



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

June 28, 2019

CIRCULAR A-136
Revised

TO THE HEADS OF EXECUTIVE DEPARTMENTS, AGENCIES, AND
OTHER ENTITIES SUBJECT TO THE CHIEF FINANCIAL OFFICERS
ACT AND THE ACCOUNTABILITY OF TAX DOLLARS ACT AND TO
GOVERNMENT ENTITIES SUBJECT TO THE GOVERNMENT
CORPORATIONS CONTROL ACT

SUBJECT: Financial Reporting Requirements

The Office of Management and Budget (OMB), with input from the financial management community, has updated OMB Circular A-136, Financial Reporting Requirements. This update streamlines reporting requirements and reflects current Federal generally accepted accounting principles.

This revision of Circular A-136 is effective upon issuance, unless otherwise specified in the Circular. Questions about the Circular A-136 should be directed to the Office of Federal Financial Management's Financial Integrity and Risk Management Branch at (202) 395-3993.

A handwritten signature in black ink, appearing to read "Russell T. Vought".

Russell T. Vought
Acting Director

Enclosure

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I. GENERAL INFORMATION

I.1. Guide to the Circular

This Circular provides guidance for Executive Branch entities required to submit audited financial statements, interim financial statements, and Performance and Accountability Reports (PARs) or Agency Financial Reports (AFRs) under the Chief Financial Officers Act of 1990, as amended (CFO Act), the Government Management Reform Act of 1994 (GMRA), and the Accountability of Tax Dollars Act of 2002 (ATDA). This Circular also provides general guidance to Government corporations required to submit Annual Management Reports (AMRs) under the Government Corporations Control Act.

Throughout the Circular, the terms “must,” “shall,” and “will” denote a requirement that management must comply with in all cases; the term “should” denotes a presumptively mandatory requirement that applies except in circumstances where the requirement is not relevant for the agency; and “may” and “could” denote best practices that may be adopted at the discretion of management. In addition, “Government” refers to the United States Federal Government.

The words “disclose” and “disclosure” refer to information in the notes to the financial statements and “recognize” and “recognition” refer to information in the financial statements.

A term or statute is generally referred to in its full form the first time it is used in this Circular; after that it is referred to by its acronym or short form. Similarly, standards and concepts statements promulgated by the Federal Accounting Standards Advisory Board (FASAB) are generally cited in full the first time they are used; after that they are cited by number.

FASAB documents cited in this Circular may be found at: <https://fasab.gov/> and Office of Management and Budget (OMB) documents cited in this Circular may be found at: <https://www.whitehouse.gov/omb/information-for-agencies/>. OMB’s audit bulletin, *Audit Requirements for Federal Financial Statements*, may be found at: <https://www.whitehouse.gov/omb/information-for-agencies/bulletins/>.

Section I gives an overview of this Circular.

Section II specifies the form and content for AFRs and PARs.

Section III gives guidance for the optional Summary of Performance and Financial Information.

Section IV gives guidance on the interim unaudited financial statements and variance analysis.

Section V gives guidance on data required by the U.S. Department of the Treasury (Treasury) for preparing the *Financial Report of the United States Government* (FR or Government-wide Financial Report), which Treasury prepares in coordination with OMB.

I.2. Superseded Guidance

This Circular supersedes OMB Circular A-136, “Financial Reporting Requirements,” dated July 30, 2018.

I.3. Entities Subject to this Circular

Each Executive Branch entity that is required to prepare audited financial statements under the CFO Act, GMRA, or the ATDA must comply with Sections I, II, and IV of this Circular. In addition, each Executive Branch entity that prepares a Summary of Performance and Financial Information must comply with Section III. Also, all CFO Act agencies and ATDA agencies listed in Appendix A must comply with Section V.

Government corporations not required to register with the Securities and Exchange Commission (SEC) must comply with Section I.5, Submission Deadlines; Government corporations listed in Appendix A must comply with Section V; and all Government corporations are encouraged to comply with Sections I, II, III, IV, and V.

Components of Executive Branch Departments or agencies required by law to issue financial statements prepared in accordance with accounting standards other than those promulgated by FASAB will continue to comply with those standards. For further information, see Statement of Federal Financial Accounting Standard (SFFAS) 34, *The Hierarchy of Generally Accepted Accounting Principles (GAAP), Including the Application of Standards Issued by the Financial Accounting Standards Board*.

The entities covered by this Circular are “reporting entities” and “component reporting entities” under SFFAS 47, *Reporting Entity*. Reporting entities must prepare organization-wide financial reports (AFR or PAR). Entities that must be included in the Government-wide Financial Report are referred to as component reporting entities. In addition, reporting entities may be made up of component reporting entities

Under SFFAS 47, inclusion in a reporting entity’s financial statements may take the form of consolidation or disclosure. Each reporting entity is responsible for all entities “administratively assigned” to it under SFFAS 47, paragraphs 58-65. Agencies should review SFFAS 47 and consult with OMB and Treasury’s Bureau of the Fiscal Service (Fiscal Service) if they have questions regarding which agencies to include in their AFR or PAR.

I.4. Circular Effective Date

This Circular is effective in its entirety upon issuance unless otherwise specified.

I.5. Submission Deadlines

For FY 2019, final AFRs, PARs, and AMRs are due to **OMB, Treasury, the Government Accountability Office (GAO), and the Congress** by 6 p.m. EST on November 19, 2019

A **complete draft** of the AFR, PAR, or AMR is due to OMB’s Office of Federal Financial Management (OFFM) and the appropriate OMB Resource Management Office 10 business days before the final AFR, PAR, or AMR is due. If the audit report is not available when the draft is submitted to OFFM, agencies should provide their draft audit report to OMB as soon as it is available or a summary of the audit results including the type of opinion (or disclaimer) anticipated and names and descriptions of material weaknesses and significant deficiencies, if any.

The final reports should be posted to the agencies’ website the same day the report is submitted to OMB, GAO, and the Congress. If on this day a report is not compliant with Section 508 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794d), the agency must post the 508-

compliant version of the final report to its website no later than 15 calendar days after issuance. The final report's website location must be clearly identified on the agency's homepage.

If an agency or its auditor is not able to comply with the posting and submission deadline, the Agency Head Letter, discussed in section II.1.1; the CFO Letter, if included and as discussed in section II.1.1; or another transmittal letter should explain the reason for the delay.

Summary of Performance and Financial Information. Agencies may publish a Summary of Performance and Financial Information, as discussed in Section III.

Interim Financial Statements. Agencies must submit unaudited interim financial statements 21 business days after the end of the third quarter of the fiscal year and unaudited interim notes 45 business days after the end of the third quarter. See Section IV.

I.6. Submission Format

Interim Statements and Draft Reports. Agencies are required to use the MAX Federal Community to submit their interim financial statements and Draft AFRs, PARs, or AMRs to OMB. OMB's OFFM will submit comments on Draft Reports using a comment log in MAX. Agencies are encouraged to work directly with their Resource Management Offices to establish the format in which those comments will be given to agencies.

Final Reports. Agencies should submit their final AFRs, PARs, or AMRs to OMB and Treasury using the MAX Federal Community and to GAO using the contact information provided in Appendix B.

Agencies must also submit their final reports to Congress. Copies must be provided to the Speaker of the House of Representatives, the President and President pro tempore of the Senate, the chairmen and ranking minority members of the Senate Committee on Homeland Security and Government Affairs and the House Committee on Oversight and Government Reform, the chairmen and ranking minority members of the Budget committees, and relevant authorization and oversight committees and appropriations subcommittees. Agencies should consult with their legislative or congressional affairs staff to determine whether electronic files are adequate.

I.7. Inquiries

For information concerning this Circular, contact the OFFM at 202-395-3993.

I.8. Copies of Circular

This Circular is available at: <https://www.whitehouse.gov/omb/information-for-agencies/circulars/>.

I.9. Summary of Changes

The following table summarizes changes that have occurred since the last revision of Circular A-136.

Section Number	Section Title	Change
I.5	Submission Deadlines	Updated to require agency head or CFO letter to include an explanation for inability to meet publication deadline and updated to reflect a Nov. 19 th deadline for 2019.
II.2.3	MD&A Scope	Added a sentence to highlight the important of risk information in the MD&A.
II.2.7	Analysis of Systems, Controls, and Legal Compliance	Streamlined and reorganized text.
II.3.1	Instructions for the Annual Financial Statements	Modified to reflect information previously contained in Questions 1, 2, 3, and 5 in the former section II.3.2. Added recommendation that agencies designate a FASAB contact.
Former II.3.2	Questions and Answers	The answers for Questions 1, 2, 3, and 5 were streamlined and moved to section II.3.1. The answer to Question 4 was moved to section II.3.5.1.
II.3.2.3	Assets	Streamlined text. Modified description of investments. Added a reminder that other assets must be reflected in GTAS using correct USSGL.
II.3.2.4	Liabilities	Streamlined text and updated to reflect the fact that SFFAS 51, <i>Insurance Programs</i> , takes effect for FY 2019. Added a reminder that other liabilities must be reflected in GTAS using correct USSGL.
II.3.3.1	Statement of Net Cost Introduction	Updated Full Cost discussion to reflect SFFAS 55, <i>Amending Inter-Entity Cost Provisions</i> , which takes effect for FY 2019 and which rescinded SFFAS 30, Interpretation 6, and TR 8..
II.3.3.3	Gross Program Costs	Updated to reflect SFFAS 55, which takes effect for FY 2019.
II.3.5	Statement of Budgetary Resources	Eliminated memo line 1980.
II.3.5.1	SBR Introduction	Modified to reflect information previously contained in Question 4 in the former section II.3.2.
II.3.8.1	Note 1: Summary of Significant Accounting Policies	Added new disclosure required by SFFAS 56, <i>Classified Activities</i> . Added revenues to the list of items for which agencies should provide a description of accounting principles.
II.3.8.5	Note 5: Investments	Streamlined text and moved some information to section II.3.2.3. Assets.
II.3.8.8	Note 8: Direct Loans and Loan Guarantees	Streamlined text and placed instructions directly under applicable tables rather than in a separate section at the end.
II.3.8.9	Note 9: Inventory and Related Property, Net	Deleted text that duplicates FASAB guidance and refer reader to applicable FASAB guidance.
II.3.8.12	Other Assets	Added a reminder that other assets, both material and immaterial amounts, must be reported in GTAS using the proper USSGL code.
II.3.8.15	Note 15: Federal Employee and Veterans' Benefits	Added disclosure requirements for agencies responsible for employee and veteran benefit programs because of closing package elimination even though agencies already make these disclosures. Added requirement that all amounts, even immaterial amounts, be disclosed for pension, health benefits, and life insurance. Reformatted note.
II.3.8.16	Environmental and Disposal Liabilities	Streamlined text and added a reference to illustrative table included in Note 20, Commitments and Contingencies,

II.3.8.17	Note 17: Other Liabilities	Added a reminder that other liabilities, both material and immaterial amounts, must be reported in GTAS using the proper USSGL code.
II.3.8.18	Note 18: Leases	Streamlined requirements for description of lease arrangements for entity as lessee.
II.3.8.19	Note 19: Life Insurance	Updated to reflect the fact that SFFAS 51 takes effect for FY 2019.
II.3.9.20	Note 20: Commitments and Contingencies	Updated to include an illustrative table.
II.3.8.21	Note 21: Funds from Dedicated Collections	Streamlined text.
II.3.8.26	Note 26 Inter-Entity Costs	Added new disclosure required by SFFAS 55, which is effective for FY 2019.
II.3.8.27	Note 27: Net Adjustments to Unobligated Balance Brought Forward, October 1	Modified to reflect elimination of memo line 1980.
Former II.3.9.29	Note 29: Apportionment Categories of New Obligations and Upward Adjustments	Note is not required by GAAP and has been made optional.
II.3.8.38	Note 38: Fiduciary Activities	Streamlined text. Added lines to Fiduciary Net Assets tables to include Fund Balance with Treasury and investments in Treasury and non-Treasury securities because of closing package elimination. Added a disclosure requirement for the number of fiduciary funds to aid in the preparation of the FR
II.3.8.39	Note 39: Restatements	Streamlined text.
II.3.8.40	Note 40: Reconciliation of Net Cost to Net Outlays	Updated to reflect the fact that SFFAS 53, <i>Budget and Accrual Reconciliation</i> is effective for FY 2019.
II.3.8.43	Note 43: Insurance Programs	Updated to reflect the fact that SFFAS 51 takes effect for FY 2019.
II.3.8.44	Note 44: Reclassification of Balance Sheet, SNC, and SCNP for FR Compilation Process	Added new note to how AFR amounts for the balance sheet, SNC, and SCNP are reclassified for the FR compilation process.
II.3.9.1	RSSI General	Partially streamlined text.
II.3.9.2	RSSI: Non-Federal Physical Property	Partially streamlined text.
II.3.9.3	RSSI: Human Capital	Partially streamlined text.
II.3.9.4	RSSI: R&D	Partially streamlined text.
II.3.10.4	RSI: Deferred Maintenance and Repairs	Streamlined text.
II.3.10.5	RSI: Social Insurance	Streamlined text.
II.3.10.8	RSI: Risk Assumed	Deleted as unnecessary in light of SFFAS 51.
II.4.5	Payment Integrity	Updated to reflect recommendations of Cross Agency Priority Goal 9, Getting Payments Right, Working Group.
Former II.4.10	GONE Act Requirements	Section deleted; statutory reporting requirement has expired.
II.4.11	Other Information: Land	Encourages entities with publicly available land information to include a link to that information and a description of that information as OL.

IV.2	Statements and Variances Required	Added requirement for end-of-year variance analysis and for differences exceeding \$1 billion and 10 percent must be explained.
IV.3	Third Quarter Unaudited Interim Financial Notes and Supplemental Information	Added requirement that RSI and RSSI be provided for third quarter.
V.2.1	Significant Reporting Entities	Updated to reflect elimination of the closing package.
V.2.3	Reporting under a Fiscal Year other than the Federal Fiscal Year	Updated to reflect changes associated with closing package elimination.
V.3	Reconciling Intragovernmental Balances and Transactions	Added custodial and non-entity transactions with entities other than the General Fund to the list of transactions.
V.4	Legal Representation Letter	Added statement about required subsequent events update.
V.5	Written Representation from Management	Updated to reflect elimination of the closing package and the need for representations from non-Federal fiscal year reporting entities..

I.10. Abbreviations

AFR	Agency Financial Report
AICPA	American Institute of Certified Public Accountants
AMR	Annual Management Report
APR	Annual Performance Report
ATA	Allocation Transfer Account
ATB	Adjusted Trial Balance
ATDA	Accountability of Tax Dollars Act of 2002 (Pub. L. No. 107-289)
AU-C	U.S. Auditing Standards (Clarified), as codified by the AICPA
CARS	Central Accounting Reporting System
CFO	Chief Financial Officer
CFO Act	Chief Financial Officers Act of 1990 (Pub. L. No. 101-576)
CY	Current Year
DATA Act	Digital Accountability and Transparency Act of 2014 (Pub. L. No. 113-101)
DCIA	Debt Collection Improvement Act (Pub. L. No. 104-134)
FASAB	Federal Accounting Standards Advisory Board
FBWT	Fund Balance with Treasury
FCRA	Federal Credit Reform Act (Pub. L. No. 101-508)
FFATA	Federal Funding Accountability and Transparency Act (Pub. L. No. 109-282)
FFMIA	Federal Financial Management Improvement Act (Pub. L. No. 104-208)
Fiscal Service	Department of the Treasury Bureau of the Fiscal Service
FMFIA	Federal Managers' Financial Integrity Act (Pub. L. No. 97-255)
FR	Financial Report of the United States Government
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GAO	Government Accountability Office
General Fund	General Fund of the United States Government
GONE Act	Grants Oversight and New Efficiency Act (Pub. L. No.114-117)
GMRA	Government Management Reform Act (Pub. L. No. 103-356)
GPRA	Government Performance and Results Act (Pub. L. No. 103-62)
GTAS	Government-wide Treasury Account Symbol Adjusted Trial Balance System
HI	Hospital Insurance
IG	Inspector General
IP	Improper Payment
IPAC	Intragovernmental Payment and Collection
IPERA	Improper Payments Elimination and Recovery Act of 2010 (Pub. L. No. 111-204)
IPERIA	Improper Payments Elimination and Recovery Improvement Act of 2012 (Pub. L. No. 112-248)
IPIA	Improper Payments Information Act of 2002 (Pub. L. No. 107-300)
MD&A	Management's Discussion and Analysis
OI	Other Information
OASDI	Old-Age, Survivors, and Disability Insurance
OFFM	OMB Office of Federal Financial Management
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPEB	Other Post-employment Benefits
OPM	U.S. Office of Personnel Management
ORB	Other Retirement Benefits
PAR	Performance and Accountability Report
PIO	Performance Improvement Officer
PP&E	Property, Plant & Equipment
PY	Prior Year
Q&A	Questions & Answers
RSI	Required Supplementary Information
RSSI	Required Supplementary Stewardship Information
SBR	Statement of Budgetary Resources
SCA	Statement of Custodial Activity
SCNP	Statement of Changes in Net Position

SCSIA	Statement of Changes in Social Insurance Amounts
SF	Standard Form
SFFAC	Statement of Federal Financial Accounting Concepts
SFFAS	Statement of Federal Financial Accounting Standards
SMI	Supplementary Medical Insurance
SNC	Statement of Net Cost
SOSI	Statement of Social Insurance
TFM	Treasury Financial Manual
TR	Technical Release
Treasury	U.S. Department of the Treasury
UI	Unemployment Insurance
USSGL	U.S. Standard General Ledger

II. AGENCY FINANCIAL REPORT OR PERFORMANCE AND ACCOUNTABILITY REPORT

II.1. General

The CFO Act, as amended, and the ATDA require Executive Departments and agencies to prepare audited financial statements and the Government Corporations Control Act requires Government Corporations to prepare AMRs.

Under the Reports Consolidation Act of 2000, with the concurrence of the OMB Director, agencies are permitted to submit combined reports in implementing statutory requirements for financial, performance management, and other reporting where the inclusion of the report will enhance the usefulness of the reported information. The PAR consists of the Annual Performance Report (APR) required by the Government Performance and Results Act (GPRA), as amended; annual financial statements; and other reports such as agencies' assurances on internal control, accountability reports by agency heads, and Inspectors General's assessments of agencies' most serious management and performance challenges. The AFR consists of annual financial statements and other reports.

OMB Circular A-11, Part 6 requires CFO Act agencies to publish results of performance in an APR. Concurrent with the release of the fiscal year (FY) 2020 President's Budget, CFO Act agencies will publish select content from the Strategic Plan, APR, and Annual Performance Plan on Performance.gov and an Annual Performance Plan (APP) and APR on their agency website with a hyperlink to the published report on Performance.gov. See OMB Circular A-11, Section 210. Regardless of whether an agency produces a PAR or an AFR, agencies are encouraged to streamline all text.

II.1.1. Required Contents of the AFR or PAR

Agency Head Transmittal Letter. Pursuant to the Reports Consolidation Act of 2000, a transmittal letter from the Agency Head must be included. The letter must contain the Agency Head's assessment of the reliability and completeness of financial and performance data in the report and a description of any material weaknesses in internal control and actions the agency is taking to resolve the weaknesses. As noted in section I.5, if an agency or its auditor is not able to comply with the deadline, the Agency Head Letter; the CFO Letter, if included; or another transmittal letter should explain the reason for the delay.

Management's Discussion and Analysis (MD&A) (Section 1). See Section II.2 for requirements, which includes an assurance statement signed by the Agency Head.

Performance Section (PAR Section 2). See OMB Circular A-11, Part 6 for requirements.

Financial Section (AFR Section 2 or PAR Section 3). See Section II.3 for requirements. In addition, this section must contain the auditor's signed report and may, but is not required to, contain a CFO Letter, which may summarize planned time frames for and major impediments (if any) to correcting audit weaknesses and instances of non-compliance and the progress made in addressing previously reported audit weaknesses and instances of non-compliance. As noted in section I.5, if an agency or its auditor is not able to comply with the deadline, the Agency Head Letter, discussed above, or the CFO Letter should explain the reason for the delay.

Other Information (OI) (AFR Section 3 or PAR Section 4). See Section II.4 for requirements.

II.2. Management's Discussion and Analysis (MD&A) – AFR/PAR Section I

II.2.1. Purpose

An AFR or a PAR must contain an MD&A section in accordance with SFFAS 15, *Management's Discussion and Analysis*. The MD&A should serve as a **brief** overview of the AFR or PAR and include the most important matters that could:

- Lead to significant actions or proposals by top management of the reporting entity;
- Be significant to the management, budgeting, and oversight functions of Congress and the Administration; or
- Significantly affect the judgment of citizens about the efficiency and effectiveness of the Government.

II.2.2. Responsibility

The MD&A is the responsibility of management and should be a joint effort of the CFO office, the Performance Improvement Officer (PIO) office, program offices, and offices responsible for performance reporting. Management has discretion with respect to the presentation, subject to the required components and the requirement that the MD&A not be misleading.

II.2.3. Scope

The MD&A is RSI and, pursuant to SFFAS 15, *Management's Discussion and Analysis*, should contain sections that address the entity's:

- Mission and organizational structure;
- Performance goals, objectives, and results;
- Financial statements; and
- Systems, controls, and legal compliance.

In addition, the MD&A should contain forward-looking information, as discussed in Section II.2.8.

For agencies producing an AFR and APR, the MD&A should state when and where the APR and the Summary of Performance and Financial Information (if produced) will be available, similar to the following illustrative paragraph.

[Entity] has chosen to produce an Agency Financial Report (AFR) and an Annual Performance Report (APR) and will include its FY 20xx APR with its Congressional Budget Justification and will also post it on the [Entity's] website at www.xxx.xxx by [date].

Although SFFAS 15 requires sections, the sections should be integrated to the extent possible. For example, performance information and financial statement information should be organized in the same manner, such as by major program. Also, to the extent possible, both financial and non-financial performance information should be included in the section on performance goals, objectives, and results. In addition, information on risk, including financial risk and risk to the agency's achievement of its goals and objectives should be discussed throughout the MD&A sections, as appropriate.

II.2.4. Mission and Organizational Structure

The MD&A should contain a **brief** description of the reporting entity (including any consolidated

or disclosure entities under SFFAS 47. See also Sections II.3.8.1 and II.3.6.42.) The reporting entity should **briefly** discuss its mission(s), major programs (as defined by management and reflected on the Statement of Net Cost (SNC)), and organizational structure.

The MD&A may discuss each major program identified on the SNC and could include for each major program a summary of key risks, mitigation strategies, and any significant changes in financial and non-financial performance.

II.2.5. Performance Goals, Objectives, and Results

The MD&A should include a **brief** description of key performance goals and results for the year and should:

- Provide a concise assessment of the entity's overall progress toward major program goals, linking goals to cost categories or responsibility segments in the SNC or related notes, if possible;
- Summarize overall (e.g., reporting entity) performance in the context of historical trends;
- Summarize the strategies and resources the entity used to achieve its goals;
- Summarize any significant underlying factors that may have affected the reported performance, including factors that are substantially outside the entity's control, factors over which the entity has significant control, and any anticipated or unanticipated risks;
- Summarize plans to improve performance; and
- Summarize the procedures management has designed and followed to provide reasonable assurance that reported performance information is relevant and reliable.

The discussion should reflect results of services performed through allocation transfers if material to the mission. (See Section II.3.1 for further information on reporting requirements for allocation transfers.) The performance and financial discussion should help the reader assess the relative efficiency and effectiveness of programs.

See OMB Circular A-11, Part 6, for detailed performance reporting requirements for the PAR and APR.

II.2.6. Analysis of Financial Statements and Stewardship Information

The MD&A should **summarize** the entity's financial results, position, and condition and explain:

- The relevance of particular balances and amounts shown in the principal financial statements, especially if relevant to important financial management issues;
- Major changes (i.e., typically in excess of 10 percent) in types or amounts of assets, liabilities, net costs, revenues, obligations, and outlays (explaining the reasons for the changes); and
- Overall financial condition and financial management issues arising since the previous reporting period and any anticipated or unanticipated financial risks occurring during the reporting period.

Entities with a Statement of Social Insurance (SOSI) should explain key costs, assets, liabilities, social insurance responsibilities, budget flows, and long-term fiscal projections and major changes in those amounts in one section of the MD&A pursuant to SFFAS 37, *Social Insurance: Additional Requirements for Management's Discussion and Analysis and Basic Financial*

Statements. These entities must also present a table or other singular presentation of the key measures in the MD&A.

The MD&A should explain the most significant changes in the open group measure from the end of the previous reporting period as presented in the SCSIA. See Section II.3.7. The closed group measure is not required to be presented in the following table or other singular presentation, but should be discussed in the MD&A.

Below is an illustrative table of key measures, which may be disaggregated (*e.g.*, liabilities may be disaggregated into Federal debt held by the public, employee pension liabilities, and other liabilities).

Illustrative Table of Key Measures

XYZ Agency Table of Key Measures				
Dollars in Billions	Current FY	Prior FY	Increase/(Decrease)	
			\$	%
COSTS				
Total Financing Sources	\$ XXX	\$ XXX	\$ (XXX)	XX.X%
Less: Net Cost	\$ (XXX)	\$ (XXX)	\$ (XXX)	XX.X%
Net Change of Cumulative Results of Operations	\$(XXX)	\$(XXX)	\$(XXX)	XX.X%
NET POSITION				
Assets:				
Cash & Other Monetary Assets	\$ XXX	\$ XXX	\$ (XXX)	XX.X%
Loans Receivable and Investments, Net	\$ XXX	\$ XXX	\$ (XXX)	XX.X%
Property, Plant & Equipment, Net	\$ XXX	\$ XXX	\$ (XXX)	XX.X%
Other	\$ XXX	\$ XXX	\$ (XXX)	XX.X%
Total Assets	\$ X,XXX	\$ X,XXX	\$(XXX)	XX.X%
Liabilities:				
Accounts Payable	\$ (XXX)	\$ XXX	\$ (XXX)	XX.X%
Federal Employee & Veterans Benefits	\$ (XXX)	\$ XXX	\$ (XXX)	XX.X%
Other	\$ (XXX)	\$ XXX	\$ (XXX)	XX.X%
Total Liabilities	\$(X,XXX)	\$(X,XXX)	\$(XXX)	XX.X%
Net Position (Assets minus Liabilities)	\$(X,XXX)	\$(X,XXX)	\$(XXX)	XX.X%
SOCIAL INSURANCE				
Social Insurance Net Expenditures (Open Group):				
Program A	\$ (XXX)	\$ (XXX)	\$ (XXX)	XX.X%
Program B	\$ (XXX)	\$ (XXX)	\$ (XXX)	XX.X%
Other	\$ (XXX)	\$ (XXX)	\$ (XXX)	XX.X%
Total Social Insurance Net Expenditures	\$(XXX)	\$(XXX)	\$(XXX)	XX.X%

II.2.7. Analysis of Systems, Controls and Legal Compliance

Agencies are required to provide “Management Assurances” related to the FMFIA and the Federal Financial Management Improvement Act (FFMIA) in the Analysis of Systems, Controls, and Legal Compliance section of their AFR or PAR. Agencies may submit a single statement signed by the agency head for both FMFIA and FFMIA.

Under OMB Circular A-123, management must ensure that the agency process for assessing internal control is integrated with the agency risk profile.

For the **FMFIA**, management should:

- Provide (1) an assessment of the effectiveness of the organization’s internal controls to support reliable financial reporting, effective and efficient programmatic operations, and

compliance with applicable laws and regulations (FMFIA § 2) and (2) an assessment of whether financial management systems comply with Federal financial management systems requirements (FMFIA § 4). A finding should be listed as either an FMFIA § 2 or § 4 finding, but not both.

- Identify the material weakness(es) (FMFIA § 2) and instance(s) of non-compliance (FMFIA § 4), include a statement of the assurance (unmodified, modified, or no assurance), and a summary of corrective actions to resolve the material weakness(es) and instance(s) of non-compliance.

Illustrative assurance statements for the FMFIA can be found in OMB Circular A-123 Exhibits 1, 2, and 3 and guidance on corrective action plans can be found in Circular A-123. Best practices can be found in the Chief Financial Officers Council Implementation Guide for Appendix A.

For the **FFMIA**, management must include its assessment of the organization's financial management systems' compliance with Federal financial management systems requirements, applicable Federal accounting standards promulgated by FASAB, and the U.S. Standard General Ledger (USSGL) at the transaction level. Financial management systems include both financial and financially related (or mixed) systems. Further guidance on the financial systems requirements is in OMB Circular A-123 Appendix D, "Compliance with the Federal Financial Management Improvement Act of 1996," which can be found in OMB Memorandum 13-23. For areas of FFMIA non-compliance, the agency must identify remediation activities that are planned or underway, describing target dates and offices responsible for bringing systems into compliance.

Management should review its FMFIA and FFMIA assurance statements for consistency with the findings specified in the annual financial statement audit report(s). The Office of Inspector General (OIG) or auditor must compare material weaknesses disclosed during the audit with those material weaknesses reported in the agency's FMFIA reports and report any material weaknesses disclosed by audit that were not reported by the agency. The agency and the audit reports could be different, but should not be in direct conflict. When management does not agree with the auditor, management may explain why it does not agree, but it must describe how the disagreement will be addressed.

For material weaknesses related to an error requiring a restatement where the agency previously asserted that it received an unmodified opinion, management should discuss the events that caused the restatement (including the error). The discussion may include the amount(s) of the material misstatement(s), the effect on the previously issued financial statements, and actions management took after discovering the misstatement. For further disclosure requirements, see Section II.3.8.39.

The Management Assurances section's analysis of legal compliance could include a summary of efforts to maintain compliance with applicable laws, such as:

- the Anti-Deficiency Act (31 U.S.C. §§ 1341, 1342, 1350, 1351, 1517);
- provisions governing claims of the United States Government as provided in 31 U.S.C. §§ 3711-3720E (including provisions of the Debt Collection Improvement Act of 1996, (DCIA), as amended); and
- the Digital Accountability and Transparency Act of 2014 (DATA Act) (31 U.S.C. § 6101 note) in light of OMB Memorandum M-18-16, issued on June 6, 2018.

In addition to the above requirements, this section must:

- Present an overview of the agency's current and future financial management systems framework and describe financial management systems critical to effective agency-wide financial management, financial reporting, or financial control; and
- Summarize the agency's financial management systems strategy and how it will achieve the goals of improving financial and budget management agency-wide.

II.2.8. Forward-Looking Information

The discussion of forward-looking information should be a **concise** review of possible effects of the most important existing, currently known demands, risks, uncertainties, events, conditions, and trends. Management should discuss important problems that need to be addressed and actions that have been planned or taken to address those problems.

II.2.9. Other Management Information, Initiatives, and Issues

Management has the discretion to include a **summary** in the MD&A of other information, initiatives, and issues, such as progress in implementing key administration management initiatives.

