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OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

August 27, 2020

CIRCULAR A-136
Revised

TO THE HEADS OF EXECUTIVE DEPARTMENTS, AGENCIES, AND OTHER ENTITIES SUBJECT TO THE CHIEF FINANCIAL OFFICERS ACT, THE ACCOUNTABILITY OF TAX DOLLARS ACT, AND THE GOVERNMENT CORPORATION 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 this Circular. Questions about this 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 blue ink, appearing to read "R. Vought".

Russell T. Vought
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 Corporation 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 June 28, 2019.

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 component entities 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 fiscal year (FY) 2020, 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 16, 2020. Agencies unable to meet this deadline: (1) must still meet Fiscal Service’s November 13, 2020, deadline for GTAS data, (2) must submit to Fiscal Service by December 15, 2020, draft (unaudited) statements, notes, and management’s discussion and analysis (MD&A), and (3) should publish final AFRs, PARs, and AMRs by 6 p.m. EST on December 30, 2020.

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. See Appendix B for OMB MAX Community submission information. If the audit report is not available when the draft is submitted to OMB, 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, Treasury, 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 Financial 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. OFFM will submit comments on Draft Reports using a comment log in MAX. Agencies are encouraged to work directly with their OMB 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, electronic or hard copies, to Congress. Electronic or hard 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 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 copies are adequate. Electronic copies and other cost-saving production measures are encouraged, recognizing that financial report users tend to prefer clear and concise text, tables, and graphics over glossy photos, videos, and other costly visual aids.

I.7. Inquiries

For information concerning this Circular, contact OFFM at 202-395-3993 or csjohnson@omb.eop.gov.

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 reflect a Nov. 16 th deadline for 2020.
Former II.2.1-II.2.3	Purpose, Responsibility, & Scope	Consolidated three sections on purpose, scope, and responsibility into one section and streamlined text.
II.2.4	MD&A Analysis of Financial Statements and Stewardship Information Section	Added a new requirement for a summary of COVID-19 activity, new references to budget information, and new reference to required supplementary stewardship information in light of SFFAS 57, <i>2019 Omnibus Amendments</i> . Moved paragraph regarding the limitations of financial statements into this section.
II.2.2 –II.2.6	MD&A Various Sections	Streamlined text and clarified that MD&A should include a discussion of budgetary resources.
II.3.1	Instructions for the Annual Financial Statements	Streamlined text, especially for parent-child reporting.
II.3.2.2C	Illustrative Statement - Balance Sheet C	Added new illustrative Balance Sheet, which will be required in FY 2021.
II.3.2.3	Assets	Updated to reflect FASAB Technical Bulletin 2020-1: Loss Allowance for Intra-governmental Receivables. Highlighted distinction between Federal and non-Federal investments (primarily for FASB entities). Streamlined G-PP&E, heritage assets, and stewardship land text.
II.3.2.4	Liabilities	Clarified definition of Other Liabilities.
II.3.3.1	Statement of Net Cost Introduction	Streamlined text.
II.3.5	Statement of Budgetary Resources	Added new line 4220.
II.3.5.4	SBR Illustrative Statement	Added new line 4220 for disbursements from non-budgetary credit financing accounts.
II.3.8.1	Note 1: Summary of Significant Accounting Policies	Added optional information explaining the significance of certain intragovernmental assets and the budget process.
II.3.8.3	Note 3: FBWT	Updated to have optional disclosure of what causes changes to FBWT and significance of FBWT to the Government.
II.3.8.4	Note 4: Cash and Other Monetary Assets	Streamlined text duplicated in section II.3.2.3 and clarified definition of non-entity cash.
II.3.8.5	Note 5: Investments	Clarified requirements for non-Federal investments.
II.3.8.6	Note 6: Accounts Receivable, Net	Updated to reflect FASAB Technical Bulletin 2020-1, Loss Allowance for Intra-governmental Receivables.
II.3.8.8	Note 8: Direct Loans and Loan Guarantees	Streamlined Tables G and N. Added a new optional Table P for significant entities.

II.3.8.10	Note 10: PP&E	Clarified requirements for significant entities for FR compilation process.
II.3.8.13	Note 13: Liabilities Not Covered by Budgetary Resources	Updated to provide an optional disclosure explaining the significance of budgetary resources from a financing and Government-wide perspective and a disclosure pertaining to liabilities not requiring budgetary resources.
II.3.8.15	Note 15: Federal Employee and Veteran Benefits	Clarified that requirement for civilian retirement system applies to military retirement system.
II.3.8.16	Environmental and Disposal Liabilities	Streamlined text.
II.3.8.18	Note 18: Leases	Updated to remind readers to continue to follow existing lease accounting principles until FY 2024. Clarified requirement for separate disclosure of Federal and non-Federal amounts by adding separate columns to tables.
Former II.3.8.19	Former Note 19: Life Insurance	Deleted note in light of SFFAS 51.
II.3.8.20	Note 20: Funds from Dedicated Collections	Deleted requirement to disclose intragovernmental gross cost because it is not required by GAAP. Streamlined text in light of reference to SFFAS 27 paragraphs 22 and 28. Highlighted requirement of paragraphs 27 and 28 regarding investment disclosure. Made disclosure of combined to consolidated crosswalk mandatory in light of FR requirements.
Former II.3.8.23	Former Note 23: Cost of Stewardship PP&E	Deleted because it is not required by GAAP.
II.3.8.25	Note 25: Net Adjustments to Unobligated Balance Brought Forward, October 1	Clarified to state that note should reconcile to unobligated balance at the end of the prior year.
II.3.8.34	Note 34: Custodial Revenues	Added new illustrative tables to support the FR compilation process for significant entities.
II.3.8.39	Note 39: Public-Private Partnerships	Streamlined text, clarified the definition of “risk,” and added an illustrative table for significant entities.
II.3.8.40	Note 40: Disclosure Entities and Related Parties	Streamlined text.
II.3.8.42	Note 42: COVID-19 Activity	Added new note for the reporting of budgetary resources, costs, and other amounts associated with COVID-19.
II.3.8.43	Note 43: Subsequent Events	Added new note for the reporting of subsequent events information for FR compilation process.
II.3.8.44	Note 44: Reclassification of Balance Sheet, SNC, and SCNP for FR Compilation Process	Added new line for insurance and guarantee program liabilities, a definition of “intragovernmental,” and new columns for Dedicated Collections and other amounts to support the FR compilation process.
Former II.3.9	Required Supplementary Stewardship Information	Deleted. SFFAS 57 rescinded SFFAS 8, <i>Supplementary Stewardship Reporting</i> , but the information may continue to be reported as Other Information or, as appropriate, in the MD&A.
II.4.5	Payment Integrity	Updated to reflect the Payment Integrity Information Act of 2019.

II.4.7	Real Property	Deleted. Reduce the Footprint (RTF) reporting eliminated in light of the issuance on November 6, 2019, of M-20-03, Implementation of Agency-wide Real Property Capital Planning. GSA will track compliance with the RTF policy through Federal Real Property Profile data. Added a requirement that agencies provide a link to real property information in the AFR.
II.4.10	Grant Program Information	Added reporting requirement for significant entity grant programs, similar to FYs 2017 and 2018 requirements.
IV.3	Third Quarter Unaudited Interim Financial Notes and Supplemental Information	Updated to reflect requirement for notes only for FR compilation process.

I.10. Abbreviations

AFR	Agency Financial Report
AICPA	American Institute of Certified Public Accountants
AMR	Annual Management Report
APR	Annual Performance Report
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)
COVID-19	Coronavirus Disease 2019
CY	Current Year
FASAB	Federal Accounting Standards Advisory Board
FASB	Financial Accounting Standards Board
FBWT	Fund Balance with Treasury
FCRA	Federal Credit Reform Act (Pub. L. No. 101-508)
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
GASB	Governmental Accounting Standards Board
General Fund	General Fund of the United States Government
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
MD&A	Management's Discussion and Analysis
OI	Other Information
OASDI	Old-Age, Survivors, and Disability Insurance
OFFM	OMB Office of Federal Financial Management
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
PP&E	Property, Plant & Equipment
PY	Prior Year
RSI	Required Supplementary 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
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 Corporation 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 consolidation of the reports 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 (IG) 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. See OMB Circular A-11, Section 210 for details.

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, a description of any material weaknesses in internal control and actions the agency is taking to resolve the weaknesses, and an explanation for any delay in the publication of the AFR or PAR if not explained in the CFO or other transmittal letter.

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

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

Financial Section (AFR Section 2 or PAR Section 3). See Section II.3 below. This section must contain the auditor's signed report and may contain a CFO Letter, which may summarize plans (including time frames) for correcting audit weaknesses and instances of non-compliance, any impediments to such plans, and the progress made in addressing previously reported audit weaknesses and instances of non-compliance. If an agency or its auditor is not able to meet the AFR/PAR publication deadline, the CFO Letter should explain the reason for the delay if it is not explained in the Agency Head Letter.

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

II.2. MD&A – AFR/PAR Section I

II.2.1. Purpose, Responsibility, and Scope

An AFR or a PAR must contain, as required supplementary information (RSI), an MD&A section in accordance with SFFAS 15, *Management's Discussion and Analysis*, paragraphs 1 through 8.

The MD&A should focus on the information most likely to affect the judgment or decisions of users of the AFR or PAR who rely on the AFR or PAR as a source of information.

