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Dear Colleague:

The U.S. Government Accountability Office (GAO) and the President's Council on Integrity and Efficiency (PCIE) maintain the GAO/PCIE *Financial Audit Manual* (FAM). The FAM provides guidance for performing financial statement audits of federal entities. It is a key tool for enhancing accountability over taxpayer-provided resources.

GAO and PCIE are committed to keeping the FAM current. With this goal in mind, in October of 2003, we revised the *Checklist for Reports Prepared Under the CFO Act* (CFO Checklist), and requested comments on an exposure draft of the checklist. One of the key changes in the final checklist is its title, which has been changed to *Checklist for Federal Accounting, Reporting, and Disclosures*. This change was made to reflect the checklist's potential application to any federal entity preparing annual audited financial statements in accordance with the Office of Management and Budget's (OMB) form and content guidance.

This checklist is located in section 1050 of the GAO/PCIE FAM. It can be accessed at either the GAO Web site (www.gao.gov) or the PCIE Web site (www.ignet.gov/pande/audit1.html#guide). We extend our thanks to the individuals and organizations that provided comments to make this checklist more effective.

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The Honorable Everett L. Mosley
Chair
President's Council on Integrity
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Attachment

GAO/PCIE

FINANCIAL AUDIT MANUAL

Checklist for Federal Accounting, Reporting, and Disclosures

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Abbreviations

AcSEC	Accounting Standards Executive Committee
AICPA	American Institute of Certified Public Accountants
CFO Act	Chief Financial Officers Act of 1990
COTS	commercial off-the-shelf
CSRS	Civil Service Retirement System
FASAB	Federal Accounting Standards Advisory Board
FASB	Financial Accounting Standards Board
FDIC	Federal Deposit Insurance Corporation
FERS	Federal Employees Retirement System
FFMLA	Federal Financial Management Improvement Act of 1996
FHA	Federal Housing Administration
FIFO	first-in, first-out
FY	fiscal year
GAAP	Generally Accepted Accounting Principles
GDP	gross domestic product
GMRA	Government Management Reform Act of 1994
GPRA	Government Performance and Results Act of 1993
HI	Hospital Insurance (Medicare Part A)
IMF	International Monetary Fund
Imple. Guide	Implementation Guide
IRS	Internal Revenue Service
LIFO	last-in, first-out
MD&A	Management's Discussion and Analysis
MRS	Military Retirement System
NRV	net realizable value
OASDI	Old Age, Survivors, and Disability Insurance (Social Security)
OMB	Office of Management and Budget
OPEB	Other Postemployment Benefits
ORB	Other Retirement Benefits
PP&E	Property, Plant, and Equipment
RRB	Railroad Retirement Benefits
RSI	Required Supplementary Information
RSSI	Required Supplementary Stewardship Information
SFAS	Statement of Financial Accounting Standards
SFFAC	Statements of Federal Financial Accounting Concepts
SFFAS	Statements of Federal Financial Accounting Standards
SGL	U.S. Government Standard General Ledger
SMI	Supplementary Medical Insurance (<i>Medicare Part B</i>)
SOP	Statement of Position
TVA	Tennessee Valley Authority
UI	unemployment insurance
UTF	Unemployment Trust Fund

Section I Overview

Introduction

The Chief Financial Officers (CFO) Act of 1990 and the Government Management Reform Act of 1994 require, among other mandates, that agencies' chief financial officers submit annual reports to their agency heads and to the Office of Management and Budget (OMB). These annual reports are to contain audited financial statements of their agencies. The financial statements are to be presented in conformity with generally accepted accounting principles (GAAP).¹ The title of this checklist has been changed to Checklist for *Federal Accounting, Reporting, and Disclosures*. Previously referred to as the CFO Act Checklist, the change was made to reflect its potential application to any federal entity preparing annual audited financial statements in accordance with OMB's proposed form and content guidelines.

This checklist is being issued to assist agencies in preparing these statements and auditors in auditing them. Use of this checklist is not a requirement. Rather, it is intended to help provide for a systematic, organized, and structured approach to preparing or reviewing agency financial statements. Furthermore, it should be noted that, while the questions contained in the checklist are taken from authoritative sources, the checklist itself is not authoritative, nor is it a comprehensive guide. Preparers and auditors should also consult financial management regulations for the individual agencies, as the regulations may have specific guidance when the standards allow alternatives or management flexibility.

Checklist Organization

The checklist has 11 sections: an overview section, a section related to general items in the financial statements, a section for each of the six financial statements, and three additional sections. The six sections reflecting the financial statements are organized by the line items in financial statements to allow the user to proceed through each statement from the beginning to the end. The final three sections cover (1) disclosures in the notes to the financial statements related to significant accounting policies, (2) required supplementary stewardship information and required supplementary information, and (3) social insurance.

Since the financial statements are interrelated, some questions concerning line items in one financial statement may also pertain to line items in another statement. For example, the questions covering loans receivable in the balance sheet section may also deal with matters related to interest income and subsidy expense appearing in the statements of financing and net cost sections. Because of these relationships, our general organizational approach aggregates related information so that questions on related line items appearing in more than one financial statement are covered only in the first financial statement section in which the line item appears. For example, questions concerning interest income and subsidy expense would appear only in the balance sheet section. Similarly, questions related to the notes to the financial statements section would also appear only under the line item of the initial financial statement.

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

Section I Overview

Except for sections I, II, VI, IX, and XI, the first page of each section contains a list showing the number of questions in the section. This checklist has 785 questions as follows.

General Items Related to the Financial Statements	23
Balance Sheet	355
Statement of Net Cost	180
Statement of Changes in Net Position	39
Statement of Budgetary Resources	27
Statement of Financing	27
Statement of Custodial Activity	27
Notes to Financial Statements (Significant Accounting Policies)	5
Supplementary Information	78
Social Insurance	24

Authoritative Guidance

Each question in this guide is referenced to a source. The sources cited are (1) the *Statements of Federal Financial Accounting Standards* (SFFAS) and (2) OMB Bulletin 01-09, *Form and Content of Agency Financial Statements*.

FASAB statements include Statements of Federal Financial Accounting Concepts (SFFAC) and Statements of Federal Financial Accounting Standards (SFFAS). The three approved accounting concept statements are #1 *Objectives of Federal Financial Reporting*, 1993, #2 *Entity and Display*, 1995, and #3 *Management's Discussion and Analysis*, 1999. The 24 SFFAS standards² covered in this checklist are:

1. *Accounting for Selected Assets and Liabilities*, 1993.
2. *Accounting for Direct Loans and Loan Guarantees*, 1993.
3. *Accounting for Inventory and Related Property*, 1993.
4. *Managerial Cost Accounting Concepts and Standards*, 1995.
5. *Accounting for Liabilities of the Federal Government*, 1995.
6. *Accounting for Property, Plant, and Equipment*, 1995.
7. *Accounting for Revenue and Other Financing Sources*, 1996.
8. *Supplementary Stewardship Reporting*, 1996.
9. *Deferral of the Effective Date of Managerial Cost Accounting Standards for the Federal Government in SFFAS No. 4*, 1997.
10. *Accounting for Internal Use Software*, 1998.
11. *Amendments to Accounting for Property, Plant, and Equipment - Definitional Changes*, 1998.³
12. *Recognition of Contingent Liabilities Arising from Litigation*, 1998.

²FASAB promulgates accounting standards after considering the financial and budgetary information needs of Congress, executive agencies, other users of federal financial information, and comments from the public.

³SFFAS 11 was rescinded in its entirety by SFFAS 23.

Section I Overview

13. *Deferral of Paragraph 65.2 – Material Revenue-Related Transactions Disclosures*, 1999.
14. *Amendments to Deferred Maintenance Reporting*, 1999.
15. *Management’s Discussion and Analysis*, 1999.
16. *Amendments to Accounting for Property, Plant, and Equipment – Measurement and Reporting for Multi-Use Heritage Assets*, 1999.
17. *Accounting for Social Insurance*, 1999.
18. *Amendments to Accounting Standards For Direct Loans and Loans Guarantees*, 2000.
19. *Technical Amendments to Accounting Standards for Direct Loans and Loan Guarantees*, 2001.
20. *Elimination of Certain Disclosures Related to Tax Revenue Transactions by the Internal Revenue Service, Customs and Others*, 2001.
21. *Reporting Corrections of Errors and Changes in Accounting Principles*, 2001.
22. *Change in Certain Requirements for Reconciling Obligations and Net Cost of Operations*, 2001.
23. *Eliminating the Category National Defense Property, Plant, and Equipment*, 2003.
25. *Reclassification of Stewardship Responsibilities and Eliminating the Current Services Assessment*, 2003.⁴

SFFAC 4, *Intended Audience and Qualitative Characteristic for the Consolidated Financial Report of the United States Government*, and SFFAS 24, *Selected Standards for the Consolidated Financial Report of the United States Government*, are not covered in this checklist, as this checklist is intended for use at the agency reporting level, and is not to be used for the financial report of the U.S. government.

SFFAS 7 *Implementation Guide to Accounting for Revenue and Other Financing Sources*, 1996, is also covered in this checklist. OMB Bulletin 01-09 provides the detailed requirements for the form and content of agency financial statements.

How to Use This Guide

To the right of each question are two columns. The first column provides for a “yes,” “no,” or “N/A” (not applicable) answer to each question. The second column provides for an explanation of the answer to each question. A “yes” answer should indicate that the financial statements contain the information asked by the question. For each “yes” answer, the explanation column should include the page number or location in the financial statements where the information can be found. Also, any other information pertinent to the question and the response should be provided in the explanation column.

⁴SFFAS 25 changes reporting requirements for social insurance information required by SFFAS 17, effective for periods beginning after September 30, 2004, with earlier implementation encouraged.

Section I Overview

An “N/A” answer might indicate that the question does not apply to the federal entity. For example, most federal agencies do not administer loan, loan guarantee, or loan insurance programs and, therefore, do not have credit program receivables and related property. Consequently, the questions on these receivables, property, and subsidies would not apply. A simple explanation indicating that the reporting entity does not administer loan programs would appear in the explanation column of the first question in the series.

A “no” answer indicates that the information asked for in the question is not included in the financial statements, notes, or supplementary information, respectively. The explanation column should describe in sufficient detail why the information is not included.

Section II**General Items Related to the Financial Statements**

There are 23 questions in this section. All the questions relate to the overall financial statements and are not further divided into categories.

General Items (1 – 23)	Yes, No or N/A	Explanation
1. Does the entity's annual financial statement consist of the following items? a. management's discussion and analysis (MD&A) of the reporting entity b. basic statements and related notes c. required supplementary stewardship information (RSSI) d. required supplementary information (RSI) e. other accompanying information (OAI) that provides users of the financial statements with a better understanding of the entity's programs and the extent to which program objectives are achieved (OMB Bulletin 01-09, p. 4, section 1.5)		
2. Do the basic statements include? a. Balance Sheet b. Statement of Net Cost c. Statement of Changes in Net Position d. Statement of Budgetary Resources e. Statement of Financing f. Statement of Custodial Activity (OMB Bulletin 01-09, pp. 4 & 5, section 1.5)		

Section II**General Items Related to the Financial Statements**

General Items (1 – 23)	Yes, No or N/A	Explanation
3. Does the entity use the following hierarchy as its sources of guidance in preparing its financial statements? a. FASAB Statements and Interpretations as well as American Institute of Certified Public Accountants (AICPA) and Financial Accounting Standards Board (FASB) pronouncements if made applicable to federal government entities by a FASAB Statement or Interpretation b. FASAB technical bulletins and, if specifically made applicable to federal government entities by AICPS and cleared by FASAB, AICPA Industry Audit and Accounting Guides and AICPA Statements of Position c. AICPA Accounting Standards Executive Committee (AcSEC) Practice Bulletins if specifically made applicable to federal government entities and cleared by FASAB, as well as Technical Releases of the Accounting and Auditing Policy Committee of FASAB d. Implementation guides published by FASAB staff and practices that are widely recognized and prevalent in the federal government e. In the absence of a pronouncement covered by federal Generally Accepted Accounting Principles (GAAP) or another source of established principles, other accounting literature, depending on its relevance in the circumstances.⁵ (OMB Bulletin 01-09, p. 2, section 1.2 & p. 13, section 2.1, item B)		
4. Does the entity present comparative information and related footnote disclosures for the current year and prior year for the six basic financial statements, and MD&A? (OMB Bulletin 01-09, p. 5, section 1.6 & p. 13, section 2.1, item F)		

⁵Other accounting literature includes for example, FASAB Concept Statements, Governmental Accounting Standards Board (GASB) Statements, Interpretations, Technical Bulletins, and Concept Statements, and AICPA Issue Papers.

Section II**General Items Related to the Financial Statements**

General Items (1 – 23)	Yes, No or N/A	Explanation
5. Does the entity present comparative information in the RSSI and RSI when the information would be meaningful to the user of the financial report? (OMB Bulletin 01-09, p. 5, section 1.6)		
6. Do the quarterly interim statements include full accruals and are intra-entity transactions eliminated? (OMB Bulletin 01-09, p. 14, section 2.1, item G)		
7. Are these interim statements prepared on a comparative basis? ⁶ (OMB Bulletin 01-09, p. 14, section 2.1, item G)		
8. To the extent that information is not available on a quarterly basis, has the entity developed reliable, alternative means of estimating quarterly amounts and balances? (OMB Bulletin 01-09, p. 14, section 2.1, item G)		
9. When an entity presents disaggregated information for component organizations, does the total column for the entity as a whole reflect consolidated totals net of intra-entity transactions, except for the Statement of Budgetary Resources, which is presented on a combined basis? (OMB Bulletin 01-09, p. 14, section 2.1, item H)		
<i>When a reporting entity presents its financial statements in a single column format, the statements are referred to as consolidated statements. With the exception of the Statement of Budgetary Resources, financial statements that use a multicolumn format to present information on an entity's major components or lines of business as well as the consolidated amounts are referred to as consolidating statements. (OMB Bulletin 01-09, p. 14, section 2.1, item H)</i>		
10. Are intra-entity transactions needed to arrive at the consolidated amounts presented in a column on the face of the consolidating statements? (OMB Bulletin 01-09, p. 14, item H)		

⁶Interim financial statements shall be prepared on a comparative basis beginning 1 year following their initial preparation. That is, statements shall be comparative for fiscal year 2004 for the year-to-date ending December 31, 2003, March 31, 2004, and June 30, 2004.

Section II**General Items Related to the Financial Statements**

General Items (1 – 23)	Yes, No or N/A	Explanation
11. Has the entity provided assurance of the following? a. information in the financial statements is presented in accordance with federal GAAP b. the underlying records fully support the information (OMB Bulletin 01-09, p. 14, section 2.1, item J)		
12. Does the reporting entity include franchise funds and other intragovernmental support revolving funds among the activities covered by its financial statements? (OMB Bulletin 01-09, p. 15, section 2.1, item K & p. 113, section 11.6)		
13. If information about the assets, liabilities, costs, and revenues of these franchise funds and intragovernmental support revolving funds are not separately reported on the entity's basic financial statements, then is condensed information reported as required supplemental information in accordance with the applicable SFFAS and required segment information? (OMB Bulletin 01-09, p. 15, section 2.1, item K & p. 113, section 11.6)		
14. Does the entity report its assets, liabilities, and net position by the lines displayed in the illustrative Balance Sheet and Statement of Changes in Net Position in OMB Bulletin 01-09? (OMB Bulletin 01-09, p.15, section 2.1, item L)		
15. If the entity aggregates such illustrated line items in reporting at the departmental level, is the composition of the aggregated line items disclosed? (OMB Bulletin 01-09, p.15, section 2.1, item L)		
16. Conversely, if the entity disaggregates such line items in its departmental statements, does the entity report or disclose the total of the disaggregated line items? (OMB Bulletin 01-09, p.15, section 2.1, item L)		
17. Are line items, which are immaterial but related in nature, combined? (OMB Bulletin 01-09, p. 15, section 2.1, item M)		

Section II**General Items Related to the Financial Statements**

General Items (1 – 23)	Yes, No or N/A	Explanation
18. Are discrete balances of an immaterial amount designated as “other?” (OMB Bulletin 01-09, p. 15, section 2.1, item M)”		
19. If not, are these material balances separately reported and designated by name? (OMB Bulletin 01-09, p. 15, section 2.1, items M & N)		
20. Are the statement line items, footnotes, and lines or columns in footnotes that do not apply or are not informative for the reporting entity excluded? (OMB Bulletin 01-09, p. 15, section 2.1, item O)		
21. Do schedule totals presented in the footnotes, in support of amounts presented in financial statements, agree with the amounts presented in the body of the financial statements? (OMB Bulletin 01-09, p. 15, section 2.1, item P)		
22. When presenting dollar amounts in the statements and the notes, does the entity do the following? a. round dollar amounts to the nearest whole dollar, thousand, or million based upon informative value to the reporting entity b. maintain the chosen rounding level throughout the financial statements and footnotes c. ensure that individual line items add up to the totals by adjusting the line items for the differences created by the rounding process rather than adjusting column totals (OMB Bulletin 01-09, p. 16, section 2.1, item Q)		
23. Are footnotes sequentially numbered? (OMB Bulletin 01-09, p. 16, section 2.1, item S)		

Section III**Balance Sheet**

The questions related to the balance sheet are contained under 23 line items. The question numbers related to each line item follow.

General items	Question numbers
	1 - 6
Assets	
1. Fund Balance with Treasury	7 - 22
2. Investments	23 - 32
3. Accounts Receivable (Net)	33 - 49
4. Interest Receivable (Net)	50 - 54
5. Credit Program Receivables	55 - 96
6. Cash and Other Monetary Assets	97 - 102
7. Inventory and Related Property	103 - 125
8. Operating Materials and Supplies	126 - 137
9. Stockpile Materials	138 - 150
10. Seized Property	151 - 158
11. Forfeited Property	159 - 172
12. Goods Held Under Price Support and Stabilization Programs	173 - 186
13. General Property, Plant, and Equipment (Net)	187 - 233
14. Software	234 - 262
15. Other Assets	263 - 268
Liabilities	
16. Liabilities in General	269 - 272
17. Accounts Payable and Interest Payable	273 - 280
18. Liabilities for Loan Guarantees	281 - 294
19. Lease Liabilities	295 - 300
20. Federal Debt and Related Interest	301 - 311
21. Pensions, Other Retirement Benefits, and Postemployment Benefits	312 - 319
22. Other Liabilities	320 - 353
Net Position	
23. Unexpended Appropriations and Cumulative Results of Operations	354 - 355

Section III**Balance Sheet**

General Items (1 - 6)	Yes, No or N/A	Explanation
<i>The Balance Sheet presents, as of a specific time, amounts of future economic benefits owned or managed by the reporting entity exclusive of items subject to stewardship reporting (assets), amounts owed by the entity (liabilities), and amounts that comprise the difference (net position). (SFFAC 2, par. 57; OMB Bulletin 01-09, p. 17, section 3.1)</i>		
1. Are entity and nonentity assets combined on the face of the balance sheet? ⁷ (OMB Bulletin 01-09, p. 17, section 3.1 and p. 19, section 3.3)		
2. Are the amounts and types of nonentity assets disclosed in a note to the financial statements? (OMB Bulletin 01-09, p. 17, section 3.1; p. 19, section 3.3; p. 56, section 9.2)		
<i>Liabilities covered by budgetary resources are liabilities covered by realized budgetary resources as of the balance sheet date. Budgetary resources encompass not only new budget authority but also other resources available to cover liabilities for specified purposes in a given year. Available budgetary resources include (1) new budget authority, (2) unobligated balances of budgetary resources at the beginning of the year or net transfers of prior year balances during the year, (3) spending authority from offsetting collections (credited to an appropriation or fund account), and (4) recoveries of unexpired budget authority through downward adjustments of prior year obligations. Liabilities are considered covered by budgetary resources if they are to be funded by permanent indefinite appropriations or borrowing authority, which have been enacted and signed into law as of the balance sheet date, provided that the resources may be apportioned by OMB without further action by the Congress and without a contingency having to be met first. (OMB Bulletin 01-09, p. 24, section 3.4)</i>		
3. Are liabilities covered by budgetary resources and liabilities not covered by budgetary resources combined on the face of the balance sheet? (OMB Bulletin 01-09, p. 17, section 3.1, p. 24, section 3.4)		
4. Are liabilities not covered by budgetary resources disclosed in a note to the financial statements? (OMB Bulletin 01-09, p. 17, section 3.1 & pp. 78 & 79, section 9.12)		

⁷Entity assets are assets that the reporting entity has authority to use in its operations. Nonentity assets are assets that are held by an entity but are not available to the entity, for example, income tax receivables. (OMB Bulletin 01-09, p. 19, section 3.3).

Section III**Balance Sheet**

General Items (1 - 6)	Yes, No or N/A	Explanation
5. Does the Balance Sheet display assets, liabilities, and net position? (OMB Bulletin 01-09, p. 18, section 3.2)		
<i>Intragovernmental assets arise from transactions among federal entities. Intragovernmental assets represent claims of a federal entity against other federal entities. Intragovernmental liabilities are claims against the reporting entity by other federal entities. (OMB Bulletin 01-09, p. 19, section 3.3; p. 24, section 3.4)</i>		
6. Are intragovernmental assets and liabilities reported separately from transactions with non-federal entities, including the Federal Reserve and government sponsored enterprises? ⁸ (OMB Bulletin 01-09, p. 19, section 3.3 & p. 24, section 3.4)		

⁸Government sponsored enterprises are federally chartered but privately owned and operated entities.

Section III**Balance Sheet**

Assets Fund Balance with Treasury (7 – 22)	Yes, No or N/A	Explanation
<i>A federal entity's fund balance with the Treasury is the aggregate amount of funds in the entity's accounts with Treasury for which the entity is authorized to make expenditures and pay liabilities. Fund balance with Treasury includes clearing account balances and the dollar equivalent of foreign currency account balances. From the reporting entity's perspective, a fund balance with Treasury is an asset. From the perspective of the federal government as a whole, the fund balance is neither an asset nor a liability; it instead represents a commitment to make resources available to federal departments, agencies, programs, and other entities. (SFFAS 1, par. 31 & 32)</i>		
7. Is the fund balance with Treasury reported as an intragovernmental asset? (SFFAS 1, par. 31; OMB Bulletin 01-09, p. 18, section 3.2)		
8. Are amounts disclosed as fund balances in deposit, suspense, and clearing accounts that are not available to finance entity activities reported as nonentity assets? (OMB Bulletin 01-09, p. 19, section 3.3)		
9. Are foreign currency account balances reported on the balance sheet translated into U.S. dollars at exchange rates determined by the Treasury and effective at the financial reporting date? (SFFAS 1, par. 32; OMB Bulletin 01-09, p. 19, section 3.3)		

Section III

Balance Sheet

Assets Fund Balance with Treasury (7 – 22)	Yes, No or N/A	Explanation
10. Does the entity's fund balance with Treasury also include the following? a. clearing account balances b. balances for direct loan and loan guarantee activities held in the credit reform program, financing, and liquidating accounts c. funds actually borrowed from Treasury under statutory authority d. the dollar equivalent of foreign currency account balances (SFFAS 1, par. 32 & 35)		
11. Does the entity's fund balance with Treasury exclude contract authority ⁹ or unused authority to borrow? (SFFAS 1, par. 34)		
12. Does the entity record an increase in its fund balance with Treasury when it does at least one of the following? a. receives appropriations, reappropriations, continuing resolutions, appropriation restorations, and allocations b. receives transfers and reimbursements from other agencies c. borrows from the Treasury, Federal Financing Bank, or other entities d. collects and credits amounts to its appropriations or fund accounts that the entity is authorized to spend or use to offset its expenditures (SFFAS 1, par. 33)		

⁹Contract authority is a statutory authority under which contracts or other obligations may be entered into prior to receiving an appropriation for the payment of obligations.

Section III

Balance Sheet

Assets Fund Balance with Treasury (7 – 22)	Yes, No or N/A	Explanation
13. Does the entity record a decrease in its fund balance with Treasury when each of the following occurs? a. disbursements are made to pay liabilities or to purchase assets, goods, and services b. investments are made in U.S. securities c. expired appropriations are canceled d. transfers and reimbursements are made to other entities or to the Treasury e. appropriations are sequestered or rescinded (SFFAS 1, par. 36)		
14. Does the entity distinguish funds within fund balance with Treasury as the obligated balance not yet disbursed ¹⁰ and the unobligated balance ¹¹ in a note to the financial statements? (SFFAS 1, par. 37; OMB Bulletin 01-09, p. 57, section 9.3, item B)		
15. Are fund balances that agencies were authorized to use disclosed by fund type (e.g., trust funds, revolving funds, appropriated funds, other fund types)? (OMB Bulletin 01-09, pp. 56 & 57, section 9.3, item A)		
16. Are any restrictions on unobligated balances related to future use disclosed? (SFFAS 1, par. 38; OMB Bulletin 01-09, p. 57, section 9.3, item B)		

¹⁰The obligated balance not yet disbursed is the amount of funds against which budgetary obligations have been incurred, but disbursements have not been made.

¹¹The unobligated balance is the amount of funds available to the entity against which no claims have been recorded. (SFFAS 1, par. 38)

Section III

Balance Sheet

Assets Fund Balance with Treasury (7 – 22)	Yes, No or N/A	Explanation
17. Does the entity explain any discrepancies between fund balance with Treasury in its general ledger accounts and the balance in the Treasury's accounts and explain the causes of the discrepancies in footnotes to the financial statements? ¹² (SFFAS 1, par. 39; OMB Bulletin 01-09, p. 57, section 9.3, item C)		
18. Does the entity disclose any other information necessary for understanding the nature of the fund balances, including information on unused funds in expired appropriations that are returned to Treasury at the end of a fiscal year? (SFFAS 1, par. 39; OMB Bulletin 01-09, p. 57, section 9.3, item C)		
19. Are balances in deposit accounts, such as collections pending litigation or funds being held by the entity in the capacity of a banker or agent for others, disclosed under "other fund types?" (OMB Bulletin 01-09, p. 57, section 9.3, item A)		
20. If, however, any of the balances under "other fund types" are material, are they listed separately? (OMB Bulletin 01-09, p. 57, section 9.3, item A)		
21. Is other information necessary for understanding the nature of the fund balances with Treasury disclosed? (OMB Bulletin 01-09, p.57, section 9.3, item C)		
22. Are unexpended appropriations recognized as capital and included under funds with Treasury when they are made available for apportionment? (SFFAS 7, par. 71)		

¹²Discrepancies due to time lag should be reconciled and discrepancies due to error should be corrected when financial reports are prepared.

Section III

Balance Sheet

Assets Investments (23 – 32)	Yes, No or N/A	Explanation
<i>Investments in federal (i.e., treasury) securities include (1) nonmarketable par value Treasury securities, (2) market-based Treasury securities expected to be held to maturity, (3) marketable Treasury securities expected to be held to maturity, and (4) securities issued by other federal entities. Nonfederal securities include those issued by state and local governments, private corporations, and government-sponsored enterprises. (SFFAS 1, par. 62; OMB Bulletin 01-09, p. 20, section 3.3)</i>		
23. Are investments in federal securities reported separately from investments in nonfederal securities? (SFFAS 1, par. 67; OMB Bulletin 01-09, p. 20, section 3.3)		
24. Are investments in federal securities initially recorded and reported at their acquisition cost or amortized acquisition cost (less an allowance for losses, if any)? (SFFAS 1, par. 68 & 69; OMB Bulletin 01-09, p. 20, section 3.3)		
25. Are investments in federal securities acquired in exchange for nonmonetary assets recognized at the fair market value of either the securities acquired or the assets given up, whichever is more definitively determinable? (SFFAS 1, par. 68)		
26. Subsequent to acquisition, are investments in federal securities reported at their carrying amount (i.e., acquisition cost) adjusted for amortized premium or discount? (SFFAS 1, par. 70-71; OMB Bulletin 01-09, pp. 59 & 60, section 9.5)		
27. Is the interest method (i.e., effective interest rate multiplied by the carrying amount) used in amortizing the premium or discount over the life of the treasury security? (SFFAS 1, par. 71)		
28. Is the market value of market-based and marketable securities disclosed? (SFFAS 1, par. 72; OMB Bulletin 01-09, pp. 59 & 60, section 9.5)		
29. Are investments grouped by type of security, such as marketable or market-based Treasury securities? (SFFAS 1, par. 72)		

Section III**Balance Sheet**

Assets Investments (23 – 32)	Yes, No or N/A	Explanation
30. Are investment securities, which are initially expected to be held to maturity, reclassified as securities available for sale or early redemption, if significant unforeseeable circumstances cause a change in the entity's intent or ability to hold these securities to maturity? (SFFAS 1, par. 72 & 73; OMB Bulletin 01-09, pp. 59 & 60, section 9.5)		
31. If so, is the market value of such securities disclosed? (SFFAS 1, par. 72 & 73; OMB Bulletin 01-09, pp. 59 & 60, section 9.5)		
32. Does the entity disclose any other information relative to understanding the nature of reported investments, such as permanent impairments? (OMB Bulletin 01-09, p. 60, section 9.5, item B)		

Section III

Balance Sheet

Assets	Yes, No or N/A	Explanation
Accounts Receivable (33 – 49)		
33. Is a receivable recognized when a federal entity establishes a claim to cash or other assets against other entities based on legal provisions or when goods or services are provided? (SFFAS 1, par. 41)		
34. If the exact amount of a receivable is unknown, is a reasonable estimate made? (SFFAS 1, par. 41)		
35. Are receivables from federal entities reported as intragovernmental receivables, and reported separately from receivables from nonfederal entities? (SFFAS 1, par. 42; OMB Bulletin 01-09, p. 19, section 3.3)		
<i>Entity receivables are amounts due from other federal or nonfederal entities that the federal entity is authorized by law to include in its obligational authority or to offset its expenditures and liabilities upon collection. Nonentity receivables are amounts that the entity is to collect on behalf of the federal government or other entities, and the entity is not authorized to spend. (SFFAS 1, par. 43)</i>		
36. Are receivables not available to an entity disclosed in a note to the financial statements as nonentity assets, separate from receivables available to the entity? (SFFAS 1, par. 43; OMB Bulletin 01-09, p. 19, section 3.3 & p. 56, section 9.2)		
37. Are losses on receivables recognized when it is more likely than not (greater than a 50 percent chance of occurrence) that the receivables will not be totally collected? (SFFAS 1, par. 44)		
38. Is an allowance for estimated uncollectible amounts recognized to reduce the gross amount of receivables to their net realizable value, and is this allowance reestimated on each annual financial reporting date and when information indicates that the latest estimate is no longer correct? (SFFAS 1, par. 45)		
39. Is an allowance for uncollectible amounts based on an analysis of both individual accounts receivable and groups of accounts receivable as prescribed by the standards? (SFFAS 1, par. 47-51; SFFAS 7, par. 56)		

Section III**Balance Sheet**

Assets	Yes, No or N/A	Explanation
Accounts Receivable (33 – 49)		
40. Are accounts that represent significant amounts individually analyzed to determine the loss allowance? (SFFAS 1, par. 47)		
41. Is the loss estimation for individual accounts based on the following? a. debtor's ability to pay b. debtor's payment record and willingness to pay c. probable recovery of amounts from secondary sources including liens, garnishments, cross collections, and other applicable collection tools (SFFAS 1, par. 47)		
42. If information is not available to make a reliable assessment of losses on an individual account basis or if the nature of the receivables does not lend itself to individual account analysis, are the potential losses assessed on a group basis? (SFFAS 1, par. 48)		
43. If potential losses are assessed on a group basis, are the receivables separated into groups of homogeneous accounts with similar risk characteristics? (SFFAS 1, par. 49-51)		
44. Does the reporting entity disclose the following? a. major categories of accounts receivable by amount and type b. methodology used to estimate the allowance for uncollectible amounts c. dollar amount of the allowance for uncollectible accounts (SFFAS 1, par. 52; OMB Bulletin 01-09, p. 60, section 9.6)		

Section III**Balance Sheet**

Assets	Yes, No or N/A	Explanation
Accounts Receivable (33 – 49)		
45. Is an account receivable arising from a nonexchange transaction recognized when a collecting entity establishes a specifically identifiable, measurable, and legally enforceable claim to cash or other assets through its established assessment processes to the extent the amount is measurable? (SFFAS 7, par. 53, footnote 9, 61-63)		
46. Are assessments recognized as accounts receivable if an enforceable claim for taxes and duties exists in the following instances? a. tax returns filed by the taxpayer without sufficient payment b. customs documents filed by the importer without sufficient payment c. taxpayer agreements to assessments at the conclusion of an audit or to substitute for a tax return (or importer agreements to supplemental assessments) d. court actions determining an assessment e. taxpayer (or importer) agreements to pay an assessment on an installment plan f. receivables determined to be currently not collectible, but with future collection potential (SFFAS 7, par. 53, 54, 170, & 171)		
47. Is an interentity receivable recognized when (1) a legally enforceable claim exists between a collecting entity and a recipient entity for the transfer or repayment of taxes or duties and (2) payment of such a claim is probable and measurable? (SFFAS 7, par. 60)		

Section III

Balance Sheet

Assets Accounts Receivable (33 – 49)	Yes, No or N/A	Explanation
<i>Compliance assessments are proposed assessments by the collecting entity in definitive amounts, but with which the taxpayer (or importer) still has the right to disagree or object. (SFFAS 7, par. 55.1)</i> <i>Preassessment works-in-process are assessments not yet officially asserted by the collecting entity that are subject to a taxpayer's right to conference in response to initial information notices. (SFFAS 7, par. 55.2)</i>		
48. Do nonexchange-related accounts receivable for taxes and duties exclude the following? a. amounts received or due with tax returns received after the close of the reporting period b. compliance assessments c. preassessment work-in-process (SFFAS 7, par. 54)		
49. Are compliance assessments reclassified and recognized as account receivables in the following instances? a. if the taxpayer files an amended tax return b. when customs' protest or retention period lapses c. when court action or an appeal finally determines the assessment d. if taxpayer (or importer) agrees to pay currently or through an installment agreement e. if an offer in compromise is accepted (SFFAS 7, par. 55.1 & 178-180)		

Section III**Balance Sheet**

Assets Interest Receivable (50 – 54)	Yes, No or N/A	Explanation
50. Is interest receivable recognized for the amount of interest income earned but not received for the accounting period, including interest earned on investments in interest-bearing securities? (SFFAS 1, par. 53; OMB Bulletin 01-09, pp. 20 & 21, section 3.3)		
51. Is interest receivable also recognized on outstanding accounts receivable and other U.S. government claims against persons and entities in accordance with provisions in 31 U.S.C. 3717, Interest and Penalty Claims? ¹³ (SFFAS 1, par. 53)		
52. Does interest receivable exclude interest on accounts receivable or investments that are determined to be uncollectible unless the entity actually collects interest? (SFFAS 1, par. 54; OMB Bulletin 01-09, pp. 20 & 21, section 3.3)		
53. Is interest accrued on uncollectible accounts receivable not disclosed until (1) the interest payment requirement has been waived by the federal government or (2) the related debt has been written off? (SFFAS 1, par. 55)		
54. Is interest receivable from federal entities accounted for and reported separately from interest receivable from the public? (SFFAS 1, par. 56)		

¹³See also Federal Claims Collection Standards, 4 CFR Part 103 par. 102.13)

Section III

Balance Sheet

Assets Credit Program Receivables (55 – 96)	Yes, No or N/A	Explanation
<i>The Federal Credit Reform Act of 1990, as amended, divides loans and loan guarantees into two groups: pre-1992 and post-1991. Pre-1992 refers to direct loan obligations or loan guarantee commitments made prior to fiscal year 1992; post-1991 refers to direct loan obligations or loan guarantee commitments made after fiscal year 1991.¹⁴ (OMB Bulletin 01-09, p. 68, section 9.8, item A)</i>		
55. Is interest receivable related to pre-1992 and post-1991 direct loans and acquired defaulted guaranteed loans reported as a component of credit program receivables and related foreclosed property? (OMB Bulletin 01-09, p 21, section 3.3)		
56. Are credit program receivables considered an entity asset if at least one of the following criteria is met? a. The entity has the authority to determine the use of the funds collected. b. The entity is legally obligated to use the funds to meet entity obligations (e.g., loans payable to Treasury). (OMB Bulletin 01-09, p. 21, section 3.3)		
57. If a loan guarantee program, which guarantees a loan, is generating a negative subsidy and the lender has not disbursed the loan as of the balance sheet date, does the entity record and include this amount as part of the total undelivered orders? ¹⁵ (OMB Bulletin 01-09, p. 21, section 3.3)		
58. Are special fund receipt accounts for negative subsidies and downward subsidy reestimates included in the credit reporting entity's financial statements? (OMB Bulletin 01-09, p. 21, section 3.3)		

¹⁴Section 506 (a) of the Federal Credit Reform Act, as amended, exempts the credit activities of certain agencies, such as the Federal Deposit Insurance Corporation (FDIC) and the Tennessee Valley Authority (TVA). These agencies can report in accordance with other requirements.

