply with environmental federal, state, and local statute, regulation, or other legal agreement specific to the equipment decommissioning and disposal.

f. Other (Line 1.C.6). This line covers environmental liabilities not covered by Lines 1.C.1 through 1.C.5. Disclose the specific liabilities addressed in this line in a schedule.

4. Environmental Disposal for General Equipment/Weapons Programs (Line 1.D). This line represents environmental disposal liabilities related to the final disposition of general equipment on non-BRAC installations. Report the environmental disposal liabilities on Lines 1.D.1 and 1.D.2 by the following line items:

a. Nuclear Powered General Equipment/Spent Nuclear Fuel (Line 1.D.1). This line represents environmental disposal liabilities related to nuclear powered general equipment and used fuel.

b. Non-Nuclear Powered General Equipment (Line 1.D.2). This line represents environmental disposal liabilities related to the non-nuclear powered general equipment and used fuel.

5. Chemical Weapons Disposal Program (Line 1.E). This line represents environmental remediation and disposal liabilities related to chemical agents. Report the environmental disposal liabilities on Lines 1.E.1 through 1.E.3 by the following line items:

a. Chemical Demilitarization – Chemical Materials Agency (Line 1.E.1). This line covers liabilities associated with the disposal of chemical constituents of military munitions, including the chemical byproducts of detonation, deflagration, or other reactive processes. These constituents are unconsumed explosives (even in trace concentrations) from the detonation of military munitions, explosives released by the structural compromise of unfired WMM, and chemical agents released from chemical munitions.

b. Chemical Demilitarization – Assembled Chemical Weapons Alternatives (Line 1.E.2). This line covers liabilities associated with assembled chemical weapons alternatives. Assembled chemical weapons alternatives refer to weapons that contain a chemical agent in addition to explosives, propellant, and packaging materials. Examples include rockets, projectiles, and bombs.

c. Other (Line 1.E.3). This line covers environmental liabilities associated with chemical weapons disposal not covered by Lines 1.E.1 and 1.E.2.

C. Total Environmental Liabilities and Disposal Liabilities (Line 2). The amount reported on this line equals the sum of Lines 1.A.1 through 1.E.3.

D. Other Information Related to Environmental Liabilities. Provide the narrative disclosures as outlined; each section will have captions so the disclosures are readily segregated.

1. Applicable Laws and Regulations of Cleanup, Closure, and/or Disposal Requirements. DoD Components must address each of the applicable laws and regulations that are the source of their environmental liabilities. DoD is required to clean up contamination resulting from past waste disposal practices, leaks, spills, and other past activities, which have created a public health or environmental risk. DoD does this in coordination with regulatory agencies, and if applicable, with other responsible parties.

a. The Department is also required to recognize closure and post-closure environmental costs for its General PP&E and environmental corrective action costs for current operations. Each of the Department's major reporting entities is responsible for tracking and reporting all required environmental information related to environmental restoration costs, other accrued environmental costs, environmental disposal costs of weapons systems, and environmental costs related to the BRAC actions.

b. Examples of relevant laws and regulations for consideration and discussion include, but are not limited to:

- (1) CERCLA;
- (2) Superfund Amendments and Reauthorization Act;
- (3) Clean Water Act;
- (4) Safe Drinking Water Act;
- (5) Clean Air Act;
- (6) RCRA;
- (7) Toxic Substances Control Act;
- (8) Atomic Energy Act;
- (9) Nuclear Waste Policy Act; and
- (10) Low Level Radioactive Waste Policy Amendments

Act.

2. Methods for Assigning Total Cleanup, Closure, and/or Disposal Costs to Current Operating Periods

a. DoD Components must provide the method for assigning the estimated total cleanup, closure, and disposal costs to the current operating periods. DoD Components must not confuse this with how they budget for the liabilities. The Department policy is to comply with the accounting standards.

b. The Department uses engineering estimates and independently validated models to estimate environmental costs. The models are contained within the Remedial Action Cost Engineering Requirements System. The Department validates the models in accordance with DoDI 5000.61 and primarily uses the models to estimate the liabilities based on data received during a preliminary assessment and initial site investigation.

(1) The Department primarily uses engineering estimates after obtaining extensive data during the remedial investigation/feasibility phase of the environmental project. Once the environmental cost estimates are complete, the Department complies with accounting standards to assign costs to current operating periods. The Department has already expensed the costs for cleanup associated with General PP&E placed into service prior to October 1, 1997 unless the costs are to be recovered through user charges. When recovering costs through user charges, the Department expenses the portion of the asset life that has passed since the General PP&E was placed into service and systematically recognizes the remaining cost over the life of the assets.

(2) For General PP&E placed into service after September 30, 1997, the Department expenses the associated environmental costs systematically over the life of the asset. The Department expenses the full cost to cleanup contamination for stewardship PP&E at the time the asset is placed into service. The Department uses two methods for systematic recognition: physical capacity for operating landfills and life expectancy in years for all other assets.

3. Provide a Description of the Types of Environmental and Disposal Liabilities Identified. DoD Components will provide a general statement describing the types of their environmental and disposal liabilities. An example, which could apply, is as follows: “DERP sites at active installations, BRAC installations, FUDS, sites at active installations that are not covered by DERP, weapon systems programs, and chemical weapons disposal programs are required to provide a description of the environmental and/or disposal liabilities. DoD Components are required to cleanup DERP and sites not covered by DERP in coordination with regulatory agencies, other responsible parties, and current property owners. The weapons systems program consists of chemical weapons disposal, nuclear powered aircraft carriers, nuclear powered submarines, and other nuclear ships.”

4. Nature of Estimates and the Disclosure of Information Regarding Possible Changes due to Inflation, Deflation, Technology, Plans, or Applicable Laws and Regulations. DoD Components specifically identify any environmental liabilities that they know may change due to inflation, deflation, technology, plans, and/or pending changes to applicable

laws and/or regulations. If no known changes are pending, DoD Components must state that they are not aware of any pending changes but the liabilities can change in the future due to changes in laws and regulations, changes in agreements with regulatory agencies, and advances in technology.

5. Provide a Description of the Level of Uncertainty Regarding the Accounting Estimates Used to Calculate the Reported Environmental Liabilities. DoD Components provide a detailed description of the uncertainties regarding estimates of significant situations (e.g., BRAC closures, environmental related disposals, ranges, chemical agents, and munitions). The disclosure includes a general statement followed with the specific details known about the uncertainties.

a. The general statement could apply as follows: “The environmental liabilities for the Department are based on accounting estimates which require certain judgments and assumptions that we believe are reasonable based upon information available to us at the time of calculating the estimates. The actual results may vary materially from the accounting estimates if agreements with regulatory agencies require remediation to a different degree than anticipated when calculating the estimates. The liabilities can be further impacted if further investigation of the environmental sites discloses contamination different than known at the time of the estimates.”

b. The disclosure provides specific details, such as “In addition to the liabilities reported, (*DoD Component*) has a liability to take environmental restoration/corrective action for buried chemical munitions and agents. (*DoD Component*) is unable to provide a reasonable estimate at this time because the extent of the buried chemical munitions and agents is not known.” DoD Components also disclose in this paragraph any liabilities based on a range of estimated amounts.

6. Unrecognized Costs. DoD Components provide the unrecognized portion of the estimated total cleanup, closure, or disposal costs associated with General PP&E. For General PP&E placed in service on or after October 1, 1997, DoD Components systematically recognize the liability over the useful life of the assets. The unrecognized portion of the total cleanup must equal the estimated total cleanup costs less the amount recognized on the financial statements. Refer to Volume 4, Chapter 13 for further information on General PP&E requiring systematic recognition of the environmental liability.

7. Other Disclosures. DoD Components provide any other information they believe material to the users of the financial statements.

101702. Definitions

The term liability, as defined by the FASAB, means a probable and measurable future outflow of resources arising from past transactions or events. While some categories of environmental and disposal liabilities in Note 14 are self-explanatory (e.g., nuclear powered aircraft carriers, submarines, and other ships), the definitions are provided for clarity and to ensure consistency of reporting.

A. Environmental Liabilities. An environmental liability is a future outflow or expenditure of resources that exist as of the financial reporting date for environmental cleanup, closure, and/or disposal costs resulting from past transactions or events. A DoD environmental liability exists when: (1) contamination is present or likely to be present; (2) environmental cleanup, closure, and/or disposal is required by lease contracts, federal, state, and/or local statute, regulation, or other legal agreement; and (3) the operations that created the liability are DoD related. An environmental liability may also exist if environmental contamination is not DoD related, but DoD enters into a binding agreement that formally accepts financial responsibility for cleanup, closure, and/or disposal. Refer to Volume 4, Chapter 13 for accounting policy on measuring, recognizing, and disclosing environmental liabilities.

B. Military Munitions. Military munitions are all ammunition products and components produced or used by or for DoD or the U.S. Armed Services for national defense and security, including military munitions under the control of DoD, the U.S. Coast Guard, the U.S. Department of Energy (DOE), and National Guard personnel.

1. The term “military munitions” includes confined gaseous, liquid, and solid propellants; explosives; pyrotechnics; chemical and riot-control agents; smokes and incendiaries used by DoD Components, including bulk explosives and chemical warfare agents, chemical munitions, rockets, guided and ballistic missiles, bombs, warheads, mortar rounds, artillery ammunition, small arms ammunition, grenades, mines, torpedoes, depth charges, cluster munitions and dispensers, demolition charges, and devices and components.

2. Military munitions do not include wholly inert items, improvised explosive devices, nuclear weapons, nuclear devices, and nuclear components. However, the term does include non-nuclear components of nuclear devices, managed under DOE's nuclear weapons program, after all required sanitation operations under the Atomic Energy Act of 1954, as amended, have been completed. Military munitions include munitions scrap, UXO, WMM, and chemical residue.

a. Munitions Scrap. Munitions scrap includes the metal components of military munitions that remain from the destruction, detonation, demilitarization, or treatment of military munitions. Munitions scrap does not include concentrations of explosives or other materiel associated with the scrap munitions that pose hazards to health, safety, or the environment.

b. UXO. UXO includes military munitions that have been primed, fused, armed, or otherwise prepared for action, and have been fired, dropped, launched, projected, or placed in such a manner as to constitute a hazard to operations, installations, personnel, or materiel and remain unexploded either by malfunction, design, or any other cause.

c. WMM. For purposes of this document, WMM are defined as:

(1) An unused munition abandoned by being disposed of, burned or incinerated, or treated prior to disposal;

(2) A used or fired munition recovered, collected, and disposed of by burial, landfilling, or land treatment; or

(3) Explosive contaminated environmental media (e.g., soil, water, or air) where the concentration of the explosive present is sufficient to detonate or deflagrate when exposed to a strong initiating force or when the explosives are present at a concentration sufficient to make the soil a reactive hazardous waste under Title 40, Code of Federal Regulations, [Section 261.23](#). Such contaminated media are to be managed as explosives and are subject to the explosives safety requirements (e.g., the hazard classification) applicable to the explosive present.

d. Chemical Residues from Military Munitions. Chemical residues from military munitions include the chemical byproducts of detonation, deflagration, or other reactive processes. Examples include unconsumed explosives (even in trace concentrations) from the detonation of a military munitions; explosives released by the structural compromise of an unfired WMM; residues from the destruction of excess propellant bags in the course of training; and chemical agents released from chemical munitions.