II.2.10. Limitations of the Financial Statements

The MD&A should state the limitations of the principal financial statements as follows:

The principal financial statements are prepared to report the financial position and results of operations of the reporting entity, pursuant to the requirements of 31 U.S.C. § 3515(b). The statements are prepared from the books and records Federal entities in accordance with Federal GAAP and the formats prescribed by OMB. Reports used to monitor and control budgetary resources are prepared from the same books and records. The financial statements should be read with the realization that they are for a component of the U.S. Government.

II.3. Financial Section – AFR Section 2/PAR Section 3

II.3.1. Instructions for the Annual Financial Statements

The financial statements are the responsibility of agency management and each agency CFO should prepare a policy bulletin or memorandum guiding agency financial and management personnel in the preparation process. In addition, each agency CFO may wish to designate a staff person responsible for monitoring FASAB activities and responding to FASAB requests for agency comments.

Reporting entities should ensure that information is presented in accordance with GAAP for Federal entities and the requirements of this Circular. Preparers seeking additional guidance on matters involving recognition, measurement, and disclosure requirements should refer to the specific FASAB standards governing those requirements found at <http://www.fasab.gov>.

Where the FASAB standards and interpretations or the instructions in this Circular do not provide guidance, agencies must follow the hierarchy of accounting principles described in SFFAS 34. Pursuant to SFFAS 47, a reporting entity may consolidate component or sub-component reporting entity financial statements prepared in accordance with SFFAS 34 without conversion for any difference in accounting policies among the organizations. Requirements in this Circular that are

not specified by a pronouncement described in SFFAS 34 categories A through C are considered level D of the Federal GAAP hierarchy because they constitute “practices that are widely recognized and prevalent in the Federal Government.”

Comparative financial statements are required except for the SOSI, which has different requirements for the presentation of comparative data (as noted in Section II.3.7). Information for the current and prior years should be presented regardless of the type of audit opinion rendered by the auditor. Notes should contain information necessary for full disclosure of the current year and information necessary to understand changes between the current and prior years.

Agencies may use the same trial balance information submitted to the Government-wide Treasury Account Symbol Adjusted Trial Balance System (GTAS) as the basis for the financial statements and notes.

When agencies present disaggregated information for component organizations, the total column for the entity as a whole must reflect consolidated totals net of intra-entity transactions, except for the SBR, which is presented on a combined basis, and except for dedicated collections, which can be presented on a combined or consolidated basis. With the exception of the SBR, financial statements that use a multi-column format to present information on an entity’s primary components, e g., bureaus or major lines of business, and consolidated amounts are consolidating statements. Eliminations for intra-entity transactions needed to arrive at the consolidated amounts should also be presented in a column on the face of the consolidating statements.

Currently, the SNC requires certain disaggregated statements to be presented in the notes. Entities may elect to include disaggregated statements for other primary financial statements, such as the Balance Sheet, SCNP, or Statement of Custodial Activity (SCA), and may include such disaggregated statements as OI.

The illustrative displays in this Circular may be modified; agencies may add or remove lines, use different words than those in the displays, and should exclude lines, notes, and rows or columns that do not apply or are not informative. Schedule totals presented in the notes in support of amounts presented in financial statements must agree with the amounts presented in the financial statements.

Dollar amounts should be rounded to the nearest whole dollar, thousand dollar, or million dollar based upon informative value. Entities should maintain the chosen rounding level throughout the principal statements and notes. Individual line items should sum to the totals by adjusting the line items for differences created by rounding rather than adjusting column totals.

Line numbers should not be on statements; they are used in illustrative statement formats for reference purposes only. Notes should be numbered sequentially without regard to the numbers in this document. If components of agencies prepare separate audited financial statements, the statements do not need to be presented separately in consolidating agency-wide financial statements.

Agencies (other than shared service providers) with administrative and programmatic responsibility for accounts with an account identification code of 011 must include all such accounts in their AFR/PAR.

Parent-Child Reporting

An entity required by law to allocate budget authority to another Federal entity is referred to as the “parent” and the entity receiving the budget authority is referred to as the “child.” See OMB Circular A-11, Sections 20.4, 120.15, 120.29, and 130.18.

When a parent makes such an allocation, Fiscal Service establishes an Allocation Transfer Account (ATA) with a Treasury account symbol that includes the three-digit code of the child followed by the three-digit code of the parent. The ATA is referred to as a child account and the transfer itself is an allocation transfer. In the child account, the child receives the budget authority, obligates, and outlays amounts up to the total of the allocation.

Except in the two cases noted, with an allocation transfer, the parent is responsible for the program’s overall performance and may decide to reallocate funds if it is not satisfied with the child’s performance. Child entities report their costs to the parent for activities performed by the child and all costs are consolidated in the parent’s financial statements. The two cases are: (1) funds for which the Executive Office of the President is the parent and (2) funds transferred from the Judicial Branch to the Department of Justice U.S. Marshals Service for court security. In these cases, the receiving agencies are responsible for reporting all budgetary and proprietary activity in their financial statements and for reporting in GTAS.

The parent must report all budgetary and proprietary activity in its financial statements, whether material to the child or not, and the child entity must not report any information for the ATA in its financial statements. Child entities must submit a full USSGL trial balance with attributes to the parent no later than 12 calendar days following the end of the reporting period or a date set by the parent to meet its reporting and auditing deadlines, whichever comes first.

A full USSGL trial balance is a listing of proprietary and budgetary USSGL accounts and balances at a point in time. The values for the proprietary and budgetary accounts are self-balancing; the debits equal the credits for each type of account. The Treasury Financial Manual (TFM) Supplement identifies and defines the individual accounts to be used and provides guidance on the attributes required for each USSGL account.

Timely and accurate quarterly reporting by the parent agency requires communication between the parent and child. Issues such as formats, abnormal balances, capitalization thresholds, useful lives, depreciation methodologies, transfer of trading partner information, etc., should be resolved early enough to allow the parent to meet its reporting and auditing deadlines. Should a child agency need to make a change to a reported trial balance, the child must notify the parent as soon as possible. Before making any changes to the child’s trial balance, the parent must get the child’s concurrence.

For GTAS, the parent is responsible for determining whether the parent or child will report. Regardless of which agency reports to GTAS, budgetary information for each allocation must be reported only once.

Other than the two cases noted above, child entities must not report any information for the ATA in their financial statements. For requirements, see TFM Section 4705.30, Parent/Child Reporting.

Trading partner information must be provided by the parent entity in posting to GTAS. When a child entity contracts with another Federal entity on behalf of the parent, the child reports the other Federal agency's trading partner code to the parent and should communicate the parent trading partner information to the other agency.

Accessing Transfer Appropriation Accounts through GTAS

Where the child agency reports the transfer appropriation account data to GTAS, the parent agency can view this data and print reports if the user's access profile includes those transfer appropriation accounts. See TFM Section 4707.05, GTAS System Access for more information.

Audit coordination between parent and child will be necessary, because the child will retain all transaction details, as discussed in OMB's audit bulletin.

II.3.2. Balance Sheet

II.3.2.1. Introduction

The Balance Sheet shows, at a point in time, amounts owned or managed by the reporting entity (assets), amounts owed by the entity (liabilities), and the difference between the two (net position).

The Balance Sheet displayed in Section II.3.2.2 illustrates a two-column format to allow the user to make comparisons with the prior period. Entities may present information in a similar way or in separate columns for their primary components, e.g., bureaus or major lines of business.

Combine on the face of the Balance Sheet entity and non-entity assets except for non-entity assets meeting the definition of fiduciary assets; and liabilities covered by budgetary resources, liabilities not covered by budgetary resources, and liabilities not requiring the use of budgetary resources. Disclose in the notes non-entity assets, if material; non-entity assets meeting the definition of fiduciary assets; and liabilities not covered by budgetary resources.

The portion of cumulative results of operations and unexpended appropriations attributable to Funds from Dedicated Collections must, if material, be shown separately on the Balance Sheet, as discussed in Note 21. Agencies may present combined or consolidated amounts and the presentation must be labeled accordingly. (Note that the FR presents dedicated collections on a combined basis.) Agencies have the option to use separate lines to display information on Funds from Dedicated Collections on the Balance Sheet (Illustrative Balance Sheet Option A) or to use parenthetical amounts within line item totals (Illustrative Balance Sheet Option B). Agencies that use Option A are encouraged to use option A for the Statement of Changes in Net Position (and vice versa). If an agency presents a consolidated net position for Funds from Dedicated Collections, it may disclose a crosswalk from the consolidated to combined net position amounts in the Funds from Dedicated Collections Note. See page 96 of the Department of Interior's FY 2018 AFR for an example of such a crosswalk and Note 21 for a link to the AFR.

SFFAS 31, *Accounting for Fiduciary Activities*, provides that deposit funds that meet the definition of fiduciary activities (and that are not excluded by paragraph 13 of SFFAS 31) should not be included on the face of the financial statements and should instead be disclosed in a note. All other deposit funds should be reported on the Balance Sheet.

II.3.2.2A. Illustrative Statement - Balance Sheet Option A

Department/Agency/Reporting Entity BALANCE SHEETS As of September 30, 2xxx (CY) and 2xxx (PY) (in dollars/thousands/millions)		
	2xxx (CY)	2xxx (PY)
Assets (Note 2):		
Intragovernmental:		
1. Fund Balance with Treasury (Note 3)	\$ XXX	\$ XXX
2. Investments (Note 5)	XXX	XXX
3. Accounts receivable (Note 6)	XXX	XXX
4. Loans receivable	XXX	XXX
5. Other (Note 12)	XXX	XXX
6. Total intragovernmental	<u>XXX</u>	<u>XXX</u>
7. Cash and other monetary assets (Note 4)	XXX	XXX
8. Investments (Note 5)	XXX	XXX
9. Accounts receivable, net (Note 6)	XXX	XXX
10. Taxes receivables, net (Note 7)	XXX	XXX
11. Direct loan and loan guarantees, net (Note 8)	XXX	XXX
12. Inventory and related property, net (Note 9)	XXX	XXX
13. General property, plant and equipment, net (Note 10)	XXX	XXX
14. Other (Note 12)	<u>XXX</u>	<u>XXX</u>
15. Total assets	<u>\$ X,XXX</u>	<u>\$ X,XXX</u>
16. Stewardship PP&E (Note 11)		
Liabilities (Note 13):		
Intragovernmental:		
17. Accounts payable	\$ XXX	\$ XXX
18. Debt (Note 14)	XXX	XXX
19. Other (Notes 15, 16, and 17)	XXX	XXX
20. Total intragovernmental	<u>XXX</u>	<u>XXX</u>
21. Accounts payable	XXX	XXX
22. Loan guarantee liability (Note 8)	XXX	XXX
23. Debt held by the public (Note 14)	XXX	XXX
24. Federal employee and veteran benefits (Note 15)	XXX	XXX
25. Environment and disposal liabilities (Note 16)	XXX	XXX
26. Benefits due and payable	XXX	XXX
27. Other (Notes 15, 16, 17, 18 and 19)	<u>XXX</u>	<u>XXX</u>
28. Total liabilities	<u>\$ X,XXX</u>	<u>\$ X,XXX</u>
29. Commitments and contingencies (Note 20)		
Net Position:		
30. Unexpended appropriations – Funds from dedicated collections (Combined or Consolidated Totals) (Note 21)	\$ XXX	\$ XXX
31. Unexpended appropriations – All other funds (Combined or Consolidated Totals)	XXX	XXX
32. Cumulative results of operations – Funds from dedicated collections (Combined or Consolidated Totals) (Note 21)	XXX	XXX
33. Cumulative results of operations – All other funds (Combined or Consolidated)	<u>XXX</u>	<u>XXX</u>
34. Total net position – Funds from dedicated collections (Combined or Consolidated Totals) (Note 21)	X,XXX	X,XXX
35. Total net position – All other funds (Combined or Consolidated Totals)	X,XXX	X,XXX
36. Total net position	<u>X,XXX</u>	<u>X,XXX</u>
37. Total liabilities and net position	<u>\$ X,XXX</u>	<u>\$ X,XXX</u>
The accompanying notes are an integral part of these statements.		

II.3.2.2B. Illustrative Statement - Balance Sheet Option B

Department/Agency/Reporting Entity BALANCE SHEETS As of September 30, 2xxx (CY) and 2xxx (PY) (in dollars/thousands/millions)			
	2xxx (CY)		2xxx (PY)
Assets (Note 2):			
Intragovernmental:			
1. Fund Balance with Treasury (Note 3)	\$ XXX	\$	XXX
2. Investments (Note 5)	XXX		XXX
3. Accounts receivable (Note 6)	XXX		XXX
4. Loans receivable	XXX		XXX
5. Other (Note 12)	XXX		XXX
6. Total intragovernmental	<u>XXX</u>		<u>XXX</u>
7. Cash and other monetary assets (Note 4)	XXX		XXX
8. Investments (Note 5)	XXX		XXX
9. Accounts receivable, net (Note 6)	XXX		XXX
10. Taxes receivables , net (Note 7)	XXX		XXX
11. Direct loan and loan guarantees, net (Note 8)	XXX		XXX
12. Inventory and related property, net (Note 9)	XXX		XXX
13. General property, plant and equipment, net (Note 10)	XXX		XXX
14. Other (Note 12)	<u>XXX</u>		<u>XXX</u>
15. Total assets	<u>\$ X,XXX</u>	\$	<u>X,XXX</u>
16. Stewardship PP&E (Note 11)			
Liabilities (Note 13):			
Intragovernmental:			
17. Accounts payable	\$ XXX	\$	XXX
18. Debt (Note 14)	XXX		XXX
19. Other (Notes 15, 16, and 17)	XXX		XXX
20. Total intragovernmental	<u>XXX</u>		<u>XXX</u>
21. Accounts payable	XXX		XXX
22. Loan guarantee liability (Note 8)	XXX		XXX
23. Debt held by the public (Note 14)	XXX		XXX
24. Federal employee and veteran benefits (Note 15)	XXX		XXX
25. Environment and disposal liabilities (Note 16)	XXX		XXX
26. Benefits due and payable	XXX		XXX
27. Other (Notes 15, 16 , 17, 18 and 19)	<u>XXX</u>		<u>XXX</u>
28. Total liabilities	<u>\$ X,XXX</u>	\$	<u>X,XXX</u>
29. Commitments and contingencies (Note 20)			
Net Position:			
30. Unexpended appropriations – (Includes funds from dedicated collections of \$XX in FY 2XXX (CY) and \$XX in FY 2XXX (PY) (Combined or Consolidated Totals) (Note 21)	\$ XXX	\$	XXX
31. Cumulative results of operations – (Includes funds from dedicated collections of \$XX in FY 2XXX (CY) and \$XX in FY 2XXX (PY) (Combined or Consolidated Totals) (Note 21)	XXX		XXX
32. Total net position (Includes funds from dedicated collections of \$XX in FY 2XXX (CY) and \$XX in FY 2XXX (PY) (Combined or Consolidated Totals) (Note 21)	<u>\$ X,XXX</u>	\$	<u>X,XXX</u>
33. Total liabilities and net position	<u>\$ X,XXX</u>	\$	<u>X,XXX</u>

The accompanying notes are an integral part of these statements.

II.3.2.3. Assets

General Categories. Assets are tangible or intangible items owned by the Government that have probable economic benefits that can be obtained or controlled by a Federal entity. See SFFAS 1, *Accounting for Selected Assets and Liabilities*.

Entity Assets are assets that the reporting entity has authority to use in its operations. Management may have authority to decide how funds are used or it may be legally obligated to use the funds a certain way, e.g., to repay loans from Treasury.

Non-Entity Assets are assets held by an entity that are not available to the entity, e.g., income tax receivables that the Internal Revenue Service collects but has no authority to spend.

Consolidate entity and non-entity assets, except for non-entity assets meeting the definition of fiduciary assets on the face of the Balance Sheet. Disclose non-entity assets (Note 2) and non-entity assets meeting the definition of fiduciary assets (Note 38).

Intragovernmental Assets arise from transactions between Federal entities and are claims of one Federal entity against another Federal entity. Report intragovernmental assets separately from assets associated with non-Federal entities, the Federal Reserve, and Government-sponsored enterprises (i.e., federally chartered, but privately owned and operated entities). "Non-Federal entity" includes domestic and foreign persons and organizations outside the Government.

Fund Balance with Treasury (FBWT) is the amount in the entity's accounts with Treasury that is available for the purposes for which the funds were appropriated. It is the amount for which the entity is authorized to make expenditures and pay liabilities and it includes balances held by the entity on behalf of the Government or other entities (receipt accounts, which include clearing/suspense accounts). It includes general funds, revolving funds, special funds, trust funds, deposit funds, clearing accounts, miscellaneous receipt accounts, and the dollar equivalent of certain foreign currency account balances. See SFFAS 1, paragraph 31.

FBWT meeting the definition of fiduciary FBWT should not be recognized on the Balance Sheet, but should be disclosed in accordance with the provisions of SFFAS 31.

The reporting of non-fiduciary deposit funds depends on ownership and control and in most cases, non-fiduciary deposit funds are controlled by the Government and the FBWT for such funds should be reported as "intragovernmental." Examples include deposit funds that are used to hold unpaid payroll withholdings, unearned revenues, and certain collections that may be distributed to non-federal parties after further research or legal or agency judgment. Agencies with non-fiduciary deposit funds that appear to be controlled by non-Federal entities should contact Fiscal Service and OMB for further reporting instructions. Balances held in non-fiduciary deposit funds that are held by the Government on behalf of non-Federal entities or individuals should be offset by a liability and disclosed as non-entity assets.

The FBWT should match the sum of the balances reflected on the Central Accounting Reporting System (CARS) Account Statement for the entity's Treasury Account Symbols. An

adjustment will need to be made for available receipts appropriated/credited to the related expenditure accounts since the balances will appear in both the receipt ledger and the expenditure account.

The FBWT includes amounts deposited in a Treasury General Account bank for which the agency has a confirmed deposit ticket. Deposits made but not confirmed should be recorded as Undeposited Collections and reported on the Balance Sheet in Cash and Other Monetary assets. Disbursements not confirmed by the last day of the month should not reduce the FBWT or be considered an outlay until the payments are processed; they should be reported as Disbursements in Transit. For additional information, see TFM Vol. 1, Part 2, Chapters 3300 and 3400.

The proper reporting of intragovernmental transactions at fiscal year-end can be found in TFM Volume I, Part 2, Chapter 4700, Appendix 6.

Treasury requires that agencies reconcile their FBWT accounts monthly to ensure the integrity and accuracy of their internal and Government-wide FR data.

Cash and Other Monetary Assets consist of cash, which includes: (i) coins, paper currency and readily negotiable instruments, such as money orders, checks, and bank drafts on hand or in transit for deposit; (ii) amounts on demand deposit with banks or other financial institutions including non-confirmed collections and disbursements; (iii) investments held outside of Treasury; and, (iv) foreign currencies, which will be converted into U.S. dollars at the exchange rate on the financial statement date.

Other monetary assets include gold, special drawing rights, U.S. Reserves in the International Monetary Fund, and deposits made but not confirmed. Cash and other monetary assets the reporting entity holds and is authorized to spend is entity cash. Cash and other monetary assets a Federal entity collects and holds on behalf of the Government or other entities are non-entity cash and other monetary assets. The components of cash and other monetary assets must be disclosed in the notes (Note 4).

Investments include investments in Federal and non-Federal securities. Federal securities include non-marketable par value Treasury securities, market-based Treasury securities, marketable Treasury securities, and securities issued by other Federal entities and must be reported separately from investments in non-Federal securities. Marketable Federal securities can be exchanged on the open market. Investments in non-Federal securities include securities issued by State and local governments, Government-sponsored enterprises, and private corporations and investments in money market and mutual funds even if the fund assets consist entirely of Federal securities. Investments in Federal securities made through the secondary market are not considered non-Federal securities.

Investments in Federal securities are reported at acquisition cost or amortized acquisition cost (less an allowance for losses, if any), except when there is an intent to sell prior to maturity or there is a reduction in value that is more than temporary, in which case market value should be used (except for pension and retirement plans). See SFFAS 1, paragraphs 68-73. To derive market value, group investments by type of security (e.g., marketable or market-based securities) and multiply the market price as of the reporting date by the number of securities held as of the

reporting date.

Disclose the components of investments, including the market value of market-based and marketable Treasury securities, and investments for funds from dedicated collections (Note 5).

For investments in non-Federal securities, consult Accounting Standards Codifications (ASC) 320 and 820, but do not apply ASC 320 or 820 to non-federal securities that are accounted for in a manner comparable to the accounting treatment in SFFAS 2, *Accounting for Direct Loans and Loan Guarantees*.

Accounts Receivable, Net are Federal entity claims for payment from other (Federal or non-Federal) entities. Gross receivables must be reduced to net realizable value by an allowance for doubtful accounts. Disclose the method(s) of calculating the allowance for doubtful accounts and the dollar amount of the allowance (Note 6).

Pursuant to Treasury's policy on intragovernmental receivables dated September 15, 2017, and as reflected in the TFM 2-4700, Appendix 6, no allowance for loss on accounts receivable should be recognized in Federal entities' accounting records or financial statements for intragovernmental receivables. Intragovernmental receivables should not be written off and should continue to remain on an entity's accounting ledger until resolved.

Taxes Receivable, Net are Federal entity claims for taxes owed by the public. Gross receivables must be reduced to net realizable value by an allowance for uncollectible taxes receivable. Disclose the method(s) of calculating the allowance for uncollectible taxes and the dollar amount of the allowance (Note 7).

Interest Receivable, Net is interest income earned but not received as of the reporting date. Report interest receivable as a component of the appropriate asset account. No interest will be recognized as revenue on accounts receivable and investments that are determined to be uncollectible until the interest is collected. Accrued interest on uncollectible accounts receivable, however, must be disclosed until the requirement to pay interest is waived by the Government or the related bad debt is written off.

Interest receivable related to pre-1992 and post-1991 direct loans and acquired defaulted guaranteed loans must be reported as a component of loans receivable and related foreclosed property.

Direct Loan and Loan Guarantees, Non-Federal Borrowers are the net value of credit program receivables and related foreclosed property and are considered entity assets if the entity has the authority to determine the use of the funds collected or if the entity is obligated to use the funds to meet its obligations, e.g., loans payable to Treasury. Disclose the components of this line (Note 8).

Receivable from Borrowings. When a loan guarantee program that is generating negative subsidy guarantees a loan and the lender has not disbursed the loan as of the Balance Sheet date, a proprietary receivable from borrowings may not be reported. Report the undelivered order, which is recorded to obligate the funds, and the borrowing authority or unobligated balances to

support the undelivered order.

Negative Subsidies and Downward Reestimates of Subsidy. Special fund receipt accounts for negative subsidies and downward subsidy reestimates are to be included in the credit reporting entity's financial statements. Any FBWT amounts in the accounts are non-entity assets and are offset by intragovernmental liabilities covered by budgetary resources.

Inventory and related property, Net. See SFFAS 3, *Accounting for Inventory and Related Property*, as amended; Federal Financial Accounting Standards Interpretation 7, *Items Held for Remanufacture*; and Federal Financial Accounting and Auditing Technical Release (TR) 4 *Reporting on Non-Valued Seized and Forfeited Property* for definitions and recognition requirements for inventory, operating materials and supplies, stockpile materials, seized property, forfeited property, goods held under price support and stabilization programs. For seized property, only monetary instruments will be recognized; real property and tangible personal property will not be recognized. Seized monetary instruments will be recognized as Seized Assets when seized and a liability will be recognized in Other Liabilities equal to the value of the seized monetary instrument. See Note 9 below for disclosure requirements for inventory and related property.

General Property, Plant and Equipment (PP&E), Net is defined as: "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 operations; and, (3) are intended to be used or available for use by the entity." PP&E must be capitalized, i.e., reported on the Balance Sheet and depreciated.

See SFFAS 6, *Accounting for PP&E*, as amended; SFFAS 23, *Eliminating the Category National Defense PP&E*, as amended; and SFFAS 29, *Heritage Assets and Stewardship Land*. SFFAS 6, as amended, give the characteristics of general PP&E (in paragraph 23). It also provides guidance for determining the cost of general PP&E acquired by purchase, capital lease, donation, devise, judicial process, exchange, forfeiture, or transfer from other Federal entities and minimum disclosure requirements for general PP&E (Note 10). SFFAS 6, as amended, allows a reporting entity, under specific conditions, to apply alternative methods to establish opening balances for general PP&E.

For entities with business-type activities, all PP&E must be categorized as general PP&E whether or not it meets the definition of other PP&E categories (e.g., heritage assets).

Land and land rights acquired for or in connection with general PP&E must be included in general PP&E. See SFFAS 6, paragraphs 25 and 40.

Internal use software, whether commercial off-the-shelf, internally developed, or contractor developed, must be capitalized and amortized if it meets the criteria of general PP&E. See SFFAS 10, *Accounting for Internal Use Software*, as amended; and FASAB Technical Release (TR) 16 *Implementation Guidance for Internal Use Software* for further guidance.

Depreciation must be recognized on all general PP&E except land and land rights of unlimited duration. The depreciation expense associated with the use of general PP&E is calculated through the systematic and rational allocation of the cost less its estimated salvage/residual value over the estimated useful life of the general PP&E.

Multi-use heritage assets are heritage assets predominantly used in general Government operations (e.g., the main Treasury building, which is also used as an office building). The cost of acquisition, betterment, or reconstruction of multi-use heritage assets must be capitalized as general PP&E and depreciated with an appropriate note disclosure explaining that physical quantity information for the multi-use heritage assets is included in the Stewardship PP&E (Note 11).

Agencies must recognize impairments of PP&E that will remain in use by the agency, in accordance with SFFAS 44, *Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use*.

Stewardship PP&E consists of assets with physical properties like those of general PP&E and with unique characteristics that make valuation difficult and matching costs with specific periods not meaningful. To demonstrate accountability for these assets, entities must report on the existence of heritage assets and stewardship land.

Heritage assets are PP&E that are unique for one or more of the following reasons: (1) historical or natural significance, (2) cultural, educational, or artistic importance, or (3) significant architectural characteristics. Heritage assets consist of (1) collection type heritage assets, such as objects gathered and maintained for exhibition, and (2) non-collection-type heritage assets, such as parks, memorials, monuments, and buildings. Heritage assets are generally expected to be preserved indefinitely.

Stewardship Land includes land and land rights owned by the Government, but not acquired for or in connection with items of general PP&E. Examples include forests, parks, and land used for wildlife and grazing.

Under SFFAS 29, heritage asset and stewardship land information is classified as basic information. Entities must include a note on the Balance Sheet disclosing non-financial information about heritage assets and stewardship land. The note disclosure (Note 11) must provide minimum reporting requirements, as specified in SFFAS 29.

Other Assets. "Other" assets are assets not reported in a separate category on the face of the Balance Sheet, including assets that are immaterial to the entity and do not warrant separate reporting. Reporting entities should disclose in the notes the amount and nature of categories of other assets (Note 12). In addition, other assets, including immaterial amounts, must be reported in GTAS using the correct USSGL for the asset category.

Other assets may include general PP&E removed from service but not yet disposed, advances, and prepayments. Advances are cash outlays made by a Federal entity to its employees, contractors, grantees, or others to cover a part or all of the recipients' anticipated expenses or as advance payments for the costs of goods and services the entity receives. Prepayments are payments made by a Federal entity to cover certain periodic expenses before those expenses are incurred. Progress payments on work in process are not to be included in advances and prepayments.

II.3.2.4. Liabilities

General Categories. A liability is a probable future outflow or other sacrifice of resources as a

result of past transactions or events. Financial statements must recognize probable and measurable future outflows or other sacrifices of resources arising from: (1) past exchange transactions, (2) government-related events, (3) government-acknowledged events, or (4) nonexchange transactions that, according to current law and applicable policy, are unpaid amounts due as of the reporting date. SFFAS 5, *Accounting for Liabilities of The Federal Government*, describes the general principles governing the recognition of a liability.

Liabilities must be recognized when they are incurred regardless of whether they are covered by available budgetary resources, including liabilities related to canceled appropriations.

Liabilities are classified as liabilities covered by budgetary resources, liabilities not covered by budgetary resources, and liabilities not requiring budgetary resources.

Liabilities Covered by Budgetary Resources includes liabilities incurred that are 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), 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 provided that the resources may be apportioned by OMB without further action by the Congress and without a contingency having to be met first. See Treasury's USSGL Approved Scenarios at: <https://www.fiscal.treasury.gov/ussgl/resources-implementation.html>.

Liabilities Not Covered by Budgetary Resources is for liabilities that are not covered by budgetary resources, as provided in the previous paragraph, and that will require budgetary resources.

Liabilities Not Requiring Budgetary Resources is for liabilities that have not in the past required and will not in the future require the use of budgetary resources, e.g., liabilities for clearing accounts, non-fiduciary deposit funds, custodial collections, and unearned revenue.

Aggregate all liabilities of the same type on the face of the Balance Sheet, e.g., intragovernmental accounts payable covered by budgetary resources and intragovernmental accounts payable not covered by budgetary resources should be aggregated and reported as a single intragovernmental accounts payable line item on the face of the Balance Sheet. Disclose liabilities not covered by budgetary resources in the notes (Note 13).

Intragovernmental Liabilities arise from transactions among Federal entities and are claims against a Federal entity by other Federal entities. Report intragovernmental liabilities separately from claims against the entity by non-Federal entities, which include Government-sponsored enterprises and the Federal Reserve.

Accounts Payable are amounts owed by the reporting entity for goods and services received from other entities, progress in contract performance made by other entities, and rents due to other entities.

Interest Payable is interest incurred but unpaid on liabilities of the reporting entity and should be reported as a component of the appropriate liability accounts.

Liabilities for Loan Guarantees. For post-1991 loan guarantees, this is the present value of the estimated net cash flows to be paid as a result of loan guarantees. For pre-1992 loan guarantees, this is the amount of known and estimated losses payable. Disclose the components of the line in the notes (Note 8).

Negative Loan Guarantee Liability. When the total loan guarantee liability for all credit programs of a reporting entity is negative, it should be reported as an asset. If a loan guarantee liability is the result of both positive and negative amounts for the various components, the total must be shown as a liability and negative components disclosed (Note 8).

Debt includes amounts borrowed from the Treasury, the Federal Financing Bank, other Federal agencies, and the public under general or special financing authority (e.g., Treasury bills, notes, bonds and Federal Housing Administration debentures). The components of debt must be disclosed in the notes (Note 14).

Federal Employee and Veteran Benefits. Entities responsible for accounting for pensions, other retirement benefits (ORB) (e.g., health benefits for retirees), and other post-employment benefits (OPEB) should calculate and report these liabilities and related expenses in accordance with SFFAS 5. Liabilities for Federal employee and veteran benefits include the actuarial portion of these benefits, but do not include liabilities related to employees' accrued salary or accrued annual leave, which are reported in the Other Liabilities line item. Disclose in the notes the actuarial liabilities, assumptions used to compute the actuarial liabilities, and the components of expense for the period for pensions, ORB, and OPEB (Note 15).