SFFAS 15, paragraph 2, provides that MD&A should contain sections that contain certain information, as noted below. Such information should be presented in an integrated manner, to the extent possible. For example, performance information and financial statement information should be organized in the same manner, such as by major program. 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.2.2. MD&A Mission and Organizational Structure Section

The MD&A should describe the reporting entity (including any consolidated or disclosure entities under SFFAS 47) and its mission(s), major programs (as defined by management and shown on the Statement of Net Cost (SNC)), and organizational structure.

II.2.3. MD&A Performance Goals, Objectives, and Results Section

To help the reader assess the efficiency and effectiveness of major programs, the MD&A should **summarize**:

- a. The entity's overall progress toward major program goals, linking goals to cost categories or responsibility segments in the SNC, linking goals to budgetary resources, and providing context (such as historical trends in progress);
- b. Significant factors that affected performance (including factors that are substantially outside and factors that are within the entity's control) and any agency-specific anticipated or unanticipated risks;
- c. Plans to improve performance and mitigate risks; and
- d. Procedures management has established to provide reasonable assurance that performance information is relevant and reliable.

The discussion should reflect results of services performed through allocation transfers if material.

See OMB Circular A-11, Part 6, for performance reporting requirements. For agencies producing an AFR and APR, state when and where the APR will be available.

II.2.4. MD&A Analysis of Financial Statements and Stewardship Information Section

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

- The relevance of particular amounts shown in the principal financial statements.
- Major changes (i.e., changes typically in excess of 10 percent) in types or amounts of assets, liabilities, net costs, revenues, obligations, outlays, or budgetary resources. For significant entities (which are defined in Treasury Financial Manual (TFM) Vol. 1, Part 2, Section 4703) major changes are generally changes in excess of 10 percent and \$1 billion.
- Financial management issues arising during the reporting period and any anticipated or

unanticipated financial risks occurring during the reporting period.

For FY 2020, the MD&A should contain a section (either within this section or as a separate section) that summarizes the financial impact, if significant, of the coronavirus disease 2019 (COVID-19) on the entity, including any additional budgetary resources received. The COVID-19 section should summarize the purpose of the budgetary resources, obligations incurred, the portion of the budgetary resources that remain available for FY 2021 (including a reference to the existence and purpose of any indefinite budgetary resources), and the financial and performance impact of the additional budgetary resources. Discussion and analysis of the financial impact should include the impact on assets, liabilities, net costs, revenue, Funds from Dedicated Collections, net position, and other results, as appropriate. See Note 42, COVID-19 Activity, for note disclosure requirements.

In addition, for FY 2020, in light of the issuance of SFFAS 57, *Omnibus Amendments 2019*, entities with significant stewardship activities may choose to discuss such activities in their MD&A.

Entities required to report a Statement of Social Insurance (SOSI) should discuss in one section of the MD&A critical measures from their statements pursuant to SFFAS 37, *Social Insurance: Additional Requirements for Management's Discussion and Analysis and Basic Financial Statements*, paragraphs 23 through 27. These entities must also present in the MD&A a table or other display of key measures, similar to the illustrative table shown below.

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 Statement of Changes in Social Insurance Amounts (SCSIA). See Section II.3.7. The closed group measure need not be presented in the illustrative table or other display, but should be discussed in the MD&A.

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 & Veteran 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%

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, financial condition, and results of operations, pursuant to the requirements of 31 U.S.C. § 3515(b). The statements are prepared from records of Federal entities in accordance with Federal generally accepted accounting principles (GAAP) and the formats prescribed by OMB. Reports used to monitor and control budgetary resources are prepared from the same records. Users of the statements are advised that the statements are for a component of the U.S. Government.

II.2.5. MD&A Analysis of Systems, Controls and Legal Compliance Section

This section must contain Management Assurances related to the Federal Managers' Financial Integrity Act (FMFIA) and the Federal Financial Management Improvement Act (FFMIA) in either a single statement or two separate statements signed by the agency head.

For the **FMFIA**, management should:

- Provide an assessment of (1) the effectiveness of the organization's internal controls to support reliable financial reporting, effective and efficient operations, and compliance with applicable laws and regulations (FMFIA § 2) and (2) 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) and 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.

For the **FFMIA**, management must include its assessment of whether the agency's financial management systems' comply substantially with (1) Federal financial management systems requirements, (2) applicable Federal accounting standards promulgated by FASAB, and (3) 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." 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 statement(s) for consistency with the findings specified in the annual financial statement audit report(s). The Office of Inspector General 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 and 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.3.8.37.

This section's analysis of legal compliance could include a summary of efforts to maintain compliance with applicable laws.

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, and financial control; and
- Summarize the agency's financial management systems strategy and how it will achieve the goals of improving financial management agency-wide.

II.2.6. Forward-Looking Information

Forward-looking information should reflect possible effects of the most important risks, uncertainties, future events or conditions, and trends that are unique to the reporting entity and that could significantly affect the entity's financial position, condition, or operating performance. Potential challenges that may need to be addressed and actions that have been planned or taken to address those challenges should be discussed.

II.2.7. Other Management Information and Initiatives

Management has the discretion to summarize in the MD&A other information and initiatives, such as progress in implementing key administration management priorities relevant to program and financial performance.

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

II.3.1. Instructions for the Annual Financial Statements

Reporting entities must comply with GAAP for Federal entities and the requirements of this Circular. Additional guidance on recognition, measurement, and disclosure requirements can be found in specific standards on FASAB's website, <http://www.fasab.gov>.

If 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, *The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board*. 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.

Comparative financial statements are required except for the SOSI, which has different requirements (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.

Requirements in the remainder of section II.3 that are not specified in SFFAS 34 categories A through C are considered level D of the Federal GAAP hierarchy. For example, level D GAAP is reflected in various areas including, but not limited to, the following:

- Budgetary reporting requirements, including disclosures;
- Note 44: Reclassification of Balance Sheet, SNC, and Statement of Changes in Net Position (SCNP) to FR format;
- Non-federal investments reporting requirements, including recognition and disclosures, excluding entities that follow the Financial Accounting Standards Board (FASB) that are not converted to FASAB; and
- Commitments.

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 Statement of Budgetary Resources (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 or PAR.

Parent-Child Reporting

An entity required by law to allocate budget authority to another Federal entity is referred to as a “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 with a Treasury account symbol that includes the three-digit code of the child followed by the three-digit code of the parent (referred to as a child account). With an allocation transfer, the child receives the budget authority, obligates against that budget authority, and outlays amounts up to the total of the allocation.

Generally, 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. However, where (1) the Executive Office of the President is the parent or (2) funds are transferred from the Judicial Branch to the Department of Justice U.S. Marshals Service for court security, the child is responsible for reporting all budgetary and proprietary activity in their financial statements and GTAS. Other than these two cases, child entities must not report any information for the allocation transfer account in their financial statements.

Except for the two cases noted above, the parent must report all budgetary and proprietary activity in its financial statements, whether material to the child or not. To do so, 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.

See the TFM Volume 1, Part 2, Chapter 4700, Sections 4703 and 4705.30 for a definition of the USSGL and additional information.

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 approval.

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.

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, 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 20. Agencies may present combined or consolidated amounts and the presentation must be labeled accordingly.

Agencies have the option to use separate lines to display information on Funds from Dedicated Collections on the Balance Sheet (Illustrative Balance Sheets Option A and C) or to use parenthetical amounts within line item totals (Illustrative Balance Sheet Option B). Agencies that use Options A or C are encouraged to use Option A for the Statement of Changes in Net Position (and vice versa).

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, net (Note 6)	XXX	XXX
4. Loans receivable	XXX	XXX
5. Other (Note 12)	<u>XXX</u>	<u>XXX</u>
6. Total intragovernmental	XXX	XXX
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, and 18)	<u>XXX</u>	<u>XXX</u>
28. Total liabilities	<u>\$ X,XXX</u>	<u>\$ X,XXX</u>
29. Commitments and contingencies (Note 19)		
Net Position:		
30. Unexpended appropriations – Funds from Dedicated Collections (Combined or Consolidated Totals) (Note 20)	\$ 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 20)	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 20)	X,XXX	X,XXX
35. Total net position – All other funds (Combined or Consolidated Totals)	<u>X,XXX</u>	<u>X,XXX</u>
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 , net (Note 6)	XXX		XXX
4. Loans receivable	XXX		XXX
5. Other (Note 12)	<u>XXX</u>		<u>XXX</u>
6. Total intragovernmental	XXX		XXX
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>\$</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)	<u>XXX</u>		<u>XXX</u>
20. Total intragovernmental	XXX		XXX
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, and 18)	<u>XXX</u>		<u>XXX</u>
28. Total liabilities	<u>\$ X,XXX</u>	<u>\$</u>	<u>X,XXX</u>
29. Commitments and contingencies (Note 19)			
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 20)	\$ 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 20)	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 20)	<u>\$ X,XXX</u>	<u>\$</u>	<u>X,XXX</u>
33. Total liabilities and net position	<u>\$ X,XXX</u>	<u>\$</u>	<u>X,XXX</u>

The accompanying notes are an integral part of these statements.

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

For FY 2021, this statement will be required for all entities. Early adoption is allowed.