C. Ranges. Ranges are designated land or water area set aside, managed, and used to conduct research, develop, test, and evaluate military munitions and explosives, other ordnance or weapon systems, or to train military personnel in their use and handling. Ranges include firing lines and positions, maneuver areas, firing lanes, test pads, detonation pads, impact areas, and buffer zones with restricted access and exclusionary areas.

1. Military ranges also include bodies of water located within the boundaries of a military range (e.g., a stream, lake, or pond) or that are themselves a range (e.g., an offshore range in the Atlantic or Pacific Ocean). Such water areas include all waters of the [United States](#) (as defined under the [Clean Water Act](#)) and those ocean waters extending out to 200 nautical miles from the U.S. coast. A military range may be a single site or may be comprised of several sites.

2. For the purposes of this [chapter](#), there are two types of ranges, operational and other than operational, as described.

a. Operational Range. For purposes of this [chapter](#), an operational range includes military ranges that are currently in service and regularly used for range activities. Operational ranges also include military ranges that are not currently being used, but: (a) are still considered by the cognizant Military Service to be a potential range area; and (b) have not been put to a new use that is incompatible with range activities.

b. Other Than Operational Range. For purposes of this document, a range that is other than operational includes closed, transferring, and transferred ranges. It is important to note that while other than operational ranges that meet the funding eligibility criteria for the MMRP category are addressed by DERP, there are MMRP sites that are not associated with a range. For more details, refer to the Management Guidance for the DERP (Chapters 6 and 7) for program category definitions and funding eligibility criteria, respectively.

(1) Closed Range. A closed range is a military range that has been taken out of service as a range and that has either been put to new uses that are incompatible with range activities or is not considered by the military to be a potential range area. A closed range is still under the control of a DoD Component. For purposes of funding, a range that is transferring from DoD control through land transfer actions other than BRAC is considered “closed.” For purposes of funding, a range transferred from DoD control that was not transferred as a result of BRAC, and that is not FUDS eligible, is considered “closed.”

(2) Transferred Range. A transferred range is a property formerly used as a military range that is no longer under military control and has been leased by DoD, transferred, or returned from DoD to another entity, including federal entities. A transferred range includes a military range that is no longer under military control, but was used under the terms of a withdrawal, executive order, special use permit or authorization, right-of-way, public land order, or other instrument issued by the federal land manager. For purposes of funding, a range transferred from DoD control that is not transferred as a result of BRAC, and that is not FUDS eligible, is considered “closed.”

(3) Transferring Range. A transferring range is a military range that is proposed to be transferred or returned from DoD to another entity, including federal entities. A transferring range includes a military range used under the terms of a withdrawal, executive order, act of Congress, public land order, special use permit or authorization, right-of-way, or other instrument issued by the federal land manager or property owner. An active, inactive, or a closed range will not be considered a “transferring range” until the transfer is imminent. For purposes of funding, a range that is transferring from DoD control through land transfer actions other than BRAC is considered “closed.”

1018 NOTE 15. OTHER LIABILITIES

Figure 10-32 identifies a reporting entity's other liabilities balance for the current and prior FY.

Figure 10-32. Other Liabilities

Note 15.	Other Liabilities			
	As of [Current Fiscal Period End Date]	Current FY		
		Current Liability	Noncurrent Liability	Total
1. Intragovernmental				
A. Advances from Others	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	
B. Deposit Funds and Suspense Account Liabilities	\$\$\$	\$\$\$	\$\$\$	
C. DO Cash	\$\$\$	\$\$\$	\$\$\$	
D. Judgment Fund Liabilities	\$\$\$	\$\$\$	\$\$\$	
E. FECA Reimbursement to the DOL	\$\$\$	\$\$\$	\$\$\$	
F. Custodial Liabilities	\$\$\$	\$\$\$	\$\$\$	
G. Employer Contribution and Payroll Taxes Payable	\$\$\$	\$\$\$	\$\$\$	
H. Other Liabilities	\$\$\$	\$\$\$	\$\$\$	
I. Total Intragovernmental Other Liabilities	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	
2. Nonfederal				
A. Accrued Funded Payroll and Benefits	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	
B. Advances from Others	\$\$\$	\$\$\$	\$\$\$	
C. Deferred Credits	\$\$\$	\$\$\$	\$\$\$	
D. Deposit Funds and Suspense Accounts	\$\$\$	\$\$\$	\$\$\$	
E. Temporary Early Retirement Authority	\$\$\$	\$\$\$	\$\$\$	
F. Nonenvironmental Disposal Liabilities:				
(1) Military Equipment (Non-nuclear)	\$\$\$	\$\$\$	\$\$\$	
(2) Excess/Obsolete Structures	\$\$\$	\$\$\$	\$\$\$	
(3) Conventional Munitions Disposal	\$\$\$	\$\$\$	\$\$\$	
G. Accrued Unfunded Annual Leave	\$\$\$	\$\$\$	\$\$\$	
H. Capital Lease Liability	\$\$\$	\$\$\$	\$\$\$	
I. Contract Holdbacks	\$\$\$	\$\$\$	\$\$\$	
J. Employer Contribution and Payroll Taxes Payable	\$\$\$	\$\$\$	\$\$\$	
K. Contingent Liabilities	\$\$\$	\$\$\$	\$\$\$	
L. Other Liabilities	\$\$\$	\$\$\$	\$\$\$	
M. Total Nonfederal Other Liabilities	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	
3. Total Other Liabilities	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	

*Figure 10-32. Other Liabilities (Continued)

As of [Current Fiscal Period End Date]	Prior FY		
	Current Liability	Noncurrent Liability	Total
1. Intragovernmental			
A. Advances from Others	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
B. Deposit Funds and Suspense Account Liabilities	\$\$\$	\$\$\$	\$\$\$
C. DO Cash	\$\$\$	\$\$\$	\$\$\$
D. Judgment Fund Liabilities	\$\$\$	\$\$\$	\$\$\$
E. FECA Reimbursement to the DOL	\$\$\$	\$\$\$	\$\$\$
F. Custodial Liabilities	\$\$\$	\$\$\$	\$\$\$
G. Employer Contribution and Payroll Taxes Payable	\$\$\$	\$\$\$	\$\$\$
H. Other Liabilities	\$\$\$	\$\$\$	\$\$\$
I. Total Intragovernmental Other Liabilities	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
2. Nonfederal			
A. Accrued Funded Payroll and Benefits	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
B. Advances from Others	\$\$\$	\$\$\$	\$\$\$
C. Deferred Credits	\$\$\$	\$\$\$	\$\$\$
D. Deposit Funds and Suspense Accounts	\$\$\$	\$\$\$	\$\$\$
E. Temporary Early Retirement Authority	\$\$\$	\$\$\$	\$\$\$
F. Nonenvironmental Disposal Liabilities:			
(1) Military Equipment (Non-nuclear)	\$\$\$	\$\$\$	\$\$\$
(2) Excess/Obsolete Structures	\$\$\$	\$\$\$	\$\$\$
(3) Conventional Munitions Disposal	\$\$\$	\$\$\$	\$\$\$
G. Accrued Unfunded Annual Leave	\$\$\$	\$\$\$	\$\$\$
H. Capital Lease Liability	\$\$\$	\$\$\$	\$\$\$
I. Contract Holdbacks	\$\$\$	\$\$\$	\$\$\$
J. Employer Contribution and Payroll Taxes Payable	\$\$\$	\$\$\$	\$\$\$
K. Contingent Liabilities	\$\$\$	\$\$\$	\$\$\$
L. Other Liabilities	\$\$\$	\$\$\$	\$\$\$
M. Total Nonfederal Other Liabilities	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
3. Total Other Liabilities	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$

101801. Instructions

Present Other Liabilities for the current and prior FY that are not included elsewhere on the Balance Sheet based upon the instructions in the chapter.

101802 Reporting

A. General Guidance on Other Liabilities

1. Other Liabilities include, but are not limited to, grants payable; capital lease liabilities; insurance and guarantee programs; advances and prepayment from others;

deposit fund amounts held in escrow; contingent liabilities; contract holdbacks; accrued liabilities related to ongoing continuous expenses, such as federal employee salaries and accrued employee annual leave; and resources payable to the U.S. Treasury and other accrued liabilities.

2. Clean up costs will not be included in Other Liabilities because they are reported as environmental liabilities or the environmental portion of disposal costs in Note 14, “Environmental and Disposal Liabilities.”

3. Report all contingent liabilities on the Other Liabilities line of the Balance Sheet. The amount reported (recognized) on the Balance Sheet is the total amount of the estimated probable loss. [Refer to OMB Circular A-136 for policy on recognizing contingent liabilities.](#) Examples of claims or other contingencies include: (a) indemnity agreement reimbursements due to licensees or contractors for losses incurred in support of federal activities; (b) adjudicated claims against the Federal Government that are in the process of judicial proceedings; and (c) the unfunded portion of total liabilities to international institutions.

4. Current liabilities represent debt due for payment within 12 months or less of the Balance Sheet date. Noncurrent liabilities represent debt that is due for payment beyond 12 months from the Balance Sheet date.

* [SFFAS 51, “Insurance Programs,”](#) requires disclosure of insurance program information. Reporting entities must recognize revenues, expenses, and liabilities in accordance with categories identified in SFFAS 51.

B. Intragovernmental. Report all intragovernmental other liabilities.

1. Advances from Others (Line 1.A.). Report in column 2 the current portion of the liability. Report in column 3 the noncurrent portion of the liability. Report in column 4 the total for column 2 and column 3.

2. Deposit Funds and Suspense Account Liabilities (Line 1.B.). Report in column 2 the current portion of the liability. Report in column 3 the noncurrent portion of the liability. Report in column 4 the total for column 2 and column 3.

3. DO Cash (Line 1.C.). Report in column 2 the current portion of the liability. Report in column 3 the noncurrent portion of the liability. Report in column 4 the total for column 2 and column 3.