¹⁵Undelivered orders are the value of goods and services ordered and obligated but not yet received. The term is synonymous with unliquidated obligations. (*The Federal Budget Politics, Policy, Process*; copyright 1995 by Allen Schick; p. 216)

Section III

Balance Sheet

Assets Credit Program Receivables (55 – 96)	Yes, No or N/A	Explanation
59. Are any assets in these special receipt fund accounts shown as nonentity assets that are offset by intragovernmental liabilities covered by budgetary resources? (OMB Bulletin 01-09, p. 21, section 3.3)		
60. Does the entity disclose that direct loan obligations and loan guarantee commitments made after fiscal year 1991, and the resulting direct loans or loan guarantees, are governed by the Federal Credit Reform Act of 1990, as amended? (OMB Bulletin 01-09, p. 68, section 9.8, instruction A)		
61. Are loan amounts broken out by group (pre-1992 and post-1991) and loan program and disclosed in a note to the financial statements? (OMB Bulletin 01-09, pp. 61 & 70, section 9.8, items B & C)		
62. Do the notes disclose other relevant and appropriate information related to direct loans and loan guarantees including the following? a. description of the characteristics of the loan program b. commitments to guarantee c. management's method for accruing interest revenue and recording interest receivable d. management's policy for accruing interest on nonperforming loans (OMB Bulletin 01-09, p. 69, section 9.8)		
<i>For post-1991 direct loans and guarantees, a subsidy expense is recognized in the year they are disbursed. For pre-1992 direct loans and guarantees, a loss and liability need not be recognized until it is more likely than not that a loan (either direct or guaranteed) will go into default. (SFFAS 2, par. 24 & 39)</i>		
63. Are post-1991 direct loans disbursed and outstanding recognized as assets at the present value (discounted at a comparable Treasury rate) of their estimated net cash inflows? (SFFAS 2, par. 22 & app. B, part I A)		

Section III

Balance Sheet

Assets Credit Program Receivables (55 – 96)	Yes, No or N/A	Explanation
64. Is the difference between the outstanding principal of post-1991 direct loans and the present value of their net cash inflows recognized as a subsidy cost allowance? (SFFAS 2, par. 22 & app. B, part I A)		
65. When post-1991 guaranteed loans default, is the value of the assets related to defaulted guaranteed loans receivable ¹⁶ included in the reported credit program receivables? (OMB Bulletin 01-09, p. 64 & 72, section 9.8, item I)		
66. When post-1991 direct loans are written off, is the unpaid principal removed from unpaid loans receivable and charged against the allowance for subsidy costs? (SFFAS 2, par. 61)		
67. Are the following components of the assets that are related to post-1991 direct and defaulted guaranteed loans receivable disclosed by loan program? a. loans receivable, gross, or defaulted guaranteed loans receivable, gross b. interest receivable c. estimated net realizable value of foreclosed property d. allowance for subsidy costs (present value) e. value of assets related to direct loans or defaulted guaranteed loans receivable, net (OMB Bulletin 01-09, pp. 61, 64, 70, & 72, section 9.8, items C & I)		

¹⁶That is, the sum of (1) defaulted guaranteed loans receivable gross, (2) interest receivable, and (3) foreclosed property, less the allowance for subsidy cost at present value.

Section III

Balance Sheet

Assets	Yes, No or N/A	Explanation
Credit Program Receivables (55 – 96)		
Pre-1992 Direct Loans		
68. Are losses of pre-1992 direct loans obligated recognized (and a corresponding allowance amount set up) when it is more likely than not that the direct loans will not be totally collected? (SFFAS 2, par. 39 & app. B, part II A)		
69. Are allowances for uncollectible pre-1992 loans reestimated each year? (SFFAS 2, par. 39)		
70. Are the following components of assets related to pre-1992 direct loans receivable disclosed by loan program? a. loans receivable, gross b. interest receivable c. foreclosed property d. present value allowance ¹⁷ (if the present value method is used) e. allowance for loan losses ¹⁸ (if the allowance-for-loss method is used) (OMB Bulletin 01-09, pp. 61 & 70, section 9.8 item B)		

¹⁷Under the present value method, the nominal amount of the direct loans is reduced by an allowance equal to the difference between the nominal amount and the present value of the expected net cash flows from the loans. (OMB Bulletin 01-09, p. 68, section 9.8, 4th par.)

¹⁸Under the allowance-for-loss method, the nominal amount of the direct loans is reduced by an allowance for uncollectible amounts. (OMB Bulletin 01-09, p. 68, section 9.8, 4th par.)

Section III

Balance Sheet

Assets Credit Program Receivables (55 – 96) Pre-1992 Direct Loans	Yes, No or N/A	Explanation
71. Are the following components of defaulted guaranteed loans from pre-1992 guarantees disclosed by loan program? a. defaulted guaranteed loans receivable, gross b. interest receivable c. the estimated net realizable value of related foreclosed property d. the present value allowance (if the present value method is used) e. the allowance for loan losses (if the allowance for loss method is used) f. value of assets related to defaulted guaranteed loans receivable, net of the respective allowance (OMB Bulletin 01-09, pp. 64 & 72, section 9.8, item H)		
<i>A loan modification is a federal government action that directly or indirectly alters the estimated subsidy cost and the present value of outstanding direct loans or the liability of loan guarantees. A direct modification changes the subsidy cost by altering the terms of existing contracts or through the sale of direct loans. An indirect modification changes the subsidy costs by altering the way loans and loan guarantees are administered. A modification does not include subsidy cost reestimates, routine administrative workouts of troubled loans, and other actions permitted within existing contract terms. (SFFAS 2, par. 41-44)</i>		
72. When post-1991 loans are modified, is their existing book value changed to an amount equal to the present value of the loans' net cash inflows that are projected under the modified terms from the time of the modification to the loans' maturity and discounted at the original rate? (SFFAS 2, par. 46 & app. B, part I D (4))		

Section III

Balance Sheet

Assets Credit Program Receivables (55 – 96) Pre-1992 Direct Loans	Yes, No or N/A	Explanation
73. When pre-1992 loans are directly modified do they meet the following conditions? a. They are transferred from the liquidating account to a financing account. b. Their book value is recorded at their post-modification value. (SFFAS 2, par. 47 & app. B, part II B (4))		
74. Are subsequent (direct) modifications of pre-1992 loans treated as a modification of post-1991 loans? (SFFAS 2, par. 47)		
75. When pre-1992 loans are indirectly modified do they meet the following conditions? a. They are kept in a liquidating account. b. Their bad debt allowance is reassessed and adjusted to reflect amounts that would not be collected due to the modification. (SFFAS 2, par. 47)		
76. Does the entity disclose the following by program in the notes to the financial statements? a. the nature of the modification of direct loans or loan guarantees b. the discount rate used in calculating the modification expense c. the basis for recognizing a gain or loss related to the modification (SFFAS 2, par. 56; OMB Bulletin 01-09, p. 69, section 9.8, 5th par.)		
77. When post-1991 and pre-1992 loans are sold, is the sale treated as a direct modification if the agency did not assume sales proceeds in the cash flow estimates for the initial subsidy calculation? (SFFAS 2, par. 53 & App. B, Part I F, footnote 23)		

Section III

Balance Sheet

Assets Credit Program Receivables (55 – 96) Pre-1992 Direct Loans	Yes, No or N/A	Explanation
78. Does the agency disclose the expectation that proceeds from the sale of its loans will differ from the reported face value of the loans or the value of their related assets? (OMB Bulletin 01-09, p. 69, section 9.8, 1st par.)		
<i>Foreclosed property is any asset, which is assumed to be held for sale, that is either received in satisfaction of a loan receivable or as a result of payment of a claim under a guaranteed or insured loan (excluding commodities acquired under price support programs). Pre-1992 foreclosed property refers to property associated with direct loans obligated or loan guarantees committed before October 1, 1991. Post-1991 foreclosed property refers to property associated with direct loans obligated or loan guarantees committed after September 30, 1991. (SFFAS 3, par. 79 & 80)</i>		
79. Is post-1991 foreclosed property valued at the net present value of the projected future cash flows associated with the property? (SFFAS 3, par. 81; OMB Bulletin 01-09, p. 70, section 9.8, item C)		
80. Is pre-1992 foreclosed property recorded at cost and adjusted to the lower of cost or net realizable value with any difference between cost and net realizable value carried in a valuation allowance? (SFFAS 3, par. 81)		
81. In determining net present value, does the projection of future cash flows include estimates of the following? a. sales proceeds b. rent, management expense, and repair costs during the holding period c. selling expense (i.e., advertising and commissions) (SFFAS No. 3, par. 82)		
82. In estimating sales proceeds for projecting the future cash flows associated with the property in determining net present value, has the entity considered its historical experience in selling property as well as the nature of the sale? (SFFAS 3, par. 82)		

Section III**Balance Sheet**

Assets	Yes, No or N/A	Explanation
Credit Program Receivables (55 – 96)		
Pre-1992 Direct Loans		
83. Were the estimated future cash flows of post-1991 foreclosed property or acquired loans discounted at the original (or Treasury) discount rate in effect at the time the underlying loan or guarantee was granted? (SFFAS 2, par. 57& 59; SFFAS 3, par. 83; SFFAS 19, par. 7(e))		
84. Is the net present value of post-1991 foreclosed property adjusted periodically to recognize both changes in the expected future cash flows and accrual of interest due to the passage of time? (SFFAS 3, par. 84)		
85. Are any adjustments in the carrying amounts of post-1991 foreclosed property included in the presentation of "interest income" and the reestimate of "subsidy expense?" (SFFAS 3, par. 84)		
86. For post-1991 foreclosed property, are the following true? a. Third party claims are recorded at their net present value at the time of the foreclosure, using the same discount rate that applies to related foreclosed property. b. Any periodic changes in net present value of the claim are reflected in "interest income" and "subsidy expense." (SFFAS 3, par. 87)		
87. Are receipts or disbursements associated with acquiring and holding post-1991 foreclosed property charged or credited to foreclosed property? (SFFAS 3, par. 88)		
88. When the entity acquires foreclosed assets in full or partial settlement of post-1991 direct loans or guarantees, is the present value of the government's claim against the borrowers reduced by the amount settled as a result of the foreclosure? (SFFAS 2, par. 60)		

Section III**Balance Sheet**

Assets	Yes, No or N/A	Explanation
Credit Program Receivables (55 – 96)		
Pre-1992 Direct Loans		
89. If a lender, debtor, or other third party has a legitimate claim to a post-1991 foreclosed asset, is the net present value of the estimated claim recognized as a special contra-valuation allowance? (SFFAS 2, par. 58; SFFAS 3, par. 87)		
90. Is pre-1992 foreclosed property recorded at cost and adjusted, if necessary, to the lower of cost or net realizable value? (SFFAS 3, par. 81 & 85)		
91. Is the net realizable value based on an estimate of the market value of the property adjusted for any expected losses consistent with historical experience, abnormal market conditions, and time limitations as well as any other costs of the sale? (SFFAS 3, par. 85 & 86)		
92. Is the estimate of market value based on one of the following criteria? a. the market value of the property if an active market exists b. the market value of similar properties if no active market exists c. a reasonable forecast of expected cash flows adjusted for estimates of all holding costs, including any cost of capital (SFFAS 3, par. 85)		
93. For pre-1992 foreclosed property, are third-party claims recorded at the expected amount of cash required to settle the claims? (SFFAS 3, par. 87)		
94. If foreclosed property is not sold but placed into operation, is the asset removed from foreclosed property? (SFFAS 3, par. 90)		
95. If reimbursement for the transfer of assets from one program to another is made, are the proceeds from the transfer treated in the same manner as a sale to a third party? (SFFAS 3, par. 90)		

Section III**Balance Sheet**

Assets	Yes, No or N/A	Explanation
Credit Program Receivables (55 – 96) Pre-1992 Direct Loans		
96. When the government acquires foreclosed assets in full or partial settlement of a direct or guaranteed loan (pre-1992 and post-1991), is the following information disclosed? a. valuation basis for foreclosed property b. changes from prior-year's accounting methods, if any c. restrictions on the use/disposal of property d. balances by categories (i.e., pre-1992 and post-1991 foreclosed property) e. number of properties held and average holding period by type or category f. number of properties for which foreclosure proceedings are in process at the end of the period (SFFAS 3, par. 91; OMB Bulletin 01-09, pp. 69 & 70, section 9.8)		

Section III

Balance Sheet

Assets Cash and Other Monetary Assets (97 – 102)	Yes, No or N/A	Explanation
<i>Cash (including imprest funds) consists of: coins, paper currency, readily negotiable instruments (such as checks, money orders, and bank drafts), demand deposits, and foreign currencies stated in U.S. dollars at the exchange rate on the financial statement date. (SFFAS 1, par. 27; OMB Bulletin 01-09, p. 20, section 3.3)</i> <i>Other monetary assets consist of other items such as gold, special drawing rights, and U.S. reserves in the International Monetary Fund (IMF). (OMB Bulletin 01-09, p. 20, section 3.3 & p.57, section 9.4, item C)</i>		
97. Are the components of cash and other monetary assets disclosed and described in a note to the financial statements? (OMB Bulletin 01-09, p. 20, section 3.3 & pp. 57 & 58, section 9.4)		
<i>Entity cash is the amount of cash that the reporting entity holds and is authorized by law to spend. Nonentity cash is the cash that a federal entity collects and holds on behalf of the U.S. government or other entities. In some instances the entity deposits cash in its accounts in a fiduciary capacity for the U.S. Treasury or other entities. (SFFAS 1, par. 28 & 29)</i>		
98. Does cash available for agency use include petty cash and cash held in revolving funds that will not be transferred to the general fund? (OMB Bulletin 01-09, p.58, section 9.4, instruction E)		
99. Is nonentity cash disclosed in the notes to the financial statements, separately from entity cash? (SFFAS 1, par. 29; OMB Bulletin 01-09, p. 17, section 3.1, p. 19, section 3.3, & pp. 57-58, section 9.4)		
100. If cash is restricted, ¹⁹ is the nature and reason disclosed? (SFFAS 1, par. 30; OMB Bulletin 01-09, p. 56, section 9.2 & p. 58, section 9.4)		

¹⁹Nonentity cash is always restricted. Restricted cash also includes cash held in escrow to pay property taxes and insurance related to property associated with defaulted loans.

Section III**Balance Sheet**

Assets Cash and Other Monetary Assets (97 – 102)	Yes, No or N/A	Explanation
101. Does the entity disclose any restrictions on the use or conversion of cash denominated in foreign currencies and the significant effects, if any, of changes in the exchange rate on the entity's financial position that occur after the end of the reporting period but before the issuance of financial statements? (OMB Bulletin 01-09, p. 58, section 9.4)		
102. Is other information on cash and other monetary assets disclosed, as appropriate, such as the valuation rate of gold? (OMB Bulletin 01-09, p. 58, section 9.4)		

Section III

Balance Sheet

Assets Inventory and Related Property (103 – 125)	Yes, No or N/A	Explanation
<i>Inventory is tangible personal property that is (1) held for sale including raw materials and work in process, (2) in process of production for sale, or (3) to be consumed in the production of goods for sale or in the provision of services for a fee. Inventory does not include other assets held for sale such as (1) stockpile materials, (2) seized and forfeited property, (3) foreclosed property, and (4) goods held under price support and stabilization programs. (SFFAS 3, par. 1; OMB Bulletin 01-09, p. 21, section 3.3)</i>		
103. Is inventory valued at historical cost, latest acquisition cost, or net realizable value? (SFFAS 3, par. 20 & 26)		
104. If inventory is valued at historical cost, does that cost include the purchase amount and all other costs, such as transportation and production costs, incurred to bring the inventory into its current condition and location? (SFFAS 3, par. 21)		
105. Are abnormal costs, such as excessive handling or rework costs, charged to operations for the period? (SFFAS 3, par. 21)		
106. Is donated inventory valued at its fair value at the time of donation? (SFFAS 3, par. 21)		
107. Is inventory acquired through exchange of nonmonetary assets (e.g., barter) valued at the fair value of the asset received at the time of the exchange? (SFFAS 3, par. 21)		
108. For inventory acquired through exchange of nonmonetary assets, is any difference between the recorded amount of the asset surrendered and the fair value of the asset received recognized as a gain or loss? (SFFAS 3, par 21)		

Section III

Balance Sheet

Assets	Yes, No or N/A	Explanation
Inventory and Related Property (103 – 125)		
109. Are one of the following historical cost flow assumptions used to value inventory? a. first-in, first out (FIFO) b. weighted average c. moving average d. any other valuation method (such as a standard cost system) whose results reasonably approximate “a,” “b,” or “c” above (SFFAS 3, par. 22)		
110. If the latest acquisition cost method of inventory valuation is used, is the latest invoice price (actual cost) applied to all like units held, including those acquired through donation or nonmonetary exchange? SFFAS 3, par. 23)		
111. Under the latest acquisition cost method, is the inventory revalued periodically (or at least by the end of the fiscal year)? ²⁰ (SFFAS 3, par. 23)		
112. If unrealized holding gains/losses are recognized, is an allowance account established to capture these gains/losses? (SFFAS 3, par. 24)		
113. Is the ending balance of this [gain/loss] allowance account the cumulative difference between the historical cost, based on estimated or actual valuation, and the latest acquisition cost of ending inventory? (SFFAS 3, par. 24)		
114. Is the balance for the gain/loss account adjusted each time the inventory balance is adjusted? (SFFAS 3, par. 24)		

²⁰Revaluation results in recognition of unrealized holding gains/losses in the ending inventory value. Upon adjustment for unrealized holding gains/losses, the latest acquisition cost method then results in an approximation of historical cost.

Section III

Balance Sheet

Assets	Yes, No or N/A	Explanation
Inventory and Related Property (103 – 125)		
115. Is the adjustment necessary to bring the allowance to the appropriate balance a component of the cost of goods sold as computed under the latest acquisition cost method? ²¹ (SFFAS 3, par. 24 & 25)		
116. If the latest acquisition cost method is used to value inventory, is the reported cost of goods sold adjusted by the difference between the beginning and ending unrealized holding gains and losses? (SFFAS 3, par. 24 & 25)		
117. If inventory is valued at net realizable value, does it meet the following criteria? a. There is an inability to determine approximate cost. b. There is immediate marketability at quoted prices. c. There is unit interchangeability (e.g., petroleum reserves). (SFFAS 3, par. 26)		
118. Are inventory stocks, which are maintained because they are not readily available in the market or because there is more than a remote chance that they will eventually be needed, classified as inventory held in reserve for future sale, and reported in one of the following manners? a. included in the inventory line item on the face of the financial statements with separate disclosure in the footnotes b. shown as a separate line item on the face of the financial statements (SFFAS 3, par. 27)		

²¹Cost of goods sold under the latest acquisition cost method equals (1) beginning inventory at beginning-of-the period latest acquisition cost, less: beginning allowance for unrealized holding gains/losses, plus: actual purchases; and (2) resulting cost of goods available for sale, less: ending inventory at end-of-the period latest acquisition cost, plus: ending allowance for unrealized holding gains/losses.

Section III

Balance Sheet

Assets	Yes, No or N/A	Explanation
Inventory and Related Property (103 – 125)		
119. Is inventory identified as excess, obsolete, or unserviceable reported in one of the following manners? a. included in the inventory line item on the face of the financial statements with separate disclosures in the footnotes b. shown as a separate line item on the face of the financial statements (SFFAS 3, par. 29; OMB Bulletin 01-09, p. 74, section 9.9)		
120. Is excess, obsolete, and unserviceable inventory valued at its expected net realizable value? (SFFAS 3 par. 30)		
121. When inventory is declared excess, obsolete, or unserviceable is the difference between the carrying amount and the expected net realizable value recognized as a loss (or gain)? (SFFAS 3, par. 30)		
122. For excess, obsolete, or unserviceable inventory, are any subsequent adjustments to the inventory's net realizable value or any loss (or gain) upon disposal recognized as losses (or gains)? (SFFAS 3, par. 30)		
123. When inventory is held for repair, is it valued using one of the following methods? a. the allowance method (valued at the same value as a serviceable item and a contra-asset repair allowance account is established) b. the direct method (valued at the same value as a serviceable item less estimated repair costs) (SFFAS 3, par. 32 & 33)		
124. If inventory is transferred to "inventory held for repair," are estimated prior period repair costs either credited to the repair allowance (under the repair allowance method) or to the inventory account (under the direct method) and reported as an adjustment to equity? (SFFAS 3, par. 34)		

Section III**Balance Sheet**

Assets Inventory and Related Property (103 – 125)	Yes, No or N/A	Explanation
125. Does the entity disclose the following about its inventory? a. the general composition b. the basis for determining inventory values (including the valuation method and any cost flow assumptions) c. changes from prior years' accounting methods, if any d. balances for each of the following categories of inventory (unless otherwise presented on the financial statements): i. inventory held for current sale ii. inventory held in reserve for future use iii. excess, obsolete, and unserviceable inventory iv. inventory held for repair e. the difference between the carrying amount of the inventory before identification as excess, obsolete, or unserviceable, and its expected net realizable value f. restriction on the sale of inventory g. the decision criteria for categorizing inventory h. changes in the criteria for categorizing inventory (SFFAS 3, par. 18, 27-29, 31, 32 & 35; OMB Bulletin 01-09, pp. 74 & 75, section 9.9)		

Section III

Balance Sheet

Assets Operating Materials and Supplies (126– 137)	Yes, No or N/A	Explanation
<i>Operating materials and supplies are tangible personal property to be consumed in normal operations. Excluded are (1) goods that have been acquired to construct real property and equipment for the entity's use (2) stockpile materials, (3) goods held under price stabilization programs, (4) foreclosed property, (5) seized and forfeited property, and (6) inventory. (SFFAS 3, par. 36 & OMB Bulletin 01-09, p.21, section 3.3)</i>		
126. Are operating materials and supplies recognized and reported as assets when produced or purchased? (SFFAS 3, par. 38)		
127. Are operating materials and supplies valued at historical cost, including all appropriate purchase and production costs incurred to bring the items to their current condition and location? (SFFAS 3, par. 42-43)		
128. Are donated operating materials and supplies valued at their fair value at the time of donation? (SFFAS 3, par. 43)		
129. Are operating materials and supplies acquired through exchange of nonmonetary assets (e.g., barter) valued at the fair value of the asset received at the time of the exchange? (SFFAS 3, par. 43)		
130. Are operating materials and supplies acquired through exchange of nonmonetary assets (e.g., barter) valued at the fair value of the asset received at the time of exchange, and is any difference between the recorded amount of the asset surrendered and the fair value of the asset received recognized as a gain or loss? (SFFAS 3, par. 43)		

Section III**Balance Sheet**

Assets Operating Materials and Supplies (126– 137)	Yes, No or N/A	Explanation
131. Is one of the following historical cost flow assumptions used to value ending operating materials and supplies under the consumption method? a. first-in, first-out (FIFO) b. weighted average c. moving average d. any other valuation method (such as a standard cost system) whose results reasonably approximate “a,” “b,” or “c” (SFFAS 3, par. 42 & 44)		
132. Are operating materials and supplies stocks, which are maintained because they are not readily available in the market or because there is more than a remote chance that they will eventually be needed (although not necessarily in the normal course of operations), classified as operating materials and supplies held in reserve for future use, and reported in one of the following manners? a. included in the operating materials and supplies line item on the face of the financial statements with separate disclosure in the footnotes b. shown as a separate line item on the face of the financial statements (SFFAS 3, par. 45)		
133. Are operating materials and supplies identified as excess, obsolete, or unserviceable reported in one of the following manners? a. included in the operating materials and supplies line item on the face of the financial statements with separate disclosure in the footnotes b. shown as a separate line item on the face of the financial statements (SFFAS 3, par. 47)		
134. Are excess, obsolete, and unserviceable operating materials and supplies valued at their estimated net realizable value? (SFFAS 3, par. 48)		

Section III

Balance Sheet

Assets Operating Materials and Supplies (126– 137)	Yes, No or N/A	Explanation
135. When operating materials and supplies are declared excess, obsolete, or unserviceable is the difference between the carrying amount before identification as excess, obsolete, or unserviceable and the estimated net realizable value recognized as a loss (or gain)? (SFFAS 3, par. 48)		

Section III

Balance Sheet

Assets Operating Materials and Supplies (126– 137)	Yes, No or N/A	Explanation
136. For excess, obsolete, or unserviceable operating materials and supplies, are any subsequent adjustments to the operating materials and supplies' estimated net realizable value or any loss (or gain) upon disposal recognized as losses (or gains)? (SFFAS 3, par. 48)		
137. Does the entity disclose the following information about its operating materials and supplies? a. general composition b. basis for valuation (including valuation method and any cost flow assumptions) c. change from prior years' accounting methods, if any d. balances in each operating material and supply category²² e. the difference between the carrying amount of the operating materials and supplies before identification as excess, obsolete, or unserviceable and their estimated net realizable value f. restrictions on the use of materials and supplies, if any g. decision criteria for identifying each category to which material and supplies are assigned h. changes in the criteria for identifying the category to which the operating materials and supplies are assigned (SFFAS 3, par. 36, 37, 45-47, 49, & 50; OMB Bulletin 01-09, p. 75, section 9.9)		

²²Major categories of operating materials and supplies include (1) items held for use; (2) items held in reserve for future uses; and (3) excess, obsolete, and unserviceable items.

Section III

Balance Sheet

Assets Stockpile Materials (138– 150)	Yes, No or N/A	Explanation
<i>Stockpile materials are strategic and critical materials held due to statutory requirements for use in national defense, conservation, or national emergencies. Not included under this category are (1) items held for sale or use in normal operations, (2) items held for use in the event of an agency's operating emergency or contingency, and (3) materials acquired to support market prices. (SFFAS 3, par. 51 & OMB Bulletin 01-09, p. 21, section 3.3)</i>		
138. Are stockpile materials recognized and reported as assets when acquired (i.e., recognized as assets using the consumption method)? (SFFAS 3, par. 52)		
139. If the contract between the buyer and seller of the stockpile materials is silent regarding passage of the title, is title assumed to pass upon delivery of the goods? (SFFAS 3, par. 52)		
140. Are stockpile materials valued at historical cost, including all appropriate purchase, transportation, and production costs incurred to bring the items to their current condition and location? (SFFAS 3, par. 53)		
141. Are abnormal costs, such as excessive handling or rework costs, charged to operations for the period? (SFFAS 3, par. 53)		
142. Is one of the following historical cost flow assumptions used to value stockpile materials under the consumption method? a. first-in, first-out (FIFO) b. weighted average c. moving average d. any other valuation method (such as a standard cost system) whose results reasonably approximate "a," "b," or "c" (SFFAS 3, par. 52 & 53)		
143. If stockpile materials have either suffered a permanent decline in value to an amount below cost or have become damaged or decayed, has their value been reduced to expected net realizable value? (SFFAS 3, par. 54)		

Section III**Balance Sheet**

Assets Stockpile Materials (138– 150)	Yes, No or N/A	Explanation
144. Is the resultant decline in value recognized as a loss or expense in the period in which it occurs? (SFFAS 3, par. 54)		
145. When stockpile materials are authorized to be sold, are those materials disclosed as stockpile materials held for sale? (SFFAS 3, par. 55)		
146. Are the stockpile materials authorized for sale valued using the same basis used before they were authorized for sale? (SFFAS 3, par. 55)		
147. Is any difference between the carrying amount of the stockpile materials held for sale and their estimated selling price disclosed? (SFFAS 3, par. 55)		
148. If stockpile materials are sold, is the cost removed from stockpile materials and reported as a cost of goods sold? (SFFAS 3, par. 55)		
149. Is any gain (or loss) from the sale of stockpile materials recognized as a gain (or loss) at that time? (SFFAS 3, par. 55)		

Section III

Balance Sheet

Assets Stockpile Materials (138– 150)	Yes, No or N/A	Explanation
150. Does the entity disclose the following information about its stockpile materials? a. general composition b. basis for valuing stockpile materials, including valuation method and any cost flow assumptions c. changes from prior year’s accounting methods, if any d. restrictions on the use of the material e. balances in each category of stockpile material (i.e., stockpile materials and stockpile materials held for sale) f. decision criteria for grouping stockpile material as held for sale g. changes in criteria for categorizing stockpile materials as held for sale (SFFAS 3, par. 56; OMB Bulletin 01-09, pp. 75 & 76, section 9.9)		

Section III

Balance Sheet

Assets Seized Property (151– 158)	Yes, No or N/A	Explanation
<i>Seized property includes monetary instruments, real property, and tangible personal property belonging to others in actual or constructive possession of the custodial agency. This includes illegal drugs, contraband, and counterfeit items seized by authorized law enforcement agencies (SFFAS 3, par. 59; OMB Bulletin 01-09, p. 22, section 3.3)</i> <i>There may be as many as three government entities involved with seized property: (1) the seizing agency, (2) the custodial agency, and (3) another agency with a “central fund” set up for financial recordkeeping of seizure activities. (SFFAS 3, par. 57)</i>		
151. If the central fund is other than the seizing or custodial entity, does the custodial entity maintain sufficient internal records to carry out its stewardship responsibility? (SFFAS 3, par. 60)		
152. If monetary instruments are seized, are seized assets recognized at market value of the monetary instruments, and a corresponding liability equal to the seized asset value established? (SFFAS 3, par. 61 & 65; OMB Bulletin 01-09, p. 22, section 3.3)		
153. Is the existence of seized property other than monetary instruments disclosed in a note to the statements and accounted for in the entity’s property management records? (SFFAS 3, par. 62)		
154. Is seized property valued at its market value when seized (or as soon thereafter as reasonably possible if the market value cannot be readily determined)? (SFFAS 3, par. 63)		
155. If no active market exists for the property in the general area in which it was seized, is a value in the principle market nearest the place of seizure used? (SFFAS 3, par. 63)		
156. Is the valuation of property seized under the Internal Revenue Code based on the taxpayer’s equity (market value less any third-party liens)? (SFFAS 3, par. 64)		

Section III**Balance Sheet**

Assets Seized Property (151– 158)	Yes, No or N/A	Explanation
157. Does the entity disclose the type of seized property in its custody and include the following information? a. explanation of what constitutes a seizure and a general description of the composition of seized property b. valuation method(s) c. changes from prior years' accounting methods, if any d. analysis of change in seized property (including dollar value and number of seized properties) that are i. on hand at the beginning of the year, ii. seized during the year, iii. disposed of during the year, and iv. on hand at the end of the year, as well as known liens or other claims against the property (SFFAS 3, par. 66; OMB Bulletin 01-09, p. 22, section 3.3; p. 76, section 9.9)		
158. Does the entity also disclose the method of disposal of seized property, if material? (SFFAS 3, par. 66; OMB Bulletin 01-09, p. 76, section 9.9)		

Section III

Balance Sheet

Assets Forfeited Property (159– 172)	Yes, No or N/A	Explanation
<i>Forfeited property consists of (a) property (i.e., monetary instruments, intangible property, real property, and tangible personal property) acquired through forfeiture proceedings, (b) property acquired to satisfy a tax liability, and (c) unclaimed and abandoned merchandise. (SFFAS 3, par. 67 & 68 & OMB Bulletin 01-09, p. 22, section 3.3)</i>		
159. When a forfeiture judgment is obtained for seized monetary instruments: a. Are they reclassified as forfeited monetary instruments at the current market value? b. Is revenue recognized in an amount equal to the value of the monetary asset? c. Is the liability associated with the seized monetary instrument classification removed? (SFFAS 3, par. 69)		
160. When a forfeiture judgment is obtained for real, tangible, and intangible property: a. Is the property recorded as an asset at its fair value at the time of forfeiture? b. Is an allowance account (contra-asset account) established for liens or claims from third party claimants against forfeited property? c. Is offsetting deferred revenue recognized? (SFFAS 3, par. 70)		
161. For forfeited property that cannot be sold due to legal restrictions, but may be either donated or destroyed, does the entity in lieu of recognizing financial value make the required disclosures concerning the composition, valuation, and disposition of the property? (SFFAS 3, par. 71 & 78)		
162. Is revenue from the sale of forfeited property recognized when sold? (SFFAS 3, par. 72)		

Section III**Balance Sheet**

Assets Forfeited Property (159– 172)	Yes, No or N/A	Explanation
<i>Forfeited property not held for sale may be placed into official use, transferred to another federal agency, distributed to a state or local law enforcement agency, or distributed to a foreign government. (SFFAS 3, par. 73)</i>		
163. When a determination is made that forfeited property will not be held for sale, but distributed in one of the manners described above, is the property reclassified as forfeited property held for donation or use? (SFFAS 3, par. 74)		
164. Is revenue associated with property not disposed of through sale recognized upon approval of distribution and the previously established deferred revenue reversed? (SFFAS 3, par. 74)		
165. Is a distinction maintained in the entity's accounting reports between revenue arising from the sale of forfeited property and revenue arising from forfeited property being transferred, donated, or placed into official use? (SFFAS 3, par. 72–75 & Table 1)		
166. Is property acquired by the government to satisfy a taxpayer's liability recorded when title to the property passes to the federal government, and is a credit made to the related account receivable? (SFFAS 3, par. 76)		
167. Is the property acquired in satisfaction of a taxpayer's liability valued at its market value less any third party liens? (SFFAS 3, par. 76)		
168. Upon sale of forfeited property acquired in satisfaction of a taxpayer's liability, is revenue recognized in the amount of the sale proceeds, and are the property and third party liens removed from the accounts? (SFFAS 3, par. 76)		
169. Is unclaimed and abandoned merchandise recorded with an offsetting deferred revenue when statutory and/or regulatory requirements for forfeiture have been met? (SFFAS 3, par. 77)		
170. Is unclaimed and abandoned merchandise valued at its market value? (SFFAS 3, par. 77)		

Section III**Balance Sheet**

Assets Forfeited Property (159– 172)	Yes, No or N/A	Explanation
171. Upon the sale of unclaimed and abandoned merchandise, is revenue recognized in the amount of the sale proceeds, and the merchandise and the deferred revenue removed from the accounts? (SFFAS 3, par. 77)		
172. Does the entity disclose the following information about forfeited property? a. composition of the property b. valuation method(s) c. restrictions on the use or disposition of forfeited property d. changes from prior year’s accounting methods, if any e. analysis of the changes in forfeited property by dollar amount and number of forfeitures that includes: i. forfeitures on hand at the beginning of the year ii. additions iii. disposals and method of disposition iv. forfeitures on hand at the end of the year f. if available, an estimate of the value of property or funds to be distributed to other federal, state, and local agencies in future reporting periods (SFFAS 3, par. 78; OMB Bulletin 01-09, p. 76, section 9.9)		

Section III**Balance Sheet**

Assets Goods Held Under Price Support and Stabilization Program (173– 186)	Yes, No or N/A	Explanation
<i>Goods acquired under price support and stabilization programs (i.e., commodities) are items of commerce or trade (usually farm commodities) having an exchange value. Producers of the goods (1) are either given nonrecourse loans under which they can, at their option, repay the loan with interest or surrender their commodity pledged as collateral for the loan or (2) may enter into purchase agreements that allow the producer of the option to sell commodities to the government (the Commodity Credit Corporation) at the price support rate. (SFFAS 3, par. 92, 93, & 94)</i>		
173. Are nonrecourse loans recognized as assets when the loan principal is disbursed and recorded at the amount of the loan principal? (SFFAS 3, par. 96)		
174. Is interest accrued on nonrecourse loans? (SFFAS 3, par. 96)		
175. When the entity has entered into a purchase agreement and there is an expected loss: a. Is a loss ²³ recognized if it is probable that a loss has been incurred on purchase agreements outstanding and the amount of the loss can be reasonably measured? b. Is a corresponding liability recognized? (SFFAS 3, par. 97 & 103)		
176. If the contingent loss arising from a purchase agreement is not recognized because it is less than probable or is not reasonably measurable, is the contingent loss disclosed if it is at least “reasonably possible that a loss may occur?” (SFFAS 3, par. 98)		
177. When commodities are acquired to satisfy a nonrecourse loan or purchase agreement, are they recognized and reported as assets at the lower of cost or net realizable value? (SFFAS 3, par. 99 & 104)		

²³The loss amount is the difference between the contract price and the net realizable value of the commodities.