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, net (Note 6)	XXX		XXX
4. Loans receivable	XXX		XXX
5. Other (Note 12)	<u>XXX</u>		<u>XXX</u>
6. Total intragovernmental	<u>X,XXX</u>		<u>X,XXX</u>
With the public:			
7. Cash and other monetary assets (Note 4)	XXX		XXX
8. Accounts receivable, net (Note 6)	XXX		XXX
9. Direct loans and loan guarantees receivables, net (Note 8)	XXX		XXX
10. Inventory and related property, net (Note 9)	XXX		XXX
11. General property, plant, and equipment, net (Note 10)	XXX		XXX
12. Securities and investments (Note 5)	XXX		XXX
13. Investments in Government-sponsored enterprises	XXX		XXX
14. Other (Note 12):	<u>XXX</u>		<u>XXX</u>
15. Total with the public	<u>X,XXX</u>		<u>X,XXX</u>
16. Total assets	<u>\$ X,XXX</u>	<u>\$</u>	<u>X,XXX</u>
17. Stewardship PP&E (Note 11)			
Liabilities (Note 13):			
Intragovernmental:			
18. Liability for Fund Balance with Treasury	\$ XXX	\$	XXX
19. Accounts payable	XXX		XXX
20. Federal debt and interest payable (Note 14)	XXX		XXX
21. Debt associated with loans (Note 14)	XXX		XXX
22. Other (Notes 15 and 17)	<u>XXX</u>		<u>XXX</u>
23. Total intragovernmental	<u>X,XXX</u>		<u>X,XXX</u>
With the public:			
24. Accounts payable	XXX		XXX
25. Federal debt and interest payable (Note 14)	XXX		XXX
26. Federal employee and veteran benefits payable (Note 15)	XXX		XXX
27. Environmental and disposal liabilities (Note 16)	XXX		XXX
28. Benefits due and payable	XXX		XXX
29. Loan guarantee liability (Note 8)	XXX		XXX
30. Liabilities to Government-sponsored enterprises	XXX		XXX
31. Insurance and guarantee program liabilities	XXX		XXX
32. Other (Notes 17, 18, and 19)	<u>XXX</u>		<u>XXX</u>
33. Total with the public	<u>X,XXX</u>		<u>X,XXX</u>
34. Total liabilities	<u>\$ X,XXX</u>	<u>\$</u>	<u>X,XXX</u>
35. Commitments and contingencies (Note 19)			
Net Position:			
36.1 Unexpended Appropriations-Funds from Dedicated Collections	\$ XXX	\$	XXX
36.2 Cumulative Results of Operations-Funds from Dedicated Collections	<u>XXX</u>		<u>XXX</u>
36. Total net position-Funds from Dedicated Collections (Note 20) (Combined or Consolidated)	XXX		XXX
37.1 Unexpended Appropriations-Funds other than those from Dedicated Collections	XXX		XXX
37.2 Cumulative Results of Operations-Funds other than those from Dedicated Collections	<u>XXX</u>		<u>XXX</u>
37. Total net position – Funds other than those from Dedicated Collections (Combined or Consolidated)	<u>XXX</u>		<u>XXX</u>
38. Total net position	<u>X,XXX</u>		<u>X,XXX</u>
39. Total liabilities and net position	<u>\$ X,XXX</u>	<u>\$</u>	<u>X,XXX</u>

The accompanying notes are an integral part of these statements.

Other lines 5, 14, 22, and 32 may be presented as a single line as in Option C or divided further to show the detail for each section, as shown below:

Other (Note 12)

Advances to others and prepayments

Other assets

Asset for agency custodial and non-entity liabilities

In addition, immaterial amounts may be included in the Other line(s). Material amounts for line items not shown separately in Option C may not be displayed separately on the entity's Balance Sheet, but may be shown separately under Other.

Intragovernmental assets (lines 1-6) and liabilities (lines 18-23) may be presented with the major lines on the USSGL crosswalk or subcategory lines reported for each major line. While the example below is for assets, comparable lines may be displayed for liabilities. See TFM USSGL Part 2: https://tfm.fiscal.treasury.gov/v1/supplements/ussgl/ussgl_part_2.html.

USSGL crosswalk major lines:

Assets:

Intragovernmental:

Fund balance with Treasury

Investments

Accounts receivable

Loans receivable

Other

Total intragovernmental

Subcategory lines:

Assets:

Intragovernmental:

Fund balance with Treasury

Investments

Federal investments

Interest receivable – investments

Accounts receivable

Assets for custodial and non-entity liabilities other than General Fund

Accounts receivable, capital transfers

Benefits programs contributions receivable

Accounts receivable

Transfers receivable

Loans receivable

Interest receivable – loans and not otherwise classified

Loans receivable

Other

Advances to others and prepayments

Other assets

Asset for agency custodial and non-entity liabilities

Total intragovernmental

Recognize probable contingencies on Option C, Line 32, Other, in accordance with SFFAS 5, paragraphs 38-39. Option C, Line 35, Commitments and contingencies, should include a reference to Note 19, which discloses reasonably possible contingencies and probable contingencies in accordance with paragraphs 39-41 of SFFAS 5, *Accounting for Liabilities of the Federal Government*.

In the first year of implementation, entities may include the following note:

The format of the Balance Sheet has changed to reflect more detail for certain line items, as required for all significant reporting entities by OMB Circular A-136. This change will support the preparation and audit of the Government-wide Financial Report and will standardize the Balance Sheet across significant entities, increasing its usefulness to financial report users.

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 36).

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 also be presented as 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 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.

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; non-Federal securities must be reported separately from 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. Marketable Treasury securities can be exchanged on the open market.

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. Investments in Federal securities made through the secondary market are considered Federal securities.

Non-Federal securities include: securities issued by State and local governments, Government-sponsored enterprises, and private corporations; investments in money market and mutual funds even if the fund assets consist entirely of Federal securities; and investments in equity securities.

Non-Federal investments may be trading, held-to-maturity, or available-for-sale securities. Trading securities are debt and equity securities purchased with the intent to sell in the near term and are reported at fair value. Held-to-maturity securities are debt securities purchased with the intent and ability to hold to maturity and are reported at amortized cost. Investments in debt securities and equity securities that have readily determinable fair values not classified as trading securities or as held-to-maturity securities shall be classified as available-for-sale securities. Available-for-sale securities are reported at fair value. Unrealized gains and losses for trading and available-for-sale securities are recognized in net cost.

Disclose the components of investments, including the market value of market-based and marketable Treasury securities, investments for Funds from Dedicated Collections, and other information required for non-Federal investments (Note 5).

For investments in non-Federal securities, consult Accounting Standards Codifications (ASC) 320, 321, 323, 325, and 820, but do not apply such guidance to non-federal securities that are accounted for under 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 in accordance with SFFAS 1 and Technical Bulletin 2020-1, *Loss Allowance for Intragovernmental Receivables*. Note that loss allowance recognition for intragovernmental receivables does not alter the statutory requirements for the debtor agency to make the payment or for the collecting agency to seek and obtain payment. Entities should document their policies regarding allowances and criteria for assessing collectability and disclose the method(s) of calculating the allowance for doubtful accounts and the dollar amount of the allowance (Note 6).

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 for disclosure requirements for inventory and related property.

General Property, Plant and Equipment (PP&E), Net.

See SFFAS 6, *Accounting for PP&E*, paragraphs 17-19 and 23-34 and paragraphs 40-44 and SFFAS 29, *Heritage Assets and Stewardship Land*, paragraphs 15-24 for definitions and recognition requirements for PP&E and heritage assets and stewardship land, respectively. See SFFAS 6, paragraphs 35-39 for recognition requirements for accumulated depreciation and disposal, retirement, and removal of PP&E from service. See Notes 10 and 11 for disclosure requirements for PP&E and heritage assets and stewardship land, respectively.

See SFFAS 10, *Accounting for Internal Use Software*, paragraphs 8-34 and 36 and FASAB Technical Release (TR) 16 *Implementation Guidance for Internal Use Software*, for definitions and recognition requirements (including impairment loss requirements) for internal use software.

See SFFAS 44, *Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use*, paragraphs 8-25 for definitions and recognition requirements for impairment losses for PP&E other than internal use software.

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 on the Balance Sheet a reference to a note that discloses 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, 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 net loan guarantee liability for all credit programs of a reporting entity is negative, it should be reported as an asset. Disclose the components in the notes (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 under Balance Sheet Options A and B. Disclose in the notes the actuarial liabilities, assumptions used to compute the actuarial liabilities, assets, 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.

Interpretation 9, *Cleanup Cost Liabilities Involving Multiple Component Reporting Entities: An Interpretation of SFFAS 5 and SFFAS 6*, clarifies guidance regarding cleanup cost liabilities when the component entity responsible for reporting an asset during its useful life is different from the component entity responsible settling the liability for the cleanup cost of the asset.

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 may also include liabilities described in previous categories that are immaterial to the agency. It may include liabilities related to grants payable, capital leases, advances and prepayments, deferred revenue, Treasury-managed benefit programs, probable contingencies, accrued liabilities related to ongoing continuous expenses such as Federal employee salaries, accrued employee annual leave, accrued leave in a voluntary leave bank program, non-fiduciary deposit funds, undeposited collections, and the allocation of special drawing rights made by the International Monetary Fund. Other liabilities, including immaterial amounts, must be reported in GTAS using the correct USSGL for the liability category.

