Financial Audit Manual

VOLUME 3

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United States Government Accountability Office

President's Council on Integrity & Efficiency

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August 28, 2007

TO AUDIT OFFICIALS, AGENCY CFOS, AND OTHERS INTERESTED IN FEDERAL FINANCIAL AUDITING, ACCOUNTING, AND REPORTING

This letter transmits the new volume 3 of the Government Accountability Office (GAO) and the President's Council on Integrity and Efficiency (PCIE) *Financial Audit Manual* (FAM). GAO and the PCIE issued the joint FAM in July 2001. The FAM presents a methodology to perform financial statement audits of federal entities in accordance with professional standards. We have updated the FAM for significant changes that have occurred in auditing financial statements in the U.S. government since the last major revisions to the FAM were issued in July 2004.

To help the FAM continue to meet the needs of the federal audit community and the public it serves, GAO and the PCIE created a joint FAM Working Group. The Group is comprised of auditors from GAO and several Offices of the Inspectors General experienced in conducting audits of federal entity financial statements. Through a collaborative effort, the FAM Working Group prepared an exposure draft of a new FAM Volume 3 that contains accounting, reporting, and disclosure checklists. These checklists are intended to assist federal entities and their auditors in documenting financial statement conformity with professional standards.

On June 29, 2007, we issued the exposure draft of FAM Volume 3 for a 30-day public comment period that ended on July 30, 2007. We received minor comments which have been considered in this issued version of FAM Volume 3. We are also working on revisions to FAM Volumes 1 and 2, which contain the audit methodology. We plan to issue exposure drafts for public comment on these volumes shortly.

The revisions to the FAM are primarily due to changes in (1) professional auditing and attestation standards of the Auditing Standards Board of the American Institute of Certified Public Accountants (AICPA); (2) GAO's *Government Auditing Standards*; (3) Office of Management and Budget (OMB) audit and reporting guidance; (4) Federal Accounting Standards Advisory Board (FASAB) accounting standards; and (5) laws and regulations.

Summary of Major Revisions and Improvements for FAM Volume 3

FAM Volume 3 incorporates FASAB accounting concepts and standards issued through May 31, 2007, including new requirements in accounting, reporting, and disclosure for social insurance, heritage assets and stewardship land, and earmarked funds. It also includes financial reporting guidance provided by OMB Circular No. A-136, *Financial Reporting Requirements*, (June 29, 2007). Volume 3 has been redesigned to improve effectiveness and consists of the following two checklists:

FAM 2010 – *Federal Accounting Checklist*

FAM 2020 – *Federal Reporting and Disclosure Checklist*

These checklists are tools that may be used by entities and auditors to document conformity with U.S. generally accepted accounting principles (U.S. GAAP). The use of these checklists is a policy decision to be made by each organization. However, auditors should document the alternative means for determining whether the entity's financial statements conform with U.S. GAAP. Major changes to improve efficiency are:

- Two checklists have been created to spread completion and review work over the entire audit period, rather than performing all of this work at year end. Previously, FAM 1050 included all of this information in one checklist that created a difficult process to complete at the end of the audit. The new FAM 2010 contains questions on federal accounting that entities may complete during the year and auditors may review as part of interim audit work. The new FAM 2020 contains questions on year end reporting and disclosure that entities may complete when they prepare their annual financial statements and auditors may review during the reporting phase of the audit.
- Only those sections of the detailed checklists that are applicable to the entity's financial statements need detailed completion. Those areas that are not applicable or not significant are simply documented one time, thus eliminating the need to read and evaluate each individual question.
- The checklists are better organized, with accounting issues grouped by line item and reporting and disclosure issues grouped by financial statement, footnote, and other required supplemental disclosures to reduce overlap and duplication.

FAM Volume 3 supersedes FAM 1050, *Checklist for Federal Accounting, Reporting, and Disclosures* (July 2004), and can be used to prepare and audit federal entity financial statements for the fiscal year ended September 30, 2007.

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Should you need additional information, please contact us at fam@gao.gov or call GAO's Financial Management and Assurance Assistant Directors Roger Stoltz at (202) 512-9408, or Janet Krell at (202) 512-4716, Director Steve Sebastian at (202) 512-9521, or PCIE Working Group Leaders Alex Biggs at (202) 693-5258, or Joel Grover at (202) 927-5768.

Sincerely yours,

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U.S. Government Accountability Office

The Honorable John P. Higgins, Jr.
Chair, Audit Committee
President's Council on Integrity
and Efficiency

Enclosures

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United States Government Accountability Office

President's Council on Integrity and Efficiency

FINANCIAL AUDIT MANUAL

Volume 3

2010 - Checklist for Federal Accounting

Contents

Abbreviations

AcSEC	Accounting Standards Executive Committee
AICPA	American Institute of Certified Public Accountants
CFO Act	Chief Financial Officers Act of 1990
CSRS	Civil Service Retirement System
FASAB	Federal Accounting Standards Advisory Board
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
FERS	Federal Employees Retirement System
FFMIA	Federal Financial Management Improvement Act of 1996
FHA	Federal Housing Administration
FIFO	First-In, First-Out (method of inventory valuation)
FMFIA	Federal Managers' Financial Integrity Act of 1982
GAAP	Generally Accepted Accounting Principles (U.S.)
GAAS	Generally Accepted Auditing Standards (U.S.)
GAGAS	Generally Accepted Government Auditing Standards
GASB	Government Accounting Standards Board (state & local)
GMRA	Government Management Reform Act of 1994
GPRA	Government Performance and Results Act of 1993
GSE	Government Sponsored Enterprise
HI	Hospital Insurance (Medicare Part A)
IMF	International Monetary Fund
IPIA	Improper Payments Information Act
MD&A	Management's Discussion and Analysis
MRS	Military Retirement System
OAI	Other Accompanying Information
OASDI	Old Age, Survivors, and Disability Insurance
OMB	Office of Management and Budget
OPEB	Other Post Employment Benefits
ORB	Other Retirement Benefits
PP&E	Property, Plant, and Equipment
RRB	Railroad Retirement Benefits
RSI	Required Supplementary Information
RSSI	Required Supplementary Stewardship Information
SBR	Statement of Budgetary Resources
SCNP	Statement of Change in Net Position
SFAS	Statement of Financial Accounting Standards
SFFAC	Statements of Federal Financial Accounting Concepts
SFFAS	Statements of Federal Financial Accounting Standards
SMI	Supplementary Medical Insurance (*Medicare Part B & D*)
SNC	Statement of Net Cost
SOP	Statement of Position
SOSI	Statement of Social Insurance
TVA	Tennessee Valley Authority
UI	Unemployment insurance
UTF	Unemployment Trust Fund

2010 – Checklist for Federal Accounting

Section I – Overview

Introduction

The Chief Financial Officers (CFO) Act of 1990 and the Government Management Reform Act of 1994 (GMRA) require that agencies' chief financial officers submit annual reports to their agency heads and to the Office of Management and Budget (OMB). These annual reports are to contain audited financial statements of their agencies. The financial statements are to be presented in conformity with U. S. generally accepted accounting principles (U.S. GAAP).[1]

The previous checklist, FAM 1050, *Checklist for Federal Accounting, Reporting, and Disclosures (July 2004)*, included guidance for accounting, reporting, and disclosures. This checklist has been revised and is separated into two separate checklists: FAM 2010, *Checklist for Federal Accounting* and FAM 2020, *Checklist for Federal Reporting and Disclosures*. FAM 2010 provides guidance for federal accounting that entities may complete during the year and auditors may review the completed checklist during interim audit work. FAM 2020 provides guidance for year end reporting and disclosure that entities may complete when they prepare their annual financial statements and auditors may review the completed checklist during the reporting phase of the audit.

These checklists are being issued to assist (i) federal entities in preparing their financial statements in accordance with U.S. GAAP, and (ii) auditors in auditing them in accordance with U.S. generally accepted government auditing standards (GAGAS). Neither the entities nor the auditors are required to use this checklist and may develop their own checklists. However, entities should document how they are satisfied that their financial statements conform with U.S. GAAP. Likewise, auditors should document the basis for accepting that the entity's financial statements conform with U.S. GAAP if they do not use the checklist.

The checklist provides a systematic, organized, and structured approach to preparing or reviewing federal entity financial statements. While the questions contained in the checklist are taken from authoritative sources, the checklist itself is not authoritative, nor is it comprehensive. Preparers and auditors may also consult financial management regulations and policies for their individual entity, as these regulations and policies may have guidance when standards allow alternatives or management flexibility, such as for property capitalization limits.

Checklist Organization

In order to facilitate the completion of the checklist, an index of relevant accounting requirements is included in the following section. The preparer uses the index to determine those areas that apply to the entity. The checklist is divided into 10 sections as follows

[1] The American Institute of Certified Public Accountants (AICPA) recognizes federal accounting standards promulgated by the Federal Accounting Standards Advisory Board as U.S. GAAP.

Section II – General Accounting Item
Section III – Assets
Section IV – Liabilities
Section V – Net Position and Related Changes
Section VI – Net Cost
Section VII – Budgetary Resources
Section VIII – Custodial Activity
Section IX – Required Supplementary Stewardship Information
Section X – Social Insurance
Section XI – Credit Reform

Authoritative Guidance

Each question in this guide is referenced to a source. The sources cited are (1) Federal Accounting Standards Advisory Board (FASAB) *Statements of Federal Financial Accounting Concepts* (SFFAC), (2) FASAB *Statements of Federal Financial Accounting Standards* (SFFAS), and (3) OMB Circular No. A-136, *Financial Reporting Requirements*. Because this checklist is for the federal entity reporting level, and is not for the financial report of the U.S. government, certain sources are excluded.

The four approved accounting concept statements and year they were issued are:

SFFAC 1, *Objectives of Federal Financial Reporting*, 1993

SFFAC 2, *Entity and Display*, 1995

SFFAC 3, *Management's Discussion and Analysis*, 1999

SFFAC 4, *Intended Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government*, 2003 (Not covered by this checklist)

The 32 SFFAS standards and year they were issued are:

SFFAS 1, *Accounting for Selected Assets and Liabilities*, 1993

SFFAS 2, *Accounting for Direct Loans and Loan Guarantees*, 1993

SFFAS 3, *Accounting for Inventory and Related Property*, 1993

SFFAS 4, *Managerial Cost Accounting Standards and Concepts*, 1995

SFFAS 5, *Accounting for Liabilities of the Federal Government*, 1995

SFFAS 6, *Accounting for Property, Plant, and Equipment*, 1995

SFFAS 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, 1996

SFFAS 8, *Supplementary Stewardship Reporting*, 1996

SFFAS 9, *Deferral of the Effective Date of Managerial Cost Accounting Standards for the Federal Government in SFFAS No. 4*, 1997

SFFAS 10, *Accounting for Internal Use Software*, 1998

SFFAS 11, *Amendments to Accounting for Property, Plant, and Equipment - Definitional Changes*, 1998[2]

SFFAS 12, *Recognition of Contingent Liabilities Arising from Litigation*, 1998

SFFAS 13, *Deferral of Paragraph 65.2 – Material Revenue-Related Transactions Disclosures*, 1999

SFFAS 14, *Amendments to Deferred Maintenance Reporting*, 1999

SFFAS 15, *Management's Discussion and Analysis*, 1999

SFFAS 16, *Amendments to Accounting for Property, Plant, and Equipment – Measurement and Reporting for Multi-Use Heritage Assets*, 1999[3]

SFFAS 17, *Accounting for Social Insura*nce, 1999

SFFAS 18, *Amendments to Accounting Standards for Direct Loans and Loans Guarantees in SFFAS No. 2*, 2000

SFFAS 19, *Technical Amendments to Accounting Standards for Direct Loans and Loan Guarantees in SFFAS No. 2*, 2001

SFFAS 20, *Elimination of Certain Disclosures Related to Tax Revenue Transactions by the Internal Revenue Service, Customs and Others*, 2001.

SFFAS 21, *Reporting Corrections of Errors & Changes in Accounting Principles*, 2001

SFFAS 22, *Change in Certain Requirements for Reconciling Obligations and Net Cost of Operations*, 2001

SFFAS 23, *Eliminating the Category National Defense Property, Plant, and Equipment*, 2003

SFFAS 24, *Selected Standards for the Consolidated Report of the United States Government*, 2003 (Not covered by this checklist)

SFFAS 25, *Reclassification of Stewardship Responsibilities and Eliminating the Current Services Assessment*, 2003[4]

SFFAS 26, *Presentation of Significant Assumptions for the Statement of Social Insurance*, 2004

SFFAS 27, *Identifying and Reporting Earmarked Funds*, 2004

SFFAS 28, *Deferral of the Effective Date of Reclassification of the Statement of Social Insurance*, 2005

SFFAS 29, *Heritage Assets and Stewardship Land*, 2005

SFFAS 30, *Inter-Entity Cost Implementation*, 2005

SFFAS 31, *Accounting for Fiduciary Activities*, 2006

SFFAS 32, *CFR of the U.S. Government Requirements*, 2006 (Not covered by this checklist)

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[2] SFFAS 11 was rescinded in its entirety by SFFAS 23.
[3] SFFAS 16 was rescinded in its entirety by SFFAS 29.
[4] SFFAS 25 changes reporting requirements for social insurance information required by SFFAS 17.

Also included in this checklist is FASAB's *Implementation Guide to Accounting for Revenue and Other Financing Sourc*es, (June 1996), and OMB Circular No. A-136, *Financial Reporting Requirements*, (June 29, 2007), that provides detailed requirements for the form and content of entity financial statements.

FASAB interpretations and technical bulletins are not covered in this checklist; consult this material as necessary for guidance on specific situations. Furthermore, preparers and auditors should document how the entity complied with any new standards issued after SFFAS 32.

How to Use the Index to the Checklist

The preparer completes the index to FAM 2010, *Checklist for Federal Accounting* prior to completing the detailed checklist. For each category of accounting considerations listed in the index on the next two pages, the preparer indicates whether it is either applicable (**Y**) to the entity's financial statements, or is not applicable (**NA**). Complete only those sections of the detailed checklist that are applicable to the entity's financial statements. If the entity has an insignificant amount of transactions or balances for a section, it may decide not to complete that section. It may document that decision by indicating "not significant" (NS). Those areas that are not applicable or not significant are not considered further, thus eliminating the need to read and evaluate each individual question. For example, many federal agencies do not administer loan, loan guarantee, or loan insurance programs and, therefore, do not have credit program receivables and related property. Consequently, the questions on these receivables, property, and subsidies would not apply.

How to Use the Detailed Checklist

To the right of each question are two columns. The first column provides for a "yes," "no," or "N/A" (not applicable) answer to each question. The second column provides for an explanation of the answer to each question.

A "yes" answer indicates that the financial statements contain the information asked by the question. This would include immaterial items if the entity elected to disclose them. For each "yes" answer, include in the explanation column the page number or location in the financial statements where the information is found. Also, provide any other information pertinent to the question and the response in the explanation column.

A "no" answer indicates that the information asked for in the question is not included in the financial statements, notes, or supplementary information, respectively. This would include immaterial items that need not be disclosed. Describe in the explanation column or note why the information is not included and whether this causes the financial statements to not be in conformity with U.S. GAAP.

An "N/A" answer might indicate that the question does not apply to the federal entity. Describe in the explanation column or note why this information is not applicable.

Completion and Review of the Checklists

Preparers of entity financial statements may complete the checklists to document that applicable accounting, reporting, and disclosure items have been addressed, including those contained in OMB Circular No. A-136. Auditors generally should then review the checklists for completeness and accuracy.

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Section II – General Accounting Item

This question relates to overall general accounting at the entity.

General Item (1)	Yes, No, or N/A	Explanation
1) Does the entity use the following hierarchy as its source of guidance a) FASAB Statements and Interpretations as well as AICPA and FASB pronouncements if made applicable to federal government entities by a FASAB Statement or Interpretation, b) FASAB Technical Bulletins and, if specifically made applicable to federal government entities by AICPA and cleared by FASAB, AICPA Industry Audit and Accounting Guides, and AICPA Statements of Position, c) AICPA Accounting Standards Executive Committee (AcSEC) Practice Bulletins if specifically made applicable to federal government entities and cleared by FASAB, as well as Technical Releases of the Accounting and Auditing Policy Committee of FASAB, d) Implementation guides published by FASAB staff and practices that are widely recognized and prevalent in the federal government,[5] and e) In the absence of a pronouncement covered by federal U. S. Generally Accepted Accounting Principles (U.S. GAAP) or another source of established principles, other accounting literature, depending on its relevance in the circumstances?[6] (OMB Circular No. A-136, p. 31, item1)		

[5] Including requirements in OMB Circular No. A-136 that are not specified in a) through c) above.
[6] Other accounting literature includes for example, FASAB Concept Statements, Governmental Accounting Standards Board (GASB) Statements, Interpretations, Technical Bulletins, and Concept Statements, and AICPA Issue Papers.

Section III – Assets

Questions related to accounting for assets in federal financial statements are presented under the following captions.

Caption	Question Numbers
Fund Balance with Treasury	1 - 6
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Other Assets	181 - 183

Fund Balance with Treasury (1 - 6)	Yes, No, or N/A	Explanation
A federal entity's fund balance with the Treasury is the aggregate amount of funds in the entity's accounts with Treasury for which the entity is authorized to make expenditures and pay liabilities. Fund balance with Treasury includes clearing account balances and the dollar equivalent of foreign currency account balances. For the reporting entity, a fund balance with Treasury is an asset but for Treasury it is a liability. From the perspective of the federal government as a whole, the fund balance is neither an asset nor a liability as it eliminates in consolidation. However, it represents a commitment from the Treasury to make resources available to federal departments, agencies, programs, and other entities. (SFFAS 1, par. 31 & 32)		
1) Does fund balance with Treasury include a) clearing account balances, b) balances for direct loan and loan guarantee activities held in the credit reform program, financing, and liquidating accounts, c) funds actually borrowed from Treasury under statutory authority, and d) the dollar equivalent of foreign currency account balances? (SFFAS 1, par. 32 & 35)		
2) Are foreign currency account balances reported on the balance sheet translated into U.S. dollars at exchange rates determined by the Treasury and effective at the financial reporting date? (SFFAS 1, par. 32)		
3) Does fund balance with Treasury <u>exclude</u> contract authority[7] or unused authority to borrow? (SFFAS 1, par. 34)		

[7] Contract authority is a statutory authority under which contracts or other obligations may be entered into prior to receiving an appropriation for the payment of obligations.

Fund Balance with Treasury (1 - 6)	Yes, No, or N/A	Explanation
4) Does the entity record an increase in its fund balance with Treasury when it a) receives appropriations, reappropriations, continuing resolutions, appropriation restorations, and allocations, b) redeems investments in U.S. securities, c) receives transfers and reimbursements from other agencies, d) borrows from the Treasury, Federal Financing Bank, or other entities, and e) collects and credits amounts to its appropriations or fund accounts that the entity is authorized to spend or use to offset its expenditures? (SFFAS 1, par. 33)		
5) Does the entity record a decrease in its fund balance with Treasury when it a) disburses to pay liabilities or to purchase assets, goods, and services, b) invests in U.S. securities, c) cancels expired appropriations, d) makes transfers and reimbursements to other entities or to the Treasury, and e) cancels appropriations as a result of sequestration or rescission? (SFFAS 1, par. 36)		
6) Are unexpended appropriations recognized as capital and included under fund balance with Treasury when they are made available for apportionment? (SFFAS 7, par. 71)		

Investments (7 - 10)	Yes, No, or N/A	Explanation
Investments in federal (i.e., Treasury) securities include (1) nonmarketable par value Treasury securities, (2) market-based Treasury securities expected to be held to maturity, (3) marketable Treasury securities expected to be held to maturity, and (4) securities issued by other federal entities. Nonfederal securities include those issued by state and local governments, private corporations, and government-sponsored enterprises. (SFFAS 1, par. 62)		
7) Are investments in federal securities initially recorded at their acquisition cost or amortized acquisition cost (less an allowance for losses, if any)? (SFFAS 1, par. 68 & 69)		
8) Are investments in federal securities acquired in exchange for nonmonetary assets recognized at the fair market value of either the securities acquired or the assets given up, whichever is more definitively determinable? (SFFAS 1, par. 68)		
9) Subsequent to acquisition, is the carrying amount (i.e., acquisition cost) of investments in federal securities, adjusted for amortized premium or discount? (SFFAS 1, par. 70-71)		
10) Is the interest method (i.e., effective interest rate multiplied by the carrying amount) used in amortizing the premium or discount over the life of the Treasury security? (SFFAS 1, par. 71)		

Accounts Receivable (11 - 25)	Yes, No, or N/A	Explanation
Accounts receivable arise from claims to cash or other assets. (SFFAS 1, par. 40)		
11) Is a receivable recognized when a federal entity establishes a claim to cash or other assets against other entities based on legal provisions, or when goods or services are provided? (SFFAS 1, par. 41)		
12) If the exact amount of a receivable is unknown, is a reasonable estimate made? (SFFAS 1, par. 41)		
13) Are losses on receivables recognized when it is more likely than not (greater than a 50 percent chance of occurrence) that the receivables will not be totally collected? (SFFAS 1, par. 44)		
14) Is an allowance for estimated uncollectible amounts recognized to reduce the gross amount of receivables to their net realizable value? If so, is this allowance reestimated on each annual financial reporting date and when information indicates that the latest estimate is no longer correct? (SFFAS 1, par. 45)		
15) Is an allowance for uncollectible amounts based on an analysis of both individual accounts receivable and groups of accounts receivable? (SFFAS 1, par. 47-51; SFFAS 7, par. 56)		
16) Are accounts that represent significant amounts individually analyzed to determine the loss allowance? (SFFAS 1, par. 47)		

Accounts Receivable (11 - 25)	Yes, No, or N/A	Explanation
17) Is a loss estimation for individual accounts based on a) the debtor's ability to pay, b) the debtor's payment record and willingness to pay, and c) probable recovery of amounts from secondary sources including liens, garnishments, cross collections, and other applicable collection tools? (SFFAS 1, par. 47)		
18) If information is not available to make a reliable assessment of losses on an individual account basis, or if the nature of the receivables does not lend itself to individual account analysis, are the potential losses assessed on a group basis? (SFFAS 1, par. 48)		
19) If potential losses are assessed on a group basis, are the receivables separated into groups of homogeneous accounts with similar risk characteristics? (SFFAS 1, par. 49-51)		
20) Is an account receivable arising from a nonexchange transaction recognized when a collecting entity establishes a specifically identifiable, measurable, and legally enforceable claim to cash or other assets? (SFFAS 7, par. 53, note 9)		

Accounts Receivable (11 - 25)	Yes, No, or N/A	Explanation
21) Are assessments recognized as accounts receivable if an enforceable claim for taxes and duties exists in instances where a) tax returns are filed by the taxpayer without sufficient payment, b) customs documents are filed by the importer without sufficient payment, c) taxpayer agreements to assessments are signed at the conclusion of an audit or where assessments substitute for a tax return, d) importer agreements to supplemental assessments are signed, e) court actions determine an assessment, f) taxpayer (or importer) agreements to pay an assessment exist on an installment plan, and g) receivables determined to be currently not collectible have future collection potential? (SFFAS 7, par. 53 & 54)		
Entity receivables are amounts due from other federal or nonfederal entities that the federal entity is authorized by law to include in its obligational authority or to offset its expenditures and liabilities upon collection. Nonentity receivables are amounts that the entity is to collect on behalf of the federal government or other entities, and the entity is not authorized to spend. (SFFAS 1, par. 43)		
22) Is an entity receivable recognized when (1) a legally enforceable claim exists between a collecting entity and a recipient entity for the transfer or repayment of taxes or duties, and (2) claim payment is probable and measurable? (SFFAS 7, par. 60)		
23) Are receivables distinguished between entity receivables and non-entity receivables (SFFAS 1, par. 43) in the accounting records?		

Accounts Receivable (11 - 25)	**Yes, No, or N/A**	**Explanation**
Compliance assessments are proposed assessments by the collecting entity in definitive amounts, but with which the taxpayer (or importer) still has the right to disagree or object. (SFFAS 7, par. 55.A) *Preassessment work-in-process are assessments not yet officially asserted by the collecting entity that are subject to a taxpayer's right to conference in response to initial information notices. (SFFAS 7, par. 55.B)* *Compliance assessments and preassessment work-in-process are not accounts receivable.*		
24) Do nonexchange-related accounts receivable for taxes and duties <u>exclude</u> a) amounts received or due with tax returns received after the close of the reporting period, b) compliance assessments, and c) preassessment work-in-process? (SFFAS 7, par. 54)		
25) Are compliance assessments reclassified and recognized as account receivables in instances when a) the taxpayer files an amended tax return (agreeing to the assessment), b) customs' protest or retention period lapses, c) court action or an appeal finally determines the assessment, d) the taxpayer (or importer) agrees to pay currently or through an installment agreement, and e) an offer in compromise is accepted? (SFFAS 7, par. 55.A)		

Interest Receivable (26 - 29)	**Yes, No, or N/A**	**Explanation**
26) Is interest receivable recognized for the amount of interest income earned but not received for the accounting period, including interest earned on investments in interest-bearing securities? (SFFAS 1, par. 53)		
27) Is interest receivable recognized on outstanding accounts receivable and other U.S. government claims against persons and entities in accordance with 31 U.S.C. 3717, Interest and Penalty on Claims?[8] (SFFAS 1, par. 53)		
28) Does interest receivable exclude interest on accounts receivable or investments that are determined to be uncollectible? (SFFAS 1, par. 54)		
29) Is interest receivable from federal entities accounted for separately from interest receivable from the public? (SFFAS 1, par. 56)		

[8] See also Federal Claims Collection Standards, 31 C.F.R. Parts 900-904)

<table>
<tr><th>Cash and Other Monetary Assets (30-31)</th><th>Yes, No, or N/A</th><th>Explanation</th></tr>
<tr><td colspan="3">Cash (including imprest funds) consists of: coins, paper currency, readily negotiable instruments (such as checks, money orders, and bank drafts), demand deposits, and foreign currencies stated in U.S. dollars at the exchange rate on the financial statement date. (SFFAS 1, par. 27; OMB Circular No. A-136, p. 40, Section II.4.3.3)

Entity cash is the amount of cash that the reporting entity holds and is authorized to spend. Nonentity cash is cash that a federal entity collects and holds on behalf of the U.S. government or other entities. In some instances the entity deposits cash in its accounts in a fiduciary capacity for the U.S. Treasury or other entities. (SFFAS 1, par. 28 & 29)

Other monetary assets consist of other items such as gold, special drawing rights, and U.S. reserves in the International Monetary Fund (IMF). (OMB Circular No. A-136, p. 40, Section II.4.3.3)</td></tr>
<tr><td>30) Does the entity record all cash and monetary assets to include

a) cash such as coins, paper currency, negotiable instruments, and demand deposits,

b) cash available for agency use such as petty cash and cash held in revolving funds that will not be transferred to the general fund,

c) foreign currency, and

d) monetary assets such as gold, special drawing rights, reserves in the IMF, and deposits not confirmed?

(OMB Circular No. A-136, p. 84-85, section II.4.10.4)</td><td></td><td></td></tr>
<tr><td>31) Does the entity record separately any cash restrictions such as

a) non-entity cash,

b) escrow cash,

c) seized cash,

d) bid deposits, and

e) cash held in Earmarked Funds?

(OMB Circular No. A-136, p. 84-85, section II.4.10.4)</td><td></td><td></td></tr>
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Inventory (32 - 53)	**Yes, No, or N/A**	**Explanation**
Inventory is tangible personal property that is (1) held for sale, including raw materials and work in process, (2) in process of production for sale, or (3) to be consumed in the production of goods for sale or in the provision of services for a fee. Inventory (for sale) does not include related property such as (1) stockpile materials, (2) seized and forfeited property, (3) foreclosed property, and (4) goods held under price support and stabilization programs. (SFFAS 3, par. 17; OMB Circular No. A-136, p. 42-43, section II.4.3.3)		
32) Is inventory recognized when title passes or when goods are delivered to the purchasing entity? (SFFAS 3, par. 19)		
33) Is inventory valued at historical cost, latest acquisition cost, or net realizable value? (SFFAS 3, par. 20 & 26)		
34) If inventory is valued at historical cost, does that cost include the purchase amount and all other costs, such as transportation and production costs, incurred to bring the inventory into its current condition and location? (SFFAS 3, par. 21)		
35) Are abnormal costs, such as excessive handling or rework costs, charged to operations for the period? (SFFAS 3, par. 21)		
36) Is donated inventory valued at its fair value at the time of donation? (SFFAS 3, par. 21)		
37) Is inventory acquired through exchange of nonmonetary assets (e.g., barter) valued at the fair value of the asset received at the time of the exchange? (SFFAS 3, par. 21)		
38) For inventory acquired through exchange of nonmonetary assets, is any difference between the recorded amount of the asset surrendered and the fair value of the asset received recognized as a gain or loss? (SFFAS 3, par 21)		

Inventory (32 - 53)	Yes, No, or N/A	Explanation
39) Is one of the following historical cost flow assumptions used to value inventory a) first-in, first out (FIFO), or b) weighted average, or c) moving average, or d) any other valuation method (such as a standard cost system) whose results reasonably approximate “a”, “b”, or “c” above? (SFFAS 3, par. 22)		
40) If the latest acquisition cost method of inventory valuation is used, is the latest invoice price (actual cost) applied to all like units held, including those acquired through donation or nonmonetary exchange? SFFAS 3, par. 23)		
41) Under the latest acquisition cost method, is the inventory revalued periodically (or at least by the end of the fiscal year)?[9] (SFFAS 3, par. 23)		
42) Under the latest acquisition cost method, is the ending balance of an allowance account to capture gains or losses (if used) the cumulative difference between the historical cost, based on estimated or actual valuation, and the latest acquisition cost of ending inventory? (SFFAS 3, par. 24)		
43) Under the latest acquisition cost method, is the balance for the gain/loss account adjusted each time the inventory balance is adjusted? (SFFAS 3, par. 24)		

[9] Revaluation results in recognition of unrealized holding gains/losses in the ending inventory value. Upon adjustment for unrealized holding gains/losses, the latest acquisition cost method then results in an approximation of historical cost.

Inventory (32 - 53)	Yes, No, or N/A	Explanation
44) Is the adjustment necessary to bring the allowance to the appropriate balance a component of the cost of goods sold as computed under the latest acquisition cost method?[10] (SFFAS 3, par. 24 & 25)		
45) If the latest acquisition cost method is used to value inventory, is the reported cost of goods sold adjusted by the difference between the beginning and ending unrealized holding gains and losses? (SFFAS 3, par. 24 & 25)		
46) Does the entity value inventory at net realizable value when there is a) an inability to determine approximate cost, or b) immediate marketability at quoted prices, or c) unit interchangeability (e.g., petroleum reserves)? (SFFAS 3, par. 26)		
47) Is excess, obsolete, and unserviceable inventory valued at its expected net realizable value? (SFFAS 3 par. 30)		
48) When inventory is declared excess, obsolete, or unserviceable, is the difference between the carrying amount and the expected net realizable value recognized as a loss (or gain)? (SFFAS 3, par. 30)		
49) For excess, obsolete, or unserviceable inventory, are any subsequent adjustments to the inventory's net realizable value or any loss (or gain) upon disposal recognized as losses (or gains)? (SFFAS 3, par. 30)		

[10] Cost of goods sold under the latest acquisition cost method equals (1) beginning inventory at beginning-of-the period latest acquisition cost, less: beginning allowance for unrealized holding gains/losses, plus: actual purchases, and (2) resulting cost of goods available for sale, less: ending inventory at end-of-the period latest acquisition cost, plus: ending allowance for unrealized holding gains/losses.

Inventory (32 - 53)	**Yes, No, or N/A**	**Explanation**
50) When inventory is held for repair, is it valued using a) the allowance method (valued at the same value as a serviceable item and a contra-asset repair allowance account is established), or b) the direct method (valued at the same value as a serviceable item less estimated repair costs)? (SFFAS 3, par. 32 & 33)		
51) If inventory is transferred to "inventory held for repair," are estimated prior period repair costs either credited to the repair allowance (under the repair allowance method) or to the inventory account (under the direct method) and reported as an adjustment to equity? (SFFAS 3, par. 34)		
52) Is inventory held in reserve for future sale valued using the same basis as inventory held for sale in normal operations? (SFFAS 3, par. 27)		
53) Are items intended for sale that are held for remanufacture[11] valued in the same manner as items intended for sale or items held for repair, as applicable? (Interpretation No. 7, par. 10)		

[11] Items held for remanufacture are in the process of (or awaiting) inspection, disassembly, evaluation, cleaning, rebuilding, refurbishing and/or restoration to serviceable or technologically updated/upgraded condition. Items may consist of direct materials, (including repairable parts and subassemblies, also referred to as "carcasses" at the Department of Defense) and work-in-process (including labor costs).

Operating Materials and Supplies (54 - 64)	**Yes, No, or N/A**	**Explanation**
Operating materials and supplies are tangible personal property to be consumed in normal operations (SFFAS 3, par. 36) and are categorized as held for use, held in reserve for future use, or excess, obsolete, and unserviceable (SFFAS 3, par. 37).		
54) Are operating materials and supplies recognized as assets when produced or purchased (the consumption method of accounting)? (SFFAS 3, par. 38)		
55) Has the entity adopted the purchase method to expense operating materials and supplies when purchased only when a) amounts are not significant, and b) they are in the hands of end users for use in normal operations, or c) it is not cost-beneficial to apply the consumption method of accounting? (SFFAS 3, par. 40 and 41)		
56) Are operating materials and supplies valued at historical cost, including all appropriate purchase and production costs incurred to bring the items to their current condition & location? (SFFAS 3, par. 42-43)		
57) Are donated operating materials and supplies valued at their fair value at the time of donation? (SFFAS 3, par. 43)		
58) Are operating materials and supplies acquired through exchange of nonmonetary assets (e.g., barter) valued at the fair value of the asset received at the time of exchange? (SFFAS 3, par. 43)		

Operating Materials and Supplies (54 - 64)	Yes, No, or N/A	Explanation
59) Is one of the following historical cost flow assumptions used to value operating materials and supplies a) FIFO, or b) weighted average, or c) moving average, or d) any other valuation method (such as a standard cost system) whose results reasonably approximate “a”, “b”, or “c” above? (SFFAS 3, par. 42 & 44)		
60) Are excess, obsolete, and unserviceable operating materials and supplies valued at their estimated net realizable value? (SFFAS 3, par. 48)		
61) When operating materials and supplies are declared excess, obsolete, or unserviceable is the difference between the carrying amount before identification as excess, obsolete, or unserviceable and the estimated net realizable value recognized as a loss (or gain)? (SFFAS 3, par. 48)		
62) For excess, obsolete, or unserviceable operating materials and supplies, are any subsequent adjustments to the operating materials and supplies’ estimated net realizable value or any loss (or gain) upon disposal recognized as losses (or gains)? (SFFAS 3, par. 48)		
63) Are items held for remanufacture that meet the definition of operating materials and supplies valued in the same manner as items held for repair or operating materials and supplies, as applicable? (Interpretation No. 7, par. 13)		

Operating Materials and Supplies (54 - 64)	**Yes, No, or N/A**	**Explanation**
64) Are operating materials and supplies held in reserve for future use valued using the same basis as operating materials and supplies held for use in normal operations? (SFFAS 3, par. 45)		

Stockpile Materials (65 - 75)	Yes, No, or N/A	Explanation
Stockpile materials are strategic and critical materials held due to statutory requirements for use in national defense, conservation, or national emergencies. (SFFAS 3, par. 51)		
65) Are stockpile materials recognized as assets when produced or purchased (i.e., recognized as assets using the consumption method)? (SFFAS 3, par. 52)		
66) If the contract between the buyer and seller of the stockpile materials is silent regarding passage of the title, is title assumed to pass upon delivery of the goods? (SFFAS 3, par. 52)		
67) Are stockpile materials valued at historical cost, including all appropriate purchase, transportation, and production costs incurred to bring the items to their current condition and location? (SFFAS 3, par. 53)		
68) Are abnormal costs, such as excessive handling or rework costs removed from inventory? (SFFAS 3, par. 53)		
69) Is one of the following historical cost flow assumptions used to value stockpile materials under the consumption method a) FIFO, b) weighted average, c) moving average, or d) any other valuation method (such as a standard cost system) whose results reasonably approximate “a”, “b”, or “c” above? (SFFAS 3, par. 53)		

Stockpile Materials (65 - 75)	Yes, No, or N/A	Explanation
70) If stockpile materials have either suffered a permanent decline in value to an amount below cost, or have become damaged or decayed, has their value been reduced to expected net realizable value? (SFFAS 3, par. 54)		
71) Is the resultant decline in value recognized as a loss or expense in the period in which it occurs? (SFFAS 3, par. 54)		
72) When stockpile materials are authorized to be sold, are those materials reported as stockpile materials held for sale? (SFFAS 3, par. 55)		
73) Are stockpile materials authorized for sale valued using the same basis used before they were authorized for sale? (SFFAS 3, par. 55)		
74) If stockpile materials are sold, is the cost removed from stockpile materials and reported as a cost of goods sold? (SFFAS 3, par. 55)		
75) Is any gain (or loss) from the sale of stockpile materials recognized as a gain (or loss) at that time? (SFFAS 3, par. 55)		

Seized Property (76 - 82)	Yes, No, or N/A	Explanation
Seized property includes monetary instruments, real property, and tangible personal property belonging to others in actual or constructive possession of the custodial agency. This includes illegal drugs, contraband, and counterfeit items seized by authorized law enforcement agencies (SFFAS 3, par. 59) *There may be as many as three government entities involved with seized property: (1) the seizing agency, (2) the custodial agency, and (3) another agency with a "central fund" set up for financial recordkeeping of seizure activities. (SFFAS 3, par. 57)*		
76) Is seized property accounted for by the entity that is operating as the central fund? (SFFAS 3, par. 60)		
77) Are seized monetary instruments recognized as seized assets when seized? (SFFAS 3, par. 61)		
78) If monetary instruments are seized, are seized assets recognized at market value of the monetary instruments, and a liability equal to the seized asset value established? (SFFAS 3, par. 61 & 65)		
79) Is the existence of seized property other than monetary instruments accounted for in the entity's property management records until the property is forfeited, returned, or liquidated? (SFFAS 3, par. 62)		
80) Is seized property valued at its market value when seized (or as soon thereafter as reasonably possible if the market value cannot be readily determined)? (SFFAS 3, par. 63)		
81) If no active market exists for the property in the area in which it was seized, is a value in the principal market nearest the place of seizure used? (SFFAS 3, par. 63)		
82) Is the valuation of property seized under the Internal Revenue Code based on the taxpayer's equity (market value less any third-party liens)? (SFFAS 3, par. 64)		

Forfeited Property (83 - 95)	Yes, No, or N/A	Explanation
Forfeited property consists of (a) property (i.e., monetary instruments, intangible property, real property, and tangible personal property) acquired through forfeiture proceedings, (b) property acquired to satisfy a tax liability, and (c) unclaimed and abandoned merchandise. (SFFAS 3, par. 67 & 68)		
83) When a forfeiture judgment is obtained for seized monetary instruments a) are they reclassified as forfeited monetary instruments at the current market value, b) is revenue recognized in an amount equal to the value of the monetary asset, and c) is the liability associated with the seized monetary instrument classification removed? (SFFAS 3, par. 69)		
84) When a forfeiture judgment is obtained for real, tangible, and intangible property a) is the property recorded as an asset at its fair value at the time of forfeiture, b) is an allowance account (contra-asset account) established for liens or claims from third party claimants against forfeited property, and c) is offsetting deferred revenue recognized? (SFFAS 3, par. 70)		
85) Does the entity **not** recognize the financial value concerning the composition, valuation, and disposition of forfeited property that cannot be sold due to legal restrictions, but may be either donated or destroyed (such as ivory)? (SFFAS 3, par. 71)		
86) Is revenue from the sale of forfeited property recognized when sold? (SFFAS 3, par. 72)		

Forfeited Property (83 - 95)	Yes, No, or N/A	Explanation
Forfeited property not held for sale may be placed into official use, transferred to another federal agency, distributed to a state or local law enforcement agency, or distributed to a foreign government. (SFFAS 3, par. 73)		
87) When a determination is made that forfeited property will not be held for sale, but distributed in one of the manners described above, is the property reclassified as forfeited property held for donation or use? (SFFAS 3, par. 74)		
88) Is revenue associated with property not disposed of through sale recognized upon approval of distribution and the previously established deferred revenue reversed? (SFFAS 3, par. 74)		
89) Is a distinction maintained in the entity's accounting reports between revenue arising from the sale of forfeited property and revenue arising from forfeited property being transferred, donated, or placed into official use? (SFFAS 3, par. 72–75 & Table 1)		
90) Is property acquired by the government to satisfy a taxpayer's liability recorded when title to the property passes to the federal government, and is a credit made to the related account receivable? (SFFAS 3, par. 76)		
91) Is the property acquired in satisfaction of a taxpayer's liability valued at its market value less any third party liens? (SFFAS 3, par. 76)		
92) Upon sale of forfeited property acquired in satisfaction of a taxpayer's liability, is revenue recognized in the amount of the sale proceeds, and are the property and third party liens removed from the accounts? (SFFAS 3, par. 76)		

Forfeited Property (83 - 95)	Yes, No, or N/A	Explanation
93) Is unclaimed and abandoned merchandise recorded with an offsetting deferred revenue when statutory and/or regulatory requirements for forfeiture have been met? (SFFAS 3, par. 77)		
94) Is unclaimed and abandoned merchandise valued at its market value? (SFFAS 3, par. 77)		
95) Upon the sale of unclaimed and abandoned merchandise, is revenue recognized in the amount of the sale proceeds, and the merchandise and the deferred revenue removed from the accounts? (SFFAS 3, par. 77)		

Goods Held Under Price Support and Stabilization Program (96 - 107)	**Yes, No, or N/A**	**Explanation**
Goods acquired under price support and stabilization programs (i.e., commodities) are items of commerce or trade (usually farm commodities) having an exchange value. Producers of the goods (1) are either given nonrecourse loans under which they can, at their option, repay the loan with interest or surrender their commodity pledged as collateral for the loan, or (2) may enter into purchase agreements that allow the producer of the option to sell commodities to the government (the Commodity Credit Corporation) at the price support rate. (SFFAS 3, par. 92, 93, & 94)		
96) Are nonrecourse loans recognized as assets when the loan principal is disbursed and recorded at the amount of the loan principal? (SFFAS 3, par. 96)		
97) Is interest accrued on nonrecourse loans? (SFFAS 3, par. 96)		
98) When the entity has entered into a purchase agreement and there is an expected loss a) is a loss[12] recognized if it is probable that a loss has been incurred on purchase agreements outstanding and the amount of the loss can be reasonably measured, and b) is a corresponding liability recognized? (SFFAS 3, par. 97 & 103)		
99) When commodities are acquired to satisfy a nonrecourse loan or purchase agreement, are they recognized as assets at the lower of cost or net realizable value? (SFFAS 3, par. 99 & 104)		

[12] The loss amount is the difference between the contract price and the net realizable value of the commodities.