4. Judgment Fund Liabilities (Line 1.D.). Report in column 2 the current portion of the liability. Report in column 3 the noncurrent portion of the liability. Report in column 4 the total for column 2 and column 3. Include liabilities for reimbursements due to the judgment fund for claims paid by the judgment fund related to the DoD reporting entity.

5. FECA Reimbursement to the DOL (Line 1.E.). The [FECA](#) provides benefit coverage for death, disability, medical, and miscellaneous costs for approved cases of on the job incidents. Submit FECA claims to the DOL for approval. DOL pays the claim holders,

and then prepares a charge back billing to the responsible Agencies. Public law 93-416, Section 8147 essentially gives agencies two years to pay this charge back bill, allowing time for the amount to be included in their budgets.

a. Under the FECA, once funding is received, payments are due within 30 days. If DoD still has some amounts outstanding, report these amounts as covered by budgetary resources with an explanation for late payments.

b. Report in column 2 the current portion of the liability. Report in column 3 the noncurrent portion of the liability. Report in column 4 the total for column 2 and column 3, representing the total liability for FECA reimbursement to the DOL.

6. Custodial Liabilities (Line 1.F.). Report in column 2 the current portion of the liability. Report in column 3 the noncurrent portion of the liability. Report in column 4 the total for column 2 and column 3.

7. Employer Contribution and Payroll Taxes Payable (Line 1.G.). Report in column 2 the current portion of the liability. Report in column 3 the noncurrent portion of the liability. Report in column 4 the total for column 2 and column 3.

8. Other Liabilities (Line 1.H.). Report in column 2 the current portion of the liability. Report in column 3 the noncurrent portion of the liability. Report in column 4 the total for column 2 and column 3.

9. Total Intragovernmental Other Liabilities (Line 1.I.). The amounts reported represent the sum of Lines 1.A through 1.H. for each column (2, 3, and 4). In addition, Line 1.I of this note must equal the amount reported on the reporting entity's Balance Sheet. Disclose the total intragovernmental portion of other liabilities not covered by budgetary resources in Note 11, "Liabilities Not Covered by Budgetary Resources."

C. Nonfederal Other Liabilities. Report Nonfederal Other Liabilities.

1. Accrued Funded Payroll and Benefits (Line 2.A.). Report in column 2 the current portion of the liability. Report in column 3 the noncurrent portion of the liability. Report in column 4 the total for column 2 and column 3.

2. Advances from Others (Line 2.B.). Report in column 2 the current portion of the liability. Report in column 3 the noncurrent portion of the liability. Report in column 4 the total for column 2 and column 3.

3. Deferred Credits (Line 2.C.). Report in column 2 the current portion of the liability. Report in column 3 the noncurrent portion of the liability. Report in column 4 the total for column 2 and column 3.

4. Deposit Funds and Suspense Accounts (Line 2.D.). Report in column 2 the current portion of the liability. Report in column 3 the noncurrent portion of the liability. Report in column 4 the total for column 2 and column 3.

5. Temporary Early Retirement Authority (Line 2.E.). Report in column 2 the current portion of the liability. Report in column 3 the noncurrent portion of the liability. Report in column 4 the total for column 2 and column 3.

6. Nonenvironmental Disposal Liabilities (Line 2.F.). Report in column 2 the current portion of the liability. Report in column 3 the noncurrent portion of the liability. Report in column 4 the total for column 2 and column 3. Breakout the categories used to report nonenvironmental disposal liabilities as follows: (a) Military Equipment (Non-nuclear); (b) Excess/Obsolete Structures; and (c) Conventional Munitions Disposal.

7. Accrued Unfunded Annual Leave (Line 2.G.). Report in column 2 the current portion of the liability. Report in column 3 the noncurrent portion of the liability. Report in column 4 the total for column 2 and column 3.

* 8. Capital Lease Liability (Line 2.H.). Report in column 2 the current portion of the liability. Report in column 3 the noncurrent portion of the liability. Report in column 4 the total for column 2 and column 3. [Note 16](#) provides additional information related to a reporting entity's capital lease liability for the current and prior FY.

9. Contract Holdbacks (Line 2.I.). Report in column 2 the current portion of the liability. Report in column 3 the noncurrent portion of the liability. Report in column 4 the total for column 2 and column 3.

10. Employer Contribution and Payroll Taxes Payable (Line 2.J.). Report in column 2 the current portion of the liability. Report in column 3 the noncurrent portion of the liability. Report in column 4 the total for column 2 and column 3.

11. Contingent Liabilities (Line 2.K.). Report in column 2 the current portion of the liability. Report in column 3 the noncurrent portion of the liability. Report in column 4 the total for column 2 and column 3. Refer to the [DoD Financial Reporting Guidance](#) for additional information on contingent liabilities.

12. Other Liabilities (Line 2.L.). Report in column 2 the current portion of the liability. Report in column 3 the noncurrent portion of the liability. Report in column 4 the sum of column 2 and column 3.

13. Total Nonfederal Other Liabilities (Line 2.M.). The amounts reported represent the sum of [Lines 2.A](#) through [2.L](#) for each column (2, 3, and 4). In addition, [Line 2.M](#) of this note must equal the amount reported on the reporting entity's Balance Sheet. Disclose the total nonfederal portion of other liabilities not covered by budgetary resources in [Note 11](#).

D. Total Other Liabilities (Line 3). The amounts represent the sum of “Total Intragovernmental Other Liabilities” and “Total Nonfederal Other Liabilities” for each column (2, 3, and 4).

E. Other Information Pertaining to Other Liabilities. Report other information relevant to other liabilities that is not in the categories. If any of the individual components of the “Other Liabilities” lines represent 10 percent or more of the value of the line, disclose those components separately. In addition, disclose any delinquent FECA bills due to the DOL for FECA, including amounts.

*1019 NOTE 16. LEASES

Figure 10-33 identifies a reporting entity's assets under capital lease balance for the current and prior FY. Figure 10-34 provides information related to a reporting entity's federal capital lease liability for the current and prior FY. Figure 10-35 provides information related to a reporting entity's nonfederal capital lease liability for the current and prior FY. Figure 10-36 identifies operating lease information for the current FY.

*Figure 10-33. Entity as Lessee-Assets Under Capital Lease, Note Schedule Format

Note 16.		Leases	
Capital Leases:			
Entity as Lessee-Assets Under Capital Lease			
As of [Current Fiscal Period End Date]		Current Year	Prior Year
1.	Land and Buildings	\$ \$\$\$	\$ \$\$\$
2.	Equipment	\$\$\$	\$\$\$
3.	Other	\$\$\$	\$\$\$
4.	Accumulated Amortization	\$\$\$	\$\$\$
5.	Total Assets Under Capital Leases	\$ \$\$\$	\$ \$\$\$
Description of Lease Arrangements:			

*101901. Instructions

Report the Assets under Capital Lease by categories of land and buildings, equipment, or other.

A. Entity as Lessee – Assets Under Capital Lease (Lines 1 through 5). By major category of asset, report the gross assets under capital lease and the total accumulated amortization. Sum the total of Lines 1 through 4 on Line 5. The amount reported on Line 5 must equal the amount reported on Line 1.F, “Assets Under Capital Lease,” of Figure 10-23.

B. Description of Lease Arrangements. Disclose any additional information related to assets under capital leases. Provide a narrative with all dollar amounts and reasons for this additional disclosure.

*Figure 10-34. Future Payments Due for Federal Capital Leases

Note 16.		Leases				
Capital Leases:						
Future Payments Due for Federal Capital Leases						
As of <i>[Current Fiscal Period End Date]</i>		Current FY				
		Asset Category				
		Land and Buildings	Equipment	Other	Total	
1. Federal						
A. Current FY	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$
B. FY 1 (CY + 1)		\$\$\$		\$\$\$		\$\$\$
C. FY 2 (CY + 2)		\$\$\$		\$\$\$		\$\$\$
D. FY 3 (CY + 3)		\$\$\$		\$\$\$		\$\$\$
E. FY 4 (CY + 4)		\$\$\$		\$\$\$		\$\$\$
F. FY 5 (CY + 5)		\$\$\$		\$\$\$		\$\$\$
G. After 5 Years		\$\$\$		\$\$\$		\$\$\$
H. Total Future Lease Payments	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$
I. Less: Imputed Interest		\$\$\$		\$\$\$		\$\$\$
J. Less: Executory Costs		\$\$\$		\$\$\$		\$\$\$
K. Net Capital Lease Liability	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$
2. Federal Capital Lease Liabilities Covered by Budgetary Resources						\$ \$\$\$
3. Federal Capital Lease Liabilities Not Covered by Budgetary Resources						\$ \$\$\$
As of <i>[Current Fiscal Period End Date]</i>		Prior FY				
		Asset Category				
		Land and Buildings	Equipment	Other	Total	
1. Federal						
A. Current FY	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$
B. FY 1 (CY + 1)		\$\$\$		\$\$\$		\$\$\$
C. FY 2 (CY + 2)		\$\$\$		\$\$\$		\$\$\$
D. FY 3 (CY + 3)		\$\$\$		\$\$\$		\$\$\$
E. FY 4 (CY + 4)		\$\$\$		\$\$\$		\$\$\$
F. FY 5 (CY + 5)		\$\$\$		\$\$\$		\$\$\$
G. After 5 Years		\$\$\$		\$\$\$		\$\$\$
H. Total Future Lease Payments	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$
I. Less: Imputed Interest		\$\$\$		\$\$\$		\$\$\$
J. Less: Executory Costs		\$\$\$		\$\$\$		\$\$\$
K. Net Capital Lease Liability	\$	\$\$\$	\$	\$\$\$	\$	\$\$\$
2. Federal Capital Lease Liabilities Covered by Budgetary Resources						\$ \$\$\$
3. Federal Capital Lease Liabilities Not Covered by Budgetary Resources						\$ \$\$\$