Environmental and Disposal Liabilities. SFFAS 5 provides criteria for recognizing a contingent liability, which will be applied to determine if cleanup costs should be recognized as liabilities or disclosed. SFFAS 6 provides guidance for recording cleanup costs related to general PP&E and stewardship PP&E used in Federal operations and applies to cleanup costs from Federal operations known to result in hazardous waste that the Federal Government is required by Federal, State or local statutes or regulations to clean up.

Depending on materiality, the liability for cleanup costs may be displayed separately or included with other liabilities. The disclosures required for liabilities (Note 16) for cleanup costs are described in SFFAS 6.

Technical Bulletin 2006-1, *Recognition and Measurement of Asbestos-Related Cleanup Costs*, and requires the recognition of a liability and expense for friable and non-friable asbestos cleanup costs when the amounts are probable and reasonably estimable, consistent with SFFAS 5, SFFAS 6, and TR 2, *Determining Probable and Reasonably Estimable for Environmental Liabilities in the Federal Government*. Liabilities deemed probable, but not reasonably estimable, should be disclosed (Note 16).

TR 10, *Implementation Guidance on Asbestos Cleanup Costs Associated with Facilities and Installed Equipment*, addresses implementation questions and clarifies requirements regarding the application of Technical Bulletin 2006-1 as it relates to asbestos cleanup costs associated with

facilities and installed equipment. TR 11, *Implementation Guidance on Cleanup Costs Associated with Equipment*, addresses when cleanup costs should be recognized as an environmental liability and when they should be expensed as a cost of routine operations.

Benefits Due and Payable are amounts owed to program recipients or medical service providers as of the Balance Sheet date that have not been paid and include payables for benefits, goods, or services under the terms of a benefits program (other than Federal employee and veteran benefits programs) whether or not such amounts have been reported to the Federal entity (e.g., estimated payments due to health providers for services that have been rendered but not yet reported to the Federal entity). Benefit programs reported on this line item include Federal Old-Age and Survivors Insurance, Federal Hospital Insurance (Medicare Part A), Federal Supplementary Medical Insurance (Medicare Parts B and D), Grants to States for Medicaid, Federal Disability Insurance, Supplemental Security Income, Railroad Retirement, Unemployment Insurance (UI), and Black Lung.

Other Liabilities are liabilities not recognized in any previous category and includes liabilities that are immaterial to the agency. It also includes liabilities related to grants payable, capital leases, insurance and guarantee programs, advances and prepayments, deposit fund amounts held in escrow, and accrued liabilities related to ongoing continuous expenses such as Federal employee salaries, accrued employee annual leave, and accrued leave in a voluntary leave bank program. This item also covers adjudicated losses due to litigation, claims and contingencies. Cleanup costs are reported as other liabilities if they are not material to the Balance Sheet and as environmental and disposal liabilities if they are material.

Separate line items for other liabilities is appropriate if the amounts are material to the Balance Sheet. Items not separately reported must be disclosed along with any additional information necessary to understand the liabilities (Note 17). In addition, other liabilities, including immaterial amounts, must be reported in GTAS using the correct USSGL for the liability category.

Lease Liabilities. SFFAS 5 and SFFAS 6 provide the liability criteria and recognition guidance for the liability for capital leases. Report the lease liability (including those capital leases entered into during FY 1992 and thereafter and required to be fully funded in the first year of the lease according to OMB Circular A-11, Appendix B—Budgetary Treatment of Lease-Purchases and Leases of Capital Assets, Summary Table following Section 1(d)), as a component of other liabilities and disclose the components of and other information about the capital lease liability in the notes (Note 18).

For **FY 2021**, SFFAS 54, *Leases*, will apply; earlier implementation is not permitted. Under paragraph 96 of SFFAS 54, entities with unexpired leases at the beginning of FY 2021 will need to measure the lease liability and lease asset based on the remaining lease term and associated lease payments as of the beginning of FY 2021.

Insurance and Guarantee Program Liabilities. Report insurance and guarantee program liabilities, except social insurance and loan guarantee programs, as a component of the other liabilities line item on the Balance Sheet and disclose life insurance liabilities in the notes (Note 19) and other insurance and guarantee program liabilities in a separate note (Note 43) or the other liabilities note (Note 17).

For FY 2018, entities with Federal insurance and guarantee programs, except social insurance and loan guarantee programs, recognized a liability for unpaid claims incurred resulting from insured events that occurred as of the reporting date. The amount recognized was the liability known with certainty plus an accrual for a contingent liability when there was an existing condition, situation, or set of circumstances involving uncertainty as to possible loss and that uncertainty would ultimately have been resolved when a future event occurred or failed to occur, a future outflow or other sacrifice of resources became probable, and the future outflow or sacrifice of resources became measurable. Life insurance programs recognized a liability for future policy benefits in addition to the unpaid claims incurred liability.

For FY 2019, SFFAS 51, *Insurance Programs*, applies and it identifies three categories of insurance programs: exchange transaction insurance programs other than life insurance, nonexchange transaction insurance programs, and life insurance programs. For exchange transaction programs other than life insurance, liabilities must be reported for unearned premiums, unpaid insurance claims, and losses on remaining coverage as specified in SFFAS 51 paragraphs 25-37. For nonexchange transactions, liabilities must be reported for unpaid insurance claims as specified in SFFAS 51 paragraphs 45-48. For life insurance, liabilities must be reported for unpaid insurance claims and future policy benefits as specified in SFFAS 51 paragraphs 55-64.

Commitments and Contingencies. 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 a future event occurs or fails to occur. A contingent liability should be recorded 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.

Contingencies that do not meet any of the conditions for liability recognition, but for which there is at least a reasonable possibility that a loss or an additional loss may have been incurred, should be disclosed (Note 20).

Additional information related to contingencies:

- The terms “probable” and “measurable” are defined in SFFAS 5.
- The contingent liability for pending or threatened litigation and unasserted claims is recognized when the future outflow or other sacrifice of resources is “likely to occur” (as provided in SFFAS 12, *Recognition of Contingent Liabilities Arising from Litigation: An Amendment of SFFAS 5*); the other criteria for recording a contingent liability are consistent with criteria for other contingencies.
- If a contingency exists for cleanup costs related to stewardship PP&E, probable and measurable liabilities will be recognized when the stewardship PP&E is placed in service. (See SFFAS 5; SFFAS 6; and TR 2, *Determining Probable and Reasonably Estimable for Environmental Liabilities in the Federal Government*)
- 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 judicial proceedings, (3) the unfunded portion of total liabilities to international organizations, (4) litigation addressing claims for equity relief or non-monetary judgments (lawsuits where claimants are seeking specific actions by a Federal agency), and (5) other claims that may derive from treaties or international agreements.

In addition to the contingent liabilities required by SFFAS 5, the following commitments must be disclosed in the notes: (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 (Note 20).

II.3.2.5. Net Position

The components of net position are classified as follows:

Unexpended Appropriations. This includes the portion of the entity's appropriations represented by undelivered orders and unobligated balances. Unexpended appropriations on the Balance Sheet must equal unexpended appropriations on the SCNP. Unexpended appropriations attributable to Funds from Dedicated Collections, if material, should be shown separately on the face of the Balance Sheet and should equal unexpended appropriations in the notes (Note 21).

Cumulative Results of Operations. This is the net results of operations since inception plus the cumulative amount of prior-period adjustments. This includes the cumulative amount of donations and transfers of assets in and out without reimbursement. Cumulative results of operations on the Balance Sheet should equal cumulative results of operations on the SCNP. Cumulative results of operations attributable to Funds from Dedicated Collections, if material, should be shown separately on the face of the Balance Sheet and should equal the cumulative results of operations in the Funds from Dedicated Collections Note, in accordance with SFFAS 27, *Identifying and Reporting Funds from Dedicated Collections*, as amended (Note 21).

II.3.3. Statement of Net Cost

II.3.3.1. Introduction

Major Programs

The SNC should show the reporting entity's net cost of operations as a whole and by major programs. Major program definition is at the entity's discretion. Programs not deemed "major" should be grouped together.

The organizational structure and operations of some entities may require supporting schedules supplementing the information in the SNC. Supporting schedules should be disclosed in the notes and displayed by suborganizations and corresponding programs. The program structure should report "full costs," defined below, and related exchange revenue for each program as defined by the entity (Note 22).

SFFAS 33, *Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation*, requires that entities reporting liabilities for Federal civilian and military employee pensions, ORB, and OPEB, including veterans' compensation, report these changes on separate line(s) on the SNC to show gains and losses from changes in long-term assumptions. If the reporting entity incurs general management and administrative support costs and exchange revenues that cannot be traced, assigned, or directly associated to segments and their outputs, the support costs and exchange revenues may be reported as costs not assigned to programs and other exchange revenues or may be allocated to the reported programs.

Components of Net Cost of Operations

The SNC is designed to show separately the components of the net cost of the reporting entity's operations for the reporting period. Net cost of operations is the cost incurred by the entire reporting entity less any exchange revenue earned. The SNC should include: (1) program costs, (2) related exchange revenue, (3) the excess of costs over exchange revenues (net program costs), (4) gain/loss on pension, ORB, or OPEB assumption changes, (5) any costs that cannot be assigned to specific programs or outputs, and (6) exchange revenues that cannot be attributed to specific programs and outputs.

Inter-Entity Cost

“Full cost” includes costs of goods and services provided by other entities whether or not the providing entity is fully reimbursed. The provider of goods or services is responsible for providing receiving entities its full cost information. Recognition of inter-entity costs not fully reimbursed is limited to material items that: (1) are significant to the receiving entity, (2) form an integral or necessary part of the receiving entity’s output, and (3) can be identified or matched to the receiving entity with reasonable precision. Broad and general support services provided by an entity to all or most other entities generally are not recognized unless the services are a vital and integral part of the operations or output of the receiving entity. See SFFAS 4, *Managerial Cost Accounting Standards and Concepts*, paragraph 89 and the preamble to paragraph 105.

Under SFFAS 55, *Amending Inter-Entity Cost Provisions*, inter-entity costs associated with business-type activities must continue to be recognized. Business-type activities are defined by FASAB as “a significantly self-sustaining activity that finances its continuing cycle of operations through collection of exchange revenue.” See SFFAS 4 footnote 33A. For non-business-type activities, inter-entity costs may be recognized, but is not required to be recognized. Specifically, unreimbursed inter-entity costs of non-business type activities except for personnel benefit costs and Treasury Judgment Fund settlement costs need not be recognized; personnel benefit and Judgment Fund settlement costs must be recognized. See SFFAS 4, paragraphs 111 through 113.

II.3.3.2. Illustrative Statement - Statement of Net Cost

Department/Agency/Reporting Entity		
STATEMENTS OF NET COST		
For the Years Ended September 30, 2xxx (CY) and 2xxx (PY)		
(in dollars/thousands/millions)		
	2xxx (CY)	2xxx (PY)
Gross Program Costs (Note 22)		
Program A:		
Gross costs	\$ xxx	\$ xxx
Less: earned revenue	<u>-xxx</u>	<u>-xxx</u>
Net program costs:	\$ <u>xxx</u>	\$ <u>xxx</u>
Other Programs:		
Program B:	xxx	xxx
Program C:	xxx	xxx
Program D:	xxx	xxx
Program E	xxx	xxx
Other programs:	xxx	xxx
Less: earned revenue	<u>-xxx</u>	<u>-xxx</u>
Net other program costs:	\$ <u>x,xxx</u>	\$ <u>x,xxx</u>
(Gain)/Loss on pension, ORB, or OPEB		
Assumption changes (Note 15):	\$ <u>-xxx</u>	\$ <u>-xxx</u>
Net program costs including		
Assumption changes:	\$ <u>xxx</u>	\$ <u>xxx</u>
Cost not assigned to programs	xxx	xxx
Less: earned revenues not attributed to programs	<u>-xxx</u>	<u>-xxx</u>
Net cost of operations	<u>\$ x,xxx</u>	<u>\$ x,xxx</u>

The accompanying notes are an integral part of these statements.

II.3.3.3. Gross Program Costs

The entity should report the full cost of each program's output, which consists of: (a) direct and indirect costs of the output and (b) the costs of identifiable supporting services provided by other segments within the entity and by other entities. The entity should accumulate and assign costs in accordance with the costing methodology in SFFAS 4, as amended. Program costs should include any non-production costs that can be assigned to the program but not necessarily to its outputs.

The costs of program outputs include the costs of services provided by other entities whether or not the providing entity is fully reimbursed. See the discussion of "full cost" in section II.3.3.1; program cost reporting should be consistent with cost recognition.

Unreimbursed costs that entities are required to recognize include: (1) employees' pension and post-retirement health and life insurance benefits, (2) OPEB for retired, terminated, and inactive employees, which include unemployment and workers compensation under the Federal Employees' Compensation Act, and (3) losses in litigation proceedings (addressed in FASAB Interpretation 2, *Accounting for Treasury Judgment Fund Transactions*). For employee benefits, the imputed cost is the difference between employer and employee contributions and the total cost of the benefit.

In accounting for partially or completely unreimbursed inter- or intra-entity costs, entities should refer to SFFAS 4, cited above; SFFAS 5; Interpretation 2, cited above;; and/or the USSGL. Reporting entities should also consult with the funding and administering agencies, such as the Office of Personnel Management (OPM), for information needed to record inter-entity costs.

Costs related to the production of outputs are reported separately from costs not related to the production of outputs (e.g., non-production costs). In addition, the costs of stewardship PP&E, listed below, are reported separately from other non-production costs:

- The cost of acquiring, constructing, improving, reconstructing, or renovating heritage assets other than multi-use heritage assets and
- The cost of acquiring stewardship land.

Agencies should consider differentiating other significant costs if doing so improves the usefulness of the statements (either because the amount of a particular cost is large or because of its special nature). For example, when reporting on a program that makes transfer payments, it may be useful to differentiate between the transfer payments and administrative costs.

As noted above, SFFAS 55 is **effective for FY 2019**.

II.3.3.4. Earned Revenues

Earned revenues or exchange revenues arise when an entity provides goods and services to the public or another Government entity for a price. The full amount of exchange revenue is reported on the SNC, regardless of whether the entity is permitted to retain the revenues in whole or in part. Any portion of exchange revenue that cannot be retained by the agency is reported as a transfer out on the SCNP. See SFFAS 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*.

Earned revenues should be deducted from the full cost of outputs or outcomes to determine net cost unless it is not practical or reasonably possible to do so. However, there are no precise guidelines to determine the degree to which earned revenue can reasonably be attributed to outputs, outcomes, programs, or suborganizations and the attribution of earned revenues requires the exercise of managerial judgment. It is important to provide users of the SNC with the ability to ascertain whether earned revenues are sufficient to cover the costs incurred to produce the goods or services involved. Earned revenues are deducted from the gross cost of programs to determine net program costs.

For **FY 2019**, earned revenues for insurance programs must be reported pursuant to SFFAS 51. Exchange transaction insurance programs other than life insurance must recognize premiums as revenue when earned; life insurance programs must report earned revenue for premiums when due from policyholders. Nonexchange transaction insurance programs should apply general revenue recognition standards as found in SFFAS 7, as amended.

II.3.3.5. Net Program Costs

This is the difference between a program's gross costs and its related earned revenues. If a program does not have earned revenue, gross and net program costs are the same and can be referred to as “total” program costs.

II.3.3.6. (Gain)/Loss on Pension, ORB, or OPEB Assumption Changes

Entities reporting liabilities for Federal civilian and military employee pensions, ORB, and OPEB, including veterans' compensation, should report on a separate line gains and losses from changes in long-term assumptions used to measure these liabilities. For further guidance, see SFFAS 33.

II.3.3.7. Costs Not Assigned to Programs

An entity and its suborganizations may incur: (a) high-level 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 and (b) non-production costs that cannot be assigned to a particular program. These costs are part of the entity and suborganization costs and should be reported on the SNC as "costs not assigned to programs."

II.3.3.8. Earned Revenues Not Attributed to Programs

Earned revenue that is immaterial or cannot be attributed to particular outputs or programs should be reported separately as a deduction in arriving at net cost of operations of the suborganization or entity as a whole.

II.3.3.9. Net Cost of Operations

This is gross cost less any earned revenue.

II.3.4. Statement of Changes in Net Position

II.3.4.1. Introduction

The SCNP reports the change in net position during the reporting period, which results from changes to Unexpended Appropriations and Cumulative Results of Operations. See Note 21 and SFFAS 43, *Funds from Dedicated Collections: Amending SFFAS 27*, for details on Funds from Dedicated Collections. Non-exchange revenue, other financing sources, appropriations and net cost of operations for Funds from Dedicated Collections should be shown separately on the SCNP if the Funds from Dedicated Collections are:

- the predominant source of revenue and other financing sources or
- if one (or more) of the entity's Fund(s) from Dedicated Collections is (are) of immediate concern to the constituents of the fund, politically sensitive, controversial, or accumulating large balances or if the information provided in the financial statements would be a primary source of financial information for the public (e.g., Social Security and Medicare programs).

Agencies may present combined or consolidated amounts for Funds from Dedicated Collections and the presentation must be labeled accordingly; if consolidated amounts are shown, a crosswalk to combined amounts may be disclosed. Agencies have the option to use separate lines or columns to display information on Funds from Dedicated Collections on the face of the SCNP (Illustrative SCNP Option A) or to use an alternative format with parenthetical amounts within line item titles (Illustrative SCNP Option B). Agencies that use Option A for the SCNP are encouraged to use Option A for the Balance Sheet (and vice versa).

II.3.4.2A. Illustrative Statement of Changes in Net Position Option A

Statement of Changes in Net Position for the Year Ended September 30, 20XX (In dollars/thousands/millions)				
	FY 20XX (CY)			
	Funds from Dedicated Collections (Combined or Consolidated Totals) (Note 21)	All Other Funds (Combined or Consolidated Totals)	Eliminations	Consolidated Total
Unexpended Appropriations:				
1. Beginning Balance	xxx	xxx	xxx	xxx
2. Adjustments:				
2A. Changes in accounting principles	xxx	xxx	xxx	xxx
2B. Corrections of errors	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
3. Beginning Balance, as adjusted	xxx	xxx	xxx	xxx
Budgetary Financing Sources:				
4. Appropriations received	xxx	xxx	xxx	xxx
5. Appropriations transferred in/out	xxx	xxx	xxx	xxx
6. Other Adjustments	xxx	xxx	xxx	xxx
7. Appropriations used	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
8. Total Budgetary Financing Sources	xxx	xxx	xxx	xxx
9. Total Unexpended Appropriations	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
Cumulative Results from Operations:				
10. Beginning Balances	xxx	xxx	xxx	xxx
11. Adjustments:				
11A. Changes in accounting principles	xxx	xxx	xxx	xxx
11B. Corrections of errors	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
12. Beginning Balance, as adjusted	xxx	xxx	xxx	xxx
Budgetary Financing Sources:				
13. Other adjustments	xxx	xxx	xxx	xxx
14. Appropriations used	xxx	xxx	xxx	xxx
15. Nonexchange revenue	xxx	xxx	xxx	xxx
16. Donations and forfeitures of cash and cash equivalents	xxx	xxx	xxx	xxx
17. Transfers in/out without reimbursement	xxx	xxx	xxx	xxx
18. Other	xxx	xxx	xxx	xxx
Other Financing Sources (Nonexchange):				
19. Donations and forfeitures of property	xxx	xxx	xxx	xxx
20. Transfers in/out without reimbursement	xxx	xxx	xxx	xxx
21. Imputed financing	xxx	xxx	xxx	xxx
22. Other	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
23. Total Financing Sources	xxx	xxx	xxx	xxx
24. Net Cost of Operations	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
25. Net Change	xxx	xxx	xxx	xxx
26. Cumulative Results of Operations	xxx	xxx	xxx	xxx
27. Net Position	<u>\$xxx</u>	<u>\$xxx</u>	<u>\$xxx</u>	<u>\$xxx</u>

The accompanying notes are an integral part of these statements.

Illustrative Statement of Changes in Net Position Option A (Continued)

Statement of Changes in Net Position for the Year Ended September 30, 20XX (In dollars/thousands/millions)				
	FY 20XX (PY)			
	Funds from Dedicated Collections (Combined or Consolidated Totals) (Note 21)	All Other Funds (Combined or Consolidated Totals)	Eliminations	Consolidated Total
Unexpended Appropriations:				
1. Beginning Balance	xxx	xxx	xxx	xxx
2. Adjustments:				
2A. Changes in accounting principles	xxx	xxx	xxx	xxx
2B. Corrections of errors	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
3. Beginning Balance, as adjusted	xxx	xxx	xxx	xxx
Budgetary Financing Sources:				
4. Appropriations received	xxx	xxx	xxx	xxx
5. Appropriations transferred in/out	xxx	xxx	xxx	xxx
6. Other Adjustments	xxx	xxx	xxx	xxx
7. Appropriations used	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
8. Total Budgetary Financing Sources	xxx	xxx	xxx	xxx
9. Total Unexpended Appropriations	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
Cumulative Results from Operations:				
10. Beginning Balances	xxx	xxx	xxx	xxx
11. Adjustments:				
11A. Changes in accounting principles	xxx	xxx	xxx	xxx
11B. Corrections of errors	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
12. Beginning Balance, as adjusted	xxx	xxx	xxx	xxx
Budgetary Financing Sources:				
13. Other adjustments	xxx	xxx	xxx	xxx
14. Appropriations used	xxx	xxx	xxx	xxx
15. Nonexchange revenue	xxx	xxx	xxx	xxx
16. Donations and forfeitures of cash and cash equivalents	xxx	xxx	xxx	xxx
17. Transfers in/out without reimbursement	xxx	xxx	xxx	xxx
18. Other	xxx	xxx	xxx	xxx
Other Financing Sources (Nonexchange):				
19. Donations and forfeitures of property	xxx	xxx	xxx	xxx
20. Transfers in/out without reimbursement	xxx	xxx	xxx	xxx
21. Imputed financing	xxx	xxx	xxx	xxx
22. Other	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
23. Total Financing Sources	xxx	xxx	xxx	xxx
24. Net Cost of Operations	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
25. Net Change	xxx	xxx	xxx	xxx
26. Cumulative Results of Operations	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
27. Net Position	<u>\$xxx</u>	<u>\$xxx</u>	<u>\$xxx</u>	<u>\$xxx</u>

II.3.4.2B. Illustrative Statement of Changes in Net Position Option B

Statements of Changes in Net Position For the Years Ended September 30, 20XX (In dollars/thousands/millions)		
	<u>FY 2XXX(CY)</u>	<u>FY 2XXX (PY)</u>
1. Unexpended Appropriations (includes Funds from Dedicated Collections of \$XX in FY2XXX (CY) and \$XX in FY2XXX (PY)) (Combined or Consolidated Totals)-(Note 21)	xxx	xxx
Budgetary Financing Sources:		
2. Appropriations received	xxx	xxx
3. Appropriations transferred in/out	xxx	xxx
4. Other adjustments	xxx	xxx
5. Appropriations used	<u>xxx</u>	<u>xxx</u>
6. Total Budgetary Financing Sources (includes Funds from Dedicated Collections of \$XX in FY2XXX (CY) and \$XX in FY2XXX (PY)) (Combined or Consolidated Totals)-(Note 21)	<u>xxx</u>	<u>xxx</u>
7. Total Unexpended Appropriations (includes Funds from Dedicated Collections of \$XX in FY2XXX (CY) and \$XX in FY2XXX (PY)) (Combined or Consolidated Totals)-(Note 21)	<u>xxx</u>	<u>xxx</u>
Cumulative Results of Operations:		
8. Beginning balance, as adjusted (includes Funds from Dedicated Collections of \$XX in FY2XXX (PY) (Combined or Consolidated Totals)-(Note 21)	\$ xxx	\$ xxx
Budgetary Financing Sources:		
9. Other Adjustments	xxx	xxx
10. Appropriations used	xxx	xxx
11. Nonexchange revenue	xxx	xxx
12. Donations and forfeitures of cash and cash equivalents	xxx	xxx
13. Transfers in/out without reimbursement	xxx	xxx
14. Other	xxx	xxx
Other Financing Sources (Nonexchange):		
15. Donations and forfeitures of property	xxx	xxx
16. Transfers in/out without reimbursement	xxx	xxx
17. Imputed financing	xxx	xxx
18. Other	<u>xxx</u>	<u>xxx</u>
19. Total Financing Sources (includes Funds from Dedicated Collections of \$XX in FY2XXX (CY) and \$XX in FY2XXX (PY) (Combined or Consolidated Totals)-(Note 21)	xxx	xxx
20. Net Cost of Operations (includes Funds from Dedicated Collections of \$XX in FY2XXX (CY) and \$XX in FY2XXX (PY) (Combined or Consolidated Totals)-(Note 21)	xxx	xxx
21. Net Change	<u>xxx</u>	<u>xxx</u>
22. Cumulative Results of Operations (includes Funds from Dedicated Collections of \$XX in FY2XXX (CY) and \$XX in FY2XXX (PY) (Combined or Consolidated Totals)-(Note 21)	<u>xxx</u>	<u>xxx</u>
23. Net Position	\$ <u>xxx</u>	\$ <u>xxx</u>

The accompanying notes are an integral part of these statements.

II.3.4.3. Funds from Dedicated Collections

Nonexchange revenue, other financing sources, appropriations, and net cost of operations for Funds from Dedicated Collections should be shown separately on the SCNP if certain criteria are met as described in SFFAS 43. SFFAS 27, as amended, lists categories of funds that are excluded from the reporting requirements and provides guidance for cases in which more than one component entity is responsible for carrying out a program financed with revenues and financing sources that are Funds from Dedicated Collections.

Agencies are encouraged to use the columnar presentation in II.3.4.2 for the SCNP. The columns on the SCNP or in the Funds from Dedicated Collections Note can be either combined or consolidated within fund type, but must specify which is being used. If the columns are consolidated within fund type, the eliminations column will only display eliminations between Funds from Dedicated Collections and other funds. For the combined fund type column presentation, the eliminations column will display all SCNP eliminations.

If an agency chooses to use a linear presentation, then the agency must display the SCNP in the columnar format in a note. Linear presentation for the statement must also display the elimination amount for each affected statement line. Both presentations are subject to the note disclosure requirements (Note 21) in accordance with the provisions of SFFAS 27, as amended.

Mixed or Commingled Funds

Resources from Funds from Dedicated Collections derived from trust or special fund receipts are often commingled or mixed with resources from the General Fund of the U.S. Government (General Fund). See OMB Circular A-11, Section 130.21 for further information on mixed funds.

If the predominant source of a mixed fund is Funds from Dedicated Collections, the entire fund may be reported in the financial statements as Funds from Dedicated Collections. Whether a mixed fund is reported as Funds from Dedicated Collections depends upon the predominant use of the fund and whether the fund as a whole meets the definition of Funds from Dedicated Collections in SFFAS 27, as amended. SFFAS 27, as amended, explains that “Fund in this Statement’s definition of Funds from Dedicated Collections refers to a ‘fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.’”

II.3.4.4. Net Position - Beginning Balances

If material, the net position balances attributable to Funds from Dedicated Collections are reported separately from all other funds. Beginning balances must agree with amounts on the prior year’s Balance Sheet. Adjustments for corrections of errors and changes in accounting principles should be reported in accordance with SFFAS 21, *Reporting Corrections of Errors and Changes in Accounting Principles*.

Correction of Errors

This includes errors in financial statements from mathematical mistakes, mistakes in the application of accounting principles, and oversight or misuse of facts that existed at the time the statements were prepared.

When errors are discovered after the issuance of financial statements and if the financial statements would be materially misstated absent correction, corrections should be made as specified in SFFAS 21, paragraph 10.

Prior period financial statements should only be restated for corrections of errors that would have caused any statements to be materially misstated. The SCNPs current year's unadjusted beginning balances must agree with the restated ending balances on the agency's prior year's SCNPs.

Management Actions Related to Correction of Errors

Communications Requirements

Management is responsible for any false or misleading information in the financial statements or omissions rendering information made in the financial statements misleading. As soon as possible after material errors are detected, management must notify their auditors and the primary users of their financial statements of the error and plans for correction.

Management must communicate to those relying on the financial information:

- The nature and cause(s) of the known or likely material misstatement(s);
- The amount(s) of known or likely material misstatement(s) and the related effect(s) on the previously issued financial statement(s); and
- A notice that a previously issued financial statement(s) will or may be restated.

The notification must be given to original recipients of the AFR or PAR including:

- The Congress, OMB, Treasury and GAO in writing;
- The public on website where previously issued financial statements were published; and
- OMB in the next interim and subsequent financial statements until related effects are known and reported.

Financial Reporting Requirements

Promptly determine the financial statement effects of the known or potential material misstatement(s) on previously issued financial statement(s)		
A. Correct the Error and Republish	B. Correct the Error with Next Issuance	C. Effects Unknown or Later Determined
Specific amount(s) of the material misstatement(s) and the related effect(s) of such on a previously issued financial statement(s) are known and the subsequent period audited financial statements will not be issued within 90 days.	Specific amount(s) of the material misstatement(s) and the related effect(s) of such on a previously issued financial statement(s) are known and the subsequent period audited financial statements will be issued within 90 days.	Specific amount(s) of the misstatement(s) and the related effect(s) of such on a previously issued financial statement(s) remain unknown when the current year’s financial statements are issued.
Reissue the most recently issued fiscal year financial statements before issuing the current fiscal year’s financial statements. Communicate the reissuance to those charged with governance, oversight bodies, funding agencies, and others who are relying on or are likely to rely on the financial statement(s).	Restate financial statement(s) as part of the current year’s comparative financial statements and label the prior year comparative column as “Restated” for each statement and note affected by the correction.	Make the required notifications, including an estimate of the magnitude of the misstatement or potential misstatement and the estimated effects on the related financial statements. This should include recognition that the specific amounts are not known and cannot be determined without further investigation. Once effects <i>are</i> known, follow the guidance provided in A or B as applicable.
Refer to Note 39 Restatements for disclosure requirements	Refer to Note 39 Restatements for disclosure requirements	Refer to Note 39 Restatements for disclosure requirements

Changes in Accounting Principles

A change in accounting principle is a change from one generally accepted accounting principle to another one that can be justified as preferable. Changes in accounting principles include those resulting from the adoption of new FASAB standards.

Unless otherwise specified in transitioning instructions of a new FASAB standard, for all changes in accounting principles that would have resulted in a change to prior period financial statements:

- The cumulative effect of the change on prior periods should be reported as a “change in accounting principle.” The adjustment should be made to the beginning balance of cumulative results of operations in the SCNP for the period that the change is made;
- Prior period financial statements presented for comparative purposes should be presented as previously reported; and
- The nature of the changes in accounting principle and its effect on relevant balances should be disclosed in the current period. Financial statements of subsequent periods need not repeat the disclosure.

Beginning balances, as adjusted, are the sum of the beginning balances of net position as reported on the prior year’s Balance Sheet and adjustments in beginning net position.

II.3.4.5. Budgetary Financing Sources

This section shows financing sources and nonexchange revenue that are budgetary resources or adjustments to those resources as shown on the SBR and as defined by OMB Circular A-11.