Goods Held Under Price Support and Stabilization Program (96 - 107)	**Yes, No, or N/A**	**Explanation**
100) When commodities acquired to satisfy the terms of a nonrecourse loan or purchase agreement are sold a) are revenues recognized, and b) is the carrying amount of the commodities removed from the asset account and reported as a cost of goods sold? (SFFAS 3, par. 100)		
101) When commodities are held for purposes other than sale, is the carrying amount reported as an expense and removed from the commodity asset account upon transfer? (SFFAS 3, par. 101)		
102) Are all nonrecourse loans recorded at their face amounts, and is a valuation allowance set up to recognize losses on such loans when it is "more likely than not" (i.e., more than a 50 percent chance) that loans will not be totally collected? (SFFAS 3, par. 102)		
103) Is this allowance reestimated on each financial reporting date? (SFFAS 3, par. 102)		
104) Does the cost for the commodities acquired through a nonrecourse loan settlement include the following amounts a) loan principal (excluding interest), b) processing and packaging costs incurred after acquisition, and c) other costs (e.g., transportation) incurred in taking title to the commodity? (SFFAS 3, par. 105)		

Goods Held Under Price Support and Stabilization Program (96 - 107)	**Yes, No, or N/A**	**Explanation**
105) Does the cost for commodities acquired though a purchase agreement include the following amounts a) the unit price agreed upon in the purchase agreement multiplied by the number of units purchased, and b) other costs incurred in taking title to the commodity? (SFFAS 3, par. 106)		
106) Is any adjustment necessary to reduce the carrying amount of the acquired commodities to the lower of cost or net realizable value recognized a) as a loss on farm price support in the current period, and b) recorded in a commodity valuation allowance? (SFFAS 3, par. 107)		
107) Are recoveries of losses recognized up to the point of any previously recognized losses on the commodities, and is the commodity valuation allowance reduced accordingly in the current period? (SFFAS 3, par. 107)		

General Property, Plant, & Equipment (Net) (108 - 152)	**Yes, No, or N/A**	**Explanation**
General property, plant, and equipment (PP&E) are any property, plant, and equipment used in providing goods or services. (SFFAS 6, par. 23)		
108) Has the entity established and consistently followed PP&E capitalization thresholds suitable to its financial and operational conditions? (SFFAS 6, par. 13)		
109) Does PP&E consist of tangible assets, including land, which a) have estimated useful lives of 2 years or more, b) are not intended for sale in the ordinary course of operations, and c) are acquired or constructed with the intention of being used or being available for use by the entity? (SFFAS 6, par. 17)		
110) Does PP&E include a) assets acquired through capital leases, including leasehold improvements, b) property owned by the reporting entity in the hands of others (e.g., state and local governments, colleges and universities, federal contractors), and c) land rights? (SFFAS 6 par. 18)		
111) Does general PP&E <u>exclude</u> a) items held in anticipation of physical consumption such as operating materials and supplies, and b) items the federal entity has a reversionary interest in? (SFFAS 6, par. 19 & 21)		

General Property, Plant, & Equipment (Net) (108 - 152)	**Yes, No, or N/A**	**Explanation**
112) In determining which categories to place PP&E, has the entity considered a) the cost of maintaining different accounting methods for property and the usefulness (benefit) of the information, b) the diversity of the PP&E (e.g., useful lives, value, alternative uses), c) the programs being served by the PP&E, and d) future disposition of the PP&E? (SFFAS 6, par. 22)		
113) Does the entity categorize an asset under general PP&E if it has one or more of the following characteristics a) it could be used for alternative purposes (e.g., by other federal programs, state or local governments, nongovernmental entities) but is used to produce goods or services or to support the mission of the entity, b) it is used for business-type activities,[13] and c) it is used by entities in activities whose costs can be compared to those of other entities performing similar activities (e.g., federal hospital services in comparison to other hospitals)? (SFFAS 6, par. 23)		
114) Is PP&E of entities operating as business-type activities categorized as general PP&E whether or not it meets the definition of other PP&E categories (e.g., heritage assets)? (SFFAS 6, par. 24)		

[13] A business-type activity is defined as a significantly self-sustaining activity that finances its continuing cycle of operations through the collection of exchange revenue.

General Property, Plant, & Equipment (Net) (108 - 152)	Yes, No, or N/A	Explanation
115) Are land and land rights specifically acquired for or in connection with other general PP&E included in general PP&E? (SFFAS 6, par. 25)		
116) Is all general PP&E recorded at cost? (SFFAS 6, par. 26)		
117) Does the cost of general PP&E include all costs to bring it to a form and location suitable for its intended use to include a) amounts paid to vendors, b) transportation charges to the point of initial use, c) handling and storage costs, d) labor and other direct or indirect production costs (for assets produced or constructed), e) costs of engineering, architectural, and other outside services for designs, plans, specifications, and surveys, f) acquisition and preparation costs of buildings and other facilities, g) an appropriate share of the cost of the equipment and facilities used in construction work, h) fixed equipment and related installation costs required for activities in a building or facility, i) direct costs of inspection, supervision, and administration of construction contracts and construction work, j) legal and recording fees and damage claims, k) fair value of facilities and equipment donated to the government, and l) material amounts of interest costs paid? (SFFAS 6, par. 26)		

General Property, Plant, & Equipment (Net) (108 - 152)	Yes, No, or N/A	Explanation
118) Is the cost of general PP&E acquired through donation, devise, or judicial process, excluding forfeiture, capitalized at estimated fair value at the time acquired by the entity? (SFFAS 6, par. 30)		
119) Is general PP&E transferred from other federal entities capitalized at the book amount recorded by the transferring entity? (SFFAS 6, par. 31)		
120) Is general PP&E transferred from other federal entities capitalized at the fair value at the time of the transfer, if the receiving entity cannot reasonably ascertain the book amount of the PP&E being transferred? (SFFAS 6, par. 31)		
121) If general PP&E is acquired through exchange between a federal entity and a nonfederal entity, is it capitalized at the fair value of the PP&E surrendered at the time of the exchange? (SFFAS 6, par. 32)		
122) If general PP&E is acquired through exchange between a federal entity and a nonfederal entity and the fair value of the PP&E is more readily determinable than that of the PP&E surrendered, is the acquired general PP&E capitalized at its fair value? (SFFAS 6, par. 32)		
123) If general PP&E is acquired through exchange between a federal entity and a nonfederal entity and neither the fair value of the PP&E acquired or surrendered is determinable, is the acquired general PP&E capitalized at the book amount of the PP&E surrendered? (SFFAS 6, par. 32)		

General Property, Plant, & Equipment (Net) (108 - 152)	**Yes, No, or N/A**	**Explanation**
124) If cash is included in an exchange of general PP&E between a federal entity and a nonfederal entity, is the cost of PP&E acquired increased by the **amount of cash surrendered** or decreased by the **amount of cash received**? (SFFAS 6, par. 32)		
125) For general PP&E acquired through exchange between a federal entity and a nonfederal entity, is the recorded cost the fair value of the PP&E at the time of exchange? (SFFAS 6, par. 32)		
126) Is PP&E recognized when title passes to the acquiring entity or when PP&E is delivered to the entity or to an agent of the entity? (SFFAS 6, par. 34)		
127) If general PP&E is under construction, is it recorded as construction work in process until it is placed into service and transferred to general PP&E? (SFFAS 6, par. 34)		
Depreciation expense is calculated through the systematic and rational allocation of the cost of general PP&E, less its estimated salvage or residual value over its estimated useful life. (SFFAS 6, par. 35)		
128) Is depreciation recorded on all general PP&E, except land and land rights of unlimited duration? (SFFAS 6, par. 35)		
129) Do estimates of useful life of general PP&E consider such factors as physical wear and tear and technological change? (SFFAS 6, par. 35)		

General Property, Plant, & Equipment (Net) (108 - 152)	Yes, No, or N/A	Explanation
130) Are changes in estimated useful life or salvage and residual value of general PP&E accounted for in the period of change and future periods? (SFFAS 6, par. 35)		
131) Is the depreciation method systematic, rational, and best reflective of the use of the PP&E, including the use of a composite or a group methodology[14] where the costs of PP&E are allocated using the same allocation rate? (SFFAS 6, par. 35; SFFAS 23, par. 9(f))		
132) Are depreciation and amortization expenses accumulated in contra-asset accounts? (SFFAS 6, par. 36)		
133) Are costs that either extend the useful life of existing general PP&E or enlarge or improve its capacity capitalized and depreciated/amortized over the remaining useful life of the asset? (SFFAS 6, par. 37)		
134) When general PP&E is disposed of, retired, or removed from service, is the asset removed from the asset accounts along with the associated accumulated depreciation/amortization? (SFFAS 6, par. 38)		
135) When general PP&E is disposed of, retired, or removed from service, is any difference between the book amount of the PP&E and any amount realized from its sale, scrap, or exchange recognized as a gain or loss in the period of disposal? (SFFAS 6, par. 38)		

[14] The composite methodology is a method of calculating depreciation that applies a single average rate to a number of heterogeneous assets that have dissimilar characteristics and service lives. The group methodology is a method of calculating depreciation that applies a single, average rate to a number of homogenous assets having similar characteristics and service lives.

General Property, Plant, & Equipment (Net) (108 - 152)	Yes, No, or N/A	Explanation
136) Is general PP&E removed from general PP&E accounts along with associated accumulated depreciation/amortization if prior to disposal, retirement, or removal from service, it no longer provides service in the operations of the entity? (SFFAS 6, par. 39)		
137) Is PP& E that has been removed from the asset accounts recorded in an appropriate asset account at its expected net realizable value? (SFFAS 6, par. 39)		
138) Is any difference in the book amount and its expected net realizable value of about-to-be disposed, retired, or removal-from-service PP&E recognized as a gain or loss in the period of adjustment? (SFFAS 6, par. 39)		
139) Is the expected net realizable value of PP&E no longer providing service in entity operations adjusted at the end of each accounting period? (SFFAS 6, par. 39)		
140) If historical cost information for existing general PP&E has not been maintained, are cost estimates based on a) the cost of similar assets at the time of acquisition, or b) the current cost of similar assets discounted for inflation since the time of acquisition? (SFFAS 6, par. 40)		
141) For general PP&E previously considered national defense PP&E, is the initial capitalization amount for these assets the initial historical cost for the items including any major improvements or modifications? (SFFAS 23, par. 10)		

General Property, Plant, & Equipment (Net) (108 - 152)	**Yes, No, or N/A**	**Explanation**
142) For general PP&E previously considered national defense PP&E where obtaining initial historical cost is not practical, is estimated historical cost used, based on a) current replacement cost of similar items, deflated through the use of price-level indexes to the acquisition year or estimated acquisition year if the actual year is unknown, b) other information indicating amount expended, such as budget, appropriation, or engineering documents and other reports reflecting amounts expended, or c) other reasonable approaches for estimating historical cost?[15] (SFFAS 23, par. 12 & 13)		
143) For general PP&E previously considered national defense PP&E that was in service upon implementation of SFFAS 23, are cleanup cost liabilities adjusted as needed?[16] (SFFAS 23, par. 15)		

[15] For example, the latest acquisition cost may be substituted for current replacement cost in some situations.
[16] This adjustment may be needed because the Department of Defense may have already recognized the total estimated cleanup costs as a liability and expense for some military equipment (SFFAS 6.101).

General Property, Plant, & Equipment (Net) (108 - 152)	**Yes, No, or N/A**	**Explanation**
144) Is accumulated depreciation/amortization recorded based on a) the estimated cost of the PP&E and the number of years the PP&E has been in use relative to its estimated useful life, b) the PP&E's estimated net remaining cost[17] and the depreciation or amortization charged over the remaining life based on that net remaining cost, or c) a composite or a group methodology whereby the costs of PP&E are allocated using the same allocation rate? (SFFAS 6, par. 41; SFFAS 23, par. 9(f))		
145) If general PP&E would have been substantially depreciated or amortized had it been recorded upon acquisition, does the entity weigh materiality and cost-benefit to a) record only improvements made during the period beyond the initial expected useful life of general PP&E, or b) make an aggregate entry for whole classes of PP&E (e.g., entire facilities rather than a building-by-building estimate)? (SFFAS 6, par. 42)		
146) In recording existing general PP&E, is the difference in amounts added to asset and contra-accounts credited (or charged) to the net position of the entity? (SFFAS 6, par. 43)		

[17] Net remaining cost is the original cost of the asset less any accumulated depreciation/amortization to date (i.e., book value).

General Property, Plant, & Equipment (Net) (108 - 152)	Yes, No, or N/A	Explanation
147) In recording existing general PP&E previously identified as national defense PP&E, is the difference in amounts added to asset and contra accounts reported as a "change in accounting principle"? (SFFAS 23, par. 10 & 16)		

General Property, Plant, & Equipment (Net) (108 - 152)	**Yes, No, or N/A**	**Explanation**
Capital leases are leases that transfer substantially all the benefits and risks of ownership to the lessee. Operating leases are leases in which the federal entity does not assume the risks of ownership of PP&E. Multiyear service contracts and multiyear purchase agreements for expendable commodities are not capital leases. (SFFAS 6, par. 20, note 22; SFFAS 5, par. 43)		
148) Does the entity classify a lease as a capital lease if at its inception the lease either a) transfers ownership of the property to the lessee by the end of the lease term, b) contains an option to purchase the leased property at a bargain price, c) has a term is equal to or greater than 75 percent of the estimated economic life of the leased property, and the beginning of the lease term does not fall within the last 25 percent of the total estimated economic life of the property, or d) the present value of rental and other minimum lease payments, excluding that portion of the payments representing executory cost, equals or exceeds 90 percent of the fair value of the leased property, and the beginning of the lease term does not fall within the last 25 percent of the total estimated economic life of the property? (SFFAS 6, par. 20; SFFAS 5, par. 43)		
149) Is the cost of general PP&E acquired under a capital lease equal to the amount recognized as a liability[18] for the capital lease at its inception? (SFFAS 6, par. 29)		

[18] The liability is the net present value of lease payments unless the net present value of the lease payments exceeds the fair value of the asset, in which case the amount recorded as the liability would be the fair value of the asset. (SFFAS 5, par. 44)

General Property, Plant, & Equipment (Net) (108 - 152)	**Yes, No, or N/A**	**Explanation**
Property, plant, and equipment are classified as heritage assets if they have (1) historical or natural significance; (2) cultural, educational, or artistic importance; or (3) significant architectural characteristic. (SFFAS 29, par. 15) *Multiuse heritage assets are heritage assets that are predominately used in general government operations (e.g., buildings such as the main Treasury building, which is used as an office building). (SFFAS 29, par. 22)*		
150) Is the cost of acquisition, improvement, reconstruction or renovation of multi-use heritage asset(s) capitalized as general PP&E and depreciated over its estimated useful life? (SFFAS 29, par. 22)		
151) Are multiuse heritage assets acquired through donation or devise recognized as general PP&E at the assets' fair value? (SFFAS 29, par. 23)		
152) For multiuse heritage assets acquired through donation or devise, are the assets fair value also recognized as "nonexchange revenue," as defined in SFFAS 7? (SFFAS 29, par. 23)		

Software (153 - 180)	Yes, No, or N/A	Explanation
Software includes the application and operating system programs, procedures, rules, and any associated documentation pertaining to the operation of a computer system or program. *"Internal use software" is software that is purchased from commercial vendors "off the shelf," internally developed, or contractor-developed solely to meet the entity's internal or operational needs. (SFFAS 10, par. 8)*		
153) Does the entity capitalize the cost of software when it is a) specifically identifiable, b) has a determinate life of 2 years or more, c) not intended for sale in the ordinary course of operations, d) acquired or developed with the intention of being used by the entity, and e) meets the criteria for general PP&E in that it is used in providing goods and services? (SFFAS 6, par. 17; SFFAS 10, par. 15 & 38)		
154) Does the capitalized cost of internally developed software include the full cost (i.e., direct and indirect costs) incurred during the software development stage? (SFFAS 10, par. 16)		

Software (153 - 180)	Yes, No, or N/A	Explanation
155) Are capitalized internally developed software development costs limited to costs incurred after a) management authorizes and commits to a computer software project and believes that it is more likely than not that the project will be completed, b) the software will be used to perform the intended function with an estimated service life of 2 years or more, and c) the conceptual formulation, design, and testing of possible software project alternatives (i.e., preliminary design stage) have been completed? (SFFAS 10, par. 16)		
156) Do software capitalization costs include costs for new software[19] and documentation manuals? (SFFAS 10, par. 17)		
157) Do the capitalized costs for commercial off-the-shelf (COTS) software include the amount paid to the vendor? (SFFAS 10, par. 18)		
158) Do the capitalized costs for contractor-developed software include the amount paid to a contractor to design, program, install, and implement the software? (SFFAS 10, par. 18)		
159) Does the entity capitalize internal costs incurred to implement the COTS or contractor-developed software and otherwise make it ready for use? (SFFAS 10, par. 18)		

[19] Examples of costs for new software are salaries of programmers, systems analysts, project managers, and administrative personnel; associated employee benefits; outside consultants' fees; rent; and supplies.

Software (153 - 180)	Yes, No, or N/A	Explanation
160) Does the entity expense as incurred all data conversion costs for internally developed, contractor-developed, or COTS software as well as the cost to develop or obtain software that allows for access or conversion of existing data to the new software? (SFFAS 10, par. 19)		
161) Does the entity expense costs incurred after the completion of final acceptance testing? (SFFAS 10, par. 20)		
162) Does the entity treat software that serves both internal uses and stewardship purposes[20] as internal use software and capitalize it to the extent such software meets criteria for general PP&E? (SFFAS 10, par. 21)		
163) Is computer software that is integrated into and necessary to operate general PP&E,[21] rather than perform a separate application, considered part of the PP&E of which it is an integral part, and is it capitalized and depreciated? (SFFAS 10, par. 22)		
164) If the entity purchased software as part of a package of products and services, does it use a reasonable estimate of the relative fair value of the individual elements in allocating the cost as capitalizable or noncapitalizable (i.e., expense) elements? (SFFAS 10, par. 23)		

[20] Software that serves both internal uses and stewardship purposes is referred to as multiuse software. An example is a global positioning system used in connection with national defense activities and general operating activities and services.

[21] For example, such software could include software necessary to operate airport radar and computer operated lathes.

Software (153 - 180)	Yes, No, or N/A	Explanation
165) If the entity purchased software as part of a package of products and services, does it expense software costs that are not susceptible to allocation between maintenance and relatively minor enhancements? (SFFAS 10, par. 23)		
166) Has the entity established capitalization thresholds for its internal-use software including bulk purchases of software programs and modules or components of a total software system? (SFFAS 10, par. 24)		
167) Does the entity capitalize the acquisition cost of enhancements to existing internal-use software, as well as related modules, when it is more likely than not that they will result in significant additional capabilities? (SFFAS 10, par. 25)		
168) Does the entity expense, in the period incurred, the cost of minor enhancements resulting from ongoing systems maintenance as well as the purchase of enhanced versions of software for a minimal charge? (SFFAS 10, par. 26)		
169) Are costs incurred solely to repair a design flaw or to perform minor upgrades that may extend the useful life of the software without adding capabilities expensed?[22] (SFFAS 10, par. 27)		

[22] SFFAS 10 provides that material expenditures to add software capability/functionality would be capitalized but that expenditures that result in extending useful life or capacity would be expensed. (SFFAS 10, par. 42 & 43)

Software (153 - 180)	Yes, No, or N/A	Explanation
170) Does the entity recognize a loss upon impairment of computer software when post-implementation or operational conditions apply where a) the software is no longer expected to provide substantive service potential and will be removed from service, or b) a significant reduction occurs in the capabilities, functions, or uses of the software (or module thereof)? (SFFAS 10, par. 28 & 29)		
171) If impaired software is to remain in use, is the loss due to impairment measured as the difference between the book value and a) the cost to acquire software that would perform similar remaining functions (i.e., unimpaired), or b) the portion of book value attributable to the remaining functional elements of the software? (SFFAS 10, par. 29)		
172) If the loss due to impairment cannot be determined, is the book amount of the software amortized over the remaining useful life of the software? (SFFAS 10, par. 29)		
173) If impaired software is to be removed from use, is the loss due to impairment measured as the difference between the book amount and any net realizable value (NRV)? (SFFAS 10, par. 30)		
174) In situations of impaired software to be removed from use, does the entity transfer the NRV, if any, to an appropriate asset account until such time as the software is disposed of and the NRV realized? (SFFAS 10, par. 30)		

Software (153 - 180)	Yes, No, or N/A	Explanation
175) If the entity's managers conclude that it is no longer "more likely than not" that developmental software or a module thereof will be completed and placed in service, is the accumulated book value or the balance in a work in process account, if applicable, reduced to reflect the expected NRV and a loss recognized? (SFFAS 10, par. 31)		
176) Does the entity amortize capitalized internal use software systematically and rationally over the estimated useful life of the software? (SFFAS 10, par. 32)		
177) Does amortization of each module or component of a software project begin when that module or component has been successfully tested? (SFFAS 10, par. 33)		
178) If the use of a module is dependent on the completion of another module(s), does the amortization begin only when both that module and the other module(s) have been successfully tested? (SFFAS 10, par. 33)		
179) Are additions to the book value or changes in useful life of capitalized software treated prospectively (i.e., during the period of change and future periods only) when the software is amortized? (SFFAS 10, par. 34)		
180) When the entity replaces existing internal-use software with new software, is the unamortized cost of the old software expensed when the new software has been successfully tested? (SFFAS 10, par. 34)		

Other Assets (181 - 183)	Yes, No, or N/A	Explanation
Advances are cash outlays made by a federal entity to its employees, contractors, grantees, or others to cover the recipient's anticipated expenses or as advance payments for the costs of goods and services acquired by an entity. (SFFAS 1, par. 57) *Prepayments are payments made by a federal entity to cover certain periodic expenses before those expenses are incurred (SFFAS 1, par. 58)* *Progress payments on work in process are not included in advances and prepayments (OMB Circular No. A-136, p. 44, section II.4.3.3)*		
181) Are amounts of advances or prepayments that are subject to a refund transferred to accounts receivable? (SFFAS 1, par. 59)		
182) Are advances and prepayments paid out reported separately as assets and not netted against the liability for advances and prepayments that the entity received? (SFFAS 1, par. 60)		
183) Are advances and prepayments that are made to federal entities accounted for separately from those made to nonfederal entities? (SFFAS 1, par. 61)		

Section IV – Liabilities

Questions related to accounting for liabilities in the financial statements are presented below.

Caption	Question Numbers
Liabilities in General	1 - 2
Accounts Payable and Interest Payable	3 - 8
Capital Lease Liabilities	9 - 12
Federal Debt and Related Interest	13 - 19
Pensions, Other Retirement Benefits, and Postemployment Benefits	20 - 24
Other Liabilities	25 - 48

Liabilities in General (1 - 2)	**Yes, No, or N/A**	**Explanation**
Liabilities of the federal agencies are reported under two major categories: (1) liabilities covered by budgetary resources[23] *and (2) liabilities not covered by budgetary resources.*[24] *Within each of these two categories, liabilities are classified as (1) intra-governmental liabilities, which are amounts owed to other federal entities or (2) governmental liabilities, which are amounts owed to nonfederal entities by the federal government or an entity within the federal government. (SFFAS 1, par. 21; SFFAS 5, note 1 in summary)*		
1) Does the federal entity recognize a liability for probable[25] and measurable[26] future outflows or other sacrifices of resources arising from one or more events from a) past exchange transactions, b) government-related events, such as a federal entity accidentally causing damage to private property, c) government-acknowledged events, such as natural disasters, for which the government has taken formal responsibility for the related costs, and d) nonexchange transactions that, according to current law and applicable policy, are unpaid amounts due as of the reporting date? (SFFAS 5, par. 19)		

[23] Liabilities covered by budgetary resources are liabilities covered by realized budgetary resources as of the balance sheet date. Budgetary resources include (1) new budget authority, (2) unobligated balances of budgetary resources at the beginning of the year or net transfers of prior year balances during the year, (3) spending authority from offsetting collections (credited to an appropriation or fund account), (4) recoveries of unexpired budget authority through downward adjustments of prior year obligations, 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 and without a contingency having to be met.
[24] Liabilities not covered by budgetary resources are liabilities for which congressional action is needed before budgetary resources can be provided.
[25] Probable refers to that which can be reasonably expected or is believed to be more likely than not on the basis of available evidence or logic. However, in the context of assessing the outcome of matters of pending or threatened litigation and unasserted claims and recognizing an associated liability, "probable" refers to that which is likely, not to that which is "more likely than not."
[26] Measurable refers to that which can be quantified in monetary units with sufficient reliability to be reasonably estimable.

Liabilities in General (1 - 2)	Yes, No, or N/A	Explanation
2) Are liabilities recognized when incurred regardless of whether they are covered by available budgetary resources (including those liabilities related to appropriations canceled under "M" account legislation (P.L. 101-510, section 1405)? (OMB Circular A-136, p. 45, section II.4.3.4)		

Accounts Payable and Interest Payable (3 - 8)	**Yes, No, or N/A**	**Explanation**
Accounts payable are amounts owed by a federal entity for goods and services received, progress in contract performance, and rents due to other entities. (SFFAS 1, par. 74)		
3) Do accounts payable <u>exclude</u> amounts related to ongoing continuous expenses, such as salary and related benefits expense, which are classified as other current liabilities? (SFFAS 1, par. 75)		
4) When an entity accepts title to goods, whether the goods are delivered or in transit, does the entity recognize a liability for the unpaid cost of goods? (SFFAS 1, par. 77)		
5) If invoices for goods, for which the entity has accepted the title, are not available, does the entity estimate the amount owed? (SFFAS 1, par. 77)		
6) For facilities or equipment constructed or manufactured by contractors or grantees according to agreements or contract specifications, are amounts recorded as payable based on an estimate of work completed under the contract or the agreement in accordance with the federal entity's engineering and management evaluation of actual performance progress and incurred costs? (SFFAS 1, par. 78 & 79)		
7) Is interest incurred, but unpaid on borrowed funds, late payments, and refunds recognized as interest payable and reported as a liability at the end of each period? (SFFAS 1, par. 81)		
8) Is interest payable to federal entities accounted for separately from interest payable to the public? (SFFAS 1, par. 82)		

Capital Lease Liabilities (9 - 12)	Yes, No or N/A	Explanation
Capital leases are leases that transfer substantially all of the benefits and risks of ownership to the lessee. (SFFAS 5, par. 43)		
9) Is the amount recorded by the lessee as a liability under a capital lease arrangement the present value of rental and other minimum lease payments (excluding executory costs) during the lease term? (SFFAS 5, par. 44)		
10) If the present value of the rental and other minimum lease payments during the lease term exceeds the fair value of the leased property, is the liability recorded as the fair value[27] of the property at the inception of the lease? (SFFAS 5, par. 44)		
11) Does the entity use the applicable Treasury borrowing rate to determine the discount rate charged on a capital lease unless a) it is practicable for the lessee to learn the implicit rate computed by the lessor, and b) the implicit rate is less than the Treasury borrowing rate? (SFFAS 5, par. 45)		
12) During the lease term, is each minimum lease payment allocated between a reduction of the obligation and interest expense so as to produce a constant periodic rate of interest on the remaining balance of the liability? (SFFAS 5, par. 46)		

[27] Fair value is the price for which an asset could be bought or sold in an arm's-length transaction between unrelated parties. Roman L. Well and Patrick C. O'Brien, *Accounting: The Language of Business*, 9th ed. (Sun Lakes, Arizona: Thomas Horton and Daughters, 1994).

Federal Debt and Related Interest (13 - 19)	**Yes, No, or N/A**	**Explanation**
Debts are amounts borrowed from the Treasury, the Federal Financing Bank, other federal agencies, or the public under general or special financing authority such as Treasury bills, notes, bonds, and Federal Housing Administration (FHA) debentures. (SFFAS 5, par. 47)		
13) Does the entity accounting for federal debt identify the amount of the outstanding debt liability at any given time and the related interest cost for each accounting period? (SFFAS 5, par. 48)		
14) Are fixed-value securities with known redemption or maturity amounts at time of issue valued at their original face (par) value net of any unamortized discount or premium? (SFFAS 5, par. 50)		
15) For fixed-value securities, is the interest method[28] used for amortizing any discount or premium? (SFFAS 5, par. 51)		
16) If the interest method is not used, is the straight line method of discount or premium amortization used for a) short-term securities with a maturity of 1 year or less, and b) longer term securities, where the difference between the amount of amortization under the interest and straight-line methods is immaterial? (SFFAS 5, par. 50)		
17) If the entity has issued variable value securities of unknown redemption or maturity values, are they appraised at their original value and periodically revalued on the basis of the regulations or offering language? (SFFAS 5, par. 52)		

[28] The interest method for amortizing a bond premium or discount reduces the discount or premium by the difference between the effective interest and stated interest on the bond. (SFFAS 1, app B, tables 1 & 2)

Federal Debt and Related Interest (13 - 19)	**Yes, No, or N/A**	**Explanation**
18) Are old currencies issued by the federal government and not yet redeemed or written off identified as a noninterest bearing federal debt liability at face value? (SFFAS 5, par. 55)		
19) Is all debt owed to federal entities recorded separately from debt owed to the public? (SFFAS 1, par. 18-24)		

Pensions, Other Retirement Benefits, and Postemployment Benefits (20 - 24)	**Yes, No, or N/A**	**Explanation**
Federal employee and veterans benefits include the actuarial portion of pensions, other retirement benefits, and other postemployment benefits. (SFFAS 1, par. 83 & 84; SFFAS 5, par. 56) *In the context of accounting for pensions, other retirement benefits (ORB), and other postemployment benefits, the "administrative entity" manages and accounts for the pension or other employee plan, while the "employer entity" employs federal workers and generates employee costs, for which it would typically receive a salary and expense appropriation. (SFFAS 5, par. 57, note 38)* *The "aggregate entry age normal" actuarial cost method is one under which the expenses or liabilities arising from the actuarial present value of projected pension benefits are allocated on a level basis over the earnings or the service of the group between entry age and assumed exit ages. The portion of the actuarial present value allocated to a valuation year is called "normal cost." (SFFAS 5, par. 64)*		
20) Is the aggregate entry age normal actuarial cost method used to calculate, for the administrative entity financial statements, the liabilities arising from pension and ORB expenses? (SFFAS 5, par. 64 & 82)		
21) If other actuarial cost methods are used because the results are not materially different, does the entity provide an explanation why aggregate entry age normal is not used? (SFFAS 5, par. 64 & 82)		
22) Does the administrative entity report pension and ORB assets separately from liabilities as opposed to netting them? (SFFAS 5, par. 68 & 85)		
23) Does the administrative entity carry pension and ORB assets at their acquisition cost, adjusted for amortization, if appropriate? (SFFAS 5, par. 85)		
24) Does the employer entity recognize the long-term other postemployment benefits liability as the present value of future payments discounted at the Treasury borrowing rate for securities of similar maturity? (SFFAS 5, par. 95)		

Other Liabilities (25 - 48)	Yes, No, or N/A	Explanation
Unless they are reported separately, other liabilities include liabilities not recognized in other categories. They may include, but are not limited to: capital leases, insurance, advances and prepayments, deposit funds held in escrow, accrued liabilities related to ongoing continuous expenses such as federal employee salaries and accrued employee annual leave, and estimated losses for claims and other contingencies. Claims and other contingencies include indemnity agreements, adjudicated claims, and commitments to international institutions. (SFFAS 1, par. 83-86)		
25) Do all federal insurance and guarantee programs (except social insurance and loan guarantee programs) recognize a liability for unpaid claims incurred resulting from insured events that have occurred as of the reporting date? (SFFAS 5, par. 104)		
26) Do federal insurance programs accrue a liability when an existing condition, situation, or set of circumstances involving uncertainty as to possible loss exists, and where a) the uncertainty will be resolved when one or more probable future events either occur or fail to occur, and b) future outflow or other sacrifice of resources is probable and measurable? (SFFAS 5, par. 104 & 108)		
27) Is a liability recognized for future life insurance policy benefits (such as death or disability)? (SFFAS 5, par. 104)		
28) When insurance payments and losses extend beyond the current year, does the liability at the end of the year represent net losses calculated on a present-value basis to reflect the time value of money? (SFFAS 5, par. 109)		

Other Liabilities (25 - 48)	Yes, No, or N/A	Explanation
The liability for future policy benefits is the present value of future outflows to be paid to (or on behalf of) policyholders, less the present value of future related premiums. In general, for whole life policies, the liability for future policy benefits should be no less than the cash surrender value that accrues to the benefit of the policyholder. (SFFAS 5, par. 116)		
29) Are liabilities for future benefits of whole life insurance policies recorded as prescribed by private sector standards (i.e., Financial Accounting Standards Board (FASB) Statement of Accounting Standards (SFAS) 60, 97, & 120; American Institute of Certified Public Accountants (AICPA) Statement of Position (SOP) 95-1)? (SFFAS 5, par. 117)		
30) Does the liability for future benefits relating to participating life insurance contracts equal the sum of a) the net level premium reserve for death and endowment policy benefits, b) liability for terminal dividends, and c) any premium deficiency?[29] (SFFAS 5, par. 118 & 120)		
31) Has the entity compared the liability for future policy benefits using actuarial assumptions applicable at the time the contract was made (contract assumptions) with the liability for future policy benefits using assumptions that consider a) current economic conditions (i.e., current and expected investments and expected long-term yields), and b) experience (i.e., mortality, morbidity, and termination rates)? (SFFAS 5, par. 119)		

[29] A premium deficiency occurs if the liability for future policy benefits using current conditions exceeds the liability for future policy benefits using contract conditions.

Other Liabilities (25 - 48)	Yes, No, or N/A	Explanation
32) Does the agency record “unearned revenue” as a liability if it receives advances or progress payments prior to receipt of cash, and it records the amounts? (SFFAS 7, par. 37)		
33) Are amounts payable for refunds, refund offsets,[30] and drawbacks[31] recognized as liabilities when measurable and legally payable under established processes of the collecting entity? (SFFAS 7, par. 57)		
34) Do amounts payable for refunds include refund claims filed by the taxpayer when the government has determined the amount refundable and identified the payee? (SFFAS 7, par. 57)		
35) Are amounts payable for refunds with respect to returns or claims filed as of the end of the reporting period included in accounts payable for refunds if they do not require specific approval before payment? (SFFAS 7, par. 57)		
36) For claims filed for refunds where specific administrative actions are required before payments can be made, are the amounts <u>excluded</u> from being recognized as a liability if the required administrative actions are not yet complete as of the close of the reporting period, even if reasonably estimable? (SFFAS 7, par. 58.A)		

[30] Refund offsets are amounts withheld from refunds on behalf of other agencies. (See also OMB Circular No. A-129 (revised), app. A, Part V, section 2.c.i. (1))
[31] Drawbacks are refunds payable on all or part of duties paid on imported goods that are subsequently exported or destroyed. (SFFAS 7, app. C, glossary)

Other Liabilities (25 - 48)	Yes, No, or N/A	Explanation
37) Are unasserted claims for refunds by taxpayers or importers, such as unfiled claims for refunds or drawbacks for which no claim has been filed, excluded from liabilities, even if reasonably estimable? (SFFAS 7, par. 58.B)		
38) Are amounts voluntarily made as deposits, such as those made to stop the accrual of interest or those made pending settlements and judgments, separately recognized as deposit liabilities? (SFFAS 7, par. 59)		
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. (SFFAS 5, par. 35)		
39) Does the entity recognize estimated losses for claims or other contingencies if all of the following conditions apply a) a past event or exchange transaction has occurred, b) a future outflow or other sacrifice of resources is probable,[32] and c) the future outflow or sacrifice of resources is measurable (e.g., the federal entity's management determines an estimated settlement amount)? (SFFAS 5, par. 38; SFFAS 6, par. 91; SFFAS 12, par. 10 & 11)		
40) When determining an estimated contingent liability, if some amount within a range of amounts is a better estimate than any other amount within the range, is that amount recognized? (SFFAS 5, par. 39)		

[32] In the context of pending or threatened litigation, "probable" is taken to mean "likely;" otherwise, "probable" refers to that which is believed to be more "likely than not" or can be reasonably expected.

Other Liabilities (25 - 48)	Yes, No, or N/A	Explanation
41) When determining an estimated liability, if no amount within a range of amounts is a better estimate than any other amount, is the minimum amount in the range recognized? (SFFAS 5, par. 39)		
42) Does the entity separately recognize a liability for environmental clean-up costs[33] for PP&E if a) they are related to a past transaction or event, and b) the related costs are probable and measurable? (SFFAS 5, par. 38 & SFFAS 6, par. 91-93)		
43) When clean-up costs are paid, are the payments recognized as a reduction in the liability for clean-up costs? (SFFAS 6, par. 100)		
44) If clean-up costs have not been previously recognized, is a liability recognized for the portion of the estimated total clean-up cost that is attributable to either the portion of the physical capacity used or the portion of the estimated useful life that has passed since the PP&E was placed into service? (SFFAS 6, par. 104-106)		
45) Are any subsequent changes (made in periods following implementation) in estimated total clean-up cost immediately expensed (if costs are to be recovered though user charges) and included in the related liability balance? (SFFAS 6, par. 104)		

[33] Clean-up costs are the costs of removing, containing, and/ or disposing of (1) hazardous waste from property, or (2) material and/or property that consists of hazardous waste at permanent or temporary closure or shutdown of associated PP&E. (SFFAS 6, par. 85)

Other Liabilities (25 - 48)	Yes, No, or N/A	Explanation
46) When clean-up costs are recognized for the first time, is the offsetting charge for any liability for clean-up costs shown as a "prior-period adjustment?" (SFFAS 6, par. 105; SFFAS 21, par. 13)		
Social insurance programs provide for the maintenance and distribution of incomes and medical benefits during periods of unemployment, disability, and retirement. These programs are Social Security, Medicare, Railroad Retirement Benefits, Black Lung Benefits, and Unemployment Insurance. Expense and liability recognition for these programs is the same for both the consolidated governmentwide entity and for the component entities. (SFFAS 17, par. 2, 4, 14, 15, 19, 30, & app. D, glossary)		
47) Does the entity recognize a liability for social insurance benefits due and payable including claims incurred but not reported? (SFFAS 17, par. 22)		
48) Does the liability for unemployment insurance include a) amounts due to states and territories for benefits they have paid to beneficiaries but for which they have not withdrawn funds from the federal Unemployment Trust Fund (UTF) as of the fiscal year end, and b) estimated amounts to be withdrawn from UTF and benefits paid by states and territories after fiscal year end for compensatory days occurring prior to fiscal year end? (SFFAS 17, par. 23)		

Section V – Net Position and Related Changes

Questions related to accounting for net position and related changes in the financial statements are presented below.

Caption	Question Numbers
Unexpended Appropriations & Cumulative Results of Operation	1 – 2
Budgetary Financing Sources	3 – 18
Other Financing Sources	19 – 27
Earmarked Funds	28 – 32

Unexpended Appropriations & Cumulative Results of Operations (1 - 2)	Yes, No, or N/A	Explanation
Net position is affected by changes to its two components: Cumulative Results of Operations and Unexpended Appropriations, which are broken out into separate sections in the Statement of Changes in Net Position. (OMB Circular No. A-136, p. 55, sections II.4.5.1)		
1) Does the line item "unexpended appropriations" include both the portion of the entity's appropriation represented by undelivered orders and unobligated balances? (OMB Circular No. A-136, p. 48, section II.4.3.5)		
2) Does the line item "cumulative results of operations" include a) the net results of operations since inception, b) the cumulative amount of prior-period adjustments, and c) the cumulative amount of donations and transfers of assets in and out without reimbursement? (OMB Circular No. A-136, p. 48-49, section II.4.3.5)		

Budgetary Financing Sources (3 - 18)	Yes, No, or N/A	Explanation
Budgetary Financing Sources displays financing sources and nonexchange revenue that are also budgetary resources, or adjustments to these resources, as reported on the Statement of Budgetary Resources and defined as such by OMB Circular No. A-11, Preparation, Submission and Execution of the Budget. (OMB Circular No. A-136, p. 62, section II.4.5.5)		
3) Are unexpended appropriations reduced as appropriations are used? (SFFAS 7, par. 71)		
4) Are unexpended appropriations adjusted for other changes in budgetary resources, such as rescissions and transfers? (SFFAS 7, par. 71)		
5) Do "appropriations transferred in/out (+/-)" equal the amount of appropriations received in the current or prior year(s) that have been transferred in or out during the current reporting year? (OMB Circular No. A-136, p. 62, section II.4.5.5)		
6) Do "other adjustments[34] (rescissions, etc.) (+/-)" include adjustments to either cumulative results of operations or unexpended appropriations? (OMB Circular No. A-136, p. 62, section II.4.5.5)		
7) Are appropriations used by collecting entities to provide refunds of monies deposited to Treasury and trust funds reported under "other adjustments (rescissions, etc. (+/-))" rather than as an "appropriations used?" (OMB Circular No. A-136, p. 62, section II.4.5.5)		

[34] Some examples of adjustments include reductions of appropriations and cancellations of expired appropriation expenditure accounts, which would also be included in line 6, "Permanently not available" on the Statement of Budgetary Resources.