*Figure 10-35. Future Payments Due for Nonfederal Capital Leases

Note 16.		Leases			
Capital Leases:					
Future Payments Due for Nonfederal Capital Leases					
<i>As of [Current Fiscal Period End Date]</i>		Current FY			
		Asset Category			
		Land and Buildings	Equipment	Other	Total
1. Nonfederal					
A.	Current FY	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
B.	FY 1 (CY + 1)	\$\$\$	\$\$\$	\$\$\$	\$\$\$
C.	FY 2 (CY + 2)	\$\$\$	\$\$\$	\$\$\$	\$\$\$
D.	FY 3 (CY + 3)	\$\$\$	\$\$\$	\$\$\$	\$\$\$
E.	FY 4 (CY + 4)	\$\$\$	\$\$\$	\$\$\$	\$\$\$
F.	FY 5 (CY + 5)	\$\$\$	\$\$\$	\$\$\$	\$\$\$
G.	After 5 Years	\$\$\$	\$\$\$	\$\$\$	\$\$\$
H.	Total Future Lease Payments	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
I.	Less: Imputed Interest	\$\$\$	\$\$\$	\$\$\$	\$\$\$
J.	Less: Executory Costs	\$\$\$	\$\$\$	\$\$\$	\$\$\$
K.	Net Capital Lease Liability	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
2. Nonfederal Capital Lease Liabilities Covered by Budgetary Resources					\$ \$\$\$
3. Nonfederal Capital Lease Liabilities Not Covered by Budgetary Resources					\$ \$\$\$
<i>As of [Current Fiscal Period End Date]</i>		Prior FY			
		Asset Category			
		Land and Buildings	Equipment	Other	Total
1. Nonfederal					
A.	Current FY	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
B.	FY 1 (CY + 1)	\$\$\$	\$\$\$	\$\$\$	\$\$\$
C.	FY 2 (CY + 2)	\$\$\$	\$\$\$	\$\$\$	\$\$\$
D.	FY 3 (CY + 3)	\$\$\$	\$\$\$	\$\$\$	\$\$\$
E.	FY 4 (CY + 4)	\$\$\$	\$\$\$	\$\$\$	\$\$\$
F.	FY 5 (CY + 5)	\$\$\$	\$\$\$	\$\$\$	\$\$\$
G.	After 5 Years	\$\$\$	\$\$\$	\$\$\$	\$\$\$
H.	Total Future Lease Payments	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
I.	Less: Imputed Interest	\$\$\$	\$\$\$	\$\$\$	\$\$\$
J.	Less: Executory Costs	\$\$\$	\$\$\$	\$\$\$	\$\$\$
K.	Net Capital Lease Liability	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
2. Nonfederal Capital Lease Liabilities Covered by Budgetary Resources					\$ \$\$\$
3. Nonfederal Capital Lease Liabilities Not Covered by Budgetary Resources					\$ \$\$\$

101902. Instructions for Capital Leases

Present capital lease liabilities for the current and prior FY in accordance with the instructions provided in this chapter. OMB Circular A-136 requires note disclosures for the lessee and the lessor and disclosure of capital and operating leases. OMB Circular A-136 instructions for this note schedule reflect future payment disclosure requirements for five FYs and all remaining payments due in later years (after 5 years). While OMB Circular A-136 presentation is

appropriate for end of year reporting, quarterly reporting requires an additional Line 1.A for payments due in the remaining current FY and will result in the reporting of 6 FYs during quarters 1 through 3, instead of the 5 FYs displayed in OMB Circular A-136.

A. Future Payments Due (Lines 1.A-G.). Report the future lease payments, by major category (columns 2, 3, and 4), for all non-cancelable leases with terms longer than 1 year. Disclose **CY** federal and nonfederal leases separately. Prior year lease amounts do not need to be disclosed separately. Enter the total information in column 5.

B. Total Future Lease Payments (Line 1.H.). Report the total future lease payments due for columns 2, 3, and 4. Enter the total information in column 5.

C. Less: Imputed Interest (Line 1.I.). Report the imputed interest for columns 2, 3, and 4. Enter the total information in column 5.

* Less: Executory Costs (Line 1.J.). Report the executory costs for columns 2, 3, and 4. Enter the total information in column 5.

E. Net Capital Lease Liability (Line 1.K.). **Sum each column and enter the total in column 5.**

F. Capital Lease Liabilities Covered by Budgetary Resources versus Not Covered by Budgetary Resources (Lines 2 and 3). Separately disclose the portions of the capital lease liability covered by budgetary resources and not covered by budgetary resources. (Refer to Appendix B of the OMB Circular A-11 for additional guidance, but notice a difference in terminology. The term “capital leases” as used in this volume includes “capital leases and lease purchases”).

G. FY Information. For quarterly reporting, report the payments remaining for the current FY (e.g., FY 2020) on Line 1.A.

*Figure 10-36. Total Future Operating Lease Payments Due

Note 16.		Leases			
Operating Leases:					
Future Payments Due for Non-Cancelable Operating Leases					
As of [Current Fiscal Period End Date]	Current FY Asset Category				
	Land and Buildings	Equipment	Other	Total	
1. Federal					
FY					
A. Current FY	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$
C. FY 1 (CY + 1)	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$
D. FY 2 (CY + 2)	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$
E. FY 3 (CY + 3)	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$
F. FY 4 (CY + 4)	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$
G. FY 5 (CY + 5)	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$
H. After 5 Years	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Total Federal Future Lease Payments	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
2. Nonfederal					
FY					
A. Current FY	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$
C. FY 1 (CY + 1)	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$
D. FY 2 (CY + 2)	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$
E. FY 3 (CY + 3)	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$
F. FY 4 (CY + 4)	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$
G. FY 5 (CY + 5)	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$
H. After 5 Years	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Total Nonfederal Future Lease Payments	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
3. Total Future Lease Payments	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$

101903. Instructions for Operating Leases

Disclose information relating to the reporting entity's financial position and results that are N/A to any other notes.

101904. Entity as Lessee – Operating Leases

A. Description of Operating Lease Arrangements. Report information that would disclose the level of the reporting entity's funding commitments, which include the following items in the disclosure: the major asset categories and associated lease terms; existence and terms of renewal options; escalation clauses; contingent rental restrictions imposed by lease agreements; deviations from the standard lease terms; and the lease period. Disclose CY federal and nonfederal leases separately. Prior year lease amounts do not need to be disclosed separately.

B. Future Payments Due for Operating Leases. Enter future lease payments, by major category, for all irrevocable leases with terms longer than one year. OMB Circular A-136 instructions for this note schedule reflect future payment disclosure requirements for five FYs and then all remaining payments due in later years (after 5 years). While this OMB Circular A-136 presentation is appropriate for end of year reporting, quarterly reporting requires an additional line for payments due in the remaining current FY and will result in the reporting of 6 FYs during quarters 1 through 3, instead of the 5 FYs displayed in OMB Circular A-136.

1020 NOTE 17. COMMITMENTS AND CONTINGENCIES

102001. Instructions

A loss contingency is an existing condition, situation, or set of circumstances involving uncertainty as to possible loss to an entity. The uncertainty should ultimately be resolved when one or more future events occur or fail to occur. The likelihood that the future event or events will result in the loss or the incurrence of a liability can range from probable to remote. SFFAS 5, as amended by [SFFAS 12](#), “Recognition of Contingent Liabilities Arising from Litigation: An Amendment of SFFAS 5, Accounting for Liabilities of the Federal Government,” contains the criteria for recognition and disclosure of contingent liabilities. It provides an exception to the contingent liability standard for recognizing loss contingencies on matters of pending or threatened litigation and unasserted claims. [Refer to OMB Circular A-136 for disclosures related to commitments and contingencies.](#)

102002. Disclosures

A. Disclosure versus Recognition of Contingent Liabilities. Disclose contingent liabilities that do not meet the criteria for recognition on the books of a reporting entity. Record the contingent liabilities that meet the recognition criteria on the books of the reporting entity and include the contingent liabilities on the applicable liability line(s) of the Balance Sheet (e.g., Environmental and Disposal Liabilities; and Other Liabilities) and in notes, as appropriate.

B. Criteria for Disclosure of a Contingent Liability. Disclose contingent liabilities if any of the conditions for liability recognition are not met and there is at least a reasonable possibility that a loss or an additional loss may have been incurred. Contingencies may include claims derived from treaties or international agreements. Disclosure in this context refers to the reporting information in notes regarded as an integral part of the basic financial information.

C. Required Disclosures. Include contingent liabilities that meet the criteria for disclosure:

1. Each reporting entity reviews its financial processes, systems, and data and modifies or expands, as necessary. The disclosure statement is a complete and accurate representation of contingent liabilities. An example of the disclosure statement is: “The reporting entity is a party in various administrative proceedings and legal actions, and claims. The Balance Sheet includes an estimated liability for those legal actions where the management and Chief Counsel consider adverse decisions “probable” and the amount of loss is measurable. In the event

of an adverse judgment against the Government, some of the liabilities may be payable from the Judgment Fund. The reporting entity records Judgment Fund liabilities in Note 15, "Other Liabilities." Refer to Note 15 for details."

2. Disclose the nature of the contingency and an estimate of the possible liability, an estimate of the range of the possible liability, or a statement that such an estimate cannot be made. Amounts disclosed for litigation claims and assessments are fully supportable and must agree with the reporting entity's legal representation letters and management summary schedule. (This disclosure refers to the Management Representation Letter and the supporting Management Summary Schedule. This disclosure is applicable only to entities audited by the DoD Inspector General or an independent accounting firm.)

3. Disclose amounts for potential future financial obligations, such as contractual arrangements including fixed price contracts with escalation, price redetermination, or incentive clauses; contracts authorizing variations in quantities; and contracts where allowable interest may become payable based on contractor claims under the "Disputes" clause contained in contracts. Amounts disclosed represent future potential liabilities and do not include amounts already recognized as contingent liabilities in Note 15. Consider disclosing the difference between the maximum or ceiling amounts and amounts recognized in Note 15 when it is reasonably possible the maximum amount may be paid.

4. In addition to the contingent liability disclosures required, OMB requires the following disclosures: (1) an estimate of obligations related to cancelled appropriations for which the reporting entity has a contractual commitment for payment, and (2) amounts for contractual arrangements that may require future financial obligations.

5. Disclose amounts attributable to treaties and other international agreements. Reporting entities must review treaties and other international agreements to determine whether they give rise to contingent liabilities, and if so, whether the contingent liabilities should be recognized or disclosed. SFFAS 5, as amended by SFFAS 12, contains the criteria for recognition and disclosure of contingent liabilities. [Refer to OMB Circular A-136 for required OMB disclosures.](#)

6. Disclose any other applicable contingencies, along with additional information to clarify the nature of the contingency. If a contingent liability has been recognized for all or part of the item(s), disclose it in Note 15, and do not include in Note 17.

7. For reporting entities that are unable to disclose contingencies related to specific contracts, disclose that the reporting entity "is a party in numerous individual contracts that contain clauses, such as price escalations, award fee payments, or dispute resolution, that may or may not result in the future outflow of expenditures. Currently, the entity does not have a systemic process by which it captures or assesses these potential contingent liabilities. Therefore, the amounts reported may not fairly present the reporting entity's contingent liabilities."

*1021 NOTE 18. FUNDS FROM DEDICATED COLLECTIONS

Figures 10-37, 10-38, and 10-39 identify a reporting entity’s funds from dedicated collections for the current and prior FY as reported on the Balance Sheet, the Statement of Net Cost (SNC), and the SCNP.