Appropriations received. This includes amounts appropriated from the General Fund receipts, such as income taxes that are not earmarked by law for a specific purpose. This amount will not necessarily agree with the “appropriations received” amount reported on the SBR because of differences between proprietary and budgetary accounting concepts and reporting requirements. For example, certain dedicated and earmarked receipts are recorded as “appropriations received” on the SBR, but are recognized as exchange or nonexchange revenue (i.e., typically in special and non-revolving trust funds) and reported on the SCNP in accordance with SFFAS 7. For another example, see parent/child reporting described in Note 1.

Appropriations transferred-in/out. This is the amount of appropriations received in the current or prior year(s) that have been transferred in or out during the current year.

Other adjustments. This includes adjustments to unexpended appropriations and cumulative results of operations. Examples include reductions of appropriations (SBR line 1290, Appropriations (discretionary and mandatory)) and cancellations of expired appropriation/expenditure accounts (SBR line 1051, Unobligated balance from prior year budget authority, net).

Appropriations used. Appropriations are considered “used” as a financing source when goods and services are received or benefits are provided regardless of whether the goods, services, and benefits are payable or paid as of the reporting date and regardless of whether the appropriations were used for items that are expensed or capitalized. This does not include undelivered orders or unobligated appropriations and does not increase net position. This is subtracted from Unexpended Appropriations and added to Cumulative Results of Operations for a net zero effect on net position as a whole.

Nonexchange revenue. This includes revenues the Government obtains through the use of its sovereign powers. See SFFAS 7 for recognition and measurement criteria for taxes and other nonexchange revenues. If Federal securities investment revenue is material, report it as a separate line item on the SCNP.

Donations and forfeitures of cash and cash equivalents. This includes voluntary gifts (of cash or securities) and involuntary forfeitures of resources (cash or cash equivalents) to the Government by non-Federal entities.

Transfers-in/out without reimbursement. This includes intragovernmental non-appropriated balance transfers in or out during the current year. Non-appropriated balances include financing sources and revenue not reported as unexpended appropriations. Exchange revenue (included in calculating an entity's net cost of operations and also reported as distributed offsetting receipts in the SBR) required to be transferred to the Treasury or another Federal entity must be recognized as a transfer out.

Other budgetary financing sources. This includes other financing sources that affect budgetary resources not otherwise classified above.

II.3.4.6. Other Financing Sources

This section displays financing sources and nonexchange revenue that are not budgetary resources.

Donations and forfeitures of property. This includes voluntary gifts and involuntary forfeitures of resources to the Government by non-Federal entities, which may be land or buildings. Revenue arising from donations/involuntary forfeitures of non-financial resources must be recognized in accordance with SFFAS 6.

Transfers-in/out without reimbursement. This includes intragovernmental transfers of capitalized assets. The amount of the transfer is the book value of the transferring entity and if the book value is not known, the amount should be the estimated fair value at the date of transfer.

Imputed financing from costs absorbed by others. This includes financing of certain costs by one Federal entity on behalf of another Federal entity (e.g., the payment of certain employee benefit costs by OPM for employees of other Federal agencies). Imputed financing must equal the amount of imputed costs on the SNC.

Other. This includes other financing sources that do not represent budgetary resources and are not otherwise classified above.

II.3.4.7. Net Cost of Operations

This amount must agree with the net cost of operations on the SNC. The Net Cost of Operations is subtracted from the total financing sources and beginning balance, as adjusted, to yield the Cumulative Results of Operations.

II.3.4.8. Net Change

This is the difference between Total Financing Sources and the Net Cost of Operations.

II.3.4.9. Net Position - Ending Balances

Ending balances must agree with net position on the Balance Sheet.

II.3.5. Statement of Budgetary Resources

II.3.5.1. Introduction

The SBR and related disclosures provide information about how budgetary resources were made available and their status at the end of the period. It is the only financial statement derived entirely from the budgetary USSGL accounts.

The budgetary information used to prepare the SBR should be prepared in coordination with the agency budget office and should be consistent with the budgetary information reported to GTAS during the 4th quarter reporting window (which includes the revision window). GTAS information is used to produce the 4th quarter SF 133, Report on Budget Execution and Budgetary Resources, and the prior year column of the Program and Financing Schedule of the Budget.

If changes are made to budgetary information after the SBR has been published, these changes,

whether material or not, should be entered in OMB's MAX A-11 Data Entry system (during the time frames provided by OMB) and to GTAS during the 4th quarter revision window (November time frame). These efforts should also be coordinated with the agency's budget office.

Agencies should discuss any material changes to budgetary information subsequent to the publication of the audited SBR with their auditors to determine if restatement or note disclosure is necessary. At a minimum, any material differences between comparable information contained in the SBR and the prior-year information in the Budget must be disclosed in the notes to the SBR (Note 33).

GTAS revision period: The primary purpose of the GTAS revision period is to make GTAS consistent with the amounts in the prior-year column of the Program and Financing Schedule. Changes to the SBR, whether material or immaterial, may be made to the budgetary information included in the Budget Schedule P after the SBR has been published.

Budgetary information aggregated for the SBR should be disaggregated for each of the reporting entity's major budget accounts and presented as RSI pursuant to SFFAS 7, paragraph 78. (See Section II.3.10.6.)

Information in the SBR should be based on guidance in OMB Circular A-11, Appendix F, which provides definitions and instructions for each line item of the SBR.

II.3.5.2. Combined Statement

The information in this statement must be presented on a combined basis, not a consolidated basis. To remain consistent with the aggregate of the account-level information on the SF 133, Report on Budget Execution and Budgetary Resources, consolidation of this statement is not appropriate and line-by-line consolidation is not permitted.

II.3.5.3. Format of the Statement of Budgetary Resources

The format of the SBR is based on the SF 133 and relationships between the SBR and the SF 133 are defined in Appendix F of OMB Circular A-11. The line numbering in the illustrative statement below is for reference to Circular A-11 and should not be shown on the agency SBR.

Detail lines from the SF 133 are aggregated to the major categories deemed most significant in the SBR and must be used. Agency management should determine whether additional detail lines reported in the SF 133 process are warranted for SBR presentation or note disclosure. Because the SBR presentation is highly summarized, if management determines that further aggregation of lines is warranted, such aggregation should not be less detailed than the major categories displayed below. Similarly, if major categories are further disaggregated, subtotal lines should be presented to display the major category total.

The total amounts reported for each major category should normally agree with the comparable amounts reported for the aggregate of all budget accounts on the SF 133. Reconciliations of any differences in major categories (from, for example, timing differences or materiality) should be maintained.

In addition to budgetary information, the SBR should include a separate column for non-budgetary

credit reform financing accounts, which are non-budgetary accounts that record cash flows resulting from post-1991 direct loans and loan guarantees. This activity is reported separately in the Budget and excluded from the budget surplus or deficit totals.

II.3.5.4. Illustrative Statement of Budgetary Resources

Department/Agency/Reporting Entity					
STATEMENTS OF BUDGETARY RESOURCES					
For the Years Ended September 30, 2xxx (CY) and 2xxx (PY)					
		2xxx (CY)	2xxx (CY)	2xxx (PY)	2xxx (PY)
		<u>Budgetary</u>	Non- Budgetary Credit Reform Financing <u>Account</u>	<u>Budgetary</u>	Non- Budgetary Credit Reform Financing <u>Account</u>
Budgetary Resources					
1051*	Unobligated balance from prior year budget authority, net (discretionary and mandatory) (Note 27)	xxx	xxx	xxx	xxx
1290*	Appropriations (discretionary and mandatory)	xxx	xxx	xxx	xxx
1490*	Borrowing authority (discretionary and mandatory)	xxx	xxx	xxx	xxx
1690*	Contract authority (discretionary and mandatory)	xxx	xxx	xxx	xxx
1890*	Spending authority from offsetting collections (discretionary and mandatory)	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
1910	Total budgetary resources	\$ <u>xxx</u>	\$ <u>xxx</u>	\$ <u>xxx</u>	\$ <u>xxx</u>
Status of budgetary resources					
2190	New obligations and upward adjustments (total)	\$ xxx	\$ xxx	\$ xxx	\$ xxx
	Unobligated balance, end of year				
2204*	Apportioned, unexpired accounts	xxx	xxx	xxx	xxx
2304*	Exempt from apportionment, unexpired accounts	xxx	xxx	xxx	xxx
2404*	Unapportioned, unexpired accounts	xxx	xxx	xxx	xxx
2412	Unexpired unobligated balance, end of year	xxx	xxx	xxx	xxx
2413	Expired unobligated balance, end of year	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
2490	Unobligated balance, end of year (total)	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
2500	Total budgetary resources	\$ <u>xxx</u>	\$ <u>xxx</u>	\$ <u>xxx</u>	\$ <u>xxx</u>
Outlays, net					
4190*	Outlays, net (total) (discretionary and mandatory)	xxx	xxx	xxx	xxx
4200*	Distributed offsetting receipts (-)	<u>xxx</u>		<u>xxx</u>	
4210*	Agency outlays, net (discretionary and mandatory)	\$ <u>xxx</u>	\$ <u>xxx</u>	\$ <u>xxx</u>	\$ <u>xxx</u>

* Represents a line number that is unique to the SBR. Further information on the description and composition of these lines can be found in OMB Circular A-11, Appendix F.

The accompanying notes are an integral part of these statements.

II.3.5.5. Budgetary Resources

This section presents total available budgetary resources.

Budgetary resources transferred or exchanged between components within a reporting entity should not be eliminated.

II.3.5.6. Status of Budgetary Resources

This section displays information about the status of budgetary resources at the end of the period and consists of obligations incurred and unobligated balances. The total amount shown for the status of budgetary resources must equal total budgetary resources available. Although not required by GAAP and therefore no longer required, the amount of direct and reimbursable new obligations and upward adjustments against amounts apportioned under Category A, B, or AB, and exempt from apportionment may be disclosed in a note to the SBR. The nature of permanent indefinite appropriations and legal arrangements affecting the use of unobligated balances must be disclosed either in Note 1 or a separate note to the SBR.

II.3.5.7. Outlays, Net

Outlays. Net outlays are derived by reducing gross outlays by actual offsetting collections. Outlays must agree with the disbursements and collections reported to Treasury for the fiscal year to date (SF 224, Statement of Transactions; SF 1220, Statement of Transactions According to Appropriation, Fund, and Receipt Accounts; and SF 1221 Statement of Transactions According to Appropriation, Fund, and Receipt Accounts (Foreign Service Account)).

Distributed Offsetting Receipts. Distributed offsetting receipts are collections that offset gross outlays of an agency and are credited to general fund, special fund, or trust fund receipt accounts. (Offsetting collections are credited to expenditure accounts (not receipt accounts) and reduce outlays at the account level.) Distributed offsetting receipts typically offset the outlays of the agency that conducts the activity generating the receipts. Offsetting receipts are composed of proprietary receipts from the public, receipts from intragovernmental transactions, and offsetting governmental receipts. This line item on the SBR should include all distributed offsetting receipts for the agency and deducted from gross outlays to yield net agency outlays.

The [Quarterly Distributed Offsetting Receipts by Department Report](https://fiscal.treasury.gov/reports-statements/mts/current.html) can be found here: <https://fiscal.treasury.gov/reports-statements/mts/current.html>. Agencies should include in the SBR the receipt accounts in this report classified as:

- Proprietary Receipts from the Public;
- Intra-budgetary Receipts Deducted by Agencies; and
- Offsetting Governmental Receipts.

The amount of distributed offsetting receipts reported in this statement should be the aggregate of cash collected in these receipt accounts and reported to Treasury monthly (SF 224, Statement of Transactions; SF 1220, Statement of Transactions According to Appropriation, Fund, and Receipt Accounts; and SF 1221, Statement of Transactions According to Appropriation, Fund, and Receipt Accounts (Foreign Service Account)).

Undistributed offsetting receipts should not be included in the SBR.

II.3.6. Statement of Custodial Activity

II.3.6.1. Introduction

The SCA is required for entities that collect nonexchange revenue for the General Fund, a trust fund, or other recipient entities, e.g., taxes and duties collected by the Internal Revenue Service or Customs and Border Protection Agency. The SCA is also required for entities that collect exchange revenues, including oil and gas revenues, as specified in SFFAS 7. Collecting entities do not recognize as revenue collections that have been or should be transferred to others as revenues; rather, the sources and disposition of the collections are reported on the SCA.

When collecting entities have custodial collections that are immaterial and incidental to their primary mission, the sources and disposition of the collections may be disclosed in the notes. Paragraph 45 of SFFAS No. 7 identified certain exceptional circumstances in which the entity recognizes virtually no costs in connection with earning the revenue that it collects.

II.3.6.2. Illustrative Statement of Custodial Activity

Department/Agency/Reporting Activity STATEMENT OF CUSTODIAL ACTIVITY For the Years ended September 30, 2xxx (CY) and 2xxx (PY) (in dollars/thousands/millions)		
	2xxx (CY)	2xxx (PY)
Total Custodial Revenue:		
Sources of Cash Collections:		
1. Individual Income and FICA/SECA Taxes	\$ xxx	\$ xxx
2. Corporate Income Taxes	xxx	xxx
3. Excise Taxes	xxx	xxx
4. Estate and Gift Taxes	xxx	xxx
5. Federal Unemployment Taxes	xxx	xxx
6. Customs Duties	xxx	xxx
7. Miscellaneous	<u>xxx</u>	<u>xxx</u>
8. Total Cash Collections	x,xxx	x,xxx
9. Accrual Adjustments (+/-)	<u>xxx</u>	<u>xxx</u>
10. Total Custodial Revenue	x,xxx	x,xxx
Disposition of Collections:		
11. Transferred to Others (by Recipient):		
Recipient A	xxx	xxx
Recipient B	xxx	xxx
Recipient C	xxx	xxx
12. (Increase)/Decrease in Amounts Yet to be Transferred (+/-)	xxx	xxx
13. Refunds and Other Payments	xxx	xxx
14. Retained by Reporting Entity	<u>xxx</u>	<u>xxx</u>
15. Total Disposition of Collections	x,xxx	x,xxx
16. Net Custodial Activity	<u>\$ xxx</u>	<u>\$ xxx</u>

The accompanying notes are an integral part of these statements.

II.3.6.3. Sources of Collections

Report components of the collections (e.g., the type of tax or duty), any collection of past-due receivables for others, or other appropriate description of the source and nature of the collections. If refunds of taxes or other nonexchange revenues are material in relation to the gross collections made, consider disclosing them by component.

Additionally, report the nonexchange revenue accrual adjustment, which will be shown separately and added to or subtracted from the net collections to determine the total custodial nonexchange revenue. Guidance for calculating the accrual adjustment can be found in SFFAS 7 and the related implementation guide. If the accrual adjustments are material in relation to the gross collections, consider disclosing them separately in a note. The accrual adjustment is not applicable to exchange revenues because exchange revenues are reported on an accrual basis.

II.3.6.4. Disposition of Collections

This is for the disposition of the revenue reported in the preceding section.

Amounts Transferred to Others. Identify the specific agencies to which collections were transferred and the amounts transferred.

Amounts Yet to be Transferred. Report the change in revenue yet to be transferred. This liability may exist because the revenue has been accrued, but not collected, or because collections already made have not yet been transferred.

Amounts of Refunds and Other Payments. Report refunds and other payments made. This line is normally not applicable to exchange revenue.

Amounts Retained by the Collecting Entity. Where collecting entities are permitted to retain a portion of amounts collected, retained amounts must be reported by the collecting entity as a disposition of collections.

II.3.6.5. Net Custodial Activity

Total Custodial Revenue must equal the Total Disposition of Collections so net custodial activity equals zero.

II.3.7. Statement of Social Insurance & Statement of Changes in Social Insurance Amounts

II.3.7.1. Introduction

A SOSI is required for the following programs:

- Old-Age, Survivors, and Disability Insurance (OASDI or Social Security);
- Hospital Insurance (HI) and Supplementary Medical Insurance (SMI), collectively known as Medicare;
- Railroad Retirement benefits; and
- Black Lung benefits.

Under SFFAS 25, *Reclassification of Stewardship Responsibilities and Eliminating the Current Services Assessment*, as amended, the SOSI, accompanying notes, and significant assumptions are basic information and the remaining social insurance information required by SFFAS 17, *Accounting for Social Insurance*, is RSI. A SOSI preparer can elect to include some or all of the RSI in the notes. Unemployment insurance is social insurance and must report social insurance information as RSI, but a SOSI is not required for unemployment insurance under SFFAS 17, paragraphs 27(3) and 32(3).

For the programs listed as social insurance, the SOSI should present for the projection period for all current and future participants the actuarial present value of all future: (1) contributions and tax income (excluding interest income), (2) scheduled expenditures, and (3) the difference between these two present values. The SOSI should provide such information for the current year and separate estimates for each of the preceding four years. Detailed guidance on the requirements for the SOSI is in SFFAS 17, paragraphs 27(3) and 32(3).

SFFAS 26, *Statement of Social Insurance: Amending SFFAS No. 25*, requires the disclosure of significant assumptions (Note 37). Other information required by SFFAS 17 is to be presented as RSI (as discussed below), except to the extent the preparer elects to disclose some or all of that information.

The SOSI should include a summary section at the end that presents the closed and open group measures. The open group measure line items should be the same as the beginning-of-year and end-of-year lines on the SCSIA. (See below and the illustrative presentation at II.3.8.2.) The summary section should also include assets held by the programs, if any, and the totals for the open group unfunded obligation.

Entities that prepare a SOSI should also prepare a SCSIA pursuant to SFFAS 37. The SCSIA must reconcile beginning and ending open group measures and present the significant components of the changes in the open group measure for two years, for example, the:

- Change due to the change in the valuation period;
- Changes in demographic, economic, and health care assumptions;
- Changes in law, regulation, and policy; and
- Amounts associated with each type of change.

The SCSIA should disclose in notes on the statement's face, in the notes to the financial statements (Note 37), or both the reasons for the significant changes in the open group measure for two years. See Section II.2 for additional reporting requirements for these changes. All projections and estimates required by SFFAS 37 should be as of the valuation date, which is "as close to the end of the fiscal year being reported on ('current year') as possible and no more than one year prior to the end of the current year." See SFFAS 37 for detailed requirements regarding the valuation date and Note 1 requirements for disclosing that SOSI amounts are estimates.

II.3.7.2. Illustrative Statements

The illustration from SFFAS 17 below is a partial display featuring Social Security and Medicare; it is not the consolidated display required by SFFAS 17, paragraph 32. The SOSI may present subtotals by age cohort. Illustrations for entity statements are in SFFAS 17, Appendix B. Below is an illustrative SOSI with a summary section, which is based on SFFAS 37, Appendix C. An illustrative statement for a SCSIA is also presented below.

Illustrative Statement of Social Insurance
75-Year Projection as of January 1, 20x5
(dollars in trillions)

1

	20x5	20x4	20x3	20x2	20x1
<i>Actuarial present value of future benefits payments paid during the 75-year projection period to or on behalf of:</i>					
1. Current participants who have not yet attained retirement age	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
1A. OASDI	XXX	XXX	XXX	XXX	XXX
1B. HI	XXX	XXX	XXX	XXX	XXX
1C. SMI	XXX	XXX	XXX	XXX	XXX
1D. Other	XXX	XXX	XXX	XXX	XXX
2. Current participants who have attained retirement age	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
2A. OASDI	XXX	XXX	XXX	XXX	XXX
2B. HI	XXX	XXX	XXX	XXX	XXX
2C. SMI	XXX	XXX	XXX	XXX	XXX
2D. Other	XXX	XXX	XXX	XXX	XXX
3. Those expected to become participants (i.e.: new entrants)	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
3A. OASDI	XXX	XXX	XXX	XXX	XXX
3B. HI	XXX	XXX	XXX	XXX	XXX
3C. SMI	XXX	XXX	XXX	XXX	XXX
3D. Other	XXX	XXX	XXX	XXX	XXX
4. Subtotal – benefit payments for the 75-year projection period	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
<i>Less the actuarial present value of future contributions and tax income received during the 75-year projection period from or on behalf of:</i>					
5. Current participants who have not yet attained retirement age	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
5A. OASDI	XXX	XXX	XXX	XXX	XXX
5B. HI	XXX	XXX	XXX	XXX	XXX
5C. SMI	XXX	XXX	XXX	XXX	XXX
5D. Other	XXX	XXX	XXX	XXX	XXX
6. Current participants who have attained retirement age	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
6A. OASDI	XXX	XXX	XXX	XXX	XXX
6B. HI	XXX	XXX	XXX	XXX	XXX
6C. SMI	XXX	XXX	XXX	XXX	XXX
6D. Other	XXX	XXX	XXX	XXX	XXX

Illustrative Statement of Social Insurance (Cont.)
75-Year Projection as of January 1, 20x5
(dollars in trillions)

	20x5	20x4	20x3	20x2	20x1
Actuarial present value of future contributions payments paid during the 75-year projection period to or on behalf of:					
7. Those expected to become participants (i.e.: new entrants)	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
7A. OASDI	XXX	XXX	XXX	XXX	XXX
7B. HI	XXX	XXX	XXX	XXX	XXX
7C. SMI	XXX	XXX	XXX	XXX	XXX
7D. Other	XXX	XXX	XXX	XXX	XXX
8. Subtotal – contributions and tax income for the 75-year period	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
9. Excess of actuarial present values of future benefit payments over future contributions and tax income for the 75-year projection period	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
<i>Participants who have attained eligibility age:</i>					
Contributions and earmarked taxes	XXX	XXX	XXX	XXX	XXX
Expenditures for scheduled future benefits	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
PV of future expenditures in excess of future revenue	XXX	XXX	XXX	XXX	XXX
<i>Participants who have attained age 15 up to eligibility age:</i>					
Contributions and earmarked taxes	XXX	XXX	XXX	XXX	XXX
Expenditures for scheduled future benefits	XXX	XXX	XXX	XXX	XXX
PV of future expenditures in excess of future revenue	XXX	XXX	XXX	XXX	XXX
NPV of future revenue less future expenditures for current participants (closed group measure)	XXX	XXX	XXX	XXX	XXX
Less: Treasury securities and assets held by programs	XXX	XXX	XXX	XXX	XXX
Closed group unfunded obligation	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
<i>Future participants (those under age 15 and to be born and to immigrate during the period):</i>					
Contributions and earmarked taxes	XXX	XXX	XXX	XXX	XXX
Expenditures for scheduled future benefits	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
PV of future expenditures in excess of future revenue	XXX	XXX	XXX	XXX	XXX
NPV of future revenue less future expenditures for current and future participants (open group measure)	XXX	XXX	XXX	XXX	XXX
Less: Treasury securities and assets held by programs	XXX	XXX	XXX	XXX	XXX
Open group unfunded obligation	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>

The accompanying notes are an integral part of these statements.

Illustrative Statement of Changes in Social Insurance Amounts			
Open Group Measures			
For the Two-Year Period Ended September 30, 20XY			
(dollars in xxx)			
	Social Insurance		
	Open Group Measure		
	Program A	Program B	Program C
Net Present Value beginning of year 20xx	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
Reasons for changes in the NPV during 20xx			
Change in valuation period	xxx	xxx	xxx
Changes in demographic data, assumptions & methods	xxx	xxx	xxx
Changes in economic data, assumptions & methods	xxx	xxx	xxx
Changes in laws or policy	xxx	xxx	xxx
Change in methodology & programmatic data	xxx	xxx	xxx
Net change during 20XX	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
Net Present Value end of year 20XX/beginning of year 20XY:	xxx	xxx	xxx
Reasons for changes in the NPV during 20XY			
Change in valuation period	xxx	xxx	xxx
Changes in demographic data, assumptions & methods	xxx	xxx	xxx
Changes in economic data, assumptions & methods	xxx	xxx	xxx
Changes in laws or policy	xxx	xxx	xxx
Change in methodology & programmatic data	xxx	xxx	xxx
Net change during 20XY	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
Net Present Value end of year 20XY:	xxx	xxx	xxx

The accompanying notes are an integral part of these statements.

II.3.8. Notes to the Financial Statements

Unless otherwise specified in a new FASAB standard or in A-136, when Note information is presented for the first time, it need not be reported for the prior year. When A-136 no longer requires Note information for the current year that was required by A-136 for the prior year and when such information is not required by FASAB standards, it need not be reported for the prior year.

II.3.8.1. Note 1: Summary of Significant Accounting Policies

Information in Note 1 should not need to be duplicated elsewhere. However, in some cases, it may be necessary to include a more detailed discussion of an accounting policy in a specific note.

Reporting Entity

Describe the reporting entity and identify its major components if not fully described in the MD&A. Also, describe any consolidated entities and disclosure entities in accordance with SFFAS 47 and explain that disclosure entities are not consolidated entities. Agencies with a large number of disclosure entities or balances resulting from transactions with disclosure entities may provide this information in a separate note and include a reference to that note in Note 1. See Note

below on Disclosure Entities and Related Parties.

Accounting Principles

Summarize the accounting principles and methods of applying those principles that management has concluded are appropriate for presenting fairly the entity's assets, liabilities, revenues, net cost of operations, changes in net position, and budgetary resources. Disclose judgments relevant to the valuation, recognition, and allocation of assets, liabilities, expenses, revenues and other financing sources.

Describe changes in GAAP affecting the financial statements and explain concepts such as FBWT and Funds from Dedicated Collections unique to Federal financial statements. Also disclose the existence, purpose, and availability of permanent indefinite appropriations in Note 1 or Note 31.

Changes in Entity or Financial Reporting

Disclose significant changes in the composition of the reporting entity or significant changes in the manner in which the reporting entity aggregates information for financial reporting purposes.

Classified Activities

All federal reporting entities must including the following in the summary of significant accounting policies:

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

Reporting entities must not disclose application of SFFAS 56, including any interpretations of SFFAS 56.

Fiduciary Activities

Disclose that fiduciary cash and other assets are not assets of the Federal Government. See SFFAS 31, *Accounting for Fiduciary Activities*.

Parent-Child Reporting

Each “parent” or transferring entity involved in an allocation transfer with another Federal entity must explain that there are amounts reported in its net cost of operations, changes in net position, and budgetary resources that reflect activity performed by another Federal entity. Each Federal entity having “child” or receiving accounts involved in an allocation transfer must explain that it performed an activity that is being reported in the parent’s financial statements. Both the parent and child must disclose the names of the other Federal entities involved in the transfers; amounts need not be included in the note. Below is an illustrative example.

The [*Reporting Entity*] is a party to allocation transfers with other Federal agencies as both a transferring (parent) entity and/or a receiving (child) entity. Allocation transfers are legal delegations by one entity of its authority to obligate budget authority and outlay funds to another entity. A separate fund account (allocation account) is created in the U.S. Treasury as a subset of the parent fund account for tracking and reporting purposes. All

allocation transfers of balances are credited to this account, and subsequent obligations and outlays incurred by the child entity are charged to this allocation account as they execute the delegated activity on behalf of the parent entity. Generally, all financial activity related to these allocation transfers (e.g., budget authority, obligations, outlays) is reported in the financial statements of the parent entity from which the underlying legislative authority, appropriations and budget apportionments are derived. Exceptions to this general rule affecting the *[Reporting Entity]* include the Executive Office of the President and Funds transferred from the Judicial Branch to the Department of Justice U.S. Marshals Service, for whom the *[Reporting Entity]* is the child in the allocation transfer but, per OMB guidance, will report all activity relative to these allocation transfers in the *[Reporting Entity's]* financial statements. In addition to these funds, the *[Reporting Entity]* allocates funds, as the parent, to the *[List other Federal agencies]*. The *[Reporting Entity]* receives allocation transfers, as the child, from the *[List other Federal agencies]*.

Pension, ORB, and OPEB Reporting

Entities that report liabilities for Federal employee pensions, ORB, and OPEB, including veterans' compensation, should disclose the entity's policy regarding consistency in the number of historical rates used to calculate the average historical Treasury rates from one reporting period to the next. See SFFAS 33, paragraph 31, and SFFAS 5, paragraph 66, as amended.

SOSI Reporting

Entities that prepare a SOSI should explain that SOSI amounts are estimates based on current conditions, that such conditions may change in the future, and that actual cost may vary, sometimes greatly, from estimates per SFFAS 37. Below is an example entities could include in Note 1.

The financial statements are based on the selection of accounting policies and the application of significant accounting estimates, some of which require management to make significant assumptions. Further, the estimates are based on current conditions that may change in the future. Actual results could differ materially from the estimated amounts. The financial statements include information to assist in understanding the effect of changes in assumptions to the related information.

Note Disclosures Related to the Balance Sheet

II.3.8.2. Note 2: Non-entity Assets

	2XXX (CY)	2XXX (PY)
Intragovernmental:		
Fund Balance with Treasury	\$ xxx	\$ xxx
Investments	xxx	xxx
Accounts Receivable	xxx	xxx
Loans Receivable	xxx	xxx
Other	<u>xxx</u>	<u>xxx</u>
Total Intragovernmental	xxx	xxx
Cash and other monetary assets	xxx	xxx
Accounts Receivable	xxx	xxx
Taxes Receivable	xxx	xxx
Loans Receivable and Related Foreclosed Property	xxx	xxx
Inventory and Related Property	xxx	xxx
Other	<u>xxx</u>	<u>xxx</u>
Total Non-Entity Assets	x,xxx	x,xxx
Total Entity Assets	<u>x,xxx</u>	<u>x,xxx</u>
Total Assets	<u>\$ x,xxx</u>	<u>\$ x,xxx</u>

Disclose intragovernmental non-entity assets separately from other non-entity assets. Provide other information needed to understand the nature of the non-entity assets. See SFFAS 1 for further information.

II.3.8.3. Note 3: Fund Balance with Treasury

	2xx2 (CY)	2xx1 (PY)
1. Status of Fund Balance with Treasury		
(1) Unobligated Balance		
(a) Available	\$ xxx	\$ xxx
(b) Unavailable	xxx	xxx
(2) Obligated Balance not yet Disbursed	xxx	xxx
(3) Non-Budgetary FBWT	<u>xxx</u>	<u>xxx</u>
Total	\$ <u>x,xxx</u>	\$ <u>x,xxx</u>

2. Other Information:

A. Status of Fund Balance. Disclose the total of the entity's FBWT, as reflected in the entity's general ledger and represented by unobligated and obligated balances. Unobligated and obligated balances presented in this section may not equal related amounts reported on the Combined Statements of Budgetary Resources because unobligated and obligated balances reported on the Combining Statements of Budgetary Resources are supported by FBWT and as other budgetary resources that do not affect FBWT (e.g., contract and borrowing authority and budgetary receivables).

Include in Non-Budgetary FBWT both FBWT in unavailable receipt accounts, clearing accounts, etc., that do not have budget authority and non-budgetary FBWT recognized on the Balance Sheet (e.g., non-fiduciary deposit funds). Separate FBWT that represents unobligated balances into available and unavailable amounts. Certain unobligated balances may be

restricted to future use and are not apportioned for current use; any such restrictions must be explained.