Budgetary Financing Sources (3 - 18)	Yes, No, or N/A	Explanation
8) Are "appropriations used" recognized as a financing source when goods and services are received or when benefits and grants are provided?[35] (SFFAS 7, par. 72)		
9) Is the amount of appropriations used subtracted from unexpended appropriations and added to cumulative results of operations for a net zero effect on net position as a whole? (OMB Circular No. A-136, p. 62-63, section II.4.5.5)		
10) Do "appropriations[36] used" exclude a) undelivered orders, and b) unobligated appropriations? (OMB Circular No. A-136, p. 62, section II.4.5.5)		
11) Is nonexchange revenue recognized by the recipient entity as a financing source (and not as a deduction in determining the net cost of operations)? (SFFAS 7, par. 60)		
12) Does the entity recognize nonexchange revenues, such as taxes, if legally entitled to the revenue? (SFFAS 7, par. 48 & 49)		
13) Is nonexchange revenue recognized when the government's claim to resources can be characterized as a) specifically identifiable, b) legally enforceable, c) reasonably estimable, and d) more likely than not collectable? (SFFAS 7, par. 48)		

[35] This is true whether the goods, services, and benefits are payable or paid as of the reporting date and whether the appropriations are used for items that are expensed or capitalized.

[36] Appropriations used does not increase net position. It is subtracted from "unexpended appropriations" and added to "cumulative results of operations," which are line items on the balance sheet.

Budgetary Financing Sources (3 - 18)	**Yes, No, or N/A**	**Explanation**
14) Is revenue recognized by recipient entities the sum of a) cash or cash equivalents transferred to them by the collecting entities, and b) the net change in any related inter-entity balances between the collecting and the receiving entities (i.e., the amount to be transferred to the recipient entities from the collecting entity or vice versa)? (SFFAS 7, par. 60)		
15) Do “donations and forfeitures of cash and cash equivalents” include voluntary gifts and involuntary forfeitures of resources to the federal government by nonfederal entities? (OMB Circular No. A-136, p. 63, section II.4.5.5)		
16) Do “transfers-in/out without reimbursement (+/-)” under “budgetary financing sources” include intra-governmental nonappropriated[37] balance transfers in or out during the current reporting year? (OMB Circular No. A-136, p. 63, section II.4.5.5)		
17) Is exchange revenue (included in calculating an entity’s net cost of operations) required to be transferred to the Treasury or another federal entity recognized as a transfer out? (OMB Circular No. A-136, p. 63, section II.4.5.5)		
18) Do “other budgetary financing sources” include other financing sources that affect budgetary resources that have not been covered by the preceding questions? (OMB Circular No. A-136, p. 63, section II.4.5.5)		

[37] Nonappropriated balances include financing sources and revenue not reported as unexpended appropriations.

Other Financing Sources (19 - 27)	Yes, No, or N/A	Explanation
Other Financing Sources displays financing sources and nonexchange revenue that do not represent budgetary resources as reported on the Statement of Budgetary Resources and defined as such by OMB Circular No. A-11. (OMB Circular A-136, p. 63, section II.4.5.6)		
19) Is revenue arising from donations of property measured at the estimated fair value of the contribution at the time of the donation? (SFFAS 6, par. 30; SFFAS 7, par. 62)		
20) Are transferred assets recorded at the book amount of the transferring entity, or, if the receiving entity does not know the book amount, is the asset recorded at its estimated fair value as of the date of the transfer? [38] (SFFAS 7, par. 74)		
21) When assets[39] are transferred in or out by entities without reimbursement a) does the receiving entity recognize the transfer-in as an increase in financing sources in its statement of net position, and b) does the transferring entity recognize the transfer out as a decrease in financing sources in its statement of changes in net position? (SFFAS 7, par. 74)		
22) Does the reporting entity recognize an imputed financing source for costs funded through other federal entities, as well as nonreimbursed costs of goods and services provided by other federal entities? (SFFAS 4, par. 109; SFFAS 7, par. 73)		

[38] FASAB Technical Bulletin 2003-1 offers specific guidance dealing with transfers arising from the creation of the Department of Homeland Security and other transfers of operations between federal entities directed by the Homeland Security Act of 2002 (P.L. 107-296).

[39] This amount includes intra-governmental transfers in to or out of capitalized assets during the current reporting year.

Other Financing Sources (19 - 27)	Yes, No, or N/A	Explanation
23) Do “other financing sources” include other financing sources that do not represent budgetary resources and that have not been covered by the preceding questions? (OMB Circular No. A-136, p. 64, section II.4.5.6)		
24) Is exchange revenue transferred to another government entity or to the Treasury recognized as a "transfer out" in determining the net results of operations? (SFFAS 7, par. 75)		
25) Are assets included in general PP&E that are transferred to another federal entity for use as heritage assets or stewardship land recognized as a transfer-out of capitalized assets? (SFFAS 29 par. 21 & 39)		
26) For transfers of multi-use heritage assets from one federal entity to another, does the receiving entity recognize a transfer-in at the transferring entity’s book value or at its estimated fair value if book value is not provided? (SFFAS 29, par. 24)		
27) For transfers of multi-use heritage assets from one federal entity to another, does the transferring entity recognize a transfer-out at the transferring entity’s book value? (SFFAS 29, par. 24)		

Earmarked Funds (Items 28 - 32)	**Yes, No, or N/A**	**Explanation**
Earmarked funds are financed by specifically identified revenues, often supplemented by other financing sources, 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 entity's general revenues. (SFFAS 27, par. 11)		
28) Are earmarked funds accounted for separately from the entity's general revenues? (SFFAS 27, par.11)		
29) Do funds designated as earmarked meet these criteria a) a statute committing the federal government to use specifically identified revenues and other financing sources only for designated activities, benefits or purposes, b) explicit authority for the earmarked fund to retain revenues and other financing sources not used in the current period for future use to finance the designated activities, benefits, or purposes, and c) a requirement to account for and report on the receipt, use, and retention of the revenues and other financing sources that distinguishes the earmarked fund from the Government's general revenues? (SFFAS 27, par.11)		
30) Are intra-governmental funds, credit financing accounts, and fiduciary funds <u>not</u> characterized as earmarked funds? (SFFAS 27, par.18)		

Earmarked Funds (Items 28 - 32)	Yes, No, or N/A	Explanation
31) If more than one component entity is responsible for carrying out the program financed with earmarked revenues and other financing sources, can each portion a) be clearly identified and the entity includes its respective portion, or b) not be clearly identified and the entity with program management responsibility report the entire fund? (SFFAS 27, par. 20)		
32) Does the quantitative and qualitative criteria used to present individual earmarked funds include a) percentages of the reporting entity's earmarked revenues or cumulative results of operations from earmarked funds, b) whether an earmarked fund is of immediate concern to constituents of the fund, c) whether it is politically sensitive or controversial, d) whether it is accumulating large balances, and e) whether the information provided in the financial statements would be the primary source of financial information for the public? (SFFAS 27, par. 24)		

Section VI – Net Cost

Questions related to accounting for net cost in the financial statements are presented below.

Caption	**Question Numbers**
Cost Accounting - Overall Requirements	1 – 7
Cost Accounting - Responsibility Segments	8 – 10
Cost Accounting - Full Cost	11 – 18
Cost Accounting – Inter-entity Costs	19 – 23
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Revenues	31 – 44
Pensions and Other Retirement and Postemployement Benefits Costs	45 – 68
Inventory, Materials, Supplies, and Commodities Costs	69 – 77
Property, Plant, and Equipment Costs	78 – 92
Clean-up Costs	93 – 100
Interest Costs	101 – 102
Insurance and Subsidies Costs	103 – 106

<table>
<tr><th>Cost Accounting – Overall Requirements
(1 - 7)</th><th>Yes, No, or N/A</th><th>Explanation</th></tr>
<tr><td colspan="3">Managerial cost accounting is the process of accumulating, measuring, analyzing, interpreting, and reporting cost information useful to both internal and external groups concerned with the way in which the organization uses, accounts for, safeguards, and controls its resources to meet its objectives. (SFFAS 4, par. 42)
A cost accounting "system" is a continuous and systematic cost accounting process that may be designed to accumulate and assign costs to a variety of objects routinely or as desired by management. (SFFAS 4, par. 74)
Cost finding is a method for determining the cost of producing goods or services using appropriate procedures, for example, special cost studies or analyses. (SFFAS 4, par. 76)</td></tr>
<tr><td>1) Are costs related to the production of outputs reported separately from costs that are not related to the production outputs (i.e., nonproduction costs)? (OMB Circular No. A-136, p. 53, section II.4.4.3)</td><td></td><td></td></tr>
<tr><td>2) Has the entity established appropriate procedures and practices to enable the consistent and regular collection, measurement, accumulation, analysis, interpretation, and communication of cost information? (SFFAS 4, par. 68-70)</td><td></td><td></td></tr>
<tr><td>3) As a means of providing cost information in an efficient and reliable manner on a continuing basis, does the entity regularly accumulate and report the costs of its activities either by means of cost accounting systems or cost finding techniques? (SFFAS 4, par. 68-70)</td><td></td><td></td></tr>
<tr><td>4) Does the reporting entity's cost accounting system or cost finding technique,
a) collect cost information by responsibility segments identified by management,
b) define outputs for each responsibility segment,</td><td></td><td></td></tr>
</table>

Cost Accounting – Overall Requirements (1 - 7)	**Yes, No, or N/A**	**Explanation**
c) measure the full cost (including the cost of goods or services provided by other entities) of outputs so that total operational costs and total unit costs of outputs can be determined, d) use a costing methodology (e.g., activity-based, job order, standard costing) that is appropriate for management's needs and the operating environment, e) provide information needed to determine and report service efforts and accomplishments and information necessary to meet the requirements of GPRA (or interface with a system that provides such information), f) report cost information in a timely manner and on a regular basis consistent with the needs of management and budgetary and financial reporting requirements, g) rely on the *United States Standard General Ledger* as a basis for integrating its cost information with its financial accounting, h) supply cost data precise enough to provide reliable and useful information to internal and external users in making evaluations or decisions but also avoid unnecessary precision and refinement of data, and i) accommodate management's cost information needs? (SFFAS 4, par. 71)		

Cost Accounting – Overall Requirements (1 - 7)	**Yes, No, or N/A**	**Explanation**
5) Are all managerial cost accounting activities, processes, and procedures documented? (SFFAS 4, par. 71)		
6) In determining the appropriate detail for its cost accounting processes and procedures, has the reporting entity evaluated a) nature of its operations, b) precision desired and needed in cost information, c) practicality of data collection and processing, d) availability of electronic data-handling facilities, e) cost of installing, operating, and maintaining the cost accounting processes, and f) specific information needs of management? (SFFAS 4, par. 72)		
7) Has the entity used similar or compatible cost accounting processes throughout its component units? (SFFAS 4, par. 73)		

Cost Accounting – Responsibility Segments (8 - 10)	**Yes, No, or N/A**	**Explanation**
A responsibility segment is a component of a reporting entity that is responsible for carrying out a mission, conducting a major line of activity, or producing one or a group of related products or services. (SFFAS 4, par. 78)		
8) Has the entity defined and established responsibility segments? (SFFAS 4, par. 77)		
9) Does management designate or establish responsibility segments based on a) the entity's organizational structure, b) its lines of responsibility and missions, c) its output (goods or services it delivers), and d) budget accounts and funding authorities? (SFFAS 4, par. 86)		
10) For each responsibility segment, does the entity a) define and accumulate outputs and, if feasible, quantify each type of output in units, b) accumulate costs and quantitative units of resources consumed in producing the outputs, c) assign costs to outputs and calculate the cost per unit of each type of output, and d) establish cost centers within responsibility segments? (SFFAS 4, par. 79 & 88)		

Cost Accounting – Full Cost (11 - 18)	**Yes, No, or N/A**	**Explanation**
Full cost is the sum of all costs that contribute to an output and includes direct and indirect costs regardless of funding sources. It also includes the costs of supporting services provided by other responsibility segments or entities. (SFFAS 4, par. 89) *Output is any product or service generated from the consumption of resources. (SFFAS 4, par. 89) Direct costs are costs that can be specifically identified with an output. (SFFAS 4, par. 90) Indirect costs are costs of resources that are jointly or commonly used to produce two or more types of outputs, but are not specifically identifiable with any of the outputs. (SFFAS 4, par. 91)*		
11) Does the entity include all direct costs in the full cost of outputs, including a) salaries and other benefits for employees who work directly on the output, b) materials and supplies used in the work, c) various costs associated with office space, equipment, facilities, and utilities that are used exclusively to produce the output, and d) costs of goods or services received from other segments or entities that are used to produce the output? (SFFAS 4, par. 90)		
12) In the full cost of outputs, does the reporting entity include a) indirect costs incurred within a responsibility segment, and b) the costs of support services that a responsibility segment receives from other segments or entities? (SFFAS 4, par. 91, 122, & 123)		
13) Are the costs of employee benefits[40] included as part of the cost of outputs? (SFFAS 4, par. 93-97)		

[40] These include health, life insurance, pension, and other retirement benefits, but not other postemployment benefits.

Cost Accounting – Full Cost (11 - 18)	**Yes, No, or N/A**	**Explanation**
14) Are the costs of other postemployment benefits reported as expenses for the period during which a future outflow or other sacrifice of resources is probable and measurable on the basis of an event occurring on or before the accounting date? (SFFAS 4, par. 96-97)		
15) Are the full costs of transfer payments for welfare, insurance, grants, and other public assistance programs separately identified from the costs of operating such programs? (SFFAS 4, par. 98-101)		
16) Is depreciation expense incurred by responsibility segments on general PP&E included in the full costs of the goods and services that the segments produce? (SFFAS 4, par. 102)		
17) Are the costs of acquiring or constructing heritage assets <u>excluded</u> from the full cost of goods and services and treated as a program cost[41] or period expense? (SFFAS 4, par. 103)		
18) Are nonproduction costs incurred by responsibility segments, such as reorganization costs and nonrecurring clean-up costs resulting from facility abandonment, <u>excluded</u> from the full cost of outputs and treated as current-period expenses? (SFFAS 4, par. 104)		

[41] Acquisition costs of heritage assets are part of the costs of the entity or the program that makes the property acquisitions.

Cost Accounting – Inter-entity Costs (19 - 23)	**Yes, No, or N/A**	**Explanation**
Within the federal government, some reporting entities rely on other federal entities to help them achieve their missions. Often, this involves support services, but may include the provision of goods. The reporting entity generally should account for the full cost of goods or services provided to or received from other federal entities. (SFFAS 4, par. 105-108) *Costs between reporting entities that are part of the same department or larger reporting entity (such as bureaus, components or responsibility segments within a department) are considered intra-departmental costs. Reporting entities should account for imputed intra-departmental costs in accordance with the full cost provisions of SFFAS 4. (FASAB Interpretation No. 6, par. 4 & 8)*		
Question 19 is effective for reporting periods beginning prior to September 30, 2008.		
19) Does the entity recognize specific inter-entity costs as identified by OMB whether or not the entity is fully reimbursed?[42] (SFFAS 4, par 110)		
Question 20 is effective for reporting periods beginning after September 30, 2008. Early implementation is encouraged.		
20) Does the entity recognize all material inter-entity costs whether or not the entity is fully reimbursed?[43] (SFFAS 4, par 111-112; SFFAS 30, par. 23; OMB Circular No. A-136, p. 53, section II.4.4.3)		

[42] Examples of unreimbursed costs that reporting entities are required to recognize include (but are not limited to): (1) employees' pension, post-retirement health and life insurance benefits, (2) other post-employment benefits for retired, terminated, and inactive employees, which includes unemployment and workers compensation under the Federal Employees' Compensation Act, as amended, and (3) losses in litigation proceedings (see FASAB Interpretation No. 2, Accounting for Treasury Judgment Fund Transactions). In the case of employee benefits, the imputed amount is the difference between employer/employee contributions and the total cost of the benefit. (OMB Circular A-136, p. 53, section II.4.4.3)

[43] See note above.

Cost Accounting – Inter-entity Costs (19 - 23)	**Yes, No, or N/A**	**Explanation**
21) Is recognition of inter-entity costs that are not fully reimbursed limited to material items based on an assessment of the importance of the individual inter-entity transaction in light of a) significance to the entity, b) directness of relationship to the entity's operations, and c) identifiability? (SFFAS 4, par. 112)		
22) Are the costs of broad, general support services provided by a federal entity to other federal entities <u>excluded</u> from the costs of the recipient entity unless such services are integral to the receiving entity (e.g., Treasury check-writing services provided for the Social Security Administration)? (SFFAS 4, par. 112)		
23) If the receiving entity cannot get complete information on the full cost of goods or services provided by another reporting entity, does the receiving entity use a reasonable estimate of the cost of the goods or services received or the market value of the goods or services received if an estimate of the cost cannot be made? (SFFAS 4, par. 109)		

Cost Accounting – Costing Methodology (24 - 30)	**Yes, No, or N/A**	**Explanation**
Cost accumulation is the process of collecting cost data in an organized way by responsibility segment. (SFFAS 4, par. 117) Cost assignment is a process that identifies accumulated costs with reporting periods and cost objects. Three methods of cost assignment are direct tracing, cause and effect, and allocating costs on a reasonable and consistent basis. (SFFAS 4, par. 120) Cost object or cost objective is an activity, output, or item the cost of which is to be measured. (SFFAS 4, par. 121) *Entities are not required to use a particular costing system or costing methodology, but the costing system or methodology used should be appropriate to the entity's operating environment and used consistently. Four examples of acceptable (but not necessarily mutually exclusive) costing methodologies are activity-based costing, job order costing, process costing, and standard costing. (SFFAS 4, par. 144-147)*		
24) Is the entity's accounting system capable of identifying costs within responsibility segments? (SFFAS 4, par. 118)		
25) Are the costs of resources used by responsibility segments classified by type of resource, such as costs of employees, materials, capital, utilities, and rent? (SFFAS 4, par. 119)		
26) Are data on the quantity of units (e.g., staff days, gallons of gasoline consumed) related to the various cost categories maintained, when appropriate and feasible? (SFFAS 4, par. 119)		
27) How are costs assigned to outputs a) directly tracing costs used in the production of an output, wherever economically feasible,[44] or b) assigning costs on a cause-and-effect basis, or c) allocating costs on a reasonable and consistent basis? (SFFAS 4, par. 124)		

[44] A method is economically feasible if the benefits resulting from implementing the method outweigh its costs.

Cost Accounting – Costing Methodology (24 - 30)	**Yes, No, or N/A**	**Explanation**
28) For cost allocation purposes, do indirect costs assigned to a given cost pool have similar characteristics? (SFFAS 4, par. 136)		
29) Are common costs[45] assigned to activities either on a cause-and-effect basis, if feasible, or through reasonable allocations? (SFFAS 4, par. 140)		
30) Are the full costing methodologies that are appropriate to a segment's operating environment used and consistently followed, and any changes documented and explained? (SFFAS 4, par. 145 & 146)		

[45] Common costs refer to the costs of maintaining and operating facilities and other resources that cannot be directly traced to any of the activities or outputs that share resources.

Revenues (31 - 44)	Yes, No, or N/A	Explanation
Revenues are inflows of resources that the government demands, earns, or receives by donation. Revenue comes from two sources: exchange transactions and nonexchange transactions. (SFFAS 7, par. 30) *Exchange (or earned) revenues arise when a government entity provides goods or services to the public or to another government entity for a price. (SFFAS 7, par. 30) Nonexchange revenues arise primarily from the government's sovereign power to demand payments from the public (e.g., taxes, duties, fines), and also include donations. (SFFAS 7, par. 30)* *The net cost of a program is the difference between its gross costs and related exchange revenues. (OMB Circular A-136, p. 54, section II.4.4.5) The net cost of operations by a reporting entity consists of gross cost incurred by the reporting entity less any exchange revenue earned from its activities. (OMB Circular No. A-136, p. 54, section II.4.4.8)*		
31) Is collected custodial nonexchange revenue that is legally retained by the collecting entity as reimbursement for the cost of collection, recognized as exchange revenue? (SFFAS 7, par. 60.3)		
32) Is revenue received from the public or other government entity in return for providing goods or services recognized as exchange revenue? (SFFAS 7, par. 34)		
33) If an exchange transaction is unusual or nonrecurring for a particular entity, is a gain or loss recognized rather than a revenue or expense? (SFFAS 7, par. 35)		
34) Is exchange revenue recognized when services are performed for transactions in which services are provided to the public or another government entity? (SFFAS 7, par. 34 & 36 (a))		

Revenues (31 - 44)	Yes, No, or N/A	Explanation
35) If specific goods or services are made to order under terms of a contract, is exchange revenue (and any probable loss) recognized in proportion to estimated total cost when goods and services are acquired to fulfill the contract? (SFFAS 7, par. 36(b))		
36) When goods are kept in inventory so that they are available to customers when ordered, is exchange revenue recognized when the goods are delivered to the customer? (SFFAS 7, par. 36(c))		
37) If services are rendered continuously or the right to use an asset extends continually over time, is exchange revenue recognized in proportion to the passage of time or the use of the asset? (SFFAS 7, par. 36(d))		
38) Is interest received on intra-governmental loans recognized as exchange revenue if the source of borrowed funds is predominately exchange revenue? (SFFAS 7, par. 36(d))		
39) When an asset other than inventory is sold, is any gain (or loss) recognized when the asset is delivered to the purchaser? (SFFAS 7, par. 36(e))		
40) When advance fees or payments are received, such as for large-scale, long-term projects, is revenue recognized only as the cost of providing the corresponding goods and services are incurred? (SFFAS 7, par. 37)		

Revenues (31 - 44)	Yes, No, or N/A	Explanation
41) Is the measurement of revenue from exchange transactions based on the actual price received or receivable under established pricing arrangements? (SFFAS 7, par. 38)		
42) To the extent that realization of the full amount of exchange revenue is not probable due to credit losses (caused by the failure of the debtor to pay the established or negotiated price), is an expense recognized and the allowance for bad debts increased, if the bad debts can be reasonably estimated? (SFFAS 7, par. 40)		
43) If the realization of the full amount of exchange revenue is not probable for reasons apart from credit losses (e.g., returns and allowances), is a provision made to reduce the recognized revenue (if amounts can be reasonably estimated), with the provision recognized as a revenue adjustment? (SFFAS 7, par. 41)		
44) Is exchange revenue recognized regardless of whether the entity retains the revenue for its own use or transfers it to other entities? (SFFAS 7, par. 43)		

Pensions, Other Retirement, and Post Employment Benefit Costs (45 - 68)	Yes, No, or N/A	Explanation
Pension benefits include all retirement, disability, and survivor benefits financed through a pension plan, including unfunded pension plans. Required federal payments to social insurance plans (i.e., Social Security and Medicare) and matching federal payments to defined contribution pension plans are also considered to be plan expenses. (SFFAS 5, par. 61) *Costs of pensions and other retirement benefits (ORB), whether they are paid for in part or in total by other governmental entities, are included in the costs of program outputs. (SFFAS 4, par. 95)) Recognition of other postemployment benefits (OPEB) is linked to the occurrence of an OPEB event rather than the production of an output. OPEB costs are generally treated as period expenses. Special-purpose cost studies may distribute OPEB costs over a number of prior years to determine the cost of outputs OPEB recipients helped produce. (SFFAS 4, par. 96 & 97)* *In accounting for pensions, ORB, and OPEB, the "administrative entity," typically manages and accounts for the related assets and liabilities. The "employer entity" accounts for the related costs of pensions, ORB, and OPEB. For these costs the employer entity receives a salary and expense appropriation, imputes a financing source, or both. (SFFAS 5, par. 57, note 38)* *The "aggregate entry age normal" actuarial cost method is one under which the expenses or liabilities arising from the actuarial present value of projected pension benefits are allocated on a level basis over the earnings or the service of the group between entry age and assumed exit ages. The portion of the actuarial present value of pension plan and benefits and expenses that is allocated to a valuation year is called "normal cost." (SFFAS 5, par. 64)*		
45) Are pensions and ORB recognized as expenses at the time the employee's services are rendered? (SFFAS 5, par. 59)		
46) Are postemployment benefits recognized as expenses at the time the accountable event occurs? (SFFAS 5, par. 59)		
47) Is the "aggregate entry age normal" actuarial cost method (or other actuarial cost method, if the results are not materially different and an explanation is provided) used to calculate pension expense, the liability for the administrative entity financial statements, and the expense for the employer entity financial statements? (SFFAS 5, par. 64)		

Pensions, Other Retirement, and Post Employment Benefit Costs (45 - 68)	**Yes, No, or N/A**	**Explanation**
48) When using the "aggregate entry age normal" actuarial cost method, does the entity allocate pension expenses on the basis of a level percentage of earnings? (SFFAS 5, par. 64)		
49) Does the administrative entity base its actuarial assumptions for pension plans on the experience of the covered groups, long-term trends, and guidance of the Actuarial Standards Board? (SFFAS 5, par. 65)		
50) Does the administrative entity base its interest rate assumptions on the estimated long-term investment yield for the pension plan or, if the plan is not being funded, on some other appropriate long-term assumption (e.g., the federal long-term borrowing rate)? (SFFAS 5, par. 66)		
51) When a new pension plan is initiated or a current one amended, does the administrative entity recognize all past and prior service costs[46] or gains immediately, without amortization? (SFFAS 5, par. 69)		
52) Does the administrative entity recognize actuarial gains and losses[47] immediately, without amortization? (SFFAS 5, par. 69)		
53) Does the administrative entity report pension plan revenue for the sum of contributions from a) the employer, b) its employees,[48] and c) interest on the plan's investments? (SFFAS 5, par. 73)		

[46] Past service costs result from retroactive benefits granted when a new plan is initiated. Prior service costs result from retroactive benefits granted in a plan amendment.
[47] Actuarial gains and losses are changes in the balance of the pension liability that result from (1) deviations between actual experience and the actuarial assumptions used or (2) changes in actuarial assumptions.
[48] The administrative entity may also receive financing from the general fund to cover prior service or other costs for which contributions were not provided by the employer or employee.

Pensions, Other Retirement, and Post Employment Benefit Costs (45 - 68)	Yes, No, or N/A	Explanation
54) Does the employer entity recognize a pension expense that equals the service cost (normal cost) for its employees for the accounting period, less the amount contributed by the employees, if any? (SFFAS 5, par. 74)		
55) Is the employer entity's pension expense balanced by (1) a decrease to its "fund balance with Treasury" for the amount of its contribution to the pension plan, if any; and if this does not equal the full pension expense, by (2) an increase to an account representing an intra-governmental financing source (e.g., "imputed financing-expenses paid by other agencies)?" (SFFAS 5, par. 75)		
56) If the employer entity is also the administrative entity, does it also report the liability[49] and recognize the expense for all components of the pension plan's cost? (SFFAS 5, par. 71 & 76)		
ORB includes all retirement benefits other than pension benefits. The predominant ORB expense in the federal government is retirement health benefits. (SFFAS 5, par. 58 & 79)		
57) Is the "aggregate entry age normal" actuarial cost method (or other actuarial cost method, if the results are not materially different and an explanation is provided) used to calculate the ORB expense and liability for the administrative entity financial statements and the expense for the employer entity financial statements? (SFFAS 5, par. 82)		

[49] The liability is the actuarial present value of all future benefits, based on projected salaries and total projected service, less the actuarial present value of future normal cost contributions that would be made for and by the employees under the plan.

Pensions, Other Retirement, and Post Employment Benefit Costs (45 - 68)	Yes, No, or N/A	Explanation
58) Are expenses and other liabilities attributable to ORB expenses allocated based on the service provided by each employee? (SFFAS 5, par. 82)		
59) Do the amounts calculated for financial reports prepared for ORB plans reflect a) general actuarial and economic assumptions that are consistent with those used for pensions, and b) a health care cost trend assumption that is consistent with Medicare projections or other authoritative sources appropriate for the population covered by the plan? (SFFAS 5, par. 83)		
60) Does the administrative entity discount the projected ORB costs at the rate of expected return of plan assets, if the plan is being funded, or on some other long-term assumptions (e.g., the long-term federal government borrowing rate) for unfunded plans? (SFFAS 5, par. 83)		
61) Is the accrual period for ORB based on the expected retirement age rather than the age when the employee first becomes eligible for retirement benefits? (SFFAS 5, par. 84)		
62) When a new ORB plan is initiated or a current one amended, does the administrative entity recognize all past and prior service costs or gains immediately, without amortization? (SFFAS 5, par. 86 & 87)		
63) Does the administrative entity recognize all actuarial gains and losses from changes in the ORB liability immediately, without amortization? (SFFAS 5, par. 86 & 87)		

Pensions, Other Retirement, and Post Employment Benefit Costs (45 - 68)	Yes, No, or N/A	Explanation
64) Does the administrative entity report ORB revenue for the sum of contributions from the employer entity and its employees? (SFFAS 5, par. 89)		
65) Does the employer entity report ORB expenses equal to the service cost (normal cost) for its employees for the accounting period, less the amount contributed by the employees? (SFFAS 5, par. 90)		
66) Is the employer entity's ORB expense balanced by either a) a decrease to its "fund balance with Treasury" for the amount of its contribution to the ORB plan, if any, or b) an increase to an account representing an intra-governmental imputed financing source (e.g., "imputed financing-expenses paid by other entities")? (SFFAS 5, par. 91)		
67) If the employer entity is also the administrative entity, does it also report the liability[50] and recognize the expense for all components of the ORB's cost? (SFFAS 5, par. 88 & 92)		

[50] The liability is the actuarial present value of all future benefits less the actuarial present value of future normal cost contributions that would be made for and by the employees under the plan. (SFFAS 5, par. 88)

Pensions, Other Retirement, and Post Employment Benefit Costs (45 - 68)	**Yes, No, or N/A**	**Explanation**
OPEB are provided to former or inactive employees, beneficiaries, and covered dependents outside pension or ORB plans. Postemployment benefits can include salary continuation, severance benefits, counseling and training, continuation of health care or other benefits, unemployment workers' compensation, and veterans' disability compensation benefits paid by the employer. (SFFAS 4, par. 96; SFFAS 5, par. 57 & 94)		
68) Does the employer recognize an expense and a liability for OPEB when a future outflow or other sacrifice of resources is probable (i.e., more likely than not) and measurable? (SFFAS 5, par. 95)		

Inventory, Materials, Supplies, and Commodities Costs (69 - 77)	**Yes, No, or N/A**	**Explanation**
Upon sale of inventory (when the title passes or the goods are delivered) or upon use in the provision of a service, the related expense shall be recognized and the cost of those goods shall be removed from inventory. (SFFAS 3, par. 19) *The cost of goods shall be removed from operating materials and supplies (i.e., the asset account) and reported as an operating expense in the period they are issued to an end user for consumption in normal operations. (SFFAS 3, par. 39)*		
69) Upon sale or use of inventory, is the related expense recognized and the cost of those goods removed from the inventory asset account? (SFFAS 3, par. 19)		
70) To arrive at the cost of cost of goods sold, is one of the following cost flow assumptions used for ending inventory a) FIFO, b) weighted average, c) moving average, or d) any other valuation method (such as a standard cost system) whose results reasonably approximate one of the above historical cost methods? (SFFAS 3, par. 22)		
71) Are operating materials and supplies expensed using the consumption method (i.e., reported as an operating expense when they are issued to the end user for consumption in normal operations)? (SFFAS 3, par. 38 & 39)		
72) Are operating materials and supplies expensed upon purchase using the purchase method only when a) amounts are not significant, and b) they are in the hands of end users for use in normal operations, or c) it is not cost beneficial to apply the consumption method of accounting? (SFFAS 3, par. 40 & 41)		

Inventory, Materials, Supplies, and Commodities Costs (69 - 77)	**Yes, No, or N/A**	**Explanation**
73) For inventory and operating materials and supplies acquired through a nonmonetary exchange, is the difference between the fair value of the acquired items and the recorded amount surrendered reported as a gain or loss? (SFFAS 3, par. 21 & 43)		
74) Are abnormal costs associated with inventory and operating materials and supplies, such as excessive handling or rework costs, charged to operations of the period? (SFFAS 3, par. 21 & 43)		
75) Are any unrealized gains or losses resulting from periodic revaluations of inventory captured in a designated allowance account? (SFFAS 3, par. 23 & 24)		
76) Is the cost of stockpile materials removed from the corresponding asset account and reported as an operating expense when issued for use or sale? (SFFAS 3, par. 52)		
77) Are abnormal costs of stockpile materials, such as excessive handling and rework costs, expensed in current operations? (SFFAS 3, par. 53)		

Property, Plant, and Equipment Costs (78 - 92)	**Yes, No, or N/A**	**Explanation**
A common expense related to PP&E that is included in the Statement of Net Cost is depreciation. Other PP&E-related expenses that are reported in the Statement of Net Cost include all current costs of acquiring and maintaining stewardship land and heritage assets (other than multiuse heritage assets.) (SFFAS 6, par. 35, & 69; SFFAS 16, par. 8) *Depreciation expense is calculated through systematic and rational allocation of the cost of PP&E, less its estimated salvage or residual value, over its estimated useful life. A composite or group methodology,[51] whereby the costs of PP&E are allocated using the same allocation rate, is permissible. (SFFAS 6, par. 35; SFFAS 23, par. 9, item f)*		
78) Is depreciation expense recognized on all general PP&E? (SFFAS 6, par. 35)		
79) Is depreciation expense calculated through a systematic and rational allocation of the PP&E cost less salvage value over the estimated useful life? (SFFAS 6, par. 35)		
80) In an exchange transaction with a nonfederal entity, is the difference between the book value (i.e., cost less accumulated depreciation) of PP&E surrendered and the cost of PP&E acquired[52] recognized as either a gain or a loss? (SFFAS 6, par. 32)		
81) In the event that cash consideration is included in the exchange transaction with a nonfederal entity, is the **cost of PP&E acquired** either increased by the amount of cash consideration surrendered or decreased by the amount of cash consideration received? (SFFAS 6, par. 32)		

[51] The composite methodology is a method of calculating depreciation that applies a single average rate to a number of heterogeneous assets that have dissimilar characteristics and service lives. The group methodology is a method of calculating depreciation that applies a single, average rate to a number of homogeneous assets having similar characteristics and service lives.

[52] The cost of the PP&E acquired is recorded at the cost of the PP&E surrendered net of any accumulated depreciation or amortization when the fair value of the PP&E surrendered or acquired is not determinable.

Property, Plant, and Equipment Costs (78 - 92)	**Yes, No, or N/A**	**Explanation**
82) When assets have been removed from PP&E in anticipation of disposal, retirement, or removal from service, has the entity stopped recording depreciation and amortization expenses for such assets? (SFFAS 6, par. 38 & 39)		
83) For general PP&E that is disposed of, retired or removed from service, is any difference between the book value of the PP&E and amounts realized recognized as a gain or a loss in the period of disposal, retirement, or removal from service? (SFFAS 6, par. 38)		
84) For PP&E assets recorded at expected net realizable value, is this value adjusted at the end of each accounting period and the adjustment recognized as either a gain or loss? (SFFAS 6, par. 39)		
85) Are costs to acquire, improve, reconstruct, or renovate heritage assets, other than multiuse heritage assets, recognized for the period in which the costs are incurred? (SFFAS 29, par. 19)		
86) Do the recognized costs of heritage assets also include all costs incurred during the period to bring the item(s) to their current condition? (SFFAS 29, par. 19)		
87) Are amounts for heritage assets acquired through donation or devise <u>excluded</u> from the cost of heritage assets with the exception of multi-use heritage assets? (SFFAS 29, par. 20)		
88) Are amounts for stewardship land acquired through donation or devise <u>excluded</u> from the cost of stewardship land? (SFFAS 29, par. 38)		

Property, Plant, and Equipment Costs (78 - 92)	**Yes, No, or N/A**	**Explanation**
89) Is the cost of acquisition of stewardship land, including all costs to prepare stewardship land for its intended purpose (e.g., razing a building), recognized for the period in which the cost is incurred? (SFFAS 29, par. 37)		
90) If stewardship land is acquired along with existing structures and the structure is deemed a heritage asset that is significant, does the entity treat the acquisition cost as either the cost of stewardship land, heritage asset, or both based on its judgment? (SFFAS 29, par. 37a)		
91) If stewardship land is acquired along with existing structures and the structure is to be used in operations (e.g., as general PP&E) but the value is significant or its acquisition is merely a byproduct of the acquisition of the land, is the cost treated as an acquisition of stewardship land? (SFFAS 29, par. 37b)		
92) If stewardship land is acquired along with existing structures and the structure is significant and has an operating use (e.g., a constructed hotel or employee housing block), is the structure treated as general PP&E by identifying the cost attributable to general PP&E and segregated from the cost of the stewardship land acquired? (SFFAS 29, par. 37c)		

Clean-up Costs (93 - 100)	Yes, No, or N/A	Explanation
Clean-up costs are the costs of removing, containing, and/or disposing of (1) hazardous waste from property or (2) material and/or property that consists of hazardous waste upon permanent or temporary closure or shutdown of associated PP&E. Clean-up costs may include, but are not limited to, decontamination, decommissioning, site restoration, site monitoring, closure, and postclosure costs. (SFFAS 6, par. 85 & 87)		
93) When PP&E is placed into service, does the entity estimate the associated clean-up costs? (SFFAS 6, par. 94)		
94) In estimating clean-up costs and liability, has the entity evaluated a) the level of restoration to be performed, b) current legal and regulatory requirements, c) current technology, and d) current costs (i.e., amount that would be paid if all goods and services included in the clean-up estimate were acquired in the current period)? (SFFAS 6, par. 95)		
95) Are estimated clean-up costs periodically revised to account for material changes due to inflation or deflation and changes in regulations, plans, and/or technology? (SFFAS 6, par. 96)		
96) When PP&E is placed into service, does the entity recognize cleanup costs during each period that general PP&E is in operation, in a systematic and rational manner based on either a) physical capacity of the PP&E, (e.g., expected usable landfill area), or b) the estimated useful life of the associated PP&E (if physical capacity is not applicable or estimable)? (SFFAS 6, par. 97)		

Clean-up Costs (93 - 100)	Yes, No, or N/A	Explanation
97) Does recognition of the cleanup costs and the accumulation of the related liability begin on the date that the associated PP&E is placed into service, continue in each period that operation continues, and end when the PP&E ceases operation? (SFFAS 6, par. 98)		
98) If clean-up costs are reestimated, are the cumulative effects of changes in total estimated cleanup costs related to current and past operations of PP&E immediately recognized as an expense and is the corresponding liability adjusted? (SFFAS 6, par. 99)		
99) When stewardship PP&E is placed into service, does the entity expense the total estimated clean-up costs and establish a liability in the period the asset is placed into service? (SFFAS 6, par. 101)		
100) If clean-up costs for stewardship PP&E are reestimated, are any adjustments to the liability associated with clean-up costs expensed in the period of the change in estimate? (SFFAS 6, par. 102)		

Interest Costs (101 - 102)	**Yes, No. or N/A**	**Explanation**
Interest incurred results from borrowing funds from Treasury, Federal Financing Bank, other federal entities, or the public. Interest also should be recorded on late payment of bills by the federal entity and on refunds. (SFFAS 1, par. 81) *Interest costs are generally related to securities and other debt instruments issued by the U.S. Treasury or other federal agencies. (SFFAS 5, par. 47-48)*		
101) Does the related interest cost of federal debt include a) the accrued (prorated) share of the interest incurred during the accounting period, b) the amortized discounts or premiums for each accounting period for fixed value securities, and c) the amount of change in the current value for the accounting period for variable value securities? (SFFAS 5, par. 53)		
102) If securities are retired before maturity, is the difference between the reacquisition price and net carrying value of the extinguished debt recognized in the period of extinguishment as a gain or loss? (SFFAS 5, par. 54)		

Insurance and Subsidies Costs (103 - 106)	Yes, No, or N/A	Explanation
Federal insurance and guarantee programs are established to assume risks that private sector entities are unwilling or unable to assume or to subsidize the provision of insurance to achieve social objectives. For life insurance, a premium deficiency occurs if the liability for future policy benefits using current conditions exceeds the liability for future policy benefits using contract conditions. (SFFAS 5, par. 97 & 120)		
103) If an insured event has occurred as of the financial statement reporting date, has the federal entity recognized an expense for all claims incurred during the period, including, when appropriate, those incurred but not reported (IBNR) and contingencies that meet the criteria for recognition? (SFFAS 5, par. 104 & 109)		
104) Are changes in estimates of claim cost resulting from (1) the present value calculations, (2) the continuous review process, and (3) differences between the estimates and actual payments for claims, recognized as charges against operations of the period in which the estimates are changed or payments are made? (SFFAS 5, par. 109)		

Insurance and Subsidies Costs (103 - 106)	**Yes, No, or N/A**	**Explanation**
105) If the liability for future [life insurance] policy benefits using current conditions exceeds the liability for future policy benefits under contract conditions (resulting in a premium deficiency), is the difference recognized as a charge to operations in the current period? (SFFAS 5, par. 120)		
106) Does the entity recognize an expense for social insurance[53] benefits paid during the reporting period plus any increase (or less any decrease) in the liability for social insurance benefits due and payable to or on behalf of beneficiaries, from the end of the prior period to the end of the current period? (SFFAS 17, par. 22)		

[53] Social insurance programs include Social Security, Medicare, Railroad Retirement, Black Lung Benefits, and Unemployment Insurance (SFFAS 17, par. 14).

Section VII – Budgetary Resources

There are five questions in this section which relate to accounting for budgetary resources in the Statement of Budgetary Resources (SBR).

