

VOLUME 11A, CHAPTER 17: “OFFSETTING RECEIPTS”**SUMMARY OF MAJOR CHANGES**

Changes are identified in this table and also denoted by [blue font](#).

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

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

Hyperlinks are denoted by [***bold, italic, blue and underlined font***](#).

The previous version dated [July 2012](#) is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
1.2	Added Authoritative Guidance section in accordance with the Department of Defense Financial Management Regulation Revision Standard Operating Procedures.	Addition
2.1.3	Added clarifying language for distributed offsetting receipts.	Addition
2.1.6	Added clarifying language on the Statement of Budgetary Resources exclusions for undistributed offsetting receipts.	Addition
4.4.2	Added reference to the monthly reporting of offsetting receipts on the Financial Management Service Form 1219/1220.	Addition
4.4.3	Updated the language for Standard Form 133 Reporting.	Revision

Table of Contents

VOLUME 11A, CHAPTER 17: “OFFSETTING RECEIPTS”	1
1.0 GENERAL	3
1.1 Purpose.....	3
*1.2 Authoritative Guidance	3
2.0 DEFINITIONS	3
2.1 Offsetting Receipts	3
3.0 GENERAL STANDARDS	4
3.1 Contents	4
3.2 Budgeting Standards	5
4.0 ACCOUNTING AND REPORTING STANDARDS FOR OFFSETTING RECEIPTS	6
4.1 Offsetting Receipts.....	6
4.2 Budget Clearing Account (Suspense)	8
4.3 Depositing Offsetting Receipts	8
4.4 Reporting Offsetting Receipts.....	8
4.5 Proprietary and Budgetary General Ledgers.....	9
5.0 USE OF ACCOUNTING DATA FOR BUDGET SUBMISSIONS	9
5.1 Budgeting Requirements.....	9
5.2 Receipt Accounts	9
5.3 Accuracy and Timeliness.....	9

CHAPTER 17

OFFSETTING RECEIPTS

1.0 GENERAL

1.1 Purpose

This chapter prescribes standard procedures for accounting and reporting offsetting receipts throughout the Department of Defense (DoD).

*1.2 Authoritative Guidance

The accounting policy and related requirements prescribed by this chapter are in accordance with the applicable provisions of:

1.2.1. Title 31, United States Code, section 3512, (31 U.S.C. § 3512) “Executive agency accounting and other financial management reports and plans;”

1.2.2. 31 U.S.C. § 3302. “Custodians of money;”

1.2.3. Office of Management and Budget (OMB) Circular No. A-11; and

1.2.4. Federal Account Symbols and Titles (FAST) Book.

2.0 DEFINITIONS

2.1 Offsetting Receipts

2.1.1. Offsetting receipts are collections within the DoD that result from proprietary or business-like transactions (such as rents, sales of services and products, patent fees, and sale of property) and from Intragovernmental transactions such as deposits between Federal and trust funds or payments within the same fund group.

2.1.2. Offsetting receipts are recorded as offsets to gross outlays and may be distributed or undistributed. Distributed offsetting receipts offset outlays of DoD as the agency that conducts the activity generating the receipts. Undistributed offsetting receipts offset government-wide outlays.

* 2.1.3. **Distributed** Offsetting receipts are **collections** credited to general fund, special fund, or trust fund receipt accounts that offset gross outlays of an agency, typically the agency that conducts the activity generating the receipts. Offsetting receipts are composed of proprietary receipts from the public, receipts from intragovernmental transactions, and offsetting governmental receipts. This line item on the Statement of Budgetary Resources (SBR) must include all distributed offsetting receipts for the agency and deducted from gross outlays to yield net agency outlays. Standard receipt accounts are prescribed by the Department of the Treasury in its FAST Book. Offsetting receipts are deposited with the Department of the Treasury **Financial**

Management Service (FMS) using receipt accounts symbols and reported monthly on the FMS Form 1219/1220, “Statement of Transactions According to Appropriations, Funds and Receipt Accounts” as prescribed in Volume 6A Chapter 3.

2.1.4. Offsetting receipts are deducted from budget authority and outlays at agency (Component) levels. Actual offsetting receipts are reported on the SBR and in budget submissions by DoD Components as described in Volume 6B Chapter 7.

2.1.5. Receipts collected by DoD Components must be classified according to (1) the source of the receipt, (2) the authority for the collection and the nature of the transaction, and (3) whether the receipt offsets agency (Component) or government-wide totals. Receipts also are classified into fund groups in accordance with the Treasury FAST Book (i.e., general funds (0100-3305); clearing accounts (3800-3899); special funds (5000-5999); and trust funds (8000-8999)). In this section of the FAST Book, distributed offsetting receipts, as described in the OMB Circular No. A-136 “Financial Reporting Requirements” are identified with the check √ symbol before the account title.