B. Other Information. Explain any discrepancies between FBWT as reflected in the entity's general ledger and the Balance in Treasury accounts. Disclose any other information necessary for understanding the nature of the Fund Balance.

II.3.8.4. Note 4: Cash and Other Monetary Assets

	2xxx (CY)	2xxx (PY)
A. Cash	\$ xxx	\$ xxx
B. Foreign Currency	xxx	xxx
C. Other Monetary Assets		
(1) Gold	xxx	xxx
(2) Special Drawing Rights	xxx	xxx
(3) U.S. Reserves in the International Monetary Fund	xxx	xxx
(4) Other	<u>xxx</u>	<u>xxx</u>
Total Other Monetary Assets	<u>xxx</u>	<u>xxx</u>
Total Cash and Other Monetary Assets	\$ <u>x,xxx</u>	\$ <u>x,xxx</u>
D. Additional Information		

Disclose Cash and Other Monetary Assets in accordance with SFFAS 1.

Cash under the control of the reporting entity includes (i) coins, paper currency, and readily negotiable instruments (money orders, checks, and bank drafts on hand or in transit for deposit); (ii) amounts on demand deposit with banks or other financial institutions, including unconfirmed collections and disbursements; and (iii) investments held outside of Treasury. Cash available for agency use should include petty cash and cash held in revolving funds that will not be transferred to the General Fund.

Foreign Currency is the total U.S. dollar equivalent of foreign currencies held in foreign currency fund accounts.

Other Monetary Assets include gold, special drawing rights, U.S. Reserves in the International Monetary Fund, and deposits made but not confirmed.

Additional Information. Disclose any restrictions on cash, which are usually imposed by law, regulation, or agreement. Non-entity cash is always restricted cash. Entity cash may be restricted, for example:

- 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 3, *Accounting for Inventory and Related Property*.
- Bid deposits held in a commercial bank.
- Cash held in Funds from Dedicated Collections. See Note 21)

Disclose any restrictions on the use or conversion of cash denominated in foreign currencies and the significant effects, if any, on net position of changes in the exchange rate that occur

after the end of the reporting period but before the issuance of financial statements. Provide other information, as appropriate, such as the valuation rate of gold.

II.3.8.5.Note 5: Investments

----- Amounts for 2xxx (CY) Balance Sheet Reporting -----							
	<u>Cost</u>	<u>Amortization Method</u>	<u>Amortized (Premium) Discount</u>	<u>Interest Receivable</u>	<u>Investments, Net</u>	<u>Other Adjustments</u>	<u>Market Value Disclosure</u>
A. Intragovernmental Securities							
(1) Marketable	xxx	_____	xxx	xxx	xxx	xxx	xxx
(2) Non-Marketable: Par value	xxx	_____	xxx	xxx	xxx	xxx	xxx
(3) Non-Marketable: Market-Based	xxx	_____	xxx	xxx	xxx	xxx	xxx
Total	<u>x,xxx</u>	n/a	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
B. Other Securities:							
(1) _____	xxx	_____	xxx	xxx	xxx	xxx	xxx
(2) _____	xxx	_____	xxx	xxx	xxx	xxx	xxx
(3) _____	xxx	_____	xxx	xxx	xxx	xxx	xxx
Total	<u>x,xxx</u>	n/a	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
----- Amounts for 2xxx (PY) Balance Sheet Reporting -----							
	<u>Cost</u>	<u>Amortization Method</u>	<u>Amortized (Premium) Discount</u>	<u>Interest Receivable</u>	<u>Investments, Net</u>	<u>Other Adjustments</u>	<u>Market Value Disclosure</u>
A. Intragovernmental Securities							
(1) Marketable	xxx	_____	xxx	xxx	xxx	xxx	xxx
(2) Non-Marketable: Par value	xxx	_____	xxx	xxx	xxx	xxx	xxx
(3) Non-Marketable: Market-Based	xxx	_____	xxx	xxx	xxx	xxx	xxx
Total	<u>x,xxx</u>	n/a	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
B. Other Securities:							
(1) _____	xxx	_____	xxx	xxx	xxx	xxx	xxx
(2) _____	xxx	_____	xxx	xxx	xxx	xxx	xxx
(3) _____	xxx	_____	xxx	xxx	xxx	xxx	xxx
Total	<u>x,xxx</u>	n/a	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
C. Other Information:							

Disclose information necessary to understand the nature of reported investments, such as permanent impairments, and any securities that have been reclassified as securities available for sale or early redemption.

For investments in market-based and marketable Treasury securities, disclose market value in accordance with SFFAS 1, paragraph 72. Specifically, group investments by type of security (marketable or market-based) and multiply the security market price as of the reporting date by the number of securities held as of the reporting date.

For investments in intragovernmental securities for funds from dedicated collections, disclose information in accordance with SFFAS 27, paragraphs 27 and 28.

For investments in non-Federal securities, consult Accounting Standards Codifications (ASC) 320 and 820, but do not apply ASC 320 or 820 to non-federal securities that are accounted for in a manner comparable to the accounting treatment in SFFAS 2.

II.3.8.6. Note 6: Accounts Receivable, Net

Disclose gross receivables, the method used to estimate the allowance for uncollectible accounts, and the net amount due. Do not include receivables related to direct or guaranteed loans, which are reported in Note 8.

As noted above in Section II.3.2.3, Assets, there should be no allowance for uncollectible amounts associated with intragovernmental receivables.

Disclose separately criminal restitution that is included in accounts receivable, including the gross amount of receivables related to criminal restitution orders monitored by the agency and the estimate of net realizable value determined to be collectible for criminal restitution orders monitored by the agency. To support the preparation of the FR, Criminal restitution amounts must be disclosed even if immaterial.

II.3.8.7. Note 7: Taxes Receivable, Net

Disclose gross taxes receivable, the allowance for uncollectible taxes receivable, net taxes receivable, and the method used to compute the allowance for uncollectible taxes.

II.3.8.8. Note 8: Direct Loans & Loan Guarantees, Non-Federal Borrowers

Tables A through N illustrate the required financial disclosures for direct loans and loan guarantees and must be supplemented by narrative.

The comparative disclosures required for this note are limited to those required by SFFAS 2, as amended. Note that section 506(a) of Federal Credit Reform Act of 1990 (FCRA) exempts the credit activities of certain agencies, such as Federal Deposit Insurance Corporation and Tennessee Valley Authority, from FCRA requirements; these credit activities are not subject to the requirements below.

A. Direct Loan and Loan Guarantee Programs:

<p>List the direct loan and/or loan guarantee programs administered by the reporting entity:</p> <p>(1) _____</p> <p>(2) _____</p> <p>(3) _____</p>

Disclose that direct loan obligations and loan guarantee commitments made after FY 1991, and the resulting direct loans or loan guarantees, are governed by the FCRA, as amended. SFFAS 2 requires that the present value of the subsidy costs, which arises from interest rate differentials, interest supplements, and defaults (net of recoveries, fee offsets, and other cash flows) associated with direct loans and loan guarantees, be recognized as a cost in the year the direct or guaranteed loan is disbursed.

Direct loans are reported net of an allowance for subsidy at present value and loan guarantee liabilities are reported at present value.

Disclose whether pre-1992 direct loans and loan guarantees are reported on a present value basis or

under the allowance-for-loss method. Under the allowance-for-loss method, the nominal amount of the direct loans is reduced by an allowance for uncollectible amounts and the liability for loan guarantees is the amount the agency estimates will more likely than not require a future cash outflow to pay default claims.

Under the present value method, the nominal amount of 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. The liability for loan guarantees is the present value of expected net cash outflows due to the loan guarantees.

Depending on the reporting method selected by management for pre-1992 direct loans and loan guarantees, agencies should choose the appropriate format from the alternatives shown in Sections B, H and K below. Agencies should follow either the net present value method or the allowance-for-loss method, but not both, and may not change from one method to the other without the advance approval of OMB.

Disclose that the net loans receivable or the value of assets related to direct loans is not the same as expected proceeds from selling the loans.

When the reporting entity has made payments on behalf of borrowers that should be collected from the borrowers, the resulting receivables must be reported in the same column as loans receivable for either direct loans or defaulted guaranteed loans.

Receivables related to administrative costs of operating these programs must be reported as accounts receivable in Note 6, not as credit program receivables in Note 8.

Narrative. Provide other information related to direct loan and loan guarantee programs, as appropriate, including a description of the characteristics of the loan programs, any commitments to guarantee, management's method for accruing interest revenue and recording interest receivable, and management's policy for accruing interest on non-performing loans.

Disclose events and changes in economic conditions, other risk factors, legislation, credit policies, and subsidy estimation methodologies and assumptions that have had a significant and measurable effect on subsidy rates, subsidy expense, and subsidy reestimates. Include events and changes that have occurred and are more likely than not to have a significant impact even if the effects are not measurable at the reporting date. Changes in legislation or credit policies include changes in borrowers' eligibility, the levels of fees or interest rates charged to borrowers, the maturity terms of loans, and the percentage of a private loan that is guaranteed.

Explain the nature of any modifications made, the discount rate used in calculating the modification cost, and the basis for recognizing a gain or loss related to the modification. If appropriate, disclose the subsidy expense resulting from reestimates that is included in the financial statements, but not reported in the budget until the following year.

With respect to the foreclosed property reported in Sections B, C, H, and I, disclose:

- Changes from prior year's accounting methods, if any;
- Restrictions on the use/disposal of the property;
- Number of properties held and average holding period by type or category; and

- Number of properties for which foreclosure proceedings were in process at the end of the period.

B. Direct Loans Obligated Prior to FY 1992 [specify Present Value or Allowance for Loss Method and change column headers (4) and (5) accordingly]:

(1) Direct Loans <u>Programs</u>	(2) Loans Receivable, <u>Gross</u>	(3) Interest <u>Receivable</u>	(4) Foreclosed Property/ Allowance for <u>Loan Losses</u>	(5) Present Value Allowance/ Foreclosed <u>Property</u>	(6) Value of Assets Related to Direct <u>Loans, Net</u>
(1) _____	xxx	xxx	xxx	xxx	xxx
(2) _____	xxx	xxx	xxx	xxx	xxx
Total	xxx	xxx	xxx	xxx	xxx

For each program with pre-1992 direct loans, report the information shown above and, if the present value method is used, report in column 4 the estimated net realizable value of related foreclosed property and report in the contra account in column 5 the present value allowance. The sum of columns 2 through 5 is reported as the value of assets related to direct loans (column 6).

If the allowance-for-loss method is used, report in column 4 the estimated net realizable value of related foreclosed property and in column 5 the allowance for loan losses. The sum of columns 2, 3, and 5 less column 4 is reported as the value of assets related to direct loans (column 6).

C. Direct Loans Obligated After FY 1991:

(1) Direct Loans <u>Programs</u>	(2) Loans Receivable, <u>Gross</u>	(3) Interest <u>Receivable</u>	(4) Foreclosed <u>Property</u>	(5) Allowance for Subsidy Cost <u>(Present Value)</u>	(6) Value of Assets Related to Direct <u>Loans, Net</u>
(1) _____	xxx	xxx	xxx	xxx	xxx
(2) _____	xxx	xxx	xxx	xxx	xxx
Total	xxx	xxx	xxx	xxx	xxx

For each program with post-1991 direct loans, report loans receivable, gross; interest receivable; and the estimated value of related foreclosed property in columns 2, 3, and 4, respectively.

Foreclosed property associated with post-1991 direct and acquired defaulted guaranteed loans will be valued at the net present value of the projected cash flows associated with the property. For more information, refer to SFFAS 2, paragraphs 57-60, and SFFAS 3, paragraphs 79-91.

Report the related allowance for subsidy cost in contra account in column 5 and report the sum of columns 2 through 5 as the value of assets related to direct loans (column 6).

D. Total Amount of Direct Loans Disbursed (Post-1991):

<u>Direct Loans Programs</u>	<u>Current Year</u>	<u>Prior Year</u>
(1) _____	xxx	xxx
(2) _____	xxx	xxx
Total	xxx	xxx

Report the total amount of direct loans disbursed for each program.

E. Subsidy Expense for Direct Loan Programs by Component:

E1. Subsidy Expense for New Direct Loans Disbursed (Current reporting year):

(1)	(2)	(3)	(4)	(5)	(6)
Direct Loan Programs	Interest Differential	Defaults	Fees and Others Collections	Other	Total
(1) _____	xxx	xxx	xxx	xxx	xxx
(2) _____	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
Total	xxx	xxx	xxx	xxx	xxx

Subsidy Expense for New Direct Loans Disbursed (Prior reporting year):

Direct Loan Programs	Interest Differential	Defaults	Fees and Others Collections	Other	Total
(1) _____	xxx	xxx	xxx	xxx	xxx
(2) _____	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
Total	xxx	xxx	xxx	xxx	xxx

E2. Modification and Reestimates (Current reporting year):

(1)	(2)	(3)	(4)	(5)
Direct Loan Programs	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates
(1) _____	xxx	xxx	xxx	xxx
(2) _____	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
Total	xxx	xxx	xxx	xxx

E3. Total Direct Loan Subsidy Expense

Direct Loan Programs	Current Year	Prior Year
(1) _____	xxx	xxx
(2) _____	<u>xxx</u>	<u>xxx</u>
Total	xxx	xxx

Disclose for each program the information shown above.

E1. Subsidy Expense for New Direct Loans Disbursed: Disclose the information shown above. The interest rate differential is the difference between the interest rate charged to the borrowers and the discount rate used to calculate the present value of the direct loans and the subsidy costs. Estimated defaults are calculated net of recoveries. Column 5 should include the present value of other cash flows such as prepayments.

E2. Direct Loan Modifications and Reestimates: Column 2 should reflect the subsidy expense for modifications of direct loans previously disbursed, whether pre-1992 or post 1991. Column 5 should reflect the sum of columns 3 and 4.

E3. Total Direct Loan Subsidy Expense: This is the total subsidy expense for direct loans, modifications, and reestimates.

F. Subsidy Rates for Direct Loans by Program and Component:

Budget Subsidy Rates for Direct Loans for the Current Year's Cohorts					
<u>Direct Loan Programs</u>	<u>Interest Differential</u>	<u>Defaults</u>	<u>Fees and Other Collections</u>	<u>Other</u>	<u>Total</u>
(1)	xx%	xx%	xx%	xx%	xx%
(2)	xx%	xx%	xx%	xx%	xx%

Disclose for each program the information shown above, with defaults estimated net of recoveries. The subsidy rate is the dollar amount of the total subsidy or a subsidy component as a percentage of the direct loans obligated in the cohort and should be consistent with the rates published in the Federal Credit Supplement to the current year Budget. Use trend data to show significant fluctuations in subsidy rates and explain the underlying causes for the fluctuations.

The reporting entity should disclose the following:

The subsidy rates disclosed pertain only to the current year's cohorts. These rates cannot be applied to the direct loans disbursed during the current reporting year to yield the subsidy expense. The subsidy expense for new loans reported in the current year could result from disbursements of loans from both current year cohorts and prior year(s) cohorts. The subsidy expense reported in the current year also includes modifications and reestimates.

G. Schedule for Reconciling Subsidy Cost Allowance Balances (Post -1991 Direct Loans):

Beginning Balance, Changes, and Ending Balance	FY 2xxx (CY)	FY 2xxx (PY)
Beginning balance of the subsidy cost allowance	\$	\$
Add: subsidy expense for direct loans disbursed during the reporting years by component:		
(a) Interest rate differential costs		
(b) Default costs (net of recoveries)		
(c) Fees and other collections		
(d) Other subsidy costs		
Total of the above subsidy expense components		
Adjustments:		
(a) Loan modifications		
(b) Fees received		
(c) Foreclosed property acquired		
(d) Loans written off		
(e) Subsidy allowance amortization		
(f) Other		
Ending balance of the subsidy cost allowance before reestimates		
Add or subtract subsidy reestimates by component:		
(a) Interest rate reestimate		
(b) Technical/default reestimate		
Total of the above reestimate components		
Ending balance of the subsidy cost allowance		

Display the information shown above for outstanding direct loans reported in the Balance Sheet for direct loans obligated on or after October 1, 1991. Reporting entities are encouraged but not required to display reconciliations for direct loans obligated prior to October 1, 1991, in schedules

separate from the direct loans obligated after September 30, 1991 because schedules for pre-1992 direct loans would not have all the same reconciling items as post-1991 direct loans.

H. Defaulted Guaranteed Loans from Pre-1992 Guarantees [specify Present Value or Allowance for Loss Method and change column headers (4) and (5) accordingly]:

(1)	(2)	(3)	(4)	(5)	(6)
Loan Guarantee Programs	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Foreclosed Property/ Allowance for Loan Losses	Present Value Allowance/ Foreclosed Property	Value of Assets Related to Defaulted Guaranteed Loans Receivable, Net
(1)	xxx	xxx	xxx	xxx	xxx
(2)	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
Total	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>

Disclose the information shown above and if the present value method is used, report the estimated net realizable value of related foreclosed property in column 4 and the present value allowance in column 5. The sum of columns 2 through 5 is reported as value of assets related to defaulted guaranteed loans receivable, net (column 6).

If the allowance-for-loss method is used, report in column 4 the estimated net realizable value of related foreclosed property and in column 5 the allowance for loan losses. The sum of columns 2 through 5 is reported as value of assets related to defaulted guaranteed loans receivable, net (column 6).

I. Defaulted Guaranteed Loans from Post 1991 Guarantees:

(1)	(2)	(3)	(4)	(5)	(6)
Loan Guarantee Programs	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Foreclosed Property	Allowance for Subsidy Cost (Present Value)	Value of Assets Related to Defaulted Guaranteed Loans Receivable, Net
(1) _____	xxx	xxx	Xxx	-xxx	xxx
(2) _____	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>-xxx</u>	<u>xxx</u>
Total	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>-xxx</u>	<u>xxx</u>

For each program with post-1991 loan guarantees, report the information shown above. Report the related allowance for subsidy cost in the contra account in column 5. Report the sum of columns 2 through 5 as the value of assets related to defaulted guaranteed loans receivable, net (column 6). For foreclosed property, see the instructions for Section C. The sum of the amounts reported in column 6 of Sections B, C, H, and I above, must equal the amount reported on the Balance Sheet as loans receivables and related foreclosed property, net.

J. Guaranteed Loans Outstanding:

J1. Guaranteed Loans Outstanding:		
(1)	(2)	(3)
<u>Loan Guarantee Programs</u>	<u>Outstanding Principal of Guaranteed Loans, Face Value</u>	<u>Amount of Outstanding Principal Guaranteed</u>
(1) _____	xxx	xxx
(2) _____	xxx	xxx
Total	xxx	xxx
J2. New Guaranteed Loans Disbursed (Current reporting year):		
<u>Loan Guarantee Programs</u>	<u>Principal of Guaranteed Loans, Face Value</u>	<u>Amount of Principal Guaranteed</u>
(1) _____	xxx	xxx
(2) _____	xxx	xxx
Total	xxx	xxx
J3. New Guaranteed Loans Disbursed (Prior reporting year):		
<u>Loan Guarantee Programs</u>	<u>Principal of Guaranteed Loans, Face Value</u>	<u>Amount of Principal Guaranteed</u>
(1) _____	xxx	xxx
(2) _____	xxx	xxx
Total	xxx	xxx

For each loan guarantee program, disclose the information shown above.

K. Liability for Loan Guarantees [specify Present Value or Estimated Future Default Claims Method and change column (2) header accordingly]:

(1)	(2)	(3)	(4)
<u>Total Loan Guarantee Programs</u>	<u>Liabilities for Losses on Pre-1992 Guarantees, Present Value/Estimated Future</u>	<u>Liabilities for Post-1991 Guarantees, Present Value</u>	<u>Loan Guarantees Liabilities for Loan Guarantees</u>
(1) __	Xxx	Xxx	xxx
(2) __	Xxx	Xxx	xxx
Total	xxx	Xxx	xxx

For each program with pre-1992 loan guarantees, disclose the information shown above and if the present value method is used to calculate the liability, report in column 2 the present value of liabilities for losses on pre-1992 loan guarantees.

If the estimated future default claims method is used, report in column 2 the estimated future default claims.

For each program with post-1991 loan guarantees, report in column 3 the present value of the estimated net cash flows (outflows less inflows) to be paid as a result of the guarantees. Report the total of columns 2 and 3 as total guarantee liabilities (column 4).

L. Subsidy Expense for Loan Guarantees by Program and Component:

L1. Subsidy Expense for New Loan Guarantees (Current reporting year):					
(1)	(2)	(3)	(4)	(5)	(6)
Loan Guarantee Programs	Interest Supplements	Defaults	Fees and Other Collections	Other	Total
(1) _____	xxx	xxx	-xxx	Xxx	xxx
(2) _____	xxx	xxx	-xxx	Xxx	xxx
Total	xxx	xxx	xxx	Xxx	xxx
Subsidy Expense for New Loan Guarantees (Prior reporting year):					
Loan Guarantee Programs	Interest Supplements	Defaults	Fees and Other Collections	Other	Total
(1) _____	xxx	xxx	-xxx	Xxx	xxx
(2) _____	xxx	xxx	-xxx	Xxx	xxx
Total	xxx	xxx	xxx	Xxx	xxx
L2. Modifications and Reestimates (Current reporting year):					
(1)	(2)	(3)	(4)	(5)	
Loan Guarantee Programs	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates	
(1) _____	xxx	xxx	xxx	xxx	
(2) _____	xxx	xxx	xxx	xxx	
Total	xxx	xxx	xxx	xxx	
L3. Total Loan Guarantee Subsidy Expense:					
Loan Guarantee Programs	Current Year	Prior Year			
(1) _____	xxx	xxx			
(2) _____	xxx	xxx			
Total	xxx	xxx			

Disclose for each program the total subsidy expense and its components, and the subsidy expense for modifications and reestimates, as shown above.

L1. Subsidy Expense for New Loan Guarantees: Disclose for each program the total subsidy expense and its components: interest supplement costs, default costs net of recoveries, fees and other collections (offsetting expense), and other costs. Column 6 is the sum of columns 2 through 5.

L2. Loan Guarantee Modifications and Reestimates: Disclose for each program the subsidy expense for modifications of loan guarantees in guaranteed loans whether pre-1992 or post-1991, reestimates of the subsidy expense for previous loan guarantees by component (interest rate and technical/default), and the sum of the reestimates (column 5).

L3. Total Loan Guarantee Subsidy Expense: Disclose the total subsidy expense for the current and prior year's loan guarantees, modifications, and reestimates.

M. Subsidy Rates for Loan Guarantees by Program and Component:

Budget Subsidy Rates for Loan Guarantees for the Current Year's Cohorts:					
<u>Loan Guarantee Programs</u>	<u>Interest Supplements</u>	<u>Defaults</u>	<u>Fees and Other Collections</u>	<u>Other</u>	<u>Total</u>
(1) _____	xx%	xx%	xx%	xx%	xx%
(2) _____	xx%	xx%	xx%	xx%	xx%

Disclose for each program the subsidy rates for interest supplement costs, default costs net of recoveries, fees and other collections, and other costs estimated for loan guarantees in the current year's Budget for the current year's cohorts. These rates are the total express as a percentage of guaranteed loans obligated in the cohort and should be consistent with the rates published in the Budget. Entities may use trend data to show significant fluctuations in rates and should explain the underlying causes for the fluctuations.

Also disclose the following:

The subsidy rates disclosed pertain only to the current year's cohorts. These rates cannot be applied to the guarantees of loans disbursed during the current reporting year to yield the subsidy expense. The subsidy expense for new loan guarantees reported in the current year could result from disbursements of loans from both current year cohorts and prior year(s) cohorts. The subsidy expense reported in the current year also includes modifications and reestimates.

N. Schedule for Reconciling Loan Guarantee Liability Balances (Post-1991 Loan Guarantees):

<u>Beginning Balance, Changes, and Ending Balance</u>	<u>FY 2xxx (CY)</u>	<u>FY 2xxx (PY)</u>
Beginning balance of the loan guarantee liability	\$	\$
Add: subsidy expense for guaranteed loans disbursed during the reporting years by component:		
(a) Interest supplement costs		
(b) Default costs (net of recoveries)		
(c) Fees and other collections		
(d) Other subsidy costs		
Total of the above subsidy expense components		
Adjustments:		
(a) Loan guarantee modifications		
(b) Fees received		
(c) Interest supplements paid		
(d) Foreclosed property and loans acquired		
(e) Claim payments to lenders		
(f) Interest accumulation on the liability balance		
(g) Other		
Ending balance of the loan guarantee liability before reestimates		
Add or subtract subsidy reestimates by component:		
(a) Interest rate reestimate		
(b) Technical/default reestimate		
Total of the above reestimate components		
Ending balance of the loan guarantee liability		

Show a reconciliation between the beginning and ending balances of the liability for outstanding

loan guarantees reported in the Balance Sheet for loan guarantees committed on or after October 1, 1991. Reporting entities are encouraged but not required to display reconciliations for loan guarantees committed prior to October 1, 1991, in schedules separate from the loan guarantees committed after September 30, 1991 because schedules for pre-1992 loan guarantees would not have the same reconciling items as post-1991 loan guarantees.

O. Administrative Expense:

<u>Direct Loan Programs</u>		<u>Loan Guarantee Programs</u>	
(1) _____	\$ xxx	(1) _____	\$ xxx
(2) _____	xxx	(2) _____	xxx
Total	<u>xxx</u>	Total	<u>xxx</u>

Report the portions of salaries and other administrative expenses that have been accounted for in support of the direct loan programs and loan guarantee programs. Report the expenses for the individual programs, if material.

II.3.8.9. Note 9: Inventory and Related Property, Net

Disclose information about each category of inventory and related property, in accordance with SFFAS 3, as amended, and Federal Financial Accounting and Auditing Technical Release (TR) 4, *Reporting on Non-Valued Seized and Forfeited Property*, as noted below. SFFAS 3, as amended, and TR 4 can be found here: <https://fasab.gov/accounting-standards/document-by-chapter/>.

Inventories: Refer to SFFAS 3, paragraphs 26(a)v, 27, 29, 30, and 35.

Operating materials and supplies: Refer to SFFAS 3, paragraphs 26(a)v, 45, 47 and 50.

Stockpile materials: Refer to SFFAS 3, paragraphs 26(a)v, 55, and 56.

Seized property: Refer to SFFAS 3, paragraph 66, and TR 4.

Forfeited property: Refer to SFFAS 3, paragraph 78, and TR 4.

Foreclosed Property: Refer to SFFAS 3, paragraph 91.

Goods held under price support and stabilization programs: Refer to SFFAS 3, paragraph 109.

II.3.8.10. Note 10: General Property, Plant and Equipment, Net

Disclose information about the major classes of general PP&E (e.g., buildings and structures, furniture and fixtures, equipment, vehicles, internal use software, and land) in accordance with SFFAS 6, paragraph 45; SFFAS 10, paragraph 35 and 36(f); and SFFAS 44, paragraphs 21 and 25.

The following are the minimum disclosures required for each major class of general PP&E:

- Cost, associated accumulated depreciation, and book value
- Use and general basis of any estimates used
- Estimated useful life
- Method(s) of depreciation

- Capitalization threshold(s), including any changes in threshold(s) during the period
- Restrictions on the use or convertibility of general PP&E

Alternative methods for establishing opening balances for general PP&E are provided in SFFAS 50, and include “deemed cost” for opening balances of general PP&E, excluding land and land rights from opening balances if acreage information is disclosed and future acquisitions are expensed, and choosing between deemed cost and prospective capitalization for opening balances of internal use software.

II.3.8.11. Note 11: Stewardship PP&E

Disclose information about heritage assets and stewardship land in accordance with SFFAS 29, paragraphs 25 and 27 and paragraph 40, respectively. The following are the minimum disclosures:

- A statement explaining how they relate to the mission of the entity;
- A description of the entity’s stewardship policies;
- A description of major categories;
- Physical unit information for the end of the reporting period;
- Physical units added and withdrawn during the year; and
- A description of the methods of acquisition and withdrawal.

II.3.8.12. Note 12: Other Assets

	2xxx (CY)	2xxx (PY)
A.1. Intragovernmental		
(1) _____	\$ xxx	\$ xxx
(2) _____	xxx	xxx
(3) _____	<u>xxx</u>	<u>xxx</u>
Total Intragovernmental	Xxx	xxx
2. _____	xxx	xxx
3. _____	xxx	xxx
4. _____	xxx	xxx
Total Other Assets	\$x,xxx	\$x,xxx

B. Other Information _____

Disclose intragovernmental other assets separately from non-intragovernmental other assets. Other assets, both material and immaterial amounts, must be reported in GTAS using the proper USSGL code.

II.3.8.13. Note 13: Liabilities Not Covered by Budgetary Resources

	2xxx (CY)	2xxx (PY)
A. Intragovernmental:		
(1) Accounts payable	\$ xxx	\$ xxx
(2) Debt	xxx	xxx
(3) Other	xxx	xxx
Total Intragovernmental	xxx	xxx
	xxx	xxx
B. Accounts payable	xxx	xxx
C. Debt held by the public	xxx	xxx
D. Federal employee and veteran benefits	xxx	xxx
E. Environmental and disposal liabilities	xxx	xxx
F. Benefits due and payable	xxx	xxx
G. Other	<u>xxx</u>	<u>xxx</u>
Total liabilities not covered by budgetary resources	\$ x,xxx	\$ x,xxx
Total liabilities covered by budgetary resources	\$ x,xxx	\$ x,xxx
Total liabilities not requiring budgetary resources	\$ x,xxx	\$ x,xxx
Total liabilities	<u>\$ x,xxx</u>	<u>\$ x,xxx</u>

H. Other Information _____

Disclose intragovernmental liabilities not covered by budgetary resources separately from other liabilities not covered by budgetary resources and provide other information needed to understand the nature of liabilities not covered by budgetary resources. See the Liabilities section above for definitions of the three types of liabilities.

II.3.8.14. Note 14: Debt

	2xxx (PY) Beginning Balance	2xxx (PY) Net Borrowing	2xxx (PY) Ending Balance	2xxx (CY) Net Borrowing	2xxx (CY) Ending Balance
A. Treasury Debt					
(1) Intragovernmental	xxx	xxx	xxx	xxx	xxx
(2) Held by the Public	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
Total Treasury Debt	xxx	xxx	xxx	xxx	xxx
B. Agency Debt:					
(1) Intragovernmental	xxx	xxx	xxx	xxx	xxx
(2) Held by the Public	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
Total Agency Debt	xxx	xxx	xxx	xxx	xxx
C. Other Debt:					
(1) Debt to the Treasury	xxx	xxx	xxx	xxx	xxx
(2) Debt to the Federal Financing Bank	xxx	xxx	xxx	xxx	xxx
(3) Debt to Other Federal Agencies	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
Total Other Debt	xxx	xxx	xxx	xxx	xxx
Total Debt	<u>x,xxx</u>	<u>x,xxx</u>	<u>x,xxx</u>	<u>x,xxx</u>	<u>x,xxx</u>
D. Classification of Debt:				2xxx (CY)	2xxx (PY)
(1) Intragovernmental Debt				x,xxx	x,xxx
(2) Debt held by the Public				<u>x,xxx</u>	<u>x,xxx</u>
Total Debt				<u>x,xxx</u>	<u>x,xxx</u>
E. Other Information: _____					

All debt is classified as not covered by budgetary resources, except for direct loan and guaranteed loan financing account debt to Treasury and that portion of other debt covered by budgetary resources at the Balance Sheet date.