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).

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).

SFFAS 58, *Deferral of the Effective Date of SFFAS 54, Leases*, defers until FY 2024 the effective date of SFFAS 54, *Leases*; earlier implementation is not permitted. Under paragraph 96 of SFFAS 54, entities with unexpired leases at the beginning of FY 2024 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 2024.

Insurance and Guarantee Program Liabilities. These liabilities exclude social insurance, loan guarantee programs, and life insurance.

SFFAS 51, *Insurance Programs*, 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.

Insurance and guarantee program liabilities should be reported as a separate line item on the balance sheet if material and as a component of other liabilities if immaterial. Disclose insurance and guarantee program liabilities in a separate note (Note 41) and disclose life insurance liabilities in the Federal Employee and Veteran Benefits note (Note 15) or the other liabilities note (Note 17).

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 19).

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 19).

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 20).

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 20).

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 21).

See 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*, paragraphs 19-25 for reporting requirements for gains and losses associated with changes in long-term assumptions for employee pensions, ORB, and OPEB, including veterans' compensation.

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 (as defined by FASAB's Appendix E: Consolidated Glossary) 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 21)		
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, SFFAS 5, SFFAS 55, Interpretation 2, 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.

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.

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 20 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 from combined to consolidated amounts must be disclosed as discussed in Note 20. 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 20)	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 20)	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 20)	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 20)	<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 20)	<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 20)	\$ 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 20)	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 20)	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 20)	<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 27. 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, including (1) eliminations between Funds from Dedicated Collections and other funds, (2) eliminations within Funds from Dedicated Collections, and (3) eliminations within other funds.

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 20) 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 SCNP's current year's unadjusted beginning balances must agree with the restated ending balances on the agency's prior year's SCNP.

Management Actions Related to Correction of Errors

Communications Requirements

Management is responsible for providing complete and reliable information and for correcting on a timely basis any false, misleading, or incomplete information. 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 37 Restatements for disclosure requirements	Refer to Note 37 Restatements for disclosure requirements	Refer to Note 37 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 31).

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 25)	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	
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>	
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, and Disbursements, Net					
4190	Outlays, net (total) (discretionary and mandatory)	xxx		xxx	
4200*	Distributed offsetting receipts (-)	(xxx)		(xxx)	
4210*	Agency outlays, net (discretionary and mandatory)	\$ <u>xxx</u>		<u>xxx</u>	
4220*	Disbursements, net (total) (mandatory)		\$ <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. Net outlays must agree with the disbursements and collections reported to Treasury for the fiscal year to date within the CARS Classifications Transaction Accountability Module. This line excludes gross disbursements and offsetting collections from credit financing accounts.

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. 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 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 within the CARS Classifications Transaction Accountability Module.

Undistributed offsetting receipts should not be included in the SBR.

Disbursements, Net. Net disbursements are derived by reducing gross disbursements by actual offsetting collections. Net disbursements must agree with the disbursements and collections reported to Treasury for the fiscal year to date within the CARS Classifications Transaction Accountability Module. This line applies only to credit financing accounts.

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 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 25*, requires the disclosure of significant assumptions (Note 35). 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 35), 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 dedicated 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 dedicated 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. For example, the existence, purpose, and availability of permanent indefinite appropriations may be disclosed in Note 1 or Note 29. In some cases, it may be necessary to include a more detailed discussion of an accounting policy in a specific note.

Reporting Entity

At management's discretion, an entity may include the following or similar language:

The reporting entity is a component of the U.S Government. For this reason, some of the assets and liabilities reported by the entity may be eliminated for Government-wide reporting because they are offset by assets and liabilities of another U.S. Government entity. These financial statements should be read with the realization that they are for a component of the U.S. Government, a sovereign 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 basis for the valuation, recognition, and allocation of assets, liabilities, expenses, revenues and other financing sources. Describe changes in GAAP affecting the financial statements.

Fund Balance with Treasury and Funds from Dedicated Collections

Explain concepts such as FBWT and Funds from Dedicated Collections unique to Federal financial statements.

At management's discretion, an entity may include the following or similar language:

FBWT is an asset of a reporting entity and a liability of the General Fund. Similarly, investments in Federal Government securities that are held by Dedicated Collections accounts are assets of the reporting entity responsible for the Dedicated Collections and liabilities of the General Fund. In both cases, the amounts represent commitments by the Government to provide resources for particular programs, but they do not represent net assets to the Government as a whole.

When the reporting entity seeks to use FBWT or investments in Government securities to liquidate budgetary obligations, Treasury will finance the disbursements in the same way it finances all other disbursements, using some combination of receipts, other inflows, and borrowing from the public (if there is a budget deficit).

Revenue and Other Financing Sources

At management’s discretion, an entity may include the following or similar language:

As a component of the Government-wide reporting entity, the entity is subject to the Federal budget process, which involves appropriations that are provided annually and appropriations that are provided on a permanent basis. The financial transactions that are supported by budgetary resources, which include appropriations, are generally the same transactions reflected in agency and the Government-wide financial reports.

The reporting entity’s budgetary resources reflect past congressional action and enable the entity to incur budgetary obligations, but they do not reflect assets to the Government as a whole. Budgetary obligations are legal obligations for goods, services, or amounts to be paid based on statutory provisions (e.g., Social Security benefits). After budgetary obligations are incurred, Treasury will make disbursements to liquidate the budgetary obligations and finance those disbursements in the same way it finances all disbursements, using some combination of receipts, other inflows, and borrowing from the public (if there is a budget deficit).

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

To protect classified information, including which agencies report classified information, all federal reporting entities must include 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, *Classified Activities*, 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.

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 with “child” accounts (or receiving accounts) involved in an allocation transfer must explain that the child account 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 by 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. For example, as stated in Note 1, a reporting entity may disclose, at management's discretion, that FBWT is an asset to the reporting entity, but not to the Government as a whole (because it is a liability of the General Fund). In addition, the reporting entity may disclose factors that increase FBWT (e.g., appropriations) and decrease FBWT (e.g., disbursements). Also, the entity may explain that when disbursements are made, Treasury finances those disbursements in the same way it finances all other disbursements, using some combination of receipts, other inflows, and borrowing from the public (if there is a budget deficit).

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 the nature and reasons for any restrictions on cash and other monetary assets in accordance with SFFAS 1, paragraphs 27 to 30, and SFFAS 3, paragraphs 59 to 61 and 65 to 66. Note that non-entity cash is cash that a reporting entity collects and holds in a custodial capacity for the U.S. Treasury or other Federal entity. Non-entity cash is always restricted cash. In addition, disclose bid deposits held in commercial banks and 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) Available for Sale	Xxx	_____	xxx	xxx	xxx	xxx	xxx
(2) Held to Maturity	Xxx	_____	xxx	xxx	xxx	xxx	xxx
(3) Trading	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) Available for Sale	xxx	_____	xxx	xxx	xxx	xxx	xxx
(2) Held to Maturity	Xxx	_____	xxx	xxx	xxx	xxx	xxx
(3) Trading	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 not accounted for in a manner comparable to the accounting treatment in SFFAS 2, disclose whether the investment is available-for-sale, held-to-maturity, or a trading security. In addition, for these non-Federal securities, disclose the fair value measurements hierarchy classification (Levels 1, 2, 3 or Other) by investment type. Level 1 reflects the unadjusted quoted prices in active markets for identical assets that the reporting entity can access at the measurement date. Level 2 reflects inputs other than quoted prices in Level 1 that are directly or indirectly observable for the asset. Level 3 reflects unobservable

inputs for the asset. “Other” includes investments that are measured at fair value using the net asset value per share of the investment and have not been categorized in the fair value hierarchy; for these amounts, provide a description of securities.

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. Include accounts receivables (e.g. premiums or fees) related to direct or guaranteed loans, but do not include other receivables related to direct or guaranteed loans, which are reported in Note 8.

As noted in section II.3.2.3 on assets, above, gross receivables must be reduced to net realizable value by an allowance for doubtful accounts in accordance with SFFAS 1 and Technical Bulletin 2020-1, *Loss Allowance for Intragovernmental Receivables*. Loss allowance recognition for intragovernmental receivables does not alter the statutory requirements for the debtor agency to make the payment or for the collecting agency to seek and obtain payment. Entities should document their policies regarding allowances and criteria for assessing collectability.

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. 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:

List the direct loan and/or loan guarantee programs administered by the reporting entity:

- (1) _____
- (2) _____
- (3) _____

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 header (5) accordingly]:

(1) Direct Loans Programs	(2) Loans Receivable, Gross	(3) Interest Receivable	(4) Foreclosed Property	(5) Present Value Allowance/ Allowance for Loan Losses	(6) Direct Loans, Net
(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, specify in column 5 whether the present value method or the allowance-for-loss method is used. Report in column 4 the estimated net realizable value of related foreclosed property and report in column 5 the present value allowance or the allowance for loan losses. The sum of columns 2 through 4 less column 5 is reported as the value of assets related to direct loans (column 6).