Section III**Balance Sheet**

Assets Goods Held Under Price Support and Stabilization Program (173– 186)	Yes, No or N/A	Explanation
178. When commodities acquired to satisfy the terms of a nonrecourse loan or purchase agreement are sold: a. Are revenues recognized? b. Is the carrying amount of the commodities removed from the asset account and reported as a cost of goods sold? (SFFAS 3, par. 100)		
179. When commodities are held for purposes other than sale, is the carrying amount reported as an expense and removed from the commodity asset account upon transfer? (SFFAS 3, par. 101)		
180. Are all nonrecourse loans recorded at their face amounts, and is a valuation allowance set up to recognize losses on such loans when it is “more likely than not” (i.e., more than a 50 percent chance) that loans will not be totally collected? (SFFAS 3, par. 102)		
181. Is this allowance reestimated on each financial reporting date? (SFFAS 3, par. 102)		
182. Does the cost for the commodities acquired through a nonrecourse loan settlement include the following amounts? a. loan principal (excluding interest) b. processing and packaging costs incurred after acquisition c. other costs (e.g., transportation) incurred in taking title to the commodity (SFFAS 3, par. 105)		
183. Does the cost for commodities acquired through a purchase agreement include the following amounts? a. the unit price agreed upon in the purchase agreement multiplied by the number of units purchased b. other costs incurred in taking title to the commodity (SFFAS 3, par. 106)		

Section III**Balance Sheet**

Assets Goods Held Under Price Support and Stabilization Program (173– 186)	Yes, No or N/A	Explanation
184. Is any adjustment necessary to reduce the carrying amount of the acquired commodities to the lower of cost or net realizable value recognized as a loss on farm price support in the current period and recorded in a commodity valuation allowance? (SFFAS 3, par. 107)		
185. Are recoveries of losses recognized up to the point of any previously recognized losses on the commodities, and is the commodity valuation allowance reduced accordingly in the current period? (SFFAS 3, par. 107)		

Section III**Balance Sheet**

Assets Goods Held Under Price Support and Stabilization Program (173– 186)	Yes, No or N/A	Explanation
186. Is the following information related to goods held under price support and stabilization programs disclosed? a. basis for valuing commodities including valuation method and cost flow assumptions (e.g., FIFO, weighted average, moving average, specific identification) b. changes from prior years' accounting methods, if any c. restrictions on the use, disposal, or sale of commodities d. analysis of the changes in dollar amount and volume of commodities, including those i. on hand at the beginning of the year ii. acquired during the year iii. disposed of during the year by method of disposition iv. on hand at the end of the year v. on hand at year's end and estimated to be donated or transferred during the coming period vi. received as a result of surrender of collateral related to nonrecourse loans outstanding vii. dollar value and volume of purchase agreement commitments (SFFAS 3, par. 108 & 109; OMB Bulletin 01-09, pp. 76 & 77, section 9.9)		

Section III

Balance Sheet

Assets General Property, Plant, & Equipment (Net) (187– 233)	Yes, No or N/A	Explanation
<i>General property, plant, and equipment (PP&E) are any property, plant, and equipment used in providing goods or services. (SFFAS 6, par. 23)</i>		
187. Has the entity established, disclosed, and consistently followed appropriate capitalization thresholds for property, plant, and equipment (PP&E) suitable to its financial and operational conditions? (SFFAS 6, par. 13)		
188. Does the entity follow a policy that ensures its PP&E consists of tangible assets, including land, that meet the following criteria? a. have estimated useful lives of 2 years or more b. are not intended for sale in the ordinary course of operations c. are acquired or constructed with the intention of being used or being available for use by the entity (SFFAS 6, par. 17)		
189. Does PP&E consist of the following items? a. assets acquired through capital leases, including leasehold improvement b. property owned by the reporting entity in the hands of others (e.g., state and local governments, colleges and universities, federal contractors) c. land rights (SFFAS 6 par. 18)		
<i>Capital leases are leases that transfer substantially all the benefits and risks of ownership to the lessee. Operating leases are leases in which the federal entity does not assume the risks of ownership of PP&E. Multiyear service contracts and multiyear purchase agreements for expendable commodities are not capital leases. (SFFAS 6, par. 20, footnote 22; SFFAS 5, par. 43)</i>		

Section III**Balance Sheet**

Assets General Property, Plant, & Equipment (Net) (187– 233)	Yes, No or N/A	Explanation
190. Does the entity classify a lease as a capital lease if at its inception the lease meets one or more of the following criteria? a. the lease transfers ownership of the property to the lessee by the end of the lease term b. the lease contains an option to purchase the leased property at a bargain price c. the lease term is equal to or greater than 75 percent of the estimated economic life of the leased property, and the beginning of the lease term does not fall within the last 25 percent of the total estimated economic life of the property d. the present value of rental and other minimum lease payments, excluding that portion of the payments representing executory cost, equals or exceeds 90 percent of the fair value of the leased property, and the beginning of the lease term does not fall within the last 25 percent of the total estimated economic life of the property (SFFAS 6, par. 20; SFFAS 5, par. 43)		
191. Does the general PP&E asset line item exclude the following items? a. items held in anticipation of physical consumption such as operating materials and supplies b. items the federal entity has a reversionary interest in c. heritage assets (except multiuse heritage assets)²⁴ d. stewardship land (i.e., land not included in general PP&E) (SFFAS 6, par. 19, 21, 57, 58, & 68; SFFAS 16, par. 6)		

²⁴Multiuse heritage assets are heritage assets used predominately in general government operations (e.g., the main Treasury building, which is used as an office building).

Section III

Balance Sheet

Assets General Property, Plant, & Equipment (Net) (187– 233)	Yes, No or N/A	Explanation
192. In determining the level at which the entity categorizes its PP&E, has the entity considered the following factors? a. the cost of maintaining different accounting methods for property and the usefulness of the information b. the diversity of the PP&E (e.g., useful lives, value, alternative uses) c. the programs being served by the PP&E d. future disposition of the PP&E (SFFAS 6, par. 22)		
193. Does the entity categorize an asset under general PP&E if it has one or more of the following characteristics? a. it could be used for alternative purposes (e.g., by other federal programs, state or local governments, nongovernmental entities) but is used to produce goods or services or to support the mission of the entity b. it is used for business-type activities²⁵ c. it is used by entities in activities whose costs can be compared to those of other entities performing similar activities (e.g., federal hospital services in comparison to other hospitals) (SFFAS 6, par. 23; OMB Bulletin 01-09, p. 22, section 3.3)		
194. Is PP&E of entities operating as business-type activities categorized as general PP&E whether or not it meets the definition of other PP&E categories (e.g., heritage assets)? (SFFAS 6, par. 24; OMB Bulletin 01-09, p. 22, section 3.3)		

²⁵ A business-type activity is defined as a significantly self-sustaining activity that finances its continuing cycle of operations through the collection of exchange revenue.

Section III**Balance Sheet**

Assets General Property, Plant, & Equipment (Net) (187– 233)	Yes, No or N/A	Explanation
195. Are land and land rights specifically acquired for or in connection with other general PP&E included in general PP&E? (SFFAS 6, par. 25; OMB Bulletin 01-09, p. 22 & 23, section 3.3)		
196. Is all general PP&E recorded at cost? (SFFAS 6, par. 26)		

Section III

Balance Sheet

Assets General Property, Plant, & Equipment (Net) (187– 233)	Yes, No or N/A	Explanation
197. Does the cost of general PP&E include all costs incurred to bring the PP&E to a form and location suitable for its intended use, such as the following? a. amounts paid to vendors b. transportation charges to the point of initial use c. handling and storage costs d. labor and other direct or indirect production costs (for assets produced or constructed) e. costs of engineering, architectural, and other outside services for designs, plans, specifications, and surveys f. acquisition and preparation costs of buildings and other facilities g. an appropriate share of the cost of the equipment and facilities used in construction work h. fixed equipment and related installation costs required for activities in a building or facility i. direct costs of inspection, supervision, and administration of construction contracts and construction work j. legal and recording fees and damage claims k. fair value of facilities and equipment donated to the government l. material amounts of interest costs paid (SFFAS 6, par. 26)		
198. Is the cost of general PP&E acquired under a capital lease equal to the amount recognized as a liability²⁶ for the capital lease at its inception? (SFFAS 6, par. 29)		

²⁶The liability is the net present value of lease payments unless the net present value of the lease payments exceeds the fair value of the asset, in which case the amount recorded as the liability would be the fair value of the asset. (SFFAS 5, par. 44)

Section III**Balance Sheet**

Assets General Property, Plant, & Equipment (Net) (187– 233)	Yes, No or N/A	Explanation
199. Is the cost of general PP&E acquired through donation, will, or judicial process, excluding forfeiture, capitalized at estimated fair value at the time acquired by the government? (SFFAS 6, par. 30)		
200. Is general PP&E transferred from other federal entities capitalized at the book value recorded by the transferring entity? (SFFAS 6, par. 31)		
201. Is general PP&E transferred from other federal entities capitalized at the fair value at the time of the transfer, if the receiving entity cannot reasonably ascertain the book value of the PP&E being transferred? (SFFAS 6, par. 31)		
202. If general PP&E is acquired through exchange between a federal entity and a nonfederal entity, is it capitalized at the fair value of the PP&E surrendered at the time of the exchange? (SFFAS 6, par. 32)		
203. If general PP&E is acquired through exchange between a federal entity and a nonfederal entity and the fair value of the PP&E is more readily determinable than that of the PP&E surrendered, is the acquired general PP&E capitalized at its fair value? (SFFAS 6, par. 32)		
204. If general PP&E is acquired through exchange between a federal entity and a nonfederal entity and neither the fair value of the PP&E acquired or surrendered is determinable, is the acquired general PP&E capitalized at the book value of the PP&E surrendered? (SFFAS 6, par. 32)		
205. If cash is included in an exchange of general PP&E between a federal entity and a nonfederal entity, is the cost of PP&E acquired increased by the amount of cash surrendered or decreased by the amount of cash received? (SFFAS 6, par. 32)		

Section III**Balance Sheet**

Assets General Property, Plant, & Equipment (Net) (187– 233)	Yes, No or N/A	Explanation
206. For general PP&E acquired through exchange between a federal entity and a nonfederal entity, is any difference between the net recorded amount of the PP&E surrendered and the cost of the PP&E acquired recognized as a gain or loss? (SFFAS 6, par. 32)		
207. Is PP&E recognized when title passes to the acquiring entity or when PP&E is delivered to the entity or to an agent of the entity? (SFFAS 6, par. 34)		
208. If general PP&E is under construction, is it recorded as construction work in process until it is placed into service and transferred to general PP&E? (SFFAS 6, par. 34)		
<i>Depreciation expense is calculated through the systematic and rational allocation of the cost of general PP&E, less its estimated salvage or residual value over its estimated useful life. (SFFAS 6, par. 35, OMB Bulletin 01-09, p. 23, section 3.3)</i>		
209. Is depreciation expense recognized on all general PP&E, except land and land rights of unlimited duration? (SFFAS 6, par. 35)		
210. Do estimates of useful life of general PP&E consider such factors as physical wear and tear and technological change? (SFFAS 6, par. 35)		
211. Are changes in estimated useful life or salvage and residual value of general PP&E accounted for in the period of change and future periods? (SFFAS 6, par. 35)		
212. Is the depreciation method systematic, rational, and best reflective of the use of the PP&E, including the use of a composite or a group methodology ²⁷ whereby the costs of PP&E are allocated using the same allocation rate? (SFFAS 6, par. 35; SFFAS 23, par. 9(f))		

²⁷The composite methodology is a method of calculating depreciation that applies a single average rate to a number of heterogeneous assets that have dissimilar characteristics and service lives. The group methodology is a method of calculating depreciation that applies a single, average rate to a number of homogenous assets having similar characteristics and service lives.

Section III**Balance Sheet**

Assets General Property, Plant, & Equipment (Net) (187– 233)	Yes, No or N/A	Explanation
213. Are depreciation and amortization expenses accumulated in contra-asset accounts? (SFFAS 6, par. 36)		
214. Are costs that either extend the useful life of existing general PP&E or enlarge or improve its capacity capitalized and depreciated/amortized over the remaining useful life of the asset? (SFFAS 6, par. 37)		
215. When general PP&E is disposed of, retired, or removed from service, is the asset removed from the asset accounts along with the associated accumulated depreciation/amortization? (SFFAS 6, par. 38)		
216. Are the differences between the book value of the PP&E and the amounts realized, recognized as a gain or loss in the period that the general PP&E is disposed of, retired or removed from service? (SFFAS 6, par. 38)		
217. Is general PP&E removed from general PP&E accounts along with associated accumulated depreciation/amortization if prior to disposal, retirement, or removal from service, it no longer provides service in the operations of the entity? (SFFAS 6, par. 39)		
218. Is such PP& E that has been removed from the asset accounts recorded in an appropriate asset account at its expected net realizable value? (SFFAS 6, par. 39)		
219. Is any difference in the book value and its expected net realizable value of the about-to-be disposed, retired, or removal-from-service PP&E recognized as a gain or loss in the period of adjustment? (SFFAS 6, par. 39)		
220. Is the expected net realizable value of such PP&E assets adjusted at the end of each accounting period, and are any further adjustments in value recognized as a gain or loss? (SFFAS 6, par. 39)		

Section III

Balance Sheet

Assets General Property, Plant, & Equipment (Net) (187– 233)	Yes, No or N/A	Explanation
221. If historical cost information for existing general PP&E has not been maintained, are cost estimates based on either of the following costs? a. the cost of similar assets at the time of acquisition b. the current cost of similar assets discounted for inflation since the time of acquisition (SFFAS 6, par. 40)		
222. For general PP&E previously considered national defense PP&E, is the initial capitalization amount for these assets the initial historical cost for the items including any major improvements or modifications? (SFFAS 23, par. 10)		
223. For general PP&E previously considered national defense PP&E where obtaining initial historical cost is not practical, is estimated historical cost used, based on one of the following alternatives? a. current replacement cost of similar items, deflated through the use of price-level indexes to the acquisition year or estimated acquisition year if the actual year is unknown b. other information indicating amount expended, such as budget, appropriation, or engineering documents and other reports reflecting amounts expended c. other reasonable approaches for estimating historical cost ²⁸ (SFFAS 23, par. 12 & 13)		
224. For general PP&E previously considered national defense PP&E that was in service upon implementation of SFFAS 23, are cleanup cost liabilities adjusted as needed? ²⁹ (SFFAS 23, par. 15)		

²⁸For example, the latest acquisition cost may be substituted for current replacement cost in some situations.

²⁹This adjustment may be needed because the Department of Defense may have already recognized the total estimated cleanup costs as a liability and expense for some military equipment (per paragraph 101 of SFFAS 6).

Section III

Balance Sheet

Assets General Property, Plant, & Equipment (Net) (187– 233)	Yes, No or N/A	Explanation
225. Is accumulated depreciation/amortization recorded based on one of the following methods? a. the estimated cost of the PP&E and the number of years the PP&E has been in use relative to its estimated useful life b. the PP&E's estimated net remaining cost³⁰ and the depreciation/amortization charged over the remaining life based on that net remaining cost c. a composite or a group methodology whereby the costs of PP&E are allocated using the same allocation rate (SFFAS 6, par. 41; SFFAS 23, par. 9(f))		
226. If general PP&E would have been substantially depreciated or amortized had it been recorded upon acquisition, does the entity weigh materiality and cost-benefit in considering either of the following alternatives? a. record only improvements made during the period beyond the initial expected useful life of general PP&E b. make an aggregate entry for whole classes of PP&E (e.g., entire facilities rather than a building-by-building estimate). (SFFAS 6, par. 42)		
227. In recording existing general PP&E, is the difference in amounts added to asset and contra-accounts credited (or charged) to the net position of the entity, with the amount of the adjustment shown as a “prior period adjustment” in the Statement of Changes in Net Position? (SFFAS 6, par. 43)		

³⁰Net remaining cost is the original cost of the asset less any accumulated depreciation/amortization to date (i.e., book value).

Section III

Balance Sheet

Assets General Property, Plant, & Equipment (Net) (187– 233)	Yes, No or N/A	Explanation
228. In recording existing general PP&E previously identified as national defense PP&E, is the difference in amounts added to asset and contra accounts reported as a “change in accounting principle” and reflected as an adjustment to the beginning balance of cumulative results of operations in the statement of changes in net position, for the period the change is made? (SFFAS 23, par. 10 & 16)		
229. Does the entity make the following minimum disclosures about its general PP&E? a. the cost, associated accumulated depreciation, and book value by major class (e.g., building and structures, fixtures, equipment) b. the estimated useful lives for each major class c. the method(s) of depreciation for each major class d. capitalization threshold(s) including any changes in thresholds(s) during the period e. restrictions on the use or convertibility of general PP&E (SFFAS 6, par. 45; OMB Bulletin 01-09, p. 77, section 9.10)		
<i>Property, plant, and equipment are classified as heritage assets if they have (1) historical or natural significance; (2) cultural, educational, or artistic importance; or (3) significant architectural characteristic. (SFFAS 6, par. 57)</i> <i>Multiuse heritage assets are heritage assets that are predominately used in general government operations (e.g., buildings such as the main Treasury building, which is used as an office building). (SFFAS 16, par. 6; OMB Bulletin 01-09, p. 23, section 3.3)</i>		
230. If the predominant use of the heritage asset(s) is in general government operations, is the acquisition, betterment, or reconstruction of the asset(s) capitalized as general PP&E and depreciated over its useful life? (SFFAS 16, par. 6 & 9; OMB Bulletin 01-09, p. 23, section 3.3; p. 98, section 10.2A)		

Section III**Balance Sheet**

Assets General Property, Plant, & Equipment (Net) (187– 233)	Yes, No or N/A	Explanation
231. Does the entity also include a footnote disclosure explaining that “physical quantity” information for the multiuse heritage assets is included in supplemental stewardship reporting for heritage assets? (SFFAS 16, par. 9; OMB Bulletin 01-09, p. 23, section 3.3; p. 98, section 10.2A)		
232. Are multiuse heritage assets acquired through donation or devise recognized as general PP&E at the assets’ fair value? (SFFAS 16, par. 11)		
233. For multiuse heritage assets acquired through donation or devise, are the assets fair value also recognized as “nonexchange revenue,” as defined in SFFAS 7? (SFFAS 16, par. 11)		

Section III**Balance Sheet**

Assets Software (234– 262)	Yes, No or N/A	Explanation
<i>Software includes the application and operating system programs, procedures, rules, and any associated documentation pertaining to the operation of a computer system or program.</i> <i>“Internal use software” is software that is purchased from commercial vendors “off the shelf,” internally developed, or contractor-developed solely to meet the entity’s internal or operational needs. (SFFAS 10, par. 8)</i>		
234. Does the entity capitalize the cost of software when such software meets the following criteria? a. specifically identifiable b. determinate life of 2 years or more c. not intended for sale in the ordinary course of operations d. acquired or developed with the intention of being used by the entity e. meets the criteria for general property, plant, and equipment in that it is used in providing goods and services (SFFAS 6, par. 17; SFFAS 10, par. 15 & 38)		
235. Does the capitalized cost of internally developed software include the full cost (i.e., direct and indirect costs) incurred during the software development stage? (SFFAS 10, par. 16)		

Section III**Balance Sheet**

Assets Software (234– 262)	Yes, No or N/A	Explanation
236. Are capitalized internally developed software development costs limited to costs incurred after the following steps have been taken? a. management authorizes and commits to a computer software project and believes that it is more likely than not that the project will be completed and the software will be used to perform the intended function with an estimated service life of 2 years or more b. the conceptual formulation, design, and testing of possible software project alternatives (i.e., preliminary design stage) have been completed. (SFFAS 10, par. 16)		
237. Do software capitalization costs include costs for new software ³¹ and documentation manuals? (SFFAS 10, par. 17)		
238. Do the capitalized costs for commercial off-the-shelf (COTS) software include the amount paid to the vendor? (SFFAS 10, par. 18)		
239. Do the capitalized costs for contractor-developed software include the amount paid to a contractor to design, program, install, and implement the software? (SFFAS 10, par. 18)		
240. Does the entity capitalize material internal costs incurred to implement the COTS or contractor-developed software and otherwise make it ready for use? (SFFAS 10, par. 18)		
241. Does the entity expense as incurred all data conversion costs for internally developed, contractor-developed, or COTS software as well as the cost to develop or obtain software that allows for access or conversion of existing data to the new software? (SFFAS 10, par. 19)		

³¹Examples of costs for new software are salaries of programmers, systems analysts, project managers, and administrative personnel; associated employee benefits; outside consultants' fees; rent; and supplies.

Section III**Balance Sheet**

Assets Software (234– 262)	Yes, No or N/A	Explanation
242. Does the entity expense costs incurred after the completion of final acceptance testing? (SFFAS 10, par. 20)		
243. Does the entity treat software that serves both internal uses and stewardship purposes ³² as internal use software and capitalize it to the extent such software meets criteria for general PP&E? (SFFAS 10, par. 21)		
244. Is computer software that is integrated into and necessary to operate general PP&E, ³³ rather than perform an application, considered part of the PP&E of which it is an integral part, and is it capitalized and depreciated accordingly? (SFFAS 10, par. 22)		
245. If the entity purchased software as part of a package of products and services, does it use a reasonable estimate of the relative fair value of the individual elements in allocating the cost as capitalizable or noncapitalizable (i.e., expense) elements? (SFFAS 10, par. 23)		
246. If the entity purchased software as part of a package of products and services, does it expense software costs that are not susceptible to allocation between maintenance and relatively minor enhancements? (SFFAS 10, par. 23)		
247. Has the entity established capitalization thresholds for its internal-use software including bulk purchases of software programs and modules or components of a total software system? (SFFAS 10, par. 24)		

³²Software that serves both internal uses and stewardship purposes is referred to as multiuse software. An example is a global positioning system used in connection with national defense activities and general operating activities and services.

³³For example, such software could include software necessary to operate airport radar and computer operated lathes.

Section III

Balance Sheet

Assets Software (234– 262)	Yes, No or N/A	Explanation
248. Does the entity capitalize the acquisition cost of enhancements to existing internal-use software, as well as related modules, when it is more likely than not that they will result in significant additional capabilities? (SFFAS 10, par. 25)		
249. Does the entity expense, in the period incurred, the cost of minor enhancements resulting from ongoing systems maintenance as well as the purchase of enhanced versions of software for a minimal charge? (SFFAS 10, par. 26)		
250. Are costs incurred solely to repair a design flaw or to perform minor upgrades that may extend the useful life of the software without adding capabilities expensed? ³⁴ (SFFAS 10, par. 27)		
251. Does the entity recognize a loss upon impairment of computer software if either of these postimplementation/operational conditions apply? a. the software is no longer expected to provide substantive service potential and will be removed from service b. a significant reduction occurs in the capabilities, functions, or uses of the software (or module thereof) (SFFAS 10, par. 28 & 29)		
252. If impaired software is to remain in use, is the loss due to impairment measured as the difference between the book value and either of the following amounts? a. the cost to acquire software that would perform similar remaining functions (i.e., unimpaired functions) b. the portion of book value attributable to the remaining functional elements of the software (SFFAS 10, par. 29)		

³⁴SFFAS 10 provides that material expenditures to add software capability/functionality would be capitalized but that expenditures that result in extending useful life or capacity would be expensed. (SFFAS 10, par. 42 & 43)

Section III**Balance Sheet**

Assets Software (234– 262)	Yes, No or N/A	Explanation
253. If the loss due to impairment cannot be determined, is the book value of the software amortized over the remaining useful life of the software? (SFFAS 10, par. 29)		
254. If impaired software is to be removed from use, is the loss due to impairment measured as the difference between the book value and any net realizable value (NRV)? (SFFAS 10, par. 30)		
255. In situations of impaired software to be removed from use, does the entity transfer the NRV, if any, to an appropriate asset account until such time as the software is disposed of and the NRV realized? (SFFAS 10, par. 30)		
256. If the entity's managers conclude that it is no longer "more likely than not" that developmental software or a module thereof will be completed and placed in service, is the accumulated book value or the balance in a work in process account, if applicable, reduced to reflect the expected NRV and a loss recognized? (SFFAS 10, par. 31)		
257. Does the entity amortize capitalized internal use software systematically and rationally over the estimated useful life of the software? (SFFAS 10, par. 32)		
258. Does amortization of each module or component of a software project begin when that module or component has been successfully tested? (SFFAS 10, par. 33)		
259. If the use of a module is dependent on the completion of another module(s), does the amortization begin only when both that module and the other module(s) have successfully completed testing? (SFFAS 10, par. 33)		

Section III**Balance Sheet**

Assets Software (234– 262)	Yes, No or N/A	Explanation
260. Are additions to the book value or changes in useful life of capitalized software treated prospectively (i.e., during the period of change and future periods only) when the software is amortized? (SFFAS 10, par. 34)		
261. When the entity replaces existing internal-use software with new software, is the unamortized cost of the old software expensed when the new software has successfully completed testing? (SFFAS 10, par. 34)		
262. Does the entity disclose, if material, the following information regarding its capitalized software? a. the cost, associated amortization, and book value b. the estimated useful life for each major class of software c. the method(s) of amortization (SFFAS 10, par. 35; SFFAS 6, par. 45)		

Section III

Balance Sheet

Assets Other Assets (263– 268)	Yes, No or N/A	Explanation
263. Does the entity include under the “other” assets category assets that are not reported in a separate category on the face of the balance sheet? (OMB Bulletin 01-09, p. 23, section 3.3)		
264. Are other assets listed and described in a note to the financial statements and broken out by major homogenous components and intragovernmental versus other (nonfederal) entity assets)? (OMB Bulletin 01-09, p. 78, section 9.11)		
<i>Advances are cash outlays made by a federal entity to its employees, contractors, grantees, or others to cover the recipient’s anticipated expenses or as advance payments for the costs of goods and services acquired by an entity. (SFFAS 1, par. 57 & OMB Bulletin 01-09, p. 23, section 3.3)</i> <i>Prepayments are payments made by a federal entity to cover certain periodic expenses before those expenses are incurred (SFFAS 1, par. 58; OMB Bulletin 01-09, p. 23, section 3.3)</i> <i>Progress payments on work in progress are not included in advances and prepayments (OMB Bulletin 01-09, p. 23, section 3.3)</i>		
265. Are advances and prepayments recorded as assets and disclosed in the notes to the financial statements? (SFFAS 1, par. 59; OMB Bulletin 01-09, p. 23, section 3.3)		
266. Are amounts of advances or prepayments that are subject to a refund transferred to accounts receivable? (SFFAS 1, par. 59)		
267. Are advances and prepayments paid out reported separately as assets and not netted against the liability for advances and prepayments that the entity received? (SFFAS 1, par. 60)		
268. Are advances and prepayments that are made to federal entities accounted for and reported separately from those made to nonfederal entities? (SFFAS 1, par. 61)		

Section III

Balance Sheet

Liabilities Liabilities in General (269– 272)	Yes, No or N/A	Explanation
<i>Liabilities of the federal agencies are reported under two major categories: (1) liabilities covered by budgetary resources³⁵ and (2) liabilities not covered by budgetary resources.³⁶ Within each of these two categories, liabilities are classified as (1) intragovernmental liabilities, which are amounts owed to other federal entities or (2) governmental liabilities, which are amounts owed to nonfederal entities by the federal government or an entity within the federal government. (SFFAS 1, par. 21; SFFAS 5, footnote 1 in summary; OMB Bulletin 01-09, p. 24, section 3.4 & pp. 78 & 79, section 9.12)</i>		
269. Are liabilities covered by budgetary resources and liabilities not covered by budgetary resources combined on the face of the balance sheet? (OMB Bulletin 01-09, p. 17, section 3.1, p. 24, section 3.4 & pp. 78 & 79, section 9.12)		
270. Are the amounts and types of liabilities not covered by budgetary resources disclosed? (SFFAS1, par. 80 & 86; OMB Bulletin 01-09, p. 17, section 3.1 & p. 24, section 3.4)		

³⁵Liabilities covered by budgetary resources are liabilities covered by realized budgetary resources as of the balance sheet date. Budgetary resources include (1) new budget authority, (2) unobligated balances of budgetary resources at the beginning of the year or net transfers of prior year balances during the year, (3) spending authority from offsetting collections (credited to an appropriation or fund account), (4) recoveries of unexpired budget authority through downward adjustments of prior year obligations, and (5) permanent indefinite appropriations or borrowing authority, which have been enacted and signed into law as of the balance sheet date, provided that the resources may be apportioned by OMB without further action by the Congress and without a contingency having to be met.

³⁶Liabilities not covered by budgetary resources are liabilities for which congressional action is needed before budgetary resources can be provided.

Section III

Balance Sheet

Liabilities Liabilities in General (269– 272)	Yes, No or N/A	Explanation
271. Does the federal entity recognize a liability for probable³⁷ and measurable³⁸ future outflows or other sacrifices of resources arising from one or more of the following events? a. past exchange transactions b. government-related events, such as a federal entity accidentally causing damage to private property c. government-acknowledged events, such as natural disasters, for which the government has taken formal responsibility for the related costs d. nonexchange transactions that, according to current law and applicable policy, are unpaid amounts due as of the reporting date (SFFAS 5, par. 19–34; OMB Bulletin 01-09, p. 23, section 3.4)		
272. Are liabilities recognized when incurred regardless of whether they are covered by available budgetary resources (including those liabilities related to appropriations canceled under subchapter IV of chapter 15 of title 31, United States Code (closing accounts)? (OMB Bulletin 01-09, p. 24, section 3.4)		

³⁷Probable refers to that which can be reasonably expected or is believed to be more likely than not on the basis of available evidence or logic. However, in the context of assessing the outcome of matters of pending or threatened litigation and unasserted claims and recognizing an associated liability, “probable” refers to that which is likely, not to that which is “more likely than not.”

³⁸Measurable refers to that which can be quantified in monetary units with sufficient reliability to be reasonably estimable.

Section III

Balance Sheet

Liabilities Accounts Payable and Interest Payable (273– 280)	Yes, No or N/A	Explanation
<i>Accounts payable are amounts owed by a federal entity for goods and services received from, progress in contract performance made by, and rents due to other entities. (SFFAS 1, par. 74; OMB Bulletin 01-09, p. 24, section 3.4)</i>		
273. Do accounts payable exclude amounts related to ongoing continuous expenses, such as salary and related benefits expense, which are classified as other current liabilities? (SFFAS 1, par. 75)		
274. Are (intragovernmental) accounts payable owed to other federal agencies reported separately from those owed to the public? (SFFAS 1, par. 76; OMB Bulletin 01-09, p. 18, section 3.2 & p. 24, section 3.4)		
275. When an entity accepts title to goods, whether the goods are delivered or in transit, does the entity recognize a liability for the unpaid cost of goods? (SFFAS 1, par. 77)		
276. If invoices for goods, for which the entity has accepted the title, are not available, does the entity estimate the amount owed? (SFFAS 1, par. 77)		
277. For facilities or equipment constructed or manufactured by contractors or grantees according to agreements or contract specifications, are amounts recorded as payable based on an estimate of work completed under the contract or the agreement in accordance with the federal entity's engineering and management evaluation of actual performance progress and incurred costs? (SFFAS 1, par. 78 & 79)		
278. Does the entity disclose accounts payable not covered by budgetary resources? (SFFAS 1, par. 80; OMB Bulletin 01-09, p. 24, section 3.4; p. 78, section 9.12)		
279. Is interest incurred but unpaid on borrowed funds, late payments, and refunds recognized as interest payable and reported as a liability at the end of each period? (SFFAS 1, par. 81; OMB Bulletin 01-09, p. 24, section 3.4)		

Section III

Balance Sheet

Liabilities Accounts Payable and Interest Payable (273– 280)	Yes, No or N/A	Explanation
280. Is interest payable to federal entities reported separately from interest payable to the public? (SFFAS 1, par. 82)		

Section III

Balance Sheet

Liabilities Liabilities for Loan Guarantees (281– 294)	Yes, No or N/A	Explanation
<i>A loan guarantee is any guarantee, insurance (but not deposit insurance), or other pledge with respect to the payment of all or part of the principal or interest on any debt obligation of a nonfederal borrower to a nonfederal lender. (SFFAS 2, app. C)</i> <i>The Federal Credit Reform Act of 1990 requires federal entities to estimate and budget for the costs arising from default of guaranteed loans made after fiscal year (FY) 1991 (i.e., post 1991). (SFFAS 2, par. 7)</i>		
281. Is the present value of estimated net cash outflows from post-1991 (i.e., committed after September 30, 1991) loan guarantees recognized as a liability? (SFFAS 2, par. 7 & 23)		
282. Does the entity disclose by loan program the face value of guaranteed loans outstanding and the amount of outstanding principal guaranteed? (SFFAS 2, par. 23; OMB Bulletin 01-09, pp. 60, 65, & 72, section 9.8, item J)		
283. Does the entity disclose by loan program the estimated liabilities ³⁹ arising from post-1991 loan guarantees? (OMB Bulletin 01-09, pp. 60, 61, 65, & 72, section 9.8, item K)		
284. Is a liability for a pre-1992 (i.e., committed before October 1, 1991) loan guarantee recognized when it is more likely than not that the loan guarantee will require a future cash outflow to pay a default claim? (SFFAS 2, par. 39 & app. B, part IV A)		
285. Does the entity disclose by loan program the estimated liabilities arising from pre-1992 loan guarantees? (OMB Bulletin 01-09, p. 25, section 3.4; pp. 60 & 72, section 9.8, item K)		
286. Are the liabilities for the pre-1992 loan guarantees reestimated each year as of the date of the financial statements? (SFFAS 2, par. 39)		

³⁹The present value of the estimated net cash flows (outflows less inflows) to be paid by the entity arising from loan guarantees.