Budgetary Resources (1 - 5)	**Yes, No, or N/A**	**Explanation**
Offsetting receipts are collections that are credited to general fund, special fund, or trust fund receipt accounts and that offset gross outlays. Unlike offsetting collections, which are credited to expenditure accounts and offset outlays at the account level, offsetting receipts are credited to receipt accounts and offset outlays at the agency or governmentwide level. *Offsetting receipts may be distributed or undistributed to agencies. Distributed offsetting receipts offset the outlays of the agency, while undistributed offsetting receipts offset governmentwide outlays. Distributed offsetting receipts typically offset the outlays of the agency that conducts the activity generating the receipts and the subfunction to which the activity is assigned. Offsetting receipts are composed of proprietary receipts from the public, receipts from intra-governmental transactions, and offsetting governmental receipts. (OMB Circular No. A-136, p. 70, section II.4.6.8)*		
1) Do offsetting receipts include all distributed offsetting receipts for the entity?[54] (OMB Circular No. A-136, p. 70, section II.4.6.8)		
2) Do offsetting receipts include entity receipt accounts for a) Proprietary Receipts from the Public, b) Intrabudgetary Receipts Deducted by Agencies, and c) Offsetting Governmental Receipts? (OMB Circular No. A-136, p. 70, section II.4.6.8)		
3) Is the amount of distributed offsetting receipts the aggregate of cash collected in these receipt accounts and reported to Treasury on a monthly basis?[55] (OMB Circular No. A-136, p. 71, section II.4.6.8)		

[54] A list of distributed offsetting receipt accounts can be found in the *Treasury Annual Report Appendix*, Part 4, *Other Information/Receipts by Department Listing.*

[55] Agencies use the SF 224, *Statement of Transactions*; SF 1219, *Statement of Accountability*; and SF 1220, *Statement of Transactions.*

Budgetary Resources (1 - 5)	**Yes, No, or N/A**	**Explanation**
4) Does the entity credit undistributed offsetting receipts to governmentwide outlay totals which results in an exclusion from the SBR? (OMB Circular No. A-136, p. 71, section II.4.6.8)		
5) In order to have consistency between the information presented in the SBR and the *Budget of the United States Government*, does the entity a) post all changes, whether material or not, to OMB's MAX A-11 budget preparation system during the time frames provided by OMB, and b) post all changes, whether material or not, to the Federal Agencies Centralized Trial-balance System II (FACTS II) during the time period specified for posting corrections to the budget information? (OMB Circular No. A-136, p. 33, section II.4.2, item 4)		

Section VIII – Custodial Activity

Questions related to accounting for custodial activity in the financial statements are presented below.

Caption	**Question Numbers**
General	1
Sources of Collections	2 - 7
Dedicated Collections and Other Accompanying Information	8 - 12

<table>
<tr><th>General (1)</th><th>Yes, No, or N/A</th><th>Explanation</th></tr>
<tr><td colspan="3">Collecting entities do not recognize as revenue those collections that have been or should be transferred to others as revenues.[56] Rather, they shall account for sources and disposition of the collections as custodial activities.

Custodial collections are normally nonexchange revenues, such as taxes and duties collected by the Internal Revenue Service and the U.S. Customs and Border Protection. (OMB Circular No. A-136, p. 73, section II.4.8.1)</td></tr>
<tr><td>1) If the entity collects exchange revenue (e.g., rents and royalties) on behalf of other entities and recognizes virtually no costs in connection with earning that revenue, does the entity account for it as a custodial activity? (SFFAS 7, par. 45)</td><td></td><td></td></tr>
</table>

[56] Revenue collected is not revenue that the collecting entity can use in its operations and is thus not recognized. The sources of cash collection are reported by type as indicated in the illustrated statement of custodial activity. (OMB Circular A-136, p. 74, section II.4.8.2)

Sources of Collections (2 - 7)	**Yes, No, or N/A**	**Explanation**
2) Are transactions recognized as taxes and other nonexchange revenues from the public for a) individual and corporate income taxes, social insurance taxes and contributions, excise taxes, estate and gift taxes, and customs duties, b) social insurance taxes and contributions paid by federal employees, c) deposits by states for unemployment trust funds, d) user fees and harbor maintenance trust fund payments, e) customs service fees, f) deposits of earnings from the Federal Reserve System, g) donations, except types of PP&E that are expensed, h) fines and penalties, i) penalties due to delinquent taxes in connection with custodial activity, and j) forfeitures? (SFFAS 7, par. 49; SFFAS 7, Appendix B, par. 242 - 264)		

Sources of Collections (2 - 7)	**Yes, No, or N/A**	**Explanation**
3) Does the collecting entity measure taxes and duties on a cash basis and then modify that with an accrual adjustment to determine the amount of revenue to be recognized? (SFFAS 7, par. 49 & 52)		
4) Except for deposits, are cash collections[57] based on amounts actually received during the fiscal period including withholdings, estimated payments, final payments, and collections of receivables? (SFFAS 7, par. 50 & 59)		
5) Are the components of cash collections classified by source and nature of collection, such as by type of tax or duty? (OMB Circular No. A-136, p. 75, section II.4.8.3)		
6) Are cash refunds of nonexchange revenue based on refunds of taxes and duties during the period? (SFFAS 7, par. 51)		
7) Do cash refunds of nonexchange revenue for taxes and duties include refund offsets[58] and drawbacks?[59] (SFFAS 7, par. 51)		

[57] Cash collections include any amounts paid in advance of due dates unless they are deposits. Deposits are amounts voluntarily paid to reporting entities, such as those made to stop the accrual of interest or those made pending settlements and judgments. Such deposits are separately recognized as deposit liabilities.

[58] Refund offsets are amounts withheld from refunds on behalf of other agencies and paid to such agencies.

[59] Drawbacks are refunds of duties paid on imported goods that are subsequently exported or destroyed.

Dedicated Collection and Other Accompanying Information (8 - 12)	**Yes, No, or N/A**	**Explanation**
Dedicated collections are funds held with the expectation that they will be applied to the purposes for which the funds were dedicated. Such funds include all funds within the budget classified as trust funds, those funds within the budget that are classified as "special funds" but that are similar in nature to trust funds, and those funds (inside or outside the budget) that are fiduciary in nature. (SFFAS 7, par. 83)		
Questions 8 - 10 are applicable to funds <u>not</u> meeting the definition of earmarked funds defined in SFFAS 27.		
8) Does the management of a reporting entity identify and track the receipts and expenditures of dedicated trust funds, "special funds," and fiduciary or deposit funds (both inside and outside the budget) for which it is responsible? (SFFAS 7, par. 83)		
9) If revenues, other financing sources, or costs are associated with, but not legally allowable to a fund, does the larger reporting entity of which the fund is a component recognize them? (SFFAS 7, par. 86)		
10) If more than one reporting entity is responsible for carrying out a program financed with dedicated collections, does the entity with the largest share of the activity take responsibility for reporting all revenues, other financing sources, assets, liabilities, and costs of the fund? (SFFAS 7, par. 87)		
11) If information on actual collections is not currently available from the collecting entity, do the trust funds that are legally entitled to receive only excise taxes that are actually collected by the collecting entity recognize revenue from excise taxes on the basis of assessments in lieu of excise taxes actually collected? (SFFAS 7, par. 60.1)		

Dedicated Collection and Other Accompanying Information (8 - 12)	**Yes, No, or N/A**	**Explanation**
12) Is the amount of revenue recognized by the social security trust fund based on the best available information (i.e., on the basis of the higher of the amount of Internal Revenue Service (IRS) assessments or the amounts actually reported by employers to Social Security Administration)? (SFFAS 7, par. 60.2)		

Section IX – Required Supplementary Stewardship Information

Questions related to accounting for stewardship investments in the financial statements are presented below.

Stewardship Investments (1 - 14)	Yes, No, or N/A	Explanation
Stewardship investments are substantial investments made by the federal government for the benefit of the nation. When incurred, they are treated as expenses in calculating net cost, but they are also separately reported as RSSI to highlight the extent of investments that are made for long-term benefit. (SFFAS 8, par. 12) Stewardship investments include: • ***nonfederal physical property**: federally financed (but not federally owned) purchases, construction, or major renovation of physical property owned by state and local governments, including major additions, alterations, and replacements, the purchase of major equipment; and the purchase or improvement of other physical assets.*[60] • ***human capital**: expenses incurred for programs for education and training of the public*[61] *that are intended to increase or maintain national productive capacity and that produce outputs and outcomes that provide evidence of maintaining or increasing national productive capacity.* • ***research and development**: expenses incurred to support the search for new or refined knowledge and ideas and for the application or use of such knowledge and ideas for the development of new or improved products and processes with the expectation of maintaining or increasing national productive capacity or yielding other future benefits. (SFFAS 8, par. 12, 83, 89, 90, & 96)*		
1) Are nonfederal physical property investments reported in nominal dollars on the basis of "expenses incurred" and measured on the same basis of accounting used for financial statement purposes, including appropriate accrual adjustments, general and administrative overhead, and costs of facilities? (SFFAS 8, par. 84)		

[60] Grants for maintenance and operations are not investments in nonfederal physical property.
[61] The definition excludes education and training expensed for federal civilian and military personnel.

Stewardship Investments (1 - 14)	Yes, No, or N/A	Explanation
2) Are investments in nonfederal physical property and related cash grants reported as expenses in arriving at the net cost of operations? (SFFAS 8, par. 85)		
3) Are expenses incurred for nonfederal physical property program costs, contracts, or grants with split purposes[62] reported in RSSI on the basis of a logical allocation? (SFFAS 8, par. 86)		
4) If an allocation of nonfederal physical property program costs, contracts, or grants with split purposes is not feasible, is the investment reported on the basis of the predominant application of the expenses incurred? (SFFAS 8, par. 86)		
5) Are investments in human capital reported in nominal dollars on the basis of "expenses incurred" and measured on the same basis of accounting as financial statements, including appropriate accrual adjustments, general and administrative overhead, and costs of facilities? (SFFAS 8, par. 91)		
6) Are expenses incurred for human capital program costs, contracts, or grants with split purposes[63] reported in RSSI on the basis of a logical allocation? (SFFAS 8, par. 92)		
7) If an allocation of human capital program costs, contracts, or grants with split purposes is not feasible, is the investment reported on the basis of the predominant application of the expenses incurred? (SFFAS 8, par. 92)		

[62] An example of an investment with a split purpose is a grant issued to a state to construct segments of the National Highway System and to conduct highway research.
[63] An example of an investment with a split purpose is a grant issued to a teaching hospital for both medical education and medical research.

Stewardship Investments (1 - 14)	Yes, No, or N/A	Explanation
8) Does the entity link its investments in human capital to outcomes that can be described in financial, economic, or quantitative terms? (SFFAS 8, par. 93)		
9) If outcome data are not available, does the reporting entity report output data that best provide indications of the intended program outcomes? (SFFAS 8, par. 93)		
10) Is the investment in research and development reported in nominal dollars on the basis of "expenses incurred" and measured on the same basis of accounting used for financial statement purposes, including appropriate accrual adjustments, general and administrative overhead, and costs of facilities? (SFFAS 8, par. 97)		
11) Are expenses incurred for research and development program costs, contracts, or grants with split purposes[64] reported in RSSI on the basis of a logical allocation? (SFFAS 8, par. 98)		
12) If an allocation of research and development program costs, contracts, or grants with split purposes is not feasible, is the investment reported on the basis of the predominant application of the expenses incurred? (SFFAS 8, par. 98)		

[64] ibid.

Stewardship Investments (1 - 14)	Yes, No, or N/A	Explanation
13) Does the entity link its investments in research and development to program outcome data via a narrative discussion of the major results achieved by the program during the year for a) **basic research**, which refers to an identification of any major new discoveries that were made during the year, b) **applied research**, which refers to an identification of any major new applications that were developed during the year, and c) **development**, which refers to the progress of major developmental projects including the results with respect to projects completed or otherwise terminated during the year and the status of projects that will continue? (SFFAS 8, par. 99)		
14) If outcome data are not available, does the reporting entity use output data[65] that best provide indications of the intended program outcomes? (SFFAS 8, par. 99)		

[65] In research and development programs, output data might consist of a number of new projects initiated, or the number of projects continued, completed, or terminated. It also might consist of quantitative measures such as publication counts, citation counts, patent counts, or scientific and engineering personnel funded.

Section X – Social Insurance

Questions related to accounting for social insurance programs in the Statement of Social Insurance (SOSI) are presented below.

Statement of Social Insurance (Items 1 - 7)	Yes, No, or N/A	Explanation
Reporting on stewardship responsibilities aids in assessing the federal government's financial condition and the sufficiency of future budgetary resources to sustain public services and meet obligations as they become due. Information for social insurance programs is to be reported to address fundamental questions about the current and future financial condition of these programs. These fundamental questions include whether scheduled expenditures are sustainable with current scheduled income. Information required to be disclosed for social insurance programs is intended to facilitate an assessment of the long-term sustainability of the program as well as the ability of the program to raise resources from future program participants to pay for benefits to present participants. *For the programs listed as social insurance, the entity should present the actuarial present value for the projection period of all future contributions and tax income (excluding interest) received from or on behalf of current and future participants; the actuarial present value for the projection period of estimated future scheduled expenditures paid to or on behalf of current and future participants; and the actuarial present value for the projection period of the estimated future excess of contributions and tax income (excluding interest) over future scheduled expenditures. The entity should provide such information for the current year and separate estimates for each of the preceding four years. (SFFAS 17, par. 1; OMB Circular No. A-136, p. 76, section II.4.9.1)*		
1) Are projections and estimates based on the entity's best estimates of demographic and economic assumptions? (SFFAS 17, par. 25)		
2) Are future changes mandated by current law incorporated into the entity's demographic and economic assumptions? (SFFAS 17, par. 24)		
3) Are all projections and estimates made as of a date (i.e., the valuation date) as close to the end of the fiscal year (i.e., current year) being reported on as possible and no more than 1 year prior to the end of the current year? (SFFAS 17, par. 26)		

4) Is the valuation date consistently followed from year to year? (SFFAS 17, par. 26)		
5) Are benefits paid during the reporting period plus any increase (or less any decrease) in the liability from the end of the prior period to the end of the current period recognized as an expense for the reporting period? (SFFAS 17, par. 22)		
6) Are social insurance benefits due and payable to or on behalf of beneficiaries at the end of the reporting period, including claims incurred but not reported (IBNR) recognized as a liability? (SFFAS 17, par. 22)		
7) For Unemployment Insurance (UI), are liabilities recognized for a) amounts due to states and territories for benefits they have paid to beneficiaries but for which they have not withdrawn funds from the federal Unemployment Trust Fund (UTF) as of fiscal year end, and b) estimated amounts to be withdrawn from UTF and benefits paid by states and territories after fiscal year end for compensable days occurring prior to fiscal year end? (SFFAS 17, par. 23)		

Section XI – Credit Reform

Questions related to accounting for credit reform in the financial statements are presented below.

Caption	Question Numbers
Credit Program Receivables	1 – 29
Liabilities for Loan Guarantees	30 – 37
Credit Program Costs	38 – 75
Other Financing Sources	76 – 81

Credit Program Receivables (1 - 29)	**Yes, No, or N/A**	**Explanation**
The Federal Credit Reform Act (FCRA) of 1990, as amended, divides loans and loan guarantees into two groups: pre-1992 and post-1991. Pre-1992 refers to direct loan obligations or loan guarantee commitments made prior to fiscal year 1992. Post-1991 refers to direct loan obligations or loan guarantee commitments made after fiscal year 1991.[66] *(OMB Circular No. A-136, p. 98, section II.4.10.8, instructions item A)*		
1) Are credit program receivables considered an entity asset if a) the entity has the authority to determine the use of the funds collected, or b) the entity is legally obligated to use the funds to meet entity obligations (e.g., loans payable to Treasury)? (OMB Circular No. A-136, p. 38, section II.4.3.3)		
2) If a loan guarantee program, which guarantees a loan, is generating a negative subsidy and the lender has not disbursed the loan as of the balance sheet date, does the entity include this amount as part of the total undelivered orders?[67] (OMB Circular No. A-136, p. 38, section II.4.3.3)		

[66] Section 506 (a) of the Federal Credit Reform Act, as amended, exempts the credit activities of certain agencies, such as the Federal Deposit Insurance Corporation (FDIC) and the Tennessee Valley Authority (TVA). These agencies can report in accordance with other requirements.
[67] Undelivered orders are the value of goods and services ordered and obligated but not yet received.

Credit Program Receivables (1 - 29)	Yes, No, or N/A	Explanation
For post-1991 direct loans and guarantees, a subsidy expense is recognized in the year they are disbursed. For pre-1992 direct loans and guarantees, a loss and liability need not be recognized until it is more likely than not that a loan (either direct or guaranteed) will go into default. (SFFAS 2, par. 24 & 39)		
3) Are post-1991 direct loans disbursed and outstanding recognized as assets at the present value (discounted at a comparable Treasury rate) of their estimated net cash inflows? (SFFAS 2, par. 22 & app. B, part I A)		
4) Is the difference between the outstanding principal of post-1991 direct loans and the present value of their net cash inflows recognized as a subsidy cost allowance? (SFFAS 2, par. 22 & app. B, part I A)		
5) When post-1991 direct loans are written off, is the unpaid principal removed from unpaid loans receivable and charged against the allowance for subsidy costs? (SFFAS 2, par. 61)		
6) Are losses of pre-1992 direct loans obligated recognized (and a corresponding allowance amount set up) when it is more likely than not that the direct loans will not be totally collected? (SFFAS 2, par. 39 & app. B, part II A)		
7) Are allowances for uncollectible pre-1992 loans reestimated each year? (SFFAS 2, par. 39)		

Credit Program Receivables (1 - 29)	**Yes, No, or N/A**	**Explanation**
A loan modification is a federal government action that directly or indirectly alters the estimated subsidy cost and the present value of outstanding direct loans or the liability of loan guarantees. A direct modification changes the subsidy cost by altering the terms of existing contracts or through the sale of direct loans. An indirect modification changes the subsidy costs by altering the way loans and loan guarantees are administered. A modification does not include subsidy cost reestimates, routine administrative workouts of troubled loans, and other actions permitted within existing contract terms. (SFFAS 2, par. 41-44)		
8) When post-1991 loans are modified, is the existing book amount changed to an amount equal to the present value of the loans' net cash inflows that are projected under the modified terms from the time of the modification to the loans' maturity and discounted at the original rate? (SFFAS 2, par. 46 & app. B, part I D (4))		
9) When pre-1992 loans are directly modified, are they a) transferred from the liquidating account to a financing account, and b) recorded at their post-modification value? (SFFAS 2, par. 47 & app. B, part II B (4))		
10) Are subsequent (direct) modifications of pre-1992 loans treated as a modification of post-1991 loans? (SFFAS 2, par. 47)		
11) When pre-1992 loans are indirectly modified, are they a) kept in a liquidating account, and b) reassessed and adjusted to reflect amounts that would not be collected due to the modification? (SFFAS 2, par. 47)		

<table>
<tr><th>Credit Program Receivables (1 - 29)</th><th>Yes, No, or N/A</th><th>Explanation</th></tr>
<tr><td>12) When post-1991 and pre-1992 loans are sold, is the sale treated as a direct modification if the agency did not assume sales proceeds in the cash flow estimates for the initial subsidy calculation? (SFFAS 2, par. 53 & App. B, Part I F, note 23)</td><td></td><td></td></tr>
<tr><td colspan="3">Foreclosed property is any asset, which is assumed to be held for sale, that is either received in satisfaction of a loan receivable or as a result of payment of a claim under a guaranteed or insured loan (excluding commodities acquired under price support programs). Pre-1992 foreclosed property refers to property associated with direct loans obligated or loan guarantees committed before October 1, 1991. Post-1991 foreclosed property refers to property associated with direct loans obligated or loan guarantees committed after September 30, 1991. (SFFAS 3, par. 79 & 80)</td></tr>
<tr><td>13) Is post-1991 foreclosed property valued at the net present value of the projected future cash flows associated with the property? (SFFAS 3, par. 81)</td><td></td><td></td></tr>
<tr><td>14) Is pre-1992 foreclosed property recorded at cost and adjusted to the lower of cost or net realizable value with any difference between cost and net realizable value carried in a valuation allowance? (SFFAS 3, par. 81)</td><td></td><td></td></tr>
<tr><td>15) In determining net present value, does the entity project future cash flows to include estimates of
a) sales proceeds,
b) rent, management expense, and repair costs during the holding period, and
c) selling expense (i.e., advertising and commissions)?
(SFFAS No. 3, par. 82)</td><td></td><td></td></tr>
</table>

Credit Program Receivables (1 - 29)	Yes, No, or N/A	Explanation
16) In estimating sales proceeds for projecting the future cash flows associated with the property in determining net present value, has the entity considered its historical experience in selling property as well as the nature of the sale? (SFFAS 3, par. 82)		
17) Were the estimated future cash flows of post-1991 foreclosed property or acquired loans discounted at the original (or Treasury) discount rate in effect at the time the underlying loan or guarantee was granted? (SFFAS 2, par. 57& 59; SFFAS 3, par. 83; SFFAS 19, par. 7(e))		
18) Is the net present value of post-1991 foreclosed property adjusted periodically to recognize both changes in the expected future cash flows and accrual of interest due to the passage of time? (SFFAS 3, par. 84)		
19) Are any adjustments in the carrying amounts of post-1991 foreclosed property included in the presentation of "interest income" and the reestimate of "subsidy expense?" (SFFAS 3, par. 84)		
20) Is post-1991 foreclosed property accounted for by a) recording third party claims at their net present value at the time of the foreclosure, using the same discount rate that applies to related foreclosed property, and b) including any periodic changes in net present value of the claim in "interest income" and "subsidy expense"? (SFFAS 3, par. 87)		

Credit Program Receivables (1 - 29)	Yes, No, or N/A	Explanation
21) Are receipts or disbursements associated with acquiring and holding post-1991 foreclosed property charged or credited to foreclosed property? (SFFAS 3, par. 88)		
22) When foreclosed assets are acquired in full or partial settlement of post-1991 direct loans or guarantees, is the present value of the government's claim against the borrowers reduced by the amount settled as a result of the foreclosure? (SFFAS 2, par. 60)		
23) If a lender, debtor, or other third party has a legitimate claim to a post-1991 foreclosed asset, is the net present value of the estimated claim recognized as a special contra-valuation allowance? (SFFAS 2, par. 58; SFFAS 3, par. 87)		
24) Is pre-1992 foreclosed property recorded at cost and adjusted, if necessary, to the lower of cost or net realizable value? (SFFAS 3, par. 81 & 85)		
25) Is the net realizable value based on an estimate of the market value of the property adjusted for any expected losses consistent with historical experience, abnormal market conditions, and time limitations as well as any other costs of the sale? (SFFAS 3, par. 85 & 86)		

Credit Program Receivables (1 - 29)	**Yes, No, or N/A**	**Explanation**
26) Is the estimate of market value based on a) the market value of the property if an active market exists, b) the market value of similar properties if no active market exists, or c) a reasonable forecast of expected cash flows adjusted for estimates of all holding costs, including any cost of capital? (SFFAS 3, par. 85)		
27) For pre-1992 foreclosed property, are third-party claims recorded at the expected amount of cash required to settle the claims? (SFFAS 3, par. 87)		
28) If foreclosed property is not sold but placed into operation, is the asset removed from foreclosed property? (SFFAS 3, par. 90)		
29) If reimbursement for the transfer of assets from one program to another is made, are the proceeds from the transfer treated in the same manner as a sale to a third party? (SFFAS 3, par. 90)		

Liabilities for Loan Guarantees (30 - 37)	Yes, No, or N/A	Explanation
A loan guarantee is any guarantee, insurance (but not deposit insurance), or other pledge with respect to the payment of all or part of the principal or interest on any debt obligation of a nonfederal borrower to a nonfederal lender. (SFFAS 2, app. C) *The Federal Credit Reform Act of 1990 requires federal entities to estimate and budget for the costs arising from default of guaranteed loans made after fiscal year (FY) 1991 (i.e., post 1991). (SFFAS 2, par. 7)*		
30) Is the present value of estimated net cash outflows from post-1991 (i.e., committed after September 30, 1991) loan guarantees recognized as a liability? (SFFAS 2, par. 23)		
31) Is a liability for a pre-1992 (i.e., committed before October 1, 1991) loan guarantee recognized when it is more likely than not that the loan guarantee will require a future cash outflow to pay a default claim? (SFFAS 2, par. 39 & app. B, part IV A)		
32) Are the liabilities for the pre-1992 loan guarantees reestimated each year as of the date of the financial statements? (SFFAS 2, par. 39)		
33) When post-1991 loan guarantees are modified, is the existing book amount of the related liability changed to an amount equal to the present value of net cash outflows that are projected under the modified terms from the time of the modification to the loan's maturity, and discounted at the original discount rate?[68] (SFFAS 2, par. 50 & app. B, part III D(4); SFFAS 19, par. 7(d))		

[68] The original discount rate is the rate that was originally used to calculate the present value of the liability when the guaranteed loans were disbursed, after adjusting for the interest rate reestimate.

Liabilities for Loan Guarantees (30 - 37)	Yes, No, or N/A	Explanation
34) When pre-1992 loan guarantees are directly modified, are a) the loan guarantees transferred from the liquidating account to a financing account, and b) the existing book value of the liability of the modified loan guarantees changed to an amount equal to its postmodification liability (i.e., the present value of the net cash outflows under postmodification terms discounted at the current Treasury rate)? (SFFAS 2, par. 51 & app. B, part IV B (2) & (4))		
35) When pre-1992 loan guarantees are indirectly modified, are a) the loan guarantees kept in a liquidating account, and b) the related liability reassessed and adjusted to reflect any change in the liability resulting from the modification? (SFFAS 2, par. 51)		
36) Are subsequent modifications of pre-1992 loan guarantees treated as modifications of post-1991 loan guarantees? (SFFAS 2, par. 51)		
37) If a post-1991 or pre-1992 loan is sold with a recourse provision, is the present value (discounted at the Treasury rate in effect at the time of the sale) of the estimated losses recognized as a subsidy expense and a loan guarantee liability? (SFFAS 2, par. 54 & app. B, part I F(3))		

Credit Programs Costs (38 - 75)	Yes, No, or N/A	Explanation
In accordance with the Federal Credit Reform Act of 1990, as amended, a subsidy expense is recognized for direct or guaranteed loans disbursed during the fiscal year. The amount of the subsidy expense equals the present value of estimated cash outflows over the life of the loans minus the present value of the estimated cash inflows. The discount rate used to calculate the present value is the average interest rate on marketable Treasury securities of similar maturity to the cash flows of the direct loan or loan guarantee for which the estimate is being made. (SFFAS 2, par. 6, 7, 24, 30, & 31; SFFAS 19, par. 6 & 7)		
38) For post-1991 direct or loan guarantee programs, is the present value of estimated cash outflows over the life of the loans minus the present value of estimated cash inflows discounted at the interest rate of marketable Treasury securities with similar maturity to the cash flows? (SFFAS 2, par. 24; SFFAS 19, par. 6)		
39) For post-1991 direct or loan guarantee programs, are the net present values recognized as subsidy expense in the year the loan is disbursed? (SFFAS 2, par. 24; SFFAS 19, par. 6)		
40) Are the components of estimated subsidy costs (and offsetting receipts) of post-1991 loans and guarantees separately recognized for a) interest subsidy costs,[69] b) default costs,[70] c) present value of fees and other collections, and d) other subsidy costs? (SFFAS 2, par. 25-29)		

[69] The interest subsidy cost of direct loans is the excess of the amount of the loans disbursed over the present value of the interest and principal payments required by loan contracts discounted at the applicable Treasury rate; for loan guarantees it is the present value of estimated interest supplement payments.
[70] The default cost of direct loans or loan guarantees is measured at the present value of projected payment delinquencies and omissions minus projected net recoveries.

Credit Programs Costs (38 - 75)	Yes, No, or N/A	Explanation
41) Is the subsidy cost allowance for post-1991 direct loans amortized using the interest method?[71] (SFFAS 2, par. 30, 31, and app. B, part I B (2); SFFAS 19, par. 7(a))		
42) If the effective interest for post-1991 direct loans is less than the nominal interest, is the subsidy cost allowance increased by the difference and recognized as a reduction in interest income? (SFFAS 2, par. 30 & app. B, part I B (2); SFFAS 19, par. 7(a))		
43) If the effective interest for post-1991 direct loans is greater than the nominal interest, is the subsidy cost allowance decreased by the difference and recognized as an increase in interest income? (SFFAS 2, par. 30 & app. B, part I B (2); SFFAS 19, par. 7(a))		
44) Is interest accrued and compounded on the liabilities of post-1991 loan guarantees at the interest rate that was originally used to calculate the present value of the loan guarantee liabilities when the guaranteed loans were disbursed, after adjusting for the interest reestimate? (SFFAS 2, par. 31 & app. B, part III B (2); SFFAS 19, par. 7(b))		
45) Is the interest accrued and compounded on the liabilities of post-1991 loan guarantees recognized as an interest expense? (SFFAS 2, par. 31 & app. B, part III B (2))		

[71] Under the interest method, the amortized amount is the difference between the nominal interest (face amount of loan times stated interest) and effective interest (present value of loan times discount rate). The effective interest rate is the average interest rate of marketable Treasury securities with similar maturity that was used to calculate the present value of the direct loans when the direct loans were disbursed, after adjusting for the interest rate reestimate.

Credit Programs Costs (38 - 75)	Yes, No, or N/A	Explanation
Two kinds of reestimates for the subsidy cost allowance for outstanding direct loans and the liability for outstanding loan guarantees are (1) interest rate reestimates and (2) technical/default reestimates. An interest rate reestimate is due to a change in the interest rates from those that were assumed in budget preparation and used in calculating the subsidy expense to the interest rates that are prevailing during the periods in which the direct or guaranteed loans are disbursed. A technical/default reestimate is due to changes in projected cash flows of outstanding direct loans and loan guarantees after reevaluating the underlying assumptions and other factors (except for interest rate reestimates) that affect cash flow projections as of the financial statement date. (SFFAS 18, par. 9)		
46) Does the entity measure reestimates of allowances for subsidy costs of post-1991 loans and liabilities for guarantees in two components separately, specifically: the interest rate reestimate and the technical/default reestimate? (SFFAS 18, par. 9)		
47) Is any increase (or decrease) in the subsidy cost allowance of post-1991 direct loans or loan guarantee liabilities resulting from the interest rate and technical /default reestimates recognized as a subsidy expense (or a reduction in subsidy expense)? (SFFAS 2, par. 32; SFFAS 18, par. 9)		
48) If the assumed interest rates used in calculating the subsidy expenses for cohorts[72] from which direct or guaranteed loans are disbursed differ from the rates prevailing at the time of the loan disbursement, is an interest rate reestimate for those cohorts made as of the date of the financial statements? (SFFAS 2, par. 32 (A); (A)SFFAS 18, par. 9 (A))		

[72] Cohort is a budget term that refers to all direct loans or loan guarantees of a program for which a subsidy appropriation is provided for a given fiscal year, even if disbursements occur in subsequent years.

Credit Programs Costs (38 - 75)	Yes, No, or N/A	Explanation
49) Do technical/default reestimates take into consideration all factors that may have affected various components of projected cash flows, including defaults, delinquencies, recoveries, and prepayments? (SFFAS 2, par. 32 (B); SFFAS 18, par. 9 (B))		
50) Are technical/default reestimates made each year as of the date of the financial statements? (SFFAS 18, par. 9 (B))		
51) For direct loans, do other adjustments include loan modifications, fees received, loans written off, foreclosed property or other recoveries acquired, and subsidy allowance amortization? (SFFAS 18, par. 10)		
52) For loan guarantees, do other adjustments include loan guarantee modifications, fees received, interest supplements paid, claim payments made to lenders, foreclosed property or other recoveries acquired, and interest accumulated on the loan guarantee liability? (SFFAS 18, par. 10)		
53) Are default costs estimated and periodically reestimated for each post-1991 loan and loan guarantee program on the basis of separate cohorts and risk categories? (SFFAS 2, par. 33)		

Credit Programs Costs (38 - 75)	Yes, No, or N/A	Explanation
54) In estimating default costs, did the entity evaluate a) loan performance experience, b) the current and forecasted international, national, or regional economic conditions that may affect the performance of the loans, c) financial and other relevant characteristics of borrowers, d) the value of collateral to loan balance, e) changes in recoverable value of collateral, f) newly developed events that could affect the loans' performance, and g) improvements in methods to reestimate defaults? (SFFAS 2, par. 34)		
55) In estimating and reestimating future default costs for each group, cohort, and risk category of loan and guarantee, has the agency used a systematic methodology based on experience? (SFFAS 2, par. 35 & 36)		
56) Is interest (at the discount rate in effect when the loans were first disbursed) accrued on post-1991 direct loans, including amortized interest, recognized as interest income? (SFFAS 2, par. 37 & app. B, part I B (2) & C)		
57) Is interest (at the original discount rate) accrued on debt to the Treasury arising from post-1991 direct loans recognized as interest expense? (SFFAS 2, par. 37 & app. B, part I B (2) & C)		

Credit Programs Costs (38 - 75)	Yes, No, or N/A	Explanation
58) Is interest (at the discount rate in effect when the loans were first disbursed) accrued on liability of post-1991 loan guarantees recognized as interest expense? (SFFAS 2, par. 37 & app. B, part III B (2) & C)		
59) Is interest (at the original discount rate) due from the Treasury on uninvested funds associated with post-1991 loan guarantee liabilities recognized as interest income? (SFFAS 2, par. 37 & app. B, part III B (2) & C)		
60) Are costs for administering credit activities (such as salaries, legal fees, and servicing) that are incurred in support of direct loan and guaranteed loan programs recognized as administrative expenses and not included in direct loan and loan guarantee subsidy costs? (SFFAS 2, par. 38)		
61) Are losses (as well as valuation allowances and corresponding liabilities) of direct loans obligated and loan guarantees committed before October 1, 1991, recognized when it is more likely than not that the direct loans will not be totally collected or that the loan guarantees will require a future cash outflow to pay default claims? (SFFAS 2, par. 39)		

Credit Programs Costs (38 - 75)	Yes, No, or N/A	Explanation
Foreclosed properties are assets received in satisfaction of a loan receivable or as a result of payment of a claim under a guaranteed or insured loan (excluding commodities acquired under price support programs.) All properties included in foreclosed property are assumed to be held for sale. Pre-1992 foreclosed property refers to property associated with direct loans obligated or loan guarantees committed before October 1, 1991. Post-1991 foreclosed property refers to property associated with direct loans obligated or loan guarantees committed after September 30, 1991. (SFFAS 3, par. 79 & 80)		
62) If, at the time of the foreclosure, the expected net realizable value of pre-1992 foreclosed property is less than the cost (i.e., the carrying amount of the loan, or for a loan guarantee, the amount of the claim paid), is the loss charged to operations and tracked in a valuation allowance account? (SFFAS 3, par. 86)		
63) If the pre-1992 foreclosed asset's net realizable value subsequently increases or decreases, does the entity credit or charge this amount to results of operations and adjust the valuation allowance? (SFFAS 3, par. 86)		
64) Upon sale of foreclosed property, is any difference between the net carrying amount of foreclosed property and the net proceeds of the sale recognized as a component of operating results? (SFFAS 3, par. 89)		
65) For post-1991 foreclosed property, is interest income accrued from the previous periodic adjustment in the carrying amount up to the sale date? (SFFAS 3, par. 89)		
66) For post-1991 foreclosed property, is the resulting difference between the adjusted carrying amount and the net sales proceeds recognized as a reestimate of “subsidy expense”? (SFFAS 3, par. 89)		

<table>
<tr><th>Credit Programs Costs (38 - 75)</th><th>Yes, No, or N/A</th><th>Explanation</th></tr>
<tr><td>67) For pre-1992 foreclosed property, is the difference between the adjusted carrying amount and net sales proceeds recognized as a gain or a loss on the sale of foreclosed property? (SFFAS 3, par. 89)</td><td></td><td></td></tr>
<tr><td colspan="3">The term modification, as it applies to direct loans and loan guarantees, means a federal government action, including new legislation or administrative action that directly or indirectly alters the estimated subsidy cost and the present value of outstanding direct loans, or the liability of loan guarantees. The cost of the modification is the excess of the premodification value of a direct loan (or postmodification liability of loan guarantees) over the postmodification value of a direct loan (or premodification liability of loan guarantees), both of which have been discounted at the Treasury rate in effect when the modification occurred. (SFFAS 2, par. 41; SFFAS 2, par. 45, notes 3 & 4 & par. 49, notes 6 & 7; SFFAS 19, par. 6)

The book value of the loan or guarantee is discounted at the Treasury rate originally used to calculate the present value of the direct loan or loan guarantee liability when the loan was originally disbursed. (SFFAS 2, par. 48 & 50, app. B parts I D (4 & 5), II B (4), III B (4), & IV B (4))

The sale of post-1991 and pre-1992 direct loans is treated as a direct modification of the loans sold if the sale proceeds were not included in the cash flows estimates for the initial subsidy calculation. The cost of modification is determined on the basis of the premodification value of the loans sold. However, if sale proceeds were included in the cash flow estimates for the initial subsidy calculation, the effect of the loan sale on the cost of the program is recognized in the reestimates. (SFFAS 2, par. 53, Appendix B. par 1F)</td></tr>
<tr><td>68) If pre-1992 or post-1991 direct loans are modified, is the excess of the premodification value[73] over the postmodification value[74] recognized as a modification expense? (SFFAS 2, par. 45 & app. B, parts I D (1-3) & II B (1-3))</td><td></td><td></td></tr>
</table>

[73] This is the present value of the net cash inflows estimated under *pre*modification terms discounted at the *current* Treasury rate.
[74] This is the present value of the net cash inflows estimated under *post*modification terms discounted at the *current* Treasury rate.

Credit Programs Costs (38 - 75)	Yes, No, or N/A	Explanation
69) If the cost of modifying pre-1992 or post-1991 loans is either greater or less than the decrease in the loans' book value, is the difference recognized as either a gain or loss? (SFFAS 2, par. 48 & app. B, parts I D (4 & 5) & II B (4 & 5))		
70) If pre-1992 or post-1991 loan guarantees are modified, is the excess of the postmodification liability[75] over the premodification liability[76] recognized as a modification expense? (SFFAS 2, par. 49 & app. B, parts III D (1-3), & IV B (1-3))		
71) If the cost of modifying pre-1992 or post-1991 loan guarantees is either greater or less than the increase in the book value of the related loan guarantee liabilities, is the difference recognized as a either a gain or loss? (SFFAS 2, par. 52 & app. B, parts III D (4 & 5), & IV B (5))		
72) If the premodification value of post-1991 and pre-1992 loans sold[77] exceeds the net proceeds from the sale, is the excess treated as the cost of modification and recognized as a modification expense? (SFFAS 2, par. 45 & 53 & app. B, part I F (1))		
73) If a loan is sold with recourse, is the present value of estimated losses under the recourse or guarantee obligations recognized as a subsidy expense and as a loan guarantee liability? (SFFAS 2, par. 54)		

[75] This is the present value of the net cash flows under *post*modification terms discounted at the *current* Treasury rate.
[76] This is the present value of the net cash flows under *pre*modification terms discounted at the *current* Treasury rate.
[77] This is the present value of the loans' net cash inflows discounted at the *current* discount rate.

Credit Programs Costs (38 - 75)	Yes, No, or N/A	Explanation
74) If the modification expense arising from a loan sale is greater than the book value loss, is the difference recognized as a gain? (SFFAS 2, par. 55 & app. B, part I F (2))		
75) If the modification expense arising from a loan sale is less than the book value loss, is the difference recognized as a loss? (SFFAS 2, par. 55 & app. B, part I F (2))		

Other Financing Sources (76 - 81)	Yes, No, or N/A	Explanation
76) Is a gain[78] from the modification[79] of post-1991 loans reported as a reduction in financing source and paid to the Treasury as a "modification adjustment transfer?" (SFFAS 2, par. 48, & app. B, part I D (5))		
77) Is a loss[80] from the modification of post-1991 loans reported as a financing source when the reporting entity receives from the Treasury a "modification adjustment transfer?" (SFFAS 2, par. 48 & app. B, part I D (5))		
78) Is a gain[81] resulting from a modification of post-1991 loan guarantees reported as a reduction in financing source and paid to the Treasury as a "modification adjustment transfer?" (SFFAS 2, par. 52 & app. B, part III D (5))		

[78] The excess of the cost of the modification over the decrease in loan book value discounted at the Treasury rate.
[79] A modification means a federal government action, including new legislation or administration action, which directly or indirectly alters the estimated subsidy cost and present value of outstanding loans or the liability of loan guarantees. (SFFAS 2, par. 41)
[80] The excess of the decrease in loan book value, discounted at the Treasury rate, over the cost of the modification.
[81] The excess of the cost of the modification over the increase in liability discounted at the Treasury rate.

Other Financing Sources (76 - 81)	Yes, No, or N/A	Explanation
79) Is a loss[82] resulting from a modification of post-1991 loan guarantees reported as a financing source when the reporting entity receives from the Treasury a "modification adjustment transfer" to offset the difference? (SFFAS 2, par. 52 & app. B, part III D (5))		
80) Is a gain on the sale of a post-1991 loan reported as a reduction in financing source and paid to the Treasury as a "modification adjustment transfer?" (SFFAS 2, par. 55 & app. B, part I F (2))		
81) Is a loss on the sale of a post-1991 loan reported as a financing source when the reporting entity receives from the Treasury a "modification adjustment transfer?" (SFFAS 2, par. 55 & app. B, part I F (2))		

[82] The excess of the increase in liability, discounted at the Treasury rate, over the cost of the modification.