* 2.1.6. Most offsetting receipts are offset (deducted) against the function that contains the outlays that give rise to the receipts, i.e., the function of the account collecting the money. In such cases, these offsetting receipts at the agency and sub-functional level will be deducted before reaching functional budget authority or outlay totals and are referred to as “*distributed*” to the functions. However, there are several categories of offsetting receipts that cannot be offset properly against any specific function. These collections are deducted from government-wide totals and are referred to as “*undistributed offsetting receipts*.” Such receipts are either intrabudgetary (a payment from one Federal agency to another, such as agency payments to the retirement trust funds) or proprietary (a payment from the public for some type of business transaction with the government). The SBR does not include undistributed offsetting receipts credited to governmentwide outlay totals. There are four (4) types of receipts that are deducted from budget totals as undistributed offsetting receipts:

2.1.6.1. Agency payments (including payments by off-budget Federal entities) as employers into employees’ retirement funds;

2.1.6.2. Interest received by trust funds;

2.1.6.3. Rents and royalties on the Outer Continental Shelf lands; and

2.1.6.4. Other interest such as that collected on Outer Continental Shelf money in deposit funds when such money is transferred into the budget.

3.0 GENERAL STANDARDS

3.1 Contents

3.1.1. Contents of this chapter must be used in addition to the accounting principles, standards, and procedures established in the chapters that follow.

3.1.2. Volume 4 - Accounting Policy and Procedures

3.1.2.1. Chapter 2 “Accounting for Cash and Fund Balance with Treasury”

3.1.2.2. Chapter 16 “Revenues and Other Financial Sources, Expense, Gains and Losses”

3.1.2.3. Chapter 19 “Managerial Cost Accounting”

3.1.3. Volume 6A – Reporting Policy and Procedures: Chapter 4 “Appropriation and Fund Status Reports”

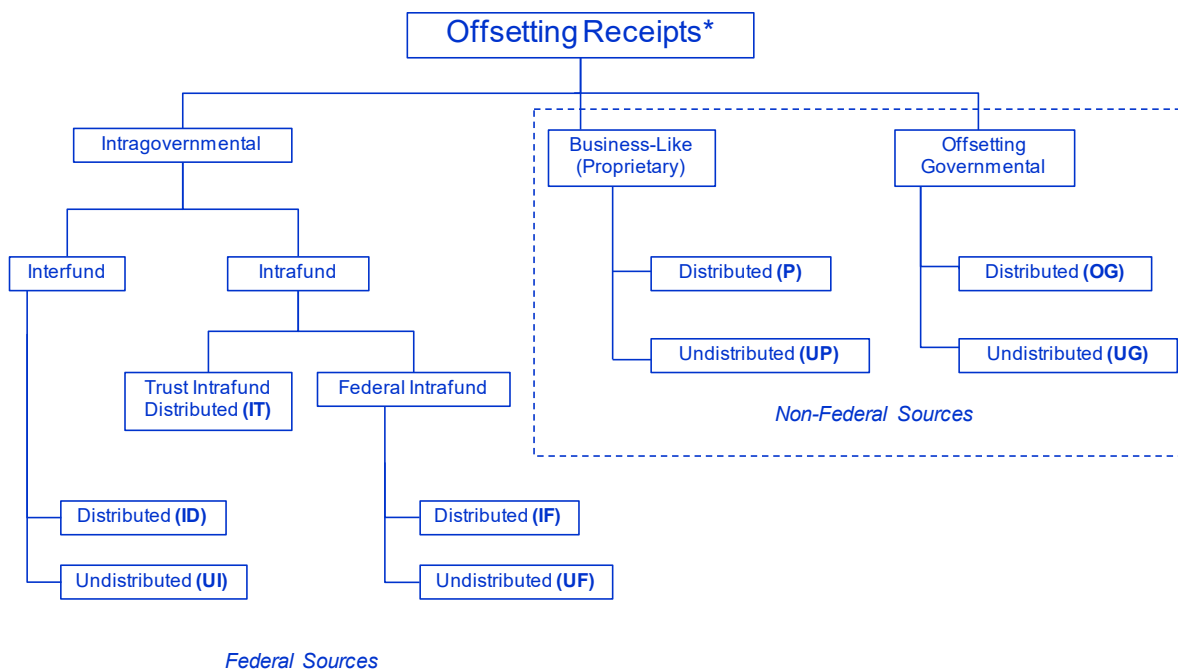
3.1.4. Volume 12 – Special Accounts Policy and Procedures: Chapter 1 “Funds”

3.2 Budgeting Standards

3.2.1. Budgeting standards for offsetting receipts are prescribed by the OMB Circular No. A-11, Preparation, Submission, and Execution of the Budget.