Section III

Balance Sheet

Liabilities Liabilities for Loan Guarantees (281– 294)	Yes, No or N/A	Explanation
287. Does the entity disclose, by loan program, whether pre-1992 loan guarantees are reported on a present-value basis ⁴⁰ or under the allowance-for-loss method? ⁴¹ (OMB Bulletin 01-09, p. 68, section 9.8, item A, 4th par.)		
288. When the total loan guarantee liability for all of the credit programs is negative, is this reported as an asset? (OMB Bulletin 01-09, p. 25, section 3.4)		
289. If loan guarantee liability is the result of both positive and negative amounts of the various components, is the total shown as a liability, and are the negative components (of the loan guarantee liability) disclosed? (OMB Bulletin 01-09, p. 25, section 3.4)		
290. When post-1991 loan guarantees are modified, is the existing book value of the related liability changed to an amount equal to the present value of net cash outflows that are projected under the modified terms from the time of the modification to the loan's maturity, and discounted at the original discount rate? ⁴² (SFFAS 2, par. 50 & app. B, part III D(4); SFFAS 19, par. 7(d))		

⁴⁰Under the present-value method, the liability for loan guarantees is the present value of the expected net cash outflows due to the loan guarantees.

⁴¹Under the allowance-for-loss method, the liability for loan guarantees is the amount the agency estimates will more likely than not require future cash outflow to pay default claims.

⁴²The original discount rate is the rate that was originally used to calculate the present value of the liability when the guaranteed loans were disbursed, after adjusting for the interest rate reestimate.

Section III**Balance Sheet**

Liabilities Liabilities for Loan Guarantees (281– 294)	Yes, No or N/A	Explanation
291. When pre-1992 loan guarantees are directly modified, does the following occur? a. the loan guarantees are transferred from the liquidating account to a financing account b. the existing book value of the liability of the modified loan guarantees is changed to an amount equal to their postmodification liability (i.e., the present value of the net cash outflows under postmodification terms discounted at the current Treasury rate) (SFFAS 2, par. 51 & app. B, part IV B (2) & (4))		
292. When pre-1992 loan guarantees are indirectly modified, does the following occur? a. The loan guarantees are kept in a liquidating account. b. The related liability is reassessed and adjusted to reflect any change in the liability resulting from the modification. (SFFAS 2, par. 51)		
293. Are subsequent modifications of pre-1992 loan guarantees treated as modifications of post-1991 loan guarantees? (SFFAS 2, par. 51)		
294. If a post-1991 or pre-1992 loan is sold with a recourse provision, is the present value (discounted at the Treasury rate in effect at the time of the sale) of the estimated losses recognized as a subsidy expense and a loan guarantee liability? (SFFAS 2, par. 54 & app. B, part I F(3))		

Section III

Balance Sheet

Liabilities Lease Liabilities (295– 300)	Yes, No or N/A	Explanation
<i>Capital leases are leases that transfer substantially all of the benefits and risks of ownership to the lessee. (SFFAS 5, par. 43)</i>		
295. Is the amount recorded by the lessee as a liability under a capital lease arrangement the present value of rental and other minimum lease payments (excluding executory costs) during the lease term? (SFFAS 5, par. 44)		
296. If the present value of the rental and other minimum lease payments during the lease term exceeds the fair value of the leased property, is the liability recorded as the fair value ⁴³ of the property at the inception of the lease? (SFFAS 5, par. 44)		
297. Does the entity use the applicable Treasury borrowing rate to determine the discount rate charged on a capital lease unless both of the following apply? a. It is practicable for the lessee to learn the implicit rate computed by the lessor. b. The implicit rate is less than the Treasury borrowing rate. (SFFAS 5, par. 45)		
298. During the lease term, is each minimum lease payment allocated between a reduction of the obligation and interest expense so as to produce a constant periodic rate of interest on the remaining balance of the liability? (SFFAS 5, par. 46)		

⁴³Fair value is the price for which an asset could be bought or sold in an arm's-length transaction between unrelated parties. Roman L. Well and Patrick C. O'Brien, *Accounting: The Language of Business*, 9th ed. (Sun Lakes, Arizona: Thomas Horton and Daughters, 1994).

Section III**Balance Sheet**

Liabilities Lease Liabilities (295– 300)	Yes, No or N/A	Explanation
299. Does the entity disclose, in a note to the financial statements, the following information about its capital leases? a. gross amounts of assets under capital lease by major asset category and the related total accumulated amortization b. description of the lease arrangements, for example, future funding commitments, lease terms, renewal options, escalation clauses, restrictions, amortization periods c. future payments due, by major asset category, and deductions for imputed interest and executory costs for all noncancelable leases with terms longer than 1 year d. a breakout of portions of the capital lease liability covered by budgetary resources and not covered by budgetary resources (OMB Bulletin 01-09, p. 84-85, section 9.17)		
300. For operating leases, does the entity disclose the following information in a note to the financial statements? a. description of the lease arrangements, such as future funding commitments, lease terms, renewal options, escalation clauses, restriction, amortization periods b. future payments due, by major asset category, for all noncancelable leases with terms longer than 1 year (OMB Bulletin 01-09, p. 84-85, section 9.17)		

Section III

Balance Sheet

Liabilities Federal Debt and Related Interest (301– 311)	Yes, No or N/A	Explanation
<i>Debts are amounts borrowed from the Treasury, the Federal Financing Bank, other federal agencies, or the public under general or special financing authority such as Treasury bills, notes, bonds, and Federal Housing Administration (FHA) debentures. (SFFAS 5, par. 47; OMB Bulletin 01-09, p. 25, section 3.4)</i>		
301. Does the entity accounting for federal debt identify the amount of the outstanding debt liability at any given time and the related interest cost for each accounting period? (SFFAS 5, par. 48)		
302. Are fixed-value securities with known redemption or maturity amounts at time of issue valued at their original face (par) value net of any unamortized discount or premium? (SFFAS 5, par. 50)		
303. For fixed-value securities, is either the straight line or interest method ⁴⁴ of discount or premium amortization used in the following cases? a. short-term securities with a maturity of 1 year or less b. longer term securities, where the difference between the amount of amortization under the interest and straight-line methods is immaterial (SFFAS 5, par. 50)		
304. For fixed-value securities, is the interest method used for amortizing any discount or premium on all cases other than those described in the previous question? (SFFAS 5, par. 51)		
305. If the entity has issued variable value securities of unknown redemption or maturity values, are they appraised at their original value and periodically revalued on the basis of the regulations or offering language? (SFFAS 5, par. 52)		
306. Are old currencies issued by the federal government and not yet redeemed or written off identified as a noninterest bearing federal debt liability at face value? (SFFAS 5, par. 55)		

⁴⁴The interest method for amortizing a bond premium or discount reduces the discount or premium by the difference between the effective interest and stated interest on the bond. (SFFAS 1, app B, tables 1 & 2)

Section III

Balance Sheet

Liabilities Federal Debt and Related Interest (301– 311)	Yes, No or N/A	Explanation
307. Is all debt owed to Treasury, the Federal Financing Bank, or other federal agencies reported under intragovernmental liabilities on the balance sheet and disclosed by category? (OMB Bulletin 01-09, p. 18 & pp. 79-80, section 9.13)		
308. Are the beginning balances, net borrowings, and ending balances of debt disclosed by the following categories? a. total Treasury debt (reported by the Treasury Department only) broken out by government accounts and debt held by the public b. total agency debt issued under special financing authority (e.g., Federal Housing Administration (FHA) debentures and Tennessee Valley Authority (TVA) bonds) broken out by debt held by government accounts and debt held by the public c. other debt broken out by debt owed to the Treasury, debt owed to the Federal Financing Bank, and debt owed to other federal agencies (OMB Bulletin 01-09, pp. 79 & 80, section 9.13)		
309. Is all debt owed to the public reported and disclosed as such? (OMB Bulletin 01-09, p. 18 & pp. 79-80, section 9.13)		
310. Are the names of the agencies disclosed, other than Treasury or the Federal Financing Bank, to which intragovernmental debt is owed, and are the amounts disclosed? (OMB Bulletin 01-09, p. 80, section 9.13)		
311. Is other information relative to debt disclosed (e.g., redemption or call of debt owed to the public before maturity dates, write-offs of debts owed to Treasury or the Federal Financing Bank)? (OMB Bulletin 01-09, p. 80, section 9.13)		

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Balance Sheet

Liabilities Pensions, Other Retirement Benefits, and Postemployment Benefits (312 – 319)	Yes, No or N/A	Explanation
<i>Federal employee and veterans benefits include the actuarial portion of pensions, other retirement benefits, and other postemployment benefits. They do not include liabilities related to ongoing continuous expenses such as employees' accrued salary, accrued annual leave, unpaid portions of employee benefits, and other benefits that are currently due. These items are reported under the "other liabilities" line item. (SFFAS 1, par. 83 & 84; SFFAS 5, par. 56; OMB Bulletin 01-09, p. 25, section 3.4)</i> <i>In the context of accounting for pensions, other retirement benefits (ORB), and other postemployment benefits, the "administrative entity" manages and accounts for the pension or other employee plan, while the "employer entity" employs federal workers and generates employee costs, for which it would typically receive a salary and expense appropriation. (SFFAS 5, par. 57, footnote 38)</i> <i>The "aggregate entry age normal" actuarial cost method is one under which the expenses or liabilities arising from the actuarial present value of projected pension benefits are allocated on a level basis over the earnings or the service of the group between entry age and assumed exit ages. The portion of the actuarial present value allocated to a valuation year is called "normal cost." (SFFAS 5, par. 64)</i>		
312. Is the aggregate entry age normal actuarial cost method used to calculate, for the administrative entity financial statements, the liabilities arising from pension and ORB expenses? (SFFAS 5, par. 64 & 82)		
313. If other actuarial cost methods are used because the results are not materially different, does the entity provide an explanation why aggregate entry age normal is not used? (SFFAS 5, par. 64 & 82)		
314. Does the administrative entity disclose the assumptions used to calculate the liability for pensions, other retirement benefits, and other postemployment benefits? (SFFAS 5, par. 67 & 83; OMB Bulletin 01-09, p. 25, section 3.4; p. 80, section 9.14)		

Section III**Balance Sheet**

Liabilities Pensions, Other Retirement Benefits, and Postemployment Benefits (312 – 319)	Yes, No or N/A	Explanation
315. If the assumptions for a pension plan differ from the assumptions used by the three primary plans—Civil Service Retirement System (CSRS), Federal Employees Retirement System (FERS), and Military Retirement System (MRS)—does the administrative entity disclose how and why the assumptions differ from those of the primary plans? (SFFAS 5, par. 67; OMB Bulletin 01-09, p. 80, section 9.14)		
316. Does the administrative entity report pension and ORB assets separately from liabilities as opposed to netting them out? (SFFAS 5, par. 68 & 85)		
317. Does the administrative entity carry pension and ORB assets at their acquisition cost, adjusted for amortization, if appropriate? (SFFAS 5, par. 68 & 85)		
318. Does the administrative entity disclose the market value of pension and ORB investments in market-based and marketable securities? (SFFAS 5, par. 68 & 85)		
319. Does the employer entity recognize the long-term other postemployment benefits liability as the present value of future payments discounted at the Treasury borrowing rate for securities of similar maturity? (SFFAS 5, par. 95)		

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Balance Sheet

Liabilities Other Liabilities (320 – 353)	Yes, No or N/A	Explanation
<i>Unless they are reported separately, other liabilities cover liabilities not recognized in other categories. They may include, but are not limited to: capital leases, insurance, advances and prepayments, deposit funds held in escrow, accrued liabilities related to ongoing continuous expenses such as federal employee salaries and accrued employee annual leave, and estimated losses for claims and other contingencies. Claims and other contingencies include indemnity agreements, adjudicated claims, and commitments to international institutions. (SFFAS 1, par. 83-86; OMB Bulletin 01-09, p. 26, section 3.4)</i>		
320. Does the entity separately report items within other liabilities if the amounts are material? (OMB Bulletin 01-09, p. 26, section 3.4)		
321. Do all federal insurance and guarantee programs (except social insurance and loan guarantee programs) recognize a liability for unpaid claims incurred resulting from insured events that have occurred as of the reporting date? (SFFAS 5, par. 104; OMB Bulletin 01-09, p. 26, section 3.4)		
322. Do federal insurance programs accrue a contingent liability when an existing condition, situation, or set of circumstances involving uncertainty as to possible loss exists, and when the following conditions apply? a. the uncertainty will be resolved when one or more probable future events occur or fail to occur. b. future outflow or other sacrifice of resources is probable and measurable. (SFFAS 5, par. 104 & 108; OMB Bulletin 01-09, pp. 26 & 27, section 3.4)		
323. Does the entity also recognize a liability for future life insurance policy benefits (such as death or disability)? (SFFAS 5, par. 104; OMB Bulletin 01-09, p. 27, section 3.4)		
324. When insurance payments and losses extend beyond the current year, does the liability at the end of the year represent net losses calculated on a present-value basis to reflect the time value of money? (SFFAS 5, par. 109)		

Section III**Balance Sheet**

Liabilities Other Liabilities (320 – 353)	Yes, No or N/A	Explanation
325. Does the entity report under “required supplementary information” (RSI) the major assumptions and “risks assumed” (i.e., the present value of unpaid expected losses net of associated premiums based on risk inherent in the insurance or guarantee coverage) for all sponsored insurance programs (except for social insurance, life insurance, and loan guarantee programs)? (SFFAS 5, par. 105 & 106; SFFAS 25, par. 4)		
326. Does the entity also report under RSI the indicators of the range of uncertainty around insurance-related estimates and sensitivity of the estimates to changes in major assumptions? (SFFAS 5, par. 114; SFFAS 25, par.4)		

Section III

Balance Sheet

Liabilities Other Liabilities (320 – 353)	Yes, No or N/A	Explanation
<i>The liability for future policy benefits is the present value of future outflows to be paid to (or on behalf of) policyholders, less the present value of future related premiums. In general, for whole life policies, the liability for future policy benefits should be no less than the cash surrender value that accrues to the benefit of the policyholder. (SFFAS 5, par. 116)</i>		
327. Are liabilities for future benefits of whole life insurance policies reported and disclosed in accordance with private sector standards (i.e., Financial Accounting Standards Board (FASB) Statement of Accounting Standards (SFAS) 60, 97, & 120; American Institute of Certified Public Accountants (AICPA) Statement of Position (SOP) 95-1)? (SFFAS 5, par. 117; OMB Bulletin 01-09, p. 85, section 9.18)		
328. Does the liability for future benefits relating to participating life insurance contracts equal the sum of the following amounts? a. the net level premium reserve for death and endowment policy benefits b. liability for terminal dividends and c. any premium deficiency⁴⁵ (SFFAS 5, par. 118 & 120)		

⁴⁵ A premium deficiency occurs if the liability for future policy benefits using current conditions exceeds the liability for future policy benefits using contract conditions.

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Balance Sheet

Liabilities Other Liabilities (320 – 353)	Yes, No or N/A	Explanation
329. Has the entity made an assessment to compare the liability for future policy benefits using actuarial assumptions applicable at the time the contract was made (contract assumptions) with the liability for future policy benefits using assumptions that consider the following factors? a. current economic conditions (i.e., current and expected investments and expected long-term yields) b. experience (i.e., mortality, morbidity, and termination rates) (SFFAS 5, par. 119)		
330. Does the entity separately disclose the components⁴⁶ of the liability for future policy benefits of whole life insurance contracts along with a description of each amount and explanation of its projected use and any other potential uses? (SFFAS 5, par. 121; OMB Bulletin 01-09, p. 85, section 9.18)		
331. Does the reporting entity disclose and break out the following items? a. the portion of other liabilities covered by budgetary resources and the portion not covered by budgetary resources b. the portion of other liabilities payable to federal entities (i.e., intragovernmental liabilities) and the portion payable to nonfederal entities c. the portion of other liabilities that are noncurrent and the portion that are current (SFFAS 1, par. 85 & 86; OMB Bulletin 01-09, pp. 78 & 79, section 9.12 & pp. 81 & 82, section 9.16)		

⁴⁶The net-level premium reserve for a death and endowment policy and the liability for terminal dividends.

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Balance Sheet

Liabilities Other Liabilities (320 – 353)	Yes, No or N/A	Explanation
332. Does the agency record “unearned revenue” as a liability if it requests advances or progress payments prior to receipt of cash, and it records the amounts? (SFFAS 7, par. 37)		
333. Are amounts payable for refunds, refund offsets, ⁴⁷ and drawbacks ⁴⁸ recognized as liabilities when measurable and legally payable under established processes of the collecting entity? (SFFAS 7, par. 57)		
334. Do amounts payable for refunds include refund claims filed by the taxpayer when the government has determined the amount refundable and identified the payee? (SFFAS 7, par. 57)		
335. Are amounts payable for refunds with respect to returns or claims filed as of the end of the reporting period included in accounts payable for refunds if they do not require specific approval before payment? (SFFAS 7, par. 57)		
336. For claims filed for refunds where specific administrative actions are required before payments can be made, are the amounts excluded from being recognized as a liability if the required administrative actions are not yet complete as of the close of the reporting period, even if reasonably estimable? (SFFAS 7, par. 58.1)		
337. Are unasserted claims for refunds by taxpayers or importers, such as unfiled claims for refunds or drawbacks for which no claim has been filed, excluded from being recognized as a liability, even if reasonably estimable? (SFFAS 7, par. 58.2)		

⁴⁷Refund offsets are amounts withheld from refunds on behalf of other agencies. (OMB Circular No. A-129 (revised), app. A, Part V, section 2.c.i. (1))

⁴⁸Drawbacks are refunds payable on all or part of duties paid on imported goods that are subsequently exported or destroyed. (SFFAS 7, app. C, glossary)

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Balance Sheet

Liabilities Other Liabilities (320 – 353)	Yes, No or N/A	Explanation
338. Are amounts voluntarily made as deposits, such as those made to stop the accrual of interest or those made pending settlements and judgments, separately recognized as deposit liabilities? (SFFAS 7, par. 59)		
<i>A loss contingency is an existing condition, situation, or set of circumstances involving uncertainty as to possible loss to an entity. The uncertainty should ultimately be resolved when one or more future events occur or fail to occur. (SFFAS 5, par. 35; OMB Bulletin 01-09, pp. 85 & 86, section 9.19)</i>		
339. Does the entity recognize estimated losses for claims or other contingencies if all of the following conditions apply? a. a past event or exchange transaction has occurred b. a future outflow or other sacrifice of resources is probable ⁴⁹ c. the future outflow or sacrifice of resources is measurable (e.g., the federal entity's management determines an estimated settlement amount) (SFFAS 5, par. 38; SFFAS 6, par. 91; SFFAS 12, par. 10 & 11; OMB Bulletin 01-09, p. 26, section 3.4)		
340. When determining an estimated contingent liability, if some amount within a range of amounts is a better estimate than any other amount within the range, is that amount recognized? (SFFAS 5, par. 39)		

⁴⁹In the context of pending or threatened litigation, "probable" is taken to mean "likely;" otherwise, "probable" refers to that which is believed to be more "likely than not" or can be reasonably expected.

Section III**Balance Sheet**

Liabilities Other Liabilities (320 – 353)	Yes, No or N/A	Explanation
341. When determining an estimated contingent liability, if no amount within a range of amounts is a better estimate than any other amount, does the entity recognize a minimum amount in the range and disclose a description of the nature of the contingency? (SFFAS 5, par. 39)		
342. If any one of the conditions for recognizing a contingent liability is not met and there is at least a “reasonable possibility” ⁵⁰ that a loss or additional loss may be incurred, does the entity disclose the nature of the contingency ⁵¹ and one of the following? a. an estimate of the possible liability b. an estimate of the range of the possible liability c. a statement that such an estimate cannot be made (SFFAS 5, par. 36, 38, 40, & 41)		
343. If information about remote contingencies, or related to remote contingencies, is included in general purpose federal financial reports, ⁵² is the information labeled to avoid the misleading implication that there is more than a remote chance of a loss of that amount? (SFFAS 5, par. 42)		

⁵⁰The chance of a future event occurring is less than “probable” but more than “remote.”

⁵¹Examples of claims or other contingencies include (1) indemnity agreements-reimbursements due to licenses or contractors for losses incurred in support of federal activities; (2) adjudicated claims (i.e., claims against the federal government that are in the process of judicial proceedings); and (3) commitments to international institutions-payment due to international institutions.

⁵²An example of information related to a remote contingency would be the total face amount of insurance and guarantees in force.

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Balance Sheet

Liabilities Other Liabilities (320 – 353)	Yes, No or N/A	Explanation
344. Does the entity disclose the following related to commitments and contingencies? a. an estimate of obligations related to canceled appropriations for which the reporting entity has a contractual commitment for payment b. amounts for contractual arrangements that may require future financial obligations (OMB Bulletin 01-09, p. 27, section 3.4 & pp. 85 & 86, section 9.19)		
345. If material, does the entity separately recognize a contingent liability for environmental clean-up costs ⁵³ for PP&E if the following criteria apply? a. they are related to a past transaction or event b. the related costs are probable and measurable (SFFAS 5, par. 38 & SFFAS 6, par. 91-93; OMB Bulletin 01-09, pp. 25 & 26, section 3.4)		
346. When clean-up costs are paid, are the payments recognized as a reduction in the liability for clean-up costs? (SFFAS 6, par. 100)		
347. If clean-up costs have not been previously recognized, is a liability recognized for the portion of the estimated total clean-up cost that is attributable to either the portion of the physical capacity used or the portion of the estimated useful life that has passed since the PP&E was placed into service? (SFFAS 6, par. 104-106)		
348. Are any subsequent changes (made in periods following implementation) in estimated total clean-up cost immediately expensed (if costs are to be recovered through user charges) and reflected in the related liability balance? (SFFAS 6, par. 104)		

⁵³Clean-up costs are the costs of removing, containing, and/ or disposing of (1) hazardous waste from property, or (2) material and/or property that consists of hazardous waste at permanent or temporary closure or shutdown of associated PP&E. (SFFAS 6, par. 85)

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Balance Sheet

Liabilities Other Liabilities (320 – 353)	Yes, No or N/A	Explanation
349. When clean-up costs are recognized for the first time, is the offsetting charge for any liability for clean-up costs shown as a “prior-period adjustment?” (SFFAS 6, par. 105; SFFAS 21, par. 13)		
350. Are the amounts of prior-period adjustments arising from belated recognition of clean-up costs and liabilities disclosed and, if possible, are amounts associated with current and prior periods noted? (SFFAS 6, par. 105; SFFAS 21, par. 13)		
351. Does the entity also disclose the following information related to clean-up costs? a. the sources (i.e., applicable laws and regulations) of clean-up requirements b. the method for assigning estimated total clean-up costs to current operating periods (e.g., physical capacity versus passage of time) c. the unrecognized portion of estimated total clean-up costs associated with PP&E d. the material changes in total estimated clean-up costs due to changes in laws, technology, or plans e. the portion of change in an estimate that relates to prior-period operations f. the nature of estimates and the disclosure of information regarding possible changes due to inflation, deflation, technology, or applicable laws and regulations (SFFAS 6, par. 107-111; OMB Bulletin 01-09, p. 81, section 9.15)		

Section III**Balance Sheet**

Liabilities Other Liabilities (320 – 353)	Yes, No or N/A	Explanation
<i>Social insurance programs provide for the maintenance and distribution of incomes and medical benefits during periods of unemployment, disability, and retirement. These programs are Social Security, Medicare, Railroad Retirement Benefits, Black Lung Benefits, and Unemployment Insurance. Expense and liability recognition for these programs is the same for both the consolidated governmentwide entity and for the component entities. (SFFAS 17, par. 2, 4, 14, 15, 19, 30, & app. D, glossary)</i>		
352. Does the entity recognize a liability for social insurance benefits due and payable including claims incurred but not reported? (SFFAS 17, par. 22)		
353. Does the liability for unemployment insurance include the following amounts? a. amounts due to states and territories for benefits they have paid to beneficiaries but for which they have not withdrawn funds from the federal unemployment trust fund (UTF) as of the fiscal year end b. estimated amounts to be withdrawn from UTF and benefits paid by states and territories after fiscal year end for compensatory days occurring prior to fiscal year end (SFFAS 17, par. 23)		

Section III**Balance Sheet**

Net Position Unexpended Appropriations & Cumulative Results of Operations (354 – 355)	Yes, No or N/A	Explanation
354. Does the line item “unexpended appropriations” include both the portion of the entity’s appropriation represented by undelivered orders and unobligated balances? (OMB Bulletin 01-09, p. 27, section 3.5)		
355. Does the line item “cumulative results of operations” include the following items? a. the net results of operations since inception b. the cumulative amount of prior-period adjustments c. the cumulative amount of donations and transfers of assets in and out without reimbursement (OMB Bulletin 01-09, p. 27, section 3.5)		

Section IV

Statement of Net Cost

The questions related to the Statement of Net Cost are presented under three general captions and 12 sections. The question numbers related to each caption and section are identified below.

	Question Numbers
Cost Accounting in General	
1. Overall Requirements	1 - 13
2. Responsibility Segments	14 - 18
3. Full Cost	19 - 26
4. Interentity Costs	27 - 33
5. Costing Methodology	34 - 40
Revenues	41 - 63
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6. Pensions and Other Retirement and Postemployment Benefits	64 - 91
7. Inventory, Materials, Supplies, and Commodities	92 - 100
8. Property, Plant, and Equipment	101 - 117
9. Clean-up Costs	118 - 126
10. Interest	127 - 128
11. Insurance and Subsidies	129 - 132
12. Credit Programs	133 - 180

Section IV**Statement of Net Cost**

Cost Accounting in General Overall Requirements (1 – 13)	Yes, No or N/A	Explanation
<i>The Statement of Net Cost is designed to show separately the components of the net cost of the reporting entity's operations for the period. The statement and any related supporting schedules classify revenue and cost information by suborganization or responsibility segment. (OMB Bulletin 01-09, p. 28, section 4.1)</i> <i>Managerial cost accounting is the process of accumulating, measuring, analyzing, interpreting, and reporting cost information useful to both internal and external groups concerned with the way in which the organization uses, accounts for, safeguards, and controls its resources to meet its objectives. (SFFAS 4, par. 42)</i> <i>A cost accounting "system" is a continuous and systematic cost accounting process that may be designed to accumulate and assign costs to a variety of objects routinely or as desired by management. (SFFAS 4, par. 74)</i> <i>Cost finding is a method for determining the cost of producing goods or services using appropriate procedures, for example, special cost studies or analyses. (SFFAS 4, par. 76)</i>		
1. Are net costs reported for the entity as a whole and for its suborganizations ⁵⁴ and major programs? (OMB Bulletin 01-09, p. 28, section 4.1)		
2. Does the entity present responsibility segments that align directly with the major goals and outputs described in the entity's strategic and performance plans, required by the Government Performance and Results Act of 1993 (GPRA)? (SFFAS 4, par. 69; OMB Bulletin 01-09, p. 28, section 4.1)		

⁵⁴Suborganizations are considered to be generally equivalent to responsibility segments

Section IV**Statement of Net Cost**

Cost Accounting in General Overall Requirements (1 – 13)	Yes, No or N/A	Explanation
3. In its Statement of Net Cost, does the entity show the following? a. the gross cost of goods and services provided to federal government agencies (intragovernmental) b. the gross cost of goods, services, transfers, and grants provided to the public c. related exchange revenues d. excess of costs over exchange revenues (net program costs) e. costs that cannot be assigned to specific programs or outputs f. the exchange revenues that cannot be attributed to specific programs and outputs (SFFAS 7, par. 43 & 44; OMB Bulletin 01-09, pp. 28 & 29, section 4.1 & p. 30, section 4.2)		
4. Are the costs related to the production of goods and services provided to other programs (intragovernmental) reported separately from the costs of goods, services, transfers, and grants provided to the public? (OMB Bulletin 01-09, p. 31, section 4.3)		
5. Are costs related to the production of outputs reported separately from costs that are not related to the production outputs (i.e., nonproduction costs)? (OMB Bulletin 01-09, p. 31, section 4.3)		
6. Are costs that cannot be directly traced or assigned on a cause-and-effect basis, or reasonably allocated to segments and their outputs and programs reported on the Statement of Net Cost as “Costs not assigned to programs?” (SFFAS 4, par. 92; OMB Bulletin 01-09, p. 32, section 4.6)		

Section IV**Statement of Net Cost**

Cost Accounting in General Overall Requirements (1 – 13)	Yes, No or N/A	Explanation
7. Has the entity established appropriate procedures and practices to enable the consistent and regular collection, measurement, accumulation, analysis, interpretation, and communication of cost information? (SFFAS 4, par. 68-70)		
8. As a means of providing cost information in an efficient and reliable manner on a continuing basis, does the reporting entity regularly accumulate and report the costs of its activities either by means of cost accounting systems or cost finding techniques? (SFFAS 4, par. 68-70)		

Section IV**Statement of Net Cost**

Cost Accounting in General Overall Requirements (1 – 13)	Yes, No or N/A	Explanation
9. Does the reporting entity's cost accounting system or cost finding technique, at a minimum, do the following? a. collect cost information by responsibility segments identified by management b. define outputs for each responsibility segment c. measure the full cost (including the cost of goods or services provided by other entities) of outputs so that total operational costs and total unit costs of outputs can be determined d. use a costing methodology (e.g., activity-based, job order, standard costing) that is appropriate for management's needs and the operating environment e. provide information needed to determine and report service efforts and accomplishments and information necessary to meet the requirements of GPRA (or interface with a system that provides such information) f. report cost information in a timely manner and on a regular basis consistent with the needs of management and budgetary and financial reporting requirements g. rely on the <i>United States Standard General Ledger</i> as a basis for integrating its cost information with its general financial accounting capability h. supply cost data precise enough to provide reliable and useful information to internal and external users in making evaluations or decisions but also avoid unnecessary precision and refinement of data i. accommodate management's special cost information needs (SFFAS 4, par. 71)		

Section IV**Statement of Net Cost**

Cost Accounting in General Overall Requirements (1 – 13)	Yes, No or N/A	Explanation
10. Are all managerial cost accounting activities, processes, and procedures documented? (SFFAS 4, par. 71)		
11. In determining the appropriate detail for its cost accounting processes and procedures, has the reporting entity considered the following? a. nature of its operations b. the precision desired and needed in cost information c. the practicality of data collection and processing d. the availability of electronic data-handling facilities e. the cost of installing, operating, and maintaining the cost accounting processes f. any specific information needs of management (SFFAS 4, par. 72)		
12. Has the entity used similar or compatible cost accounting processes throughout its component units? (SFFAS 4, par. 73)		
13. Does the line item “net cost of operations,” as reported on the Statement of Net Cost, agree with the line items of the same name that are reported on the Statement of Changes in Net Position and Statement of Financing? (OMB Bulletin 01-09, p. 38, section 5.6 & p. 51, section 7.7)		

Section IV**Statement of Net Cost**

Cost Accounting in General Responsibility Segments (14 – 18)	Yes, No or N/A	Explanation
<i>A responsibility segment is a component of a reporting entity that is responsible for carrying out a mission, conducting a major line of activity, or producing one or a group of related products or services. (SFFAS 4, par. 78)</i>		
14. Has the management of the reporting entity defined and established responsibility segments? (SFFAS 4, par. 77)		
15. Does management designate or establish responsibility segments based on the following? a. the entity's organizational structure b. its lines of responsibility and missions c. its output (goods or services it delivers) d. budget accounts and funding authorities (SFFAS 4, par. 86)		
16. For each responsibility segment, does the entity do the following? a. define and accumulate outputs and, if feasible, quantify each type of output in units b. accumulate costs and quantitative units of resources consumed in producing the outputs c. assign costs to outputs and calculate the cost per unit of each type of output d. establish cost centers within responsibility segments, as needed (SFFAS 4, par. 79 & 88)		

Section IV

Statement of Net Cost

Cost Accounting in General Responsibility Segments (14 – 18)	Yes, No or N/A	Explanation
17. Does the reporting entity include supporting schedules in the notes to the financial statements if the suborganization's summary information provided in the Statement of Net Cost does not fully display the suborganization's major programs and activities? (OMB Bulletin 01-09, pp. 88-90, section 9.21)		
18. Does the reporting entity disclose gross cost and earned revenue, ⁵⁵ by budget functional classification? (OMB Bulletin 01-09, p. 91, section 9.25)		

⁵⁵Gross cost and earned revenue should be net of intra-entity transactions (consolidated).

Section IV**Statement of Net Cost**

Cost Accounting in General Full Cost (19 – 26)	Yes, No or N/A	Explanation
<i>Full cost is the sum of all costs that contribute to an output and includes direct and indirect costs regardless of funding sources. It also includes the costs of supporting services provided by other responsibility segments or entities. (SFFAS 4, par. 89)</i> <i>Output is any product or service generated from the consumption of resources. (SFFAS 4, par. 89)</i> <i>Direct costs are costs that can be specifically identified with an output. (SFFAS 4, par. 90)</i> <i>Indirect costs are costs of resources that are jointly or commonly used to produce two or more types of outputs, but are not specifically identifiable with any of the outputs. (SFFAS 4, par. 91)</i>		
19. Does the reporting entity include all direct costs in the full cost of outputs? (SFFAS 4, par. 90)		
20. Does the reporting entity also include the following in the full cost of outputs? a. indirect costs incurred within a responsibility segment b. the costs of support services that a responsibility segment receives from other segments or entities (SFFAS 4, par. 91, 122, & 123)		
21. Are the costs of employee benefits ⁵⁶ included as part of the cost of outputs? (SFFAS 4, par. 93-97)		
22. Are the costs of other postemployment benefits reported as expenses for the period during which a future outflow or other sacrifice of resources is probable and measurable on the basis of an event occurring on or before the accounting date? (SFFAS 4, par. 96-97)		
23. Are the full costs of transfer payments for welfare, insurance, grants, and other public assistance programs separately identified from the costs of operating such programs? (SFFAS 4, par. 98-101; OMB Bulletin 01-09, pp. 30-32, section 4.3)		

⁵⁶These include health and life insurance, pension, and other retirement benefits, but not other postemployment benefits.

Section IV

Statement of Net Cost

Cost Accounting in General Full Cost (19 – 26)	Yes, No or N/A	Explanation
24. Is depreciation expense incurred by responsibility segments on general PP&E included in the full costs of the goods and services that the segments produce? (SFFAS 4, par. 102)		
25. Are the costs of acquiring or constructing heritage assets excluded from the full cost of goods and services and treated as a program cost ⁵⁷ or period expense? (SFFAS 4, par. 103)		
26. Are nonproduction costs incurred by responsibility segments, such as reorganization costs and nonrecurring clean-up costs resulting from facility abandonment, excluded from the full cost of outputs and treated as current-period expenses? (SFFAS 4, par. 104)		

⁵⁷ Acquisition costs of heritage assets are part of the costs of the entity or the program that makes the property acquisitions.

Section IV**Statement of Net Cost**

Cost Accounting in General Interentity Costs (27 – 33)	Yes, No or N/A	Explanation
<i>Within the federal government, some reporting entities rely on other federal entities to help them achieve their missions. Often, this involves support services, but may include the provision of goods. The reporting entity generally must account for the full cost of goods or services provided to or received from other federal entities. (SFFAS 4, par. 105-108)</i> <i>Costs between reporting entities that are part of the same department or larger reporting entity (such as bureaus, components or responsibility segments within a department) are considered intradepartmental costs. Reporting entities should account for imputed intradepartmental costs in accordance with the full cost provisions of SFFAS 4. (FASAB Interpretation Number 6, par. 4 & 8)</i>		
27. Does the reporting entity include in its Statement of Net Cost the full costs of goods and services received from other federal entities whether or not the providing entity is fully reimbursed? (SFFAS 4, par. 105; OMB Bulletin 01-09, p. 31, section 4.3)		
28. Does the reporting entity recognize the following costs, including the portions that are funded through the Office of Personnel Management, the Department of Defense, the Department of the Treasury, the Department of Labor, or other agencies: a. employee pension, postretirement health, and life insurance benefits b. other postemployment benefits for retired, terminated, and inactive employees, which included unemployment and workers compensation under the Federal Employees' Compensation Act c. losses in litigation proceedings?⁵⁸ (SFFAS 4, par. 110; OMB Bulletin 01-09, p. 31, section 4.3)		
29. Does the entity providing goods or services to another reporting entity recognize in its accounting records, as well as disclose to the receiving entity, the full cost of goods and services provided? (SFFAS 4, par. 108)		

⁵⁸See FASAB Interpretation Number 2, *Accounting for Treasury Judgment Fund Transactions*.