*Figure 10-37. Combined Balance Sheet - Funds from Dedicated Collections

Note 18. Combined Balance Sheet - Funds from Dedicated Collections				
As of [Current Fiscal Period End Date]	Current FY			
	Harbor Maintenance and Related Funds	Rivers and Harbors Contributed and Advance Funds	Other Funds	Combined Total
ASSETS				
Fund Balance with Treasury	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
Investments	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Accounts and Interest Receivable	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Other Assets	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Total Assets	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
LIABILITIES and NET POSITION				
Accounts Payable and Other Liabilities	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
Total Liabilities	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
Unexpended Appropriations	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
Cumulative Results of Operations	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Total Liabilities and Net Position	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
As of [Current Fiscal Period End Date]	Prior FY			
	Harbor Maintenance and Related Funds	Rivers and Harbors Contributed and Advance Funds	Other Funds	Combined Total
ASSETS				
Fund Balance with Treasury	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
Investments	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Accounts and Interest Receivable	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Other Assets	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Total Assets	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
LIABILITIES and NET POSITION				
Accounts Payable and Other Liabilities	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
Total Liabilities	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
Unexpended Appropriations	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
Cumulative Results of Operations	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Total Liabilities and Net Position	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$

*Figure 10-38. Combined Statement of Net Cost – Funds from Dedicated Collections

Note 18. Combined Statement of Net Cost - Funds from Dedicated Collections				
Current FY				
<i>As of [Current Fiscal Period End Date]</i>	Harbor Maintenance and Related Funds	Rivers and Harbors Contributed and Advance Funds	Other Funds	Combined Total
Gross Program Costs	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
Less: Earned Revenue	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Net Program Costs	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
Less: Earned Revenues Not Attributable to Programs	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Net Cost of Operations	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
Prior FY				
<i>As of [Current Fiscal Period End Date]</i>	Harbor Maintenance and Related Funds	Rivers and Harbors Contributed and Advance Funds	Other Funds	Combined Total
Gross Program Costs	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
Less: Earned Revenue	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Net Program Costs	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
Less: Earned Revenues Not Attributable to Programs	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Net Cost of Operations	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$

*Figure 10-39. Combined Statement of Changes in Net Position – Funds from Dedicated Collections

Note 18.		Combined Statement of Changes in Net Position - Funds from Dedicated Collections			
<i>As of [Current Fiscal Period End Date]</i>		Current FY			
		Harbor Maintenance and Related Funds	Rivers and Harbors Contributed and Advance Funds	Other Funds	Combined Total
STATEMENT OF CHANGES IN NET POSITION					
Net Position, Beginning of the Period	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
Budgetary Financing Sources	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Other Financing Sources	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Less: Net Cost of Operations	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Change in Net Position	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
Net Position, End of Period	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
<i>As of [Current Fiscal Period End Date]</i>		Prior FY			
		Harbor Maintenance and Related Funds	Rivers and Harbors Contributed and Advance Funds	Other Funds	Combined Total
STATEMENT OF CHANGES IN NET POSITION					
Net Position, Beginning of the Period	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
Budgetary Financing Sources	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Other Financing Sources	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Less: Net Cost of Operations	\$\$\$	\$\$\$	\$\$\$	\$\$\$	\$\$\$
Change in Net Position	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
Net Position, End of Period	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$

102101. Instructions

A. Funds from dedicated collections are financed by specifically identified revenues, provided to the government by nonfederal sources, often supplemented by other financing sources, and which remain available over time. These specifically identified revenues and other financing sources are required by statute to be used for designated activities, benefits, or purposes, and must be accounted for separately from the Federal Government’s general revenues. Refer to the DoD Financial Reporting Guidance for required criteria for recognizing funds from dedicated collections.

B. SFFAS 43 contains current policy for reporting dedicated collections. SFFAS 43 clarifies that at least one source of funds must be external to the Federal Government for a fund to qualify as a fund from dedicated collections. It explicitly excludes any fund established to account for pensions, other retirement benefits, other post-employment benefits or other benefits provided for federal employees (civilian and military).

C. If more than one component entity is responsible for carrying out the program financed with revenues and other financing sources that are dedicated collections, and the separate portions of the program can be clearly identified with a responsible component entity, then each component entity reports its portion in accordance with the requirements of SFFAS 43. If separate portions cannot be identified, the component entity with program management responsibility reports the fund. [Refer to the DoD Financial Reporting Guidance for required disclosures](#) for each individually reported fund from dedicated collections, or portion thereof, for which a component entity has program management responsibility.

102102. Reporting

A. Funds established to account for pensions, other retirement benefits, other post-employment benefits, and other employee benefits are excluded. The note schedule must show current FY and prior FY data.

B. Report all eliminations between funds from dedicated collections and other funds within the reporting entity. If a Component entity reports a different portion of a fund from dedicated collections than it reported in prior FYs, it will not restate its prior FY financial statements, but disclose the change in the note. This applies if a DoD Component entity does not report a fund from dedicated collections, or a portion thereof, that it reported in the previous year.

C. DoD presents funds from dedicated collections on a combined basis. Note 20, “Disclosures Related to the Statement of Changes in Net Position,” summarizes the elimination of intradepartmental activity between funds from dedicated collections and all other fund types to arrive at the consolidated net position totals presented on the Balance Sheet.

1022 NOTE 19. GENERAL DISCLOSURES RELATED TO THE STATEMENT OF NET COST

Figure 10-40 identifies a reporting entity's disclosures related to the SNC.

*Figure 10-40. Cost and Exchange Revenue by Major Program

Note 19.	General Disclosures Related to the Statement of Net Cost	
<i>As of [Current Fiscal Period End Date]</i>	Current FY	Prior FY
Military Retirement Benefits		
1. Gross Cost	\$ \$\$\$	\$ \$\$\$
2. Less: Earned Revenue	\$ \$\$\$	\$ \$\$\$
3. Losses/(Gains) from Actuarial Assumption Changes for Military Retirement Benefits	\$ \$\$\$	\$ \$\$\$
Net Program Costs	\$ \$\$\$	\$ \$\$\$
Civil Works		
1. Gross Cost	\$ \$\$\$	\$ \$\$\$
2. Less: Earned Revenue	\$ \$\$\$	\$ \$\$\$
3. Losses/(Gains) from Actuarial Assumption Changes for Military Retirement Benefits	\$ \$\$\$	\$ \$\$\$
Net Program Costs	\$ \$\$\$	\$ \$\$\$
Military Personnel		
1. Gross Cost	\$ \$\$\$	\$ \$\$\$
2. Less: Earned Revenue	\$ \$\$\$	\$ \$\$\$
3. Losses/(Gains) from Actuarial Assumption Changes for Military Retirement Benefits	\$ \$\$\$	\$ \$\$\$
Net Program Costs	\$ \$\$\$	\$ \$\$\$
Operations, Readiness & Support		
1. Gross Cost	\$ \$\$\$	\$ \$\$\$
2. Less: Earned Revenue	\$ \$\$\$	\$ \$\$\$
3. Losses/(Gains) from Actuarial Assumption Changes for Military Retirement Benefits	\$ \$\$\$	\$ \$\$\$
Net Program Costs	\$ \$\$\$	\$ \$\$\$
Procurement		
1. Gross Cost	\$ \$\$\$	\$ \$\$\$
2. Less: Earned Revenue	\$ \$\$\$	\$ \$\$\$
3. Losses/(Gains) from Actuarial Assumption Changes for Military Retirement Benefits	\$ \$\$\$	\$ \$\$\$
Net Program Costs	\$ \$\$\$	\$ \$\$\$

*Figure 10-40. Cost and Exchange Revenue by Major Program (Continued)

Note 19. General Disclosures Related to the Statement of Net Cost		
<i>As of [Current Fiscal Period End Date]</i>	Current FY	Prior FY
Research, Development, Test & Evaluation		
1. Gross Cost	\$ \$\$\$	\$ \$\$\$
2. Less: Earned Revenue	\$ \$\$\$	\$ \$\$\$
3. Losses/(Gains) from Actuarial Assumption Changes for Military Retirement Benefits	\$ \$\$\$	\$ \$\$\$
Net Program Costs	\$ \$\$\$	\$ \$\$\$
Family Housing & Military Construction		
1. Gross Cost	\$ \$\$\$	\$ \$\$\$
2. Less: Earned Revenue	\$ \$\$\$	\$ \$\$\$
3. Losses/(Gains) from Actuarial Assumption Changes for Military Retirement Benefits	\$ \$\$\$	\$ \$\$\$
Net Program Costs	\$ \$\$\$	\$ \$\$\$
Consolidated		
1. Gross Cost	\$ \$\$\$	\$ \$\$\$
2. Less: Earned Revenue	\$ \$\$\$	\$ \$\$\$
3. Losses/(Gains) from Actuarial Assumption Changes for Military Retirement Benefits	\$ \$\$\$	\$ \$\$\$
4. Costs Not Assigned to Programs	\$ \$\$\$	\$ \$\$\$
5. (Less: Earned Revenues) Not Attributed to Programs	\$ \$\$\$	\$ \$\$\$
Total Net Cost	\$ \$\$\$	\$ \$\$\$

102201. Instructions

Disclose information related to the SNC.

A. Gross Cost (Line 1). This line contains costs that arise from exchange transactions made between two reporting entities within the Federal Government. The effects of intra-entity (that is, trading with itself) business transactions are eliminated from reporting entity statements in order to prevent overstating costs. Line 1 also contains costs that arise from exchange transactions made between the reporting entity and a nonfederal entity. Line 1 agrees with the amount reported on the SNC.

B. Less: Earned Revenue (Line 2). This line contains revenues that arise from exchange transactions made between two reporting entities within the Federal Government. The effects of intra-entity (that is, trading with itself) business transactions are eliminated from reporting entity statements in order to prevent overstating revenue. Line 2 also contains revenues

that arise from exchange transactions made between the reporting entity and a nonfederal entity. Line 2 agrees with the amount reported on the SNC.

C. Losses/(Gains) from Actuarial Assumption Changes for Military Retirement Benefits (Line 3). This line contains the losses and gains from actuarial assumption changes for military retirement benefits reported for Military Retirement Benefits; Civil Works; Military Personnel; Operations, Readiness and Support; Procurement; Research, Development, Test and Evaluation; Family Housing and Military Construction; and on the Consolidated line.

* D. Net Program Costs. This line is the cost incurred by the reporting entity (Line 1), less any exchange revenues earned (Line 2), plus or minus the losses or gains from actuarial assumption changes for military retirement benefits (Line 3). This amount agrees with the amount reported on the SNC, SCNP, and Reconciliation of Net Cost to Net Outlays.