Budget Classification of Offsetting Receipts

(Receipt type codes in bold face)



* Normally offsets budget authority and outlays at the agency level.

3.2.2. Preparation of budget justification requirements is also prescribed in Volume 2B Chapter 11, “Budget Formulation and Presentation.” OMB adopted a single format to present information in the **SF 132, SF 133 and Schedule P**. The realignment employs three common data

sections—Budgetary Resources; Change in Obligated Balance; and Budget Authority and Outlays, Net. The SF-133, Schedule P, and SBR will use all three of the sections, and the SF-132 will use the common Budgetary Resources.

4.0 ACCOUNTING AND REPORTING STANDARDS FOR OFFSETTING RECEIPTS

4.1 Offsetting Receipts

4.1.1. Offsetting receipts within the Department are collections from the public that result from business-like transactions such as sales of property, rental fees, or sales of services. These miscellaneous proprietary receipts are recorded using receipt account symbols prescribed by the Treasury FAST Book. [The Transaction Library and Standard Reporting Chart of Accounts are available on the Office of the Deputy Chief Financial Officer Standard Financial Information Structure \(SFIS\) web page.](#) The web page also provides the DoD U.S. Standard General Ledger (USSGL) proprietary accounting entries and transaction illustrations. Offsetting receipt account symbols normally used within the Department are:

4.1.2. Account 1435. General fund proprietary interest not otherwise classified. This account must only use Defense civil functions. Account 1435 must not use Defense military functions. Deposits of interest on loans, investments, and other equities must be deposited in account 3210 to ensure that the Department receives credit for the offsetting receipt.

4.1.3. Account 1840. Proprietary receipts for rent of equipment and other personal property. This account must be used exclusively by the Military Departments. Defense Agencies must deposit rent receipts into Account 3210.

4.1.4. Account 2462. Proprietary receipts for survivor annuity benefits. This account must be used exclusively by the Military Departments. Defense Agencies must deposit receipts into Account 3210.

4.1.5. Account 2641. Proprietary receipts for the sale of ordinance material within the Department. All DoD Components may use this account.

4.1.6. Account 2651. Proprietary receipts for the sale of scrap and salvage materials within the Department. All DoD Components may use this account, but the Military Services must cite 97 2651.

4.1.7. Account 3019. Proprietary receipts for recoveries for government property lost or damaged, not otherwise classified. This account must be used exclusively by the Military Departments. Defense Agencies must deposit such recoveries into Account 3210.

4.1.8. Account 3041. Proprietary receipts for recoveries under the Foreign Military Sales Program. This account must be used by all DoD Components. Receipts in this account must sub-categorize and report to the Office of the Under Secretary of Defense, Comptroller (OUSD(C)) on the SF-133, in accordance with the guidance contained in Volume 6A Chapter 4. The sub-categories are:

4.1.8.1. Nonrecurring Research, Development, Test and Evaluation (RDT&E) and production costs.

4.1.8.2. Sale of principal and/or major items from stock that do not require replacement.

4.1.8.3. Sale of excess stock fund and procurement of secondary items from stock.

4.1.8.4. Charges for unfunded civilian retirement costs.

4.1.9. Account 3210. General fund proprietary receipts not otherwise classified. The Military Departments must use this account for proprietary receipts not otherwise classified (as cited above). Defense Agencies must use this account for proprietary receipts not allowed to be reported as indicated in subparagraphs 5.1.1 through 5.1.7. Receipts in this account must be maintained and reported for budget purposes in sub-categories as follows:

4.1.9.1. Freedom of Information Act charges.

4.1.9.2. Sales of surplus real property (excluding Account 2621).

4.1.9.3. Sales of materials, equipment, and other personal property (excluding Account 2641).

4.1.9.4. Interest on loans.

4.1.9.5. Repayment of loans.

4.1.9.6. Royalties on patents, trademarks, and copyrights.

4.1.9.7. Rent of real property.

4.1.9.8. Rent of equipment and other personal property (excluding Account 1840).

4.1.9.9. Sale of power and utilities.

4.1.9.10. For Defense Agencies:

4.1.9.10.1. Sale of publications and reproductions not otherwise classified (similar to Account 2259).

4.1.9.10.2. Fees and other charges for communications and transportation services, not otherwise classified (similar to Account 2429).