Section IV**Statement of Net Cost**

Cost Accounting in General Interentity Costs (27 – 33)	Yes, No or N/A	Explanation
30. Is recognition of interentity costs that are not fully reimbursed limited to material items based on an assessment of the importance of the individual interentity transaction in light of the following factors? a. significance to the entity b. directness of relationship to the entity's operations c. identifiability (SFFAS 4, par. 112)		
31. Are the costs of broad, general support services provided by a federal entity to other federal entities excluded from the costs of the recipient entity unless such services are integral to the receiving entity (e.g., Treasury check-writing services provided for the Social Security Administration)? (SFFAS 4, par. 112)		
32. If the receiving entity cannot get complete information on the full cost of goods or services provided by another reporting entity, does the receiving entity use a reasonable estimate of the cost of the goods or services received or the market value of the goods or services received if an estimate of the cost cannot be made? (SFFAS 4, par. 109)		
33. Are interentity expenses and financing sources eliminated for any consolidated financial statements covering both entities? (SFFAS 4, par. 109)		

Section IV**Statement of Net Cost**

Cost Accounting in General Costing Methodology (34 – 40)	Yes, No or N/A	Explanation
<i>Cost accumulation is the process of collecting cost data in an organized way by responsibility segment. (SFFAS 4, par. 117)</i> <i>Cost assignment is a process that identifies accumulated costs with reporting periods and cost objects. Three methods of cost assignment are direct tracing, cause and effect, and allocating costs on a reasonable and consistent basis. (SFFAS 4, par. 120)</i> <i>Cost object or cost objective is an activity, output, or item the cost of which is to be measured. (SFFAS 4, par. 121)</i> <i>Entities are not required to use a particular costing system or costing methodology, but the costing system or methodology used should be appropriate to the entity's operating environment and used consistently. Four examples of acceptable (but not necessarily mutually exclusive) costing methodologies are activity-based costing, job order costing, process costing, and standard costing. (SFFAS 4, par. 144-147)</i>		
34. Is the entity's accounting system capable of identifying costs with responsibility segments? (SFFAS 4, par. 118)		
35. Are the costs of resources consumed by responsibility segments classified by type of resource, such as costs of employees, materials, capital, utilities, and rent? (SFFAS 4, par. 119)		
36. Are data on the quantity of units (e.g., staff days, gallons of gasoline consumed) related to the various cost categories maintained, when appropriate and feasible? (SFFAS 4, par. 119)		
37. Are costs assigned to outputs using the methods in the following order of preference? a. directly tracing costs used in the production of an output, wherever economically feasible⁵⁹ b. assigning costs on a cause-and-effect basis c. allocating costs on a reasonable and consistent basis (SFFAS 4, par. 124)		

⁵⁹ A method is economically feasible if the benefits resulting from implementing the method outweigh its costs.

Section IV

Statement of Net Cost

Cost Accounting in General Costing Methodology (34 – 40)	Yes, No or N/A	Explanation
38. For cost allocation purposes, do indirect costs assigned to a given cost pool have similar characteristics? (SFFAS 4, par. 136)		
39. Are common costs ⁶⁰ assigned to activities either on a cause-and-effect basis, if feasible, or through reasonable allocations? (SFFAS 4, par. 140)		
40. Are the full costing methodologies that are most appropriate to a segment's operating environment used and consistently followed, and any changes made documented and explained? (SFFAS 4, par. 145 & 146)		

⁶⁰Common costs refers to the costs of maintaining and operating facilities and other resources that cannot be directly traced to any of the activities or outputs that share resources.

Section IV**Statement of Net Cost**

Revenues (41 – 63)	Yes, No or N/A	Explanation
<i>Revenues are inflows of resources that the government demands, earns, or receives by donation. Revenue comes from two sources: exchange transactions and nonexchange transactions. (SFFAS 7, par. 30)</i> <i>Exchange (or earned) revenues arise when a government entity provides goods or services to the public or to another government entity for a price. (SFFAS 7, par. 30; OMB Bulletin 01-09, p. 32, section 4.4)</i> <i>Nonexchange revenues arise primarily from the government's power to demand payments from the public (e.g., taxes, duties, fines), and also include donations. (SFFAS 7, par. 30)</i> <i>The net cost of a program is the difference between its gross costs and related exchange revenues. (OMB Bulletin 01-09, p. 32, section 4.5)</i> <i>The net cost of operations by a reporting entity consists of gross cost incurred by the reporting entity less any exchange revenue earned from its activities. (OMB Bulletin 01-09, p. 28, section 4.1 & p. 33, section 4.8)</i>		
41. Are earned revenues deducted from the full cost of outputs or outcomes, if practical, to determine their net costs? (SFFAS 7, par. 43; OMB Bulletin 01-09, p. 32, section 4.4)		
42. Is the net amount of gains (or losses) subtracted from (or added to) the gross cost to determine net cost of operations and programs? (SFFAS 7, par. 44; OMB Bulletin 01-09, p. 28, section 4.1)		
43. Is earned revenue that is insignificant or cannot be attributed to particular outputs or programs reported separately as a deduction in arriving at the net cost of operations of the suborganization or reporting entity as a whole? (SFFAS 7, par. 44; OMB Bulletin 01-09, p. 30, section 4.2 & p. 33, section 4.7)		
44. Are nonexchange revenues and other financing sources excluded from calculating net cost of operations for the reporting entity? (SFFAS 7, par. 44)		

Section IV**Statement of Net Cost**

Revenues (41 – 63)	Yes, No or N/A	Explanation
45. If the entity incurs virtually no cost in connection with earning exchange revenue, is such revenue not recognized in the Statement of Net Cost, but shown as a financing source on the Statement of Changes in Net Position or (if appropriate) Statement of Custodial Activity? (SFFAS 7, par. 45)		
46. Is any portion of exchange revenue that cannot be retained by the entity reported as a transfer-out on the Statement of Changes in Net Position? (OMB Bulletin 01-09, p. 32, section 4.4)		
47. Does a reporting entity that provides goods or services to the public or other government entity disclose the following in a note or narrative? a. a pricing policy that differs from the full cost or market pricing guidance set forth in OMB Circular No. A-25 and the possible effect on demand and revenue if prices were raised to reflect the market or full cost b. exchange transactions with the public in which prices are set by law or executive order and are not based on full cost or market price, or the possible effect on demand and revenue if prices were raised to reflect the market or full cost c. the nature of intragovernmental exchange transactions in which goods or services are provided free or at less than full cost and the reasons for disparities between billing (if any) and full cost d. the full amount of any expected loss when specific goods or services are provided or made to order under a contract and a loss is both probable and measurable (SFFAS 7, par. 46 & 47)		

Section IV**Statement of Net Cost**

Revenues (41 – 63)	Yes, No or N/A	Explanation
48. Is collected custodial nonexchange revenue that is legally retained by the collecting entity as reimbursement for the cost of collection, recognized as exchange revenue in determining the collecting entity's net cost of operations? (SFFAS 7, par. 60.3; OMB Bulletin 01-09, p. 52, section 8.1)		
49. Is revenue received from the public or other government entity in return for providing goods or services recognized and reported in the Statement of Net Cost as exchange revenue? (SFFAS 7, par. 34; OMB Bulletin 01-09, p. 32, section 4.4)		
50. If an exchange transaction is likely to be unusual or nonrecurring for a particular entity, is a gain or loss recognized rather than a revenue or expense? (SFFAS 7, par. 35)		
51. Is exchange revenue recognized when services are performed for transactions in which services are provided to the public or another government entity? (SFFAS 7, par. 34 & 36(a))		
52. If specific goods or services are made to order under terms of a contract, is exchange revenue (and any probable loss) recognized in proportion to estimated total cost when goods and services are acquired to fulfill the contract? (SFFAS 7, par. 36(b))		
53. When goods are kept in inventory so that they are available to customers when ordered, is exchange revenue recognized when the goods are delivered to the customer? (SFFAS 7, par. 36(c))		
54. If services are rendered continuously or the right to use an asset extends continually over time, is exchange revenue recognized in proportion to the passage of time or the use of the asset? (SFFAS 7, par. 36(d))		

Section IV**Statement of Net Cost**

Revenues (41 – 63)	Yes, No or N/A	Explanation
55. Is interest received on intragovernmental loans recognized as exchange revenue if the source of borrowed funds is predominately exchange revenue? (SFFAS 7, par. 36(d))		
56. When an asset other than inventory is sold, is any gain (or loss) recognized when the asset is delivered to the purchaser? (SFFAS 7, par. 36(e))		
57. When advance fees or payments are received, such as for large-scale, long-term projects, is revenue recognized only as the cost of providing the corresponding goods and services is incurred? (SFFAS 7, par. 37)		
58. Is the measurement of revenue from exchange transactions based on the actual price received or receivable under established pricing arrangements? (SFFAS 7, par. 38)		
59. To the extent that realization of the full amount of exchange revenue is not probable due to credit losses (caused by the failure of the debtor to pay the established or negotiated price), is an expense recognized and the allowance for bad debts increased, if the bad debts can be reasonably estimated? (SFFAS 7, par. 40)		
60. If the realization of the full amount of exchange revenue is not probable for reasons apart from credit losses (e.g., returns and allowances), is a provision made to reduce the recognized revenue (if amounts can be reasonably estimated), with the provision recognized as a revenue adjustment? (SFFAS 7, par. 41)		
61. Is exchange revenue recognized regardless of whether the entity retains the revenue for its own use or transfers it to other entities? (SFFAS 7, par. 43)		

Section IV**Statement of Net Cost**

Revenues (41 – 63)	Yes, No or N/A	Explanation
62. Is exchange revenue broken out by major category and linked, where possible, to the net costs of related outputs, programs, organizations, or suborganizations in the Statement of Net Cost? (SFFAS 7, par. 43; OMB Bulletin 01-09, p. 32, section 4.4)		
63. As the lessor in any lease arrangements, does the entity disclose the following in a note to the financial statements? a. any information necessary to disclose the commitment of the entity's assets including but not limited to the major asset category and lease terms b. future lease revenues, by major asset category, for all noncancelable leases with terms longer than one year c. other information necessary for understanding leases not disclosed in the above categories. (OMB Bulletin 01-09, p. 85, section 9.17B)		

Section IV**Statement of Net Cost**

Costs Pensions and Other Retirement and Post Employment Benefits (64 – 91)	Yes, No or N/A	Explanation
<i>Pension benefits include all retirement, disability, and survivor benefits financed through a pension plan, including unfunded pension plans. Required federal payments to social insurance plans (i.e., Social Security and Medicare) and matching federal payments to defined contribution pension plans are also considered to be plan expenses. (SFFAS 5, par. 61)</i> <i>Costs of pensions and other retirement benefits (ORB), whether they are paid for in part or in total by other governmental entities, are included in the costs of program outputs. (SFFAS 4, par. 95))</i> <i>Recognition of other postemployment benefits (OPEB) is linked to the occurrence of an OPEB event rather than the production of an output. OPEB costs are generally treated as period expenses. Special-purpose cost studies may distribute OPEB costs over a number of prior years to determine the cost of outputs OPEB recipients helped produce. (SFFAS 4, par. 96 & 97)</i> <i>In accounting for pensions, ORB, and OPEB, the “administrative entity,” typically manages and accounts for the related assets and liabilities. The “employer entity” accounts for the related costs of pensions, ORB, and OPEB. For these costs the employer entity receives a salary and expense appropriation, imputes a financing source, or both. (SFFAS 5, par. 57, footnote 38)</i> <i>The “aggregate entry age normal” actuarial cost method is one under which the expenses or liabilities arising from the actuarial present value of projected pension benefits are allocated on a level basis over the earnings or the service of the group between entry age and assumed exit ages. The portion of the actuarial present value of pension plan and benefits and expenses that is allocated to a valuation year is called “normal cost.” (SFFAS 5, par. 64)</i>		
64. Are pensions and ORB recognized as expenses at the time the employee’s services are rendered? (SFFAS 5, par. 59)		
65. Are postemployment benefits recognized as expenses at the time the accountable event occurs? (SFFAS 5, par. 59)		
66. Is the "aggregate entry age normal" actuarial cost method (or other actuarial cost method, if the results are not materially different and an explanation is provided) used to calculate pension expense, the liability for the administrative entity financial statements, and the expense for the employer entity financial statements? (SFFAS 5, par. 64)		

Section IV**Statement of Net Cost**

Costs Pensions and Other Retirement and Post Employment Benefits (64 – 91)	Yes, No or N/A	Explanation
67. When using the "aggregate entry age normal" actuarial cost method, does the entity allocate pension expenses on the basis of a level percentage of earnings? (SFFAS 5, par. 64)		
68. Does the administrative entity base its actuarial assumptions for pension plans on the experience of the covered groups, long-term trends, and guidance of the Actuarial Standards Board? (SFFAS 5, par. 65)		
69. Does the administrative entity base its interest rate assumptions on the estimated long-term investment yield for the pension plan or, if the plan is not being funded, on some other appropriate long-term assumption (e.g., the federal long-term borrowing rate)? (SFFAS 5, par. 66)		
70. Does the administrative entity disclose the assumptions used to calculate pension benefit expenses? (SFFAS 5, par. 67)		
71. When a new pension plan is initiated or current one amended, does the administrative entity recognize all past and prior service costs ⁶¹ or gains immediately, without amortization? (SFFAS 5, par. 69 & 70)		
72. Does the administrative entity recognize actuarial gains and losses ⁶² immediately, without amortization? (SFFAS 5, par. 69 & 70)		

⁶¹Past service costs result from retroactive benefits granted when a new plan is initiated. Prior service costs result from retroactive benefits granted in a plan amendment.

⁶²Actuarial gains and losses are changes in the balance of the pension liability that result from (1) deviations between actual experience and the actuarial assumptions used or (2) changes in actuarial assumptions.

Section IV**Statement of Net Cost**

Costs Pensions and Other Retirement and Post Employment Benefits (64 – 91)	Yes, No or N/A	Explanation
73. Does the administrative entity report a pension expense for the net of the following components, with disclosure of the individual components? a. normal cost b. interest on pension liability during the period c. prior (and past) service cost from plan amendments (or the initiation of a new plan) during the period, if any d. actuarial gains or losses (including any gains or losses due to a change in the medical inflation rate assumption) during the period, if any (SFFAS 5, par. 72; OMB Bulletin 01-09, p. 80, section 9.14)		
74. Does the administrative entity report pension plan revenue for the sum of contributions from the following entities? a. the employer b. its employees ⁶³ c. interest on the plan's investments (SFFAS 5, par. 73 & 78)		
75. Does the employer entity recognize a pension expense that equals the service cost (normal cost) for its employees for the accounting period, less the amount contributed by the employees, if any? (SFFAS 5, par. 74)		

⁶³The administrative entity may also receive financing from the general fund to cover prior service or other costs for which contributions were not provided by the employer or employee.

Section IV**Statement of Net Cost**

Costs Pensions and Other Retirement and Post Employment Benefits (64 – 91)	Yes, No or N/A	Explanation
76. Is the employer entity's pension expense balanced by (1) a decrease to its "fund balance with Treasury" for the amount of its contribution to the pension plan, if any; and if this does not equal the full pension expense, by (2) an increase to an account representing an intragovernmental financing source (e.g., "imputed financing- expenses paid by other agencies." (SFFAS 5, par. 75)		
77. If the employer entity is also the administrative entity, does it also report the liability ⁶⁴ and recognize the expense for all components of the pension plan's cost? (SFFAS 5, par. 71 & 76)		
<i>ORB includes all retirement benefits other than pension benefits. The predominant ORB expense in the federal government is retirement health benefits. (SFFAS 5, par. 58 & 79)</i>		
78. Is the "aggregate entry age normal" actuarial cost method (or other actuarial cost method, if the results are not materially different and an explanation is provided) used to calculate the ORB expense and liability for the administrative entity financial statements and the expense for the employer entity financial statements? (SFFAS 5, par. 82)		
79. Are expenses and other liabilities attributable to ORB expenses allocated based on the service rendered by each employee? (SFFAS 5, par. 82)		
80. Do the amounts calculated for financial reports prepared for ORB plans reflect the following? a. general actuarial and economic assumptions that are consistent with those used for pensions b. a health care cost trend assumption that is consistent with Medicare projections or other authoritative sources appropriate for the population covered by the plan (SFFAS 5, par. 83)		

⁶⁴The liability is the actuarial present value of all future benefits, based on projected salaries and total projected service, less the actuarial present value of future normal cost contributions that would be made for and by the employees under the plan.

Section IV**Statement of Net Cost**

Costs Pensions and Other Retirement and Post Employment Benefits (64 – 91)	Yes, No or N/A	Explanation
81. Does the administrative entity discount the projected ORB costs at the rate of expected return of plan assets, if the plan is being funded, or on some other long-term assumptions (e.g., the long-term federal government borrowing rate) for unfunded plans? (SFFAS 5, par. 83)		
82. Does the administrative entity disclose the assumptions used to calculate projected ORB costs? (SFFAS 5, par. 83)		
83. Is the accrual period for ORB based on the expected retirement age rather than the age when the employee first becomes eligible for retirement benefits? (SFFAS 5, par. 84)		
84. When a new ORB plan is initiated or current one amended, does the administrative entity recognize all past and prior service costs or gains immediately, without amortization? (SFFAS 5, par. 86 & 87)		
85. Does the administrative entity recognize all actuarial gains and losses from changes in the ORB liability immediately, without amortization? (SFFAS 5, par. 86 & 87)		

Section IV**Statement of Net Cost**

Costs Pensions and Other Retirement and Post Employment Benefits (64 – 91)	Yes, No or N/A	Explanation
86. Does the administrative entity report an ORB expense (e.g., health insurance) for the net of the following components with disclosure of the individual components? a. normal cost b. interest on the ORB liability during the period c. prior (and past) service cost from plan amendments (or the initiation of a new plan) during the period, if any d. any gains/losses due to a change in the medical inflation rate assumption e. other actuarial gains or losses during the period, if any (SFFAS 5, par. 88; OMB Bulletin 01-09, p. 80, section 9.14)		
87. Does the administrative entity report ORB revenue for the sum of contributions from the employer entity and its employees? (SFFAS 5, par. 89)		
88. In the financial report, does the employer entity recognize ORB expenses equal to the service cost (normal cost) for its employees for the accounting period, less the amount contributed by the employees, if any? (SFFAS 5, par. 90)		

Section IV**Statement of Net Cost**

Costs Pensions and Other Retirement and Post Employment Benefits (64 – 91)	Yes, No or N/A	Explanation
89. Is the employer entity's ORB expense balanced by either of the following? a. a decrease to its "fund balance with Treasury" for the amount of its contribution to the ORB plan, if any b. an increase to an account representing an intragovernmental imputed financing source (e.g., "imputed financing-expenses paid by other entities") (SFFAS 5, par. 91)		
90. If the employer entity is also the administrative entity, does it also report the liability ⁶⁵ and recognize the expense for all components of the ORB's cost? (SFFAS 5, par. 88 & 92)		
<i>OPEB are provided to former or inactive employees, beneficiaries, and covered dependents outside pension or ORB plans. Postemployment benefits can include salary continuation, severance benefits, counseling and training, continuation of health care or other benefits, unemployment workers' compensation, and veterans' disability compensation benefits paid by the employer. (SFFAS 4, par. 96; SFFAS 5, par. 57 & 94)</i>		
91. Does the employer recognize an expense and a liability for OPEB when a future outflow or other sacrifice of resources is probable (i.e., more likely than not) and measurable? (SFFAS 5, par. 95)		

⁶⁵The liability is the actuarial present value of all future benefits less the actuarial present value of future normal cost contributions that would be made for and by the employees under the plan. (SFFAS 5, par. 88)

Section IV**Statement of Net Cost**

Costs Inventory, Materials, Supplies, and Commodities (92 – 100)	Yes, No or N/A	Explanation
92. Upon sale or use of inventory, is the related expense recognized and the cost of those goods removed from the inventory asset account? (SFFAS 3, par. 19)		
93. To arrive at the historical cost of ending inventory and cost of goods sold, is one of the following cost flow assumptions used? a. first-in, first-out b. weighted average c. moving average d. any other valuation method (such as a standard cost system) whose results reasonably approximate one of the above historical cost methods (SFFAS 3, par. 22)		
94. Are operating materials and supplies expensed using the consumption method (i.e., reported as an operating expense as they are issued to the end user for consumption in normal operations)? (SFFAS 3, par. 38 & 39)		
95. Are operating materials and supplies expensed upon purchase (purchase method) if they meet one of the following attributes? a. they are of insignificant amounts b. they are in the hands of the end user for use in normal operations c. it is not cost beneficial to apply the consumption method (SFFAS 3, par. 40 & 41)		
96. Are inventory and operating materials and supplies acquired through a nonmonetary exchange valued at the fair value of the items received at the time of the exchange, and is the difference between the fair value of the acquired items and the recorded amount surrendered reported as a gain or loss? (SFFAS 3, par. 21 & 43)		

Section IV**Statement of Net Cost**

Costs Inventory, Materials, Supplies, and Commodities (92 – 100)	Yes, No or N/A	Explanation
97. Are abnormal costs associated with inventory and operating materials and supplies, such as excessive handling or rework costs, charged to operations of the period? (SFFAS 3, par. 21 & 43)		
98. Are any unrealized gains or losses resulting from periodic revaluations of inventory captured in a designated allowance account? (SFFAS 3, par. 23 & 24)		
99. Is the cost of stockpile materials removed from the corresponding asset account and reported as an operating expense when issued for use or sale? (SFFAS 3, par. 52)		
100. Are abnormal costs of stockpile materials, such as excessive handling and rework costs, expensed in current operations? (SFFAS 3, par. 53)		

Section IV**Statement of Net Cost**

Costs Property, Plant, and Equipment (101 – 117)	Yes, No or N/A	Explanation
<i>A common expense related to PP&E that is included in the Statement of Net Cost is depreciation. Other PP&E-related expenses that are reported in the Statement of Net Cost include all current cost of acquiring and maintaining stewardship land and heritage assets (other than multiuse heritage assets.) (SFFAS 6, par. 35, & 69; SFFAS 16, par. 8)</i> <i>Depreciation expense is calculated through systematic and rational allocation of the cost of PP&E, less its estimated salvage or residual value, over its estimated useful life. A composite or group methodology,⁶⁶ whereby the costs of PP&E are allocated using the same allocation rate, is permissible. (SFFAS 6, par. 35; SFFAS 23, par. 9, item f)</i>		
101. Is depreciation expense recognized on all general PP&E? (SFFAS 6, par. 35)		
102. If historical cost information has not been maintained for existing PP&E, does the entity depreciate or amortize the estimated net remaining cost over its remaining useful life in a systematic and rational manner? (SFFAS 6, par. 35, 40, & 41)		
103. In an exchange transaction with a nonfederal entity, is the difference between the book value (i.e., cost less accumulated depreciation) of PP&E surrendered and the cost of PP&E acquired ⁶⁷ recognized as either a gain or a loss? (SFFAS 6, par. 32)		
104. In the event that cash consideration is included in the exchange transaction with a non federal entity, is the cost of PP&E acquired either increased by the amount of cash consideration surrendered or decreased by the amount of cash consideration received? (SFFAS 6, par. 32)		
105. When assets have been removed from PP&E in anticipation of disposal, retirement, or removal from service, has the entity stopped recording depreciation and amortization expenses for such assets? (SFFAS 6, par. 38 & 39)		

⁶⁶The composite methodology is a method of calculating depreciation that applies a single average rate to a number of heterogeneous assets that have dissimilar characteristics and service lives. The group methodology is a method of calculating depreciation that applies a single, average rate to a number of homogeneous assets having similar characteristics and service lives.

⁶⁷The cost of the PP&E acquired is recorded at the cost of the PP&E surrendered net of any accumulated depreciation or amortization when the fair value of the PP&E surrendered or acquired is not determinable.

Section IV**Statement of Net Cost**

Costs Property, Plant, and Equipment (101 – 117)	Yes, No or N/A	Explanation
106. For general PP&E that is disposed of, retired or removed from service, is any difference between the book value of the PP&E and amounts realized recognized as a gain or a loss in the period of disposal, retirement, or removal from service? (SFFAS 6, par. 38)		
107. For PP&E assets removed from general PP&E accounts prior to disposal, retirement or removal from service, is the expected net realizable value of these assets adjusted at the end of each accounting period, and is any adjustment made recognized as either a gain or loss? (SFFAS 6, par. 39)		
108. Are costs to acquire, improve, reconstruct, or renovate heritage assets, other than multiuse heritage assets, recognized and reported separately on the Statement of Net Cost for the period in which the costs are incurred? (SFFAS 16, par. 8; OMB Bulletin 01-09, pp. 31 & 32, section 4.3 & p. 91, section 9.22)		
109. Do the recognized costs of heritage assets also include all costs incurred during the period to bring the items to their current condition at its initial location? (SFFAS 16, par. 8)		
110. Are amounts for heritage assets or stewardship land acquired through donation or devise excluded from the calculation of net cost? (SFFAS 8, par.79; SFFAS 16, par. 10; OMB Bulletin 01-09, p. 91, section 9.23)		
111. Is the fair value, if known and material, of heritage assets acquired through donation or devise disclosed in notes to the financial statements in the year received? (SFFAS 16, par. 10; OMB Bulletin 01-09, p. 91, section 9.23)		

Section IV**Statement of Net Cost**

Costs Property, Plant, and Equipment (101 – 117)	Yes, No or N/A	Explanation
112. If the fair value of donated or bequeathed heritage assets is not known or reasonably estimable, is information as to the type and quantity of assets received disclosed in the notes to the financial statements in the year received? (SFFAS 16, par. 10; OMB Bulletin 01-09, p. 91, section 9.23)		
113. Are costs to acquire, as well as costs incurred to bring the stewardship land to its current condition or prepare it for its intended use, recognized as a cost of the period incurred and disclosed as “Cost of Stewardship Land?” (SFFAS 6, par. 69 & 73; SFFAS 8, par. 77 & 119; OMB Bulletin 01-09, p. 91, section 9.22)		
114. Is the fair value, if known and material, of stewardship land acquired through donation or devise disclosed in notes to the Statement of Net Cost in the year received? (SFFAS 6, par. 71; OMB Bulletin 01-09, p. 91, section 9.23)		
115. If the fair value of donated or willed stewardship land is not estimable, is information as to the type and quantity of assets received disclosed in notes to the Statement of Net Cost in the year received, if material? (SFFAS 6, par. 71; OMB Bulletin 01-09, p. 91, section 9.23)		
116. If land included in PP&E is transferred to another federal entity to be used as stewardship land, is the cost to the receiving entity of the transferred land recognized at the book value on the transferring entity's books? (SFFAS 6, par. 72)		
117. If the receiving entity does not know the book value of the transferred land, is the transfer disclosed in the notes to the Statement of Net Cost, if material? (SFFAS 6, par. 72)		

Section IV**Statement of Net Cost**

Costs Clean-up Costs (118 – 126)	Yes, No or N/A	Explanation
<i>Clean-up costs are the costs of removing, containing, and/or disposing of (1) hazardous waste from property or (2) material and/or property that consists of hazardous waste upon permanent or temporary closure or shutdown of associated PP&E. Clean-up costs may include, but are not limited to, decontamination, decommissioning, site restoration, site monitoring, closure, and postclosure costs. (SFFAS 6, par. 85 & 87)</i>		
118. When PP&E is placed into service, does the entity estimate the associated clean-up costs? (SFFAS 6, par. 94)		
119. In estimating clean-up costs and liability, has the entity considered the following? a. the level of restoration to be performed b. current legal and regulatory requirements c. current technology d. current costs (i.e., amount that would be paid if all goods and services included in the clean-up estimate were acquired in the current period) (SFFAS 6, par. 95)		
120. Are estimated clean-up costs periodically revised to account for material changes due to inflation or deflation and changes in regulations, plans, and/or technology? (SFFAS 6, par. 96)		
121. When PP&E is placed into service, does the entity recognize cleanup costs during each period that general PP&E is in operation, in a systematic and rational manner based on one of the following methods? a. based on the physical capacity of the PP&E, (e.g., expected usable landfill area) b. if physical capacity is not applicable or estimable, based on the estimated useful life of the associated PP&E (SFFAS 6, par. 97)		

Section IV**Statement of Net Cost**

Costs Clean-up Costs (118 – 126)	Yes, No or N/A	Explanation
122. Does recognition of the cleanup costs and the accumulation of the related liability begin on the date that the associated PP&E is placed into service, continue in each period that operation continues, and end when the PP&E ceases operation? (SFFAS 6, par. 98)		
123. If clean-up costs are reestimated, are the cumulative effects of changes in total estimated cleanup costs related to current and past operations of PP&E immediately recognized as an expense and is the corresponding liability adjusted? (SFFAS 6, par. 99)		
124. When stewardship PP&E is placed into service, does the entity expense the total estimated clean-up costs and establish a liability in the period the asset is placed into service? (SFFAS 6, par. 101)		
125. If clean-up costs for stewardship PP&E are reestimated, are any adjustments to the liability associated with clean-up costs expensed in the period of the change in estimate? (SFFAS 6, par. 102)		

Section IV**Statement of Net Cost**

Costs Clean-up Costs (118 – 126)	Yes, No or N/A	Explanation
126. Does the entity disclose the following related to cleanup costs? a. the applicable laws and regulations covering clean-up requirements b. the method for assigning estimated total clean-up costs to current operating periods (e.g., physical capacity versus passage of time) c. the unrecognized portion of estimated total clean-up costs for clean-up costs associated with PP&E d. material changes in total estimated clean-up costs due to changes in laws, technology, or plans, as well as the portion of the change in clean-up cost estimates that relates to prior-period operations e. the nature of estimates and information regarding possible changes due to inflation, deflation, technology, or applicable laws and regulations (SFFAS 6, par. 107-111)		

Section IV**Statement of Net Cost**

Costs Interest (127 – 128)	Yes, No or N/A	Explanation
<i>Interest incurred results from borrowing funds from Treasury, Federal Financing Bank, other federal entities, or the public. Interest also should be recorded on late payment of bills by the federal entity and on refunds. (SFFAS 1, par. 81)</i> <i>Interest costs are generally related to securities and other debt instruments issued by the U.S. Treasury or other federal agencies. (SFFAS 5, par. 47-48)</i>		
127. Does the related interest cost of federal debt include the following? a. the accrued (prorated) share of the nominal interest incurred during the accounting period b. the amortized discounts or premiums for each accounting period for fixed value securities c. the amount of change in the current value for the accounting period for variable value securities (SFFAS 5, par. 53)		
128. If securities are retired before maturity, is the difference between the reacquisition price and net carrying value of the extinguished debt recognized in the period of extinguishment as a gain or loss? (SFFAS 5, par. 54)		

Section IV**Statement of Net Cost**

Costs Insurance and Subsidies (129 – 132)	Yes, No or N/A	Explanation
<i>Federal insurance and guarantee programs are established to assume risks that private sector entities are unwilling or unable to assume or to subsidize the provision of insurance to achieve social objectives. For life insurance, a premium deficiency occurs if the liability for future policy benefits using current conditions exceeds the liability for future policy benefits using contract conditions. (SFFAS 5, par. 97 & 120)</i>		
129. If an insured event has occurred as of the financial statement reporting date, has the federal entity recognized an expense for all claims incurred during the period, including, when appropriate, those incurred but not reported and contingencies that meet the criteria for recognition? (SFFAS 5, par. 104 & 109)		
130. Are changes in estimates of claim cost resulting from (1) the present value calculations, (2) the continuous review process, and (3) differences between the estimates and actual payments for claims, recognized as charges against operations of the period in which the estimates are changed or payments are made? (SFFAS 5, par. 109)		
131. If the liability for future [life insurance] policy benefits using current conditions exceeds the liability for future policy benefits under contract conditions (resulting in a premium deficiency), is the difference recognized as a charge to operations in the current period? (SFFAS 5, par. 120)		
132. Does the entity recognize an expense for social insurance ⁶⁸ benefits paid during the reporting period plus any increase (or less any decrease) in the liability for social insurance benefits due and payable to or on behalf of beneficiaries, from the end of the prior period to the end of the current period? (SFFAS 17, par. 22)		

⁶⁸Social insurance programs include Social Security, Medicare, Railroad Retirement, Black Lung Benefits, and Unemployment Insurance (SFFAS 17, par. 14).

Section IV**Statement of Net Cost**

Costs Credit Programs (133 – 180)	Yes, No or N/A	Explanation
<i>In accordance with the Federal Credit Reform Act of 1990, as amended, a subsidy expense is recognized for direct or guaranteed loans disbursed during the fiscal year. The amount of the subsidy expense equals the present value of estimated cash outflows over the life of the loans minus the present value of the estimated cash inflows. The discount rate used to calculate the present value is the average interest rate on marketable Treasury securities of similar maturity to the cash flows of the direct loan or loan guarantee for which the estimate is being made. (SFFAS 2, par. 6, 7, 24, 30, & 31; SFFAS 19, par. 6 & 7)</i>		
133. For post-1991 direct or loan guarantee programs, is the present value of estimated cash outflows over the life of the loans minus the present value of estimated cash inflows discounted at the interest rate of marketable Treasury securities with similar maturity to the cash flows? (SFFAS 2, par. 24; SFFAS 19, par. 6)		
134. For post-1991 direct or loan guarantee programs, are the net present values recognized as expense in the year the loan is disbursed? (SFFAS 2, par. 24; SFFAS 19, par. 6)		
135. Are the following components of estimated subsidy costs (and offsetting receipts) of post-1991 loans and guarantees separately recognized? a. interest subsidy costs ⁶⁹ b. default costs ⁷⁰ c. present value of fees and other collections d. other subsidy costs (SFFAS 2, par. 25-29)		

⁶⁹The interest subsidy cost of direct loans is the excess of the amount of the loans disbursed over the present value of the interest and principal payments required by loan contracts discounted at the applicable Treasury rate; for loan guarantees it is the present value of estimated interest supplement payments.

⁷⁰The default cost of direct loans or loan guarantees is measured at the present value of projected payment delinquencies and omissions minus projected net recoveries.