E. Costs Not Assigned to Programs (Line 4). This line is the costs not assigned to programs and is added to the Consolidated section to arrive at the Total Net Cost.

F. (Less: Earned Revenues) Not Attributed to Programs (Line 5). This line is the revenue not attributed to programs and is subtracted from the Consolidated section to arrive at the Total Net Cost.

G. General Disclosures

1. Disclose that the SNC is unique because its principles are driven on understanding the net cost of programs and organizations that the Federal Government supports through appropriations or other means. This statement provides gross and net cost information that can be related to the amount of output or outcome for a given program and organization administered by a responsible reporting entity.

2. Disclose that intragovernmental costs and revenue relate to transactions made between two reporting entities within the Federal Government.

3. Disclose that public costs and revenues are exchange transactions made between the reporting entity and a nonfederal entity. For public earned revenue, the buyer of the goods or services is a nonfederal entity. For intragovernmental costs, the seller is a federal entity. If a federal entity purchases goods or services from another federal entity and sells them to the public, classify the exchange revenue as public, but classify the related costs as intragovernmental. The purpose of this classification is to enable the Federal Government to provide consolidated financial statements, and not to match public and intragovernmental revenue with costs incurred to produce public and intragovernmental revenue.

4. Reporting entities who are unable to track customer information at the transaction level must make additional disclosures. Disclose that many of the reporting entity's systems do not track intragovernmental transactions by customer at the transaction level. Expenses were adjusted by [cite methodology]: (1) reclassifying amounts between federal and nonfederal

expenses; or (2) accruing additional accounts payable and expenses. See Chapter 13 for additional information on intragovernmental reconciliations and eliminations.

5. If the reporting entity was able to compare its intragovernmental costs and revenues with corresponding balances of its intragovernmental trading partners (other federal entities), then it must disclose any material differences identified. Additionally, provide an explanation for the material differences identified and whether or not the differences were resolved.

102202. Other Disclosures

A. Cost Disclosure Specific to General Funds. Disclose, if applicable, that the reporting entity does not meet specific accounting standards and that information presented is based on budgetary obligations, disbursements, and collection transactions, as well as nonfinancial feeder systems adjusted to record known accruals for major items such as payroll expenses, accounts payable, and environmental liabilities.

B. Cost Disclosure Specific to Working Capital Fund (WCF). Disclose, if applicable, that the reporting entity does not meet specific accounting standards. Each reporting entity reviews its financial processes, systems, and data and discloses, if applicable, that while the WCF generally records transactions on an accrual basis, the systems do not always capture actual costs in a timely manner. Information presented on this statement is primarily based on budgetary obligation, disbursement, or collection transactions, as well as information from nonfinancial feeder systems.

* C. Inter-entity Costs. Refer to SFFAS 55, “Amending Inter-entity Cost Provisions,” for disclosure requirements related to inter-entity costs.

102203. Stewardship PP&E

Stewardship PP&E assets include Heritage Assets and stewardship land. Disclose, if applicable, the following:

A. If the cost of Heritage Assets and stewardship land transferred from other federal entities is not known, the receiving entity must disclose the number of physical units by major category. Do not recognize Heritage Assets and stewardship land acquired through donation or devise as a cost in calculating net cost, but disclose the fair value of the property. If the fair value is not known or reasonably estimable, disclose information related to the type and quantity of assets received.

B. Disclose any amounts expensed during the current period in the SNC for the costs of acquiring, constructing, improving, reconstructing, or renovating Heritage Assets (other than Multi-Use Heritage Assets), and the cost of acquiring stewardship land and any costs to prepare a stewardship asset for its intended use. If the accounting system does not provide the necessary information to make the required disclosure for all or part of these expenses, the reporting entity must make the following disclosure to recognize the weakness and to disclose the

portion of the expenses that are known. (If no portion of the expenses is known, include only the first sentence of the disclosure.)

C. Disclose that the reporting entity's accounting system does not capture information relative to Heritage Assets separately and distinctly from normal operations. Where it was able to separate the cost of acquiring, constructing, improving, reconstructing, or renovating Heritage Assets, the reporting entity identified the dollar amount for the FY.

1023 NOTE 20. DISCLOSURES RELATED TO THE STATEMENT OF CHANGES IN NET POSITION

Figure 10-41 identifies the elimination of intradepartmental activity between funds from dedicated collections and all other fund types to arrive at the consolidated net position totals presented on the Balance Sheet. Figure 10-42 identifies the reconciliation of appropriations on the SBR to appropriations received on the SCNP.

Figure 10-41. Disclosures Related to the Statement of Changes in Net Position

Note 20. Disclosures Related to the Statement of Changes in Net Position			
<i>As of [Current Fiscal Period End Date]</i>	Current FY		
	Combined	Consolidating Eliminations	Consolidated
Consolidating Net Position			
Unexpended Appropriations – Funds from Dedicated Collections (Note 18)	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
Unexpended Appropriations – Other Funds	\$\$\$	\$\$\$	\$\$\$
Cumulative Results of Operations – Funds from Dedicated Collections (Note 18)	\$\$\$	\$\$\$	\$\$\$
Cumulative Results of Operations – Other Funds	\$\$\$	\$\$\$	\$\$\$
Total Net Position	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
<i>As of [Prior Fiscal Period End Date]</i>	Prior FY		
	Combined	Consolidating Eliminations	Consolidated
Consolidating Net Position			
Unexpended Appropriations – Funds from Dedicated Collections (Note 18)	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
Unexpended Appropriations – Other Funds	\$\$\$	\$\$\$	\$\$\$
Cumulative Results of Operations – Funds from Dedicated Collections (Note 18)	\$\$\$	\$\$\$	\$\$\$
Cumulative Results of Operations – Other Funds	\$\$\$	\$\$\$	\$\$\$
Total Net Position	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$

*Figure 10-42. Disclosures Related to the Statement of Changes in Net Position

Note 20.	Disclosures Related to the Statement of Changes in Net Position
<i>As of [Current Fiscal Period End Date]</i>	
Reconciliation of Appropriations on the Statement of Budgetary Resources to Appropriations Received on the Statement of Changes in Net Position	
Appropriations, Statement of Budgetary Resources	Total \$ \$\$\$
Appropriations Received, Statement of Changes in Net Position	\$\$\$
Total Reconciling Amount	\$ \$\$\$
Items Reported as Reductions to Appropriations, Statement of Budgetary Resources	
Permanent Reductions	\$\$\$
Temporary Reductions	\$\$\$
Items Reported as Additions to Appropriations, Statement of Budgetary Resources	
Transfers	\$\$\$
Items Not Reported as Appropriations Received on the Statement of Changes in Net Position	
Dedicated Appropriations and earmarked receipts	\$\$\$
Total Reconciling Items	\$ \$\$\$
Note 20.	Disclosures Related to the Statement of Changes in Net Position
<i>As of [Current Fiscal Period End Date]</i>	
Reconciliation of Appropriations on the Statement of Budgetary Resources to Appropriations Received on the Statement of Changes in Net Position	
Appropriations, Statement of Budgetary Resources	Total \$ \$\$\$
Appropriations Received, Statement of Changes in Net Position	\$\$\$
Total Reconciling Amount	\$ \$\$\$
Items Reported as Reductions to Appropriations, Statement of Budgetary Resources	
Permanent Reductions	\$\$\$
Temporary Reductions	\$\$\$
Items Reported as Additions to Appropriations, Statement of Budgetary Resources	
Transfers	\$\$\$
Items Not Reported as Appropriations Received on the Statement of Changes in Net Position	
Dedicated Appropriations and earmarked receipts	\$\$\$
Total Reconciling Items	\$ \$\$\$

102301. Instructions

Disclose information related to the SCNP.

102302 Consolidating Net Position

DoD presents funds from dedicated collections on a combined basis. Figure 10-41 summarizes the elimination of intradepartmental activity between funds from dedicated collections and all other fund types to arrive at the consolidated totals presented on the Balance Sheet and the Financial Report of the U.S. Government (FR). See Note 18, “Funds from Dedicated Collections,” for additional information on reporting dedicated collections balances.

*102303 Reconciliation of the SBR to the SCNP

The Appropriations Received line item on the SCNP will not agree with the Appropriations line item on the SBR due to differences between proprietary and budgetary accounting concepts and reporting policies. Figure 10-42 identifies the differences, and amounts needed to reconcile, the two reports.

*102304. Reporting

A. Appropriations. Include items reported as reductions and additions to amounts reported on the SBR, and items not reported as appropriations received on the SCNP. Disclose, if applicable, that Appropriations Received on the SBR does not agree with Appropriations Received on the SCNP.

B. Reductions and Additions to Appropriations. Report items reported as reductions or additions to the appropriations balance reported on the SBR.

C. Items Not Reported as Appropriations Received. Report items not reported as reductions or additions to the appropriations received balance on the SCNP.

* D. Other Information. Discuss other information to help the user understand the SCNP. If any of the individual components of the statement lines titled “Other” represent 10 percent or more of the value of the line, disclose those components separately. Refer to SFFAS 55 for disclosure requirements related to inter-entity costs.

***1024 NOTE 21. DISCLOSURES RELATED TO THE STATEMENT OF BUDGETARY RESOURCES**

Figure 10-43 identifies a reporting entity’s available borrowing and contract authority at the end of the reporting period for the current and prior FY. Figure 10-44 identifies the balance for undelivered orders at the end of the period.

*Figure 10-43. Available Borrowing/Contract Authority

Note 21.	Disclosures Related to the Statement of Budgetary Resources	
Available Borrowing/Contract Authority		
Net Adjustments to Unobligated Balance, Brought Forward, October 1:		
Terms of Borrowing Authority Used:		
Available Borrowing/Contract Authority, End of Period:		
<i>As of [Current Fiscal Period End Date]</i>	Current FY	Prior FY
1. Available Borrowing and Contract Authority at the End of the Period	\$ \$\$\$	\$ \$\$\$

102401. Net Adjustments to Unobligated Balance, Brought Forward, October 1

OMB A-136 requires preparers of the financial statements to disclose and explain material adjustments impacting the SBR unobligated beginning balance. If the adjustment represents a correction of a material error, and the earliest period presented is not the period in which the error occurred, and the cumulative effect is attributable to prior periods, report the cumulative effect as a prior period adjustment. If the period is presented on the financial statements, report the adjustment in the earliest affected period presented by correcting any individual amounts on the financial statements.

102402. Terms of Borrowing Authority Used

Disclose repayment requirements, financing sources for repayment, and other terms of borrowing authority used.