C. Direct Loans Obligated After FY 1991:

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

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):

	FY 2xxx (CY)	FY 2xxx (PY)
Beginning balance of the subsidy cost allowance	\$	\$
Add total subsidy expense for direct loans disbursed during the reporting years as shown in E1		
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 total subsidy reestimates as shown in E2		
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 header (5) accordingly]:

(1) Loan Guarantee Programs	(2) Defaulted Guaranteed Loans Receivable, Gross	(3) Interest Receivable	(4) Foreclosed Property	(5) Present Value Allowance/ Allowance for Loan Losses	(6) 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 specify in column 5 whether the present value method or the allowance-for-loss method is used. Report the estimated net realizable value of related foreclosed property in column 4 and the present value allowance or allowance for loan losses in column 5. The sum of columns 2 through 4 less column 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) Loan Guarantee Programs	(2) Defaulted Guaranteed Loans Receivable, Gross	(3) Interest Receivable	(4) Foreclosed Property	(5) Allowance for Subsidy Cost (Present Value)	(6) 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	xxx
(2) _____	xxx	xxx	xxx	xxx	xxx
Total	xxx	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. The subsidy rate is the dollar amount of the total subsidy or subsidy component expressed as a percentage of guarantees committed for the cohort and should be consistent with the rates published in the Federal Credit Supplement to 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):

	FY 2xxx (CY)	FY 2xxx (PY)
Beginning balance of the loan guarantee liability	\$	\$
Add total subsidy expense for guaranteed loans disbursed during the reporting years as shown in L1		
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 total subsidy reestimates by component as shown in L2		
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:

Direct Loan Programs		Loan Guarantee Programs	
(1) _____	\$ xxx	(1) _____	\$ xxx
(2) _____	xxx	(2) _____	xxx
Total	xxx	Total	xxx

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.

P. Loans Receivable:

To assist in the compilation of the FR, significant entities with loans receivable and defaulted guaranteed loans receivable should report a summary table that shows the change in gross receivables, as shown in the illustration below.

For FY 2020, this table is optional; **beginning in FY 2021**, this table will be required. Comparative information is not required in the first year of implementation

Loans Receivable, Gross, start of year	\$ xxx
Plus Loans Disbursed	xxx
Less Principal Payments Received	(xxx)
Less Foreclosed Property	(xxx)
Less Loans Written Off	(xxx)
Other	xxx
Loans Receivable, Gross, end of year	\$ xxx

Defaulted Guaranteed Loans Receivable, start of year	\$ xxx
Plus Guarantee Payments	xxx
Less Principal Payments Received	(xxx)
Less Foreclosed Property	(xxx)
Less Loans Written Off	(xxx)
Other	xxx
Defaulted Guaranteed Loans Receivable, end of year	\$ xxx

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), if applicable); 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, Establishing Opening Balances for General Property, Plant, and Equipment: Amending SFFAS 6, SFFAS 10, SFFAS 23 and Rescinding SFFAS 35. These methods 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.

To support the FR compilation process, significant entities should disclose total PP&E and accumulated depreciation for the current year as shown in the illustrative reconciliation below. For FY 2020, comparative information need not be presented.

	Net PP&E
Balance beginning of year	\$ xxx
Capitalized acquisitions	xxx
Dispositions	xxx
Revaluations	xxx
Depreciation expense	<u>xxx</u>
Balance at end of year	\$ xxx

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. _____	<u>xxx</u>	<u>xxx</u>
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. In addition, as stated in Note 1, and at management’s discretion, entities may include the following or similar language:

Liabilities not covered by budgetary resources require future congressional action whereas liabilities covered by budgetary resources reflect prior congressional action. Regardless of when the congressional action occurs, when the liabilities are liquidated, Treasury will finance the liquidation in the same way that it finances all other disbursements, using some combination of receipts, other inflows, and borrowing from the public (if there is a budget deficit).

Liabilities that do not require the use of budgetary resources are covered by monetary assets that are not budgetary resources to the entity. Entities with material amounts of liabilities in this category, such as liabilities for non-fiduciary deposit funds, should provide a brief description of those liabilities.

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 Veteran Benefits

In accordance with SFFAS 5 and SFFAS 33, entities responsible for administering pensions, ORB, and OPEB (including post-retirement health, civilian life insurance, veterans’ compensation and burial, and veteran education benefits) should disclose a reconciliation of beginning and ending pension, ORB, and OPEB liability balances, broken out by program, 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	<u>xxx</u>
Less amounts paid:	<u>xxx</u>
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 separately even if immaterial.

Entities responsible for administering pensions, ORB, and OPEB should also disclose information related to assets (see SFFAS 33, paragraph 25, and SSFAS 5, paragraphs 68 and 85).

In addition, these entities should disclose information about 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 used to determine the pension liability and related expense. Separate rates must be disclosed for the Federal Employees' Retirement System (FERS), the Civil Service Retirement System (CSRS), and the military retirement system. 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.

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 veterans' 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 paragraphs 39-42; SFFAS 6, paragraphs 107-111; and TR 2, *Determining Probable and Reasonably Possible for Environmental Liabilities in the Federal Government* and disclose environmental and disposal liabilities involving multiple component entities in accordance with Interpretation 9 (cited in section II.3.2.4 above).

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. _____	<u>xxx</u>	<u>xxx</u>	<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. _____	<u>Xxx</u>	<u>xxx</u>	<u>xxx</u>
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:

Disclose the following information, as shown in the illustrative table below.

Capital Leases:

Summary of Assets Under Capital Lease

Land and Buildings

Machinery and Equipment

Accumulated Amortization

Descriptions of Lease Arrangements: _____

Current Year

Prior Year

Future Payments Due:

	<i>Asset Category 1</i>	<i>Asset Category 2</i>	<i>Asset Category 3</i>	<i>Federal Total</i>	<i>Non-Federal Total</i>
<i>Year 1</i>					
<i>Year 2</i>					
<i>Year 3</i>					
<i>Year 4</i>					
<i>Year 5</i>					
<i>After 5 Years</i>					
<i>Total Future Payments</i>					
<i>Less Imputed Interest</i>					
<i>Less Executory Costs (e.g., taxes)</i>					
<i>Net Capital Lease Liability</i>					

Disclose total capital lease liabilities covered by budgetary resources and not covered by budgetary resources.

Operating Leases:

Description of Lease Arrangements: _____

Future Payments Due for Non-Cancelable Operating Leases

<i>Fiscal Year</i>	<u><i>Asset Category</i></u>			<u><i>Totals</i></u>	
	<i>Category 1</i>	<i>Category 2</i>	<i>Category 3</i>	<i>Federal</i>	<i>Non-Federal</i>
<i>Year 1</i>					
<i>Year 2</i>					
<i>Year 3</i>					
<i>Year 4</i>					
<i>Year 5</i>					
<i>After 5 Years</i>					
<i>Total Future Lease Payments</i>					

Optional: Disclose separately, with narrative, future lease payments due for cancellable operating leases.

Entity as Lessor:

Capital Leases:

Descriptions of Lease Arrangements: _____

Future Projected Receipts:

	<i>Asset Category 1</i>	<i>Asset Category 2</i>	<i>Asset Category 3</i>	<i>Total Federal</i>	<i>Total Non-Federal</i>
Year 1					
Year 2					
Year 3					
Year 4					
Year 5					
After 5 Years					
<i>Total Future Projected Receipts for Capital Leases</i>					

Operating Leases:

Description of Lease Arrangements: _____

Future Projected Receipts:

	<i>Asset Category 1</i>	<i>Asset Category 2</i>	<i>Asset Category 3</i>	<i>Total Federal</i>	<i>Total Non-Federal</i>
Year 1					
Year 2					
Year 3					
Year 4					
Year 5					
After 5 Years					
<i>Total Future Projected Receipts for Operating Leases</i>					

Other Information:

Optional: Disclose separately, with narrative, future projected receipts due from cancellable operating leases.

Federal reporting entities reporting under FASAB standards should continue their current lease accounting practices until SFFAS 54 becomes effective in FY 2024; they should not follow the FASB’s new lease standards (Accounting Standards Codification – Leases – Topic 842) nor should they follow the Governmental Accounting Standards Board’s (GASB) new lease standards (GASB Statement No. 87, Leases). Rather, reporting entities should continue to follow the current FASAB guidance that addresses lease transactions.

Current FASAB is in paragraphs 43-46 of SFFAS 5 and paragraphs 20 and 29 of SFFAS 6. These paragraphs are not rescinded by SFFAS 54 until it becomes effective. Previously existing FASB guidance under Accounting Standards Codification – Leases – Topic 840 should continue to be used when the accounting treatment for a lease transaction or event is not specified by paragraphs 43-46 of SFFAS 5 or paragraphs 20 and 29 of SFFAS 6.

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: 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 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 (“Inquiries of Legal Counsel”) of GAO’s Financial Audit Manual Volume 2 (GAO-18-625G, rev. April 2020) 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.3.8.20. Note 20: Funds from Dedicated Collections

Funds from Dedicated Collections may be reported on either a consolidated or combined basis. (The combined presentation does not eliminate intra-entity balances or transactions between Funds from Dedicated Collections held by the entity.) If a consolidated basis of presentation is used, the entity must show a crosswalk from the combined to consolidated basis in this note. (For an example of such a crosswalk, see page 104 of the Department of Interior's FY 2019 Financial Report at <https://www.doi.gov/pfm/afr/2019>.)

Beginning in FY 2020, the information shown in the illustrative statements below must be disclosed by significant entities. Federal and non-Federal amounts must be disclosed separately and the line titles that are used on the principal statements must be used. Immaterial amounts may be reported as "other."