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United States Government Accountability Office

President's Council on Integrity and Efficiency

FINANCIAL AUDIT MANUAL

Volume 3

2020 - Checklist for Federal Reporting and Disclosures

Contents

Abbreviations

AcSEC	Accounting Standards Executive Committee
AICPA	American Institute of Certified Public Accountants
CFO Act	Chief Financial Officers Act of 1990
CSRS	Civil Service Retirement System
FASAB	Federal Accounting Standards Advisory Board
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
FERS	Federal Employees Retirement System
FFMIA	Federal Financial Management Improvement Act of 1996
FHA	Federal Housing Administration
FIFO	First-In, First-Out (method of inventory valuation)
FMFIA	Federal Managers' Financial Integrity Act of 1982
GAAP	(U.S.) Generally Accepted Accounting Principles
GAAS	(U.S.) Generally Accepted Auditing Standards
GAGAS	(U.S.) Generally Accepted Government Auditing Standards
GASB	Government Accounting Standards Board (state & local)
GMRA	Government Management and Results Act of 1994
GPRA	Government Performance and Results Act of 1993
GSE	Government Sponsored Enterprise
HI	Hospital Insurance (Medicare Part A)
IMF	International Monetary Fund
IPIA	Improper Payments Information Act
MD&A	Management's Discussion and Analysis
MRS	Military Retirement System
OAI	Other Accompanying Information
OASDI	Old Age, Survivors, and Disability Insurance
OMB	Office of Management and Budget
OPEB	Other Post Employment Benefits
ORB	Other Retirement Benefits
PP&E	Property, Plant, and Equipment
RRB	Railroad Retirement Benefits
RSI	Required Supplementary Information
RSSI	Required Supplementary Stewardship Information
SBR	Statement of Budgetary Resources
SCNP	Statement of Change in Net Position
SFAS	Statement of Financial Accounting Standards
SFFAC	Statements of Federal Financial Accounting Concepts
SFFAS	Statements of Federal Financial Accounting Standards
SMI	Supplementary Medical Insurance (*Medicare Part B & D*)
SNC	Statement of Net Cost
SOP	Statement of Position
SOSI	Statement of Social Insurance
TVA	Tennessee Valley Authority
UI	Unemployment insurance

2020 – Checklist for Federal Reporting and Disclosures

Section I—Overview

Introduction

The Chief Financial Officers (CFO) Act of 1990 and the Government Management Reform Act of 1994 (GMRA) require that agencies' chief financial officers submit annual reports to their agency heads and to the Office of Management and Budget (OMB). These annual reports are to contain audited financial statements of their agencies. The financial statements are to be presented in conformity with U. S. generally accepted accounting principles (U.S. GAAP).[1]

The previous checklist, FAM 1050, *Checklist for Federal Accounting, Reporting, and Disclosures (July 2004)*, included guidance for accounting, reporting, and disclosures. This checklist has been revised and is separated into two separate checklists: FAM 2010, *Checklist for Federal Accounting* and FAM 2020, *Checklist for Federal Reporting and Disclosures*. FAM 2010 provides guidance for federal accounting that entities may complete during the year and auditors may review the completed checklist during interim audit work. FAM 2020 provides guidance for year end reporting and disclosure that entities may complete when they prepare their annual financial statements and auditors may review the completed checklist during the reporting phase of the audit.

These checklists are designed to assist (i) federal entities in preparing their financial statements in accordance with U.S. GAAP, and (ii) auditors in auditing them in accordance with U.S. generally accepted government auditing standards (GAGAS). Neither the entities nor the auditors are required to use this checklist and may develop their own checklists. However, entities should document how they are satisfied that their financial statements conform with U.S. GAAP. Likewise, auditors should document the basis for accepting that the entity's financial statements are in conformity with U.S. GAAP if they do not use the checklist.

The checklist provides a systematic, organized, and structured approach to preparing or reviewing federal entity financial statements. While the questions contained in the checklist are taken from authoritative sources, the checklist itself is not authoritative, nor is it comprehensive. Preparers and auditors may also consult financial management regulations and policies for their individual entity, as these regulations and policies may have guidance when standards allow alternatives or management flexibility, such as for property capitalization limits.

Checklist Organization

In order to facilitate the completion of the checklist, an index of relevant reporting and disclosure requirements is included in the following section. The preparer uses the index to determine those areas that apply to the entity. The checklist is divided into 7 sections as follows

[1] The American Institute of Certified Public Accountants (AICPA) recognizes federal accounting standards promulgated by the Federal Accounting Standards Advisory Board as U.S. generally accepted accounting principles.

Section II - Management's Discussion and Analysis (MD&A)
Section III - Performance Reporting
Section IV - Financial Statements
Section V - Note Disclosures
Section VI - Required Supplementary Stewardship Information (RSSI)
Section VII - Required Supplementary Information (RSI)
Section VIII - Other Accompanying Information

Authoritative Guidance

Each question in this guide is referenced to a source. The sources cited are (1) Federal Accounting Standards Advisory Board (FASAB) *Statements of Federal Financial Accounting Concepts* (SFFAC), (2) FASAB *Statements of Federal Financial Accounting Standards* (SFFAS), and (3) OMB Circular No. A-136, *Financial Reporting Requirements*. Because this checklist is for the federal entity reporting level, and is not for the financial report of the U.S. government, certain sources are excluded.

The four approved accounting concept statements and year they were issued are:

SFFAC 1, *Objectives of Federal Financial Reporting*, 1993

SFFAC 2, *Entity and Display*, 1995

SFFAC 3, *Management's Discussion and Analysis*, 1999

SFFAC 4, *Intended Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government*, 2003 (Not covered by this checklist)

The 32 SFFAS standards and year they were issued are:

SFFAS 1, *Accounting for Selected Assets and Liabilities*, 1993

SFFAS 2, *Accounting for Direct Loans and Loan Guarantees*, 1993

SFFAS 3, *Accounting for Inventory and Related Property*, 1993

SFFAS 4, *Managerial Cost Accounting Standards and Concepts*, 1995

SFFAS 5, *Accounting for Liabilities of the Federal Government*, 1995

SFFAS 6, *Accounting for Property, Plant, and Equipment*, 1995

SFFAS 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, 1996

SFFAS 8, *Supplementary Stewardship Reporting*, 1996

SFFAS 9, *Deferral of the Effective Date of Managerial Cost Accounting Standards for the Federal Government in SFFAS No. 4*, 1997

SFFAS 10, *Accounting for Internal Use Software*, 1998

SFFAS 11, *Amendments to Accounting for Property, Plant, and Equipment - Definitional Changes*, 1998[2]

[2] SFFAS 11 was rescinded in its entirety by SFFAS 23.

SFFAS 12, *Recognition of Contingent Liabilities Arising from Litigation*, 1998

SFFAS 13, *Deferral of Paragraph 65.2 – Material Revenue-Related Transactions Disclosures*, 1999

SFFAS 14, *Amendments to Deferred Maintenance Reporting*, 1999

SFFAS 15, *Management's Discussion and Analysis*, 1999

SFFAS 16, *Amendments to Accounting for Property, Plant, and Equipment – Measurement and Reporting for Multi-Use Heritage Assets*, 1999[3]

SFFAS 17, *Accounting for Social Insurance*, 1999

SFFAS 18, *Amendments to Accounting Standards For Direct Loans and Loans Guarantees in SFFAS No. 2*, 2000

SFFAS 19, *Technical Amendments to Accounting Standards for Direct Loans and Loan Guarantees in SFFAS No. 2*, 2001

SFFAS 20, *Elimination of Certain Disclosures Related to Tax Revenue Transactions by the Internal Revenue Service, Customs and Others*, 2001.

SFFAS 21, *Reporting Corrections of Errors and Changes in Accounting Principles*, 2001

SFFAS 22, *Change in Certain Requirements for Reconciling Obligations and Net Cost of Operations*, 2001

SFFAS 23, *Eliminating the Category National Defense Property, Plant, and Equipment*, 2003

SFFAS 24, *Selected Standards for the Consolidated Report of the United States Government*, 2003 (Not covered by this checklist)

SFFAS 25, *Reclassification of Stewardship Responsibilities and Eliminating the Current Services Assessment*, 2003[4]

SFFAS 26, *Presentation of Significant Assumptions for the Statement of Social Insurance*, 2004

SFFAS 27, *Identifying and Reporting Earmarked Funds*, 2004

SFFAS 28, *Deferral of the Effective Date of Reclassification of the Statement of Social Insurance*, 2005

SFFAS 29, *Heritage Assets and Stewardship Land*, 2005

SFFAS 30, *Inter-Entity Cost Implementation*, 2005

SFFAS 31, *Accounting for Fiduciary Activities*, 2006

SFFAS 32, *CFR of the U.S. Government Requirements*, 2006 (Not covered by this checklist)

[3] SFFAS 16 was rescinded in its entirety by SFFAS 29.
[4] SFFAS 25 changes reporting requirements for social insurance information required by SFFAS 17.

Also included in this checklist is FASAB's *Implementation Guide to Accounting for Revenue and Other Financing Sourc*es, (June 1996), and OMB Circular No. A-136, *Financial Reporting Requirements*, (June 29, 2007), that provides detailed requirements for the form and content of entity financial statements.

FASAB interpretations and technical bulletins are not covered in this checklist; consult this material as necessary for guidance on specific situations. Furthermore, preparers and auditors should document how the entity complied with any new standards issued after SFFAS 32.

How to Use the Index to the Checklist

The preparer completes the following index to FAM 2020, *Checklist for Federal Reporting and Disclosures* before completing the detailed checklist. For each category of reporting and disclosure listed in the index on the next two pages, the preparer indicates whether it is applicable (**Y**) to the entity's financial statements, or is not applicable (**NA**). Complete only those sections of the detailed checklist that are applicable to the entity's financial statements. If the entity has an insignificant amount of transactions or balances for a section, it may decide not to complete that section. It may document that decision by indicating "not significant" (NS). Those areas that are not applicable or not significant are not considered further, thus eliminating the need to read and evaluate each individual question. For example, many federal agencies do not administer loan, loan guarantee, or loan insurance programs and, therefore, do not have credit program receivables and related property. Consequently, the questions on these receivables, property, and subsidies would not apply.

How to Use the Detailed Checklist

To the right of each question are two columns. The first column provides for a "yes," "no," or "N/A" (not applicable) answer to each question. The second column provides for an explanation of the answer to each question.

A "yes" answer indicates that the financial statements contain the information asked by the question. This would include immaterial items if the entity elected to disclose them. For each "yes" answer, include in the explanation column the page number or location in the financial statements where the information is found. Also, provide any other information pertinent to the question and the response in the explanation column.

A "no" answer indicates that the information asked for in the question is not included in the financial statements, notes, or supplementary information, respectively. This would include immaterial items that need not be disclosed. Describe in the explanation column or note why the information is not included and whether this causes the financial statements to not be in conformity with U.S. GAAP.

An "N/A" answer indicates that the question does not apply to the federal entity. Describe in the explanation column or note why this information is not applicable.

Completion and Review of the Checklists

Preparers of entity financial statements may complete the checklists to document that applicable accounting, reporting, and disclosure items have been addressed, including those contained in OMB Circular No. A-136. Auditors generally should then review the checklists for completeness and accuracy.

Index to the Checklist

Page No.	Disclosure Considerations	Applicable (Y), Not Applicable (NA), or Not Significant (NS)
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Section II – Management Discussion and Analysis

Management Discussion and Analysis (Items 1 - 8)	Yes, No, or N/A	Explanation
Management's Discussion and Analysis (MD&A) is Section 1 of the entity's Performance and Accountability Report (PAR) and should follow the Entity Head's Message. The MD&A is intended for a non-technical audience and provides an overview of the entity's financial and performance results. (OMB Circular No. A-136 p. 13, section II.I.2)		
1) Does the MD&A provide a clear, concise, brief overview of the entire PAR that a non-technical audience can understand? (OMB Circular No. A-136, pp.13 &17, section II.1.2 & II.2.1)		
2) Is the MD&A limited to the most important matters that could a) lead to significant actions or proposals by top management of the reporting unit, b) be significant to the managing, budgeting, and oversight functions of Congress and the administration, and c) significantly affect the judgment of citizens about the efficiency and effectiveness of the entity? (SFFAS 15, par. 5 & 6 and OMB Circular A-136, p.16, section II.2.2)		
3) Does the MD&A provide information on a) mission and organizational structure, b) performance goals, objectives and results, c) analysis of the financial statements and stewardship information, d) analysis of systems, controls and legal compliance,		

Management Discussion and Analysis (Items 1 - 8)	**Yes, No, or N/A**	**Explanation**
e) forward-looking information about the possible effects of the important existing and anticipated performance and financial demands, events, conditions and trends, and f) important problems that need to be addressed and corrective actions planned to address those problems? (SFFAS 15, par. 2-4; OMB Circular No. A-136, pp.18 -22, sections II.2.3-II.2.8)		
4) Does the mission and organizational structure describe its related organizational structure consistent with the entity's strategic plan? (OMB Circular No. A-136, p.19, section II.2.5)		
5) Does the performance goals, objectives, and results section present highlights that provide a) a clear, objective picture of the entity's program results compared to its goals and objectives, b) the extent to which its programs are achieving their intended goals and objectives, c) an explanation of performance trends, d) a discussion of the strategies and resources the entity uses to achieve its performance goals, e) an evaluation of underlying factors that may have affected the reported performance, including information on factors that are substantially outside the entity's control and factors over which the entity has significant control,		

Management Discussion and Analysis (Items 1 - 8)	Yes, No, or N/A	Explanation
f) an explanation of plans and timelines to improve performance where targets were not met, g) summary procedures management has designed and followed to provide reasonable assurance that reported performance information is relevant and reliable, h) a discussion of important limitations and difficulties associated with performance measurement and reporting, and, if relevant, information relative to the efficiency and effectiveness, including cost effectiveness, of the entity's programs/operations? (SFFAC 3, par. 11 & 13 & OMB Circular No. A-136, pp. 19 & 20, section II.2.6)		
6) Does the analysis of the financial statements and stewardship information section include a) comparisons of the current year to prior year with an analysis of the entity's overall financial position and results of operations to assist users in assessing whether the financial position has improved or deteriorated as a result of the year's activities, b) major changes in types or amounts of assets, liabilities, costs, revenues, obligations, and outlays, c) relevance of particular balances and amounts shown in the principal financial statements, particularly if relevant to important financial management issues, d) stewardship information, and		

Management Discussion and Analysis (Items 1 - 8)	**Yes, No, or N/A**	**Explanation**
e) discussion of key financial-related measures emphasizing financial trends and the assessment of financial operations? (OMB Circular No. A-136, p. 21, section II.2.7)		
7) Does the analysis of the systems, controls and legal compliance section include a) management's assurances as to the status and effectiveness of the internal controls and financial management systems that support the preparation of the financial statements, and b) a separate section entitled "Management Assurances" that provides assurances related to 31 U.S.C. 3512 (c), (d), commonly known as the Federal Managers' Financial Integrity Act (FMFIA), and its compliance determinations required by the *Federal Financial Management Improvement Act (FFMIA)* and OMB Circular No. A-123, *Management's Responsibility for Internal Control*? (OMB Circular No. A-136, p. 21-22, section II.2.8)		
8) Does the MD&A include additional items for a) other management information, initiatives and issues, b) a section on the limitations of the financial statements including:		

Management Discussion and Analysis (Items 1 - 8)	**Yes, No, or N/A**	**Explanation**
i) the principal financial statements have been prepared to report the financial position and results of operations of the entity, pursuant to the requirements of 31 U.S.C. 3515 (b). While the statements have been prepared from the books and records of the entity in accordance with GAAP for federal entities and the formats prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources which are prepared from the same books and records, ii) the statements are for a component of the U.S. Government, a sovereign entity? (OMB Circular A-136, pp. 22-23, sections II.2.10 & II.2.11)		

Section III – Performance Reporting

Performance Reporting (Items 1 - 5)	Yes, No, or N/A	Explanation
Agencies prepare an annual performance report which for most entities is the performance section of the entity's PAR. For those entities participating in the pilot, the APR will be combined with the Annual Performance Plan and included in the Congressional budget justification. (OMB Circular No. A-136, p. 24, section II.3.1)		
1) Does the annual performance report include a) a comparison of actual performance with the projected (target) levels of performance as set out in the performance goals in the entity's annual performance budget, b) actual performance information for at least four fiscal years, c) an explanation where a performance goal was not achieved and why the goal was not met, d) a description of the plans and schedules to meet an unmet goal in the future, or alternatively, recommended action regarding an unmet goal where management concluded it is impractical or infeasible to achieve that goal, e) an evaluation of the entity's performance for the current fiscal year, taking into account the actual performance achieved, and f) an assessment by the agency head of the reliability and completeness of the performance information included in the performance report? (OMB Circular No. A-136, p. 25, section II.3.4)		

Performance Reporting (Items 1 - 5)	Yes, No, or N/A	Explanation
2) Does the comparison of actual performance to performance goals include a) actual performance for every performance goal in the entity's annual performance budget, even if the goal was discontinued after that year, and b) performance goals where actual performance information is missing, incomplete, preliminary, or estimated? For such goals, does the annual performance report indicate the approximate date when actual performance information, sufficient to make an accurate comparison with performance goal target levels, will be available? (OMB Circular No. A-136, pp. 25, section II.3.4.1)		
3) Is an explanation of why a performance goal or target was not met, either with a) A specific reason why a significant performance shortfall occurred, the consequences, and corrective actions to eliminate or reduce future shortfalls for this goal, or b) a generic explanation if the difference between the goal target level and actual performance is slight? (OMB Circular No. A-136, p. 26, section II.3.4.2)		
4) Does the PAR a) include preliminary data only if actual data is not available, and b) disclose that actual data will be included in subsequent reports when available? (OMB Circular No. A-136, p. 26, section II.3.4.4)		

Performance Reporting (Items 1 - 5)	**Yes, No, or N/A**	**Explanation**
5) Are other elements included in the performance report such as a) program evaluations, including a summary of findings and recommendations of evaluations completed during the fiscal year or a disclosure that no evaluations were completed, b) an acknowledgement of the role and a brief description of any significant contribution made by a non-federal entity in preparing the report, c) classified appendices not available to the public, and d) budget information consistent with obligation amounts shown in the *Budget Appendix*? (OMB Circular No. A-136, p. 28, section II.3.6)		

Section IV – Financial Statements

Caption	**Question Numbers**
General	1 - 16
Balance Sheet	17 - 22
Statement of Net Cost	23 - 35
Statement of Changes in Net Position	36 - 55
Statement of Budgetary Resources	56 - 73
Statement of Financing[5]	—
Statement of Custodial Activity	74 - 82
Statement of Social Insurance	83 - 85

[5] On June 29, 2007, revised OMB Circular No. A-136 eliminated the Statement of Financing and moved the reconciliation of net cost of operations to budget to a note, effective for fiscal year 2007. However, the revised circular did not prescribe an illustrative format for the reconciliation and preparers of financial statements should refer to the July 24, 2006, version of OMB Circular No. A-136. (See 2020-108 through 2020-116)

General (Items 1 - 16)	Yes, No, or N/A	Explanation
Reporting entities should ensure that information in the financial statements is presented in accordance with U.S. GAAP for federal entities and the requirements of OMB Circular No. A-136. Preparers of financial statements seeking additional guidance on matters involving the recognition, measurement, and disclosure requirements should refer to the specific FASAB standards governing those requirements. These standards are available at http://www.fasab.gov. Where the FASAB standards or instructions in Circular No. A-136 do not provide guidance, agencies shall follow the hierarchy of accounting principles described in Section II.4.2 Q&A. (OMB Circular No. A-136, p. 29, section II.4.1)		
1) In the PAR, is there a dated transmittal letter from the agency head highlighting a) the entity's mission with goals and accomplishments, and b) an assessment of whether financial and performance data in the report is reliable and complete, identifying material internal control weaknesses and corrective actions? (OMB Circular No. A-136, pp. 12-13, section II.1.2)		
2) Does the PAR consist of a) an MD&A; b) a performance section; c) a financial section including: i) a CFO letter, ii) the auditor's report, iii) basic statements and notes, iv) required supplementary stewardship information (RSSI), v) required supplementary information (RSI); and d) other accompanying information (OAI), that provides users of the financial statements with a better understanding of the entity's programs and the extent to which program objectives were achieved? (OMB Circular No. A-136, pp. 13-14, section II.1.2 and p. 32 section 11.4.2, item 2)		

General (Items 1 - 16)	Yes, No, or N/A	Explanation
3) Do the basic statements include a) Balance Sheet, b) Statement of Net Cost, c) Statement of Changes in Net Position, d) Statement of Budgetary Resources, e) Statement of Custodial Activity (when applicable), and f) Statement of Social Insurance (when applicable)? (OMB Circular No. A-136, p. 32, section II.4.2, item 2)		
4) Are the basic statements presented in accordance with U.S. GAAP? (OMB Circular No. A-136, p. 29, sec. II.4.1, item A)		
5) Is comparative information and the related note disclosures presented for the current year and prior year for the basic financial statements, except for the Statement of Social Insurance[6]? (OMB Circular No. A-136, pp. 29 and 33, section II.4.1, item B, and section II.4.2, item 3)		
6) Is comparative information presented in the RSSI and RSI when the information would be meaningful to the user of the financial report? (OMB Circular No. A-136, p. 33, section II.4.2, item 3)		
7) When the entity presents disaggregated information for component organizations, does the total column for the entity as a whole show consolidated totals net of intra-entity transactions, except for the Statement of Budgetary Resources, which is presented on a combined basis? (OMB Circular No. A-136, p. 29, sec. II.4.1, item C)		

[6] The statement of social insurance has separate requirements for comparative data discussed in the section of this checklist specific to that statement.

General (Items 1 - 16)	Yes, No, or N/A	Explanation
8) If the entity aggregates line items in its departmental statements, is the composition of the aggregated line items disclosed? (OMB Circular No. A-136, p. 30 section II.4.1, item D)		
9) If the entity disaggregates line items in its departmental statements, is the total of the disaggregated line items provided either on the face of the statements or in a note? (OMB Circular No. A-136, p. 30 section II.4.1, item D)		
10) Do schedule totals presented in the notes, in support of amounts presented in financial statements, agree with the amounts presented in the body of the financial statements? (OMB Circular No. A-136, p. 30, section II.4.1, item G)		
11) When presenting dollar amounts in the statements and the notes, does the entity a) round amounts to the nearest whole dollar, thousand, million, or billion based upon informative value to the reader, b) maintain the chosen rounding level throughout the financial statements and notes, and c) adjust line items for the differences created by the rounding process rather than adjusting column totals? (OMB Circular No. A-136, p. 30, section II.4.1, item H)		
12) Are statement line items, notes, and lines, or columns in notes that do not apply or are not informative for the reporting entity properly omitted? (OMB Circular No. A-136, p. 30, section II.4.1, item F)		

General (Items 1 - 16)	Yes, No, or N/A	Explanation
13) Are line numbers (i.e. 1.) used for reference purposes on illustrative statement formats properly omitted on the statements? (OMB Circular No. A-136, p. 30, sec. II.4.1, item I)		
14) Are notes sequentially numbered? (OMB Circular No. A-136, p. 30, section II.4.1, item J)		
15) Does the entity use the following hierarchy as the source of guidance in preparing its financial statements a) FASAB Statements & Interpretations, as well as AICPA and FASB pronouncements if made applicable to federal government entities by a FASAB Statement or Interpretation, b) FASAB Technical Bulletins and, if specifically made applicable to federal government entities by AICPA and cleared by FASAB, AICPA Industry Audit and Accounting Guides and AICPA Statements of Position, c) AICPA Accounting Standards Executive Committee (AcSEC) Practice Bulletins if specifically made applicable to federal government entities and cleared by the FASAB, as well as Technical Releases of the Accounting and Auditing Policy Committee of the FASAB, d) implementation guides published by the FASAB staff and practices that are widely recognized and prevalent in the federal government, and e) other relevant accounting literature?[7] (OMB Circular No. A-136, p. 31, section II.4.2, item 1)		

[7] Other accounting literature includes for example, FASAB Concept Statements, Governmental Accounting Standards Board (GASB) Statements, Interpretations, Technical Bulletins, and Concept Statements, AICPA Issue Papers, International Accounting Standards of the International Accounting Standards Committee, pronouncements of other professional associations or regulatory agencies, AICPA Technical Practice Aids, and accounting textbooks, handbooks, and articles.

General (Items 1 - 16)	Yes, No, or N/A	Explanation
While a department receives budget authority in accordance with law, the same law may require that department (the parent) to allocate some or even all of the budget authority to another federal entity. When a parent makes such a delegation, the Treasury Department establishes a subsidiary account called a "transfer appropriation account" (the child account). The transfer itself is referred to as an allocation transfer. In the child account, the receiving federal entity receives the budget authority, and then obligates and outlays sums up to the amount included in the allocation. (OMB Circular No. A-136, p. 34, section II.4.2, item 5)		
16) Are all budgetary and proprietary activity reported by the parent in its financial statements, whether material to the child or not? (OMB Circular No. A-136, p. 34, section II.4.2, item 5)		

Balance Sheet (Items 17 - 22)	Yes, No, or N/A	Explanation
The Balance Sheet presents, as of a specific time, amounts of future economic benefits owned or managed by the reporting entity (assets), amounts owed by the entity (liabilities), and amounts that comprise the difference (net position). (SFFAC 2, par. 57; OMB Circular No. A-136, p. 37, section II.4.3.1)		
17) Do "other" assets and liabilities include only items that are immaterial to the entity and do not warrant separate reporting? (OMB Circular No. A-136, p. 30, section II.4.1, Item E)		
18) Are entity and nonentity assets combined on the face of the balance sheet but nonentity assets are disclosed in a note? (OMB Circular No. A-136, p. 37, section II.4.3.1 and p. 39, section II.4.3.3)		
19) Is there a line item on the balance sheet with a note that discloses information about heritage assets and stewardship land[8]? (SFFAS 29, par. 25 & 40)		
20) Are unexpended appropriations and cumulative results of operations related to earmarked funds shown separately on the face of the balance sheet, if material? (SFFAS 27, par. 29, and OMB Circular No. A-136, pp. 48-49, section II.4.3.5)		

[8] No asset dollar amount is shown, except for multi-use heritage assets, which are capitalized and reported as part of general PP&E.

Balance Sheet (Items 17 - 22)	Yes, No, or N/A	Explanation
Liabilities covered by budgetary resources are liabilities covered by realized budgetary resources as of the balance sheet date. Budgetary resources encompass not only new budget authority but also other resources available to cover liabilities for specified purposes in a given year. Available budgetary resources include (1) new budget authority, (2) unobligated balances of budgetary resources at the beginning of the year or net transfers of prior year balances during the year, (3) spending authority from offsetting collections (credited to an appropriation or fund account), and (4) recoveries of unexpired budget authority through downward adjustments of prior year obligations. Liabilities are covered by budgetary resources if they are to be funded by permanent indefinite appropriations, which have been enacted and signed into law and are available for use as of the balance sheet date, provided that the resources may be apportioned by OMB without further action by the Congress and without a contingency having to be met first. (OMB Circular No. A-136, p. 41, section II.4.3.4)		
21) Are liabilities covered by budgetary resources and liabilities not covered by budgetary resources combined on the face of the balance sheet, but liabilities not covered by budgetary resources disclosed in a note? (OMB Circular No. A-136, p. 37, section II.4.3.1, p. 45, section II.4.3.4)		
Intragovernmental assets arise from transactions among federal entities. Intragovernmental assets represent claims of a federal entity against other federal entities. Intragovernmental liabilities are claims against the reporting entity by other federal entities. (OMB Circular No. A-136, p. 39, section II.4.3.3; p. 45, section II.4.3.4)		
22) Are intragovernmental assets and liabilities reported separately from assets and liabilities from non-federal entities? (The Federal Reserve system and government sponsored enterprises are also considered non-federal entities.)[9] (OMB Circular No. A-136, p. 39, section II.4.3.3, pp. 45-46, section II.4.3.4)		

[9] Government sponsored enterprises (GSE) are federally chartered but privately owned and operated entities.

Statement of Net Cost (Items 23 - 35)	Yes, No, or N/A	Explanation
The Statement of Net Cost is designed to show separately the components of the net cost of the reporting entity's operations for the period. The statement and any related supporting schedules classify revenue and cost information by major program and by suborganization or responsibility segment. (OMB Circular No. A-136, p. 50, section II.4.4.1) *Managerial cost accounting is the process of accumulating, measuring, analyzing, interpreting, and reporting cost information useful to both internal and external groups concerned with the way in which the organization uses, accounts for, safeguards, and controls its resources to meet its objectives. (SFFAS 4, par. 42)* *A cost accounting "system" is a continuous and systematic cost accounting process that may be designed to accumulate and assign costs to a variety of objects routinely or as desired by management. (SFFAS 4, par. 74)* *Cost finding is a method for determining the cost of producing goods or services using appropriate procedures, for example, special cost studies or analyses. (SFFAS 4, par. 76)*		
23) Are net costs reported for the entity as a whole and for its suborganizations[10] and major programs? (OMB Circular No. A-136, p. 51, section II.4.4.1)		
24) Does the entity present responsibility segments that align directly with the major goals and outputs described in the entity's strategic and performance plans required by the Government Performance and Results Act of 1993 (GPRA)? (SFFAS 4, par. 69; OMB Circular No. A-136, p. 50, section II.4.4.1)		

[10] Suborganizations are considered to be generally equivalent to responsibility segments.

Statement of Net Cost (Items 23 - 35)	Yes, No, or N/A	Explanation
25) Does the Statement of Net Cost report by program a) gross costs, b) related exchange revenues, c) excess of costs over exchange revenues (net program costs), d) costs that cannot be assigned to specific programs or outputs, and e) exchange revenues that cannot be attributed to specific programs and outputs? (SFFAS 7, par. 43 & 44; OMB Circular No. A-136, p. 51, section II.4.4.1)		
26) Are the full costs of goods and services received from other federal entities, whether or not the providing entity is fully reimbursed, included in the Statement of Net Cost? (SFFAS 4, par. 105; SFFAS 30, par. 5; OMB Circular No. A-136, pp. 52-53, section II.4.4.3)		
27) Are inter-entity expenses and financing sources eliminated for any consolidated financial statements covering both entities? (SFFAS 4, par. 109)		
28) Are costs related to the production of outputs reported separately from costs that are not related to the production of outputs (i.e., nonproduction costs)? (OMB Circular No. A-136, p. 53, section II.4.4.3)		
29) Are general management and administrative support costs that cannot be directly traced, assigned on a cause-and-effect basis, or reasonably allocated to segments and their outputs reported as costs not assigned to programs on the Statement of Net Cost? (SFFAS 4, par. 92; OMB Circular No. A-136, p. 54, section II.4.4.6)		

Statement of Net Cost (Items 23 - 35)	Yes, No, or N/A	Explanation
30) Are non-production costs that cannot be assigned to a particular program reported as costs not assigned to programs on the Statement of Net Cost? (SFFAS 4, par. 92; OMB Circular No. A-136, p. 54, section II.4.4.6)		
31) Is earned revenue reported on the Statement of Net Cost or in a supplementary schedule (regardless of whether the entity is permitted to retain the revenue in whole or in part)? OMB Circular No. A-136, p. 54, section II.4.4.4)		
32) Are earned revenues deducted from the full cost of outputs or outcomes to determine their net program costs? (SFFAS 7, par. 43; OMB Circular No. A-136, p. 54, sections II.4.4.4 and II.4.4.5)		
33) Is the net amount of gains (or losses) subtracted from (or added to) the gross cost to determine the net cost of operations and programs? (SFFAS 7, par. 44)		
34) Are earned revenues that are insignificant or cannot be attributed to particular outputs or programs reported separately as a deduction to determine the net cost of operations of the reporting entity as a whole? (OMB Circular No. A-136, p. 54, section II.4.4.7)		
35) Are nonexchange revenues and other financing sources excluded from calculating net cost of operations for the reporting entity? (SFFAS 7, par. 44)		

Statement of Changes in Net Position (Items 36 - 55)	**Yes, No, or N/A**	**Explanation**
The Statement of Changes in Net Position (SCNP) reports the change in net position during the reporting period. Net position is affected by changes to its two components: Cumulative Results of Operations and Unexpended Appropriations. (OMB Circular No. A-136, p. 55, section II.4.5.1)		
36) Do beginning balances of Cumulative Results of Operations and Unexpended Appropriations agree with the amounts reported as net position on the prior year's Balance Sheet? (OMB Circular No. A-136, p. 59, section II.4.5.4)		
37) Are "beginning balances, as adjusted," equal to the sum of the beginning balances of net position as reported on the prior year's Balance Sheet, and the prior period adjustments? (OMB Circular No. A-136, p. 62, section II.4.5.4)		
38) Are the net position balances attributable to earmarked funds reported separately from all other funds, if material? (OMB Circular No. A-136, p. 59, section II.4.5.4)		
39) Are adjustments to the beginning balances for Cumulative Results of Operations and Unexpended Appropriations reported for a) changes in accounting principles? b) correction of errors? (OMB Circular No. A-136, pp. 59-62, section II.4.5.4)		
40) Are other financing sources, including appropriations, and net cost of operations reported separately on the face of the SCNP? (OMB Circular No. A-136, p. 58, section II.4.5.3)		

Statement of Changes in Net Position (Items 36 - 55)	**Yes, No, or N/A**	**Explanation**
41) Are portions of Cumulative Results of Operations and Unexpended Appropriations attributable to earmarked funds reported separately on the face of the SCNP? (OMB Circular No. A-136, p. 58, section II.4.5.3)		
42) Are earmarked and all other funds presented on a combined basis? (OMB Circular No. A-136, p. 58, section II.4.5.3)		
43) Are eliminations shown on the SCNP, including eliminations between the earmarked funds and all other funds, as well as eliminations within earmarked and all other funds? (OMB Circular No. A-136, p. 58, section II.4.5.3)		
44) Does the entity use a columnar presentation for its SCNP? (OMB Circular No. A-136, pp. 55-58, sections II.4.5.2 and II.4.5.3)		
45) If the entity chose to use a linear presentation, did the entity also display a) elimination amount for each affected statement line, and b) the SCNP in a columnar presentation in the note? (OMB Circular No. A-136, p. 58, section II.4.5.3)		
46) If errors[11] were discovered after the issuance of the prior year financial statements, and if those financial statements or the current financial statements would be materially misstated absent correction of the errors, were corrections made in the SCNP as follows:		

[11] Errors in financial statements result from mathematical mistakes, mistakes in the application of accounting principles, or oversight or misuse of facts that existed at the time the financial statements were prepared.

Statement of Changes in Net Position (Items 36 - 55)	**Yes, No, or N/A**	**Explanation**
a) If only the current period statement is presented, is the cumulative effect of correcting the error reported as a prior period adjustment to the beginning balance of the cumulative results of operations? b) If comparative financial statements are presented, are individual amounts on the financial statements corrected in the earliest affected period presented? c) If the earliest period presented in the comparative financial statements is not the period in which the error occurred and the cumulative effect is attributable to prior periods, is the cumulative effect reported as a prior period adjustment to the beginning balance of cumulative results of operations in the SCNP for the earliest period presented? (SFFAS 21, par. 10 & 11; OMB Circular No. A-136, p. 59, section II.4.5.4)		

Statement of Changes in Net Position (Items 36 - 55)	**Yes, No, or N/A**	**Explanation**
47) Is the nature of an error in previously issued financial statements and the effect of its correction on relevant balances disclosed? (SFFAS 21, par. 10 (c))		
48) If changes in accounting principles[12] would have resulted in a change to prior period financial statements, are they handled in the following manner a) the cumulative effect of the change on prior periods is reported as a "change in accounting principle" and reported as an adjustment to the beginning balance of the cumulative results of operations in the SCNP for the period that the change is made, b) if comparative financial statements, prior period amounts are presented as previously reported, and c) the nature of the changes in accounting principle and its effect on relevant balances are disclosed in the current period?[13] (SFFAS 21, par. 12 & 13)		
49) Do the items reported in the "other financing sources" section equal the amounts reported as similar line items in the "other resources"[14] section on the Statement of Financing? (OMB Circular No. A-136, p. 63, section II.4.5.6)		

[12] A change in accounting principle is a change from one generally accepted accounting principle to another one that can be justified as preferable; this would also include changes occasioned by the adoption of new federal accounting standards.
[13] Financial statements of subsequent periods need not repeat the disclosure.
[14] Other resources increase net position but are not budgetary resources as reported on the "Statement of Budgetary Resources" or defined as such in OMB Circular No. A-11, Part 4.

Statement of Changes in Net Position (Items 36 - 55)	Yes, No, or N/A	Explanation
50) Does imputed financing reported on the Statement of Changes in Net Position equal the amount of imputed costs within the Statement of Net Cost? (OMB Circular No. A-136, p. 63, section II.4.5.6)		
51) Does the amount "net cost of operations" reported under cumulative results of operations agree with "net cost of operations" as reported on the Statement of Net Cost and Statement of Financing? (OMB Circular No. A-136, p. 64, section II.4.5.7)		
52) Is the difference between the net cost of operations and the sum of the financing sources (i.e., budgetary and other) and beginning balance, as adjusted, equal to the change in the ending balance of net position as it relates to the cumulative results of operations? (OMB Circular No. A-136, p. 64, section II.4.5.7)		
53) Do the ending balances of the cumulative results of operations and unexpended appropriations agree with the amounts reported as net position on the current year's Balance Sheet? (OMB Circular No. A-136, p. 64, section II.4.5.9)		
54) If the entity incurs virtually no cost in connection with earning exchange revenue, is such revenue shown as a financing source on the Statement of Changes in Net Position or (if appropriate) Statement of Custodial Activity and not recognized in the Statement of Net Cost? (SFFAS 7, par. 45)		
55) Is any portion of exchange revenue that cannot be retained by the entity reported as a transfer-out on the Statement of Changes in Net Position? (OMB Circular No. A-136, p. 54, section II.4.4.4)		

Statement of Budgetary Resources (Items 56 - 73)	**Yes, No, or N/A**	**Explanation**
The budget is the primary financial planning and control tool of the government. The Statement of Budgetary Resources (SBR) and the related disclosures provide information about how budgetary resources were made available as well as their status at the end of the period. It is the only financial statement predominantly derived from an entity's budgetary general ledger, prepared in accordance with budgetary accounting rules, which are incorporated into U.S. GAAP for the Federal Government. (SFFAS 7, par. 77; OMB Circular No. A-136, p. 65, section II.4.6.1)		
56) Is the recognition and measurement of budgetary information reported on the SBR based on budget terminology, definitions, and guidance in OMB Circular No. A-11, *Preparation, Submission and Execution of the Budget*, (July 2, 2007)? (SFFAS 7, par. 78; OMB Circular No. A-136, p. 66, section II.4.6.1)		
57) Is information on the SBR reconcilable with budget execution information reported on the Report on Budget Execution and Budgetary Resources (SF 133) and with information reported in the *Budget of the United States Government*? (OMB Circular No. A-136, p. 65, section II.4.6.1)		
58) Is the format of the SBR based on the format of the SF-133? (OMB Circular No. A-136, p. 66, section II.4.6.3)		
59) Are material differences between comparable information contained in the SBR and the *Budget of the United States Government* disclosed in the notes? (OMB Circular No. A-136, p. 66, II.4.6.1)		
60) Is the budgetary information in the SBR presented on a combined basis that is consistent with the aggregate of the account-level information presented on the SF 133s? (OMB Circular No. A-136, p. 66, section II.4.6.2)		

Statement of Budgetary Resources (Items 56 - 73)	**Yes, No, or N/A**	**Explanation**
61) Are non-budgetary credit reform financing accounts reported separately from the budgetary accounts? (OMB Circular No. A-136, p. 66, section II.4.6.3)		
62) In its SBR under "Budgetary Resources" does the entity include a) unobligated balances, brought forward, b) recoveries of prior year unpaid obligations, c) new budget authority, including i) appropriation, ii) borrowing authority, iii) contract authority, d) spending authority from offsetting collections, including i) earned authority that is collected and/or change in receivables from federal sources, ii) changes in unfilled customer orders with advance(s) received, and/or without advance(s) from federal sources, iii) previously unavailable, iv) expenditure transfers from trust funds, e) nonexpenditure transfers, net, anticipated (should be zero at year end), and actual, f) budgetary resources temporarily not available pursuant to public law, and g) budgetary resources permanently not available? (OMB Circular No. A-136, pp. 67-68, section II.4.6.4 & p. 69, section II.4.6.5; SFFAS 7, par. 77)		

Statement of Budgetary Resources (Items 56 - 73)	Yes, No, or N/A	Explanation
63) Do the budgetary resources reported in this section agree with the total budgetary resources reported for all of the budget accounts on the year-end SF 133? (OMB Circular No. A-136, p. 69, section II.4.6.5)		
64) Are expired obligated and unobligated balances that cancel at the end of the fiscal year reported as canceled on the year-end SBR? OMB Circular No. A-136, p. 69, section II.4.6.5)		
65) In its SBR under "Status of Budgetary Resources" does the entity include a) obligations incurred that are: i) direct and/or, ii) reimbursable, b) unobligated balance(s) that are: i) apportioned and/or, ii) exempt from apportionment, c) unobligated balance(s) not available? (OMB Circular No. A-136, p. 68, section II.4.6.4 & p. 69, section II.4.6.6; SFFAS 7, par. 77)		
66) Does the total amount displayed for the "status of budgetary resources" section of the SBR equal "total budgetary resources" available to the reporting entity as of the reporting date? (OMB Circular No. A-136, p. 69, section II.4.6.6)		
67) Does the status of budgetary resources reported on the SBR agree with the total status reported for the aggregate of all budget accounts on the year-end SF 133? (OMB Circular No. A-136, p. 69, section II.4.6.6)		

Statement of Budgetary Resources (Items 56 - 73)	**Yes, No, or N/A**	**Explanation**
68) In its SBR under "Change in Obligated Balance" does the entity include a) obligated balance(s), net, that are: i) unpaid obligations, brought forward, ii) uncollected customer payments from federal sources, brought forward, b) obligations incurred, net, c) gross outlays, d) obligated balance transferred, net that are: i) actual transfers, unpaid obligations, ii) actual transfers, uncollected customer payments from federal sources, e) recoveries of prior year unpaid obligations, actual, f) change in uncollected customer payments from federal sources, g) obligated balance, net, end of period that are: i) unpaid obligations, and ii) uncollected customer payments from federal sources? (OMB Circular No. A-136, p. 68, section II.4.6.4 & p. 69, section II.4.6.7)		

Statement of Budgetary Resources (Items 56 - 73)	Yes, No, or N/A	Explanation
69) In its SBR under "Net Outlays" does the entity include a) gross outlays, b) offsetting collections, and c) distributed offsetting receipts?[15] (OMB Circular No. A-136, p. 68, section II.4.6.4 & p. 70, section II.4.6.8)		
70) Do the outlays[16] reported in "Net Outlays" section agree with the agency outlay totals reported in the *Budget of the United States Government*?[17] (OMB Circular No. A-136, p. 70, section, II.4.6.8)		
71) Do the outlays also agree with the aggregate of outlays reported on the year-end SF 133 for the aggregate of all budget accounts, including non-budgetary financing accounts and the disbursements and collections reported to Treasury on a monthly basis[18] as per OMB Circular No. A-11? (OMB Circular No. A-136, p. 70, section II.4.6.8)		

[15] Offsetting receipts offset budget authority and outlays at the agency level in the Budget of the United States Government, but are not reflected in budget execution reports (SF 133s), which provide account-level information only. Since the SBR is an agencywide report, offsetting receipts are included to reconcile to information in the *Budget of the United States Government*.
[16] Outlays consist of disbursements net of offsetting collections.
[17] That is, do the outlays agree with the aggregate of the outlays for accounts within the *Budget of the United States Government*?
[18] Agencies report their disbursements and collections using the SF 224, Statement of Transactions; SF 1219, Statement of Accountability; and SF 1220, Statement of Transactions.