102403. Available Borrowing/Contract Authority, End of Period

Disclose and report the amount of borrowing and contract authority available at the end of the reporting period for the current and prior FY.

*Figure 10-44. Budgetary Resources Obligated for Undelivered Orders at the End of the Period

Note 21.		Disclosures Related to the Statement of Budgetary Resources	
Budgetary Resources Obligated for Undelivered Orders at the End of the Period			
Undelivered Orders at the End of the Period:			
As of [Current Fiscal Period End Date]		Current FY	Prior FY
1. Intragovernmental			
A. Unpaid		\$\$\$	\$\$\$
B. Prepaid/Advanced		\$\$\$	\$\$\$
C. Total Intragovernmental		\$ \$\$\$	\$ \$\$\$
2. Nonfederal			
A. Unpaid		\$\$\$	\$\$\$
B. Prepaid/Advanced		\$\$\$	\$\$\$
C. Total Nonfederal		\$ \$\$\$	\$ \$\$\$
3. Total Budgetary Resources Obligated for Undelivered Orders at the End of the Period		\$ \$\$\$	\$ \$\$\$
Legal Arrangements Affecting the Use of Unobligated Balances:			
Explanation of Differences between the SBR and the Budget of the U.S. Government:			
Contributed Capital:			
Permanent Indefinite Appropriations:			

102404. Undelivered Orders at the End of the Period

Disclose information related to the undelivered orders balance at the end of the period.

102405. Budgetary Resources Obligated for Undelivered Orders at the End of the Period

A. Intragovernmental (Line 1). Disclose the net amount of intragovernmental budgetary resources obligated for undelivered orders as of the end of the reporting period. Separately categorize intragovernmental budgetary resources obligated for undelivered orders as unpaid or prepaid/advance. Report the sum of Line 1.A, "Unpaid," and Line 1.B, "Prepaid/Advanced," on Line 1.C, "Total Intragovernmental."

B. Nonfederal (Line 2). Disclose the net amount of nonfederal budgetary resources obligated for undelivered orders as of the end of the reporting period. Separately categorize nonfederal budgetary resources obligated for undelivered orders as unpaid or prepaid/advanced. Report the sum of Line 2.A, “Unpaid,” and Line 2.B, “Prepaid/Advanced,” on Line 2.C, “Total Nonfederal.”

C. Total Budgetary Resources Obligated for Undelivered Orders at the End of the Period (Line 3). Report the sum of Line 1.C, “Total Intragovernmental,” and Line 2.C, “Total Nonfederal.”

102406 Legal Arrangements Affecting the Use of Unobligated Balances

Disclose information pertaining to legal arrangements affecting the use of unobligated balances.

102407 Explanation of Differences between the SBR and the Budget of the U.S. Government

Disclose information explaining differences between the SBR and the Budget of the U.S. Government. Figure 10-45 identifies the cumulative difference between the SBR and the Budget of the U.S. Government.

*Figure 10-45. Explanation of Differences between the SBR and the Budget of the U.S. Government

Note 21.	Explanation of Differences between the SBR and the Budget of the U.S. Government				
	Total Budgetary Resources	New Obligations and Upward Adjustments	Distributed Offsetting Receipts	Net Agency Outlays	Explanation for Reconciling Differences
FY XXXX Combined Statement of Budgetary Resources	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	
Reconciling difference	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	
Reconciling difference	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	
Total	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	
Budget of the U.S. Government	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	
Difference	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	\$ \$\$\$	

102408 Contributed Capital.

Explain any contributed capital received during the reporting period including the amount, the source, and the reason for these additional funds. (Only applies to those who received funds in excess of their original appropriation.)

102409. Permanent Indefinite Appropriations

Disclose the existence, purpose, and availability of permanent indefinite appropriations.

1025 NOTE 22. DISCLOSURES RELATED TO INCIDENTAL CUSTODIAL COLLECTIONS**102501. Instructions**

Reporting entities collecting immaterial custodial revenues that are incidental to their primary mission may disclose the sources and amount of collections and the amounts distributed to others in the accompanying notes.

102502. Disclosures

A. Disclose that the reporting entity collected [\$XXX] of incidental custodial revenues generated primarily from [identify the source of collections]. Also, disclose that the reporting entity distributed [\$XXX] to [name of organization or agency] or that the reporting entity has not yet distributed the incidental custodial revenues collected.

B. Disclose other information relating to the further understanding of incidental custodial collections.

C. Refer to OMB Circular A-136 for additional disclosures required for incidental custodial collections.

1026 NOTE 23. FIDUCIARY ACTIVITIES

Figure 10-46 identifies the items contributing to the change in a reporting entity's fiduciary net asset balance for the current and prior FY. Figure 10-47 identifies the items contributing to the total fiduciary net asset balance for the current and prior FY.

Figure 10-46. Schedule of Fiduciary Activity

Note 23.		Fiduciary Activities	
Non-Entity Assets			
<i>As of [Current Fiscal Period End Date]</i>		Current FY	Prior FY
1.	Fiduciary Net Assets, Beginning of year	\$ \$\$\$	\$ \$\$\$
2.	Fiduciary Revenues	\$\$\$	\$\$\$
3.	Contributions	\$\$\$	\$\$\$
4.	Investment Earnings	\$\$\$	\$\$\$
5.	Gain (Loss) on Disposition of Investments, Net	\$\$\$	\$\$\$
6.	Administrative and Other Expenses	\$\$\$	\$\$\$
7.	Disbursements To and On Behalf of Beneficiaries	(\$\$\$)	(\$\$\$)
8.	Increase/(Decrease) in Fiduciary Net Assets	\$ \$\$\$	\$ \$\$\$
9.	Fiduciary Net Assets, End of Year	\$ \$\$\$	\$ \$\$\$

[Fiduciary Fund A] was authorized by [legislation], which authorized [component entity] to collect [type of collections] on behalf of [beneficiaries]. Other fiduciary activities by [component entity] include [fiduciary activities included in "other"].

*Figure 10-47. Schedule of Fiduciary Net Assets

Note 23.		Fiduciary Activities	
Schedule of Fiduciary Net Assets			
<i>As of [Current Fiscal Period End Date]</i>		Current FY	Prior FY
FIDUCIARY ASSETS			
1.	Fund Balance with Treasury	\$ \$\$\$	\$ \$\$\$
2.	Investments	\$\$\$	\$\$\$
3.	Other Assets	\$\$\$	\$\$\$
FIDUCIARY LIABILITIES			
4.	Less: LIABILITIES	\$ \$\$\$	\$ \$\$\$
5.	TOTAL FIDUCIARY NET ASSETS	\$ \$\$\$	\$ \$\$\$

102601. Instructions

Disclose the fiduciary assets, liabilities, and inflows/outflows of the reporting entity in accordance with SFFAS 31.

102602. Fiduciary Activities

Fiduciary activities collect the receipt for cash or other assets in which nonfederal individuals or entities (or “nonfederal parties”) have an ownership interest that the Federal Government must uphold. Base the fiduciary relationship on statutory or other legal authority. Fiduciary activities are not recognized on the proprietary financial statements, but they are required to be reported on schedules in the notes to the financial statements. Fiduciary activities may involve a variety of transactions including, but are not limited to, [cash, investments, other assets, liabilities, inflows, and outflows](#). See [SFFAS 31](#) for additional reporting information for fiduciary activities.

*102603. Exclusions

[SFFAS 31](#) excludes certain transactions from the reporting requirements for fiduciary activities, including but not limited to, [unpaid payroll withholdings and garnishments, unearned revenue, operating revenues and expenses, and seized property, including seized monetary instruments](#). See [SFFAS 31](#) for a list of exclusions.

*102604. Reporting

Reporting on fiduciary activities is required in two notes to the financial statements. Within Note 1, “[Summary of Significant Accounting Policies](#),” provide a statement that says, “Fiduciary assets are not assets of the Federal Government and are not recognized on the Balance Sheet.” In Note 23, provide a description of the fiduciary relationship, such as the applicable legal authority, the objectives of the fiduciary activity, and a general description of the beneficial owners or class of owners. Also, disclose fiduciary activities in the following schedules:

A. [Schedule of Fiduciary Activity](#). Disclose the beginning balance of net assets; the inflows/outflows from the fiduciary activities by category; the change in net assets; and the ending balance of net assets.

B. [Schedule of Fiduciary Net Assets](#). Disclose the current and prior period ending balances of assets by category, liabilities by category, and a variance analysis addressing significant changes from the prior period.

C. [Non-monetary Fiduciary Assets](#). Include a description of the composition of the assets, the method(s) of valuation, and changes (if any) from prior period accounting methods.

D. [Non-Valued Fiduciary Assets](#). Include a description of non-valued fiduciary assets. These assets may include land held in trust. Component entities holding non-valued fiduciary assets disclose them in a Schedule of Changes in Non-Valued Fiduciary Assets.

*1027 NOTE 24. RECONCILIATION OF NET COST TO NET OUTLAYS

Figure 10-48 identifies how budgetary net outlays relate to the net cost of operations for the reporting entity.

*Figure 10-48. Reconciliation of the Net Cost of Operations to Net Outlays

Note 24.		Disclosures Related to the Reconciliation of Net Cost of Operations to Net Outlays		
As of [Current Fiscal Period End Date]		Intra- governmental	With the Public	Total
1. Net Cost of Operations (SNC)		\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
Components of Net Cost That Are Not Part of Net Outlays:				
2. Property, plant, and equipment depreciation		\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
3. Property, plant, and equipment disposal & revaluation		\$\$\$	\$\$\$	\$\$\$
4. Year-end credit reform subsidy re-estimates		\$\$\$	\$\$\$	\$\$\$
5. Unrealized valuation loss/(gain) on investments		\$\$\$	\$\$\$	\$\$\$
6. Other		\$\$\$	\$\$\$	\$\$\$
7. Increase/(decrease) in assets:				
7a. Accounts receivable		\$\$\$	\$\$\$	\$\$\$
7b. Loans receivable		\$\$\$	\$\$\$	\$\$\$
7c. Investments		\$\$\$	\$\$\$	\$\$\$
7d. Other assets		\$\$\$	\$\$\$	\$\$\$
8. (Increase)/decrease in liabilities:				
8a. Accounts payable		\$\$\$	\$\$\$	\$\$\$
8b. Salaries and benefits		\$\$\$	\$\$\$	\$\$\$
8c. Insurance guarantee program liabilities		\$\$\$	\$\$\$	\$\$\$
8d. Environmental and disposal liabilities		\$\$\$	\$\$\$	\$\$\$
8e. Other Liabilities (Unfunded Leave, Unfunded FECA, Actuarial FECA)		\$\$\$	\$\$\$	\$\$\$
9. Other financing sources:				
9a. Federal employee retirement benefit costs paid by OPM and imputed to the agency		\$\$\$	\$\$\$	\$\$\$
9b. Transfers out (in) without reimbursement		\$\$\$	\$\$\$	\$\$\$
9c. Other imputed financing		\$\$\$	\$\$\$	\$\$\$
10. Total Components of Net Cost That Are Not Part of Net Outlays		\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
Components of Net Outlays That Are Not Part of Net Costs				
11. Effect of prior year agencies credit reform subsidy re-estimates		\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
12. Acquisition of capital assets		\$\$\$	\$\$\$	\$\$\$
13. Acquisition of inventory		\$\$\$	\$\$\$	\$\$\$
14. Acquisition of other assets		\$\$\$	\$\$\$	\$\$\$
15. Other		\$\$\$	\$\$\$	\$\$\$
16. Total Components of Net Outlays That Are Not Part of Net Cost:		\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
17. Other Temporary Timing Differences		\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
18. Net Outlays		\$ \$\$\$	\$ \$\$\$	\$ \$\$\$
19. Agency Outlays, Net, Statement of Budgetary Resources				\$ \$\$\$
20. Reconciling Difference				\$ \$\$\$

*102701. Reconciliation Objective

* A. [SFFAS 7](#), “Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting,” as amended by [SFFAS 53](#), “Budget and Accrual Reconciliation: Amending SFFAS 7, and 24, and Rescinding SFFAS 22,” requires a reconciliation identifying how budgetary resources outlayed during the period relate to the net cost of operations for the reporting entity.