Section IV**Statement of Net Cost**

Costs Credit Programs (133 – 180)	Yes, No or N/A	Explanation
136. Is the subsidy cost allowance for post-1991 direct loans amortized using the interest method? ⁷¹ (SFFAS 2, par. 30, 31, and app. B, part I B (2); SFFAS 19, par. 7(a))		
137. If the effective interest for post-1991 direct loans is less than the nominal interest, is the subsidy cost allowance increased by the difference and recognized as a reduction in interest income? (SFFAS 2, par. 30 & app. B, part I B (2); SFFAS 19, par. 7(a))		
138. If the effective interest for post-1991 direct loans is greater than the nominal interest, is the subsidy cost allowance decreased by the difference and recognized as an increase in interest income? (SFFAS 2, par. 30 & app. B, part I B (2); SFFAS 19, par. 7(a))		
139. Is interest accrued and compounded on the liabilities of post-1991 loan guarantees at the interest rate that was originally used to calculate the present value of the loan guarantee liabilities when the guaranteed loans were disbursed, after adjusting for the interest reestimate? (SFFAS 2, par. 31 & app. B, part III B (2); SFFAS 19, par. 7(b))		
140. Is the interest accrued and compounded on the liabilities of post-1991 loan guarantees recognized as an interest expense? (SFFAS 2, par. 31 & app. B, part III B (2))		

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

Section IV**Statement of Net Cost**

Costs Credit Programs (133 – 180)	Yes, No or N/A	Explanation
<i>Two kinds of reestimates for the subsidy cost allowance for outstanding direct loans and the liability for outstanding loan guarantees are (1) interest rate reestimates and (2) technical/default reestimates. An interest rate reestimate is due to a change in the interest rates from those that were assumed in budget preparation and used in calculating the subsidy expense to the interest rates that are prevailing during the periods in which the direct or guaranteed loans are disbursed. A technical/default reestimate is due to changes in projected cash flows of outstanding direct loans and loan guarantees after reevaluating the underlying assumptions and other factors (except for interest rate reestimates) that affect cash flow projections as of the financial statement date. (SFFAS 18, par. 9)</i>		
141. Does the entity measure and disclose reestimates of allowances for subsidy costs of post-1991 loans and liabilities for guarantees in two components separately, specifically: the interest rate reestimate and the technical/default reestimate? (SFFAS 18, par. 9)		
142. Is any increase (or decrease) in the subsidy cost allowance of post-1991 direct loans or loan guarantee liabilities resulting from the interest rate and technical /default reestimates recognized as a subsidy expense (or a reduction in subsidy expense) and disclosed separately by component? (SFFAS 2, par. 32; SFFAS 18, par. 9; OMB Bulletin 01-09, pp. 62 & 71, section 9.8, item E2 & pp. 66 & 73, section 9.8, item L2)		
143. If the assumed interest rates used in calculating the subsidy expenses for cohorts ⁷² from which direct or guaranteed loans are disbursed differ from the rates prevailing at the time of the loan disbursement, is an interest rate reestimate for those cohorts made as of the date of the financial statements? (SFFAS 18, par. 9 (A))		
144. Do technical/default reestimates take into consideration all factors that may have affected various components of projected cash flows, including defaults, delinquencies, recoveries, and prepayments? (SFFAS 18, par. 9 (B))		

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

Section IV**Statement of Net Cost**

Costs Credit Programs (133 – 180)	Yes, No or N/A	Explanation
145. Are technical/default reestimates made each year as of the date of the financial statements? (SFFAS 18, par. 9 (B))		
146. In a note to the financial statement, does the entity display a reconciliation between the beginning and ending balances of the following? a. the subsidy cost allowances for outstanding direct loans b. the liability for outstanding loan guarantees reported in the entity's balance sheet (SFFAS 18, par. 10)		
147. Does the reconciliation of beginning and ending subsidy cost allowances and loan guarantee liability balances include changes in the following? a. interest subsidy costs, default costs, fees and other collections, and other subsidy costs b. interest rate and technical/default reestimates c. other adjustments (SFFAS 2, par. 25-29; SFFAS 18, par. 10)		
148. For direct loans, do other adjustments include loan modifications, fees received, loans written off, foreclosed property or other recoveries acquired, and subsidy allowance amortization? (SFFAS 18, par. 10)		
149. For loan guarantees, do other adjustments include loan guarantee modifications, fees received, interest supplements paid, claim payments made to lenders, foreclosed property or other recoveries acquired, and interest accumulated on the loan guarantee liability? (SFFAS 18, par. 10)		

Section IV**Statement of Net Cost**

Costs Credit Programs (133 – 180)	Yes, No or N/A	Explanation
150. In its notes to the financial statements, does the entity include a description of the characteristics of the program it administers, including the following? a. the total amount of direct or guaranteed loans disbursed for the current and preceding reporting years b. interest subsidy costs, default costs, fees and other collections, and other subsidy costs c. interest rate and technical/default reestimates (SFFAS 18, par. 11 (A))		
151. Does the reporting entity disclose, at the program level, the subsidy rates ⁷³ for direct loans and loan guarantees in the current year's budget for the current year's cohorts, the following items? a. total subsidy cost b. interest subsidy costs c. default costs (net of recoveries) d. fees and other collections e. other costs (SFFAS 18, par. 11 (B))		
152. If the entity uses trend data to display significant fluctuations in subsidy rates, are these data accompanied by an analysis that explains the underlying causes for the fluctuations? (SFFAS 18, par. 11 (B))		

⁷³The subsidy rate is the dollar amount of the subsidy component as a percentage of the direct loans or loan guarantees obligated in the cohort.

Section IV**Statement of Net Cost**

Costs Credit Programs (133 – 180)	Yes, No or N/A	Explanation
153. Does the reporting entity disclose, discuss, and explain events and changes in economic conditions, other risk factors, legislation, credit policies, ⁷⁴ and subsidy estimation methodologies and assumptions that have had a significant and measurable effect on subsidy rates, subsidy expenses, and subsidy reestimates? (SFFAS 18, par. 11 (C))		
154. Does the disclosure and discussion also include events and changes that have occurred and are more likely than not to have a significant impact, but whose effects are not measurable at the reporting date? (SFFAS 18, par. 11 (C))		
155. Are default costs estimated and periodically reestimated for each post-1991 loan and loan guarantee program on the basis of separate cohorts and risk categories? (SFFAS 2, par. 33)		
156. In estimating default costs, has the entity considered the following factors? a. loan performance experience b. the current and forecasted international, national, or regional economic conditions that may affect the performance of the loans c. financial and other relevant characteristics of borrowers d. the value of collateral to loan balance e. changes in recoverable value of collateral f. newly developed events that could affect the loans' performance g. improvements in methods to reestimate defaults (SFFAS 2, par. 34)		

⁷⁴Changes in legislation or credit policies include, for example, changes in borrowers' eligibility, the levels of fees or interest rates charged to borrowers, the maturity terms of loans, and the percentage of private loans that are guaranteed.

Section IV**Statement of Net Cost**

Costs Credit Programs (133 – 180)	Yes, No or N/A	Explanation
157. In estimating and reestimating future default costs for each group, cohort, and risk category of loan and guarantee, has the agency used a systematic methodology based on actual historical experience? (SFFAS 2, par. 35 & 36)		
158. Is interest (at the discount rate in effect when the loans were first disbursed) accrued on post-1991 direct loans, including amortized interest, recognized as interest income? (SFFAS 2, par. 37 & app. B, part I B (2) & C)		
159. Is interest (at the original discount rate) accrued on debt to the Treasury arising from post-1991 direct loans recognized as interest expense? (SFFAS 2, par. 37 & app. B, part I B (2) & C)		
160. Is interest (at the discount rate in effect when the loans were first disbursed) accrued on liability of post-1991 loan guarantees recognized as interest expense? (SFFAS 2, par. 37 & app. B, part III B (2) & C)		
161. Is interest (at the original discount rate) due from the Treasury on uninvested funds associated with post-1991 loan guarantee liabilities recognized as interest income? (SFFAS 2, par. 37 & app. B, part III B (2) & C)		
162. Are costs for administering credit activities (such as salaries, legal fees, and servicing) incurred in support of direct loan and guaranteed loan programs recognized as administrative expenses and not included in direct loan and loan guarantee subsidy costs? (SFFAS 2, par. 38)		
163. Are administrative expenses for loans and guarantees broken out and disclosed by program, if material? (OMB Bulletin 01-09, p. 67 & 74, section 9.8, item O)		

Section IV**Statement of Net Cost**

Costs Credit Programs (133 – 180)	Yes, No or N/A	Explanation
164. Are losses (as well as valuation allowances and corresponding liabilities) of direct loans obligated and loan guarantees committed before October 1, 1991, recognized when it is more likely than not that the direct loans will not be totally collected or that the loan guarantees will require a future cash outflow to pay default claims? (SFFAS 2, par. 39)		
<i>Foreclosed properties are assets received in satisfaction of a loan receivable or as a result of payment of a claim under a guaranteed or insured loan (excluding commodities acquired under price support programs.) All properties included in foreclosed property are assumed to be held for sale. Pre-1992 foreclosed property refers to property associated with direct loans obligated or loan guarantees committed before October 1, 1991. Post-1991 foreclosed property refers to property associated with direct loans obligated or loan guarantees committed after September 30, 1991. (SFFAS 3, par. 79 & 80)</i>		
165. If, at the time of the foreclosure, the expected net realizable value of pre-1992 foreclosed property is less than the cost (i.e., the carrying amount of the loan, or for a loan guarantee, the amount of the claim paid), is the loss charged to operations and tracked in a valuation allowance account? (SFFAS 3, par. 86)		
166. If the pre-1992 foreclosed asset's net realizable value subsequently increases or decreases, does the entity credit or charge this amount to results of operations and adjust the valuation allowance? (SFFAS 3, par. 86)		
167. Upon sale of foreclosed property, is any difference between the net carrying amount of foreclosed property and the net proceeds of the sale recognized as a component of operating results? (SFFAS 3, par. 89)		
168. For post-1991 foreclosed property, is interest income accrued from the previous periodic adjustment in the carrying amount up to the sale date? (SFFAS 3, par. 89)		

Section IV**Statement of Net Cost**

Costs Credit Programs (133 – 180)	Yes, No or N/A	Explanation
169. For post-1991 foreclosed property, is the resulting difference between the adjusted carrying amount and the net sales proceeds recognized as a reestimate of “subsidy expense?” (SFFAS 3, par. 89)		
170. For pre-1992 foreclosed property, is the difference between the adjusted carrying amount and net sales proceeds recognized as a gain or a loss on the sale of foreclosed property? (SFFAS 3, par. 89)		
<i>The term modification, as it applies to direct loans and loan guarantees, means a federal government action, including new legislation or administrative action that directly or indirectly alters the estimated subsidy cost and the present value of outstanding direct loans, or the liability of loan guarantees. The cost of the modification is the excess of the premodification value of a direct loan (or postmodification liability of loan guarantees) over the postmodification value of a direct loan (or premodification liability of loan guarantees), both of which have been discounted at the Treasury rate in effect when the modification occurred. (SFFAS 2, par. 41; SFFAS 2, par. 45, notes 3 & 4 & par. 49, notes 6 & 7; SFFAS 19, par. 6)</i> <i>The book value of the loan or guarantee is discounted at the Treasury rate originally used to calculate the present value of the direct loan or loan guarantee liability when the loan was originally disbursed. (SFFAS 2, par. 48 & 50, app. B parts I D (4 & 5), II B (4), III B (4), & IV B (4))</i> <i>The sale of post-1991 and pre-1992 direct loans is treated as a direct modification of the loans sold if the sale proceeds were not included in the cash flows estimates for the initial subsidy calculation. The cost of modification is determined on the basis of the premodification value of the loans sold. However, if sale proceeds were included in the cash flow estimates for the initial subsidy calculation, the effect of the loan sale on the cost of the program is recognized in the reestimates. (SFFAS 2, par. 53, Appendix B. par 1F)</i>		
171. If pre-1992 or post-1991 direct loans are modified, is the excess of the premodification value ⁷⁵ over the postmodification value ⁷⁶ recognized as a modification expense? (SFFAS 2, par. 45 & app. B, parts I D (1-3) & II B (1-3))		

⁷⁵This is the present value of the net cash inflows estimated under *premodification* terms discounted at the *current* Treasury rate.

⁷⁶This is the present value of the net cash inflows estimated under *postmodification* terms discounted at the *current* Treasury rate.

Section IV**Statement of Net Cost**

Costs Credit Programs (133 – 180)	Yes, No or N/A	Explanation
172. If the cost of modifying pre-1992 or post-1991 loans is greater than the decrease in the loans' book value, is the difference recognized as a gain? ⁷⁷ (SFFAS 2, par. 48 & app. B, parts I D (4 & 5) & II B (4 & 5))		
173. If the cost of modifying pre-1992 or post-1991 loans is less than the decrease in the loans' book value, is the difference recognized as a loss? ⁷⁸ (SFFAS 2, par. 48 & app. B, parts I D (4 & 5), & part II B (4 & 5))		
174. If pre-1992 or post-1991 loan guarantees are modified, is the excess of the postmodification liability ⁷⁹ over the premodification liability ⁸⁰ recognized as a modification expense? (SFFAS 2, par. 49 & app. B, parts III D (1-3), & IV B (1-3))		
175. If the cost of modifying pre-1992 or post-1991 loan guarantees is greater than the increase in the book value of the related loan guarantee liabilities, is the difference recognized as a gain? (SFFAS 2, par. 52 & app. B, parts III D (4 & 5), & IV B (5))		
176. If the cost of modifying pre-1992 or post-1991 loan guarantees is less than the increase of the related loan guarantee liabilities, is the difference recognized as a loss? (SFFAS 2, par. 52 & app. B, parts III D (4 & 5) & IV B (5))		
177. If the premodification value of post-1991 and pre-1992 loans sold ⁸¹ exceeds the net proceeds from the sale, is the excess treated as the cost of modification and recognized as a modification expense? (SFFAS 2, par. 45 & 53 & app. B, part I F (1))		

⁷⁷A gain from a modification occurs when the cost of a modification is greater than the decrease in book value of a direct loan (or increase in the liability of a loan guarantee). (SFFAS 2, par. 46, 48 note 5, 50, & 52 note 8; SFFAS 19, par. 7)

⁷⁸A loss from a modification occurs when the cost of a modification is less than the decrease in book value of a direct loan (or increase in the liability of a loan guarantee) that was discounted at the Treasury rate in effect when the loan was made. (SFFAS 2, par. 46, 48 note 5, 50, & 52 note 8; SFFAS 19, par. 17)

⁷⁹This is the present value of the net cash flows under *postmodification* terms discounted at the *current* Treasury rate.

⁸⁰This is the present value of the net cash flows under *premodification* terms discounted at the *current* Treasury rate.

⁸¹This is the present value of the loans' net cash inflows discounted at the *current* discount rate.

Section IV**Statement of Net Cost**

Costs Credit Programs (133 – 180)	Yes, No or N/A	Explanation
178. If a loan is sold with recourse, is the present value of estimated losses under the recourse or guarantee obligations recognized as a subsidy expense and as a loan guarantee liability? (SFFAS 2, par. 54)		
179. If the modification expense arising from a loan sale is greater than the book value loss, is the difference recognized as a gain? (SFFAS 2, par. 55 & app. B, part I F (2))		
180. If the modification expense arising from a loan sale is less than the book value loss, is the difference recognized as a loss? (SFFAS 2, par. 55 & app. B, part I F (2))		

Section V

Statement of Changes in Net Position

The 39 questions in this section are related to the Statement of Changes in Net Position

Question Numbers	
1. General	1 - 5
2. Budgetary Financing Sources	6 - 22
3. Other Financing Sources	23 - 39

Section V**Statement of Changes in Net Position**

General (1 – 5)	Yes, No or N/A	Explanation
<i>The Statement of Changes in Net Position reports the change in net position during the reporting period. Net position is affected by changes to its two components: Cumulative Results of Operations and Unexpended Appropriations. They are broken out into two separate columns in the Statement of Changes in Net Position. (OMB Bulletin 01-09, pp. 34 & 35, sections 5.1 & 5.2)</i>		
1. Do beginning balances of Cumulative Results of Operations and Unexpended Appropriations agree with the amounts reported as net position on the prior year's balance sheet? (OMB Bulletin 01-09, p. 35, section 5.3)		

Section V**Statement of Changes in Net Position**

General (1 – 5)	Yes, No or N/A	Explanation
2. Are “beginning balances, as adjusted,” equal to the sum of the beginning balances of net position as reported on the prior year’s balance sheet, and prior period adjustments? (OMB Bulletin 01-09, p. 36, section 5.3)		
3. When errors⁸² are discovered after the issuance of financial statements, and if the financial statements would be materially misstated absent correction of the errors, are the corrections made as follows in the statement of changes in net position? a. If only the current period statement is presented, the cumulative effect of correcting the error is reported as a prior period adjustment to the beginning balance of the cumulative results of operations. b. If comparative financial statements are presented, individual amounts on the financial statements are corrected in the earliest affected period presented. c. If the earliest period presented in the comparative financial statements is not the period in which the error occurred and the cumulative effect is attributable to prior periods, the cumulative effect is reported as a prior period adjustment to the beginning balance of cumulative results of operations in the statement of net position for the earliest period presented. (SFFAS 21, par. 10 & 11)		

⁸²Errors in financial statements result from mathematical mistakes, mistakes in the application of accounting principles, or oversight or misuse of facts that existed at the time the financial statements were prepared.

Section V**Statement of Changes in Net Position**

General (1 – 5)	Yes, No or N/A	Explanation
4. Is the nature of an error in previously issued financial statements and the effect of its correction on relevant balances disclosed? (SFFAS 21, par. 10 (c))		
5. If changes in accounting principles ⁸³ would have resulted in a change to prior period financial statements, are they handled in the following manner? a. the cumulative effect of the change on prior periods is reported as a “change in accounting principle” and reported as an adjustment to the beginning balance of the cumulative results of operations in the Statement of Changes in Net Position for the period that the change is made b. prior period financial statements presented for comparative purposes are presented as previously reported c. the nature of the changes in accounting principle and its effect on relevant balances are disclosed in the current period⁸⁴ (SFFAS 21, par. 12 & 13; SFFAS 23, par. 17 & 18)		

⁸³ A change in accounting principle is a change from one generally accepted accounting principle to another one that can be justified as preferable; this would also include changes occasioned by the adoption of new federal accounting standards.

⁸⁴ Financial statements of subsequent periods need not repeat the disclosure.

Section V**Statement of Changes in Net Position**

Budgetary Financing Sources (6 – 22)	Yes, No or N/A	Explanation
<i>The section, “Budgetary Financing Sources,” displays financing sources and nonexchange revenue that are also budgetary resources, or adjustments to these resources, as reported on the Statement of Budgetary Resources and defined as such by OMB Circular No. A-11, Part 4⁸⁵ “Instructions on Budget Execution,” as amended. (OMB Bulletin 01-09, p. 36, section 5.4)</i>		
6. Do budgetary “appropriations received” ⁸⁶ reported under “Budgetary Financing Sources” agree with the amount reported on the line item “appropriations received” in the Statement of Budgetary Resources? (OMB Bulletin 01-09, p. 36, section 5.4)		
7. Are unexpended appropriations reduced as appropriations are used? (SFFAS 7, par. 71)		
8. Are unexpended appropriations adjusted for other changes in budgetary resources, such as rescissions and transfers? (SFFAS 7, par. 71)		
9. Do “appropriations transferred in/out (+/-)” equal the amount of appropriations received in the current or prior year(s) that have been transferred in or out during the current reporting year? (OMB Bulletin 01-09, p. 36, section 5.4)		
10. Do “other adjustments” ⁸⁷ (rescissions, etc.) (+/-)” include adjustments to either cumulative results of operations or unexpended appropriations? (OMB Bulletin 01-09, p. 36, section 5.4)		
11. Are appropriations used by collecting entities to provide refunds of monies deposited to Treasury and trust funds reported under “other adjustments (rescissions, etc. (+/-))” rather than as an “appropriations used?” (OMB Bulletin 01-09, p. 36, section 5.4)		

⁸⁵OMB Circular No. A-11 superceded OMB Circular No. A-34 in June 2002 and was revised on July 25, 2003.

⁸⁶Appropriations received do not include appropriated dedicated and earmarked receipts. Dedicated and earmarked receipts are accounted for as either exchange or nonexchange revenue in accordance with SFFAS No. 7)

⁸⁷Some examples of adjustments include rescissions of appropriations and cancellations of expired appropriation expenditure accounts, which would also be included in line 6, “Permanently not Available” on the Statement of Budgetary Resources.

Section V**Statement of Changes in Net Position**

Budgetary Financing Sources (6 – 22)	Yes, No or N/A	Explanation
12. Are "appropriations used" recognized as a financing source when goods and services are received or when benefits and grants are provided? ⁸⁸ (SFFAS 7, par. 72; OMB Bulletin 01-09, p. 36, section 5.4)		
13. Is the amount of appropriations used subtracted from unexpended appropriations and added to cumulative results of operations for a net zero effect on net position as a whole? (OMB Bulletin 01-09, p. 36, section 5.4)		
14. Do "appropriations" ⁸⁹ used" exclude the following? a. undelivered orders b. unobligated appropriations c. dedicated tax receipts, earmarked receipts, and donations ⁹⁰ (OMB Bulletin 01-09, p. 36, section 5.4)		
15. Is nonexchange revenue recognized as a financing source (and not as a deduction in determining the net cost of operations)? (SFFAS 7, par. 60)		
16. Does the entity recognize nonexchange revenues, such as taxes, if it is legally entitled to the revenue? (SFFAS 7, par. 48 & 49)		

⁸⁸This is true whether the goods, services, and benefits are payable or paid as of the reporting date and whether the appropriations are used for items that are expensed or capitalized.

⁸⁹Appropriations used does not increase net position. It is subtracted from "unexpended appropriations" and added to "cumulative results of operations," which are line items on the balance sheet.

⁹⁰Those financing sources are reported as either exchange or nonexchange revenue.

Section V**Statement of Changes in Net Position**

Budgetary Financing Sources (6 – 22)	Yes, No or N/A	Explanation
17. Is nonexchange revenue recognized when the government's claim to resources can be characterized as follows? a. specifically identifiable b. legally enforceable c. reasonably estimable d. more likely than not collectable (SFFAS 7, par. 48)		
18. Is revenue recognized by the recipient entities the sum of the following? a. cash or cash equivalents transferred to them by the collecting entities b. the net change in any related interentity balances between the collecting and the receiving entities (i.e., the amount to be transferred to the recipient entities from the collecting entity or vice versa) (SFFAS 7, par. 60)		
19. Do “donations and forfeitures of cash and cash equivalents” include voluntary gifts and involuntary forfeitures of resources to the federal government by nonfederal entities? (OMB Bulletin 01-09, p. 37, section 5.4)		
20. Do “transfers-in/out without reimbursement (+/-)” under “budgetary financing sources” include intragovernmental nonappropriated ⁹¹ balance transfers in or out during the current reporting year? (OMB Bulletin 01-09, p. 37, section 5.4)		
21. Is exchange revenue (included in calculating an entity's net cost of operations) required to be transferred to the Treasury or another federal entity recognized as a transfer out? (OMB Bulletin 01-09, p. 37, section 5.4)		

⁹¹Nonappropriated balances include financing sources and revenue not reported as unexpended appropriations.

Section V

Statement of Changes in Net Position

Budgetary Financing Sources (6 – 22)	Yes, No or N/A	Explanation
22. Do “other budgetary financing sources” include other financing sources that affect budgetary resources that have not been covered by the preceding questions? (OMB Bulletin 01-09, p. 37, section 5.4)		

Section V**Statement of Changes in Net Position**

Other Financing Sources (23 – 39)	Yes, No or N/A	Explanation
<i>“Other financing sources,” displays financing sources and nonexchange revenue that do not represent budgetary resources as reported on the Statement of Budgetary Resources and defined as such by OMB Circular No. A-11, Part 4 (OMB Bulletin 01-09, p. 37, section 5.5)</i>		
23. Do the items reported in the “other financing sources” section equal the amounts reported as similar line items in the “other resources” ⁹² section on the Statement of Financing? (OMB Bulletin 01-09, p. 35, section 5.2, pp. 37 & 38, section 5.5, p. 46, section 7.2 & p. 48, section 7.3)		
24. Is revenue arising from donations of property measured at the estimated fair value of the contribution at the time of the donation? (SFFAS 6, par. 30; SFFAS 7, par. 62, OMB Bulletin 01-09, p. 37, section 5.5)		
25. Are transferred assets recorded at the book value of the transferring entity, or, if the receiving entity does not know the book value, is the asset recorded at its estimated fair value as of the date of the transfer? ⁹³ (SFFAS 7, par. 74; OMB Bulletin 01-09, p. 37, section 5.5)		
26. When assets ⁹⁴ are transferred in or out by entities without reimbursement: a. Does the receiving entity recognize the transfer-in as an increase in financing sources in its statement of net position? b. Does the transferring entity recognize the transfer out as a decrease in financing sources in its statement of changes in net position? (SFFAS 7, par. 74, OMB Bulletin 01-09, p. 37, section 5.5)		

⁹²Other resources increase net position but are not budgetary resources as reported on the “Statement of Budgetary Resources” or defined as such in OMB Circular No. A-11, Part 4. OMB Circular No. A-11 superceded OMB Circular No. A-34 in June 2002 and was revised on July 25, 2003.

⁹³FASAB Technical Bulletin 2003-1 offers specific guidance dealing with transfers arising from the creation of the Department of Homeland Security and other transfers of operations between federal entities directed by the Homeland Security Act of 2002.

⁹⁴This amount includes intragovernmental transfers in to or out of capitalized assets during the current reporting year.

Section V**Statement of Changes in Net Position**

Other Financing Sources (23 – 39)	Yes, No or N/A	Explanation
27. Does the reporting entity recognize an imputed financing source for costs funded through other federal entities as well as nonreimbursed costs of goods and services provided by other federal entities? (SFFAS 4, par. 109; SFFAS 7, par. 73; OMB Bulletin 01-09, p. 37, section 5.5)		
28. Do imputed financing costs reported on the Statement of Changes in Net Position equal the amount of imputed financing costs as reported on the statement of net cost? (OMB Bulletin 01-09, p. 37, section 5.5)		
29. Do "other financing sources" include other financing sources that do not represent budgetary resources and that have not been covered by the preceding questions (i.e., nos. 23-28)? (OMB Bulletin 01-09, p. 38, section 5.5)		
30. Is exchange revenue transferred to another government entity or to the Treasury recognized as a "transfer out" in determining the net results of operations? (SFFAS 7, par. 75)		
31. Is a gain ⁹⁵ from the modification ⁹⁶ of post-1991 loans reported as a reduction in financing source and paid to the Treasury as a "modification adjustment transfer?" (SFFAS 2, par. 48, & app. B, part I D (5))		
32. Is a loss ⁹⁷ from the modification of post-1991 loans reported as a financing source when the reporting entity receives from the Treasury a "modification adjustment transfer?" (SFFAS 2, par. 48 & app. B, part I D (5))		

⁹⁵The excess of the cost of the modification over the decrease in loan book value discounted at the Treasury rate.

⁹⁶A modification means a federal government action, including new legislation or administration action, which directly or indirectly alters the estimated subsidy cost and present value of outstanding loans or the liability of loan guarantees. (SFFAS 2, par. 41)

⁹⁷The excess of the decrease in loan book value, discounted at the Treasury rate, over the cost of the modification.

Section V**Statement of Changes in Net Position**

Other Financing Sources (23 – 39)	Yes, No or N/A	Explanation
33. Is a gain ⁹⁸ resulting from a modification of post-1991 loan guarantees reported as a reduction in financing source and paid to the Treasury as a "modification adjustment transfer?" (SFFAS 2, par. 52 & app. B, part III D (5))		
34. Is a loss ⁹⁹ resulting from a modification of post-1991 loan guarantees reported as a financing source when the reporting entity receives from the Treasury a "modification adjustment transfer" to offset the difference? (SFFAS 2, par. 52 & app. B, part III D (5))		
35. Is a gain on the sale of a post-1991 loan reported as a reduction in financing source and paid to the Treasury as a "modification adjustment transfer?" (SFFAS 2, par. 55 & app. B, part I F (2))		
36. Is a loss on the sale of a post-1991 loan reported as a financing source when the reporting entity receives from the Treasury a "modification adjustment transfer?" (SFFAS 2, par. 55 & app. B, part I F (2))		
37. Does the amount "net cost of operations" reported under cumulative results of operations agree with "net cost of operations" as reported on the Statement of Net Cost and Statement of Financing? (OMB Bulletin 01-09, p. 38, section 5.6 & p. 51, section 7.7)		
38. Is the difference between the net cost of operations and the sum of the financing sources (i.e., budgetary and other) equal to the ending balance of net position as it relates to the cumulative results of operations? (OMB Bulletin 01-09, p. 38, section 5.6)		

⁹⁸The excess of the cost of the modification over the increase in liability discounted at the Treasury rate.

⁹⁹The excess of the increase in liability, discounted at the Treasury rate, over the cost of the modification.

Section V

Statement of Changes in Net Position

Other Financing Sources (23 – 39)	Yes, No or N/A	Explanation
39. Do the ending balances of the cumulative results of operations and unexpended appropriations agree with the amounts reported as net position on the current year's balance sheet? (OMB Bulletin 01-09, p. 38, section 5.7)		

Section VI**Statement of Budgetary Resources**

The 27 questions in this section concern the Statement of Budgetary Resources.

Statement of Budgetary Resources (1 – 27)	Yes, No or N/A	Explanation
<i>The budget is the primary financial planning and control tool of the government. The Statement of Budgetary Resources and the related disclosures provide information about how budgetary resources were made available as well as their status at the end of the period. It is the only financial statement exclusively derived from an entity's budgetary general ledger, prepared in accordance with budgetary accounting rules, which are incorporated into Generally Accepted Accounting Principles (GAAP) for the federal government. (SFFAS 7, par. 77; OMB Bulletin 01-09, p. 39, section 6.1)</i>		
1. Is the recognition and measurement of budgetary information reported on the Statement of Budgetary Resources (SBR) based on budget terminology, definitions, and guidance in OMB Circular No. A-11, ¹⁰⁰ <i>Preparation, Submission and Execution of the Budget</i> , (July 2003)? (SFFAS 7, par. 78; OMB Bulletin 01-09, p. 39, section 6.1)		
2. Is information on the SBR consistent with budget execution information reported on the Report on Budget Execution and Budgetary Resources (SF 133) and with information reported in the <i>Budget of the United States Government</i> ? (OMB Bulletin 01-09, p. 39, section 6.1)		
3. Does the entity disclose and explain any material differences between comparable information contained in the three reports (i.e., SBR, SF 133 and the <i>Budget of the United States Government</i>)? (OMB Bulletin 01-09, p. 6, section 1.7 & p. 39, section 6.1)		
4. Is budgetary information aggregated for purposes of the Statement of Budgetary Resources disaggregated ¹⁰¹ for each of the reporting entity's major budget accounts and presented as required supplementary information? (SFFAS 7, par. 78; OMB Bulletin 01-09, p. 112, section 11.4)		

¹⁰⁰OMB Circular No. A-11 superceded OMB Circular No. A-34 in June 2002 and was revised on July 25, 2003.

¹⁰¹Small budgetary accounts may be aggregated.

Section VI**Statement of Budgetary Resources**

Statement of Budgetary Resources (1 – 27)	Yes, No or N/A	Explanation
5. Do the major accounts and the aggregate of small budget accounts agree, in total, with the amounts reported on the face of the Statement of Budgetary Resources? (OMB Bulletin 01-09, p. 112, section 11.4)		
6. Is the budgetary information in the SBR presented on a combined basis that is consistent with the aggregate of the account-level information presented on the SF 133s? (OMB Bulletin 01-09, p. 39, section 6.2)		
7. Are nonbudgetary credit financing accounts reported separately from the budgetary accounts? (OMB Bulletin 01-09, p. 40, section 6.3)		

Section VI**Statement of Budgetary Resources**

Statement of Budgetary Resources (1 – 27)	Yes, No or N/A	Explanation
8. Does the entity include in its SBR the following under “Budgetary Resources”? a. budget authority, including if applicable i. appropriations received ii. borrowing authority iii. contract authority iv. net transfers (+/-) v. other b. unobligated balances, including if applicable i. beginning of period balances ii. net transfers, actual (+/-) iii. anticipated transfer balances c. spending authority from offsetting collections, including, if applicable i. earned authority that is collected and/or receivable from federal services ii. changes in unfilled customer orders that are advance(s) received, and/or without advance(s) from federal sources iii. anticipated collections for the rest of the year without advances iv. transfers from trust funds d. recoveries of prior year obligations e. budgetary resources temporarily not available pursuant to public law f. budgetary resources permanently not available (OMB Bulletin 01-09, p. 41, section, 6.4; SFFAS 7, par. 77)		

Section VI**Statement of Budgetary Resources**

Statement of Budgetary Resources (1 – 27)	Yes, No or N/A	Explanation
9. Do the budgetary resources reported in this section agree with the total budgetary resources reported for all of the budget accounts on the year-end SF 133? (OMB Bulletin 01-09, p. 42, section 6.5)		
10. Does the line item “appropriations received” ¹⁰² reported on the SBR equal the amount reported as “appropriations received” on the Statement of Changes in Net Position? (OMB Bulletin 01-09, p. 36, section 5.4 & p. 43, section 6.5)		
11. Does the line item entitled “permanently not available” on the SBR include items reported under “other adjustments (rescissions, etc.)” on the Statement of Changes in Net Position? (OMB Bulletin 01-09, p. 36, section 5.4 & p. 43, section 6.5)		
12. Does the entity include the following under “Status of Budgetary Resources” on the SBR? a. obligations incurred that are i. direct and/or ii. reimbursable b. unobligated balance(s) that are i. apportioned ii. exempt from apportionment iii. otherwise available c. unobligated balance(s) not available (OMB Bulletin 01-09, p. 42, section 6.4; SFFAS 7, par. 77)		

¹⁰² Appropriations received do not include appropriated, dedicated and earmarked receipts. Dedicated and earmarked receipts, typically in special and nonrevolving trust funds, are accounted for as either exchange or nonexchange revenue in accordance with SFFAS No. 7.

Section VI**Statement of Budgetary Resources**

Statement of Budgetary Resources (1 – 27)	Yes, No or N/A	Explanation
13. Does the total amount displayed for the “status of budgetary resources” section of the SBR equal “total budgetary resources” available to the reporting entity as of the reporting date? (OMB Bulletin 01-09, p. 43, section 6.6)		
14. Does the status of budgetary resources reported on the SBR agree with the total status reported for each budget account on the year-end SF 133? (OMB Bulletin 01-09, p. 43, section 6.6)		
15. Does the entity’s SBR include the following under “Relationship of Obligations to Outlays?” a. obligated balance, net, beginning of period b. obligated balance transferred, net (+/-) c. obligated balance, net, end of period that are i. accounts receivable ii. unfilled customer orders from federal sources iii. undelivered orders iv. accounts payable d. outlays that are i. disbursements ii. collections e. less, if applicable, offsetting receipts¹⁰³ (OMB Bulletin 01-09, p. 40, section 6.3 & p. 42, section 6.4)		

¹⁰³Offsetting receipts offset budget authority and outlays at the agency level in the Budget of the United States Government, but are not reflected in budget execution reports (SF 133s), which provide account-level information only. Since the SBR is an agencywide report, offsetting receipts must be included to reconcile to information in the *Budget of the United States Government*.

Section VI**Statement of Budgetary Resources**

Statement of Budgetary Resources (1 – 27)	Yes, No or N/A	Explanation
16. Do the outlays ¹⁰⁴ reported in “Relationship of Obligations to Outlays” section agree with the agency outlay totals reported in the <i>Budget of the United States Government</i> ? ¹⁰⁵ (OMB Bulletin 01-09, p. 43, section 6.7)		
17. Do the outlays also agree with the aggregate of outlays reported on the year-end SF 133 for all budget accounts, including nonbudgetary financing accounts and the disbursements and collections reported to Treasury on a monthly basis ¹⁰⁶ as per OMB Circular No. A-11? ¹⁰⁷ (OMB Bulletin 01-09, p. 43, section 6.7)		
<i>Offsetting receipts are collections that are credited to general fund, special fund, or trust fund receipt accounts and that offset gross outlays. Unlike offsetting collections, which are credited to expenditure accounts and offset outlays at the account level, offsetting receipts are credited to receipt accounts and offset outlays at the agency or governmentwide level.</i> <i>Offsetting receipts may be distributed or undistributed to agencies. Distributed offsetting receipts offset the outlays of the agency, while undistributed offsetting receipts offset governmentwide outlays. Distributed offsetting receipts typically offset the outlays of the agency that conducts the activity, generating the receipts and the subfunction to which the activity is assigned. Offsetting receipts are composed of proprietary receipts from the public, receipts from intragovernmental transactions, and offsetting governmental receipts. (OMB Bulletin 01-09, pp. 43 & 44, section 6.7)</i>		
18. Does the line item “offsetting receipts” on the SBR include all distributed offsetting receipts for the agency? ¹⁰⁸ (OMB Bulletin 01-09, p. 44, section 6.7)		

¹⁰⁴Outlays consist of disbursements net of offsetting collections.