Lines A(1) and A(2), Treasury Debt, should be reported by the Treasury Department only. Line B should be agency debt issued under special financing authorities (e.g., Federal Housing Administration debentures and Tennessee Valley Authority bonds), reporting separately agency debt held by Government agencies and agency debt held by the public. Line C should be debt owed to Federal agencies: Line C(1) should be debt owed to the Treasury, including direct loan and guaranteed loan financing account debt to Treasury and other debt owed to Treasury; Line C(2) should be debt owed to the Federal Financing Bank; and Line C(3) should be debt owed to other Federal agencies. Net borrowing and repayment should not include amounts that result from refinancing.

Classification of Debt. Intragovernmental debt is all debt owed to Treasury, the Federal Financing Bank, or other Federal agencies (Lines A(1), B(1), and C(4)) and must equal intragovernmental debt reported on the Balance Sheet. All debt held by the public should be on lines A(2) and B(2) and must equal debt held by the public on the Balance Sheet.

Other Information should include (1) the names of the agencies other than Treasury or the Federal Financing Bank to which intragovernmental debt is owed, (2) the amounts owed, and (3) any other information relevant to debt (e.g., redemption or call of debts owed to the public before maturity dates, write-offs of debts owed Treasury or the Federal Financing Bank, etc.).

II.3.8.15. Note 15: Federal Employee and Veterans' Benefits

In accordance with SFFAS 5 and SFFAS 33, entities responsible for administering pensions, ORB, and OPEB (including post-retirement health, civilian life insurance, veteran compensation and burial, and veteran education benefits) should disclose:

- Assumptions used. If a pension plan uses assumptions that differ from those used by the Civil Service Retirement System, the Federal Employees' Retirement System, and the Military Retirement System, the plan should disclose how and why its assumptions differ.
- A reconciliation of beginning and ending pension, ORB, and OPEB liability balances, as shown in the illustrative reconciliation below:

Beginning liability balance	xxx
Expense:	
Normal Cost:	xxx
Interest on the liability balance	xxx
Actuarial (gain)/loss:	
From experience:	xxx
From assumption changes:	xxx
Prior service costs from plan changes	xxx
Other:	xxx
Total expense	xxx
Less amounts paid:	xxx
Ending liability balance	xxx

Significant pension, ORB, and OPEB programs should be presented individually in separate columns along with an “all other” column, if applicable, and a “total” column for each line item. To support the preparation of the FR, all amounts for pension, post-retirement health, and life insurance must be disclosed even if immaterial.

These entities should also disclose information related to assets (see SFFAS 33, paragraph 25, and SSFAS 5, paragraphs 68 and 85), discount rates (see SFFAS 33, paragraphs 28 and 31), and other assumptions (see SFFAS 33, paragraph 35, and SFFAS 5, paragraphs 67, and 83). To support the preparation of the FR, entities responsible for administering pensions must disclose the rates of interest and inflation, projected salary increases, and the cost-of-living adjustment (for civilians) used to determine the pension liability and related expense. Separate rates must be disclosed for the Federal Employees Retirement System (FERS) and the Civil Service Retirement System (CSRS).

Also to support the preparation of the FR, entities responsible for administering post-retirement health benefits must disclose the rate of interest, the single equivalent medical cost trend rate, and the ultimate medical trend rate used to determine the health benefits liability and related expense. Entities responsible for administering civilian life insurance benefits must disclose the rates of

interest and salary increases used to determine the life insurance benefits liability and related expense. Entities responsible for workers compensation benefits should disclose the cost-of living adjustments and the consumer price index-medical used to determine the benefits liability and related expense. Entities responsible for veteran compensation and burial benefits should disclose the rates of interest and inflation used to determine the benefits liability and related expense.

II.3.8.16. Note 16: Environmental and Disposal Liabilities

Disclose environmental and disposal liabilities in accordance with SFFAS 5; SFFAS 6, paragraphs 107-111; and TR 2, *Determining Probable and Reasonably Possible for Environmental Liabilities in the Federal Government*. For environmental hazards resulting from ongoing operations, include the: (1) sources of cleanup requirements, (2) method for assigning estimated total cleanup costs to current operating periods, (3) unrecognized portion of estimated total cleanup cost associated with general PP&E, (4) material changes in total estimated cleanup costs due to changes in laws, technology or plans, and the portion of the change in estimates that relates to prior period operations, and (5) nature of estimates and information regarding possible changes due to inflation, deflation, technology, or applicable laws and regulations.

Disclose liabilities related to friable and non-friable asbestos cleanup costs deemed probable but not reasonably estimable in accordance with Technical Bulletin 2006-1, *Recognition and Measurement of Asbestos-Related Cleanup Costs*. See the Commitments and Contingencies Note below for an illustrative format for the required disclosures.

II.3.8.17. Note 17: Other Liabilities

	Non-Current	Current	2xxx (CY) Total
1. Intragovernmental			
(1) _____	xxx	xxx	xxx
(2) _____	xxx	xxx	xxx
(3) _____	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
Total Intragovernmental	xxx	xxx	xxx
2. _____	xxx	xxx	xxx
3. _____	xxx	xxx	xxx
4. _____	xxx	xxx	<u>xxx</u>
Total Other Liabilities	x,xxx	x,xxx	x,xxx

B. 1. Intragovernmental	Non-Current	Current	2xxx (CY) Total
(1) _____	xxx	xxx	xxx
(2) _____	xxx	xxx	xxx
(3) _____	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
Total Intragovernmental	xxx	xxx	xxx
2. _____	xxx	xxx	xxx
3. _____	xxx	xxx	xxx
4. _____	xxx	xxx	xxx
Total Other Liabilities	x,xxx	x,xxx	x,xxx

Disclose separately the current portion of intragovernmental and non-intragovernmental other liabilities. Provide other information necessary to understand the nature of other liabilities. Other liabilities, both material and immaterial amounts, must be reported in

GTAS using the proper USSGL code. Legal liabilities reported in this note must be consistent with accrued probable contingencies reported in the Commitments and Contingencies note and the total probable legal matters reported on the agency management schedule.

II.3.8.18. Note 18: Leases

Entity as Lessee:

Capital Leases:

	2xxx	2xxx
	(CY)	(PY)
Summary of Assets Under Capital Lease:	xxx	xxx
Land and Buildings	xxx	xxx
Machinery and Equipment	xxx	xxx
Other	xxx	xxx
Accumulated Amortization	xxx	xxx

Description of Lease Arrangements: _____

Future Payments Due:

<u>Fiscal Year</u>	(1)	<u>Asset Category</u>		Totals
		(2)	(3)	
Year 1	xxx	xxx	xxx	xxx
Year 2	xxx	xxx	xxx	xxx
Year 3	xxx	xxx	xxx	xxx
Year 4	xxx	xxx	xxx	xxx
Year 5	xxx	xxx	xxx	xxx
After 5 Years	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
Total Future Lease Payments	xxx	xxx	xxx	xxx
Less: Imputed Interest	xxx	xxx	xxx	xxx
Less: Executory Costs (e.g., taxes)	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
Net Capital Lease Liability	<u>x,xxx</u>	<u>x,xxx</u>	<u>x,xxx</u>	<u>x,xxx</u>
Capital lease liabilities covered by budgetary resources				x,xxx
Capital lease liabilities not covered by budgetary resources				x,xxx

Operating Leases:

Description of Lease Arrangements: _____

Future Payments Due for Non-Cancelable Operating Leases:

<u>Fiscal Year</u>	(1)	<u>Asset Category</u>		Totals
		(2)	(3)	
Year 1	xxx	xxx	xxx	xxx
Year 2	xxx	xxx	xxx	xxx
Year 3	xxx	xxx	xxx	xxx
Year 4	xxx	xxx	xxx	xxx
Year 5	xxx	xxx	xxx	xxx
After 5 Years	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
Total Future Lease Payments	x,xxx	x,xxx	x,xxx	x,xxx

*[Optional: Future Lease Payments Due for Cancellable Operating Leases
Disclose separately, with narrative to explain the lease arrangements.]*

Entity as Lessor:				
Capital Leases:				
Description of Lease Arrangements: _____				
Future Projected Receipts:				
<u>Fiscal Year</u>	(1)	<u>Asset Category</u> (2)	(3)	Totals
Year 1	xxx	xxx	xxx	xxx
Year 2	xxx	xxx	xxx	xxx
Year 3	xxx	xxx	xxx	xxx
Year 4	xxx	xxx	xxx	xxx
Year 5	xxx	xxx	xxx	xxx
After 5 Years	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
Total Future Projected Receipts for Capital Leases	<u>x,xxx</u>	<u>x,xxx</u>	<u>x,xxx</u>	<u>x,xxx</u>
Operating Leases:				
Description of Lease Arrangements: _____				
Future Projected Receipts:				
<u>Fiscal Year</u>	(1)	<u>Asset Category</u> (2)	(3)	Totals
Year 1	xxx	xxx	xxx	xxx
Year 2	xxx	xxx	xxx	xxx
Year 3	xxx	xxx	xxx	xxx
Year 4	xxx	xxx	xxx	xxx
Year 5	xxx	xxx	xxx	xxx
After 5 Years	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
Total Future Projected Receipts for Operating Leases	x,xxx	x,xxx	x,xxx	x,xxx
Other Information:				
<i>[Optional: Future Projected Receipts Due for Cancelable Operating Leases Disclose separately, with narrative to explain the lease arrangements.]</i>				

SFFAS 5 and SFFAS 6 provide the criteria for liability and asset recognition with respect to capital leases.

A. Entity as Lessee.

Capital Leases: Disclose Federal and non-Federal leases separately.

Summary of Assets Under Capital Lease: Enter the gross assets under capital lease by major asset category and the related total accumulated amortization.

Description of Lease Arrangements: Provide information that describes the nature of the leases, such as major asset categories and/or the number of locations where building space is leased, the range of dates when lease terms expire, and, if applicable, the accounting treatment of rent holidays and leasehold improvements.

Future Payments Due: Enter future lease payments by major asset category for all capital leases with terms longer than one year.

Show deductions for imputed interest and executory costs. Separately disclose the portions of the capital lease liability covered by budgetary resources and not covered by budgetary resources. See Appendix B, Budgetary Treatment of Lease-Purchases and Leases of Capital Assets of OMB Circular A-11 for additional guidance, but note a difference in terminology; the term capital leases as used in Note 18 includes both capital leases and lease purchases as those terms are used in Circular A-11. Under Circular A-11, capital leases entered into in FY 1992 and later are required to be fully funded in the first year of the lease.

Operating Leases: Disclose Federal and non-Federal leases separately.

Description of Lease Arrangements: Provide information that describes the nature of the leases, such as major asset categories and the range of dates when lease terms expire.

Future Payments Due: Disclose future lease payments by major asset category for all non-cancelable leases with terms longer than one year. Disclosure of future payments for cancellable leases is optional, but if disclosed, future payments for cancellable leases should be separate from future payments for non-cancelable leases.

B. Entity as Lessor.

Description of Lease Arrangements: Disclose the commitment of the entity's assets, including the major asset category and lease terms.

Future Projected Receipts: Enter projected future lease revenues by major asset category for all capital and non-cancelable operating leases with terms longer than one year. Disclosure of future receipts for cancelable leases is optional, but if disclosed, projected future receipts for cancelable leases should be separate from projected future receipts for non-cancelable leases.

C. Other Information.

Provide other information necessary for understanding leases that is not disclosed in the above categories.

II.3.8.19. Note 19: Life Insurance Liabilities

For the prior year disclosure in FY 2019 (for the FY 2018 amount), disclose the liability for whole life insurance programs in accordance with disclosure requirements of SFFAS 5 that were applicable for FY 2018.

For the current year disclosure in FY 2019, disclose the liability for whole life insurance programs in accordance with SFFAS 51 paragraphs 65-68.

II.3.8.20. Note 20: Commitments and Contingencies

Disclose the following commitments: (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.

Also disclose contingent liabilities, including those arising from treaties or other international agreements, in accordance with SFFAS 5, as amended, paragraphs 39-42. See the illustrative table below; each type of contingency (legal, environmental, and other) must be provided separately. See also Table 1: Accounting for Contingent Losses, in Section 1002 of GAO's Financial Audit Manual Volume 2 for a guide to contingency loss reporting.

Illustrative Contingent Loss Table

	Accrued Liabilities	Estimated Range of Loss	
		Lower End	Upper End
Current FY			
Legal Contingencies:			
Probable	\$ XX	\$ XX	\$ XX
Reasonably Possible		\$ XX	\$ XX
Environmental Contingencies:			
Probable	\$ XX	\$ XX	\$ XX
Reasonably Possible		\$ XX	\$ XX
Other Contingencies:			
Probable	\$ XX	\$ XX	\$ XX
Reasonably Possible		\$ XX	\$ XX
Prior FY			
Legal Contingencies:			
Probable	\$ XX	\$ XX	\$ XX
Reasonably Possible		\$ XX	\$ XX
Environmental Contingencies:			
Probable	\$ XX	\$ XX	\$ XX
Reasonably Possible		\$ XX	\$ XX
Other Contingencies:			
Probable	\$ XX	\$ XX	\$ XX
Reasonably Possible		\$ XX	\$ XX

Where the amount of the contingent loss is known, report it under both the lower and upper end columns. For probable contingent losses where the amount is known, also report it under accrued liabilities. For probable contingent losses where the amount is a range, report the lower end of the range if no other amount within the range is a better estimate under the accrued liabilities column.

If the amount or a range of loss cannot be estimated, disclose that an estimate cannot be made.

Accrued probable contingencies disclosed in this note must also be reported in the Other Liabilities note. In addition, this note must be consistent with the information summarized on the agency's management schedule and legal representation letter.

II.3.8.21. Note 21: Funds from Dedicated Collections

	<u>ABC Fund</u>	<u>CDE Fund</u>	<u>Other Funds from Dedicated Collections</u>	<u>Eliminations*</u>	<u>Total Funds from Dedicated Collections</u>
Balance Sheet as of September 30					
ASSETS					
Fund Balance with Treasury	\$ xxx	\$ xxx	\$ xxx	\$ xxx	\$ xxx
Investments, net	xxx	xxx	xxx	xxx	xxx
Taxes and interest receivable	xxx	xxx	xxx	xxx	xxx
Other assets	xxx	xxx	xxx	xxx	xxx
Total assets	<u>\$ xxx</u>	<u>\$ xxx</u>	<u>\$ xxx</u>	<u>\$ xxx</u>	<u>\$ xxx</u>
LIABILITIES					
Other liabilities	\$ xxx	\$ xxx	\$ xxx	\$ xxx	\$ xxx
Total liabilities	<u>\$ xxx</u>	<u>\$ xxx</u>	<u>\$ xxx</u>	<u>\$ xxx</u>	<u>\$ xxx</u>
Unexpended appropriations	\$ xxx	\$ xxx	\$ xxx	\$ xxx	\$ xxx
Cumulative results of operations	xxx	xxx	xxx	xxx	xxx
Total liabilities and net position	<u>\$ xxx</u>	<u>\$ xxx</u>	<u>\$ xxx</u>	<u>\$ xxx</u>	<u>\$ xxx</u>

Statement of Net Cost for the Period Ended September 30

Gross program costs	\$ xxx	\$ xxx	\$ xxx	\$ xxx	\$ xxx
Less: Earned revenues			xxx		xxx
Net program costs	xxx	xxx	xxx	xxx	xxx
Costs not attributable to program costs	xxx	xxx	xxx	xxx	xxx
Less: Earned revenues not attributable to program costs	xxx	xxx	xxx	xxx	xxx
Net cost of operations	<u>\$ xxx</u>	<u>\$ xxx</u>	<u>\$ xxx</u>	<u>\$ xxx</u>	<u>\$ xxx</u>

Statement of Changes in Net Position For the Period Ended September 30

Net position beginning of period	\$ xxx	\$ xxx	\$ xxx	\$ xxx	\$ xxx
Taxes and nonexchange revenue	\$ xxx	\$ xxx	\$ xxx	\$ xxx	\$ xxx
Other financing sources	xxx	xxx	xxx	xxx	xxx
Net cost of operations	xxx	xxx	xxx	xxx	xxx
Change in net position	<u>\$ xxx</u>	<u>\$ xxx</u>	<u>\$ xxx</u>	<u>\$ xxx</u>	<u>\$ xxx</u>
Net position end of period	<u>\$ xxx</u>	<u>\$ xxx</u>	<u>\$ xxx</u>	<u>\$ xxx</u>	<u>\$ xxx</u>

*Agencies presenting the footnote on a combined basis would not include an eliminations column.

Disclose, in accordance with SFFAS 27, as amended, all funds from dedicated collections for which the reporting entity has program management responsibility.

Information should be disclosed for individually reported Funds from Dedicated Collections, or portions thereof, for which a component entity has program management responsibility in

accordance with SFFAS 27, paragraphs 22 and 23. The note disclosure should show current and prior years. The total net position of all Funds from Dedicated Collections shown in the note disclosure should agree with the total net position of Funds from Dedicated Collections shown on the face of the component entity's Balance Sheet. SFFAS 27, as amended, contains guidance for situations in which more than one component entity is responsible for carrying out a program financed with revenues and other financing sources for funds from dedicated collections. If separate portions of the program can be clearly identified with a responsible component entity, then each component entity should report its portion of the program (and an accounts payable in the reporting entity must be matched with an accounts receivable in the recipient entity).

An example of when separate portions can be clearly identified is when receipts have been appropriated to a reporting entity and that recipient has recorded a receivable. In contrast, an example of when separate portions cannot be identified is when receipts have not yet been appropriated.

If separate portions cannot be identified, the component with program management responsibility should report the fund. The component entity with program management responsibility is defined as the entity from which the offsetting receipts are distributed, as shown in the Budget. If the collections are classified as governmental receipts, then the component entity with program management responsibility is defined as the entity where the budget presentation of the trust fund receipts is shown in the Budget *Appendix*. Differences in comparative statements will be identified in the corresponding statement notes.

Also disclose intra-entity eliminations with non-dedicated collections and intragovernmental dedicated collections gross cost and revenue.

A crosswalk from a consolidated to combined net position for funds from dedicated collections may be disclosed if the net position of funds from dedicated collections is shown on a consolidated basis on the Balance Sheet and if management determines that such a crosswalk would provide useful information at the fund level. See page 96 of the Department of Interior's FY 2018 Financial Report for an example of such a crosswalk, found here: https://www.doi.gov/sites/doi.gov/files/uploads/doi_fy2018_afr.pdf.

Note Disclosures Related to the Statement of Net Cost

II.3.8.22. Note 22: Suborganization Program Costs/Program Costs by Segment

If the reporting entity's organizational structure and operations are complex or if the SNC displays highly aggregated program information, disclose costs and revenues to support the SNC, as shown in the illustrative statement below.

Note 22 Suborganization Program Costs/Program Costs by Segment

Reporting Entity
Supporting Schedule by Suborganization
For the year ended September 30, 2xxx
(CY) (in dollars/thousands/millions)

	Suborgani zation A	Suborgani zation B	Suborgani zation C	Combined Total	Intra-entity Eliminations	Consolidated Total
Crosscutting programs						
Program A						
Gross Costs (Note 22)	xxx	--	xxx	xxx	xxx	xxx
Less: Earned revenues	<u>xxx</u>	--	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
Net program costs	x,xxx	--	x,xxx	x,xxx	x,xxx	x,xxx
Other programs						
Program B:	--	xxx	--	xxx	xxx	xxx
Program C:	xxx	xxx	--	xxx	xxx	xxx
Program D:	--	--	xxx	xxx	xxx	xxx
Program E:	--	--	xxx	xxx	xxx	xxx
Program F:	--	--	xxx	xxx	xxx	xxx
Other programs	--	--	xxx	xxx	xxx	xxx
Less: Earned revenues	<u>xxx</u>	--	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
Net other program costs	x,xxx	x,xxx	x,xxx	x,xxx	x,xxx	x,xxx
(Gain)/loss on pension, ORB, or OPEB assumption changes (Note 15):	--	--	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
Net program expenses including assumption changes:	x,xxx	x,xxx	x,xxx	x,xxx	x,xxx	x,xxx
Cost not assigned to programs	xxx	xxx	xxx	xxx	xxx	xxx
Less: Earned revenues not attributed to programs	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
Net cost of operations	<u>x,xxx</u>	<u>x,xxx</u>	<u>x,xxx</u>	<u>x,xxx</u>	<u>x,xxx</u>	<u>x,xxx</u>

Note 22 Suborganization Program Costs/Program Costs by Segment (Continued)

Reporting Entity Supporting Schedule by Suborganization For the year ended September 30, 2xxx (CY) (in dollars/thousands/millions)						
	Suborgani zation A	Suborgani zation B	Suborgani zation C	Combined Total	Intra-entity Elimination s	Consolidated Total
Crosscutting programs						
Program A:						
Gross Costs (Note 22)	xxx	--	xxx	xxx	xxx	xxx
Less: Earned revenues	<u>xxx</u>	--	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
Net program costs	x,xxx	--	x,xxx	x,xxx	x,xxx	x,xxx
Other programs						
Program B:	--	xxx	--	xxx	xxx	xxx
Program C:	xxx	xxx	--	xxx	xxx	xxx
Program D:	--	--	xxx	xxx	xxx	xxx
Program E:	--	--	xxx	xxx	xxx	xxx
Program F:	--	--	xxx	xxx	xxx	xxx
Other programs	--	--	xxx	xxx	xxx	xxx
Less: Earned revenues	<u>xxx</u>	--	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
Net other program costs	x,xxx	x,xxx	x,xxx	x,xxx	x,xxx	x,xxx
(Gain)/loss on pension, ORB, or OPEB assumption changes (Note 15):						
Net program expenses incl. assumption changes:	--	--	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
Cost not assigned	xxx	xxx	xxx	--	xxx	xxx
Less: Earned revenues not attributed to programs	<u>xxx</u>	<u>xxx</u>	--	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
Net cost of operations	<u>x,xxx</u>	<u>x,xxx</u>	<u>x,xxx</u>	<u>x,xxx</u>	<u>x,xxx</u>	<u>x,xxx</u>

II.3.8.23. Note 23: Cost of Stewardship PP&E

If not presented separately on the SNC, disclose (1) the cost of acquiring, constructing, improving, reconstructing, or renovating heritage assets other than multi-use heritage assets and (2) the cost of acquiring stewardship land, including all costs to prepare the land for its intended use, in accordance with SFFAS 29.

II.3.8.24. Note 24: Stewardship PP&E Through Transfer, Donation or Devise

Disclose transfers of heritage assets and stewardship land between Federal entities (by the number of physical units by major category) and the fair value and number of physical units by major category of heritage assets and stewardship land acquired through donation or devise in accordance with SFFAS 29.

II.3.8.25. Note 25: Exchange Revenues

Disclose exchange revenue pricing and loss information in accordance with SFFAS 7, paragraph 46.

II.3.8.26. Note 26: Inter-Entity Costs

Pursuant to SFFAS 4, as amended, paragraph 113A, reporting entities should disclose, if necessary, that only certain inter-entity costs are recognized for goods and services that are received from other federal entities at no cost or at a cost less than the full cost. An illustrative disclosure that reflects unreimbursed costs that are required to be imputed by GAAP is shown below. Entities should also disclose the general nature of other imputed costs recognized in their financial statements in addition to the information shown below.

Goods and services are received from other federal entities at no cost or at a cost less than the full cost to the providing federal entity. Consistent with accounting standards, certain costs of the providing entity that are not fully reimbursed [by the component reporting entity] are recognized as imputed cost [in the Statement of Net Cost], and are offset by imputed revenue [in the Statement of Changes in Net Position]. Such imputed costs and revenues relate to business-type activities (if applicable), employee benefits, and claims to be settled by the Treasury Judgment Fund. However, unreimbursed costs of goods and services other than those identified above are not included in our financial statements.

Note Disclosures Related to the Statement of Budgetary Resources

II.3.8.27. Note 27: Net Adjustments to Unobligated Balance, Brought Forward, October 1

Disclose material adjustments during the reporting period to budgetary resources available at the beginning of the year and an explanation for the adjustments in accordance with SFFAS 7, paragraph 79. For corrections of errors this may include the amount of the errors and the period in which the errors occurred. This disclosure may not include all adjustments made to beginning balances reported on line 1020 of the SF-133, Report on Budget Execution and Budgetary Resources, which includes immaterial and material adjustments.

II.3.8.28. Note 28: Terms of Borrowing Authority Used

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

II.3.8.29. Note 29: Available Borrowing/Contract Authority, End of the Period

Disclose the amount of available borrowing and contract authority at the end of the period.

II.3.8.30. Note 30: Undelivered Orders at the End of the Period

Disclose the amount of budgetary resources obligated for undelivered orders at the end of the period, separately disclosing Federal, non-Federal, paid, and unpaid amounts.

II.3.8.31. Note 31: Permanent Indefinite Appropriations

Disclose the existence, purpose, and availability of permanent indefinite appropriations either in a note to the SBR or in Note 1.

II.3.8.32. Note 32: Legal Arrangements Affecting the Use of Unobligated

Balances

Disclose the information about legal arrangements affecting the use of unobligated balances of budget authority, such as time limits, purpose, and obligation limitations, e.g., the portion of trust fund receipts collected in the current fiscal year that (1) exceed the amount needed to pay benefits or other valid obligations and (2) the excess of receipts temporarily precluded from obligation by law due to a benefit formula or other limitation.

II.3.8.33. Note 33: Explanation of Differences between the SBR and the Budget of the U.S. Government

Agencies should explain material differences that exist between:

1. The budgetary resources, new obligations, upward adjustments (total), and net outlay amounts from the prior year (i.e., FY 2018) SBR and the actual amounts from “Detailed Budget Estimates by Agency” found in the *Appendix* of the Budget (i.e., the FY 2018 amounts in the FY 2020 Budget).
2. The distributed offsetting receipts amount from the prior year (i.e., FY 2018) SBR and the actual amount from the “Federal Budget by Agency and Account” in the Analytical Perspectives of the Budget (i.e., the FY 2018 amounts in the FY 2020 Budget).

Agencies should disclose that the Budget with the actual amounts for the current year (i.e., FY 2019) will be available at a later date at <https://www.whitehouse.gov/omb/budget/>.

Below is an illustrative schedule.

	Budgetary Resources	New Obligations & Upward Adjustments (Total)	Distributed Offsetting Receipts	Net Outlays
Combined Statement of Budgetary	\$ xxx	\$ xxx	\$ xxx	\$ xxx
Difference #1	\$ xxx	\$ xxx	\$ xxx	\$ xxx
Difference #2	\$ xxx	\$ xxx	\$ xxx	\$ xxx
Budget of the U.S. Government	\$ xxx	\$ xxx	\$ xxx	\$ xxx

II.3.8.34. Note 34: Contributed Capital

Disclose capital infusion received during the reporting period in accordance with SFFAS 7, paragraph 79.

Note Disclosures Related to the Statement of Custodial Activity

II.3.8.35. Note 35: Incidental Custodial Collections

Entities collecting immaterial custodial revenues that are incidental to their primary mission may disclose the sources and amounts of the collections and the amounts distributed to others.

II.3.8.36. Note 36: Custodial Revenues

Disclose information about the collection of nonexchange revenue in accordance with SFFAS 7,

paragraphs 64-66, including: (1) basis of accounting, (2) factors affecting the collectability and timing of taxes and other nonexchange revenues, and (3) cash collections and refunds by tax year and type of tax for the reporting period.

Note Disclosures Related to the Statement of Social Insurance and the Statement of Changes in Social Insurance Amounts

II.3.8.37. Note 37: Statement of Social Insurance and Statement of Changes in Social Insurance Amounts

Disclose social insurance program information in accordance with SFFAS 17, paragraphs 27(3) (h) through (3)(j) and SFFAS 37, paragraph 32. Include the following:

- the accumulated excess of all past cash receipts, including interest on investments, over all past cash disbursements within the program represented by the fund balance at the valuation date;
- a statement that the actuarial net present value of the excess of future expenditures related to benefit payments paid to or on behalf of current participants (the "closed group" of participants) over future contributions and tax income from them or paid on their behalf 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 benefit payments to them or on their behalf; and
- information required in subparagraphs 27(3) (a)-(h) for the current year and each of the four preceding years.

See the RSI Section below for additional required social insurance information.

The statement of changes in social insurance amounts (SCSIA) must disclose in notes on the face of the SCSIA, in notes to the financial statements, or both the reasons for the changes in the open group measure for the two-year period.

To support the preparation of the FR, entities responsible for the Medicare program should disclose the general revenue contributions under Medicare Parts B and D for the current law and alternative scenarios. In addition, entities responsible for the Railroad Retirement program should disclose the financial interchange revenue received from the Social Security program.

Note Disclosures Not Pertaining to a Specific Statement

II.3.8.38. Note 38: Fiduciary Activities

Disclose information about fiduciary activities in accordance with SFFAS 31. Below are illustrative schedules. In addition to these disclosures, to support the preparation of the FR, disclose the number of fiduciary funds for which the entity has management responsibility.