4.1.9.10.3. Proceeds from the sale of equipment and other personal property, not otherwise classified.

4.1.9.10.4. Recoveries for government property, lost or damaged, not otherwise classified (similar to Account 3019).

4.2 Budget Clearing Account (Suspense)

Offsetting receipts that are not readily classified into established categories must be temporarily accounted for in the Budget Clearing Account (suspense), F3875. All efforts must be made to identify and clear out suspense accounts and record these receipts properly into the applicable categories listed above within 60 calendar days as discussed in Volume 5 Chapter 11 and Volume 5 Chapter 24.

4.3 Depositing Offsetting Receipts

All offsetting receipts must be recorded immediately upon receipt and deposited with the Department of the Treasury as soon as practicable. Any delays in borrowing or deposit preclude the use of the funds by the Treasury Department to benefit the U.S. Government through the avoidance of interest expense.

4.4 Reporting Offsetting Receipts

4.4.1. Offsetting receipt amounts reported by DoD Components must agree with the collections credited to receipt accounts maintained by the Department of the Treasury. Those DoD Components that prepare consolidated reports must obtain the required information from applicable organizations and ensure that the amounts reported are in agreement with balances reflected by the Department of the Treasury.

* 4.4.2. FMS Form 1220. Actual offsetting receipts must be reported on a monthly basis on FMS Form 1220, "Statement of Transactions According to Appropriations, Funds and *Receipt Accounts*" in accordance with the TFX as prescribed in Volume 6A Chapter 3.

* 4.4.3. SF-133 Report. Unless required by OMB, do not submit SF-133 reports for deposit funds, receipt accounts (including clearing accounts and suspense accounts), and closed Treasury Appropriation Fund Symbol (TAFS) (TAFS with canceled balances). Distributed offsetting receipts credited to Components must be included in the SBR. Undistributed offsetting receipts credited to the government-wide outlay totals should not be included in the SBR.

4.4.3.1. The SF-133 report is divided into four sections - Budgetary Resources; SBR; Change in Obligated Balance; and Budget Authority and Outlays, Net. Procedures on monthly budget execution reporting are prescribed in Volume 6A Chapter 4, "Reporting Policy and Procedures." Submit these reports on a monthly basis to the Director for the OUSD(C) Program and Budget (P/B). Offsetting receipt amounts reported on these reports must equal the amounts deposited with the U.S. Treasury.

4.4.3.2. Submit a separate SF-133 report for each group of offsetting receipt accounts as part of the basic appropriation report. Separate SF-133 reports are required for Federal

funds and trust funds requires under each of the functional groups: “Military Functions,” “Civil Functions” and “Military Assistance.”

4.4.3.3. Separate SF-133 reports are required within any of the foregoing groups if the receipts consist of more than one of the following categories:

4.4.3.3.1. Proprietary receipts from the public (P).

4.4.3.3.2. Interfund receipts (ID).

4.4.3.3.3. Federal intrafund receipts (IF) including those receipts in Budget Clearing Account (suspense), F3885.

4.5 Proprietary and Budgetary General Ledgers

4.5.1. Offsetting receipts must be recorded in the proprietary and budgetary general ledgers.

4.5.2. Volume 3 “Budget Execution-[Availability and Use of Budgetary Resources](#),” Chapter 15 and Volume 4 “Accounting Policy and Procedures” Chapters 2, 16, and 19 prescribe the general ledger accounts to be used in recording offsetting receipts.

4.5.3. Source documents for the general ledger entries include cash collection vouchers, sales slips, rental receipts, and journal vouchers.

5.0 USE OF ACCOUNTING DATA FOR BUDGET SUBMISSIONS

5.1 Budgeting Requirements

Budgeting requirements are established by OMB Circular No. A-11 and Volume 2A and Volume 2B, “Budget Formulation and Presentation.”

5.2 Receipt Accounts

Offsetting receipts deposited in receipt accounts are deducted as offsets to outlays and against budget authority at sub-function and agency levels. For instance, sub-function 051, “Department of Defense, Military,” is the level at which proprietary receipts from the public are deducted from the Department's budget authority and outlays in arriving at total DoD Federal Funds in the budget.

5.3 Accuracy and Timeliness

The accuracy and timeliness of recording and reporting offsetting receipts [and outlays](#) are critical in the budget preparation process. Actual receipts for the prior year are reported in the budget submissions and are used as the basis for projecting estimates for the budget out-years.