The reclassified crosswalks in Note 44 are needed to reconcile the revenue presented on an entity's SCNP to the FR Statement of Operations and Changes in Net Position for the FR audit process.

BALANCE SHEET	<u>ABC Fund</u>	<u>CDE Fund</u>	<u>Other Funds from Dedicated Collections</u>	<u>Total Funds from Dedicated Collections</u>
Intragovernmental:				
Fund Balance with Treasury	\$ xxx	\$ xxx	\$ xxx	\$ xxx
Investments, net	xxx	xxx	xxx	xxx
Taxes and interest receivable	xxx	xxx	xxx	xxx
Other intragovernmental assets	xxx	xxx	xxx	xxx
Total intragovernmental assets	xxx	xxx	xxx	xxx
Cash and other monetary assets	xxx	xxx	xxx	xxx
Investments, net	xxx	xxx	xxx	xxx
Accounts and taxes receivable, net	xxx	xxx	xxx	xxx
Inventories and related property, net	xxx	xxx	xxx	xxx
Loans receivable, net	xxx	xxx	xxx	xxx
Property, plant, and equipment, net	xxx	xxx	xxx	xxx
Debt and equity securities	xxx	xxx	xxx	xxx
Other assets	xxx	xxx	xxx	xxx
Total assets	\$ xxx	\$ xxx	\$ xxx	\$ xxx
Intragovernmental:				
Accounts payable	\$ xxx	\$ xxx	\$ xxx	\$ xxx
Debt	xxx	xxx	xxx	xxx
Other liabilities	xxx	xxx	xxx	xxx
Total intragovernmental liabilities	\$ xxx	\$ xxx	\$ xxx	\$ xxx
Accounts payable	\$ xxx	\$ xxx	\$ xxx	\$ xxx
Loan guarantee liability	xxx	xxx	xxx	xxx
Debt held by the public	xxx	xxx	xxx	xxx
Federal employee & veteran benefits payable	xxx	xxx	xxx	xxx
Environmental & disposal liabilities	xxx	xxx	xxx	xxx
Benefits due and payable	xxx	xxx	xxx	xxx
Insurance & guarantee liabilities	xxx	xxx	xxx	xxx
Other liabilities	xxx	xxx	xxx	xxx
Total liabilities	\$ xxx	\$ xxx	\$ xxx	\$ xxx
Unexpended appropriations	\$ xxx	\$ xxx	\$ xxx	\$ xxx
Cumulative results of operations	xxx	xxx	xxx	xxx
Total liabilities and net position	\$ xxx	\$ xxx	\$ xxx	\$ xxx
STATEMENT OF NET COST				
Gross program costs	\$ xxx	\$ xxx	\$ xxx	\$ xxx
Less: Earned revenues	- xxx	- xxx	xxx	- xxx
Net program costs	xxx	xxx	xxx	xxx
Costs not attributable to program costs	xxx	xxx	xxx	xxx
Less: Earned revenues not attributable to program costs	- xxx	- xxx	- xxx	- xxx
Net cost of operations	\$ xxx	\$ xxx	\$ xxx	\$ xxx
STATEMENT OF CHANGES IN NET POSITION				
Net position beginning of period	\$ xxx	\$ xxx	\$ xxx	\$ xxx
Taxes and nonexchange revenue	xxx	xxx	xxx	xxx
Other financing sources	xxx	xxx	xxx	xxx
Net cost of operations	xxx	xxx	xxx	xxx
Change in net position	\$ xxx	\$ xxx	\$ xxx	\$ xxx
Net position end of period	\$ xxx	\$ xxx	\$ xxx	\$ xxx

In addition to the illustrative statements above, disclose, in accordance with SFFAS 27, paragraphs 21 and 24, all Funds from Dedicated Collections (as defined by SFFAS 27, paragraphs 13 and 14)

for which the reporting entity has program management responsibility and information in SFFAS 27, paragraphs 22-23, and 25-28.

Note that agencies may supplement the SFFAS 27 paragraph 28 disclosure with additional information written in plain language. For example, at management's discretion, an entity may include the following language:

Treasury securities reflect a Government commitment to the program and allow the program to continue to provide benefits required by law. When the benefits are paid, the way the Government finances the benefits is similar to the way it finances other disbursements, using some combination of receipts, other inflows, and borrowing from the public (if there is a budget deficit).

Also disclose intra-entity eliminations with non-Dedicated Collections in this note..

Note Disclosures Related to the Statement of Net Cost

II.3.8.21. Note 21: Suborganization Program Costs

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 21 Suborganization Program Costs

Reporting Entity
Supporting Schedule by Suborganization
For the year ended September 30, 2xxx
(CY/PY) (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 21)	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>	xxx	<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 21 Suborganization Program Costs (Continued)

Reporting Entity Supporting Schedule by Suborganization For the year ended September 30, 2xxx (CY/PY) (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 21)	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 incl. assumption changes:	x,xxx	x,xxx	x,xxx	x,xxx	x,xxx	x,xxx
Cost not assigned to programs	xxx	xxx	xxx	--	xxx	xxx
Less: Earned revenues not ..	<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.3.8.22. Note 22: Stewardship PP&E Obtained 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.3.8.23. Note 23: Exchange Revenues

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

II.3.8.24. Note 24: Inter-Entity Costs

Pursuant to SFFAS 4, as amended, paragraph 113A, reporting entities should disclose 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.3.8.25. Note 25: 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 that are necessary to reconcile the beginning balance to the prior year's ending balance and explain 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.

See, for example, Note 18A on page 94 of the Department of Labor's FY 2019 AFR, which can be found at: <https://www.dol.gov/sites/dolgov/files/OPA/reports/2019annualreport.pdf>.

II.3.8.26. Note 26: Terms of Borrowing Authority Used

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

II.3.8.27. Note 27: Available Borrowing/Contract Authority, End of the Period

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

II.3.8.28. Note 28: 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.3.8.29. Note 29: 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.3.8.30. Note 30: 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.3.8.31. Note 31: 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 2019) SBR and the actual amounts from “Detailed Budget Estimates by Agency” found in the *Appendix* of the Budget (i.e., the FY 2019 amounts in the FY 2021 Budget).
2. The distributed offsetting receipts amount from the prior year (i.e., FY 2019) SBR and the actual amount from the “Federal Budget by Agency and Account” in the Analytical Perspectives of the Budget (i.e., the FY 2019 amounts in the FY 2021 Budget).

Agencies should disclose that the Budget with the actual amounts for the current year (i.e., FY 2020) 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.3.8.32. Note 32: 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.3.8.33. Note 33: 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.3.8.34. Note 34: 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.

Significant entities should disclose non-exchange taxes, duties, and fines related to custodial revenues collected from the public during the current fiscal year. Identify the share of current year collections associated with the current tax year, the prior tax year, the tax years two years ago, and all other prior tax years, as shown in the illustrative table below. For FY 2020, comparative information is not required.

	Current Tax Year	Prior Tax Year	Prior Tax Year Minus 1	All Other Prior Tax Years	Current Year Collections
Non-Exchange Revenue					
Individual income and tax withholdings	XXX	XXX	XXX	XXX	XXX
Corporation income tax	XXX	XXX	XXX	XXX	XXX
Unemployment tax	XXX	XXX	XXX	XXX	XXX
Excise taxes	XXX	XXX	XXX	XXX	XXX
Estate and gift taxes	XXX	XXX	XXX	XXX	XXX
Railroad retirement taxes	XXX	XXX	XXX	XXX	XXX
Fines, penalties, interest and other revenue	XXX	XXX	XXX	XXX	XXX
Custom duties	XXX	XXX	XXX	XXX	XXX
Subtotal	XXX	XXX	XXX	XXX	XXX
Less: amounts collected for non-federal entities	XXX	XXX	XXX	XXX	XXX
Total amount of federal revenues collected	XXX	XXX	XXX	XXX	XXX

Significant entities should also disclose tax refunds disbursed during the current fiscal year. Identify the share of current-year disbursements associated with the current tax year, the prior tax year, two years ago, and all other prior tax years, as shown in the illustrative table below. For FY 2020, comparative information is not required.

	Current Tax Year	Prior Tax Year	Prior Tax Year Minus 1	All Other Prior Tax Years	Current Year Refunds
Refunds/Payments					
Individual income and tax withholdings	XXX	XXX	XXX	XXX	XXX
Corporation income tax	XXX	XXX	XXX	XXX	XXX
Unemployment tax	XXX	XXX	XXX	XXX	XXX
Excise taxes	XXX	XXX	XXX	XXX	XXX
Estate and gift taxes	XXX	XXX	XXX	XXX	XXX
Railroad retirement taxes	XXX	XXX	XXX	XXX	XXX
Fines, penalties, interest and other revenue	XXX	XXX	XXX	XXX	XXX
Custom duties	XXX	XXX	XXX	XXX	XXX
Total amount of refunds	XXX	XXX	XXX	XXX	XXX

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

II.3.8.35. Note 35: 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), SFFAS 26, paragraph 5, and SFFAS 37, paragraph 32.