Department XYZ

Schedule of Fiduciary Activity

For the years ended September 30, 2XXX (CY) and 2XXX (PY)

	2XXX (CY)	2XXX (CY)	2XXX (CY)	2XXX (PY)	2XXX (PY)	2XXX (PY)
	Fiduciary Fund A	Other Fiduciary Funds	Total Fiduciary Funds	Fiduciary Fund A	Other Fiduciary Funds	Total Fiduciary Funds
1. Fiduciary net assets, beginning of year	\$ xxx	\$ xxx	\$ xxx	\$ xxx	\$ xxx	\$ xxx
2. Fiduciary Revenues	xxx	xxx	xxx	xxx	xxx	xxx
3. Contributions	xxx	xxx	xxx	xxx	xxx	xxx
4. Investment earnings	xxx	xxx	xxx	xxx	xxx	xxx
5. Gain (Loss) on disposition of investments, net	xxx	xxx	xxx	xxx	xxx	xxx
6. Administrative and other expenses	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)
7. Disbursements to and on behalf of beneficiaries	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)
8. Increase/(Decrease) in fiduciary net assets	xxx	xxx	xxx	xxx	xxx	xxx
9. Fiduciary net assets, end of year	\$ xxx	\$ xxx	\$ xxx	\$ xxx	\$ xxx	\$ xxx

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

**Fiduciary
Net Assets**

As of September 30, 2XXX (CY) and
2XXX (PY)

	2XXX (CY)	2XXX (CY)	2XXX (CY)	2XXX (PY)	2XXX (PY)	2XXX (PY)
	Fiduciary Fund A	Other Fiduciary Funds	Total Fiduciary Funds	Fiduciary Fund A	Other Fiduciary Funds	Total Fiduciary Funds
FIDUCIARY ASSETS						
1. Cash and cash equivalents	\$ xxx	\$ xxx	\$ xxx	\$ xxx	\$ xxx	\$ xxx
Fund Balance w/ Treasury	xxx	xxx	xxx	xxx	xxx	xxx
2. Investments						
Investments in Treasury securities	xxx	xxx	xxx	xxx	xxx	xxx
Investments in non-Treasury securities	xxx	xxx	xxx	xxx	xxx	xxx
3. Other assets	xxx	xxx	xxx	xxx	xxx	xxx
4. Less: Liabilities	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)	(xxx)
5. Total Fiduciary net assets	\$ xxx	\$ xxx	\$ xxx	\$ xxx	\$ xxx	\$ xxx

Description of non-monetary fiduciary assets (composition of the assets, method(s) of valuation, and changes from prior period):

Department
of XYZ

**Schedule of Changes in Non-Valued
Fiduciary Assets**

As of September 30, 2XXX (CY) and
2XXX (PY)

	<u>2XXX (CY)</u>	<u>2XXX (PY)</u>
1. Beginning Quantity	xxx	xxx
2. Additions	xxx	xxx
3. Dispositions	xxx	xxx
4. Net Increase/Decrease	<u>xxx</u>	<u>xxx</u>
5. Ending Quantity	<u>xxx</u>	<u>xxx</u>

Description of non-valued fiduciary assets: _____

II.3.8.39. Note 39: Restatements

If material misstatements are identified in the prior period financial statements, the entity must explain the material misstatements. If the amount(s) of the misstatement is known,

disclose restatement information in accordance with SFFAS 21, paragraph 10, and the actions management took after discovering the error in accordance with the procedures provided in the “Management Actions Related to Corrections of Errors” subsection above (i.e., whether the subsequent period audited financial statements were “imminent” or not imminent and when the agency restated). Under OMB’s current audit bulletin, “imminent” means “within 90 calendar days of the subsequent period financial statements planned issue date.”

If the amount(s) of the misstatement is unknown, disclose:

1. A statement that a material misstatement(s) or potential material misstatement(s) affects a previously issued financial statements, but the specific amount(s) of the misstatement(s) and the related effect of such are not known,
2. The nature and cause of the misstatement(s) or potential misstatement(s),
3. An estimate of the magnitude of the misstatement(s) or potential misstatement(s) and the related effect of such on previously issued financial statements (e.g., the specific statement and line items affected) that are known and a statement that the specific amount(s) and related effect of such cannot be determined without further investigation, and
4. A statement disclosing that a restatement to a previously issued financial statement will or may occur.

II.3.8.40. Note 40: Reconciliation of Net Cost to Net Outlays

Disclose a reconciliation of net cost to net outlays in accordance with SFFAS 7, paragraphs 80-82 and 95 through 101. Entities may tailor the illustrative example in SFFAS 7, as amended, to meet their needs.

As noted in SFFAS 53, *Budget and Accrual Reconciliation*, in the initial year of implementation, the disclosure requirements applicable to prior reporting periods are not required for comparative presentations.

When submitting notes using OMB MAX, agencies must also submit the crosswalk used to prepare Note 40.

II.3.8.41. Note 41: Public-Private Partnerships

SFFAS 49, *Public-Private Partnerships: Disclosure Requirements*, defines public-private partnerships as “risk-sharing arrangements or transactions with expected lives greater than five years between public and private sector entities” and is effective **for FY 2019**. Arrangements or transactions that are not excluded by SFFAS 49 paragraph 15 and meet definition in paragraphs 16 through 18 should be assessed against the risk-based characteristics in paragraphs 20 and 21.

See SFFAS 49, paragraph 24, for required disclosures, some of which include:

- The purpose, objective, rationale, statutory authority, costs, and benefits of the partnership.
- The amounts, if known, of Federal and non-Federal funding over the life of the partnership and a description of the funding or a statement that such amounts are not known.
- A description of the contractual terms governing payments to and from the Government (including information on how the expected partnership life was determined, when

payments are expected, whether payments are made directly or indirectly through a third party, and any non-monetary payments or in-kind contributions), payments to and from the Government for the reporting periods, and expected payments over the life of the partnership.

- Information about the contractual risks of loss and potential monetary effects if the risks are/were realized and information about remote risks of loss if included in the terms of the partnership contract.
- Amounts recognized on the statements, significant instances of non-compliance with provisions governing the partnership, borrowing or capital investment by the private entity that is contingent on the reporting entity's promise to pay, and a description of events of termination or default.

II.3.8.42. Note 42: Disclosure Entities and Related Parties

Disclose information about disclosure entities and related parties in accordance with SFFAS 47.

For each significant disclosure entity and aggregation of disclosure entities (as defined in SFFAS 47, paragraphs 43-46), reporting entities should disclose information to meet the following objectives:

- The nature of the Government's relationship with the entity or entities.
- The nature and magnitude of the relevant activity during the period and balances at the end of the period.
- A description of financial and non-financial risks, potential benefits, and, if possible, the amount of the Government's exposure to gains or losses from the past or future operations of the disclosure entity or entities

For more information, see paragraphs 71-78 of SFFAS 47.

Agencies with a small number of disclosure entities or no balances from transactions with disclosure entities may report this information in Note 1. Agencies reporting information about future exposures may include this information in their existing note on commitments or contingencies rather than duplicating that information here, but should disclose the disclosure entity in this note.

For a related party (as defined in SFFAS 47, paragraphs 80-89), agencies should disclose

- the name of the party (or give a description of the parties if there are multiple parties);
- the nature of the Government's relationship with the party;
- the percentage of Government ownership interest, if any;
- financial exposure (potential gain or risk loss), if any, resulting from the relationship;
- and any other information necessary to explain the potential impact of the relationship on reported financial information.

II.3.8.43. Note 43: Insurance Programs

For FY 2019, the following disclosure requirements apply.

Exchange transaction insurance programs other than life insurance need to make disclosures as specified in SFFAS 51 paragraphs 38-41.

Nonexchange transaction insurance programs need to make disclosures as specified in SFFAS

51 paragraphs 49-52.

Life insurance programs need to make disclosures as specified in SFFAS 51 paragraphs 65-68.

Note Disclosure Related to the Balance Sheet, SNC, and SCNP

II.3.8.44. Note 44: Reclassification of Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position for FR Compilation Process

Background:

Agency financial statements reflect all agency financial transactions, including transactions with other Government agencies and transactions with the public, which includes individuals, businesses, non-profit entities, and State, local, and foreign governments. The FR statements reflect only the Government's financial transactions with the public; they do not include intra-governmental transactions.

Treasury compiles the data for the FR statements by starting with agency financial statements using adjusted trial balances submitted by agencies, reclassifying all agency line items into FR line items, and eliminating intragovernmental transactions and balances. This reclassification is required because agency statements may include detailed line items that are not shown separately, but are instead aggregated, in the FR and because agency statements may include aggregated line items that are shown separately in the FR. This note shows how line items in the statements of significant entities relate to line items that can be used to compile the FR statements.

Directions:

For FY 2019, significant reporting entities (as discussed in section V.2.1) must disclose a reclassification of the entity's balance sheet, SNC, and SCNP using the crosswalks found here: https://tfm.fiscal.treasury.gov/v1/supplements/ussgl/ussgl_part_2.html#Part6.

Below is an explanatory note for significant entities to use to explain the reclassification note.

To prepare the Financial Report of the U.S. Government (FR), the Department of the Treasury requires agencies to submit an adjusted trial balance, which is a listing of amounts by U.S. Standard General Ledger account that appear in the financial statements. Treasury uses the trial balance information reported in the Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS) to develop a Reclassified Balance Sheet, Reclassified Statement of Net Cost, and a Reclassified Statement of Changes in Net Position for each agency, which are accessed using GTAS. Treasury eliminates all intragovernmental balances from the reclassified statements and aggregates lines with the same title to develop the FR statements. This note shows the [Entity]'s financial statements and the [Entity's] reclassified statements prior to elimination of intragovernmental balances and prior to aggregation of repeated FR line items. A copy of the 2018 FR can be found here: <https://www.fiscal.treasury.gov/reports-statements/> and a copy of the 2019 FR will be posted to this site as soon as it is released.

The term "non-Federal" is used in this note to refer to Federal Government amounts that

result from transactions with non-Federal entities. These include transactions with individuals, businesses, non-profit entities, and State, local, and foreign governments.

Below are illustrative tables that show how agency statements are reclassified for the FR. Significant entities should modify the illustrative statements below to show on the left-hand side the line items shown on their financial statements and to show on the right-hand side line items shown on their reclassified financial statements. Significant entities are not expected to use all of the lines shown below and may use additional lines that are not shown below (for amounts that are aggregated in the entity statements and disaggregated in the FR).

When submitting financial statement notes using OMB MAX, agencies must also submit the crosswalk used to prepare Note 44. The crosswalk must show the adjustments made to reclassify the balances, a comparison of the reclassified balances to the agency's GTAS submission, and an explanation of any differences. The reclassified statements presented in this note should agree with the reclassified statements in GTAS.

**Illustrative Reclassification of Balance Sheet to Line Items Used for the Government-wide
Balance Sheet as of September 30, 2019**

FY 2019 [Entity] Balance Sheet		Line Items Used to Prepare FY 2019 Government-wide Balance Sheet	
Financial Statement Line	Amounts	Amounts	Reclassified Financial Statement Line
ASSETS			ASSETS
Intra-Governmental Assets			Intra-Governmental Assets
FBWT			FBWT
Investments, Net			Federal Investments
			Interest Receivable – Investments
<i>Total Investments, Net</i>			<i>Total Reclassified Investments, Net</i>
Accounts Receivable			Accounts Receivable
			Accounts Receivable, capital transfers
			Interest Receivable – Loans and Not Otherwise Classified
			Transfers Receivable
			Benefit Program Contributions Receivable
			Asset for Agency Custodial and Non-Entity Liabilities – Other than the General Fund
<i>Total Accounts Receivable</i>			<i>Total Reclassified A/R</i>
Loans Receivable, Net			Loans Receivable, Net
Other			Advances to Others and Prepayments
			Other assets
<i>Total Other</i>			<i>Total Reclassified Other</i>
Total Intra-Governmental Assets			Total Intra-Governmental Assets
Cash and Other Monetary Assets			Cash and Other Monetary Assets
Investments, Net			Debt and Equity Securities
			Investments in Government-Sponsored Enterprises
<i>Total Investments, Net</i>			<i>Total Reclassified Investments, Net</i>
Accounts Receivable, Net			Accounts and Taxes Receivable, Net
Taxes Receivable, Net			
Direct Loan and Loan Guarantees, Net			Loans Receivable, Net
Inventory and Related Property, Net			Inventory and Related Property, Net
General PP&E, Net			PP&E, Net
Other			Other Assets
Total Assets			Total Assets
LIABILITIES			LIABILITIES
Intra-Governmental Liabilities			Intra-Governmental Liabilities
Accounts Payable			Accounts Payable
			Transfers Payable
			Interest payable – loans and not otherwise classified
<i>Total Accounts Payable</i>			<i>Total Reclassified Accounts Payable</i>
Debt			Loans Payable
			Federal Debt
			Interest Payable, Debt

<i>Total Debt</i>			<i>Total Reclassified Debt</i>
Other – Liability for Capital Transfers to General Fund			Liability to General Fund for Custodial and Other Non-Entity Assets
Other – Advances and Deferred Revenue			Advances from Others and Deferred Credits
Other – Custodial Liability			Liability to the GF for Custodial and Other Non-Entity Assets
Other – Judgment Fund Liability			Accounts Payable
Other – Miscellaneous Liabilities			Benefit Program Contributions Payable
			Advances from Other & Deferred Credits
			Accounts Payable
			Other liabilities
<i>Total Other – Miscellaneous Liabilities</i>			<i>Total Reclassified Other – Miscellaneous Liabilities</i>
Total Intra-Governmental Liabilities			Total Intra-Governmental Liabilities
Accounts Payable			Accounts Payable
Debt Held by the Public			Federal Debt
Loan Guarantee Liability			Loan Guarantee Liabilities
Federal Employee and Veteran Benefits			Federal Employee and Veteran Benefits Payable
Environmental and Disposal Liabilities			Environmental and Disposal Liabilities
Benefits Due and Payable			Benefits Due and Payable
Contingent Liabilities			Other Liabilities
Advances and Deferred Revenue			Other Liabilities
Payments to States			Other Liabilities
Grants Payable			Other Liabilities
Miscellaneous Liabilities			Other Liabilities
			Federal Employee and Veterans Benefits Payable
<i>Total Miscellaneous Liabilities</i>			<i>Total Reclassified Miscellaneous Liabilities</i>
Total Liabilities			Total Liabilities
NET POSITION			
Unexpended Appropriations – Funds from Dedicated Collections			Net Position – Funds from Dedicated Collections
Unexpended Appropriations – All Other Funds			Net Position – Funds Other than those from Dedicated Collections
Cumulative Results of Operations – Funds from Dedicated Collections			Net Position – Funds from Dedicated Collections
Cumulative Results of Operations – All Other Funds			Net Position – Funds Other than those from Dedicated Collections
Total Net Position			Total Net Position
Total Liabilities & Net Position			Total Liabilities & Net Position

Illustrative Reclassification of Statement of Net Cost to Line Items Used for the Government-wide Statement of Net Cost for the Year Ending September 30, 2019

FY 2019 [Entity] SNC		Line Items Used to Prepare FY 2019 Government-wide SNC	
Financial Statement Line	Amounts	Amounts	Reclassified Financial Statement Line
Gross Costs			<i>Non-Federal Costs</i>
			Non-Federal Gross Cost
			Interest on Debt Held by the Public
			General PP&E Partial Impairment Loss
			Total Non-Federal Costs
			<i>Intragovernmental Costs</i>
			Benefit Program Costs
			Imputed Costs
			Buy/Sell Costs
			Purchase of Assets
			Federal Securities Interest Expense
			Borrowing and Other Interest Expense
			Borrowing Losses
			Other Expenses (w/o Reciprocals)
			Purchase of Assets Offset
			Total Intragovernmental Costs
		<i>Total Gross Costs</i>	
Earned Revenue			Non-Federal Earned Revenue
			Intragovernmental Revenue
			Buy/Sell Revenue
			Benefit Program Revenue
			Federal Securities Interest Revenue Including Associated Gains/Losses (Exchange)
			Borrowing and Other Interest Revenue
			Borrowing Gains
			Custodial Collections Transferred to a TAS Other than the General Fund - Exchange
			Collections Transferred in to a TAS Other than the General Fund - Exchange
			Accrual of Custodial Collections Yet to be Transferred to a TAS Other than the General Fund – Exchange
			Accrual for Agency Amounts to be Collected in TAS Other than the General Fund – Exchange
			Total Intragovernmental Earned Revenue
<i>Total Earned Revenue</i>			<i>Total Reclassified Earned Revenue</i>
Gain/Loss-Pension/ORB/OPEB Assumptions			Gain/Loss on Changes in Actuarial Assumptions (Non-Federal)
Net Cost			Net Cost
Exchange Statement of Custodial Activity			
Exchange Custodial Collections from SCA			Non-Federal Earned Revenue
			Buy/Sell Revenue (Federal)
<i>Total Exchange Custodial Collections</i>			<i>Total Reclassified Exchange Custodial Collections</i>
Disposition of Exchange Custodial Collections from SCA			Intragovernmental Earned Revenue
			Custodial Collections Transferred to a TAS Other than the General Fund
			Accrual of Custodial Collections Yet to be Transferred to a TAS Other than the General Fund
			Accrual for Agency Amounts to be Collected in a TAS Other than the General Fund
			Total Intragovernmental Earned Revenue
<i>Total Disposition of Exchange Custodial Collection</i>			<i>Total Reclassified Disposition of Custodial Collections</i>

**Illustrative Reclassification of Statement of Changes in Net Position to Line Items Used for
Government-wide Statement of Operations and Changes in Net Position for the Year
Ending September 30, 2019**

FY 2019 [Entity] SCNP		Line Items Used to Prepare FY 2019 Government-wide SCNP	
Financial Statement Line	Amounts	Amounts	Reclassified Financial Statement Line
UNEXPENDED APPROPRIATIONS			
Unexpended Appropriations, Beginning Balance			Net Position, Beginning of Period
Changes in Accounting Principles			Changes in Accounting Principles*
Corrections of Errors			Corrections of Errors*
			Corrections of Errors – Years Preceding the Prior Year*
<i>Total Corrections of Errors</i>			<i>Total Reclassified Corrections of Errors</i>
Appropriations Received			Appropriations Received as Adjusted
Other Adjustments			
Appropriations Transferred In/Out			Non-Expenditure Transfers-In of Unexpended Appropriations and Financing Sources (Federal)
			Non-Expenditure Transfers-Out of Unexpended Appropriations and Financing Sources (Federal)
<i>Total Appropriations Transferred In/Out</i>			<i>Total Reclassified Appropriations Transferred In/Out</i>
Appropriations Used			Appropriations Used (Federal)
Total Unexpended Appropriations			
CUMULATIVE RESULTS OF OPERATIONS			
Cumulative Results, Beginning Balance			Net Position, Beginning of Period
Changes in Accounting Principles			Changes in Accounting Principles*
Correction of Errors			Corrections of Errors*
			Corrections of Errors – Years Preceding the Prior Year*
Other Adjustments			Other Budgetary Financing Sources
Non-Exchange Revenues			<i>Non-Federal Non-Exchange Revenues</i>
			Individual Income Tax and Tax Withholdings
			Corporation Income Taxes
			Excise Taxes
			Unemployment Taxes
			Customs Duties
			Estate and Gift Taxes
			Other Taxes and Receipts
			<i>Total Non-Federal Non-Exchange Revenues</i>
			<i>Intragovernmental Non-Exchange Revenue</i>
			Federal Securities Interest Revenue, including Associated Gains/Losses (Non-Exchange)
			Borrowings and Other Interest Revenue (Non-Exchange)
			Benefit Program Revenue (Non-Exchange)
			Accruals for Agency Amounts to be Collected in a TAS Other than the General Fund
	Other Taxes and Receipts		
	<i>Total Intragovernmental Non-Exchange Revenue</i>		
<i>Total Non-Exchange Revenues</i>			<i>Total Reclassified Non-Exchange Revenues</i>
Donations and Forfeitures of Property			Other Taxes and Receipts (Non-Federal)
Transfers In/Out w/o Reimbursement – Budgetary			Appropriation of Unavailable Special/Trust Fund Receipts Transfers-In
			Appropriation of Unavailable Special/Trust Fund Receipts Transfers-Out
			Non-Expenditure Transfers-In of Unexpended Appropriations and Financing Sources
			Non-Expenditure Transfers-Out of Unexpended Appropriations and Financing Sources

		Expenditure Transfers-In of Financing Sources
		Expenditure Transfers-Out of Financing Sources
		Transfers-in w/o Reimbursement
		Transfers-out w/o Reimbursement
		Other Non-budgetary Financing Sources
		<i>Total Reclassified Transfers In/Out w/o Reimbursement – Budgetary (Federal)</i>
<i>Total Transfers-In/Out w/o Reimbursement – Budgetary</i>		<i>Total Reclassified Transfers-In/Out w/o Reimbursement – Budgetary</i>
Other		Non-Federal Other
		Other Taxes and Receipts
		Miscellaneous Earned Revenues
		Total Non-Federal Other
		Intragovernmental Other
		Miscellaneous Earned Revenues
		Federal Securities Interest Revenue including Associated Gains/Losses (Non-Exchange)
		Borrowing and Other Interest Revenue (Non-Exchange)
		Accrual of Collections Yet to be Transferred to a TAS Other than the General Fund
		Other Budgetary Financing Sources
		Other Taxes and Receipts
		Total Intragovernmental Other
<i>Total Other</i>		<i>Total Reclassified Other</i>
Donations and Forfeitures of Cash and Cash Equivalents		Other Taxes and Receipts (Non-Federal)
Imputed Financing		Imputed Financing Sources (Federal)
Total Financing Sources		
Net Cost of Operations		
Ending Balance – Cumulative Results of Operations		Net Position – Ending Balance
Total Net Position		Total Net Position
Non-Exchange Statement of Custodial Activity		
Non-Exchange Custodial Collections from the SCA		Other Taxes and Receipts
		Miscellaneous Earned Revenue
		Other Budgetary Financing Sources
		Other Non-Budgetary Financing Sources
<i>Reclassified Non-Exchange Custodial Collections</i>		<i>Total Reclassified Non-Exchange Custodial Collections</i>
Disposition of Non-Exchange Custodial Collections from the SCA		Custodial Collections Transferred to a TAS Other than the General Fund
		Accrual for Custodial Collections Yet to be Transferred to a TAS Other than the General Fund
		Custodial Collections for Others Transferred to the General Fund
		Non-Entity Custodial Collections Transferred to the General Fund
		Accrual for Non-Entity Amounts to be Collected and Transferred to the General Fund
<i>Total Disposition of Non-Exchange Custodial Collections</i>		<i>Total Reclassified Disposition of Non-Exchange Custodial Collections</i>

Note: Specify whether asterisked (*) items include Intra-Governmental activity.

II.3.9. Required Supplementary Stewardship Information

II.3.9.1. General

In accordance with SFFAS 8, *Supplementary Stewardship Reporting*, as amended, report all amounts in nominal dollars and report all information at a meaningful level or by a meaningful category (e.g., major program).

II.3.9.2. Non-Federal Physical Property

In accordance with SFFAS 8, report the annual investment in nominal dollars (i.e., the full cost of the investment) in physical property owned by State or local governments and describe Federally-owned physical property transferred to State or local governments for the current year and each of the prior four years. Describe the major programs, including programs or policies under which non-cash assets are transferred to State or local governments.

II.3.9.3. Human Capital

In accordance with SFFAS 8, report the annual investment in nominal dollars (i.e., the full cost of the investment) for the current year and each of the prior four years and describe the major education and training programs. Additional years may be reported if such data would provide a better indication of the investment.

SFFAS 8 describes the criteria (outcome and output measures) that must be met for human capital expenses to continue to be categorized as stewardship investments and these criteria should be identified in the AFR or PAR and the impact of the investment on outcomes and outputs should be readily apparent.

II.3.9.4. Research and Development

In accordance with SFFAS 8, report the annual investment in nominal dollars (the full cost of the investment) for the current year and each of the prior four years; and describe the major research and development programs. Additional years may be reported if such data would provide a better indication of the investment.

SFFAS 8 describes the criteria (outcome and output measures) that must be met for research and development expenses to continue to be categorized as stewardship investments and these criteria should be identified in the agency's financial statement and the relationship of the outcomes and outputs to the stewardship investments should be readily apparent. See OMB Circular A-11, Section 84, for more information on the definitions of research and development activities.

II.3.9.5. Summary of Minimum Stewardship Reporting Requirements

The following table summarizes the minimum reporting required for non-Federal physical property, human capital, and research and development.

INFORMATION REPORTED	NON-FEDERAL PROPERTY	HUMAN CAPITAL	RESEARCH AND DEVELOPMENT
1. Annual investment by category or level	Include full cost of the investment made for the current year, including description of Federal property transferred to State and local governments, and the preceding 4 years. Report additional years of data if it provides a better indication of investment.	Include full cost of the investment made for the current year and the preceding 4 years. Report additional years of data if it provides a better indication of investment.	Include full cost of the investment made for the current year and the preceding 4 years. Report additional years of data if it provides a better indication of investment.
2. Description of major programs	Describe major programs involving Federal investments, including programs or policies under which non-cash assets are transferred to State and local governments.	Describe major education and training programs considered Federal investments.	Describe major research and development programs.

II.3.10. Required Supplementary Information

II.3.10.1. Management's Discussion and Analysis

See Section II.2 for detailed discussion. All RSI, including that in the MD&A and discussed below, should be presented on a comparative basis when meaningful. When information is required for the first time, it need not be reported for the prior year.

II.3.10.2. Federal Oil and Gas Resources

SFFAS 38, *Accounting for Federal Oil and Gas Resources* requires the value of the Government's estimated petroleum royalties from the production of Federal oil and gas proved reserves to be reported in a schedule of estimated Federal oil and gas petroleum royalties. A schedule of estimated Federal oil and gas petroleum royalties to be distributed to others must be reported for the value of estimated petroleum royalty revenue designated for others. These schedules with accompanying narratives will be reported as RSI until FASAB makes a determination as to whether this information should be basic information.

II.3.10.3. Other Federal Natural Resources

FASAB Technical Bulletin 2011-1, *Accounting for Federal Natural Resources Other than Oil and Gas*, clarifies that entities should report as RSI the value of the Government's estimated royalties and other revenue for other Federal natural resources that are: (1) under long-term lease, long-term contract, or other long-term agreement and (2) reasonably estimable as of the reporting date, consistent with the guidance in SFFAS 38.

Resources may be divided by subtype of commodity and calculated separately if material differences would result. Each of the individual calculations should be reported separately and then aggregated to derive the reporting entity's total estimated natural resources under lease,

contract, or other long-term agreement. If a majority of the reporting entity's estimated revenue from natural resources under lease, contract or other long-term agreement is to be distributed to others, the value of the revenue to be distributed should be estimated and reported in a schedule of estimated revenue to be distributed to others.

II.3.10.4. Deferred Maintenance and Repairs

In accordance with SFFAS 42, *Deferred Maintenance and Repairs: Amending SFFASs 6, 14, 29, and 32*, entities must: (1) describe their maintenance and repairs policies and how they are applied, (2) discuss how they rank and prioritize maintenance and repair activities among other activities, (3) identify factors considered in determining acceptable condition standards, (4) state whether deferred maintenance and repairs relate solely to capitalized general PP&E and stewardship PP&E or also to non-capitalized or fully depreciated general PP&E, (5) identify PP&E for which management does not measure and/or report deferred maintenance and repairs and the rationale for the exclusion of other than non-capitalized or fully depreciated general PP&E, (6) provide beginning and ending deferred maintenance and repairs balances by category of PP&E, and (7) explain significant changes from the prior year.

In addition, SFFAS 42 requires that condition standards, related assessment methods, and reporting formats be consistently applied unless management determines that changes are necessary.

II.3.10.5. Social Insurance

RSI disclosure requirements for social insurance programs are summarized below. Preparers and auditors should refer to SFFAS 17 for more details. Programs defined as social insurance consist of:

- OASDI;
- HI and SMI;
- Railroad Retirement benefits;
- Black Lung benefits; and
- Unemployment Insurance (UI).

The following information is required for presentation as RSI unless the preparer elects to include some or all of that information in the notes to the financial statements. Refer to Section II.3.8.33.

- Long-range cash flow projections.
- Long-range projections of the ratio of contributors to beneficiaries (dependency ratio).
- Sensitivity analysis illustrating the effect of the changes in the most significant assumptions on the projections and present values.
- State-by-state solvency analysis for the UI program.

Financial and actuarial disclosures should be accompanied by a description of the program, including how it is financed, how benefits are calculated, and an analysis of trends. Additional information on definitions, measurement, minimum reporting, implementation guidance and illustrative disclosure formats are in SFFAS 17.

All programs should provide sensitivity analysis appropriate for their particular circumstances. According to SFFAS 37, the Social Security Administration, Medicare, and Railroad Retirement programs should provide sensitivity analysis of the open group measure in the SOSI summary.

See Section 11.3.7 above for more information on the SOSI summary. Per SFFAS 37, the reporting entity should state that the amounts of the open and closed group measures depend on the assumptions used and that actual experience is likely to differ from the estimate. See SFFAS 37 for additional guidance regarding sensitivity analysis reporting requirements.

II.3.10.6. Combining Statement of Budgetary Resources

Budgetary information aggregated for the SBR should be disaggregated for each of the entity's major budget accounts and presented as RSI; small budget accounts may be aggregated. The total on this combining statement should equal the amount reported on the face of the SBR.

II.3.10.7. Statement of Custodial Activity

Entities collecting taxes and duties should provide the following RSI related to potential collections and custodial responsibilities (see SFFAS 7):

- A discussion of the factors affecting the collectability of compliance assessments recognized as taxes receivable;
- If reasonably estimable, claims for refunds that are not yet accrued but are likely to be paid when administrative action is complete;
- The amount of assessments that the entity still has statutory authority to collect at the end of the period, but that have no future collection potential and are therefore defined as write-offs; and
- If reasonably estimable, the amounts by which trust funds may be over- or under-funded in comparison with requirements of law. This information should also be presented by recipient entities that are trust funds.

These disclosures are not applicable to exchange revenue presented on the SCA.

II.4. Other Information – AFR Section 3/PAR Section 4

II.4.1. Revenue Forgone

If the entity discloses differences between the price it charges in exchange transactions and the full cost or market price, it should consider providing an estimate of the amount of revenue forgone and explaining whether and to what extent the quantity demanded was assumed to change as a result of a difference in price.

II.4.2. Tax Burden, Tax Gap, and Tax Expenditures

Entities that collect taxes may consider presenting the information described below if readily available and if preparers believe the information will enhance the usefulness of the statements (see SFFAS 7, paragraph 69):

(1) A perspective on the income tax burden. This could be 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.

(2) Available information on the size of the tax gap. Collecting entities should provide any relevant estimates of the annual tax gap that become available as a result of Federal surveys or studies.

Entities with information on tax expenditures relevant to the performance of their programs may present such information (see SFFAS 7, paragraph 69.3).

II.4.3. Management Challenges

As required by the Reports Consolidation Act of 2000, the AFR or PAR must include as OI a statement by the agency's Inspector General (IG) summarizing what the IG considers to be the most serious management and performance challenges facing the agency and assessing the agency's progress in addressing those challenges. The statement must be provided to the agency head at least 30 days before the AFR or PAR due date and comments by the agency head, if made, should follow the IG's statement and address each IG challenge. The agency head may not modify the IG statement.

II.4.4. Summary of Financial Statement Audit and Management Assurances

All Executive agencies are required to prepare Tables 1 and 2 below. Each material weakness should be listed using a unique, short, and easily understood name, which should be the same in both tables. As discussed in Section II.2.7, management should review its FMFIA assurance statements for consistency with the findings specified in the annual financial statement audit report(s). The reports could be different, but they should not be in direct conflict. When management does not agree with the auditor, management should explain why it does not agree, but it must describe how the disagreement will be addressed. To the extent possible, material weakness names should be kept constant from year to year.

Significant deficiencies are not required to be reported.

Beginning balances should be included in the table when the draft AFR or PAR is submitted to OMB for review even if auditor-reported material weaknesses have not yet been identified. For each material weakness, place a number in the appropriate category (i.e., Beginning Balance, New, etc.), with the numeric total listed on the individual material weakness category.