Statement of Budgetary Resources (Items 56 - 73)	Yes, No, or N/A	Explanation
Offsetting receipts are collections that are credited to general fund, special fund, or trust fund receipt accounts and that offset gross outlays. Unlike offsetting collections, which are credited to expenditure accounts and offset outlays at the account level, offsetting receipts are credited to receipt accounts and offset outlays at the agency or governmentwide level. *Offsetting receipts may be distributed to agencies or undistributed. Distributed offsetting receipts offset the outlays of the agency, while undistributed offsetting receipts offset governmentwide outlays. Distributed offsetting receipts typically offset the outlays of the agency that conducts the activity, generating the receipts and the subfunction to which the activity is assigned. Offsetting receipts are composed of proprietary receipts from the public, receipts from intragovernmental transactions, and offsetting governmental receipts. (OMB Circular No. A-136, p. 70, section II.4.6.8)*		
72) Does the amount of distributed offsetting receipts reported on the SBR agree with the aggregate of cash collected in the receipt accounts and reported to Treasury on a monthly basis? (OMB Circular No. A-136, p. 71, section II.4.6.8)		
73) Does the amount of offsetting receipts that are distributed to entities and reported on the SBR agree with the deductions for offsetting receipts as reported in the *Budget of the United States Government*, if available by the time the financial statements must be finalized and submitted? (OMB Circular No. A-136, p. 71, section II.4.6.8)		

Statement of Custodial Activity (Items 74 - 82)	**Yes, No, or N/A**	**Explanation**
Entities that collect nonexchange revenue for the General Fund of the Treasury, a trust fund, or other recipient entities account for the sources and disposition of these collections in a Statement of Custodial Activity. *An entity need not prepare a Statement of Custodial Activity when custodial collections are immaterial and incidental to their primary mission. In these cases, the sources and disposition of the collections may be disclosed in accompanying notes. (OMB Circular No. A-136, p. 73, section II.4.8.1)*		
74) Is nonexchange revenue transferred to others reported on the Statement of Custodial Activity? (OMB Circular No. A-136, p. 73, section II.4.8.1, par. 1)		
75) In exceptional circumstances, has the entity reported exchange revenue with virtually no collection costs on the Statement of Custodial Activity? (OMB Circular No. A-136, p. 73, section II.4.8.1. par. 3)		
Sources of Collections		
76) Are the components of cash collections classified by source and nature of collection, such as by type of tax or duty? (OMB Circular No. A-136, p. 75, section II.4.8.3)		
77) Are nonexchange revenue accrual adjustments shown separately in the “sources of collections” section and added or subtracted from the net collections to determine the total custodial exchange revenue? (OMB Circular No. A-136, p. 75, section II.4.8.3)		
Disposition of Collections		
78) Do the amounts transferred to others, reported in the “disposition of collections” section, identify the specific agencies to which collections were transferred and the amounts transferred? (OMB Circular No. A-136, p. 75, section II.4.8.4)		

Statement of Custodial Activity (Items 74 - 82)	**Yes, No, or N/A**	**Explanation**
79) Is the change in liability for accrued and collected revenue yet to be transferred reported separately in the “disposition of collections” section of the Statement of Custodial Activity? (OMB Circular No. A-136, p. 75, section II.4.8.4)		
80) Are the amounts of refunds and other payments made reported separately in the “disposition of collections” section of the Statement of Custodial Activity? (OMB Circular No. A-136, p. 75 section II.4.8.4)		
81) Are collections retained by the entity separately reported as exchange revenue in the Statement of Net Cost and treated as a disposition of collections revenue in the statement of custodial activity? (OMB Circular No. A-136, p. 73, section II.4.8.1 & p. 75, section II.4.8.4)		
82) Do total sources of collections equal total disposition of collections (revenue) so that the net custodial activity is zero? (OMB Circular No. A-136, p. 75, section II.4.8.5)		

<table>
<tr><th>Statement of Social Insurance
(Items 83 - 85)</th><th>Yes, No, or N/A</th><th>Explanation</th></tr>
<tr><td colspan="3">Reporting on stewardship responsibilities aids in assessing the federal government's financial condition and the sufficiency of future budgetary resources to sustain public services and meet obligations as they become due. Information for social insurance programs is reported to address fundamental questions about the current and future financial condition of these programs. These fundamental questions include whether scheduled expenditures are sustainable with current scheduled income. Information to be disclosed for social insurance programs is intended to facilitate an assessment of the long-term sustainability of the program as well as the ability of the program to raise resources from future program participants to pay for benefits to present participants.

For the programs listed as social insurance, the Statement of Social Insurance (SOSI) present the actuarial present value for the projection period of all future contributions and tax income (excluding interest) received from or on behalf of current and future participants; the actuarial present value for the projection period of estimated future scheduled expenditures paid to or on behalf of current and future participants; and the actuarial present value for the projection period of the estimated future excess of contributions and tax income (excluding interest) over future scheduled expenditures. The SOSI provides information for the current year and separate estimates for each of the preceding four years. (SFFAS 17, par. 1; OMB Circular No. A-136, pp. 76-77, section II.4.9.1)</td></tr>
<tr><td>83) For all social insurance programs except Unemployment Insurance (UI),[39] does the responsible entity's SOSI present

a) The actuarial present value of all future expenditures during the projection period related to benefit payments: (SFFAS 17, par. 27 (3) (a) - (c))

i) to or on behalf of current participants who have not yet attained retirement/eligibility age;

ii) to or on behalf of current participants who have attained retirement/eligibility age; and</td><td></td><td></td></tr>
</table>

[39] Although SFFAS 17 lists UI for general public, the requirements for the SOSI in paragraphs 27(3) and 32(3) of SFFAS 17 specifically exclude UI. Therefore, a SOSI is not required for UI.

Statement of Social Insurance (Items 83 - 85)	**Yes, No, or N/A**	**Explanation**
iii) to or on behalf of those who are expected to become plan participants during a projection period encompassing substantially all the present value attributed to i) and ii) immediately above. b) the actuarial present value of all future contributions and tax income (from taxation of benefits) during the projection period: (SFFAS 17, par. 27 (3) (d) – (f)), i) from or on behalf of current participants who have not yet attained retirement/eligibility age; ii) from or on behalf of current participants who have attained retirement/eligibility age; and iii) from or on behalf of those who are expected to become plan participants during a projection period encompassing substantially all the present value attributed to i) and ii) immediately above. c) the net present value of cash flow during the projection period? (SFFAS 17, par. 27 (3) (g))		
84) Is the information detailed in the preceding question for the current year and for each of the preceding four years? (SFFAS 17, par. 27 (3) (j); OMB Circular No. A-136, p. 77, section II.4.9.1)		
85) Are all projections and estimates made as of a date (the valuation date) as close to the end of the fiscal year being reported upon ("current year") as possible and no more than one year prior to the end of the current year? (SFFAS 17, par. 26)		

Section V -- Note Disclosures

The question numbers related to each caption are identified below.

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Significant Accounting Policies (Items 1 - 10)	**Yes, No, or N/A**	**Explanation**
Disclosure of accounting policies identifies and describes the accounting principles followed by the reporting entity and the methods of applying those principles. In general, the disclosure encompasses important judgments as to the valuation, recognition, and allocation of assets, liabilities, expenses, revenues and other financing sources. (OMB Circular No. A-136, p. 81, section II.4.10.1)		
1) Is a description of the reporting entity including identification of its major components disclosed in significant accounting policies? (OMB Circular No. A-136, p. 81, section II.4.10.1)		
2) Has entity management summarized all appropriate accounting principles and their application to fairly present the entity's assets, liabilities, net cost of operations, changes in net position and budgetary resources in the disclosure of significant accounting policies? (OMB Circular No. A-136, p. 81, section II.4.10.1)		
3) Does the disclosure of accounting policies encompass important judgments as to the valuation, recognition, and allocation of assets, liabilities, expenses, revenues and other financing sources? (OMB Circular No. A-136, p. 81, section II.4.10.1)		
4) Do the disclosures of accounting policies <u>not</u> duplicate details in other notes to the financial statements? (OMB Circular No. A-136, p. 81, section II.4.10.1)		
5) Is a description of changes in generally accepted accounting principles, and an explanation of concepts, such as Fund Balance with Treasury and Earmarked Funds unique to Federal financial statements included in the disclosure of significant accounting policies? (OMB Circular No. A-136, p. 81, section II.4.10.1)		

Significant Accounting Policies (Items 1 - 10)	**Yes, No, or N/A**	**Explanation**
6) If the entity is a "parent" involved in an allocation transfer with a different federal entity, is there an explanation (no amount) in the significant accounting policies disclosure that there are amounts being reported on its net cost of operations, changes in net position, and budgetary resources where activity is being performed by the receiving federal entity? (OMB Circular No. A-136, p. 82, section II.4.10.1)		
7) If the entity is a "child" involved in an allocation transfer with a different federal entity, is there an explanation (no amount) that it performed activity being reported in the financial statements of the "parent"? (OMB Circular No. A-136, p. 82, section II.4.10.1)		
8) Regardless of whether the entity is the "parent" or the "child" in an allocation transfer, are the names of the federal departments involved in the allocation transfers disclosed? (OMB Circular No. A-136, p. 82, section II.4.10.1)		
9) Are significant changes in the composition of the entity or manner in which the entity aggregates information for financial reporting purposes disclosed? (OMB Circular No. A-136, p. 81, section II.4.10.1)		
10) Changes in the composition of the reporting entity or manner in which the reporting entity aggregates information for financial reporting purposes, in effect, result in a new reporting entity. Therefore, has the entity restated financial statements for prior periods presented to correspond to the changes? (OMB Circular No. A-136, p. 81, section II.4.10.1)		

Non-entity Assets (Item 11)	**Yes, No, or N/A**	**Explanation**
Entity assets are assets that the reporting entity has authority to use in its operations. The authority to use funds in an entity's operations means that entity management has the authority to decide how funds are used, or management is legally obligated to use funds to meet entity obligations, e.g., repay loans from Treasury. Non-entity assets are assets held by an entity but are not available to the entity. An example of non-entity assets is tax receivables, which the Internal Revenue Service collects for the U.S. Government but has no authority to spend. (OMB Circular No. A-136, p. 39, section II.4.3.3)		
11) Are the amounts and types of non-entity assets disclosed in a note to the financial statements? (OMB Circular No. A-136, p. 37, section II.4.3.1; p. 39, section II.4.3.3; p. 83, section II.4.10.2)		

Fund Balance with Treasury (Items 12 - 20)	**Yes, No, or N/A**	**Explanation**
A federal entity's Fund Balance with Treasury (FBWT) is the aggregate amount of funds in the entity's accounts with Treasury for which the entity is authorized to make expenditures and pay liabilities. FBWT includes clearing account balances and the dollar equivalent of foreign currency account balances. From the reporting entity's perspective, FBWT is an (intragovernmental) asset (although it is an intragovernmental liability to Treasury.) From the perspective of the federal government as a whole, FBWT is neither an asset nor a liability and is eliminated in the federal consolidated financial statements. FBWT represents a commitment to make resources available to federal departments, agencies, programs, and other entities. (SFFAS 1, par. 31 & 32 with parenthesis provided for clarification.)		
12) Is the FBWT reported as an intragovernmental asset? (SFFAS 1, par. 31; OMB Circular No. A-136, p. 38, section II.4.3.2)		
13) Are amounts disclosed as fund balances in deposit, suspense, and clearing accounts that are not available to finance entity activities reported as nonentity assets? (OMB Circular No. A-136, p. 39, section II.4.3.3)		
14) Does the entity distinguish funds within FBWT as the obligated balance not yet disbursed[40] and the unobligated balance[41] in a note to the financial statements? (SFFAS 1, par. 37; OMB Circular No. A-136, pp. 83-84, section II.4.10.3)		
15) Are fund balances that agencies are authorized to use disclosed by fund type (e.g., trust funds, special funds, revolving funds, general funds, and other fund types)? (OMB Circular No. A-136, p. 83, section II.4.10.3, item A)		

[40] The obligated balance not yet disbursed is the amount of funds against which budgetary obligations have been incurred, but disbursements have not been made.
[41] The unobligated balance is the amount of funds available to the entity against which no claims have been recorded. (SFFAS 1, par. 38)

Fund Balance with Treasury (Items 12 - 20)	Yes, No, or N/A	Explanation
16) Are restrictions on unobligated balances related to future use disclosed? (SFFAS 1, par. 38; OMB Circular No. A-136, p. 84, section II.4.10.3, item B)		
17) Does the entity disclose any a) differences and the causes (if known) of such differences between FBWT in its general ledger accounts and the balance in its Treasury's accounts,[42] and b) other information necessary for understanding the nature of fund balances? (SFFAS 1, par. 39; OMB Circular No. A-136, p. 84, section II.4.10.3, item C)		
18) Does the entity disclose information on unused funds in expired appropriations that are returned to Treasury at the end of a fiscal year? (SFFAS 1, par. 39)		
19) Are balances in deposit accounts, such as collections pending litigation, funds awaiting determination of proper accounting disposition, or funds being held by the entity in the capacity of a banker or agent for others, disclosed under "other fund types?" (OMB Circular No. A-136, p. 84, section II.4.10.3, item A)		
20) If any of the balances under "other fund types" are material, are they listed separately? (OMB Circular No. A-136, p. 84, section II.4.10.3, item A)		

[42] The entity should reconcile differences and correct errors when preparing financial reports. Although both SFFAS 1 and OMB Circular No. A-136 state "any differences", for audit purposes materiality would apply. FASAB standards generally state that they need not be applied to immaterial items; however, the determination of immateriality requires considerable judgment based upon specific facts and circumstances.

Cash and Other Monetary Assets (Items 21 - 25)	**Yes, No, or N/A**	**Explanation**
Cash (including imprest funds) consists of: coins, paper currency, readily negotiable instruments (such as checks, money orders, and bank drafts), demand deposits, and foreign currencies stated in U.S. dollars at the Treasury exchange rate on the financial statement date. *Other monetary assets consist of other items such as gold, special drawing rights, and U.S. reserves in the International Monetary Fund (IMF). (SFFAS 1, par. 27; OMB Circular No. A-136, p. 40, section II.4.3.3)*		
21) Are the components of cash and other monetary assets disclosed and described in a note to the financial statements? (OMB Circular No. A-136, pp. 40-41, section II.4.3.3 & p. 86, section II.4.10.4)		
Entity cash is the amount of cash that the reporting entity holds and is authorized by law to spend. Nonentity cash is the cash that a federal entity collects and holds on behalf of the U.S. government or other entities. In some instances the entity deposits cash in its accounts in a fiduciary capacity for the U.S. Treasury or other entities. (SFFAS 1, par. 28 & 29)		
22) Is nonentity cash disclosed in the notes to the financial statements, separately from entity cash? (SFFAS 1, par. 29; OMB Circular No. A-136, p. 39, section II.4.3.3)		
23) If cash is restricted,[43] is the nature and reason disclosed? (SFFAS 1, par. 30; OMB Circular No. A-136, p. 85, section II.4.10.4)		
24) Does the entity disclose restrictions on the use or conversion of cash denominated in foreign currencies and the significant effects of changes in the exchange rate on the entity's financial position that occur after the end of the reporting period but before the issuance of financial statements? (OMB Circular No. A-136, p. 85, section II.4.10.4)		

[43] Nonentity cash is always restricted. Other examples of restricted cash includes cash held in escrow to pay property taxes and insurance related to property associated with defaulted loans, seized cash (recognized as an asset per SFFAS No. 3), bid deposits held in a commercial bank, and cash held in earmarked funds.

Cash and Other Monetary Assets (Items 21 - 25)	**Yes, No, or N/A**	**Explanation**
25) Is other information on cash and other monetary assets disclosed, as appropriate, such as the valuation rate of gold? (OMB Circular No. A-136, p. 85, section II.4.10.4)		

Investments (Items 26 - 34)	Yes, No, or N/A	Explanation
Investments in federal (i.e., Treasury) securities include (1) nonmarketable par value Treasury securities, (2) market-based Treasury securities expected to be held to maturity, (3) marketable Treasury securities expected to be held to maturity, and (4) securities issued by other federal entities. Nonfederal securities include those issued by state and local governments, private corporations, and government-sponsored enterprises. (SFFAS 1, par. 62; OMB Circular No. A-136, p. 41, section II.4.3.3)		
26) Are investments in federal securities reported separately from investments in nonfederal securities? (SFFAS 1, par. 67; OMB Circular No. A-136, p. 41, section II.4.3.3.)		
27) Are investments in securities reported at their acquisition cost or amortized acquisition cost (less an allowance for losses, if any)? (SFFAS 1, par. 68-69; OMB Circular No. A-136, p. 41, section II.4.3.3)		
28) Subsequent to acquisition, are investments in securities reported at their acquisition cost adjusted for amortized premium or discount? (SFFAS 1, par. 70-71; OMB Circular No. A-136, p. 87, section II.4.10.5)		
29) Is the market value of market-based and marketable securities disclosed? (SFFAS 1, par. 72; OMB Circular No. A-136, pp. 86-87, section II.4.10.5)		
30) Are investments grouped by type of security, such as marketable or market-based Treasury securities? (SFFAS 1, par. 72; OMB Circular No. A-136, p. 87, section II.4.10.5)		
31) Are the components of investments (e.g., cost, amortization, other adjustments) disclosed in the notes to the financial statements? (OMB Circular No. A-136, p. 41, section II.4.3.3 & p. 86, section II.4.10.5)		

Investments (Items 26 - 34)	Yes, No, or N/A	Explanation
32) Are securities that have been reclassified as securities available for sale or early redemption disclosed? (SFFAS 1, par. 73; OMB Circular No. A-136, p. 87, section II.4.10.5, item C)		
33) Does the entity disclose any other information relative to understanding the nature of reported investments, such as permanent impairments? (OMB Circular No. A-136, p. 87, section II.4.10.5, item C)		
34) If the entity has investments in Treasury Securities for earmarked funds are issues disclosed in a note to the financial statements? (SFFAS 27, par. 27-28; OMB Circular No. A-136, p. 87, section II.4.10.5, item B)		

Receivables (Items 35 - 40)	Yes, No, or N/A	Explanation
Receivables are amounts that the entity claims for payment from others. Receivables can result from such activities as the sales of goods or services, the non-payment of taxes, the making of loans or loans assumed from defaults on previously made loan guarantees, the earning of interest, the advance or prepayment of monies, etc. (SFFAC 2, par. 84)		
Accounts Receivable, Net (Items 35 - 37)		
35) Are receivables from federal entities reported as intragovernmental receivables, and reported separately from receivables from nonfederal entities? (SFFAS 1, par. 42; OMB Circular No. A-136, p. 39, section II.4.3.3)		
Entity receivables are amounts due from other federal or nonfederal entities that the federal entity is authorized by law to include in its obligational authority or to offset its expenditures and liabilities upon collection. Nonentity receivables are amounts that the entity is to collect on behalf of the federal government or other entities, and the entity is not authorized to spend. (SFFAS 1, par. 43)		
36) Are receivables not available to the entity disclosed in a note to the financial statements as non-entity assets, separate from receivables available to the entity? (SFFAS 1, par. 43; OMB Circular No. A-136, p. 39, section II.4.3.3 & p. 83, section II.4.10.2)		
37) Does the reporting entity disclose a) major categories of accounts receivable by amount (gross and net) and type, b) methodology used to estimate the allowance for uncollectible amounts, and c) total dollar amount of the allowance for uncollectible accounts? (SFFAS 1, par. 52; OMB Circular No. A-136, p. 88, section II.4.10.6)		

Receivables (Items 36 - 41)	**Yes, No, or N/A**	**Explanation**
Taxes Receivable, Net (Item 38)		
38) Does the reporting entity disclose a) gross taxes receivable, b) allowance for uncollectible taxes receivable, c) net taxes receivable, and d) methodology used to estimate the allowance for uncollectible taxes? (SFFAS 1, par. 52; OMB Circular No. A-136, p. 88, section II.4.10.7)		
Interest Receivable (Items 39 - 40)		
39) Is interest accrued on uncollectible accounts receivable disclosed until (1) the interest payment requirement has been waived by the federal government or (2) the related debt has been written off? (SFFAS 1, par. 55)		
40) Is interest receivable from federal entities reported separately from interest receivable from the public? (SFFAS 1, par. 56)		

Direct Loans and Loan Guarantees (Items 41 – 72)	**Yes, No, or N/A**	**Explanation**
The Federal Credit Reform Act of 1990 divides direct loans and loan guarantees (for non-federal borrowers) into two groups: pre-1992 and post-1991. Pre-1992 refers to direct loan obligations or loan guarantee commitments made prior to fiscal year 1992; post-1991 refers to direct loan obligations or loan guarantee commitments made after fiscal year 1991.[44] *(OMB Circular No. A-136, p. 96, section II.4.10.8, item A)*		
41) Is interest receivable related to pre-1992 and post-1991 direct loans and acquired defaulted guaranteed loans reported as a component of loans receivables and related foreclosed property? (OMB Circular No. A-136, p. 41, section II.4.3.3)		
42) Are special fund receipt accounts for negative subsidies and downward subsidy reestimates included in the credit reporting entity's financial statements? (OMB Circular No. A-136, p. 42, section II.4.3.3)		
43) Are any assets in these special fund receipt accounts shown as non-entity assets that are offset by intragovernmental liabilities covered by budgetary resources? (OMB Circular No. A-136, p. 42, section II.4.3.3)		
44) Did the entity disclose that direct loan obligations and loan guarantee commitments made after fiscal year 1991, and the resulting direct loans or loan guarantees, are governed by the Federal Credit Reform Act of 1990, as amended? (OMB Circular No. A-136, p. 96, section II.4.10.8, instruction A)		

[44] Section 506 (a) of the Federal Credit Reform Act exempts the credit activities of certain agencies, such as the Federal Deposit Insurance Corporation (FDIC) and the Tennessee Valley Authority (TVA). These agencies can report in accordance with other requirements.

Direct Loans and Loan Guarantees (Items 41 – 72)	**Yes, No, or N/A**	**Explanation**
45) Do the notes disclose other relevant and appropriate information related to direct loans and loan guarantees including a) a description of the characteristics of the loan programs, b) commitments to guarantee, c) management's method for accruing interest revenue and recording interest receivable, and d) management's policy for accruing interest on nonperforming loans? (OMB Circular No. A-136, p. 97, section II.4.10.8)		
46) Is the value of the assets related to defaults[45] included in the reported credit program receivables for a) pre-1992 direct loans, b) post-1991 direct loans, c) pre-1992 guarantee loans, and d) post-1991 guaranteed loans? (OMB Circular No. A-136, p. 100, section II.4.10.8, instructions B, C, H, & I)		
47) Does the entity disclose whether pre-1992 direct loans and loan guarantees are reported on a present value basis or are reported under the allowance method? (OMB Circular No. A-136, p. 96, section II.4.10.8, instruction A)		

[45] That is, the sum of (1) defaulted guaranteed loans receivable gross, (2) interest receivable, and (3) foreclosed property, less the allowance for subsidy cost at present value.

Direct Loans and Loan Guarantees (Items 41 – 72)	**Yes, No, or N/A**	**Explanation**
48) Are components of assets related to pre-1992 direct loans receivable disclosed by loan program for a) loans receivable, gross, b) interest receivable, c) estimated net realizable value of related foreclosed property, d) present value allowance[46] (if the present value method is used), e) allowance for loan losses[47] (if the allowance-for-loss method is used), and f) value of assets related to direct loans receivable, net? (OMB Circular No. A-136, p. 98, section II.4.10.8, instruction B)		
49) Are components of assets related to post-1991 direct loans receivable disclosed by loan program for a) loans receivable, gross, b) interest receivable, c) estimated net realizable value of foreclosed property, d) allowance for subsidy costs (present value), and e) value of assets related to direct loans receivable, net? (OMB Circular No. A-136, p. 98, section II.4.10.8, instruction C)		

[46] Under the present value method, the nominal amount of the direct loans is reduced by an allowance equal to the difference between the nominal amount and the present value of the expected net cash flows from the loans. OMB Circular A-136, p. 96, section II.4.10.8, instruction A, 4th par.)
[47] Under the allowance-for-loss method, the nominal amount of the direct loans is reduced by an allowance for uncollectible amounts. (OMB Circular A-136, p. 96, section II.4.10.8, Instruction A, 4th par.)

Direct Loans and Loan Guarantees (Items 41 – 72)	Yes, No, or N/A	Explanation
50) Are components of defaulted guaranteed loans receivable from pre-1992 guarantees disclosed by loan program for a) defaulted guaranteed loans receivable, gross, b) interest receivable, c) the estimated net realizable value of related foreclosed property, d) the present value allowance (if the present value method is used), e) the allowance for loan losses (if the allowance for loss method is used), and f) value of assets related to defaulted guaranteed loans receivable, net? (OMB Circular No. A-136, p. 100, section II.4.10.8, instruction H)		
51) Are components of defaulted guaranteed loans receivable from post-1991 guarantees disclosed by loan program for a) defaulted guaranteed loans receivable, gross, b) interest receivable, c) estimated net realizable value of foreclosed property, d) allowance for subsidy costs (present value), and e) value of assets related to defaulted guaranteed loans receivable, net? (OMB Circular No. A-136, p. 100, section II.4.10.8, instruction I)		

Direct Loans and Loan Guarantees (Items 41 – 72)	**Yes, No, or N/A**	**Explanation**
Foreclosed property is any asset, which is assumed to be held for sale, that is either received in satisfaction of a loan receivable or as a result of payment of a claim under a guaranteed or insured loan (excluding commodities acquired under price support programs). Pre-1992 foreclosed property refers to property associated with direct loans obligated or loan guarantees committed before October 1, 1991. Post-1991 foreclosed property refers to property associated with direct loans obligated or loan guarantees committed after September 30, 1991. (SFFAS 3, par. 79 & 80)		
52) When the government acquires foreclosed assets in full or partial settlement of a direct or guaranteed loan (pre-1992 and post-1991), is information disclosed for a) valuation basis for foreclosed property, b) changes from prior-year's accounting methods, c) restrictions on the use/disposal of property, d) balances by categories (i.e., pre-1992 and post-1991 foreclosed property), e) number of properties held and average holding period by type or category, and f) number of properties for which foreclosure proceedings are in process at the end of the period? (SFFAS 3, par. 91; OMB Circular No. A-136, pp. 97-98, section II.4.10.8, instruction A)		
53) Is the total amount of new direct loans and guaranteed loans disbursed for the current and prior year reported by program? (SFFAS 2, par. 11 (A); OMB Circular No. A-136, pp. 98 & 100, section II.4.10.8, instructions D & J)		

Direct Loans and Loan Guarantees (Items 41 – 72)	**Yes, No, or N/A**	**Explanation**
54) Is a reconciliation between beginning and ending balances presented in a note for a) the subsidy cost allowances for outstanding direct loans, and b) the liability for outstanding loan guarantees? (SFFAS 18, par. 10; OMB Circular No. A-136, pp. 99 & 101, section II.4.10.8, instructions G & N)		
55) Does the reconciliation of beginning and ending subsidy cost allowances and loan guarantee liability balances include changes for a) interest subsidy costs, default costs, fees and other collections, and other subsidy costs, b) interest rate and technical/default reestimates, and c) other adjustments? (SFFAS 18, par. 10)		
56) Does each loan guarantee program disclose a) face value of outstanding principal of guaranteed loans disbursed by a third party, and b) amount of outstanding principal that is guaranteed? (SFFAS 2, para. 23; OMB Circular No. A-136, p. 100, section II.4.10.8, instruction J)		

Direct Loans and Loan Guarantees (Items 41 – 72)	Yes, No, or N/A	Explanation
57) Does the liability for loan guarantees disclose a) present value of liabilities for losses on pre-1992 loan guarantees (if the present value method is used), b) estimated future default claims on pre-1992 loan guarantees (if the estimated future default claims method is used), c) present value of the estimated net cash flows (outflows less inflows) to be paid as a result of post-1991 loan guarantees, and d) total liabilities for loan guarantees? (OMB Circular No. A-136, p. 100, section II.4.10.8, instruction K)		
58) When the total loan guarantee liability for all of the credit programs is negative, is it reported as an asset? (OMB Circular No. A-136, p. 46, section II.4.3.4)		
59) If the loan guarantee liability is the result of both positive and negative amounts of the various components, is the total shown as a liability? Are the negative components (of the loan guarantee liability) disclosed? (OMB Circular No. A-136, p. 46, section II.4.3.4)		

Direct Loans and Loan Guarantees (Items 41 – 72)	Yes, No, or N/A	Explanation
For post-1991direct loans and guarantees, a subsidy expense is recognized in the year they are disbursed. For pre-1992 direct loans and guarantees, disclosure of a loss and liability is not recognized until it is more likely than not that a loan (either direct or guaranteed) will go into default. (SFFAS 2, par. 24 & 39)		
60) Does the reporting entity disclose, discuss, and explain events and changes in economic conditions, other risk factors, legislation, credit policies,[48] and subsidy estimation methodologies and assumptions that have had a significant and measurable effect on subsidy rates, subsidy expenses, and subsidy reestimates? (SFFAS 18, par. 11 (C) & OMB Circular No. A-136, p. 97, section II.4.10.8, instruction A)		
61) Does the disclosure and discussion include events and changes that have occurred and are more likely than not to have a significant impact, but whose effects are not measurable at the reporting date? (SFFAS 18, par. 11 (C) & OMB Circular No. A-136, p. 97, section II.4.10.8, instruction A)		
62) Are components of subsidy expense for new direct loans disbursed disclosed by loan program for a) interest rate differential costs, b) default costs (net of recoveries), c) fees and other collections, d) other costs, and e) total subsidy expense for new direct loans? (SFFAS 18, par. 11 (A); OMB Circular No. A-136, p. 98, section II.4.10.8, instruction E1)		

[48] Changes in legislation or credit policies include, for example, changes in borrowers' eligibility, the levels of fees or interest rates charged to borrowers, the maturity terms of loans, and the percentage of private loans that are guaranteed.

Direct Loans and Loan Guarantees (Items 41 – 72)	**Yes, No, or N/A**	**Explanation**
63) Are components of subsidy expense related to direct loan modifications and reestimates disclosed for a) total subsidy expense for modifications of direct loans previously disbursed, and b) total reestimates of the subsidy expense for direct loans, previously disbursed, by component (i.e., interest rate and technical/default)? (SFFAS 18, par. 11 (A); OMB Circular No. A-136, p. 99, section II.4.10.8, instruction E2)		
64) Is the total subsidy expense for current and prior year's direct loans, modifications, and reestimates disclosed? (SFFAS 18, par. 11 (A); OMB Circular No. A-136, p. 99, section II.4.10.8, instruction E3)		
65) Are components of subsidy expense for new loan guarantees disclosed by loan program for a) interest supplement costs, b) default costs (net of recoveries), c) fees and other collections, d) other costs, and e) total subsidy expense for new loan guarantees? (SFFAS 18, par. 11 (A); OMB Circular No. A-136, p. 101, section II.4.10.8, instruction L1)		

Direct Loans and Loan Guarantees (Items 41 – 72)	Yes, No, or N/A	Explanation
66) Are components of subsidy expense related to loan guarantee modifications and reestimates disclosed for a) total subsidy expense for modifications of loan guarantees on guaranteed loans previously disbursed by a third party, and b) total reestimates of the subsidy expense for loan guarantees, previously committed, by component (i.e., interest rate and technical/default)? (SFFAS 18, par. 11 (A); OMB Circular No. A-136, p. 101, section II.4.10.8, instruction L2)		
67) Is the total subsidy expense for current and prior year's loan guarantees, modifications, and reestimates disclosed? (SFFAS 18, par. 11 (A); OMB Circular No. A-136, p. 101, section II.4.10.8, instruction L3)		
68) Does the reporting entity disclose, at the program level, the subsidy rates[49] for direct loans and loan guarantees in the current year's budget for the current year's cohorts for a) total subsidy cost, b) interest subsidy costs, c) default costs (net of recoveries), d) fees and other collections, and e) other costs? (SFFAS 18, par. 11 (B); OMB Circular No. A-136, pp. 99 & 101, section II.4.10.8, instructions F & M)		

[49] The subsidy rate is the dollar amount of the subsidy component as a percentage of the direct loans or loan guarantees obligated in the cohort.

Direct Loans and Loan Guarantees (Items 41 – 72)	**Yes, No, or N/A**	**Explanation**
69) If the entity uses trend data in the notes to display significant fluctuations in subsidy rates, are these data accompanied by an analysis that explains the underlying causes for the fluctuations? (SFFAS 18, par. 11 (B); OMB Circular No. A-136, pp. 99 & 101, section II.4.10.8, instructions F & M)		
A loan modification is a federal government action that directly or indirectly alters the estimated subsidy cost and the present value of outstanding direct loans or the liability of loan guarantees. A direct modification changes the subsidy cost by altering the terms of existing contracts or through the sale of direct loans. An indirect modification changes the subsidy costs by altering the way loans and loan guarantees are administered. A modification does not include subsidy cost reestimates, routine administrative workouts of troubled loans, and other actions permitted within existing contract terms. (SFFAS 2, par. 41-44)		
70) Are loan modifications by program disclosed in the notes to the financial statements for a) the nature of the modification of direct loans or loan guarantees, b) the discount rate used in calculating the modification expense, and c) the basis for recognizing a gain or loss related to the modification? (SFFAS 2, par. 56 & OMB Circular No. A-136, p. 97, section II.4.10.8, instruction A)		
71) Is the expectation that proceeds from the sale of its loans will differ from the reported face value of the loans or the value of their related assets disclosed? (OMB Circular No. A-136, p. 97, section II.4.10.8, instruction A)		
72) Are administrative expenses for loans and loan guarantee programs broken out and disclosed by program? (OMB Circular No. A-136, p. 102, section II.4.10.8, instruction O)		

Inventory and Related Property, Net (Items 73 – 89)	**Yes, No, or N/A**	**Explanation**
Inventory (primarily held for sale) (Items 73 - 75)		
Inventory is tangible personal property that is (1) held for sale including raw materials and work in process, (2) in process of production for sale, or (3) to be consumed in the production of goods for sale or in the provision of services for a fee. Inventory does not include other assets held for sale such as (1) stockpile materials, (2) seized and forfeited property, (3) foreclosed property, and (4) goods held under price support and stabilization programs. (SFFAS 3, par. 1; OMB Circular No. A-136, p.42, section II.4.3.3 & p.102, section II.4.10.9)		
73) Are inventory stocks, which are maintained because they are not readily available in the market or because there is more than a remote chance that they will eventually be needed, classified as inventory held in reserve for future sale, and reported as either a) included in the inventory line item on the face of the financial statements with separate disclosure in the notes, or b) shown as a separate line item on the face of the financial statements? (SFFAS 3, par. 27)		
74) Is inventory identified as excess, obsolete, or unserviceable reported as either a) included in the inventory line item on the face of the financial statements with separate disclosures in the notes, or b) shown as a separate line item on the face of the financial statements? (SFFAS 3, par. 29; OMB Circular No. A-136, p. 102, section II.4.10.9)		

Inventory and Related Property, Net (Items 73 – 89)	**Yes, No, or N/A**	**Explanation**
75) Does entity disclosure of inventory include a) general composition, b) basis for determining inventory values (including the valuation method and any cost flow assumptions), c) changes from prior years' accounting methods, if any, d) balances for each of the following categories of inventory (unless otherwise presented on the financial statements): i) inventory held for current sale ii) inventory held in reserve for future use iii) excess, obsolete, and unserviceable inventory iv) inventory held for repair e) difference between the carrying amount of the inventory before identification as excess, obsolete, or unserviceable, and its expected net realizable value, f) restriction on the sale of inventory, g) decision criteria for categorizing inventory, and h) changes in the criteria for categorizing inventory? (SFFAS 3, par. 18, 27-29, 31, 32 & 35; OMB Circular No. A-136, p. 102, section II.4.10.9)		

Inventory and Related Property, Net (Items 73 – 89)	**Yes, No, or N/A**	**Explanation**
Operating Materials and Supplies (Items 76 - 79)		
Operating materials and supplies are tangible personal property to be consumed in normal operations. Excluded are (1) goods that have been acquired to construct real property or equipment for the entity's use (2) stockpile materials, (3) goods held under price stabilization programs, (4) foreclosed property, (5) seized and forfeited property, and (6) inventory. (SFFAS 3, par. 36 & OMB Circular No. A-136, p. 42, section II.4.3.3)		
76) Are operating materials and supplies stocks, which are maintained because they are not readily available in the market or because there is more than a remote chance that they will eventually be needed (although not necessarily in the normal course of operations), classified as operating materials and supplies held in reserve for future use, and reported as either a) included in the operating materials and supplies line item on the face of the financial statements with separate disclosure in the notes, or b) shown as a separate line item on the face of the financial statements? (SFFAS 3, par. 45)		
77) Are operating materials and supplies identified as excess, obsolete, or unserviceable reported as either a) included in the operating materials and supplies line item on the face of the financial statements with separate disclosure in the notes, or b) shown as a separate line item on the face of the financial statements? (SFFAS 3, par. 47)		

Inventory and Related Property, Net (Items 73 – 89)	Yes, No, or N/A	Explanation
78) Is any difference between the carrying amount of operating materials and supplies before identification of excess, obsolete, or unserviceable recognized as a loss or gain and either reported separately or disclosed in a note? (SFFAS 3, par. 48)		
79) Does entity disclosure of operating materials and supplies include a) general composition, b) basis for valuation (including valuation method and any cost flow assumptions), c) change from prior years' accounting methods, d) balances in each operating material and supply category,[50] e) difference between the carrying amount of the operating materials and supplies before identification as excess, obsolete, or unserviceable and estimated net realizable value, f) restrictions on the use of materials and supplies, if any, g) decision criteria for identifying each category to which material and supplies are assigned, and h) changes in the criteria for identifying the category to which the operating materials and supplies are assigned? (SFFAS 3, par. 50; OMB Circular No. A-136, p. 103, section II.4.10.9)		

[50] Major categories of operating materials and supplies include (1) items held for use; (2) items held in reserve for future uses; and (3) excess, obsolete, and unserviceable items.