B. The Reconciliation of Net Cost to Net Outlays accomplishes this reconciliation. [Note 24](#) reconciles budgetary obligations and nonbudgetary resources available to the reporting entity with its net cost of operations. Refer to [SFFAS 53](#) for additional reporting policies related to the reconciliation of net cost to net outlays.

102702. Budgetary to Proprietary Accounting Reconciling Differences

Because different accounting bases are used for budgetary and proprietary accounting, some transactions may appear in only one set of accounts due to legislative requirements or USGAAP (e.g., accrual of unfunded environmental and disposal liabilities that are recorded only in the proprietary records). Furthermore, not all obligations or offsetting collections may result in expenses or exchange revenue (e.g., purchase of a building is capitalized on the Balance Sheet in the proprietary accounts, but obligated and outlayed in the budgetary accounts).

A. The reconciliation summarizes differences due solely to budgetary and proprietary accounting. Other differences encountered must be researched and corrected.

B. See the DFAS, Enterprise Solutions and Standards, Financial Reporting, [Audited Financial Statements Reconciliation Manual](#) for additional information on Defense Departmental Reporting System reconciliations used for financial reporting.

102703. Reconciliation Crosswalk

It is imperative to comply with the “Additional Information Required” column in the crosswalk. This column limits or provides further detail on items that can be reported in these lines. A crosswalk for this note is available in the query section of [the Defense Departmental Reporting System-Audited Financial Statements](#).

*102704. Instructions

Preparers of financial statements perform a detailed reconciliation of net outlays and other resources to net cost of operations, identifying all applicable reconciling items. Preparers should refer to FASAB’s [Implementation Guide to SFFAS 7](#), “Accounting for Revenue and Other Financing Sources: Detailed Information on the Statement of Financing,” for detailed guidance on preparing the reconciliation. Budgetary resources reported in this schedule are those resources reported on the SBR and defined in OMB Circular A-11. Other resources reported in this schedule are also reflected in the SCNP.

- A. Net Cost of Operations (SNC) (Line 1). Report the net cost of operations balance from the SNC.
- B. Property, plant, and equipment depreciation (Line 2). Report the amount of depreciation expense charged to PP&E.
- C. Property, plant, and equipment disposal & revaluation (Line 3). Report gains and losses associated with the disposal and revaluation of PP&E.
- D. Year-end credit reform subsidy re-estimates (Line 4). Report the balance for subsidy payables to the financing account, and any adjustments or re-estimates to subsidy expense.
- E. Unrealized valuation loss/(gain) on investments (Line 5). Report the unrealized valuation gains and losses associated with investments.
- F. Other (Line 6). Report components of net cost that are not part of net outlays, which are not reported on other lines.
- G. Increase/(decrease) in assets (Lines 7.a through 7.d). Report the increase or decrease in the overall balance for accounts receivable, loans receivable, investments, and other assets.
- H. (Increase)/decrease in liabilities (Lines 8.a through 8.e). Report the increase or decrease in the overall balance for accounts payable, salaries and benefits, insurance guarantee program liabilities, environmental and disposal liabilities, and other identified liabilities.
- I. Other financing sources (Lines 9.a through 9.c). Report the increase or decrease in the overall balance for federal employee retirement benefits as paid by OPM and imputed to the agency, transfers in or out without reimbursement, and other imputed financing.
- J. Total Components of Net Cost That Are Not Part of Net Outlays (Line 10). Report the sum of Line 2 through Line 9.c.
- K. Effect of prior year agencies credit reform subsidy re-estimates (Line 11). Report the sum of credit reform subsidy re-estimates recorded in a prior year.
- L. Acquisition of capital assets (Line 12). Report the amount of capitalized PP&E purchased during the FY, in addition to any cost capitalization offsets.
- M. Acquisition of inventory (Line 13). Report the amount of inventory and related property purchased during the FY.
- N. Acquisition of other assets (Line 14). Report the amount of other assets purchased during the FY, not reported on lines 12 or 13.

O. Other (Line 15). Report components of net outlays that are part of net costs, which are not reported on other lines.

P. Total Components of Net Outlays That Are Not Part of Net Cost (Line 16). Report the sum of Line 11 through Line 15.

Q. Other Temporary Timing Differences (Line 17). Report amounts attributable to temporary timing differences.

R. Net Outlays (Line 18). Report the sum of Line 16 and Line 17.

S. Agency Outlays, Net, Statement of Budgetary Resources (Line 19). Report the net agency outlays, net balance shown on the SBR.

T. Reconciling Difference (Line 20). Report the difference between the amounts shown on Line 18 and Line 19.

102705. Narrative Disclosures

Report any information relating to the reporting entity that provides a further understanding of the entity's note. At a minimum, discuss the following:

A. Adjustment to Align Budgetary Data to Proprietary Data. For reporting entities whose budgetary data does not agree with proprietary data, disclose that because of the reporting entity's financial system limitations, budgetary data will not be in agreement with proprietary expenses and assets capitalized. The differences between budgetary and proprietary data are a previously identified deficiency. Also, disclose the amount (absolute value) of the adjustment to the note to bring it into balance with the SNC. Report the adjustment in one of three categories: Resources That Finance the Acquisition of Assets; Other Components Not Requiring or Generating Resources; or Revaluation of Assets or Liabilities (if applicable).

B. Other Lines (Line 6 and Line 15). If any of the individual components of Line 6 or Line 15 represent 10 percent or more of the value of the line, disclose those components separately.

1028 NOTE 25. PUBLIC-PRIVATE PARTNERSHIPS

102801. Definition

SFFAS 49, "Public-Private Partnerships: Disclosure Requirements," defines public-private partnerships as risk-sharing arrangements or transactions lasting more than five years between public and private sector entities.

102802. Reporting

A. Entities involved in public-private partnerships, as defined by SFFAS 49, review the conclusive risk characteristics, and possibly the suggestive risk characteristics, to

determine the required disclosures. See paragraphs 20 and 21 of SFFAS 49 for a listing of conclusive and suggestive risk characteristics.

B. SFFAS 49 exempts certain arrangements or transactions from public-private partnership disclosure requirements. See paragraph 15 of SFFAS 49 for a listing of exempt arrangements and transactions. Such exempt arrangements or transactions are subject to existing disclosure requirements in other SFFAS applicable to such arrangements or transactions.

C. Assess arrangements or transactions not excluded by paragraph 15 of SFFAS 49, which meet the public-private partnership definition in paragraphs 16 through 18, against the risk-based characteristics in paragraphs 20 and 21. When an entity determines disclosures are required, include the information specified in SFFAS 49, paragraph 24. Disclosures can be provided by individual public-private partnerships or summarized.

1029 NOTE 26. DISCLOSURE ENTITIES AND RELATED PARTIES

102901. Instructions

SFFAS 47 instructs preparers of the financial statements, at the governmentwide and component reporting entity levels, in determining what organizations should be included in the reporting entity's general-purpose federal financial reports for accountability purposes. The general-purpose federal financial reports include all organizations budgeted for by elected officials of the Federal Government, owned by the Federal Government, or controlled by the Federal Government with risk of loss or expectation of benefits. SFFAS 47 requires reporting entities to disclose certain information about disclosure entities and related parties.

102902. Disclosure Entities

Preparers should consider both qualitative and quantitative materiality in determining the information presented regarding disclosure entities. Refer to [OMB Circular A-136 and the DoD Financial Reporting Guidance for required disclosures for disclosure entities](#).

102903. Related Parties

Consider organizations related parties if an existing relationship, or one party to the existing relationship, has the ability to exercise significant influence over the other party's policy decisions. Only relationships that would be misleading to exclude information about such relationships warrant disclosure. Refer to [OMB Circular A-136 and the DoD Financial Reporting Guidance for required disclosures for related parties](#).

*1030 NOTE 27. RECLASSIFICATION OF BALANCE SHEET, STATEMENT OF NET COST, AND STATEMENT OF CHANGES IN NET POSITION FOR COMPILATION IN THE U.S. GOVERNMENTWIDE FINANCIAL REPORT

103001. Instructions

Disclose information identifying how amounts reported on the AFR for the Balance Sheet, SNC, and SCNP are reclassified for compilation of the FR.

103002. Reporting

Agency financial statements reflect all agency financial transactions, including transactions with other Government agencies and transactions with the public. The FR includes only the Government's financial transactions with the public; and does not include intragovernmental transactions.

103003. Reclassifications

Note 27 identifies reclassifications used to reconcile balances reported in agency financial statements with the FR. The reclassifications identify detailed line items shown separately in agency statements, but aggregated in the FR. Amounts shown separately in the FR, but aggregated in agency statements, are also identified.

1031 NOTE 28. RESTATEMENTS

103101. Misstatements

Disclosure is required when management becomes aware of a potential misstatement due to a material error(s) whether or not the exact amount is known or has been corrected at the time financial statements are prepared.

103102. General Disclosures

A. Where amount of the misstatement is known, the disclosure must include the disclosures identified in the DoD Financial Reporting Guidance for misstatements.

B. Where management has become aware that a material error has occurred, but the exact amount is not known and/or financial statements have not yet been corrected, include the disclosures required by OMB Circular A-136.