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

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.3.8.36. Note 36: 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	xxx	xxx
5. Ending Quantity	xxx	xxx

Description of non-valued fiduciary assets: _____

II.3.8.37. Note 37: Restatements

If material misstatements are identified in the prior period financial statements, the entity must explain the material misstatements. If the amount 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 of the misstatement is unknown, disclose:

1. A statement that a material misstatement or potential material misstatement affects a previously issued financial statements, but the specific amount of the misstatement and the related effect of such are not known,
2. The nature and cause of the misstatement or potential misstatement,
3. An estimate of the magnitude of the misstatement or potential misstatement 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 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.3.8.38. Note 38: Reconciliation of Net Cost to Net Outlays

Disclose a reconciliation of net cost to net outlays in accordance with SFFAS 7, as amended by SFFAS 53, *Budget and Accrual Reconciliation*. Entities may tailor the illustrative example in SFFAS 53, to meet their needs. The note should explain the purpose, nature, and lines items in the reconciliation, including the nature of and reason for large or unusual reconciling items.

If the FY 2020 A-136 guidance changes the presentation of the reconciliation of net cost to net outlays from FY 2019, the agency should conform the FY 2019 reconciliation to the FY 2020 guidance and disclose such change in presentation.

The following guidance applies to entities with loans receivables under FCRA.

- Net cost should be reconciled to net outlays, which should exclude financing account activity. As shown on the SBR, net outlays represent net budgetary outlays and do not include net disbursements of credit financing accounts.
- To account for timing differences between SFFAS 2 and the budget with respect to the subsidy cost, (1) the current year accrual subsidy cost should be included in the current year’s “components of net cost that are not part of net outlays” section of the reconciliation and (2) the current year budget subsidy cost should be included in the “components of net outlays that are not part of net cost” section of the reconciliation.

- The change in FCRA loan receivables should not be reflected as a reconciling item (because credit programs affect net cost and net outlays via the subsidy cost).

When submitting notes using OMB MAX, agencies must also submit the crosswalk used to prepare Note 38.

II.3.8.39. Note 39: Public-Private Partnerships

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

“Risk” refers to financial risk. Risk of loss relates to losses beyond the types of costs anticipated in the normal course of the agreement, assuming the agreement is carried out over its expected life (i.e., it is risk not fully reflected in the consideration exchanged in executing the agreements or in the terms and conditions of the agreements). Such risks of loss may relate, for example, to termination, default, or noncompliance with the agreement. As such, public-private partnerships do not include, for example, loan, loan guarantee, insurance, or grant programs.

See SFFAS 49, paragraph 24, for the required disclosures. Such disclosures should state in plain language the nature and magnitude of risk of loss. Also, the magnitude of potential risk of loss should be considered in determining whether a P3 is material to the reporting entity’s financial statements.

Significant entities should disclose amounts for the current reporting period and all future periods. For FY 2020, include actual amounts received and paid by the Government during FY 2020. Also disclose estimates of future amounts to be received and paid over the expected life of the P3, as shown in the illustrative table below, combining similar agreements or contracts:

Agreements/Contracts	Fiscal Year			
	Actual Amount Received	Actual Amount Paid	Estimated Amount to be Received	Estimated Amount to be Paid
Agreement/Contract Group 1	XXX	XXX	XXX	XXX
Agreement/Contract Group 2	XXX	XXX	XXX	XXX
Agreement/Contract Group 3	XXX	XXX	XXX	XXX
Estimated Total	XXX	XXX	XXX	XXX

For FY 2021, the illustrative table will be provided for both FY 2021 and FY 2020.

II.3.8.40. Note 40: 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), disclosure requirements can be found in paragraphs 71-78.

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 80-87), disclosure requirements can be found in paragraphs 88-89.

II.3.8.41. Note 41: Insurance Programs

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 in the Federal employee and veteran benefits note (Note 15) or the other liabilities note (Note 17).

II.3.8.42. Note 42: COVID-19 Activity

Entities that used a significant amount of their FY 2020 budgetary resources to prevent, prepare for, or respond to COVID-19 or received a significant amount of budgetary resources under any of the COVID-19 supplemental appropriations or other acts should report on their COVID-19 activity in a separate note. The note should specify the source and amount of budgetary resources used, the programs or activities funded, obligations incurred, any budgetary resources remaining available beyond FY 2020, and the impact on the entity's assets, liabilities, costs, revenues, net position, and other results, and any other information management thinks would be useful to the reader of the AFR/PAR.

In addition, this note should refer to other notes that discuss COVID-19 impacts. These could include, among others, the following notes: FBWT (Note 3), investments (Note 5), loans and loan guarantees (Note 8), other assets (Note 12), liabilities not covered by budgetary resources (Note 13), debt (Note 14), other liabilities (Note 17), commitments and contingencies (Note 19), Funds from Dedicated Collections (Note 20), program costs by responsibility segment (Note 21), inter-entity costs (Note 24), terms of borrowing authority used (Note 28), end-of-year available borrowing authority (Note 27), permanent indefinite appropriations (Note 29), SOSI (Note 35), and insurance programs (Note 41).

II.3.8.43. Note 43: Subsequent Events

Disclose in this note or other applicable note(s) any significant events or transactions that occurred after the date of the Balance Sheet but before the issuance of the entity's audited financial statements that have a material effect on the financial statements and, therefore, require adjustments to or disclosure in the statements. If such disclosure is made elsewhere in the notes, this note should include references to the applicable note(s).

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 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 and is broken out between Funds from Dedicated Collections and other funds.

Directions:

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 Government-wide 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 2019 FR can be found here: <https://www.fiscal.treasury.gov/reports-statements/> and a copy of the 2020 FR will be posted to this site as soon as it is released.

The term "intragovernmental" is used in this note to refer to amounts that result from other components of the Federal Government.

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 in the two “Entity” columns the line items from their financial statements** and to show in the six Government-wide columns line items from their reclassified financial statements (broken out between Funds from Dedicated Collections and other funds). Entities adopting the illustrative Balance Sheet Option C may find that the same line titles are used on both sides of the reclassification of the Balance Sheet

The “Dedicated Collections Combined” column should reflect all transactions that involve Funds from Dedicated Collections, including intra-entity and inter-entity transactions. If an agency presents Funds from Dedicated Collections on a consolidated basis, it must show a crosswalk from a combined to a consolidated basis as discussed in Note 20 and must complete this note, as shown below. The consolidated presentation must include all inter-entity transactions that involve Funds from Dedicated Collections.

The “Dedicated Collections Eliminations” column should reflect intra-entity transactions that involve only Funds from Dedicated Collections.

The “All Other Amounts (with Eliminations)” column should reflect inter-entity transactions that involve only non-dedicated collections. It should not reflect transactions that are intra-entity (except transaction with Funds from Dedicated Collections) or transactions that are included in the Funds from Dedicated Collections Combined column.

The “Eliminations between Dedicated and All Other” column should reflect intra-entity transactions between Funds from Dedicated Collections and other funds, i.e., intra-entity transactions that involve Funds from Dedicated Collections on one side of the transaction and funds from non-dedicated collections on the other side.

The “total” column should reflect inter-entity transactions involving Funds from Dedicated Collections, inter-entity transactions not involving any Funds from Dedicated Collections, and intra-entity eliminations between Funds from Dedicated Collections and all other funds.

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 and agencies should be able to support amounts reflected in GTAS, including amounts associated with Funds from Dedicated Collections.

**Illustrative Reclassification of Balance Sheet to Line Items Used for the Government-wide
Balance Sheet as of September 30, 2020**

FY 2020 [Entity] Balance Sheet		Line Items Used to Prepare FY 2020 Government-wide Balance Sheet					
Financial Statement Line	Amounts	Dedicated Collections Combined	Dedicated Collections Eliminations	All Other Amounts (with Eliminations)	Eliminations Between Dedicated and All Other	Total	Reclassified Financial Statement Line
ASSETS							ASSETS
Intragovernmental Assets							Intragovernmental Assets
FBWT							FBWT
Federal Investments							Federal Investments
Interest Receivable - Investments							Interest Receivable - Investments
<i>Total Investments</i>							<i>Total Reclassified Investments</i>
Assets for Agency Custodial and Non-Entity Liabilities – Other than the General Fund							Assets for Agency Custodial and Non-Entity Liabilities – Other than the General Fund
Accounts Receivable, capital transfers							Accounts Receivable, capital transfers
Benefit Program Contributions Receivable							Benefit Program Contributions Receivable
Accounts Receivable, Net							Accounts Receivable, Net
Transfers Receivable							Transfers Receivable
<i>Total Accounts Receivable</i>							<i>Total Reclassified A/R</i>
Interest Receivable – Loans and Not Otherwise Classified							Interest Receivable – Loans and Not Otherwise Classified
Loans Receivable							Loans Receivable
<i>Total Loans Receivable</i>							<i>Total Reclassified Loans Receivable</i>
Advances to Others and Prepayments							Advances to Others and Prepayments
Other Assets							Other Assets
Assets for Agency’s Custodial and Non-Entity Liability							Assets for Agency’s Custodial and Non-Entity Liability
<i>Total Other</i>							<i>Total Reclassified Other</i>
Total Intragovernmental Assets							Total Intragovernmental Assets
Cash and Other Monetary Assets							Cash and Other Monetary Assets
Accounts Receivable, Net							Accounts Receivable, Net
Direct Loan and Loan Guarantees, Net							Direct Loan and Loan Guarantees, Net
Inventory and Related Property, Net							Inventory and Related Property, Net
General PP&E, Net							General PP&E, Net
Securities and Investments							Securities and Investments