¹⁰⁵That is, do the outlays agree with the aggregate of the outlays for accounts within the *Budget of the United States Government*?

¹⁰⁶Agencies report their disbursements and collections using the SF 224, Statement of Transactions; SF 1219, Statement of Accountability; and SF 1220, Statement of Transactions.

¹⁰⁷OMB Circular No. A-11 superceded OMB Circular No. A-34 in June 2002 and was revised on July 25, 2003.

¹⁰⁸A list of distributed offsetting receipt accounts can be found in the *Treasury Annual Report Appendix*, Part 4, Other Information.

Section VI**Statement of Budgetary Resources**

Statement of Budgetary Resources (1 – 27)	Yes, No or N/A	Explanation
19. Does the agency include the following receipt accounts from the <i>Treasury Annual Report Appendix</i> , Part 4, <i>Other Information/Receipts by Department</i> , in the SBR? a. Proprietary Receipts from the Public b. Intrabudgetary Receipts Deducted by Agencies c. Offsetting Governmental Receipts (OMB Bulletin 01-09, p. 44, section 6.7)		
20. Is the amount of distributed offsetting receipts reported in SBR the aggregate of cash collected in these receipt accounts and reported to Treasury on a monthly basis? ¹⁰⁹ (OMB Bulletin 01-09, p. 44, section 6.7)		
21. Does the amount of offsetting receipts that are distributed to agencies and reported on the SBR agree with the deductions for offsetting receipts as reported in the <i>Budget of the United States Government</i> , if available by the time the financial statements must be finalized and submitted (OMB Bulletin 01-09, p. 44, section 6.7)		
22. Are undistributed offsetting receipts, which are credited to governmentwide outlay totals, excluded from the SBR? (OMB Bulletin 01-09, p. 44, section 6.7)		
23. Do the net outlays in the SBR agree with the net outlays ¹¹⁰ as reported in the <i>Budget of the United States Government</i> , if available by the time the financial statements must be finalized and submitted? (OMB Bulletin 01-09, p. 44, section 6.7)		

¹⁰⁹ Agencies use the SF 224, Statement of Transactions; SF 1219, Statement of Accountability; and SF 1220, Statement of Transactions.

¹¹⁰ Net outlays are equal to gross outlays less offsetting collections and receipts.

Section VI

Statement of Budgetary Resources

Statement of Budgetary Resources (1 – 27)	Yes, No or N/A	Explanation
24. Does the entity disclose the amount of direct and reimbursable obligations incurred against amounts apportioned under category ¹¹¹ “A,” “B,” and “exempt from apportionment”? (OMB Bulletin 01-09, p. 93, section 9.27)		
25. Does the disclosure of the amount of direct and reimbursable obligations incurred against amounts apportioned under category ¹¹² “A,” “B,” and “exempt from apportionment” agree with the aggregate of the related information as reported on the agency’s year-end SF 133, and the amounts reported under direct and reimbursable obligations incurred, reported on the SBR? (OMB Bulletin 01-09, p. 93, section 9.27)		

¹¹¹Apportionment categories are to be determined in accordance with guidance provided in OMB Circular No. A-11, Part 4, *Instructions on Budget Execution*, which superceded Circular No. A-34.

¹¹²Apportionment categories are to be determined in accordance with guidance provided in OMB Circular No. A-11, Part 4 *Instructions on Budget Execution*, which superceded Circular No. A-34.

Section VI**Statement of Budgetary Resources**

Statement of Budgetary Resources (1 – 27)	Yes, No or N/A	Explanation
26. Does the entity disclose the following information related to the status of budgetary resources? a. the amount of budgetary resources obligated for undelivered orders at the end of the period b. available borrowing and contract authority at the end of the period c. repayment requirements, financing sources for repayment, and other terms of borrowing authority used d. amounts adjusted to “budgetary resources available at the beginning of the year,” during the reporting period, as well as an explanation of the adjustments e. existence, purpose, and availability of permanent, indefinite appropriations f. information about legal arrangements affecting the use of unobligated balances of budget authority, such as time limits, purpose, and obligation limitations g. explanations of any material differences between the budgetary resources reported in the SBR and "actual" amounts in the <i>Budget of the United States Government</i>¹¹³ h. the amount of unfunded liabilities, and an explanation that includes identification of balance sheet components, when unfunded liabilities do not equal the total financing sources yet to be provided i. the amount of any capital infusion received during the reporting period (SFFAS 7, par. 79 & 209-212; OMB Bulletin 01-09, p. 93 & 94, sections 9.27-9.34)		

¹¹³FASAB Technical Bulletin 2002-2 indicates what disclosures should be made when the entity issues financial statements for a given year before the *Budget of the United States Government* with actual budget numbers for the same fiscal year is published.

Section VI**Statement of Budgetary Resources**

Statement of Budgetary Resources (1 – 27)	Yes, No or N/A	Explanation
27. In order to ensure consistency between the information presented in the SBR and the <i>Budget of the United States Government</i> , does the entity do the following? a. post all known audit adjustments to the Federal Agencies Centralized Trial-balance System II (FACTS II) during the window of time specified for posting corrections to the budget information b. post all known audit adjustments to OMB's MAX A-11 budget preparation system during the time frames provided by OMB (OMB Bulletin 01-09, pp. 5 & 6, section 1.7)		

Section VII

Statement of Financing

The 27 questions in this section are related to the Statement of Financing.

	Question Numbers
1. Resources Used to Finance Activities	1 - 8
2. Resources Used to Finance Items Not Part of the Net Cost of Operations	9 - 14
3. Components of the Net Cost of Operations that Will Not Require or Generate Resources in the Current Period Resources	15 - 24
4. Disclosure Items	25 - 27

Section VII**Statement of Financing**

Resources Used to Finance Activities (1 – 8)	Yes, No or N/A	Explanation
		<i>The Statement of Financing is the bridge between an entity's budgetary and financial (i.e., proprietary) accounting. The Statement of Financing articulates the relationship between net obligations derived from an entity's budgetary accounts and net cost of operations derived from the entity's proprietary accounts by identifying and explaining key differences between the two numbers.</i> <i>Most entity transactions are recorded in both budgetary and proprietary accounts. However, because different accounting bases are used for budgetary and proprietary accounting, some transactions may appear in only one set of accounts (e.g., accrual of environmental and disposal liabilities, which is recorded only in the proprietary records). Furthermore, not all obligations or offsetting collections may result in expenses or exchange revenue (e.g., purchase of a building is capitalized on the balance sheet in the proprietary accounts but obligated and outlayed in the budgetary accounts).</i> <i>The statement is structured to first identify total resources used by an entity during the period (budgetary and other) and then make adjustments to the resources based upon how they were used to finance net obligations or net cost. Budgetary resources reported in this statement are those resources as defined in OMB Circular No. A-11¹¹⁴ and are also reported on the Statement of Budgetary Resources. Other resources reported in this statement are also reflected in the Statement of Changes in Net Position. (OMB Bulletin 01-09, p. 45, section 7.1; SFFAS 7, par. 80 & 95)</i> <i>The section "Resources Used to Finance Activities" reflects the budgetary resources obligated and other resources that are used to finance the activities of the agency. The obligations of budgetary resources are net of offsetting collections, recoveries, and offsetting receipts. The other resources are financing sources that increase net position but are not budgetary resources. Every line item in this section is mirrored on either the Statement of Budgetary Resources or the Statement of Changes in Financial Position. (OMB Bulletin 01-09, p. 47, section 7.3)</i>
1. Is the budgetary information used to calculate net obligations¹¹⁵ in the "Resources Used to Finance Activities" section of the Consolidated Statement of Financing, presented on a combined basis¹¹⁶ to enable agreement with similar amounts reported on the Statement of Budgetary Resources? (OMB Bulletin 01-09, p. 6, section 1.8 & p. 46, section 7.1)		

¹¹⁴OMB Circular No. A-11, Part 4, *Instructions on Budget Execution*, has superseded OMB Circular No A-34.

¹¹⁵The budgetary information includes the line items (1) "obligations incurred," (2) "Less: spending authority from offsetting collections and recoveries," (3) "obligations net of offsetting collections and recoveries," and 4) "less: offsetting receipts."

¹¹⁶A combined basis means the aggregation of account-level information as opposed to a consolidation that implies the elimination of inter-account transactions.

Section VII**Statement of Financing**

Resources Used to Finance Activities (1 – 8)	Yes, No or N/A	Explanation
2. Does the amount reported as “obligations incurred” equal the obligations incurred ¹¹⁷ line item as reported on the Statement of Budgetary Resources, and does this include all budget accounts, including nonbudgetary financing accounts? (OMB Bulletin 01-09, p. 47, section 7.3)		
3. Does the line item “less: spending authority from offsetting ¹¹⁸ collections and recoveries” ¹¹⁹ agree with the spending authority from offsetting collections and recoveries as reported on the Statement of Budgetary Resources, and does this include all budget accounts, including nonbudgetary financing accounts? (OMB Bulletin 01-09, p. 47, section 7.3)		
4. Is “Obligations net of offsetting collections and recoveries” equal to the difference between “obligations incurred” and “spending authority from offsetting collections and recoveries?” (OMB Bulletin 01-09, p. 48, section 7.3)		
5. Does the amount reported as “less: offsetting receipts” equal the offsetting receipts ¹²⁰ line item as reported on the Statement of Budgetary Resources? (OMB Bulletin 01-09, p. 48, section 7.3)		
6. Do “net obligations” ¹²¹ equal the difference between “obligations net of offsetting collections and recoveries” and “offsetting receipts?” (OMB Bulletin 01-09, p. 48, section 7.3)		

¹¹⁷This is not to be confused with total budgetary resources; e.g., with total appropriations received and available, as the statement of financing is not concerned with total resources or restrictions on OMB’s ability to apportion or the agency’s ability to allot total resources. (SFFAS 7 Implementation Guide (April 2002), par. 14)

¹¹⁸“Offsetting” in the term “offsetting collections” means that the resources generated by the collecting activity are added to the expenditure accounts and hence “offset” gross obligations. (SFFAS 7 Implementation Guide (April 2002), par. 22)

¹¹⁹Recoveries are budgetary resources that offset obligations on the Statement of Budgetary Resources, but are not a proprietary financing source used to offset costs on the Statement of Net Cost. (OMB Bulletin 01-09, p. 49, section 7.4)

¹²⁰Offsetting receipts differ from “offsetting collections.” Offsetting collections are included in the entity’s expenditure account and thus are usually available for spending for the purposes of the account without further action by Congress. (SFFAS 7 Implementation Guide (April 2002), par. 23)

¹²¹Net obligations reflect obligations incurred net of offsetting collections, recoveries, and offsetting receipts.

Section VII

Statement of Financing

Resources Used to Finance Activities (1 – 8)	Yes, No or N/A	Explanation
7. Does the entity’s Statement of Financing include other nonbudgetary resources used to finance activities, and do the line item amounts as reported on the Statement of Financing equal the following corresponding line item amounts reported as “other financing sources” on the Statement of Changes in Net Position? a. donations and forfeitures of property b. transfers in/out without reimbursement c. imputed financing from costs absorbed by others d. other (OMB Bulletin 01-09, p. 48, section 7.3)		
8. Is “total resources used to finance activities” equal to the sum of net obligations¹²² and net other (nonbudgetary) resources used to finance activities? (OMB Bulletin 01-09, p. 46, section 7.2)		

¹²²One of the reasons that net obligations does not equal the amount of the net cost of operations is that there are resources that are not reported in the *Budget of the United States Government* that may finance the net cost of operations or other activities of the agency.

Section VII**Statement of Financing**

Resources Used to Finance Items Not Part of the Net Cost of Operations (9 – 14)	Yes, No or N/A	Explanation
<i>The section, “Resources Used to Finance Items Not Part of the Net Cost of Operations,” in the Statement of Financing adjusts total resources used to finance the activities of the entity to account for items that were included in net obligations and other resources, but which were not part of the net cost of operations. This section would include items in which the expense was recognized in a prior period but the budgetary resource and obligation are recognized in the current period (e.g., upward/downward reestimates of subsidy expense accrued in the prior period but obligated in the current period). It would also include budgetary resources and obligations recognized in the current period that do not affect the net cost of operations (e.g., the acquisition of assets reflected in net obligations but not in net cost of operations for the period). (OMB Bulletin 01-09, p. 48, section 7.4)</i>		
9. Does the line item, “change in budgetary resources obligated for goods, services, and benefits ordered but not yet provided (+/-),”¹²³ reflect undelivered orders, or adjustments thereof, that are included in net obligations, but which are not part of the net cost of operations? (OMB Bulletin 01-09, p. 48, section 7.4)		

¹²³This line item is used to explain the difference between the total resources used to finance activities and the net cost of operations because of the change in “budgetary resources obligated for goods, services, and benefits ordered but not yet provided,” i.e., “undelivered orders.” Undelivered orders are part of “obligations incurred,” but they do not affect the net cost of operations. Thus, for a transaction involving the placing a \$100 undelivered order, obligations incurred would increase by \$100 but would be shown as a negative or a reduction to total resources used to finance activities. (SFFAS 7 Implementation Guide (April 2002), par. 53-55)

Section VII**Statement of Financing**

Resources Used to Finance Items Not Part of the Net Cost of Operations (9 – 14)	Yes, No or N/A	Explanation
10. Does the line item, “resources that fund expenses recognized in prior periods,” ¹²⁴ reflect the obligation of resources that were part of the net cost of operations in a prior period? (OMB Bulletin 01-09, p. 48, section 7.4)		
11. Do the line items included under “budgetary offsetting collections and receipts that do not affect net cost of operations” reflect offsetting collections and receipts ¹²⁵ that are not reported as exchange revenue in the Statement of Net Cost? (OMB Bulletin 01-09, pp. 48 & 49, section 7.4)		

¹²⁴This line item is used to explain differences in resources and net cost of operations caused by expenses, which were accrued in previous periods but paid in the current period. If, for example, the amount of annual leave taken or obligated was worth \$250 but the amount of annual leave earned (i.e., expensed) for the period was \$200, the difference of \$50 between obligation and expense would be shown as a negative. (SFFAS 7 Implementation Guide (April 2002), par. 56-58)

¹²⁵Examples of offsetting collections and receipts that are not exchange revenue are (1) collections of subsidy expenses for post –1991 credit programs, (2) collections of exchange revenue receivable from the public, and (3) advances (i.e., unfilled customer orders) for work not performed, with the caveat that in most cases, orders from the public without advances cannot be accepted. This line item is usually shown as a positive, the opposite (i.e., negative) of what is included under the line item, “less: spending authority from offsetting collections and recoveries,” unless there is a net decrease in unfilled customer orders. (SFFAS 7 Implementation Guide (April 2002), par. 59-61)

Section VII**Statement of Financing**

Resources Used to Finance Items Not Part of the Net Cost of Operations (9 – 14)	Yes, No or N/A	Explanation
12. Does the line item, “resources that finance the acquisition of assets,” reflect budgetary resources obligated ¹²⁶ that are not expenses as reported on the Statement of Net Cost? (OMB Bulletin 01-09, p. 49, section 7.4)		
13. Does the agency include under the line item, “Other resources or adjustments to net obligated resources that do not affect net cost of operations,” activities ¹²⁷ not otherwise classified under the line items in this section of the Statement of Financing? (OMB Bulletin 01-09, p. 49, section 7.4)		
14. Does the line item, “total resources used to finance the net cost of operations,” consist of the difference between the line items “total resources used to finance activities” and “total resources used to finance items not part of the net cost of operations?” (OMB Bulletin 01-09, p. 46, section 7.2 & p. 48, section 7.4)		

¹²⁶ An example of this activity is the purchase of capital assets. (SFFAS 7 Implementation Guide (April 2002), par. 62)

¹²⁷ This activity may include noncash recoveries of prior year obligations. Recoveries are budgetary resources that offset obligations on the Statement of Budgetary Resources, but which are not a proprietary financing source used to offset costs on the Statement of Net Cost.

Section VII**Statement of Financing**

Components of the Net Cost of Operations that Will Not Require or Generate Resources in the Current Period (15– 24)	Yes, No or N/A	Explanation
<i>The section, “Components of the Net Cost of Operations that will not Require or Generate Resources in the Current Period,” identifies (1) items that are recognized as a component of the net cost of operations (i.e., current period expenses and exchange revenues) for which budgetary resources (and related obligations) will not be provided (or incurred) until a subsequent period and (2) items (i.e., current period expenses) that are recognized as a part of the net cost of operations for the period but will not generate or require the use of resources in the current period. (OMB Bulletin 01-09, p. 49, section 7.5 & p. 50, section 7.6)</i>		
15. Does the line item, “increase in annual leave liability,” include the expense related to the increase ¹²⁸ in annual leave liability for which the budgetary resources will be provided in a subsequent period? (OMB Bulletin 01-09, p. 50, section 7.5)		
16. Does the line item, “increase in environmental and disposal liability,” include the expense related to the increase in environmental and disposal liability for which the budgetary resources will be provided in a subsequent period? (OMB Bulletin 01-09, p. 50, section 7.5)		
17. Does the line item “upward/downward reestimates of credit subsidy expense (+/-),” include the expense recognized as a result of an upward(+) or downward(-) reestimate of credit program subsidy cost for which budgetary resources (or obligations) will be provided (or incurred) in a subsequent period? ¹²⁹ (OMB Bulletin 01-09, p. 50, section 7.5)		
18. Are these credit subsidy reestimates reflected as liabilities covered by budgetary resources? ¹³⁰ (OMB Bulletin 01-09, p. 50, section 7.5)		

¹²⁸An increase in annual leave liability has no effect on budgetary accounts, because it is not funded on an accrual basis. It is financed when it is taken and the amounts are paid to employees who took the leave. Thus, budgetary resources are zero, but the net cost of operations includes the amount of accrued leave. (SFFAS 7 Implementation Guide (April 2002), par. 40)

¹²⁹The Credit Reform Act of 1990, as amended, provides that agencies will receive subsidies to cover defaults and other situations for direct loans and loan guarantees obligated after September 30, 1991. (SFFAS 7 Implementation Guide (April 2002), par. 66)

¹³⁰Budget authority to fund reestimates is permanent and indefinite and no further congressional action is needed to provide the resources.

Section VII**Statement of Financing**

Components of the Net Cost of Operations that Will Not Require or Generate Resources in the Current Period (15– 24)	Yes, No or N/A	Explanation
19. Does the line item, “increase in exchange revenue receivable from the public,” include exchange revenue recognized as a component ¹³¹ of the net cost of operations for the period? (OMB Bulletin 01-09, p. 50, section 7.5)		
20. Does the entity report as “other” under the section “Components Requiring or Generating Resources in Future Periods,” all other expenses and exchange revenue not specifically mentioned in the preceding questions that do not require or generate resources in the current period but will do so in a subsequent period? (OMB Bulletin 01-09, p. 50, section 7.5)		
21. Does the line item, “depreciation and amortization,” reflect the current period usage of assets ¹³² or amortization of liabilities ¹³³ for which budgetary resources were obligated in a prior period? (OMB Bulletin 01-09, p. 50, section 7.6)		
22. Does the line item, “revaluation of assets and liabilities,” include gains and losses recognized ¹³⁴ during the revaluation of assets or liabilities? (OMB Bulletin 01-09, p. 50, section 7.6;)		

¹³¹ Absent specific legislation to the contrary, public receivables do not count as budgetary resources until they are collected. Hence, the revenue related to accruals of those resources is not reflected in offsetting collection activity at the time they are accrued. (SFFAS 7 Implementation Guide (April 2002) par. 70)

¹³² Budgetary resources are obligated when the asset is acquired, not when it is depreciated or used up. No budgetary resources are used when an asset is depreciated. (SFFAS Implementation Guide, par. 44)

¹³³ Budgetary resources are obligated when an allowance (i.e., liability or contra-asset) for a subsidy is set up, and as the estimated expenses are realized the allowance account is amortized. The budgetary accounts, which have already recognized the obligation and offsetting collection for subsidy expense, are not affected by the transaction. (SFFAS 7 Implementation Guide (April 2002), par. 92)

¹³⁴ Gains are shown as a negative; losses are shown as a positive.

Section VII**Statement of Financing**

Components of the Net Cost of Operations that Will Not Require or Generate Resources in the Current Period (15– 24)	Yes, No or N/A	Explanation
23. Does the entity report as “other” under the section “components not requiring or generating resources,” all other expenses ¹³⁵ and exchange revenue not specifically mentioned in the preceding questions that will not require or generate resources in the current or future periods? (OMB Bulletin 01-09, p. 50, section 7.5)		
24. Does the sum of the line items “total resources used to finance net cost of operations” and “total components of net cost of operations that will not require or generate resources in the current period” agree with the net cost of operations as reported in the Statement of Net Cost as well as the Statement of Changes in Net Position? (OMB Bulletin 01-09, p. 51, section 7.7)		

¹³⁵ An example of this would be default expenses of pre-credit reform (or pre-1992) loans.

Section VII**Statement of Financing**

Disclosure Items (25– 27)	Yes, No or N/A	Explanation
25. Has the entity identified and explained in a note to the financial statements the relationship between amounts reported as “liabilities not covered by budgetary resources” reported on the Balance Sheet and amounts reported as “components requiring or generating resources in future periods” on the Statement of Financing? (OMB Bulletin 01-09, p. 94, section 9.35)		
<i>When budget authority and other resources are allocated to another agency or bureau,¹³⁶ the parent (transferor of the appropriation) should report the activity in its financial statements unless the allocation transfer is material to the child’s (recipient of the transfer) financial statements. If the allocation transfer is material to the child’s financial statements, the child entity should report the activity relating to the allocation in all of its financial statements, except the Statement of Budgetary Resources (SBR). In this case, the parent entity should continue to report the appropriation and the related budgetary activity in its SBR. It is the responsibility of the parent to ensure that the reporting to Treasury, through FACTS I, is consistent with the presentation in the financial statements. (OMB Bulletin 01-09, p. 94, section 9.36)</i>		
26. When the child entity reports material allocation transfers in its Statement of Net Cost, do both the parent and the child report a reconciling item on their respective Statements of Financing? (OMB Bulletin 01-09, p. 95, section 9.36)		
27. Do both parent and child entities provide a general description of the funds transferred or received, including the nature and purpose of the transfer and any additional details deemed necessary? (OMB Bulletin 01-09, p. 95, section 9.36)		

¹³⁶See OMB Circular No. A-11, sections 20.4 (I) and 71.6

Section VIII

Statement of Custodial Activity

The 27 questions in this section are related to the Statement of Custodial Activity.

	Question Numbers
1. General	1 - 2
2. Sources of Collections	3 - 10
3. Disposition of Collections	11 - 15
4. Disclosures	16 - 19
5. Dedicated Collections and Other Accompanying Information	20 - 27

Section VIII**Statement of Custodial Activity**

General (1– 2)	Yes, No or N/A	Explanation
<i>Entities that collect nonexchange revenue for the General Fund of the Treasury, a trust fund, or other recipient entities account for the sources and disposition of these collections in a Statement of Custodial Activity.</i> <i>An exception to requiring preparation of the Statement of Custodial Activity is made when collecting entities have custodial collections that are immaterial and incidental to their primary mission. In these cases, the sources and disposition of the collections may be disclosed in accompanying footnotes. (OMB Bulletin 01-09, p. 52, section 8.1)</i>		
1. If some of the nonexchange revenue is transferred to others and some of the nonexchange revenue is retained as a reimbursement for the costs of collection, are the transferred amounts reported on the Statement of Custodial Activity, and are the retained amounts reported on the Statement of Net Cost? (OMB Bulletin 01-09, p. 52, section 8.1)		
2. If the entity collects <i>exchange</i> revenue (e.g., rents and royalties) on behalf of other entities and recognizes virtually no costs in connection with earning that revenue, does the entity account for it as a custodial activity? (SFFAS 7, par. 45)		

Section VIII**Statement of Custodial Activity**

Sources of Collections (3– 10)	Yes, No or N/A	Explanation
3. Are the following transactions recognized as taxes and other nonexchange revenues from the public? a. individual and corporate income taxes, social insurance taxes and contributions, excise taxes, estate and gift taxes, and customs duties b. social insurance taxes and contributions paid by federal employees c. deposits by states for unemployment trust funds d. user fees and harbor maintenance trust fund payments e. customs service fees f. deposits of earnings from the Federal Reserve System g. donations, except types of PP&E that are expensed h. fines and penalties i. penalties due to delinquent taxes in connection with custodial activity j. forfeitures (SFFAS 7, par. 49; SFFAS 7, Appendix B, par. 242 - 264)		
4. Does the collecting entity measure taxes and duties on a cash basis and then modify that with an accrual adjustment to determine the amount of revenue to be recognized? (SFFAS 7, par. 49 & 52; OMB Bulletin 01-09, p. 54, section 8.3)		
5. Except for deposits, are cash collections¹³⁷ based on amounts actually received during the fiscal period including withholdings, estimated payments, final payments, and collections of receivables? (SFFAS 7, par. 50 & 59)		

¹³⁷Cash collections include any amounts paid in advance of due dates unless they are deposits. Deposits are amounts voluntarily paid to reporting entities, such as those made to stop the accrual of interest or those made pending settlements and judgments. Such Deposits are separately recognized as deposit liabilities.

Section VIII**Statement of Custodial Activity**

Sources of Collections (3– 10)	Yes, No or N/A	Explanation
6. Are the components of cash collections classified by source and nature of collection, such as by type of tax or duty? (OMB Bulletin 01-09, pp. 53 & 54, section 8.3)		
7. Are cash refunds of nonexchange revenue based on refunds of taxes and duties during the period? (SFFAS 7, par. 51)		
8. Do cash refunds of nonexchange revenue for taxes and duties include refund offsets ¹³⁸ and drawbacks? ¹³⁹ (SFFAS 7, par. 51)		
9. Are cash refunds, if material in relation to gross collections, disclosed separately by component in the notes to the financial statement? (OMB Bulletin 01-09, p.54, section 8.3)		
10. Are accrual adjustments, ¹⁴⁰ if material in relation to gross collections, disclosed separately in the notes to the financial statement? (SFFAS 7, par. 52; OMB Bulletin 01-09, p. 54, section 8.3)		

¹³⁸ Refund offsets are amounts withheld from refunds on behalf of other agencies and paid to such agencies.

¹³⁹ Drawbacks are refunds of duties paid on imported goods that are subsequently exported or destroyed.

¹⁴⁰ Accrual adjustments, which modify the net of cash collections and refunds to determine the amount of revenue recognized, are the net increases or decreases during the reporting period in accounts receivable, allowance for uncollectable accounts, and accounts payable for refunds.

Section VIII**Statement of Custodial Activity**

Disposition of Collections (11– 15)	Yes, No or N/A	Explanation
11. Do the amounts transferred to others, reported in the “disposition of collections” section, identify the specific agencies to which collections were transferred and the amounts transferred? (OMB Bulletin 01-09, p. 53, section 8.2 & p. 54, section 8.4)		
12. Does the collecting entity report the change in liability for accrued and collected revenue yet to be transferred? (OMB Bulletin 01-09, p. 53, section 8.2 & p. 54, section 8.4)		
13. Are the amounts of refunds and other payments made reported separately in the “disposition of collections” section of the Statement of Custodial Activity? (OMB Bulletin 01-09, p. 53, section 8.2 & p. 54, section 8.4)		
14. Are collections retained by the entity separately reported as exchange revenue in the Statement of Net Cost and treated as a disposition of collections revenue in the statement of custodial activity? (OMB Bulletin 01-09, p. 52, section 8.1, p. 53, section 8.2. & p. 54, section 8.4)		
15. In the Statement of Custodial Activity, do total sources of collections equal total disposition of collections (revenue) so that the net custodial activity is zero? (OMB Bulletin 01-09, p. 54, section 8.5)		

Section VIII**Statement of Custodial Activity**

Disclosures (16– 19)	Yes, No or N/A	Explanation
16. If custodial revenues are immaterial and incidental to the entity's primary mission and are not reported separately on the Statement of Custodial Activity, are the sources and amounts of the collections and amounts to be distributed to others disclosed? (OMB Bulletin 01-09, p. 52, section 8.1 & p. 95, section 9.37)		
17. Does the collecting entity disclose and explain the following information? a. the basis of accounting when application of the general rule for recognizing nonexchange revenue (i.e., specifically identifiable, legally enforceable, and reasonably estimable) results in a modified cash basis of accounting b. the specific potential accruals that are not made as a result of using the modified cash basis accounting c. the practical and inherent limitations affecting the accrual of taxes and duties d. the use of accrual-based accounting, if applicable (SFFAS 7, par.48 & 64)		
18. Do entities that collect taxes and duties disclose the following information in a note or narrative? a. basis of accounting b. factors affecting the collectibility and timing of taxes and other nonexchange revenues c. cash collections and refunds by tax year and type of tax for the reporting period (SFFAS 7, par. 65.1 & 65.3; OMB Bulletin 01-09, p. 95, section 9.38)		
19. If trust fund revenues are not recorded in accordance with applicable law, do the collecting and recipient entities disclose the reasons? (SFFAS 7, par. 66)		

Section VIII**Statement of Custodial Activity**

Dedicated Collection and Other Accompanying Information (20– 27)	Yes, No or N/A	Explanation
<i>Dedicated collections are funds held with the expectation that they will be held for and applied to the purposes for which the funds were dedicated. Such funds include all funds within the budget classified as trust funds, those funds within the budget that are classified as “special funds” but that are similar in nature to trust funds, and those funds within the federal universe (inside or outside the budget) that are fiduciary in nature. (SFFAS 7, par. 83; OMB Bulletin 01-09, p. 95, section 9.39)</i>		
20. Does the management of a reporting entity identify, track, and disclose the receipts and expenditures of dedicated trust funds, "special funds," and fiduciary or deposit funds (both inside and outside the budget) for which it is responsible? (SFFAS 7, par. 83; OMB Bulletin 01-09, pp. 95 & 96, section 9.39)		
21. Does management provide separate financial information about these dedicated funds if they are material to the reporting entity, the beneficiary, or the contributors? (SFFAS 7, par. 84; OMB Bulletin 01-09, pp. 95 & 96, section 9.39)		

Section VIII**Statement of Custodial Activity**

Dedicated Collection and Other Accompanying Information (20– 27)	Yes, No or N/A	Explanation
22. Is the following information reported for individual funds that account for dedicated collections? a. a description of each fund’s purpose, how the administrative entity accounts for and reports the fund, and its authority to use those collections b. the sources of revenue or other financing for the period and an explanation of the extent to which they are inflows of resources to the government or the result of intragovernmental flows c. condensed information about assets and liabilities showing investments in Treasury securities, other assets, liabilities due and payable to beneficiaries, other liabilities, and fund balance d. condensed information on net cost and changes to fund balance showing revenues by type (exchange or nonexchange), program expenses, other expenses, other financing sources, and other changes in fund balance e. the amounts of any revenues—other financing sources or costs attributable to the fund under accounting standards—that are not legally allowable as credits or charges to the fund (SFFAS 7, par. 85; OMB Bulletin 01-09, pp. 95 & 96, section 9.39)		
23. If revenues, other financing sources, or costs (such as item "e" of the previous question) are associated with but not legally allowable to a fund, does the larger reporting entity of which the fund is a component recognize them? (SFFAS 7, par. 86; OMB Bulletin 01-09, p. 96, section 9.39)		

Section VIII**Statement of Custodial Activity**

Dedicated Collection and Other Accompanying Information (20– 27)	Yes, No or N/A	Explanation
24. If more than one reporting entity is responsible for carrying out a program financed with dedicated collections, does the entity with the largest share of the activity take responsibility for reporting all revenues, other financing sources, assets, liabilities, and costs of the fund? (SFFAS 7, par. 87)		
25. If information on actual collections is not currently available from the collecting entity, do the trust funds that are legally entitled to receive only excise taxes that are actually collected by the collecting entity recognize revenue from excise taxes on the basis of assessments in lieu of excise taxes actually collected? (SFFAS 7, par. 60.1)		
26. Is the amount of revenue accrued and recognized by the social security trust fund based on the best available information (i.e., on the basis of the higher of the amount of Internal Revenue Service (IRS) assessments or the amounts actually reported by employers to Social Security)? (SFFAS 7, par. 60.2)		

Section VIII**Statement of Custodial Activity**

Dedicated Collection and Other Accompanying Information (20– 27)	Yes, No or N/A	Explanation
27. Does the collecting entity report the following as other accompanying information? a. income tax burden borne by different classes of taxpayers and the effects of tax rates, deductions, credits, etc. (required of IRS) b. available information on the size of the tax gap, including i. explicit definitions of the estimated amounts reported (e.g., whether the tax gap includes estimates on illegally earned income) ii. appropriate explanations of the limited reliability of the estimates iii. cross references to portions of the tax gap due from identified noncompliant taxpayers and importers c. appropriate explanations and qualifications, if information about tax expenditures related to entity programs is present d. a description of the basis for the estimates and appropriate cautionary language about reliability, if information about estimated directed flows of resources related to an entity's programs is presented (SFFAS 7, par. 69.1 - 69.4; OMB Bulletin 01-09, p. 114 section 12.3 & p. 115, section 12.4)		

Section IX**Notes to Financial Statements**

The five questions in this section are related to the disclosure of significant accounting policies.

Notes to Financial Statements (1– 5)	Yes, No or N/A	Explanation
1. Is a description of the reporting entity presented in the disclosure of significant accounting policies, along with identification of the entity's major components? (OMB Bulletin 01-09, p. 55, section 9.1)		
2. Does the entity identify and describe accounting principles it follows, and methods of applying those principles in a note to the financial statements? (OMB Bulletin 01-09, p. 55, section 9.1)		
3. Does the entity's disclosure of its accounting policies include its rationale for the valuation, recognition, and allocation of assets, liabilities, expenses, revenues, and other financing sources? (OMB Bulletin 01-09, p. 55, section 9.1)		
4. Does the entity disclose any significant changes in its composition or manner in which it aggregates information for financial reporting purposes? (OMB Bulletin 01-09, p. 55, section 9.1)		
5. If changes in the composition of the reporting entity or manner in which the reporting entity aggregates information for financial reporting purposes, in effect, result in a new reporting entity, has the entity restated financial statements for all prior periods presented to correspond to the changes? (OMB Bulletin 01-09, pp. 55 & 56, section 9.1)		

Section X

Supplementary Information

The questions related to the Supplementary Information are organized in the following eight categories.