Table 1. Summary of Financial Statement Audit

Audit Opinion	Unmodified or modified (qualified, disclaimer, or adverse)				
Restatement	Yes or No				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
[Name of weakness]					
[Name of weakness]					
[Name of weakness]					
<i>Total Material Weaknesses</i>	##	##	##	##	##

Table 2. Summary of Management Assurances

Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)						
Statement of Assurance	Unmodified, Modified, or No Assurance					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
[Name of weakness]						
[Name of weakness]						
[Name of weakness]						
<i>Total Material Weaknesses</i>	##	##	##	##	##	##
Effectiveness of Internal Control over Operations (FMFIA § 2)						
Statement of Assurance	Unmodified, Modified, or No Assurance					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
[Name of weakness]						
[Name of weakness]						
[Name of weakness]						
<i>Total Material Weaknesses</i>	##	##	##	##	##	##
Conformance with Federal Financial Management System Requirements (FMFIA § 4)						
Statement of Assurance	Federal Systems conform, except for instances of non-conformance, or do not conform to financial management system requirements					
Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
[Name of non-conformance]						
[Name of non-conformance]						
[Name of non-conformance]						
<i>Total non-conformances</i>	##	##	##	##	##	##
Compliance with Section 803(a) of the Federal Financial Management Improvement Act (FFMIA)						
	Agency			Auditor		
1. Federal Financial Management System Requirements	No lack of compliance noted, or Lack of compliance noted			No lack of compliance noted, or Lack of compliance noted		
2. Applicable Federal Accounting Standards	No lack of compliance noted, or Lack of compliance noted			No lack of compliance noted, or Lack of compliance noted		
3. USSGL at Transaction Level	No lack of compliance noted, or Lack of compliance noted			No lack of compliance noted, or Lack of compliance noted		

- Beginning Balance:** The beginning balance must agree with the ending balance from the prior year.
- New:** The total number of material weaknesses/non-conformances identified during the current year.
- Resolved:** The total number of material weaknesses/non-conformances that dropped below the level of materiality in the current year.
- Consolidated:** The combining of two or more findings.
- Reassessed:** The removal of any finding not attributable to corrective actions (e.g., management has re-evaluated and determined that a finding does not meet the criteria for materiality or is redefined as more correctly classified under another heading).
- Ending Balance:** The year-end balance that will be the beginning balance next year.

II.4.5. Payment Integrity

Agencies should consult OMB Circular A-123, Appendix C, *Requirements for Payment Integrity Improvement* when preparing their AFR or PAR for additional guidance.

If the agency has provided data for display on <https://paymentaccuracy.gov/>, the agency should include the website link in their AFR or PAR.

Graphs, charts, and tables are encouraged. Agencies are not limited to the requirements below and are encouraged to include additional information if useful.

I. Payment Reporting.

For all programs and activities under OMB Circular A-123, Appendix C, Part I.D, agencies shall identify the:

- a. Program/Activity outlays, estimated amount of payments that were properly paid, estimated amount improperly paid, estimated amount within the improperly paid that is unknown due to inability to discern whether a payment was proper as a result of insufficient or lack of documentation and their respective percentages for each by program or activity for the current fiscal year.;
- b. Estimated amount within the improperly paid estimate attributed to monetary loss, non-monetary loss, and unknown, and their respective percentages for each by program or activity for the current fiscal year;
 - i. Monetary loss to the Federal Government is an amount that should not have been paid and in theory should/could be recovered. It will either be equal to the total IP estimate reported or it will be a sub-set of the total IP estimate reported.
 1. Distribute the total monetary loss estimate into the following two additional categories: (1) Within the Agency's Control and (2) Outside the Agency's Control.
 2. Monetary Loss Estimate Within Agency Control – An overpayment that resulted in a monetary loss to the agency due to errors in agency program processing or billing (except for such a payment authorized by law).
 3. Monetary Loss Outside Agency Control – An overpayment that resulted in a monetary loss to the Federal Government due to factors beyond the Agency's control. Explain briefly the factors outside the Agency's control.
 - ii. Non-Monetary loss to the Federal Government is either an underpayment or a payment to the right recipient for the correct amount where the payment process fails to follow applicable regulations and/or statutes. It will either be equal to the total IP estimate reported or it will be a subset of the total IP estimate reported.
 - iii. Unknown is the estimated amount within the IP estimate that could be either proper or improper, but the agency is unable to discern whether the payment was proper or improper as a result of insufficient or lack of documentation.
- c. Estimated amount of improper payments that resulted in an overpayment and an under payment for each by program or activity for the current fiscal year;

- d. Estimated amount of improper payments made directly by the Government and the amount of improper payments made by recipients of Federal money by program or activity for the current fiscal year;
- e. Root cause and type of improper payment for overpayments and underpayments by amount and by program or activity for the current fiscal year. See OMB Circular A-123, Appendix C, Part II.C for additional information.
- f. Reduction targets by program or activity for the next fiscal year. See OMB Circular A-123, Appendix C, Part III.A.3 for additional information; and
- g. For programs and activities as determined under OMB Circular A-123, Appendix C, Part I. D with IPs exceeding the statutory thresholds listed in OMB Circular A-123, Appendix C, Part I.B.1, the agency shall describe the corrective action plans for reducing the estimated IP rate and amount, and each of the corrective actions should be clearly linked to the root cause(s) they are addressing. Agencies should also describe the results of actions taken to address the root causes and the planned or actual completion date of the actions taken to address each root cause. If the Agency does not have a corrective action plan for a particular root cause, they must provide justification for not having such a plan. See OMB Circular A-123, Section V, and OMB Circular A-123, Appendix C, Part III.A for additional information.
 - i. Agencies with high-priority programs should explain how the corrective action plans have been specifically tailored to better reflect the unique processes, procedures, and risks involved in each specific program. See OMB Circular A-123, Appendix C, Part II.B.3 for additional information.

II. Recapture of Improper Payments Reporting.

- a. When applicable, for all programs and activities that expend \$1 million or more annually, agencies shall describe any action the agency has taken or plans to take to recover and intends to take to prevent future improper payments.
- b. All programs and activities that expend \$1 million or more annually shall be considered for payment recapture audits. See OMB Circular A-123, Appendix C, Part III.C. An agency shall discuss payment recapture audit efforts, if applicable, including:
 - i. the actions and methods used by the agency to recoup overpayments;
 - ii. a justification of any overpayments that have been determined not to be collectable; and
 - iii. any conditions giving rise to IPs and how those conditions are being resolved. This requirement may also be addressed in discussions of root causes and implemented corrective actions.
- c. If the agency excluded any programs or activities from review under its payment recapture audit program because a payment recapture audit program was determined to be not cost-effective, the agency must provide the justification and a summary of the analysis used to make that determination. See OMB Circular A-123, Appendix C, Part III.C.6 for additional information.
- d. For each program or activity that expends \$1 million or more annually and either conducts a payment recapture audit or recaptures payments outside of a payment recapture audit the agency must report:
 - i. report the amount recovered through recapture audits in that fiscal year including the percent such amounts represent of the total overpayments

- identified through payment recapture audits during that fiscal year.
- ii. report amounts recovered through sources other than payment recapture audits in that fiscal year, including the percent such amounts represent of the total overpayments identified for recapture through sources other than payment recapture audits in the fiscal year. For example, agencies could report on IPs identified through: statistical samples conducted under IPIA; agency post-payment reviews or audits; Office of Inspector General reviews; Single Audit reports; self-reported overpayments; or reports from the public. Agencies may group amounts by program or activity or in total per the source of recapture, as appropriate.
- e. In addition, agencies shall report a summary of how their Overpayments Recaptured through Payment Recapture Audits in that fiscal year were used; disposition categories could include, but are not limited to:
 - 1. Agency Expenses to Administer the Program
 - 2. Payment Recapture Auditor Fees
 - 3. Financial Management Improvement Activities
 - 4. Original Purpose
 - 5. Office of Inspector General
 - 6. Returned to Treasury
 - f. The agency shall report an aging schedule of the amount of overpayments identified through the payment recapture audit program that are outstanding, including the percent such amounts represent of the total overpayments from recapture audits of the agency (i.e., overpayments that have been identified but not recaptured). Typically, the aging of an overpayment begins at the time an overpayment is detected; indicate when this is not the case. The amounts outstanding should be grouped by: 0 to 6 months, 6 months to 1 year, and over 1 year. The Agency must include the aging for all overpayments that have been identified through payment recapture audits and are yet to be collected, thus it may span across multiple fiscal years.
 - g. The agency should also report the amount of overpayments identified through payment recapture audit program determined to not be collectable in that fiscal year, including the percent such amounts represent of the total overpayments identified through payment recapture audits.

III. Agency Improvement of Payment Accuracy with the Do Not Pay Initiative. Agencies should provide a brief narrative of the reduction that is attributable to the Do Not Pay Initiative, as applicable. See OMB Circular A-123, Appendix C, Part V for requirements to use centralized data sources such as the Treasury Working System and other government databases.

IV. Barriers. For all programs and activities as determined under OMB Circular A-123, Appendix C, Part I.D with IPs exceeding the statutory thresholds listed in OMB Circular A-123, Appendix C, Part I.B, agencies may describe any statutory or regulatory barriers that may limit the agency's corrective actions in reducing IPs and actions taken by the agency to mitigate the barriers' effects.

V. Accountability. For all programs and activities as determined under OMB Circular A-123, Appendix C, Part I.D with IPs exceeding the statutory thresholds listed in OMB

Circular A-123, Appendix C, Part I.B., agencies shall describe the steps the agency has taken and plans to take (including timeline) to ensure that agency managers (including the agency head), accountable officers, program official/owner, and States and localities (where appropriate) are held accountable for reducing and recapturing IPs through annual performance appraisal criteria.

VI. Agency Information Systems and Other Infrastructure.

- a. For all programs and activities as determined under OMB Circular A-123, Appendix C, Part I.D with IPs exceeding the statutory thresholds listed in OMB Circular A-123, Appendix C, Part I.B., agencies shall describe whether the agency has the internal controls, human capital, and information systems and other infrastructure it needs to reduce IPs to the levels the agency has targeted.
- b. If not, the agency shall describe the resources the agency requested in its most recent budget submission to Congress to establish and maintain the necessary controls, systems, and other infrastructure.

VII. Sampling and Estimation.

Any agency that has programs or activities that are susceptible to significant IPs based on statutory thresholds listed in OMB Circular A-123, Appendix C, Part I.B., and are reporting an IP rate, shall briefly describe the statistical sampling process used to estimate the IP rate for each program. Agencies that were granted OMB approval to use a non-statistically valid sampling and estimation methodology under OMB Circular A-123, Appendix C, Part I.D.2., must also include the justification for using the non-statistical methodology.

VIII. Risk Assessment.

Agencies performing improper payment risk assessments during the fiscal year may include a description of the assessments, including any risk factors considered. In addition, agencies should discuss the basis for any groupings of programs or activities and highlight any changes that they made to the risk assessment from the prior year, if applicable

II.4.6. Fraud Reduction Report

Under the Fraud Reduction and Data Analytics Act of 2015 (Pub. L. 114-186, 31 USC 3321 note), each agency must include in its AFR or PAR a report on its fraud reduction efforts undertaken in FY 2019. The report must include information on the agency's progress in implementing: (1) financial and administrative controls established pursuant to the Act, (2) the fraud risk principle in the Standards for Internal Control in the Government, and (3) OMB Circular A-123 with respect to leading practices for managing fraud risk. The report must also include information on agency progress in identifying risks and vulnerabilities to fraud (including with respect to payroll, beneficiary payments, grants, large contracts, and purchase and travel cards) and agency progress on establishing strategies, procedures, and other steps to curb fraud.

II.4.7. Other Agency-specific Statutorily Required Reports

Other agency-specific statutorily required reports pertaining to an agency's financial or performance management may be included in the AFR or PAR after consultation with OMB and Congress. The head of the agency must determine if inclusion of an agency-specific report will

make the reported information more useful to decision makers. Consultation with Congress includes the Committee on Homeland Security and Governmental Affairs of the Senate, the Committee on Oversight and Government Reform of the House of Representatives, and any other committee of Congress having jurisdiction with respect to the report being proposed for consolidation.

II.4.8. Reduce the Footprint

Consistent with Section 3 of the OMB Memorandum-12-12, *Promoting Efficient Spending to Support Agency Operations*, all CFO Act agencies must set annual targets to reduce the total square footage of their domestic office and warehouse inventory compared to the FY 2015 baseline.

Specifically, agencies must:

1. Report the total square office and warehouse footage associated with the agency's assets subject to the "Reduce the Footprint" policy, as identified by Data Element #3 from Federal Real Property Council's "Guidance for Real Property Inventory Reporting" from the latest available reporting year, and compare it to the FY 2015 "Freeze the Footprint" baseline (as assigned by the General Services Administration (GSA)). See GSA, Office of Government-wide Policy, Federal Real Property Council 2016 Guidance for Real Property Inventory Reporting (May 16, 2016). The square footage totals reported in the agency's AFR or PAR should align with agency totals confirmed by GSA, and must be based on data from the Federal Real Property Profile and GSA's Occupancy Agreement Database.
2. Report the annual operating costs, as reported in the most recent Federal Real Property Profile submittal for owned and direct lease facilities (direct lease facilities do not include GSA occupancy agreements) that are subject to the "Reduce the Footprint" policy, as identified by Data Element #3 from Federal Real Property Council's "Guidance for Real Property Inventory Reporting" as reported in the most recent Federal Real Property Profile submittal. The cost data reported by agencies will be based directly on data reported into the latest available Federal Real Property Profile database.
3. Provide a brief narrative highlighting actions the agency is taking to reduce its FY 2015 Freeze the Footprint office and warehouse baseline, the cost of its lease portfolio, and operation and maintenance costs of unneeded property.

Reduce the Footprint Policy Baseline Comparison

	FY2015 Baseline	2xxx (CY-1)	Change (FY2015 Baseline - 2xxx (CY-1))
Square Footage (SF in millions)	xxx	xxx	Xxx

Reporting of O&M Costs – Owned and Direct Lease Buildings

	FY2015 Reported Cost	2xxx (CY-1)	Change (FY2015 - 2xxx (CY-1))
Operation and Maintenance Costs (\$ in millions)	xxx	xxx	Xxx

II.4.9. Civil Monetary Penalty Adjustment for Inflation

Under the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, agencies must make annual inflation adjustments to civil monetary penalties and report on these adjustments in their AFR or PAR.

Agencies must include, as OI, information about civil monetary penalties within their jurisdiction and the annual inflation adjustments made under the Act and are encouraged to include a table providing this information. The following is an illustrative example from the Department of Labor’s FY 2018 Agency Financial Report.

Statutory Authority	Penalty Name & Description	Year Enacted	Latest year of adjustment (via statute or regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
29 U.S.C. 211 (d); 29 CFR 530.302 (a), (b)	Fair Labor Standards Act (FLSA) Homeworker: Violation of recordkeeping, monetary, certificate or other statutes, regulations or employer assurances.	1938	2018	Minimum: \$20. Maximum: \$1,026.	WHD	https://www.ecfr.gov/cgi-bin/ECFR?page=browse 83 FR 7, 15-19 (January 2, 2018)

II.4.10. Biennial Review of User Fees

Under 31 USC 902 (enacted in the CFO Act of 1990), CFOs are required to review on a biennial basis fees, royalties, rents and other charges imposed by the agency for services and things of value it provides and to make recommendations on revising those charges. The results of this review may be included in the AFR or PAR.

II.4.11. Land Information

Entities that report land information on their website are encouraged, but not required, to include a description of the information, the reason the information is collected (e.g., required by statute or requested by stakeholders), a link to the information, and a map reflecting some of the information, if appropriate. This new optional reporting requirement reflects recent FASAB interest in increased land reporting, as evidenced by the Accounting and Reporting of

Government Land Exposure Draft released on April 30, 2018.

III. SUMMARY OF PERFORMANCE AND FINANCIAL INFORMATION

Agencies may produce a citizen-centric Summary of Performance and Financial Information that includes the most relevant performance and financial information. Agencies may choose to present the information in:

- A 1-6 page high-level summary,
- A 6-16 page more detailed summary,
- An MD&A that can be easily extracted from the AFR or PAR and issued as a stand-alone document, or
- A short video posted on the agency website.

IV. INTERIM FINANCIAL STATEMENTS & VARIANCE ANALYSES FOR INTERIM AND YEAR-END STATEMENTS

IV.1. Interim Statement Submission

Unaudited interim financial statements must be submitted **21 business days after the end of the third quarter** by agencies via MAX. OMB's audit bulletin, <https://www.whitehouse.gov/omb/information-for-agencies/bulletins/>, lists entities that are required to prepare annual audited financial statements.

IV.2. Statement Variances Required

Comparative interim and year-end financial statement variance analyses are required for the Balance Sheet, SNC, and SCNP and may be submitted in Excel or a PDF format.

- The analyses for the three financial statements should be in a separate file or attachment within the submission; a separate file is not required for each statement, but one file, separate from the statements themselves, should contain the analyses for the three financial statements.
- The analyses should reflect variances between the quarter and the same quarter from the prior year that exceed \$1 billion and 10 percent of the prior year amount.
- If a financial statement does not have variances between the comparative periods, then that should be noted.
- The analyses should include management's explanation of variances in types or amounts of assets, liabilities, costs, and revenues.

The analyses are due **45 business days after the end of the third quarter and fiscal year-end.**

IV.3. Third Quarter Unaudited Interim Financial Notes and Supplemental Information

Unaudited notes must be submitted **45 business days after the end of the third quarter** using OMB MAX. For FY 2019, agencies must also submit RSI, RSSI, and OI items II.4.1, Revenue Forgone; II.4.2, Tax Burden, Tax Gap, and Tax Expenditures; and II.4.11, Land Information (if any), and may do so using OMB MAX. In addition, Fiscal Service will contact selected agencies for assistance in drafting key FR notes and supplemental information.

V. GOVERNMENT-WIDE FINANCIAL REPORT

V.1. Introduction

The Secretary of the Treasury, in coordination with the Director of OMB, annually prepares Government-wide audited financial statements for the preceding fiscal year and the Comptroller General of the United States audits these statements.

V.2. Submission of Agency Data for Financial Report Compilation

V.2.1. Significant Reporting Entities

All significant reporting entities must provide Fiscal Service with the required fiscal year-end data that is used to prepare the FR using GTAS. Note 44 links the entities' audited consolidated department-level financial statements to the FR.

Significant entities with a year-end other than September 30 are limited to audit assurance on material line items and note disclosures to which the significant entities contribute. Entities are required to reconcile and resolve, as needed, intragovernmental balances with trading partners throughout the reporting period and must submit intragovernmental balance information by trading partner. A list of applicable significant reporting entities is provided in the TFM, Volume 1, Part 2, Chapter 4700, Appendix 1a and can be found in this Circular's Appendix A. The TFM is available at <http://tfm.fiscal.treasury.gov/v1.html>.

The Office of the CFO must provide a copy of the management representation letters (see Section V.5) for the preparation of the government-wide management representation letter and for the compilation of the FR. The Office of the IG must provide a copy of the legal representation letter and related schedules for the compilation of the FR. (See V.4 and V.5 for additional guidance).

V.2.2. All Entities

All Executive Branch entities must submit their pre-closing adjusted trial balances (ATBs) through GTAS for the compilation of the FR. Reporting entities from the Legislative and Judicial Branches of the United States Government are strongly encouraged to submit their ATBs. The section pertaining to GTAS reporting can be found in the TFM, Volume 1, Part 2, Chapter 4700, Section 4707. The list of entities that are required to comply with this reporting requirement is provided in the TFM, Volume 1, Part 2, Chapter 4700, Appendix 1a.

V.2.3. Reporting Under a Fiscal Year Other than the Federal Fiscal Year

The FR is prepared from Federal entities' audited general purpose financial statements and adjusted trial balances. Certain entities have fiscal year-ends other than September 30 and are referred to as "calendar-year entities." Calendar-year entities must: (1) report to GTAS the September 30th balances in their adjusted trial balance, (2) obtain audit assurance on line items or note disclosures that contribute to the top 95 percent of the total line item data that are reported by Treasury, and (3) provide Fiscal Service a copy of the independent audit report that includes the results of the audit performed on the material line items and note disclosures identified by Fiscal Service. (See the TFM Volume 1, Part 2, Chapter 4700, Section 4705.25, Special Basis of Accounting, for additional guidance.) See section V.5 for management representation requirements.

V.2.4. Submission of Preliminary and/or Interim Agency Data

To facilitate preparation of the FR, Fiscal Service will use agencies' unaudited financial statement, note, and other information as of the end of the 3rd quarter (June 30) of the Federal Government's fiscal year for preliminary analysis purposes. As indicated in Section IV, agencies must provide unaudited financial statement, note, and supplemental information as of the end of the 3rd quarter through OMB's MAX system. Note and supplemental information may also be transmitted directly to Fiscal Service in accordance with Fiscal Service requests. In addition, Fiscal Service will contact selected agencies directly to assist in the drafting of key FR notes and supplemental information.

Preliminary year-end information is equally critical to the preparation of the FR. As such, agencies are encouraged to prepare their GTAS data entries as early as possible and to update data promptly, if necessary. Agencies should notify Fiscal Service that the agency's final draft year-end GTAS submissions have been submitted to the agency's auditor and that the information is available for review by Fiscal Service.

V.3. Reconciling Intragovernmental Balances and Transactions

Intragovernmental balances and transactions (IGT) are a key component in the consolidation of the financial information and in the overall compilation process of the FR. Transactions between and among Federal entities that can generate intragovernmental balances include:

- services or goods bought/sold, (i.e., buy/sell transactions),
- transfers of assets or budget authority,
- custodial and non-entity transactions with Federal entities other than the General Fund,
- transactions with the General Fund,
- investments or borrowings with the Treasury, and
- benefits-related transactions with the Department of Labor and OPM.

Throughout the fiscal year, entities are required to reconcile and resolve resulting differences between intragovernmental balances and transactions. All differences should be resolved prior to final submission of data for the FR.

Intragovernmental transactions include investments or borrowings with the Treasury (Fiscal Service and the Federal Financing Bank), benefit-related transactions with the DOL and OPM, transfers of budget authority, buy-sell transactions, custodial and non-entity transactions with Federal entities other than the General Fund, and transfers of assets between Federal agencies, including the General Fund. See TFM 2-4700, Section 4706 and Appendix 6, for further guidance on reconciling and resolving intragovernmental transaction differences.

V.4. Legal Representation Letter

"Significant entity" IGs must submit an interim and final Legal Representation Letter prepared by the entity General Counsel summarizing and evaluating legal actions against the entity. Significant entities are consolidation entities identified by Fiscal Service as being material to the FR and are listed in Appendix A.

When preparing the Legal Representation Letters, the entity General Counsel should (1) refer to OMB's audit bulletin and (2) report pending and threatened litigation and unasserted claims above a material dollar threshold, which was agreed upon by significant entity management and the IG. The entity General Counsel should provide the Legal Representation Letter in PDF format using the applicable forms (according to the type of case or group of cases reported)

found at <https://www.justice.gov/civil/documents-and-forms>.

Significant entity management should prepare a Management Schedule that summarizes the content of the Legal Representation Letters as disclosed in the entity's financial statements. Significant entity IGs must submit the Legal Representation Letters (combined and in PDF format) and Management Schedules (Excel format only) to Fiscal Service, DOJ, and GAO via email (zipped files will not be accepted).

Notification must be sent by the agency IG to GAO, DOJ, and Fiscal Service (see Appendix B for contact information) whether there were "no changes" or "changes" due to subsequent events that resulted in a change in the likelihood of loss or the amount of loss, or both, after the effective date of the final Legal Representation Letter but before the date of the audit report on the FR. See TFM Volume I, Part 2, Chapter 4700, Section 4705.60a, for additional guidance regarding Legal Representation Letters and TFM 2-4700, Figure 2 for applicable due dates.

V.5. Written Representation from Management

OMB and Treasury rely on the written representations obtained from agencies' management, including management of calendar-year entities, as part of the FR audit process. Therefore management representations, including those from calendar-year entities, must include all representations that are required by generally accepted auditing standards, OMB's audit bulletin, and Treasury Financial Manual, Volume I, Part 2 Chapter 4700 (TFM-4700), *Agency Reporting Requirements for the Financial Report of the United States Government (FR)*.

U.S. Auditing Standards (Clarified) (AU-C) Section 580, *Written Representations*, provides specific representations that should be included in the written representations from management and notes that in addition to the specific representations, it may be necessary to obtain one or more written representations from management to support other audit evidence relevant to the financial statements or one or more specific assertions in the statements. The representations will depend on the circumstances of the engagement and the nature and basis of presentation of the financial statements. See AU-C Section 725, *Supplementary Information in Relation to the Financial Statements as a Whole*, and AU-C Section 730, *Required Supplementary Information*, for representations that should be obtained from management for supplementary information and RSI. General representations must be modified to be consistent with auditor-reported findings.

Under AU-C Section 580, *Written Representations*, management's representations may be limited to matters that are considered either individually or collectively material to the financial statements if management and the auditor have reached an understanding on materiality for this purpose. Materiality may be different for different representations. Management will specify materiality threshold(s) (as agreed upon with the auditor) in the written representations from management. Materiality considerations would only apply to those representations that are directly related to amounts included in the financial statements. Because of the possible effects of fraud on other aspects of the audit, materiality would not apply to management's acknowledgment regarding its responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

Also in accordance with AU-C Section 580, the written representations from management letter should be signed by those members of management with overall responsibility for financial and operating matters and who the auditor believes are responsible for and knowledgeable about,

directly or through others in the organization, the matters covered by the representations. Such members of management generally include the head of the agency and the CFO, and any others deemed responsible for matters presented in the written representations from management.

As required by AU-C Section 580, the written representations from management should include a representation regarding the materiality of uncorrected financial statement misstatements identified by the auditor. A list of any uncorrected misstatements (in Excel format), including those audit adjustments waived by the component-level, should be attached to the written representations from management. If there are no uncorrected misstatements, a representation to this effect should be included in the management representation letter. In addition, the adjusting entries to correct the misstatements must be provided in the standardized Excel format as shown in the FAM Section 595C for the Summary of Uncorrected Misstatements and Adjusting Entries along with the items listed below.

- The effect of the current-year's uncorrected misstatements and the carry-forward effect of the prior-year's uncorrected misstatements.
- USSGL account number and account description.
- Federal (F), General Fund (G), Non-reciprocating (Z), or Non-Federal (N) attribute for each USSGL account affected.
- A reference to an adjustment number or documentation reference.
- An indication as to whether or not management has agreed to record the adjustment in its financial statements.
- A statement as to whether the uncorrected misstatement is factual, judgmental, or projected.
- A description of the adjustment.
- The amount of the debit or credit.
- The line items affected in the entity's financial statements.

The Office of the CFO should submit the written representations from management electronically in PDF format, including signatures, to OMB/OFFM (via MAX), Fiscal Service, Treasury (Main), and GAO using the contact information provided in Appendix B. The written representations from management should be submitted as soon as they are available but no later than when the general purpose financial statements are due (see TFM 2-4700, Figure 2, *Reporting and Submission Dates*).

Notification must be sent to OMB/OFFM, Fiscal Service, Treasury (Main), and GAO (see Appendix B for contact information) whether there are "no changes" or "changes" due to subsequent changes to the written representations from management or due to subsequent events affecting the agency financial statements (general-purpose) that have arisen after the written representations from management and financial statements have been submitted but before the date of the audit report on the FR. In addition, management must state that they understand that the subsequent event representations will be used by Treasury and OMB to prepare the FR and the FR representation letter. To meet this notification requirement, management may use the following two sample paragraphs and must include the third paragraph:

The purpose of this notification is to inform you that nothing has come to our

attention that would require modification to the written representations from management furnished to our auditors, and sent to you, dated [insert date].

Additionally, nothing has come to our attention that would materially affect amounts reported in [insert agency's name]'s financial statements (general purpose) for the fiscal years ended September 30, 20xy and 20xx or require additional disclosures to these financial statements.

We understand that these representations will be relied upon by the Treasury and OMB in preparing the government-wide written representations from management provided to the Government Accountability Office as part of its audit of the United States Government consolidated financial statements for the fiscal years ended September 30, 20xy and 20xx.

The agency Office of the CFO should inform OMB/OFFM, Fiscal Service, Treasury (Main), and GAO, via email, of any updates to the written representations from management and to the financial statements due to subsequent events. The email should indicate "changes" or "no changes" due to changes in representations or subsequent events and should be sent to OMB/OFFM, Fiscal Service, Treasury (Main), and GAO via email addresses provided in Appendix B. Consult the TFM 2-4700, Figure 2, for applicable due dates.

V.6. Adherence to Due Dates and Requirements

Because Treasury and OMB rely on agency submissions to complete the FR, agencies must meet the dates and requirements published in the TFM, Volume 1, Part 2, Chapter 4700 (Figure 2), and Section I.5 of this Circular. All dates are "no later than" dates and earlier submissions are encouraged.

VI. APPENDIX

VI.1. Appendix A

Agencies Required to Submit Representation Letters

Department of Agriculture
Department of Commerce
Department of Defense
Department of Education
Department of Energy
Department of Health and Human Services
Department of Homeland Security
Department of Housing and Urban Development
Department of the Interior
Department of Justice
Department of Labor
Department of State
Department of Transportation
Department of the Treasury
Department of Veterans Affairs
U.S. Agency for International Development
Environmental Protection Agency
General Services Administration
Millennium Challenge Corporation
National Aeronautics and Space Administration
U.S. Nuclear Regulatory Commission
National Science Foundation
Office of Personnel Management
Overseas Private Investment Corporation
Small Business Administration
Social Security Administration
Defense Security Cooperation Agency
Export-Import Bank of the United States
Farm Credit System Insurance Corporation
Federal Communications Commission
Federal Deposit Insurance Corporation
General Fund of the U.S. Government
National Credit Union Administration
Pension Benefit Guaranty Corporation
Railroad Retirement Board
Securities and Exchange Commission
Smithsonian Institution
Tennessee Valley Authority
U.S. Postal Service

VI.2. Appendix B

Contact Information

Office of Management and Budget
Office of Federal Financial Management
MAX Federal Community:

[Agency Financial Reporting - Financial Management Community - MAX Federal Community](#)

MAX IDs are available to Executive Branch employees or contractors supporting a Government organization using the MAX Federal Community. Request a MAX ID at <https://max.omb.gov/maxportal/registrationForm.do>. Procedures for using MAX to submit draft and final reports are located at <https://max.omb.gov/community/x/hJn1lw>.

Email: csjohnson@omb.eop.gov.

Telephone: (202) 395-7509

Department of the Treasury (Main)

E-mail: scott.bell@treasury.gov.

Telephone: (202) 622-1797

Department of the Treasury

Bureau of Fiscal Service

E-mail: Financial.Reports@fiscal.treasury.gov

Telephone: (304) 480-6485

Government Accountability Office

E-mail: USCFCS@gao.gov

Telephone: (202) 512-9613

Department of Justice

Office of the Assistant Attorney General

E-mail: Legal.letters@usdoj.gov

Telephone: (202) 307-5906

Department of Justice

Civil Division Communications Office

E-mail: Legal.letters@usdoj.gov

Telephone: (202) 307-5745