Investments in GSEs							Investments in GSEs
Other							Other
Total Assets							Total Assets
LIABILITIES							LIABILITIES
Intragovernmental Liabilities							Intragovernmental Liabilities
Liability for FBWT							Liability for FBWT
Accounts Payable, capital transfers							Accounts Payable
Benefit Program Contributions Payable							Benefit Program Contributions Payable
Accounts Payable							Accounts Payable
Transfers Payable							Transfers Payable
<i>Total Accounts Payable</i>							<i>Total Reclassified Accounts Payable</i>
Federal Debt							Federal Debt
Interest Payable – Debt							Interest Payable – Debt
<i>Total Federal Debt and Interest Payable</i>							<i>Total Reclassified Federal Debt and Interest Payable</i>
Interest Payable – Loans and Not Otherwise Classified							Interest Payable – Loans and Not Otherwise Classified
Loans Payable							Loans Payable
<i>Total Debt Associated with Loans</i>							<i>Total Reclassified Debt Associated with Loans</i>
Advances from Others & Deferred Credits							Advances from Others and Deferred Credits
Other Liabilities (w/o reciprocals)							Other Liabilities (w/o Reciprocals)
Other Liabilities							Other Liabilities
Liability to GF of the USG for Custodial and Other Non-Entity Assets							Liability to GF of the USG for Custodial and Other Non-Entity Assets
Liability to Agency other than GF for Custodial and Other Non-Entity Assets							Liability to Agency other than GF for Custodial and Other Non-Entity Assets
<i>Total Other</i>							<i>Total Reclassified Other</i>
Total Intragovernmental Liabilities							Total Intragovernmental Liabilities
Accounts Payable							Accounts Payable
Federal Debt and Interest Payable							Federal Debt and Interest Payable
Federal Employee and Veteran Benefits Payable							Federal Employee and Veteran Benefits Payable
Environmental and Disposal Liabilities							Environmental and Disposal Liabilities
Benefits Due and Payable							Benefits Due and Payable
Loan Guarantee Liability							Loan Guarantee Liability
Liabilities to GSEs							Liabilities to GSEs
Insurance and Guarantee Program Liabilities							Insurance and Guarantee Program Liabilities
Other							Other
Total Liabilities							Total Liabilities

NET POSITION							NET POSITION
Unexpended Appropriations – Funds from Dedicated Collections							Unexpended Appropriations – Funds from Dedicated Collections
Cumulative Results of Operations – Funds from Dedicated Collections							Cumulative Results of Operations – Funds from Dedicated Collections
Unexpended Appropriations – All Other Funds							Unexpended Appropriations – All Other Funds
Cumulative Results of Operations – All Other Funds							Cumulative Results of Operations – All Other Funds
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, 2020

FY 2020 [Entity] SNC		Line Items Used to Prepare FY 2020 Government-wide SNC					
Financial Statement Line	Amounts	Dedicated Collections Combined	Dedicated Collections Eliminations	All Other Amounts (with Eliminations)	Eliminations Between Dedicated and All Other	Total	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
							<i>Total Non-Federal Costs</i>
							<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	
						<i>Total Intragovernmental Costs</i>	
<i>Total Gross Costs</i>							<i>Total Reclassified Gross Costs</i>
Earned Revenue							Non-Federal Earned Revenue
							<i>Intragovernmental Revenue</i>
							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
						<i>Total Intragovernmental Earned Revenue</i>	
<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							<i>Intragovernmental Earned Revenue</i>
							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, 2020**

FY 2020 [Entity] SCNP		Line Items Used to Prepare FY 2020 Government-wide SCNP					
Financial Statement Line	Amounts	Dedicated Collections Combined	Dedicated Collections Eliminations	All Other Amounts (with Eliminations)	Eliminations Between Dedicated and All Other	Total	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							Non-Federal Non-Exchange Revenues
							Individual Income Tax and Tax Withholdings
							Corporation Income Taxes
							Excise Taxes
							Unemployment Taxes
							Customs Duties
							Estate and Gift Taxes
							Other Taxes and Receipts
							Total Non-Federal Non-Exchange Revenues
							Intragovernmental Non-Exchange Revenue
							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
							Total Intragovernmental Non-Exchange Revenue
<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>Total 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 intragovernmental activity.

II.3.9. Required Supplementary Information

II.3.9.1. 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.3.9.2. 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.3.9.3. 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.3.9.4. 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.3.9.5. 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.3.9.6. 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.3.9.7. 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 (1) a perspective on the income tax burden and (2) available information on the size of the tax gap if readily available and if the information will enhance the usefulness of the statements in accordance with SFFAS 7, paragraph 69.

Entities with information on tax expenditures relevant to the performance of their programs may present such information in accordance with 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 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 Information Act Reporting

Beginning with FY 2020 AFR/PAR reporting, information previously contained in this section that is not explicitly required below will be reported on <https://paymentaccuracy.gov/> through the annual OMB payment integrity data call. Agencies should contact OMB to obtain data call requirements and determine which requirements apply to the agency. If an agency provides information to OMB for paymentaccuracy.gov, then the agency must include the website link in their AFR or PAR.

Agencies are not limited to the requirements below and are encouraged to include additional information, including graphs, charts, and tables to further explain or expand the information required by law.

The Payment Integrity Information Act of 2019 (Pub. L. No. 116-117, 31 U.S.C. § 3352 and § 3357), states that the following must be addressed in the AFR or PAR:

I. Actions Taken to Address Auditor Recovery Recommendations

If an agency has a recovery audit program and has received recommendations from their recovery auditors regarding actions that can be taken to prevent overpayments, the agency should report on actions taken.

II. Fraud Reduction Report

Each agency must include a report on its fraud reduction efforts undertaken in FY 2020. The report must include information on the agency's:

- Implementation of (1) financial and administrative controls established pursuant to the Fraud Reduction and Data Analytics Act of 2015 (Pub. L. 114-186, 32 U.S.C. §3321 note), (2) the fraud risk principle in the Standards for Internal Control in the Government (the Green Book), and (3) OMB Circular A-123 with respect to leading practices for managing fraud risk;
- Identification of risks and vulnerabilities to fraud (including with respect to payroll, beneficiary payments, grants, large contracts, and purchase and travel cards); and
- Establishment of strategies, procedures, and other steps to curb fraud.

II.4.6. 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 Reform of the House of Representatives, and any other committee of Congress having jurisdiction with respect to the report being proposed for consolidation.

II.4.7. Real Property

Agencies should include in their AFRs a link to real property information. The link may be a link to the agency's public data set posted to General Services Administration's website or to the agency's FY 2019 Reduce the Footprint results on performance.gov. In addition, agencies should provide a description of their real property portfolio to provide context for the link(s) provided.

II.4.8. 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 AFR.

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.4.9. Biennial Review of User Fees

Under 31 U.S.C. § 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. See OMB Circular A-25, User Charges, for more information.

II.4.10. Grants Programs

All reporting entities with Federal grants programs must submit a brief high-level summary of expired, but not closed, Federal grants and cooperative agreements (awards), including:

1. A summary table (as shown below) of the total number of awards and balances for which closeout has not yet occurred, but for which the period of performance has elapsed by two years or more prior to September 30, 2020 (i.e., on or before September 30, 2018).

CATEGORY	2-3 Years	3-5 Years	More than 5 Years
Number of Grants/Cooperative Agreements with Zero Dollar Balances			
Number of Grants/Cooperative Agreements with Undisbursed Balances			
Total Amount of Undisbursed Balances			

2. A brief narrative of the progress made over the past year compared to the previous year’s report, challenges preventing closeout of awards reported, and actions to be taken to close awards reported. This narrative is optional if the entity did not report on expired grants in FY 2019.

II.4.11. Land Information

Entities that report land information on their website are encouraged to include in their AFR/PAR 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/or a map reflecting the information.

III. SUMMARY OF PERFORMANCE AND FINANCIAL INFORMATION

Agencies may produce a low-cost citizen-centric Summary of Performance and Financial Information in a way that they determine to be most useful. This may be a 1-6 page high-level summary; an MD&A that can be easily extracted from the AFR/PAR and issued as a stand-alone document; or a short, low-cost 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 (Balance Sheet, SNC, and SCNP) must be submitted **21 business days after the end of the third quarter** by agencies via MAX <https://portal.max.gov/portal/home>. OMB’s Bulletin entitled “Audit Requirements for Federal Financial Statements,” <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, revenues, unexpended appropriations, and financing sources.

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

To allow Fiscal Service to conduct preliminary analysis of agency data for the FR, **45 business days after the end of the third quarter** agencies must submit unaudited notes using OMB MAX. In addition, Fiscal Service will contact selected agencies directly 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 are required to reconcile intragovernmental balances with trading partners and resolve any identified differences throughout the reporting period and must submit intragovernmental balance information by trading partner.

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.

The Office of the CFO must provide a copy of the management representation letter (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).

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>.

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 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 and Resolving Differences in 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 intragovernmental balances and transactions with trading partners and resolve any identified differences. 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 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 material dollar thresholds, which were 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, updated in April 2020, 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 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 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 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 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 Management and Legal 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
U.S. International Development Finance Corporation
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
Small Business Administration
Social Security Administration
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
Security Assistance Accounts
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:

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/hJn1Iw>.

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: USCFS@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