Inventory and Related Property, Net (Items 73 – 89)	**Yes, No, or N/A**	**Explanation**
Stockpile Materials (Items 80 - 81)		
Stockpile materials are strategic and critical materials held due to statutory requirements for use in national defense, conservation, or national emergencies. Not included under this category are (1) items held for sale or use in normal operations, (2) items held for use in the event of an agency's operating emergency or contingency, and (3) materials acquired to support market prices. (SFFAS 3, par. 51 & OMB Circular No. A-136, p. 42, section II.4.3.3)		
80) Is any difference between the carrying amount of the stockpile materials held for sale and their estimated selling price disclosed? (SFFAS 3, par. 55)		
81) Does entity disclosure of stockpile materials include a) general composition, b) basis for valuing stockpile materials, including valuation method and any cost flow assumptions, c) changes from prior year's accounting methods, d) restrictions on the use of the material, e) balances in each category of stockpile material (i.e., stockpile materials and stockpile materials held for sale), f) decision criteria for categorizing stockpile material as held for sale, and g) changes in criteria for categorizing stockpile materials as held for sale? (SFFAS 3, par. 56; OMB Circular No. A-136, p. 103, section, II.4.10.9)		

Inventory and Related Property, Net (Items 73 – 89)	Yes, No, or N/A	Explanation
Seized Property (Items 82 - 85)		
Seized property includes monetary instruments, real property, and tangible personal property belonging to others in actual or constructive possession of the custodial agency. This includes illegal drugs, contraband, and counterfeit items seized by authorized law enforcement agencies (SFFAS 3, par. 59; OMB Circular No. A-136, p. 42, section II.4.3.3) *There may be as many as three government entities involved with seized property: (1) the seizing agency, (2) the custodial agency, and (3) another agency with a "central fund" set up for financial recordkeeping of seizure activities. (SFFAS 3, par. 57)*		
82) Is seized property other than monetary instruments disclosed in a note to the financial statements? (SFFAS 3, par. 62)		
83) Does entity disclosure of seized property by type in its custody include a) explanation of what constitutes a seizure and a general description of the composition of seized property. b) valuation method(s). c) changes from prior years' accounting methods, d) analysis of change in seized property (including dollar value and number of seized properties) that are i) on hand at the start of the year, ii) seized during the year, iii) disposed of during the year, iv) on hand at the end of the year, and v) known liens or other claims against the property? (SFFAS 3, par. 66; OMB Circular No. A-136, p. 42, section II.4.3.3 & p. 104, section II.4.10.9)		
84) Where material, does the entity also disclose the method of disposal of seized property? (SFFAS 3, par. 66; OMB Circular No. A-136, p. 104, section II.4.10.9)		

Inventory and Related Property, Net (Items 73 – 89)	Yes, No, or N/A	Explanation
85) Is a liability for seized monetary instruments reported in “Other Liabilities” in an amount equal to the seized asset value? (OMB Circular No. A-136, p. 104, section II.4.10.9)		
Forfeited Property (Items 86 - 87)		
Forfeited property consists of (a) property (i.e., monetary instruments, intangible property, real property, and tangible personal property) acquired through forfeiture proceedings, (b) property acquired to satisfy a tax liability, and (c) unclaimed and abandoned merchandise. (SFFAS 3, par. 67 & 68 & OMB Circular No. A-136, p. 43, section II.4.3.3)		
86) For forfeited property that cannot be sold due to legal restrictions, but may be either donated or destroyed, does the entity disclose the composition, valuation, and disposition of the property? (SFFAS 3, par. 71 & 78)		
87) Does entity disclosure of forfeited property include a) composition of the property, b) valuation method(s), c) restrictions on the use or disposition of forfeited property, d) changes from prior year’s accounting methods, e) analysis of the changes in forfeited property by dollar amount and number of forfeitures that includes, forfeitures on hand at the beginning of the year ; additions; disposals and method of disposition; and forfeitures on hand at the end of the year, and f) if available, an estimate of the value of property or funds to be distributed to other federal, state, and local agencies in future reporting periods? (SFFAS 3, par. 78; OMB Circular No. A-136, p. 104, section II.4.10.9)		

Inventory and Related Property, Net (Items 73 – 89)	Yes, No, or N/A	Explanation
Goods Held Under Price Support and Stabilization Programs (Items 88 - 89)		
Goods acquired under price support and stabilization programs (i.e., commodities) are items of commerce or trade (usually farm commodities) having an exchange value. They are acquired, held, sold, or otherwise disposed of to satisfy or help satisfy economic goals. Producers of the goods (1) are either given nonrecourse loans under which they can, at their option, repay the loan with interest or surrender their commodity pledged as collateral for the loan or (2) may enter into purchase agreements that allow the producer the option to sell commodities to the government (the Commodity Credit Corporation) at the price support rate. (SFFAS 3, par. 92, 93, & 94)		
88) If a loss contingency arising from a purchase agreement is not recognized because it is less than probable or is not reasonably measurable, is the loss contingency disclosed if it is at least "reasonably possible that a loss may occur?" (SFFAS 3, par. 98)		
89) Does entity disclosure of goods held under price support and stabilization programs include a) basis for valuing commodities including valuation method and cost flow assumptions (e.g., FIFO, weighted average, moving average, specific identification), b) changes from prior years' accounting methods, c) restrictions on the use, disposal, or sale of commodities, and d) analysis of the changes in dollar amount and volume of commodities, including those: i) on hand at the beginning of the year, ii) acquired during the year, iii) disposed of during the year by method of disposition,		

Inventory and Related Property, Net (Items 73 – 89)	Yes, No, or N/A	Explanation
iv) on hand at the end of the year, v) on hand at year's end and estimated to be donated or transferred during the coming period, vi) received as a result of surrender of collateral related to nonrecourse loans outstanding, and vii) dollar value and volume of purchase agreement commitments? (SFFAS 3, par. 108 & 109; OMB Circular No. A-136, pp. 104-105, section II.4.10.9)		

General Property, Plant, & Equipment, Net (Items 90 - 94)	**Yes, No, or N/A**	**Explanation**
General property, plant, and equipment (PP&E) consists of tangible assets that (1) have an estimated useful life of 2 or more years, (2) are not intended for sale in the ordinary course of business, and (3) are intended to be used or available for use by the entity. (SFFAS 6, par. 17) General property, plant, and equipment (PP&E) are any property, plant, and equipment used in providing goods or services. (SFFAS 6, par. 23)		
90) Does entity disclosure of its general PP&E include a) the cost, associated accumulated depreciation, and book value by major class (e.g., building and structures, fixtures, equipment), b) the estimated useful lives for each major class, c) the method(s) of depreciation for each major class, d) capitalization threshold(s) including any changes in thresholds(s) during the period, and e) restrictions on the use or convertibility of general PP&E? (SFFAS 6, par. 45; OMB Circular No. A-136, p. 105, section II.4.10.10)		
91) To record existing general PP&E, is the difference in amounts added to asset and contra-accounts credited (or charged) to the net position of the entity, with the amount of the adjustment disclosed as a “prior period adjustment” in the Statement of Changes in Net Position? (SFFAS 6, par. 43)		

<table>
<tr><th>General Property, Plant, & Equipment, Net (Items 90 - 94)</th><th>Yes, No, or N/A</th><th>Explanation</th></tr>
<tr><td>92) To record existing general PP&E previously identified as national defense PP&E, is the difference in amounts added to asset and contra accounts disclosed as a “change in accounting principle” with an adjustment to the beginning balance of cumulative results of operations in the statement of changes in net position? (SFFAS 23, par. 10 & 16)</td><td></td><td></td></tr>
<tr><td>93) Does the entity include note disclosure explaining that “physical quantity” information for the multiuse heritage assets is included in the Stewardship PP&E note? (OMB Circular No. A-136, p. 44, section II.4.3.3)</td><td></td><td></td></tr>
<tr><td colspan="3">Software includes the application and operating system programs, procedures, rules, and any associated documentation pertaining to the operation of a computer system or program. “Internal use software” includes software that is purchased from commercial vendors “off the shelf,” internally developed, or contractor-developed solely to meet the entity’s internal or operational needs. (SFFAS 10, par. 8)</td></tr>
<tr><td>94) Does entity disclosure of capitalized software include
a) the cost, associated amortization, and book value,
b) the estimated useful life for each major class of software, and
c) the method(s) of amortization?
(SFFAS 10, par. 35; SFFAS 6, par. 45)</td><td></td><td></td></tr>
</table>

Stewardship PP&E (Items 95 - 100)	**Yes, No, or N/A**	**Explanation**
Stewardship PP&E includes heritage assets and stewardship land. PP&E are classified as heritage assets if they have (1) historical or natural significance; (2) cultural, educational, or artistic importance; or (3) significant architectural characteristic. Multiuse heritage assets are heritage assets that are predominately used in general government operations (e.g., buildings such as the main Treasury building, which is used as an office building). (SFFAS 29, par. 15 & 18; OMB Circular A-136, p. 40, section II.4.3.3) *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. (SFFAS 29, par. 33; OMB Circular No. A-136, p. 44, section II.4.3.3)*		
95) Does entity disclosure of stewardship PP&E include a) a statement explaining how they relate to the mission of the entity, and b) a description of the entity's stewardship policies? (SFFAS 29, par. 25 and 40; OMB Circular No. A-136, p. 106, section II.4.10.11)		
96) Does the entity disclose that multi-use heritage assets are recognized and presented with general PP&E in the basic financial statements and that additional information for the multi-use heritage assets is included with the heritage assets information? (SFFAS 29, par. 27)		
Questions 97 & 98 are effective for reporting periods beginning after September 30, 2007		
97) Does the entity present a concise description of each major category of heritage asset in a note to the financial statements? (SFFAS 29, par. 25 & 40; OMB Circular No. A-136, p. 133, section II.4.12.2)		

Stewardship PP&E (Items 95 - 100)	**Yes, No, or N/A**	**Explanation**
98) Does the entity present physical unit information for stewardship PP&E at the end of the reporting period in a note to the financial statements? (SFFAS 29, par. 25 & 40; OMB Circular No. A-136, p. 133, section II.4.12.2)		
Questions 99 & 100 are effective for reporting periods beginning after September 30, 2008		
99) Does the entity disclose the number of physical units acquired and withdrawn for stewardship PP&E by major category during the year in a note to the financial statements? (SFFAS 29, par. 25 & 40; OMB Circular No. A-136, p. 133, section II.4.12.2)		
100) Does the entity disclose in a note to the financial statements a description of the major methods of acquisition and withdrawal of stewardship PP&E during the reporting period including a) the number of physical units by major category, b) transfers between federal entities, and c) the number of physical units acquired through donation or devise? (SFFAS 29, par. 25 & 40; OMB Circular No. A-136, p. 133, section II.4.12.2)		

Other Assets (Items 101 - 104)	Yes, No, or N/A	Explanation
101) Are assets that are not reported in a separate category on the face of the balance sheet included under the "other" assets category? (OMB Circular No. A-136, p. 44, section II.4.3.3)		
102) Are other asset amounts listed and described in a note to the financial statements and broken out by major homogenous components and intragovernmental versus other (nonfederal) entity assets)? (OMB Circular No. A-136, p. 107, section II.4.10.12)		
Advances are cash outlays made by a federal entity to its employees, contractors, grantees, or others to cover the recipient's anticipated expenses or as advance payments for the costs of goods and services acquired by an entity. (SFFAS 1, par. 57; OMB Circular A-136, p. 44, section II.4.3.3) *Prepayments are payments made by a federal entity to cover certain periodic expenses before those expenses are incurred (SFFAS 1, par. 58; OMB Circular No. A-136, p. 44, section II.4.3.3)* *Progress payments on work in process are not included in advances and prepayments (OMB Circular A-136, p. 44, section II.4.3.3)*		
103) Are advances and prepayments shown as assets and disclosed in the notes to the financial statements? (SFFAS 1, par. 59; OMB Circular No. A-136, p. 44, section II.4.3.3)		
104) Are advances and prepayments that are made to federal entities reported separately from those made to nonfederal entities? (SFFAS 1, par. 61; OMB Circular No. A-136, p. 107, section II.4.10.12)		

Liabilities Not Covered by Budgetary Resources (Items 105 - 107)	**Yes, No, or N/A**	**Explanation**
Liabilities of federal agencies are reported under two major categories: (1) liabilities covered by budgetary resources,[51] and (2) liabilities not covered by budgetary resources.[52] Within each of these two categories, liabilities are classified as either (1) intragovernmental liabilities, which are amounts owed to other federal entities, or (2) governmental liabilities, which are amounts owed to nonfederal entities by the federal government or an entity within the federal government. (SFFAS 1, par. 18- 21; SFFAS 5, note 1 in summary; OMB Circular No. A-136, pp. 45-46, section II.4.3.4)		
105) Are the amounts and types of liabilities not covered by budgetary resources separately disclosed? (SFFAS1, par. 80 & 86; OMB Circular No. A-136, p. 45, section II.4.3.4 & p. 108, section II.4.10.13)		
106) Are amounts and types of intragovernmental liabilities not covered by budgetary resources separately disclosed? (OMB Circular No. A-136, p. 108, section II.4.10.13)		
107) Is other information needed to understand the nature of liabilities not covered by budgetary resources provided? (OMB Circular No. A-136, p. 108, section II.4.10.13)		

[51] Liabilities covered by budgetary resources are liabilities covered by realized budgetary resources as of the balance sheet date. Budgetary resources include (1) new budget authority, (2) unobligated balances of budgetary resources at the beginning of the year or net transfers of prior year balances during the year, (3) spending authority from offsetting collections (credited to an appropriation or fund account), (4) recoveries of unexpired budget authority through downward adjustments of prior year obligations, 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 and without a contingency having to be met.
[52] Liabilities not covered by budgetary resources are liabilities for which congressional action is needed before budgetary resources can be provided.

Debt (Items 108 - 112)	**Yes, No, or N/A**	**Explanation**
Debts are amounts borrowed from the Treasury, the Federal Financing Bank, other federal agencies, or the public under general or special financing authority, such as Treasury bills, notes, bonds, and Federal Housing Administration (FHA) debentures. The components of debt are disclosed in the notes to the financial statements. (SFFAS 5, par. 47; OMB Circular No. A-136, p. 46, section II.4.3.4)		
108) Is all debt owed to Treasury, the Federal Financing Bank, or other federal agencies reported under intragovernmental liabilities on the balance sheet and disclosed by category? (OMB Circular No. A-136, p. 110, section II.4.10.14)		
109) Is all debt owed to the public reported on a separate line entitled "debt held by public" on the balance sheet? (OMB Circular No. A-136, p. 110, section II.4.10.14)		
110) Are prior and current year beginning balances, net borrowings, and ending balances of debt disclosed for a) total Treasury debt (reported by the Treasury Department only) classified between intragovernmental and debt held by the public, b) total agency debt issued under special financing authority (e.g., FHA debentures and Tennessee Valley Authority (TVA) bonds) classified between intragovernmental and debt held by the public, and c) other debt classified by debt owed to the Treasury (including direct loan and guaranteed loan financing account debt), debt owed to the Federal Financing Bank and debt owed to other federal agencies? (OMB Circular No. A-136, p. 109-110, section II.4.10.14)		

Debt (Items 108 - 112)	Yes, No, or N/A	Explanation
111) Are the names of agencies disclosed, other than Treasury or the Federal Financing Bank, to which intragovernmental debt is owed and the corresponding amounts disclosed? (OMB Circular No. A-136, p. 110, section II.4.10.14)		
112) Does the entity disclose other information relative to debt such as redemption or call of debt owed to the public before maturity date, or write-offs of debts owed to Treasury or the Federal Financing Bank? (OMB Circular No. A-136, p. 110, section II.4.10.14)		

Federal Employee and Veteran's Benefits (Items 113 - 115)	Yes, No, or N/A	Explanation
Entities responsible for accounting for pensions, other retirement benefits (ORB) (e.g., health benefits for retirees), and other post-employment benefits (OPEB) are to calculate and report these liabilities and related expenses in accordance with SFFAS No. 5. The accrued entitlement benefits payable that are applicable to the current period, but not yet paid, and annuities for the current fiscal year administered by trust, pension, or insurance programs for which payment would be made in the following fiscal year, are classified as current liabilities. Liabilities for federal employee and veteran benefits include the actuarial portion of these benefits. They do not include liabilities related to ongoing continuous expenses such as employees' accrued salary and accrued annual leave, which are reported as other liabilities. Actuarial liabilities, assumptions used to compute the actuarial liabilities and the components of expense for the period for pensions, other retirement benefits, and other post-employment benefits are disclosed in the notes to the financial statements. (SFFAS 1, par. 83 & 84; SFFAS 5, par. 56; OMB Circular No. A-136, p. 46, section II.4.3.4) *In the context of accounting for pensions, ORB, and OPEB, the "administrative entity" manages and accounts for the pension or other employee plan, while the "employer entity" employs federal workers and generates employee costs, for which it would typically receive a salary and expense appropriation. (SFFAS 5, par. 57, note 38)* *The "aggregate entry age normal" actuarial cost method is where expenses or liabilities arising from the actuarial present value of projected pension benefits are allocated on a level basis over the earnings or the service of the group between entry age and assumed exit ages. The portion of the actuarial present value allocated to a valuation year is called "normal cost." (SFFAS 5, par. 64)*		
113) Does the administrative entity disclose the assumptions used to calculate the liability for pensions, ORB, and OPEB? (SFFAS 5, par. 67 & 83; OMB Circular No. A-136, p. 110, section II.4.10.15)		

Federal Employee and Veteran's Benefits (Items 113 - 115)	**Yes, No, or N/A**	**Explanation**
114) If the assumptions for a pension plan differ from the assumptions used by the three primary plans—Civil Service Retirement System (CSRS), Federal Employees Retirement System (FERS), and Military Retirement System (MRS)—does the administrative entity disclose how and why the assumptions differ from those of the primary plans? (SFFAS 5, par. 67; OMB Circular No. A-136, p. 110, section II.4.10.15)		
115) For the period, does the administrative entity separately disclose individual components of pension and other retirement expense for a) normal cost, b) interest on the liability for the period, c) prior and past service cost from plan amendments during the period, d) any gains/losses due to a change in the medical inflation rate assumption, and e) other actuarial gains or losses during the period? (SFFAS 5, par. 72; OMB Circular No. A-136, p. 110, section II.4.10.15)		

Environment and Disposal Liabilities (Item 116)	**Yes, No, or N/A**	**Explanation**
Cleanup costs are the costs of removing, containing, and/or disposing of (1) hazardous waste from property, or (2) material and/or property that consists of hazardous waste at permanent or temporary closure or shutdown of associated PP&E. *SFFAS No. 5 provides criteria for recognizing a contingent liability, which the entity applies to determine whether to recognize clean-up costs as liabilities and/or disclose them in a note. SFFAS No. 6 supplements the liability standard by providing guidance for recording cleanup costs related to general and stewardship PP&E used in federal operations. The guidance applies to cleanup costs from federal operations known to result in hazardous waste which the federal government is required by federal, state and/or local statutes and/or regulations to cleanup. Depending on the materiality of the amount, the liability for cleanup costs may be displayed separately or included with other liabilities. Note disclosures for liabilities associated with cleanup costs are described in SFFAS No. 6, TR No. 2, and OMB Circular No. A-136, p. 46-47, section II.4.3.4.*		
116) Does entity disclosure of clean-up costs include a) sources (i.e., applicable laws and regulations) of clean-up requirements, b) method for assigning estimated total clean-up costs to current operating periods (e.g., physical capacity versus passage of time), c) unrecognized portion of estimated total clean-up costs associated with PP&E, d) material changes in total estimated clean-up costs due to changes in laws, technology, or plans, e) portion of change in an estimate that relates to prior-period operations, f) the nature of estimates, and g) information regarding possible changes due to inflation, deflation, technology, or applicable laws and regulations? (SFFAS 6, par. 110-111; OMB Circular No. A-136, pp. 112 &113, section II.4.10.16)		

Cleanup Costs Adjustments (Item 117)	**Yes, No, or N/A**	**Explanation**
117) Are amounts of prior-period adjustments arising from belated recognition of clean-up costs and liabilities disclosed? Are amounts associated with current and prior periods noted? (SFFAS 6, par. 105; SFFAS 21, par. 13)		

<table>
<tr><th>Other Liabilities (Items 118 - 120)</th><th>Yes, No, or N/A</th><th>Explanation</th></tr>
<tr><td colspan="3">Other liabilities include liabilities that are not recognized in specific categories. They include (but are not limited to) liabilities related to: capital leases, insurance, advances and prepayments, deposit fund amounts held in escrow, and accrued liabilities related to ongoing continuous expenses such as federal employee salaries and accrued employee annual leave. This item also covers adjudicated losses due to litigation, claims, and contingencies. Clean up costs are reported as “Other Liabilities” if they are not material to the balance sheet. Clean up costs that are material are reported separately as “Environmental and Disposal Liabilities.”

Separate reporting of items normally characterized as “Other Liabilities” is appropriate if the amounts are significant to the balance sheet. Other current liabilities may include accrued expenses. Entities separately disclose the amount of other current liabilities. (SFFAS 1, par. 83-86; OMB Circular No. A-136, p. 47, section II.4.3.4)</td></tr>
<tr><td>118) Are significant other liabilities reported separately? (OMB Circular No. A-136, p. 47, section II.4.3.4)</td><td></td><td></td></tr>
<tr><td>119) Does the entity disclose and/or classify the portion of other liabilities
a) covered by budgetary resources that not covered by budgetary resources,
b) payable to federal entities (intragovernmental liabilities),
c) payable to non-federal entities, and
d) that are current and noncurrent?
(SFFAS 1, par. 83, 85 & 86; OMB Circular No. A-136, pp. 111-112, section II.4.10.17)</td><td></td><td></td></tr>
<tr><td>120) Is other information necessary for understanding other liabilities disclosed? (OMB Circular No. A-136, p. 112, section II.4.10.17)</td><td></td><td></td></tr>
</table>

Leases (Items 121 - 124)	Yes, No, or N/A	Explanation
Capital leases are leases that transfer substantially all of the benefits and risks of ownership to the lessee. Leases not meeting the criteria of a capital lease are operating leases. (SFFAS 5, par. 43)		
Capital Leases - Lessee		
121) As the lessee, does entity disclosure of its capital leases include a) gross amounts of assets under capital lease by major asset category with the related total accumulated amortization, b) a description of the lease arrangements, (for example, future funding commitments, lease terms, renewal options, escalation clauses, restrictions, amortization periods), c) future payments due, by major asset category, and deductions for imputed interest and executory costs for all noncancelable leases with terms longer than 1 year, d) a breakout of portions of the capital lease liability covered by budgetary resources and not covered by budgetary resources, and e) other information necessary for understanding lessee capital leases? (OMB Circular No. A-136, pp. 113-114, section II.4.10.18, items A & C)		

Leases (Items 121 - 124)	Yes, No, or N/A	Explanation
Capital Leases - Lessor		
122) As the lessor, does entity disclosure of its capital leases include a) information regarding the commitment of the entity's assets, including major asset category and lease terms, b) future projected receipts, by major asset category, for all noncancelable leases with terms longer than one year, and c) other information necessary for understanding lessor capital leases? (OMB Circular No. A-136, p. 114, section II.4.10.18, items B & C)		
Operating Leases - Lessee		
123) As the lessee, does entity disclosure of its operating leases include a) a description of the lease arrangements, such as future funding commitments, lease terms, renewal options, escalation clauses, restriction, amortization periods, b) future payments due, by major asset category, for all noncancelable leases with terms longer than 1 year, and c) other information necessary for understanding lessee operating leases? (OMB Circular No. A-136, pp. 113-114, section II.4.10.18, items A & C)		

Leases (Items 121 - 124)	Yes, No, or N/A	Explanation
Operating Leases - Lessor		
124) As the lessor, does entity disclosure of its operating leases include a) information regarding the commitment of the entity's assets, including but not limited to, the major asset category and lease terms, b) future projected receipts, by major asset category, for all noncancelable leases with terms longer than one year, and c) other information necessary for understanding lessor operating leases? (OMB Circular No. A-136, p. 114, section II.4.10.18, items B & C)		

Life Insurance Liabilities (Items 125 - 126)	**Yes, No, or N/A**	**Explanation**
Insurance liabilities are reported as a component of Other Liabilities on the balance sheet and disclosed in a separate note to the financial statements. *Entities with federal insurance and guarantee programs, except social insurance and loan guarantee programs, recognize a liability for unpaid claims incurred, resulting from insured events that have occurred as of the reporting date. The amount recognized is the liability known with certainty plus an accrual for a contingent liability recognized when an existing condition, situation, or set of circumstances involving uncertainty as to possible loss exists and the uncertainty is ultimately resolved when one or more future events occur or fail to occur, a future outflow or other sacrifice of resources is probable, and the future outflow or sacrifice of resources is measurable. Life insurance programs recognize a liability for future policy benefits in addition to the liability for unpaid claims incurred. (SFFAS 5, par. 104 & 105; OMB Circular No. A-136, pp. 47-48, section II.4.3.4)*		
125) Are liabilities for future benefits of whole life insurance policies reported and disclosed in accordance with private sector accounting standards (i.e., FASB Statement of Accounting Standards (SFAS) 60, 97, & 120; American Institute of Certified Public Accountants (AICPA) and Statement of Position (SOP) 95-1)? (SFFAS 5, par. 117; OMB Circular No. A-136, p. 114, section II.4.10.19)		
126) Does the entity separately disclose the components[53] of the liability for future policy benefits of whole life insurance contracts along with a description of each amount and explanation of its projected use and any other potential uses? (SFFAS 5, par. 121; OMB Circular No. A-136, p. 114, section II.4.10.19)		

[53] The net-level premium reserve for a death and endowment policy and the liability for terminal dividends.

Commitments and Contingencies (Items 127 – 130)	**Yes, No, or N/A**	**Explanation**
A loss contingency is an existing condition, situation, or set of circumstances involving uncertainty as to possible loss to an entity. The uncertainty will ultimately be resolved when one or more future events occur or fail to occur. A loss contingency is a liability when a past event or exchange transaction has occurred; a future outflow or other sacrifice of resources is probable; and the future outflow or sacrifice of resources is measurable. *In addition to loss contingencies in SFFAS No. 5, the entity also discloses (1) an estimate of obligations related to canceled appropriations for which the reporting entity has a contractual commitment for payment, and (2) amounts for contractual arrangements that may require future financial obligations. Examples of claims or other contingencies include: (1) indemnity agreements –reimbursements due to licensees or contractors for losses incurred in support of federal activities; (2) claims against the federal government that are in process of judicial proceedings; (3) the unfunded portion of total liabilities to international organizations; and (4) litigation addressing claims for equity relief or non-monetary judgments whereby claimants are seeking specific actions by a federal agency. (SFFAS 5, par. 35 & 36, as amended by SFFAS 12, SFFAS 6, par. 85-111, TR No. 2; OMB Circular No. A-136, p. 48, section II.4.3.4)*		
127) When determining an estimated contingent liability, if no amount within a range of amounts is a better estimate than any other amount, does the entity disclose a <u>minimum</u> amount in the range with a description of the nature of the contingency? (SFFAS 5, par. 39)		
128) If any one of the conditions for recognizing a contingent liability is not met and there is at least a "reasonable possibility" [54] that a loss or additional loss may be incurred, does the entity disclose the nature of the contingency[55] and one of the following a) an estimate of the possible liability, or b) an estimate of the range of the possible liability, or c) a statement that such an estimate cannot be made? (SFFAS 5, par. 36, 38, 40, & 41, as amended by SFFAS 12)		

[54] The chance of a future event occurring is less than "probable" but more than "remote."

[55] Examples of claims or other contingencies include (1) indemnity agreements-reimbursements due to licenses or contractors for losses incurred in support of federal activities; (2) adjudicated claims (i.e., claims against the federal government that are in the process of judicial proceedings); and (3) commitments to international institutions-payment due to international institutions.

Commitments and Contingencies (Items 127 – 130)	**Yes, No, or N/A**	**Explanation**
129) If information about remote contingencies, or related to remote contingencies, is included in general purpose federal financial reports,[56] is the information labeled to avoid the misleading implication that there is more than a remote chance of a loss of that amount? (SFFAS 5, par. 42)		
130) Are the following commitments and contingencies disclosed a) an estimate of obligations related to canceled appropriations for which the reporting entity has a contractual commitment for payment, and b) amounts for contractual arrangements that may require future financial obligations? (OMB Circular no. A-136, p. 114, section II.4.10.20)		

[56] An example of information related to a remote contingency would be the total face amount of insurance and guarantees in force.

Earmarked Funds (Items 131 - 134)	**Yes, No, or N/A**	**Explanation**
Earmarked funds are financed by specifically identified revenues, often supplemented by other financing sources, 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 are accounted for separately from the entity's general revenues. (SFFAS 27, par. 11; OMB Circular No. A-136 p.116, section II.4.10.21)		
131) Are earmarked non-exchange amounts shown on the Statement of Changes in Net Position? *(*SFFAS 27, par. 19; OMB Circular No. A-136, p.58, section II.4.5.3)		
132) Does entity disclosure for each selected individual earmarked fund and in the aggregate for all remaining earmarked funds include a) condensed information about assets and liabilities showing investments in Treasury securities, other assets, liabilities due and payable, other liabilities, cumulative results of operations and net position, b) condensed information on gross cost, exchange revenue, net cost, nonexchange revenues and other financing sources, and change in net position, c) a description of each fund's purpose, how the entity accounts for and reports the fund, and its authority to use those revenues and other financing sources, d) the sources of revenue or other financing for the period and an explanation of the extent to which they are inflows of resources to the entity or the result of intragovernmental flows, and e) any change in legislation during or subsequent to the reporting period		

Earmarked Funds (Items 131 - 134)	**Yes, No, or N/A**	**Explanation**
and before the issuance of the financial statements that significantly changes the purpose of the fund or that redirects a material portion of the accumulated balance? (SFFAS 27, par. 22-23; OMB Circular No. A-136, p. 116, section II.4.10.21)		
133) Does the entity's note disclosure show current and prior year information? (OMB Circular No. A-136, p.116, section II.4.10.21)		
134) Do total cumulative results of operations of all earmarked funds shown in the note disclosure agree with the cumulative results of operations of earmarked funds shown on the entity's Balance Sheet and the Statement of Changes in Net Position? (SFFAS 27, par. 25; OMB Circular No. A-136, p. 116, section II.4.10.21)		

Intragovernmental Costs and Exchange Revenue (Items 135 - 139)	Yes, No, or N/A	Explanation
Intragovernmental gross costs and earned revenues, and public costs and earned revenues are disclosed. (OMB Circular No. A-136, p. 51, section II.4.4.1)		
135) Are intragovernmental costs (exchange transactions made between two reporting entities within the federal government) disclosed separately from costs with the public (exchange transactions made between the reporting entity and a non-federal entity)? (OMB Circular No. A-136, p. 118, section II.4.10.22)		
136) Are intragovernmental exchanges revenue (exchange transactions made between two reporting entities within the federal government) disclosed separately from exchange revenue with the public (exchange transactions made between the reporting entity and a non-federal entity) for each program? (OMB Circular No. A-136, p. 118, section II.4.10.22)		
137) Is the definition criteria used to classify costs and/or revenues between intragovernmental and public disclosed? (OMB Circular No. A-136, p. 119, section II.4.10.22)		
138) Is an explanation included that intragovernmental expenses relate to the source of goods and services purchased by the reporting entity and not to the classification of related revenue? (OMB Circular No. A-136, p. 118, section II.4.10.22)		
139) Is the classification of revenue and/or costs as intragovernmental or with the public determined on a transaction by transaction basis for disclosure? (OMB Circular No. A-136, p. 118, section II.4.10.22)		

Suborganization Program Costs/Program Costs by Segment (Items 140 - 141)	**Yes, No, or N/A**	**Explanation**
A responsibility segment is a component of a reporting entity that is responsible for carrying out a mission, conducting a major line of activity, or producing one or a group of related products or services. (SFFAS 4, par. 78)		
140) Are supporting schedules of costs and revenue by major program and activity disclosed in the notes if not disclosed on the Statement of Net Cost? (OMB Circular No. A-136, pp. 118-119, section II.4.10.23)		
141) Are supporting schedules of costs, revenues, and intra-entity eliminations by suborganization (segment) that support summary information in the Statement of Net Costs disclosed in the notes? (OMB Circular No. A-136, pp. 118-119, section II.4.10.23)		

Cost of Stewardship PP&E (Items 142 – 143)	**Yes, No, or N/A**	**Explanation**
Cost of Stewardship PP&E		
The cost 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 stewardship land for its intended use are recognized as a cost in the SNC in the period when it is incurred. (OMB Circular No. A-136, p. 120, section II.4.10.24)		
142) Are the costs of stewardship PP&E reported either separately in the Statement of Net Cost, or disclosed in the notes? (OMB Circular No. A-136, p. 120, section II.4.10.24)		
Stewardship PP&E Acquired Through Transfer, Donation, or Devise		
Heritage assets and stewardship land acquired through transfer, donation, or devise are not recognized as a cost in calculating net cost, but the fair value of the property is disclosed, if known and material. If the fair value is not known or reasonably estimable, information related to the type and quantity of assets received is disclosed. (OMB Circular No. A-136, pp. 120-121, section II.4.10.25)		
143) For heritage assets and stewardship land acquired through transfer, donation, or devise, does the entity disclose a) if the cost is known and material, the fair value, or b) if the fair value is not known or reasonably estimable, information related to the type and quantity of assets received? (OMB Circular No. A-136, pp. 120-121, section II.4.10.25)		

Exchange Revenues (Item 144)	Yes, No, or N/A	Explanation
Exchange (or earned) revenues arise when a government entity provides goods or services to the public or to another government entity for a price. (SFFAS 7, par. 30; OMB Circular No. A-136, p. 54, section II.4.4.4)		
144) Does a reporting entity that provides goods or services to the public or other government entity disclose a) a pricing policy that differs from the full cost or market pricing guidance set forth in OMB Circular No. A-25 and the possible effect on demand and revenue if prices were raised to reflect the market or full cost, b) exchange transactions with the public in which prices are set by law or executive order and are not based on full cost or market price, or the possible effect on demand and revenue if prices were raised to reflect the market or full cost, c) the nature of intragovernmental exchange transactions in which goods or services are provided free or at less than full cost and the reasons for differences between billing and full cost, and d) the full amount of any expected loss when specific goods or services are provided or made to order under a contract and a loss is both probable and measurable? (SFFAS 7, par. 46 & 47)		

Budgetary Resources Statement Disclosures (Items 145 – 147)	**Yes, No, or N/A**	**Explanation**
145) Does the entity disclose the amount of direct and reimbursable obligations incurred against amounts apportioned under category[57] "A," "B," and "exempt from apportionment"? (OMB Circular No. A-136, p. 121, section II.4.10.28)		
146) Does the disclosure of the amount of direct and reimbursable obligations incurred against amounts apportioned under category "A," "B," and "exempt from apportionment" agree with a) the aggregate of the related information as reported on the entity's year-end SF 133, and b) the amounts reported under direct and reimbursable obligations incurred, reported on the SBR? (OMB Circular No. A-136, p. 121, section II.4.10.28)		
147) Does entity disclosure of the status of budgetary resources include a) available borrowing and contract authority at the end of the period, b) repayment requirements, financing sources for repayment, and other terms of borrowing authority used, c) adjustments to "budgetary resources available at the beginning of the year," during the reporting period, as well as an explanation of the adjustments, d) existence, purpose, and availability of permanent, indefinite appropriations,		

[57] Apportionment categories are determined in accordance with guidance provided in OMB Circular No. A-11, Part 4, *Instructions on Budget Execution*.

[58] FASAB Technical Bulletin 2002-2 indicates disclosures when the entity issues financial statements for a given year before the *Budget of the United States Government* for the same fiscal year is published.

Budgetary Resources Statement Disclosures (Items 145 – 147)	Yes, No, or N/A	Explanation
e) information about legal arrangements affecting the use of unobligated balances of budget authority, such as time limits, purpose, and obligation limitations, f) explanations of any material differences between amounts reported in the SBR and amounts reported in the *Budget of the United States Government*,[58] g) a statement that the President's Budget with actual numbers for the current fiscal year has not yet been published, as well as an explanation as to when it is expected to be published and an indication where it will be available, h) the amount of budgetary resources obligated for undelivered orders at the end of the period, and i) the amount of any capital infusion received during the reporting period? (SFFAS 7, par. 79; OMB Circular No. A-136, pp. 121-123, sections II.4.10.29-II.4.10.36)		

Custodial Activity Statement Disclosures (Items 148 – 153)	**Yes, No, or N/A**	**Explanation**
148) If custodial revenues are immaterial and incidental to the entity's primary mission and are not reported separately on the Statement of Custodial Activity, the sources and amounts of the collections and amounts to be distributed to others may be disclosed in a note. Does the entity disclose such collections? (OMB Circular No. A-136, p. 123, section II.4.10.37)		
149) Do entities that collect taxes and duties disclose in a note or narrative the a) basis of accounting, b) factors affecting the collectibility and timing of taxes and other nonexchange revenues, and c) cash collections and refunds by tax year and type of tax for the reporting period? (SFFAS 7, par. 65.1 & 65.3; OMB Circular No. A-136, p. 123, section II.4.10.38)		
150) Does the collecting entity disclose and explain the a) basis of accounting when application of the general rule for recognizing nonexchange revenue (i.e., specifically identifiable, legally enforceable, and reasonably estimable) results in a modified cash basis of accounting, b) specific potential accruals that are not made as a result of using the modified cash basis accounting, c) practical and inherent limitations affecting the accrual of taxes and duties, and d) use of accrual-based accounting, if applicable? (SFFAS 7, par.48 & 64)		

Custodial Activity Statement Disclosures (Items 148 – 153)	**Yes, No, or N/A**	**Explanation**
151) If trust fund revenues are not recorded in accordance with applicable law, do the collecting and recipient entities disclose the reasons? (SFFAS 7, par. 66)		
152) If material, are accrual adjustments[59] disclosed in the notes? (OMB Circular No. A-136, p. 75, section II.4.8.3)		
153) Are refunds of taxes or other non-exchange revenues disclosed by component in the notes? (OMB Circular No. A-136, p. 75, section II.4.8.3)		

[59] Accrual adjustments, which modify the net of cash collections and refunds to determine the amount of revenue recognized, are the net increases or decreases during the reporting period in accounts receivable, allowance for uncollectible accounts, and accounts payable for refunds.

Social Insurance Statement Disclosures (Items 154 - 157)	**Yes, No, or N/A**	**Explanation**
154) Are significant assumptions used in making estimates and projections disclosed? (SFFAS 17, par. 27 (4), SFFAS 26, par. 5; OMB Circular No. A-136, p. 124, section II.4.10.39)		
155) Does the fund balance at the valuation date disclose the accumulated excess of all past cash receipts, including interest on investments, over all past cash disbursements? (SFFAS 17, par. 27 (3) (h); OMB No. Circular A-136, p. 124, section II.4.10.39)		
156) Is there disclosure that the actuarial net present value of the excess of future scheduled expenditures paid to or on behalf of current participants is calculated by subtracting the actuarial present value of future contributions and tax income paid by and for current participants from the actuarial present value of the future scheduled expenditures? (SFFAS 17, par. 27 (3) (i); OMB Circular No. A-136, p. 124, section II.4.10.39)		
157) The underlying significant assumptions shall be included in the notes that are presented as an integral part of the basic financial statements. Other information required by SFFAS 17 – including the sensitivity analysis required in par. 27(4) for the component entity and 32(4) for the governmentwide entity – shall be presented as required supplementary information, except to the extent that the preparer elects to include some or all of that information in notes that are presented as an integral part of the basic financial statements. (SFFAS 26, par. 5)		

Dedicated Collections (Items 158 – 160)	**Yes, No, or N/A**	**Explanation**
Dedicated collections are funds held with the expectation that they will be held for and applied to the purposes for which the funds were dedicated. Such funds include all funds within the budget classified as trust funds, those funds within the budget that are classified as "special funds" but that are similar in nature to trust funds, and those funds (inside or outside the budget) that are fiduciary in nature. (SFFAS 7, par. 83; OMB Circular No. A-136, p. 125, section II.4.10.40)		
158) Are the receipts and expenditures of dedicated trust funds, "special funds," and fiduciary or deposit funds (both inside and outside the budget) that do not meet the definition of earmarked funds disclosed? (SFFAS 7, par. 83; OMB Circular No. A-136, pp. 124-125, section II.4.10.40)		
159) Is separate financial information about dedicated funds presented? (SFFAS 7, par. 84; OMB Circular No. A-136, p. 125, section II.4.10.40)		

Dedicated Collections (Items 158 – 160)	**Yes, No, or N/A**	**Explanation**
160) Does entity disclosure for individual funds that account for dedicated collections include a) a description of each fund's purpose, how the administrative entity accounts for and reports the fund, and its authority to use those collections, b) the sources of revenue or other financing for the period and an explanation of the extent to which they are inflows of resources to the government or the result of intragovernmental flows, c) condensed information about assets and liabilities showing investments in Treasury securities, other assets, liabilities due and payable to beneficiaries, other liabilities, and fund balance, d) condensed information on net cost and changes to fund balance showing revenues by type (exchange or nonexchange), program expenses, other expenses, other financing sources, and other changes in fund balance, and e) the amounts of any revenues—other financing sources or costs attributable to the fund under accounting standards—that are not legally allowable as credits or charges to the fund? (SFFAS 7, par. 85; OMB Circular No. A-136, p. 125, section II.4.10.40)		

<table>
<tr><th>Restatements (Items 161 – 164)</th><th>Yes, No, or N/A</th><th>Explanation</th></tr>
<tr><td colspan="3">Errors in financial statements result from mathematical mistakes, mistakes in the application of accounting principles, or oversight or misuse of facts that existed at the time the financial statements were prepared. When errors are discovered after the issuance of financial statements, and if the financial statements would be <u>materially misstated</u> absent correction of the errors, corrections are made as follows:
(a) If only the current period statements are presented, then the cumulative effect of correcting the error is reported as a prior period adjustment.
(b) If comparative financial statements are presented, then the error is corrected in the earliest affected period presented by correcting individual amounts on the financial statements. (SFFAS 21, par. 10)</td></tr>
<tr><td>161) Does entity disclosure for restatement of financial statements due to material errors when the amount of the misstatement is known include
a) the nature of the error and the reason for the restatement,
b) the year(s) being restated,
c) the financial statements that are impacted and line item restated,
d) amounts being restated,
e) effect of the restatement on the financial statements as a whole (e.g., change in overall net position and change in audit opinion), and
f) the actions management took after discovering the error?
(SFFAS 21, par. 10(c); OMB Circular No. A-136, p. 127, section II.4.10.41)</td><td></td><td></td></tr>
</table>

Restatements (Items 161 – 164)	**Yes, No, or N/A**	**Explanation**
162) If the specific amount of the misstatement is **unknown**, does the entity disclosure include a) a statement that the specific amount is unknown, b) the nature and cause of the misstatement, c) an estimate of the magnitude and related effect on previous issued financial statements, and d) a statement that a restatement to a previously issued financial statement will or may occur? (OMB Circular No. A-136, pp. 127-128, section II.4.10.41)		
163) If the entity discovered misstatements in a prior period with a material effect on current or prior period financial statements, did the entity restate its financial statements? Did the entity determine the material effect based on accounting materiality which is often less than the auditor's planning materiality (defined as 3% of the materiality base in FAM 230.11) as it includes any qualitative factors? (SFFAS 21, par 2-6 & 11)		
164) Although immaterial to the entity's consolidated financial statements, the entity may disclose the restatement of a component entity's financial statement in a note to its consolidated financial statements. Did the entity disclose a component restatement? (SFFAS 21 par. 11)		

Reconciliation of Net Cost of Operations to Budget (Items 165 - 188)	**Yes, No, or N/A**	**Explanation**

On June 29, 2007, revised OMB Circular No. A-136 eliminated the Statement of Financing and moved the reconciliation of net cost of operations to budget to a note, effective for fiscal year 2007. However, the revised circular did not prescribe an illustrative format for the reconciliation, and preparers of financial statements should refer to the July 24, 2006, version of OMB Circular No. A-136. (OMB Circular No. A-136, p. 128, section II.4.10.42)

The reconciliation of net cost of operations to budget provides a bridge between an entity's financial (i.e., proprietary) accounting and budgetary accounting. It articulates the relationship between net cost of operations derived from the entity's proprietary accounts and net obligations derived from an entity's budgetary accounts by identifying and explaining key differences between the two numbers.

Most entity transactions are recorded in both budgetary and proprietary accounts. However, because different accounting bases are used for budgetary and proprietary accounting, some transactions may appear in only one set of accounts (e.g., accrual of environmental and disposal liabilities, which is 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).

The reconciliation is structured to first identify total resources used by an entity during the period (budgetary and other) and then make adjustments to the resources based upon how they were used to finance net obligations or net cost. Budgetary resources reported in this statement are those resources as defined in OMB Circular No. A-11 and are also reported on the Statement of Budgetary Resources. Other resources reported in this reconciliation are also reflected in the Statement of Changes in Net Position. (OMB Circular No. A-136, July 24, 2006, p. 69, section II.4.7.1; SFFAS 7, par. 80 & 95)

The section "Resources Used to Finance Activities" reflects the budgetary resources obligated and other resources that are used to finance the activities of the agency. The obligations of budgetary resources are net of offsetting collections, recoveries, and offsetting receipts. The other resources are financing sources that increase net position but are not budgetary resources. Every line item in this section is also reported on either the Statement of Budgetary Resources, or the Statement of Changes in Net Position. (OMB Circular No. A-136, July 24, 2006, p. 71, section II.4.7.3)

Reconciliation of Net Cost of Operations to Budget (Items 165 - 188)	Yes, No, or N/A	Explanation
Resources Used to Finance Activities		
165) Is the budgetary information used to calculate net obligations[60] presented on a combined basis[61] and in agreement with similar amounts reported on the SBR? (OMB Circular No. A-136, July 24, 2006, p. 31, section II.4.2, item 5, & p. 69, section II.4.7.1)		
166) Does the amount disclosed as "obligations incurred" equal the obligations incurred line item as reported on the SBR? Does this include all budget accounts, including nonbudgetary financing accounts? (OMB Circular No. A-136, July 24, 2006, p. 71, section II.4.7.3)		
167) Does the amount disclosed as "less: spending authority from offsetting[62] collections and recoveries"[63] agree with the spending authority from offsetting collections and recoveries as reported on the SBR? Does this include all budget accounts, including nonbudgetary financing accounts? (OMB Circular No. A-136, July 24, 2006, pp. 71-72, section II.4.7.3)		

[60] The budgetary information includes the line items (1) "obligations incurred," (2) "less: spending authority from offsetting collections and recoveries," (3) "obligations net of offsetting collections and recoveries," and 4) "less: offsetting receipts."

[61] A combined basis means the aggregation of account-level information as opposed to a consolidation that implies the elimination of inter-account transactions.

[62] "Offsetting" in the term "offsetting collections" means that the resources generated by the collecting activity are added to the expenditure accounts and hence "offset" gross obligations. (SFFAS 7 Implementation Guide (April 2002), par. 22)

[63] Recoveries are budgetary resources that offset obligations on the Statement of Budgetary Resources, but are not a proprietary financing source used to offset costs on the Statement of Net Cost. (OMB Circular A-136, July 24, 2006, p. 73, section II.4.7.4)

Reconciliation of Net Cost of Operations to Budget (Items 165 - 188)	Yes, No, or N/A	Explanation
168) Is “Obligations net of offsetting collections and recoveries” equal to the difference between “obligations incurred” and “spending authority from offsetting collections and recoveries?” (OMB Circular No. A-136, July 24, 2006, p. 72, section II.4.7.3)		
169) Does the amount disclosed as “less: offsetting receipts” equal the offsetting receipts[64] line item as reported on the SBR? (OMB Circular No. A-136, July 24, 2006, p. 72, section II.4.7.3)		
170) Do “net obligations”[65] equal the difference between “obligations net of offsetting collections and recoveries” and “offsetting receipts?” (OMB Circular No. A-136, July 24, 2006, p. 72, section II.4.7.3)		
171) Does the reconciliation include other nonbudgetary resources used to finance activities? Do the line item amounts as reported on the reconciliation equal the amounts reported as “other financing sources” on the SCNP for a) donations and forfeitures of property? b) transfers in or out without reimbursement? c) imputed financing from costs absorbed by others? d) other? (OMB Circular No. A-136, July 24, 2006, p. 72, section II.4.7.3)		

[64] Offsetting receipts differ from “offsetting collections.” Offsetting collections are included in the entity’s expenditure account and thus are usually available for spending for the purposes of the account without further action by Congress. (SFFAS 7 Implementation Guide (April 2002), par. 23)
[65] Net obligations reflect obligations incurred net of offsetting collections, recoveries, and offsetting receipts.

Reconciliation of Net Cost of Operations to Budget (Items 165 - 188)	Yes, No, or N/A	Explanation
172) Is "total resources used to finance activities" equal to the sum of net obligations[66] and net other (nonbudgetary) resources used to finance activities? (OMB Circular No. A-136, p. 70, section II.4.7.2)		
The section, "Resources Used to Finance Items Not Part of the Net Cost of Operations," in the reconciliation adjusts total resources used to finance the activities of the entity to account for items that were included in net obligations and other resources, but which were not part of the net cost of operations. This section would include items in which the expense was recognized in a prior period but the budgetary resource and obligation are recognized in the current period (e.g., upward/downward reestimates of subsidy expense accrued in the prior period but obligated in the current period). It would also include budgetary resources and obligations recognized in the current period that do not affect the net cost of operations (e.g., the acquisition of assets reflected in net obligations but not in net cost of operations for the period). (OMB Circular No. A-136, July 24, 2006, p. 72, section II.4.7.4)		
Resources Used to Finance Items Not Part of the Net Cost of Operations		
173) Does the "change in budgetary resources obligated for goods, services, and benefits ordered but not yet provided (+/-),"[67] reflect undelivered orders, or adjustments thereof, that are included in net obligations, but which are not part of the net cost of operations? (OMB Circular No. A-136, July 24, 2006, p. 72, section II.4.7.4)		

[66] One of the reasons that net obligations does not equal the amount of the net cost of operations is that there are resources that are not reported in the *Budget of the United States Government* that may finance the net cost of operations or other activities of the agency.

[67] This disclosure is used to explain the difference between the total resources used to finance activities and the net cost of operations because of the change in "budgetary resources obligated for goods, services, and benefits ordered but not yet provided," i.e., "undelivered orders." Undelivered orders are part of "obligations incurred," but they do not affect the net cost of operations. Thus, for a transaction involving the placing a $100 undelivered order, obligations incurred would increase by $100 but would be shown as a negative or a reduction to total resources used to finance activities. (SFFAS 7 Implementation Guide (April 2002), par. 53-55)

Reconciliation of Net Cost of Operations to Budget (Items 165 - 188)	**Yes, No, or N/A**	**Explanation**
174) Does the disclosure “resources that fund expenses recognized in prior periods,”[68] reflect the obligation of resources that were part of the net cost of operations in a prior period? (OMB Circular No. A-136, July 24, 2006, p. 72, section II.4.7.4)		
175) Do the amounts disclosed included under “budgetary offsetting collections and receipts that do not affect net cost of operations” reflect offsetting collections and receipts[69] that are not reported as exchange revenue in the Statement of Net Cost? (OMB Circular No. A-136, July 24, 2006, p. 72, section II.4.7.4)		
176) Does the disclosure “resources that finance the acquisition of assets,” reflect budgetary resources obligated[70] that are not expenses as reported on the Statement of Net Cost? (OMB Circular No. A-136, July 24, 2006, p. 73, section II.4.7.4)		
177) Does the entity include under the disclosure “other resources or adjustments to net obligated resources that do not affect net cost of operations,” activities[71] not otherwise classified under the other line items in this section of the reconciliation? (OMB Circular No. A-136, July 24, 2006, p. 73, section II.4.7.4)		

[68] This disclosure is used to explain differences in resources and net cost of operations caused by expenses, which were accrued in previous periods but paid in the current period. If, for example, the amount of annual leave taken or obligated was worth $250 but the amount of annual leave earned (i.e., expensed) for the period was $200, the difference of $50 between obligation and expense would be shown as a negative. (SFFAS 7 Implementation Guide (April 2002), par. 56-58)

[69] Examples of offsetting collections and receipts that are not exchange revenue are (1) collections of subsidy expenses for post –1991 credit programs, (2) collections of exchange revenue receivable from the public, and (3) advances (i.e., unfilled customer orders) for work not performed, with the caveat that in most cases, orders from the public without advances cannot be accepted. This disclosure is usually shown as a positive, the opposite (i.e., negative) of what is included under the disclosure “less: spending authority from offsetting collections and recoveries,” unless there is a net decrease in unfilled customer orders. (SFFAS 7 Implementation Guide (April 2002), par. 59-61)

[70] An example of this activity is the purchase of capital assets. (SFFAS 7 Implementation Guide (April 2002), par. 62)

[71] This activity may include noncash recoveries of prior year obligations. Recoveries are budgetary resources that offset obligations on the Statement of Budgetary Resources, but which are not a proprietary financing source used to offset costs on the Statement of Net Cost.

Reconciliation of Net Cost of Operations to Budget (Items 165 - 188)	Yes, No, or N/A	Explanation
178) Does the disclosure "total resources used to finance the net cost of operations," consist of the difference between the "total resources used to finance activities" and "total resources used to finance items not part of the net cost of operations?" (OMB Circular No. A-136, July 24, 2006, p. 70, section II.4.7.2)		
The section, "Components of the Net Cost of Operations that will not Require or Generate Resources in the Current Period," identifies (1) items that are recognized as a component of the net cost of operations (i.e., current period expenses and exchange revenues) for which budgetary resources (and related obligations) will not be provided (or incurred) until a subsequent period and (2) items (i.e., current period expenses) that are recognized as a part of the net cost of operations for the period but will not generate or require the use of resources in the current period. (OMB Circular No. A-136, July 24, 2006, p. 73, section II.4.7.5 & p. 74, section II.4.7.6)		
Components of the Net Cost of Operations that Will Not Require or Generate Resources in the Current Period		
179) Does the disclosure "increase in annual leave liability," include the expense related to the increase[72] in annual leave liability for which the budgetary resources will be provided in a subsequent period? (OMB Circular No. A-136, July 24, 2006, p. 73, section II.4.7.5)		

[72] An increase in annual leave liability has no effect on budgetary accounts, because it is not funded on an accrual basis. It is financed when it is taken and the amounts are paid to employees who took the leave. Thus, budgetary resources are zero, but the net cost of operations includes the amount of accrued leave. (SFFAS 7 Implementation Guide (April 2002), par. 40)

Reconciliation of Net Cost of Operations to Budget (Items 165 - 188)	Yes, No, or N/A	Explanation
180) Does the disclosure "increase in environmental and disposal liability," include the expense related to the increase for which the budgetary resources will be provided in a subsequent period? (OMB Circular No. A-136, July 24, 2006, p. 74, section II.4.7.5)		
181) Does the disclosure "upward/downward reestimates of credit subsidy expense (+/-)," include the expense recognized as a result of an upward (+) or downward (-) reestimate of credit program subsidy cost for which budgetary resources (or obligations) will be provided (or incurred) in a subsequent period?[73] (OMB Circular No. A-136, July 24, 2006, p. 74, section II.4.7.5)		
182) Are credit subsidy reestimates reflected as liabilities covered by budgetary resources?[74] (OMB Circular No. A-136, July 24, 2006, p. 74, section II.4.7.5)		
183) Does the disclosure "increase in exchange revenue receivable from the public," include exchange revenue recognized as a component[75] of the net cost of operations for the period? (OMB Circular No. A-136, July 24, 2006, p. 74, section II.4.7.5)		

[73] The Credit Reform Act of 1990, as amended, provides that agencies will receive subsidies to cover defaults and other situations for direct loans and loan guarantees obligated after September 30, 1991. (SFFAS 7 Implementation Guide (April 2002), par. 66)

[74] Budget authority to fund reestimates is permanent and indefinite and no further congressional action is needed to provide the resources.

[75] Absent specific legislation to the contrary, public receivables do not count as budgetary resources until they are collected. Hence, the revenue related to accruals of those resources is not reflected in offsetting collection activity at the time they are accrued. (SFFAS 7 Implementation Guide (April 2002) par. 70)

Reconciliation of Net Cost of Operations to Budget (Items 165 - 188)	Yes, No, or N/A	Explanation
184) Does the entity disclose as "other" under the section "Components Requiring or Generating Resources in Future Periods," all other expenses and exchange revenue not specifically mentioned in the preceding questions that do not require or generate resources in the current period but will do so in a subsequent period? (OMB Circular No. A-136, July 24, 2006, p. 74, section II.4.7.5)		
185) Does the "depreciation and amortization," reflect the current period usage of assets[76] or amortization of liabilities[77] for which budgetary resources were obligated in a prior period? (OMB Circular No. A-136, July 24, 2006, p. 74, section II.4.7.6)		
186) Does "revaluation of assets and liabilities," include gains and losses recognized[78] during the revaluation of assets or liabilities? (OMB Circular No. A-136, July 24, 2006, p. 74, section II.4.7.6)		
187) Does the entity disclose as "other" under the section "components not requiring or generating resources," all other expenses[79] and exchange revenue not specifically mentioned in the preceding questions that will not require or generate resources in the current period? (OMB Circular No. A-136, July 24, 2006, p. 74, section II.4.7.6)		

[76] Budgetary resources are obligated when the asset is acquired, not when it is depreciated or used up. No budgetary resources are used when an asset is depreciated. (SFFAS Implementation Guide, par. 44)
[77] Budgetary resources are obligated when an allowance (i.e., liability or contra-asset) for a subsidy is set up, and as the estimated expenses are realized the allowance account is amortized. The budgetary accounts, which have already recognized the obligation and offsetting collection for subsidy expense, are not affected by the transaction. (SFFAS 7 Implementation Guide (April 2002), par. 92)
[78] Gains are shown as a negative; losses are shown as a positive.
[79] An example of this would be default expenses of pre-credit reform (or pre-1992) loans.

Reconciliation of Net Cost of Operations to Budget (Items 165 - 188)	Yes, No, or N/A	Explanation
188) Does the sum of “total resources used to finance net cost of operations” and “total components of net cost of operations that will not require or generate resources in the current period” agree with the net cost of operations as reported in the Statement of Net Cost as well as the Statement of Changes in Net Position? (OMB Circular No. A-136, July 24, 2006, p. 74, section II.4.7.7, and page 52, line 15)		

Fiduciary Activities (Items 189 - 202)	**Yes, No, or N/A**	**Explanation**
In a fiduciary activity a federal entity collects or receives and subsequently manages, protects, accounts for, invests, and/or disposes of cash or other assets in which non-federal individuals or entities (or "non-federal parties") have an ownership interest that the federal government upholds. (SFFAS 31, par. 10) ***Note: SFFAS 31 is effective for periods beginning after September 30, 2008. Earlier adoption is prohibited.***		
189) Is a statement included to indicate that fiduciary assets are not assets of the entity and are not recognized on the balance sheet? (SFFAS 31, par. 17)		
190) Does entity disclosure for fiduciary activities describe a) the fiduciary relationship (e.g., the applicable legal authority), b) the objectives of the fiduciary activity, and c) a general description of the beneficial owners or class of owners? (SFFAS 31, par. 18a)		
191) Is a Schedule of Fiduciary Activity for all periods included that discloses a) beginning balance of net assets, b) inflows from the fiduciary activities by category (e.g., contributions, investment earnings) and outflows by category (e.g., benefit payments, refunds, administrative expenses), c) change in net assets, and d) ending balance of net assets? (SFFAS 31, par. 18b)		

Fiduciary Activities (Items 189 - 202)	Yes, No, or N/A	Explanation
192) Does a Schedule of Fiduciary Net Assets disclose the current and prior period ending balances for a) cash and any other assets by category (e.g., receivables, investments), b) liabilities by category (e.g., accounts payable, refunds payable), and c) significant changes from the prior period? (SFFAS 31, par. 18c)		
193) Does entity disclosure for non-monetary fiduciary assets describe a) composition of the assets, b) the method(s) of valuation, and c) changes from prior period accounting methods? (SFFAS 31, par. 18c)		
194) Are non-valued fiduciary assets,[80] disclosed in a Schedule of Changes in Non-Valued Fiduciary Assets, which includes a) a description of non-valued fiduciary assets, b) beginning quantity, c) quantity received, d) quantity disposed of, e) net increase/decrease in non-valued, fiduciary assets, and f) ending total quantity? (SFFAS 31, par. 18d)		

[80] Nonvalued fiduciary assets are fiduciary assets for which required disclosure does not include dollar values. Non-valued fiduciary assets may include land held in trust.

Fiduciary Activities (Items 189 - 202)	**Yes, No, or N/A**	**Explanation**
195) If separate audited financial statements are issued for an individual fiduciary activity that is presented individually in accordance with the acceptable criteria,[81] does disclosure include a) the basis of accounting used and auditor's opinion on the current or most recent financial statements, b) the reason(s) stated by the auditors if the auditor's opinion was not unqualified, and a reference to the audit opinion for further information, and c) how the reader can obtain a copy of the financial statements and the audit opinion thereon? (SFFAS 31, par. 18e & 22)		
196) If the separate audited financial statements for an individual fiduciary activity are prepared with a fiscal year-end other than September 30, is information provided for the fiduciary activity's most recent fiscal year? (SFFAS 31, par. 18e)		
197) If more than one entity administers a fiduciary activity, and the separate portions of the activity can be clearly identified with a responsible entity, does each entity disclose its portion, including the identification of the other entities that administer the activity? (SFFAS 31, par. 19)		
198) If separate portions of the activity cannot be identified, does the entity with program management responsibility disclose the fiduciary activity? (SFFAS 31, par. 19)		

[81] Acceptable criteria include: quantitative factors such as the percentage of the reporting entity's fiduciary net assets or inflows; and qualitative factors such as whether a fiduciary activity is of immediate concern to beneficiaries, whether it is politically sensitive or controversial, whether it is accumulating large balances, or whether the information provided in the fiduciary note disclosure would be the primary source of financial information for the public.

Fiduciary Activities (Items 189 - 202)	**Yes, No, or N/A**	**Explanation**
199) For entities with several distinct fiduciary activities, is a summary of financial information provided for each fiduciary activity presented individually? (SFFAS 31, par. 18 & 20)		
200) Does the entity consider both quantitative and qualitative criteria[82] when selecting fiduciary activities to be presented individually? (SFFAS 31, par. 21)		
201) Is prior year information not displayed in the initial year of implementation? (SFFAS 31, par. 23)		
202) In the reporting periods following the initial year of implementation, are prior period amounts disclosed? (SFFAS 31, par. 23)		

[82] Acceptable criteria include: quantitative factors such as the percentage of the reporting entity's fiduciary net assets or inflows; and qualitative factors such as whether a fiduciary activity is of immediate concern to beneficiaries, whether it is politically sensitive or controversial, whether it is accumulating large balances, or whether the information provided in the fiduciary note disclosure would be the primary source of financial information for the public.

Section VI – Required Supplementary Stewardship Information

Stewardship reporting involves the federal government reporting on its stewardship over certain resources entrusted to it and certain responsibilities assumed by it that cannot be measured in traditional financial reports. These resources and responsibilities do not meet the criteria for assets and liabilities that are required to be reported in the financial statements, but are important to understanding the operations and financial condition of the federal government.

The questions related to the unaudited required supplementary stewardship information (RSSI) are presented under one caption of stewardship investments. The question numbers related to the caption for each type of investment are identified below.

Stewardship Investments	**Question Numbers**
Non-federal Physical Property	1 - 5
Human Capital	6 - 10
Research and Development	11 - 16

Stewardship Investments (Items 1 – 16)	**Yes, No, or N/A**	**Explanation**
Stewardship investments are substantial investments made by the Federal Government for the benefit of the nation but are not physical assets owned by the Federal Government. When incurred, they are treated as expenses in determining the net cost of operations. However, these items merit special treatment so that users of Federal financial reports know the extent of investments that are made for long-term benefit. Such investments are incurred for: (1) federally-financed but not federally-owned physical property (Non-federal Physical Property); (2) certain education and training programs (Human Capital); and (3) federally-financed research and development (Research and Development) (OMB Circular No. A-136, p. 130, section II.4.11.2)		
Non-federal Physical Property (Items 1 – 5)		
1) Does RSSI include the full cost of the investment, a narrative description, of the federal property transferred to state and local governments for the year being reported on, as well as at least the preceding 4 years? (SFFAS 8, par. 87; OMB Circular No. A-136, p. 130, section II.4.11.3 & p. 132, section II.4.11.6)		
2) Does the description of major programs involving federal investments include a description of programs or policies under which non-cash assets are transferred to state and local governments? (SFFAS 8, par. 87; OMB Circular No. A-136, p. 132, section II.4.11.6)		
3) Is expense or outlay data for investments in nonfederal physical property reported at a meaningful category or level (e.g., by major program/department)? (SFFAS 8, par. 87)		
4) If expense data for the purchase of PP&E for state and local governments for the year being reported on and for the preceding 4 years is not available, does the entity report outlay data for these periods? (SFFAS 8, par. 87; OMB Circular No. A-136, p. 132, section II.4.11.6)		

Stewardship Investments (Items 1 – 16)	**Yes, No, or N/A**	**Explanation**
5) If neither historical expense nor outlay data is available on stewardship investments for the year being reported on and the preceding 4 years, does the entity report expense data for the current reporting year and such other years, as available? (SFFAS 8, par. 87; OMB Circular No. A-136, p. 132, section II.4.11.6)		
Human Capital (Items 6 – 10)		
6) Does the RSSI include the full cost and a narrative description of the investment made in human capital for the year being reported on, as well as the preceding 4 years? (SFFAS 8, par. 94; OMB Circular No. A-136, p. 130, section II.4.11.3, and p. 132, section II.4.11.6)		
7) Is a narrative description of the major education and training programs considered to be federal investments included? (SFFAS 8, par. 94; OMB Circular No. A-136, p. 132, section II.4.11.6)		
8) If expense data for the investments in human capital for the year being reported and for the preceding 4 years is not available, does the entity report outlay data? (SFFAS 8, par. 94; OMB Circular No. A-136, p. 132, section II.4.11.6)		
9) If neither historical expense nor outlay data for the investments in human capital is available for the year being reported on and the preceding 4 years, does the entity report expense data for the current reporting year and such other years? (SFFAS 8, par. 94; OMB Circular No. A-136, p. 132, section II.4.11.6)		
10) Is expense or outlay data for investments in human capital reported at a meaningful category or level (e.g., by major program or department)? (SFFAS 8, par. 94)		

Stewardship Investments (Items 1 – 16)	Yes, No, or N/A	Explanation
Research and Development (Items 11 – 16)		
11) Does the RSSI include the full cost, including a narrative description, of the investment made in major research and development programs for the year being reported on, as well as the preceding 4 years? (SFFAS 8, par. 100; OMB Circular No. A-136, p. 130, section II.4.11.5, and p. 132, section II.4.11.6)		
12) Is a narrative description of the major research and development programs included? (SFFAS 8, par. 100; OMB Circular No. A-136, p. 132, section II.4.11.6)		
13) If expense data for the investments in research and development for the year being reported and for the preceding 4 years are not available, does the entity report outlay data, if available? (SFFAS 8, par. 100; OMB Circular No. A-136, p. 132, section II.4.11.6)		
14) If neither historical expense nor outlay data are available for the year being reported on and the preceding 4 years, does the entity report expense data for the current year and such other years as available? (SFFAS 8, par. 100; OMB Circular No. A-136, p. 132, section II.4.11.6)		
15) Is expense or outlay data for investments in research and development reported at a meaningful category or level (e.g., by major program/department)? (SFFAS 8, par 100)		
16) Does the RSSI include the amounts of significant contributions from state, local, private, and other sources to its investments in nonfederal physical property, human capital, and research and development?[83] (SFFAS 8, par. 88, 95, & 101)		

[83]This reporting is encouraged, but is not required.

Section VII – Required Supplementary Information

The questions related to the unaudited required supplementary information (RSI) requirements are presented under six captions. The question numbers related to each caption are identified below.

Caption	**Question Numbers**
Stewardship PP&E	1 - 5
Deferred Maintenance	6 - 9
Social Insurance	10 - 26
Statement of Budgetary Resources	27 - 28
Statement of Custodial Activity	29 - 30
Risk Assumed Information	31 - 33

Stewardship PP&E (Items 1 – 5)	**Yes, No, or N/A**	**Explanation**
SFFAS 29, Heritage Assets and Stewardship Land, reclassifies all heritage assets and stewardship land information as basic except for condition information, which is classified as RSI, which may be reported with the deferred maintenance information. The reclassification as basic of the heritage assets and stewardship land information is being phased. The phase-in approach provides for full implementation for reporting periods beginning after September 30, 2008. (OMB Circular No. A-136, p. 133, section II.4.12.2)		
1) Is a concise description of each major category of heritage asset presented? (SFFAS 29, par. 25 & 40; OMB Circular No. A-136, p. 133, section II.4.12.2)		
2) Is physical unit information for the end of the reporting period for stewardship PP&E presented? (SFFAS 29, par. 25 & 40; OMB Circular No. A-136, p. 133, section II.4.12.2)		
3) Are the number of physical units acquired and withdrawn for stewardship PP&E during the year reported by major category? (SFFAS 29, par. 25 & 40; OMB Circular No. A-136, p. 133, section II.4.12.2)		
4) Is a description of the major methods of acquisition and withdrawal of stewardship PP&E during the reporting period presented, including the number of physical units, by major category, of transfers between federal entities and the number of physical units acquired through donation or devise? (SFFAS 29, par. 25 & 40; OMB Circular No. A-136, p. 133, section II.4.12.2)		
5) Is the condition of the stewardship PP&E reported in a note if not included with the deferred maintenance information? (SFFAS 29, par. 26 & 41; OMB Circular No. A-136, p. 133, section II.4.12.2)		

Deferred Maintenance (Items 6 – 9)	**Yes, No, or N/A**	**Explanation**
Maintenance is the act of keeping fixed assets in acceptable condition. Maintenance includes preventive maintenance, normal repairs, replacement of parts and structural components, and other activities needed to preserve the asset so that it continues to provide acceptable services and achieves its expected life. *Maintenance excludes activities aimed at expanding the capacity of an asset or otherwise upgrading it to serve needs different from, or significantly greater than, originally intended.* *Deferred maintenance is maintenance that was not performed when it should have been, or was scheduled to be, and that, therefore, is put off or delayed for a future period. (SFFAS 6, par. 77 & 78)*		
6) Does the entity report for each major category of its PP&E (i.e., general PP&E, heritage assets, and stewardship land) the a) identity (e.g., building, equipment, land) of each major class of asset for which maintenance was deferred, and b) method of measuring deferred maintenance for each major class of asset? (SFFAS 6, par. 83; OMB Circular No. A-136, p. 134, section II.4.12.3)		

Deferred Maintenance (Items 6 – 9)	Yes, No, or N/A	Explanation
Amounts reported for deferred maintenance may be measured using condition assessment surveys or life-cycle cost forecasts. *Condition assessment surveys are periodic inspections of PP&E, based on generally accepted and consistently applied methods, to determine PP&E's current condition and the estimated cost to correct any deficiencies. (SFFAS 6, par. 81)* *Life-cycle costing is an acquisition or procurement technique that considers operating, maintenance, and other costs in addition to the acquisition cost of assets. (SFFAS 6, par. 82)*		
7) If the condition assessment survey method is used to measure deferred maintenance, does each major class of PP&E in RSI disclose a) a description of requirements or standards for acceptable operating condition, b) any changes in the condition requirements or standards, and c) asset condition and a range estimate of the dollar amount of maintenance needed to return it to its acceptable operating condition? (SFFAS 6, par. 83)		

Deferred Maintenance (Items 6 – 9)	Yes, No, or N/A	Explanation
8) If the total life cycle cost method is used to measure deferred maintenance, does each major class of PP&E disclose a) the original date of the maintenance forecast and an explanation for any changes to the forecast, b) prior-year balance of the cumulative deferred maintenance amount, c) the dollar amount of maintenance that was defined by the professionals who designed, built, or managed the PP&E as required maintenance for the reporting period, d) the dollar amount of maintenance actually performed during the period, e) the difference between the forecast and actual maintenance, f) any adjustments to the scheduled amounts deemed necessary by the managers of the PP&E, and g) the ending cumulative balance for the reporting period for each major class of asset experiencing deferred maintenance? (SFFAS 6, par. 83)		
9) If management elects to break out deferred maintenance by critical and noncritical amounts needed to bring each class of asset to its acceptable operating condition, does it also include its definition of these categories? (SFFAS 6, par. 84; OMB Circular No. A-136, p. 134, section II.4.12.3)		

Social Insurance (Items 10 – 26)	**Yes, No, or N/A**	**Explanation**
Reporting on stewardship responsibilities aids in assessing the federal government's financial condition and the sufficiency of future budgetary resources to sustain public services and meet obligations as they become due. Supplementary information for social insurance programs is reported to address fundamental questions about the current and future financial condition of these programs. Information disclosed for social insurance programs is intended to facilitate an assessment of the long-term sustainability of the program as well as the ability of the program to raise resources from future program participants to pay for benefits to present participants. (OMB Circular No. A-136, p. 135, section II.4.12.4)		
10) Is a clear and concise description of the program, including how its financed, how benefits are calculated, and its financial and actuarial status included in RSI? (SFFAS 17, par. 24; OMB Circular No. A-136, p. 136, section II.4.12.4)		
11) Does this description include a) discussion of the long-term sustainability and financial condition of the program, and b) an illustration and explanation of the long-term trends revealed in the data? (SFFAS 17, par. 24)		
12) Are statutory or other material changes, and implications thereof, affecting the program after the current fiscal year described? (SFFAS 17, par. 24)		
13) Does information on the financial and actuarial status of the social insurance program(s) include projections of cash flows during a projection period sufficient to illustrate long-term sustainability and show the annual cash flows in nominal dollars for current and future participants? (SFFAS 17, par. 27 (1); OMB Circular No. A-136, p. 135, section II.4.12.4)		

Social Insurance (Items 10 – 26)	**Yes, No, or N/A**	**Explanation**
14) Are the actuarial projections of cash flow amounts reported for at least every fifth year in the projection period? (SFFAS 17, par. 27 (1) (a))		
15) Does the cash flow information show a) total cash inflow from all sources (i.e., by and on behalf of participants) less net interest on intragovernmental borrowing and lending, and b) total cash outflow? (SFFAS 17, par. 27 (1) (a))		
16) Does the narrative accompanying the cash flow data include identification of any year or years during the projection period when cash outflow exceeds cash inflow, with and without interest on intragovernmental borrowing or lending (the "cross-over points")? (SFFAS 17, par. 27 (1) (a))		
17) Does the narrative provide an explanation of the significance of the cash flow "cross-over points" where cash outflows begin exceeding cash inflows? (SFFAS 17, par. 27 (1) (a))		
18) Do the cash flow projections (net of interest on intragovernmental borrowing/lending) for Social Security (OASDI) and Medicare Part A (HI) include an estimate of cash flows as a percentage of taxable payroll? (SFFAS 17, par. 27 (1) (b))		
19) Do the cash flow projections (net of interest on intragovernmental borrowing/lending) for OASDI, HI, and Medicare Parts B and D (SMI) include an estimate of cash flows as a percentage of gross domestic product? (SFFAS 17, par. 27 (1) (b))		

Social Insurance (Items 10 – 26)	Yes, No, or N/A	Explanation
20) For OASDI and HI programs, does the entity's cash flow information show its estimate of the ratio of the number of contributors to the number of beneficiaries during the same projection period as for cash flow projections (commonly called the "dependency ratio")? (SFFAS 17, par. 27 (2); OMB Circular No. A-136, p. 136, section II.4.12.4)		
21) Is the ratio of contributors to beneficiaries for OASDI and HI reported for the beginning and end of the projection period? (SFFAS 17, par. 27 (2))		
22) For all social insurance programs except UI, does the responsible entity illustrate the sensitivity of the projections of cash flows and actuarial present values to changes in the most significant individual assumptions? (SFFAS 17, par. 27 (4) (a), SFFAS 26, par. 5; OMB Circular No. A-136, p. 136, section II.4.12.4)		
23) Do the Social Security and Medicare programs analyze assumptions regarding factors for a) birth and death rates, b) net immigration, c) real wage differential,[84] and d) real interest rate? (SFFAS 17, par. 27 (4) (a))		
24) Are the health care cost factors and their trend analyzed for the Medicare program? (SFFAS 17, par. 27 (4) (a))		

[84] The real-wage differential is the difference between the annual percentage increase in wages in covered employment and the inflation rate, as measured by the CPI.

Social Insurance (Items 10 – 26)	Yes, No, or N/A	Explanation
25) Does the sensitivity analysis for UI programs show the effects of increasing the unemployment rate a) by approximately one percentage point, and b) to a level sufficient enough to put stress on the system (e.g., to simulate the largest recession occurring within the last 25 years)? (SFFAS 17, par. 27 (4) (b), SFFAS 26, par. 5; OMB Circular No. A-136, p. 136, section II.4.12.4)		
26) Does information on the UI program provide a state-by-state analysis illustrating the relative solvency of individual state programs, including the ratio of each state's current accumulated fund balance to a year's projected benefit payments based on the highest level of annual benefit payments experienced by that state over the last 20 years? (SFFAS 17, par. 27 (5); OMB Circular A-136, p. 136, section II.4.12.4)		

Statement of Budgetary Resources (Items 27 – 28)	**Yes, No, or N/A**	**Explanation**
Budgetary information aggregated for purposes of the SBR is disaggregated for each of the reporting entity's major budget accounts and presented as RSI. (OMB Circular No. A-136, p. 136, section II.4.12.5)		
27) Is budgetary information disaggregated for each of the reporting entity's major budget accounts and presented as RSI? (SFFAS 7, par. 78; OMB Circular No. A-136, p. 136, section II.4.12.5)		
28) Do the major accounts and the aggregate of small budget accounts, in total, agree with the amounts reported on the face of the SBR? (OMB Circular No. A-136, p. 136, section II.4.12.5)		

Statement of Custodial Activity (Items 29 – 30)	**Yes, No, or N/A**	**Explanation**
Entities that collect taxes and duties provide information on potential collections and custodial responsibilities as RSI. (OMB Circular No. A-136, p. 129, section II.4.12.6)		
29) Do entities that collect taxes and duties provide RSI relating to their potential revenue and custodial responsibilities that includes a) the estimated realizable value, as of the end of the reporting period, of compliance assessments and, if reasonably estimable, pre-assessment work in process, based on management's best estimate that is appropriately identified as to their reliability, b) other claims for refunds not yet accrued but likely to be paid when administrative action is complete, based on management's best estimates, c) amount of assessments written-off (i.e., no further collection potential) that continues to be statutorily collectable, and d) amounts by which trust funds may be overfunded or underfunded in comparison with the requirements of the law? (SFFAS 7, par. 67; OMB Circular No. A-136, p. 136, section II.4.12.6)		
30) If the entity receiving funds from the collecting entity is itself a trust fund, does it provide as supplementary information amounts by which related trust funds may be overfunded or underfunded in comparison with the requirements of the law? (SFFAS 7, par. 68; OMB Circular No. A-136, p. 136, section II.4.12.6)		

Risk Assumed Information (Items 31 – 33)	**Yes, No or N/A**	**Explanation**
Risk-assumed information is generally measured by the present value of unpaid expected losses net of associated premiums based on the risk inherent in the insurance or guarantee coverage in force. (SFFAS 5, par. 105 & 106; OMB Circular No. A-136, p. 137, section II.4.12.7)		
31) Does the entity include as RSI the current amount and periodic changes of "risk assumed" arising from insurance and guarantee programs? (SFFAS 5, par. 105, 106, 110; SFFAS 25, par. 2; OMB Circular No. A-136, p. 137, section II.4.12.7)		
32) Does the entity also report under RSI the indicators of the range of uncertainty around insurance-related estimates and sensitivity of the estimates to changes in major assumptions? (SFFAS 5, par. 114; SFFAS 25, par.4)		
33) Does the entity report under RSI the major assumptions and “risks assumed” (i.e., the present value of unpaid expected losses net of associated premiums based on risk inherent in the insurance or guarantee coverage) for all sponsored insurance programs (except for social insurance, life insurance, and loan guarantee programs)? (SFFAS 5, par. 105 & 106; SFFAS 25, par. 4)		

Section VIII – Other Accompanying Information

The questions related to the unaudited other accompanying information (OAI) requirements are presented under seven captions. The question numbers related to each caption are identified below.

Caption	**Question Numbers**
Revenue Forgone	1
Tax Burden/Tax Gap	2
Tax Expenditures with Directed Flow of Resources	3
Management Challenges	4
Summary of Financial Statement Audit and Management Assurances	5
Improper Payments Information Act (IPIA)	6
Other Agency-specific Statutorily Required Reports	7

Other Accompanying Information (Items 1 – 7)	**Yes, No, or N/A**	**Explanation**
Other Accompanying Information includes such items as revenue foregone, tax burden/tax gap, tax expenditure with directed flow of resources, and management challenges. (OMB Circular No. A-136, p. 14, section II.1.2)		
Revenue Foregone		
1) Does the entity disclose differences between the prices it charges in exchange transactions and full cost or market price? If so, does the entity provide an estimate of the amount of revenue foregone and explain whether, and to what extent, the quantity demanded was assumed to change as a result of a difference in price? (OMB Circular No. A-136, p. 138, section II.5.2)		
Tax Burden/Tax Gap		
2) Does the tax collecting entity present a) a perspective on the income tax burden such as a summary of the latest available information on the income tax and on related income, deductions, exemptions, and credits for individuals by income level and for corporations by value of assets, and b) available information on the size of the tax gap, including any relevant estimates of the annual tax gap that become available as a result of federal surveys or studies? (SFFAS 7, par. 69.1 & 69.2; OMB Circular No. A-136, p. 138, section II.5.3)		

Other Accompanying Information (Items 1 – 7)	**Yes, No, or N/A**	**Explanation**
Tax Expenditures with Directed Flow of Resources		
3) Does the entity having tax expenditures with a directed flow of resources disclose information on a) tax expenditures relevant to entity performance, which is appropriately described, explained, and qualified, and b) directed flows of resources which are appropriately described, explained, and qualified? (SFFAS 7, par. 69.3 & 69.4; OMB Circular No. A-136, p. 139, section II.5.4)		
Management Challenges		
4) Does the PAR include a) a statement prepared by the entity's Inspector General (IG) summarizing what the IG considers to be the most serious management and performance challenges facing the entity and briefly assesses the entity's progress in addressing those challenges, and b) the entity head's response to IG's management challenges statement? (OMB Circular No. A-136, p. 139, section II.5.5)		
Summary of Financial Statement Audit and Management Assurances		
5) Does the entity present tables that summarize the a) financial statement audit (table 1), and b) management assurances (table 2)? (OMB Circular No. A-136, pp. 139-142, section II.5.6)		

Other Accompanying Information (Items 1 – 7)	Yes, No, or N/A	Explanation
Improper Payments Information Act (IPIA) Reporting		
6) Does the entity disclose for IPIA a) description of the risk assessment(s), performed subsequent to completing its full program inventory, including a list of the risk-susceptible programs (i.e., programs that have a significant risk of improper payments) identified through its risk assessments and the programs previously identified in the former Section 57 of OMB Circular No. A-11 (now located in OMB Circular No. A-123, Appendix C), b) description of the statistical sampling process conducted to estimate the improper payment rate for each program identified, c) description of corrective action plans for: i) reducing the estimated rate of improper payments, including what is seen as the cause(s) of errors, corresponding steps necessary to prevent future occurrences, and efforts to prevent such occurrences, and ii) grant-making agencies with risk susceptible grant programs, including a discussion of what the entity has accomplished in stewardship of funds past the primary recipient, status of projects, and results of reviews. d) table that includes i) all risk susceptible programs, ii) the date by which a measurement is expected where no measurement is provided,		

Other Accompanying Information (Items 1 – 7)	Yes, No, or N/A	Explanation
iii) baseline measurement year, iv) separation of amounts for newly established measurement components and previously established measurement components, v) outlay estimates for the current plus 3 years, vi) current year activity but if not feasible, then prior year activity, and vii) future year outlay estimates (current year plus 3 years) should match the outlay estimates for those years as reported in the most recent President's Budget. e) discussion of recovery auditing effort, if applicable, to include i) any contract types excluded from review and the justification for doing so, and ii) actions taken to recoup improper payments, business process changes, and internal controls instituted and/or strengthened to prevent further occurrences. f) table which includes i) entity component, ii) amount subject to review for current year reporting, iii) actual amount reviewed and reported, iv) amounts identified for recovery, v) amounts recovered in the current year, and vi) amounts recovered in prior years.		

Other Accompanying Information (Items 1 – 7)	**Yes, No, or N/A**	**Explanation**
g) description of the steps the entity has taken and plans to take (including time line) to reduce and recover improper payments, h) description of whether the entity i) has the information systems and infrastructure it needs to reduce improper payments, or ii) a description of the resources requested in the most recent budget submission to obtain the necessary information systems and infrastructure. i) description of i) statutory or regulatory barriers that may limit the entity's corrective actions in reducing improper payments, and ii) actions taken by the entity to mitigate the barriers' effects, and j) additional comments on overall efforts, specific programs, best practices, or common challenges identified, as a result of IPIA implementation? (OMB Circular No. A-136, pp. 142-145, section II.5.7)		
Other Agency-specific Statutorily Required Reports		
7) Does the entity disclose other agency-specific statutorily required reports pertaining to financial or performance management based on consultation with OMB and the Congress? (OMB Circular No. A-136, p. 146, section II.5.8)		

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