	Question Numbers
1. Required Supplementary Stewardship Information: Property, Plant, & Equipment	1 - 14
2. Required Supplementary Stewardship Information: Stewardship Investments	15 - 42
3. Required Supplementary Information: Risk-Assumed Information	43
4. Required Supplementary Information: Custodial Activity	44 - 45
5. Required Supplementary Information: Segment Information	46 - 47
6. Required Supplementary Information Management's Discussion and Analysis	48 - 61
7. Required Supplementary Information: Deferred Maintenance	62 - 65
8. Required Supplementary Information: Intragovernmental Amounts	66 - 78

See Section XI for Social Insurance Information

Section X**Supplementary Information**

Required Supplementary Stewardship Information: Property, Plant, & Equipment (1 – 14)	Yes, No or N/A	Explanation
<i>Stewardship reporting requires the federal government to report on its stewardship over certain resources entrusted to it and certain responsibilities assumed by it that cannot be measured in traditional financial reports. These resources and responsibilities do not meet the criteria for assets and liabilities that are required to be reported in the financial statements, but are important to understanding the operations and financial condition of the federal government at the date of the financial statements and in subsequent periods.</i> <i>Stewardship PP&E consists of items whose physical properties resemble those of general PP&E traditionally capitalized in financial statements. However, because of the nature of these assets, valuation may be difficult, and matching costs with specific periods would not be meaningful.</i> Stewardship PP&E includes: – <i>heritage assets, such as federal monuments and memorials, that are of historical, natural, cultural, educational, architectural, or artistic significance and</i> – <i>stewardship land, such as national forests and parks that have not been acquired for or in connection with general PP&E. (SFFAS 8, par.7-11 & 17; OMB Bulletin 01-09, p. 97, section 10.1 and p. 98, section, 10.2)</i>		
1. Except for multi-use heritage assets in which the predominant use of the asset is in general government operations, are heritage assets reported as Required Supplementary Stewardship Information (RSSI) accompanying the financial statements rather than as asset amounts on the balance sheet? (SFFAS 8, par.43; OMB Bulletin 01-09, p. 23, section 3.3 & p. 98, section 10.2A)		
2. Are heritage assets (including multiuse heritage assets) reported in RSSI in terms of physical units rather than in terms of cost, fair value, or other monetary values? (SFFAS 8, par. 46; SFFAS 16, par.9; OMB Bulletin 01-09, p. 23, section 3.3 & p. 98, section 10.2A)		

Section X**Supplementary Information**

Required Supplementary Stewardship Information: Property, Plant, & Equipment (1 – 14)	Yes, No or N/A	Explanation
3. Does the reporting entity provide relevant RSSI in the financial statements, such as the following information about its heritage assets? a. a description of each major category of heritage asset and whether it is collectible or noncollectible b. a description of the methods of acquisition and withdrawal of heritage assets c. an accounting for the physical units by major category including: i. beginning balances ii. additions iii. withdrawals iv. ending balances d. a description of the condition of the assets unless it is already reported in deferred maintenance information included elsewhere in the report, in which case a reference to the information will suffice e. a reference to deferred maintenance information, if deferred maintenance is reported for the assets (SFFAS 8, par. 50, SFFAS 14, par. 10-11; OMB Bulletin 01-09, pp. 99-100, section 10.2D)		
4. Are federal land¹⁴¹ and land rights owned by the federal government and not acquired for or in connection with other general PP&E reported as stewardship land in the RSSI of the financial statements? (SFFAS 6, par. 66-68, SFFAS 8, par. 74)		

¹⁴¹Land is defined as the solid part of the surface of the earth. Excluded from the definition of land are materials beneath the surface (i.e., depletable resources such as mineral deposits and petroleum), the space above the surface (i.e., renewable resources such as timber), and the outer-continental shelf resources.

Section X**Supplementary Information**

Required Supplementary Stewardship Information: Property, Plant, & Equipment (1 – 14)	Yes, No or N/A	Explanation
5. Is stewardship land quantified and reported in terms of physical units (e.g., acres) in the RSSI rather than in monetary values? (SFFAS 8, par. 75; OMB Bulletin 01-09, p. 99, section 10.2C)		
6. Is the cost of a structure acquired with stewardship land that is to be used in operations included in the acquisition cost of the land if one of the following conditions applies? a. the structure's value is insignificant compared to the value of the land b. the structure has little or no inherent value c. the structure is merely a byproduct of the acquisition of the land (SFFAS 6, par. 70)		
7. If a significant structure acquired with stewardship land has an operating use (e.g., a recently constructed hotel or employee-housing block), is its cost segregated from the cost of the stewardship land acquired and capitalized as general PP&E? (SFFAS 6, par. 70; SFFAS 8, par. 78)		
8. If the fair value of stewardship land acquired through donation or devise is known and material, is it disclosed in the notes to the financial statements? (SFFAS 6, par. 71; SFFAS 8, par. 79)		
9. If the fair value of the stewardship land acquired through donation or devise is not estimable, is information as to the type and quantity of the assets disclosed? (SFFAS 6, par. 71; SFFAS 8, par. 79)		
10. Is the cost of stewardship land transferred from another federal entity recorded at the book value of the land on the transferring entity's books? (SFFAS 6, par. 72)		

Section X**Supplementary Information**

Required Supplementary Stewardship Information: Property, Plant, & Equipment (1 – 14)	Yes, No or N/A	Explanation
11. If stewardship land is transferred from another federal entity, and the receiving entity does not know its book value, is the transfer disclosed in the notes if material? (SFFAS 6, par. 72)		
12. Are all transfers of stewardship land disclosed in the notes if material? (SFFAS 6, par. 72)		
13. Is acquisition cost of stewardship land recorded in the following manner? a. recognized as a cost in the period incurred b. include all costs incurred to bring the stewardship land to its intended use, current condition, and location (including razing a building) c. disclosed ¹⁴² as “cost of stewardship land” (SFFAS 6, par. 69 & 73; SFFAS 8, par. 80)		

¹⁴²Disclosure shall be either on the face of the statement of net cost or in footnotes, depending on the materiality of the amounts and the need to distinguish such amounts from other costs relating to measures of outputs or outcomes of the reporting entity.

Section X**Supplementary Information**

Required Supplementary Stewardship Information: Property, Plant, & Equipment (1 – 14)	Yes, No or N/A	Explanation
14. With regard to stewardship land, does the reporting entity include in its RSSI the following information? a. a description, by principal organization, significant holdings of stewardship land by category of major use¹⁴³ b. a description of the methods of acquisition and withdrawal of stewardship land c. an accounting for physical units by major category including: i. beginning balance ii. additions iii. withdrawals iv. ending balance d. the condition of the stewardship land, unless it is already reported elsewhere in the report (in which case a reference to the information will suffice) e. a reference to the applicable information if deferred maintenance is reported for the assets. (SFFAS 6, par. 69 & 73; SFFAS 8, par. 80 & 81; SFFAS 14, par. 10 & 11; OMB Bulletin 01-09, pp. 99 & 100, section 10.2D)		

¹⁴³Where parcels of stewardship land have more than one use, the predominant use of the land shall be considered the major use.

Section X**Supplementary Information**

Required Supplementary Stewardship Information: Stewardship Investments (15 – 42)	Yes, No or N/A	Explanation
<i>Stewardship investments are substantial investments made by the federal government for the benefit of the nation. When incurred, they are treated as expenses in calculating net cost, but they are also separately reported as RSSI to highlight the extent of investments that are made for long-term benefit. (SFFAS 8, par. 12)</i> <i>Stewardship investments include:</i> <i>nonfederal physical property: federally financed (but not federally owned) purchases, construction, or major renovation of physical property owned by state and local governments, including major additions, alterations, and replacements, the purchase of major equipment; and the purchase or improvement of other physical assets.¹⁴⁴</i> <i>human capital: expenses incurred for programs for education and training of the public¹⁴⁵ that are intended to increase or maintain national productive capacity and that produce outputs and outcomes that provide evidence of maintaining or increasing national productive capacity.</i> <i>research & development: expenses incurred to support the search for new or refined knowledge and ideas and for the application or use of such knowledge and ideas for the development of new or improved products and processes with the expectation of maintaining or increasing national productive capacity or yielding other future benefits. (SFFAS 8, par. 12, 83, 89, 90, & 96; OMB Bulletin 01-09, p. 100, section 10.3)</i>		
15. Are nonfederal physical property investments reported in nominal dollars on the basis of "expenses incurred" and measured on the same basis of accounting used for financial statement purposes, including appropriate accrual adjustments, general and administrative overhead, and costs of facilities? (SFFAS 8, par. 84)		
16. Are investments in nonfederal physical property and related cash grants recognized and reported as expenses in arriving at the net cost of operations? (SFFAS 8, par. 85; OMB Bulletin 01-09, p. 100, section 10.3A)		

¹⁴⁴Grants for maintenance and operations are not considered investments in nonfederal physical property.

¹⁴⁵The definition excludes education and training expensed for federal civilian and military personnel.

Section X**Supplementary Information**

Required Supplementary Stewardship Information: Stewardship Investments (15 – 42)	Yes, No or N/A	Explanation
17. Are expenses incurred for nonfederal physical property program costs, contracts, or grants with split purposes ¹⁴⁶ reported in RSSI on the basis of a logical allocation? (SFFAS 8, par. 86)		
18. If an allocation of such program costs, etc. is not feasible, is the investment reported on the basis of the predominant application of the expenses incurred? (SFFAS 8, par. 86)		
19. Does the reporting entity provide in its RSSI a dollar amount and a narrative description of its investment in nonfederal physical property for the year being reported on as well as at least the preceding 4 years? (SFFAS 8, par. 87; OMB Bulletin 01-09, p. 100, section 10.3A & p. 102, section 10.3D)		
20. Is expense or outlay data for investments in nonfederal physical property reported at a meaningful category or level (e.g., by major program or department)? (SFFAS 8, par. 87; OMB Bulletin 01-09, p. 102, section 10.3D)		
21. Does the reporting entity also include in its RSSI a description of federally owned physical property transferred to state and local governments for the year being reported on as well as at least the preceding 4 years? (SFFAS 8, par. 87; OMB Bulletin 01-09, p. 102, section 10.3D)		
22. If expense data for the purchase of PP&E for state and local governments for the year being reported on and for the preceding 4 years are not available, does the entity report outlay data, if available? (SFFAS 8, par. 87; OMB Bulletin 01-09, p. 102, section 10.3D)		

¹⁴⁶ An example of an investment with a split purpose is a grant issued to a state to construct segments of the National Highway System and to conduct highway research.

Section X**Supplementary Information**

Required Supplementary Stewardship Information: Stewardship Investments (15 – 42)	Yes, No or N/A	Explanation
23. If neither historical expense nor outlay data are available on stewardship investments for the year being reported on and the preceding 4 years, does the entity report expense data for the current reporting year and such other years, as available? (SFFAS 8, par. 87; OMB Bulletin 01-09, p. 102, section 10.3D)		
24. Are investments in human capital reported in nominal dollars on the basis of "expenses incurred" and measured on the same basis of accounting used for financial statement purposes, including appropriate accrual adjustments, general and administrative overhead, and costs of facilities? (SFFAS 8, par. 91)		
25. Are expenses incurred for human capital program costs, contracts, or grants with split purposes ¹⁴⁷ reported in RSSI on the basis of a logical allocation? (SFFAS 8, par. 92)		
26. If an allocation of such program costs, etc. is not feasible, is the investment reported on the basis of the predominant application of the expenses incurred? (SFFAS 8, par. 92)		
27. Does the entity link its investments in human capital to outcomes that can be described in financial, economic, or quantitative terms? (SFFAS 8, par. 93)		
28. If outcome data are not available, does the reporting entity report output data that best provide indications of the intended program outcomes? (SFFAS 8, par. 93)		

¹⁴⁷ An example of an investment with a split purpose is a grant issued to a teaching hospital for both medical education and medical research.

Section X**Supplementary Information**

Required Supplementary Stewardship Information: Stewardship Investments (15 – 42)	Yes, No or N/A	Explanation
29. Does the reporting entity include in its RSSI the dollar amount and a narrative description of its investment in human capital for the year being reported on as well as the preceding 4 years? (SFFAS 8, par. 94; OMB Bulletin 01-09, p. 101, section 10.3B)		
30. If expense data for the investments in human capital for the year being reported and for the preceding 4 years are not available, does the entity report outlay data, if available? (SFFAS 8, par. 94; OMB Bulletin 01-09, p. 102, section 10.3D)		
31. If neither historical expense nor outlay data for the investments in human capital are available for the year being reported on and the preceding 4 years, does the entity report expense data for the current reporting year and such other years, as available? (SFFAS 8, par. 94; OMB Bulletin 01-09, p. 102, section 10.3D)		
32. Is expense or outlay data for investments in human capital reported at a meaningful category or level (e.g., by major program or department)? (SFFAS 8, par. 94)		
33. Is the investment in research and development reported in nominal dollars on the basis of "expenses incurred" and measured on the same basis of accounting used for financial statement purposes, including appropriate accrual adjustments, general and administrative overhead, and costs of facilities? (SFFAS 8, par. 97)		
34. Are expenses incurred for research and development program costs, contracts, or grants with split purposes ¹⁴⁸ reported in RSSI on the basis of a logical allocation? (SFFAS 8, par. 98)		

¹⁴⁸ibid.

Section X**Supplementary Information**

Required Supplementary Stewardship Information: Stewardship Investments (15 – 42)	Yes, No or N/A	Explanation
35. If an allocation of such program costs, etc. is not feasible, is the investment reported on the basis of the predominant application of the expenses incurred? (SFFAS 8, par. 98)		
36. Does the entity link its investments in research and development to program outcome data via a narrative discussion of the major results achieved by the program during the year along the following lines? a. basic research, which refers to an identification of any major new discoveries that were made during the year b. applied research, which refers to an identification of any major new applications that were developed during the year c. development, which refers to the progress of major developmental projects including the results with respect to projects completed or otherwise terminated during the year and the status of projects that will continue (SFFAS 8, par. 99)		
37. If outcome data are not available, does the reporting entity use output data ¹⁴⁹ that best provide indications of the intended program outcomes? (SFFAS 8, par. 99)		
38. Does the reporting entity include in its RSSI the dollar amount and a narrative description of its investment in major research and development programs for the year being reported on as well as the preceding 4 years? (SFFAS 8, par. 100; OMB Bulletin 01-09, p. 101, section 10.3C & p. 102, section 10.3D)		

¹⁴⁹In research and development programs, output data might consist of a number of new projects initiated, or the number of projects continued, completed, or terminated. It also might consist of quantitative measures such as publication counts, citation counts, patent counts, or scientific and engineering personnel funded.

Section X**Supplementary Information**

Required Supplementary Stewardship Information: Stewardship Investments (15 – 42)	Yes, No or N/A	Explanation
39. If expense data for the investments in research and development for the year being reported and for the preceding 4 years are not available, does the entity report outlay data, if available? (SFFAS 8, par. 100; OMB Bulletin 01-09, p. 102, section 10.3D)		
40. If neither historical expense nor outlay data are available for the year being reported on and the preceding 4 years, does the entity report expense data for the current year and such other years as available? (SFFAS 8, par. 100; OMB Bulletin 01-09, p. 102, section 10.3D)		
41. Is expense or outlay data for investments in research and development reported at a meaningful category or level (e.g., by major program or department)? (SFFAS 8, par. 100; OMB Bulletin 01-09, p. 102, section 10.3D)		
42. Does the entity report in its RSSI the amounts of significant contributions from state, local, private, and other sources to its investments in nonfederal physical property, human capital, and research and development? ¹⁵⁰ (SFFAS 8, par. 88, 95, & 101)		

¹⁵⁰ This reporting is encouraged, but is not required.

Section X**Supplementary Information**

Required Supplementary Information: Risk Assumed Information (43)	Yes, No or N/A	Explanation
<i>Risk-assumed information is generally measured by the present value of unpaid expected losses net of associated premiums based on the risk inherent in the insurance or guarantee coverage in force. (SFFAS 5, par. 105 & 106; OMB Bulletin 01-09, p.103, section 10.4A)</i>		
43. Does the entity include as Required Supplementary Information (RSI) the current amount and periodic changes of "risk assumed" arising from insurance and guarantee programs? (SFFAS 5, par. 105, 106, 110; SFFAS 25, par. 2; OMB Bulletin 01-09, p. 103, section 10.4A)		

Section X**Supplementary Information**

Required Supplementary Information: Custodial Activity (44 – 45)	Yes, No or N/A	Explanation
44. Do entities that collect taxes and duties provide the following supplementary information relating to their potential revenue and custodial responsibilities? a. the estimated realizable value, as of the end of the reporting period, of compliance assessments and, if reasonably estimable, pre-assessment work in process, based on management’s best estimate that is appropriately identified as to their reliability b. if reasonably estimable, other claims for refunds not yet accrued but likely to be paid when administrative action is complete, based on management’s best estimates c. amount of assessments defined as written-off (i.e., no further collection potential) that continues to be statutorily collectable d. amounts by which trust funds may be overfunded or underfunded in comparison with the requirements of the law, if reasonably estimable (SFFAS 7, par. 67.1-67.4; OMB Bulletin 01-09, pp.112-113, section 11.5)		
45. If the entity receiving funds from the collecting entity is itself a trust fund, does it provide as supplementary information amounts by which related trust funds may be overfunded or underfunded in comparison with the requirements of the law, if reasonably estimable? (SFFAS 7, par. 67.4, 68; OMB Bulletin 01-09, p. 113, section 11.5)		

Section X**Supplementary Information**

Required Supplementary Information: Segment Information (46 – 47)	Yes, No or N/A	Explanation
46. Do all franchise and other intragovernmental support revolving funds report the following supplementary information? a. a brief description of the services provided by the fund and the identity of the fund's major customers (i.e., organizations that account for more than 15 percent of the fund's revenues) b. a summary for the reporting period, by product or line of business, including the following items i. the full cost of goods and services provided ii. the related exchange revenues iii. the excess of full costs over exchange revenues (OMB Bulletin 01-09, p. 113, section 11.6)		
47. If a franchise fund or other intragovernmental support revolving fund is not separately reported on the entity's principal statements, does the entity report as supplementary information a summary of the fund's assets, liabilities, and net position that includes the following items as of the reporting date? a. fund balance b. accounts receivable c. property, plant, and equipment d. other assets e. liabilities due and payable for goods and services received f. deferred revenues g. other liabilities h. cumulative results of operations (OMB Bulletin 01-09, p. 113, section 11.6)		

Section X**Supplementary Information**

Required Supplementary Information: Management’s Discussion and Analysis (48 – 61)	Yes, No or N/A	Explanation
48. Does the entity include as RSI a section devoted to management discussion and analysis (MD&A) of the financial statements and related information? (SFFAS 15, par. 1; SFFAC 3, par. 1 & 2; OMB Bulletin 01-09, p. 105, section 11.1)		
49. In general, does the MD&A provide a clear, concise, and balanced description of the reporting entity and its mission, activities, program and financial performance, systems, controls, legal compliance, financial position, and financial condition? (SFFAS 15, par. 1; SFFAC 3, par. 1; OMB Bulletin 01-09, p. 105, section 11.1)		
50. Does the MD&A, at a minimum, contain sections that address the following items concerning the entity? a. mission and organizational structure b. performance goals, objectives, and results c. financial statements d. systems, controls, and legal compliance e. forward-looking information, either as a separate section of MD&A or incorporated with the sections listed above f. important problems that need to be addressed and action taken or planned, either as a separate section of the MD&A or incorporated with the sections listed above (SFFAS 15, par. 2-4; OMB Bulletin 01-09, pp. 105 & 106, section 11.1A)		

Section X**Supplementary Information**

Required Supplementary Information: Management’s Discussion and Analysis (48 – 61)	Yes, No or N/A	Explanation
51. Does the MD&A limit itself to the most important matters that could, for example, have the following impact? a. lead to significant actions or proposals by top management of the reporting unit b. be significant to the managing, budgeting, and oversight functions of Congress and the administration c. significantly affect the judgment of citizens about the efficiency and effectiveness of their federal government (SFFAS 15, par. 5 & 6)		
52. Does the MD&A section on the entity’s mission and organizational structure contain a brief description of the mission(s) of the entity and its related organizational structure, that is consistent with the entity’s strategic plan? (OMB Bulletin 01-09, p. 106, section 11.1B)		
53. Are the entity’s programs and financial results expressed in terms of objective and relevant measures that disclose the extent to which its programs are achieving their intended objectives? (OMB Bulletin 01-09, p. 106, section 11.1C)		
54. Has the entity attempted to develop and report objective measures that provide information about the cost effectiveness of programs? (OMB Bulletin 01-09, pp. 106 & 107, section 11.1C)		
55. Are the performance measures presented in the MD&A consistent with the measures previously included in the budget and planning documents? (OMB Bulletin 01-09, p. 107, section 11.1C)		
56. Does the entity explain what needs to be done and what is planned to improve financial or program performance? (OMB Bulletin 01-09, p. 107, section 11.1C)		

Section X**Supplementary Information**

Required Supplementary Information: Management's Discussion and Analysis (48 – 61)	Yes, No or N/A	Explanation
57. Does the entity's discussion of performance goals, objectives, and results indicate the extent to which its programs are achieving their intended goals and objectives, and are these clearly linked to cost categories (responsibility segments) featured in the Statement of Net Cost? (OMB Bulletin 01-09, p. 106, section 11.1C)		
58. Does the MD&A section on the entity's performance goals, objectives, and results also provide the following information? a. a discussion of the strategies and resources the agency uses to achieve its performance goals b. a clear picture of planned and actual performance c. an explanation of the procedures that management has designed and followed to provide reasonable assurance that reported performance information is relevant and reliable d. an explanation of performance trends e. an evaluation of the significance of underlying factors that may have affected the reported performance (OMB Bulletin 01-09, p. 106, section 11.1C)		
59. In reporting on the status of systems and internal controls that support preparation of the financial statements, performance information, and compliance with applicable laws, does the entity describe material problems revealed by audits or otherwise known to management as well as corrective actions taken or planned? (OMB Bulletin 01-09, p. 107, section 11.1E)		

Section X**Supplementary Information**

Required Supplementary Information: Management’s Discussion and Analysis (48 – 61)	Yes, No or N/A	Explanation
60. Does the entity’s discussion of the possible future effects of existing events and conditions include at least the following information? a. demographic characteristics b. claims c. deferred maintenance d. commitments e. major unfunded liabilities (OMB Bulletin 01-09, p. 108, section 11.1F)		
61. Does the entity note the following in the section on limitations of the Financial Statements? a. the principal financial statements have been prepared to report the financial position and results of operations of the entity, pursuant to the requirements of 31 U.S.C. 3515(b) b. while the statements have been prepared from the books and records of the entity in accordance GAAP for federal entities and the formats prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources which are prepared from the same books and records c. the statements should be read with the realization that they are for a component of the U.S. government (OMB Bulletin 01-09, p. 108, section 11.1G)		

Section X**Supplementary Information**

Required Supplementary Information: Deferred Maintenance (62 – 65)	Yes, No or N/A	Explanation
<i>Maintenance is the act of keeping fixed assets in acceptable condition. Maintenance includes preventive maintenance, normal repairs, replacement of parts and structural components, and other activities needed to preserve the asset so that it continues to provide acceptable services and achieves its expected life.</i> <i>Maintenance excludes activities aimed at expanding the capacity of an asset or otherwise upgrading it to serve needs different from, or significantly greater than, originally intended.</i> <i>Deferred maintenance is maintenance that was not performed when it should have been, or was scheduled to be, and that, therefore, is put off or delayed for a future period. (SFFAS 6, par. 77 & 78)</i>		
62. Does the entity report under required supplementary information the following information for each major category of its PP&E (i.e., general PP&E, heritage assets, and stewardship land)? a. the identity (e.g., building, equipment, land) of each major class of asset for which maintenance was deferred b. the method of measuring deferred maintenance (SFFAS 6, par. 83; SFFAS 14, par. 1; OMB Bulletin 01-09, pp. 108-109, section 11.2)		
<i>Amounts reported for deferred maintenance may be measured using condition assessment surveys or life-cycle cost forecasts.</i> <i>Condition assessment surveys are periodic inspections of PP&E, based on generally accepted and consistently applied methods, to determine PP&E's current condition and the estimated cost to correct any deficiencies. (SFFAS 6, par. 81)</i> <i>Life-cycle costing is an acquisition or procurement technique that considers operating, maintenance, and other costs in addition to the acquisition cost of assets. (SFFAS 6, par. 82)</i>		

Section X**Supplementary Information**

Required Supplementary Information: Deferred Maintenance (62 – 65)	Yes, No or N/A	Explanation
63. If the condition assessment survey method is used to measure deferred maintenance, is the following information presented for each major class of PP&E in supplementary information? a. a description of requirements or standards for acceptable operating condition b. any changes in the condition requirements or standards c. asset condition and a range estimate of the dollar amount of maintenance needed to return it to its acceptable operating condition (SFFAS 6, par. 83)		
64. If the total life cycle cost method is used to measure deferred maintenance, is the following information presented for each major class of PP&E? a. the original date of the maintenance forecast and an explanation for any changes to the forecast b. prior-year balance of the cumulative deferred maintenance amount a. the dollar amount of maintenance that was defined by the professionals who designed, built, or managed the PP&E as required maintenance for the reporting period b. the dollar amount of maintenance actually performed during the period c. the difference between the forecast and actual maintenance d. any adjustments to the scheduled amounts deemed necessary by the managers of the PP&E e. the ending cumulative balance for the reporting period for each major class of asset experiencing deferred maintenance (SFFAS 6, par. 83)		

Section X**Supplementary Information**

Required Supplementary Information: Deferred Maintenance (62 – 65)	Yes, No or N/A	Explanation
65. If management elects to break out deferred maintenance by critical and noncritical amounts needed to bring each class of asset to its acceptable operating condition, does it also include its definition of these categories? (SFFAS 6, par. 84)		

Section X**Supplementary Information**

Required Supplementary Information: Intragovernmental Amounts (66 – 78)	Yes, No or N/A	Explanation
<i>Intragovernmental amounts represent transactions between federal entities included in the Financial Report of the United States Government. These transactions include activities with federal CFO Act and non-CFO Act entities as identified in the Treasury Financial Manual. (OMB Bulletin 01-09, p.109, section 11.3)</i>		
66. Does the entity report, as required supplementary information and intragovernmental amounts, the following items? a. assets b. liabilities c. nonexchange revenue d. for certain reporting entities, earned revenue from trade (buy/sell) transactions along with the gross cost to generate such revenue (OMB Bulletin 01-09, p. 109, section 11.3)		
67. Does the entity report intragovernmental assets, liabilities, and earned revenue from trade transactions and nonexchange revenue by trading partner (i.e., reciprocal federal entity)? (OMB Bulletin 01-09, p. 109, section 11.3)		
68. Does the entity report intragovernmental gross cost to generate earned revenue from trade transactions by budget functional classification? (OMB Bulletin 01-09, p. 109, section 11.3)		
69. Do intragovernmental asset and liability categories reported as required supplementary information agree with the intragovernmental asset and line items reported on the balance sheet? (OMB Bulletin 01-09, p. 109, section 11.3)		
70. Are transactions with components of federal departments and agencies (e.g., Forest Service of the USDA) not reported separately, but included in the activity reported for the federal department or agency? (OMB Bulletin 01-09, p. 109, section 11.3)		

Section X**Supplementary Information**

Required Supplementary Information: Intragovernmental Amounts (66 – 78)	Yes, No or N/A	Explanation
71. Are all intragovernmental amounts net of intra-entity transactions? (OMB Bulletin 01-09, p. 109, section 11.3)		
72. Does the entity reconcile intragovernmental asset, liability, and revenue amounts with its trading partners at least quarterly? (OMB Bulletin 01-09, pp. 109 & 110, section 11.3)		
73. Do intragovernmental assets and liabilities reported as required supplementary information (RSI) agree with the intragovernmental asset and liability line items and totals on the reporting entity's consolidated agencywide balance sheet? (OMB Bulletin 01-09, pp. 110 & 111, section 11.3)		
74. For each intragovernmental asset and liability line item on the consolidated agencywide balance sheet, does the entity identify in the supplementary information the trading partner balances that make up the line item? ¹⁵¹ (OMB Bulletin 01-09, pp. 110 & 111, section 11.3)		
75. If intragovernmental transactions with a trading partner are material in one asset or liability category but immaterial in another category, does the entity report transactions with the trading partner for each category? OMB Bulletin 01-09, pp. 110 & 111, section 11.3)		
76. If the entity has total intragovernmental earned revenues from trade transactions (net of intra-entity activity) of greater than \$500 million, does it report such intragovernmental revenues by trading partner? (OMB Bulletin 01-09, p. 111, section 11.3)		

¹⁵¹Reporting entities may aggregate trading partners whose individual totals for a particular asset category collectively comprise less than 20 percent of the total asset line item category.

Section X**Supplementary Information**

Required Supplementary Information: Intragovernmental Amounts (66 – 78)	Yes, No or N/A	Explanation
77. If the entity reports intragovernmental earned revenues, does it also report, by budget functional classification, the gross cost of goods, services, and other transactions that generated the intragovernmental earned revenues? ¹⁵² (OMB Bulletin 01-09, p. 111, section 11.3)		
78. Does the entity report, by trading partner, intragovernmental nonexchange revenues transferred in and out? (OMB Bulletin 01-09, p. 112, section 11.3)		

¹⁵²The costs that generate intragovernmental earned revenues may not be intragovernmental in and of themselves. For example, if the General Services Administration (GSA) sells pencils to Agency A, GSA would report the revenue earned by selling the pencils to Agency A (intragovernmental) and report the cost of purchasing those pencils from Vendor B (public) by budget functional classification.

Section XI

Social Insurance

The 24 questions in this section are related to social insurance programs covered by SFFAS 17.

Social Insurance Programs (1 – 24)	Yes, No or N/A	Explanation
<i>Social insurance programs covered by SFFAS 17, Accounting for Social Insurance, have the following five common characteristics.</i> <i>a. financing from participants or their employers</i> <i>b. eligibility from taxes or fees paid and time worked in covered employment</i> <i>c. benefits not directly related to taxes or fees paid</i> <i>d. benefits prescribed in law</i> <i>e. programs intended for the general public</i> <i>The following social insurance programs are specifically covered by SFFAS 17.</i> <i>a. Old-Age, Survivors, and Disability Insurance (OASDI, i.e., Social Security)</i> <i>b. Hospital Insurance (HI or Medicare Part A) and Supplementary Medical Insurance (SMI or Medicare Part B)</i> <i>c. Railroad Retirement Benefits (RRB)</i> <i>d. Black Lung Benefits</i> <i>e. Unemployment Insurance (UI) (SFFAS 17, par. 14 & 15; OMB Bulletin 01-09, pp.103 & 104, section 10.4B)</i> <i>On July 17, 2003, FASAB issued SFFAS 25, Reclassification of Stewardship Responsibilities and Eliminating the Current Services Assessment. For periods beginning after September 30, 2004, the information required by paragraphs 27(3) and 32(3) of SFFAS 17 (checklist questions 17-20 below) shall be presented as a basic financial statement and other social insurance information shall be presented as Required Supplementary Information (RSI), except to the extent that the preparer elects to include some or all of that information in notes that are presented as an integral part of the basic financial statements.</i> <i>FASAB issued an exposure draft in March 2004, which would amend SFFAS 25 to make the significant assumptions underlying projections and estimates (other information required by SFFAS 17)¹⁵³ required disclosures to the social insurance basic financial statement.</i> <i>Although earlier implementation is encouraged, for periods ending as of or before September 30, 2004, all social insurance information required by SFFAS 17 can be presented as Required Supplementary Stewardship Information (RSSI).</i>		

¹⁵³ As discussed in checklist question 5 below.

Section XI**Social Insurance**

Social Insurance Programs (1 – 24)	Yes, No or N/A	Explanation
1. In general, does the entity responsible for a given social insurance program provide a clear and concise description of the program including its financing, calculation of benefits, and actuarial status ¹⁵⁴ ? (SFFAS 17, par. 24; OMB Bulletin 01-09, p.104, section 10.B)		
2. Does this description include the following information? a. discussion of the long-term sustainability and financial condition of the program b. an illustration and explanation of the long-term trends revealed in the data (SFFAS 17, par. 24; OMB Bulletin 01-09, p.104, section 10.B)		
3. Does the reporting entity describe statutory or other material changes, and implications thereof, affecting the program after the current fiscal year? (SFFAS 17, par. 24)		
4. Are projections and estimates based on the entity's best estimates of demographic and economic assumptions? (SFFAS 17, par. 25)		
5. Does the entity disclose significant assumptions used in making estimates and projections? (SFFAS 17, par. 25)		
6. Are all projections and estimates made as of a date (i.e., the valuation date) as close to the end of the fiscal year (i.e., current year) being reported on as possible and no more than 1 year prior to the end of the current year? (SFFAS 17, par. 26)		
7. Does the entity consistently follow this valuation date from year to year? (SFFAS 17, par. 26)		

¹⁵⁴This is the status of a program based on statistical calculations and actuarial assumptions about future economic, demographic, and other conditions and events.

Section XI**Social Insurance**

Social Insurance Programs (1 – 24)	Yes, No or N/A	Explanation
8. Does information on the financial and actuarial status of the social insurance programs include actuarial projections that are indicative of long-term sustainability and show the annual cash flows in nominal dollars for current and future participants? (SFFAS 17, par. 27 (1))		
9. Are the actuarial projections of cash flow amounts reported for at least every fifth year in the projection period? (SFFAS 17, par. 27 (1) (a))		
10. Does the cash flow information show the following amounts? a. total cash inflow from all sources (i.e., by and on behalf of participants) less net interest on intragovernmental borrowing and lending b. total cash outflow (SFFAS 17, par. 27 (1) (a))		
11. Does the narrative accompanying the cash flow data include identification of any year or years during the projection period when cash outflow exceeds cash inflow, with and without interest on intragovernmental borrowing or lending (the “cross-over points”)? (SFFAS 17, par. 27 (1) (a))		
12. Does the narrative provide an explanation of the significance of the cash flow “cross-over points” where cash outflows begin exceeding cash inflows? (SFFAS 17, par. 27 (1) (a))		
13. Do the cash flow projections (net of interest on intragovernmental borrowing/lending) for Social Security and Medicare Part A include an estimate of cash flows as a percentage of taxable payroll? (SFFAS 17, par. 27 (1) (b))		
14. Do the cash flow projections (net of interest on intragovernmental borrowing/lending) for Social Security and Medicare (Parts A & B) include an estimate of cash flows as a percentage of gross domestic product? (SFFAS 17, par. 27 (1) (b))		

Section XI**Social Insurance**

Social Insurance Programs (1 – 24)	Yes, No or N/A	Explanation
15. For Social Security and Medicare, Part A programs, does the entity's cash flow information show its estimate of the ratio of the number of contributors to the number of beneficiaries during the same projection period as for cash flow projections? (SFFAS 17, par. 27 (2))		
16. At a minimum, is the ratio of contributors to beneficiaries for Social Security and Medicare, Part A reported for the beginning and end of the projection period? (SFFAS 17, par. 27 (2))		

Section XI**Social Insurance**

Social Insurance Programs (1 – 24)	Yes, No or N/A	Explanation
17. For all enumerated social insurance programs except Unemployment Insurance (UI), does the responsible entity present a statement of actuarial present values of the following items?¹⁵⁵ a. all future expenditures during the projection period related to benefit payments i. to or on behalf of current participants who have not yet attained retirement age ii. to or on behalf of current participants who have attained retirement age iii. to or on behalf of those who are expected to become plan participants b. all future contributions and tax income (from taxation of benefits) during the projection period i. from or on behalf of current participants who have not yet attained retirement age ii. from or on behalf of current participants who have attained retirement age iii. from or on behalf of those who are expected to become plan participants c. cash flow during the projection period¹⁵⁶ (SFFAS 17, par. 27 (3) (a)–(g); OMB Bulletin 01-09, p. 104, section 10.4B)		

¹⁵⁵For periods beginning after September 30, 2004 this information shall be presented as a basic financial statement rather than as a component of RSSI (SFFAS 25, par. 6 & 7)

¹⁵⁶Cash flow during the projection period is derived from subtracting the actuarial present value of future contributions and tax income during the projection period (17b above) from the actuarial present value of future expenditures for the projection period (17a above).

Section XI**Social Insurance**

Social Insurance Programs (1 – 24)	Yes, No or N/A	Explanation
18. With the exception of Unemployment Insurance (UI), does the entity disclose the accumulated excess of all past cash receipts, including interest on investments, over all cash disbursements within the social insurance program represented by the fund balance at the valuation date? ¹⁵⁷ (SFFAS 17, par. 27 (3) (h))		
19. Does the entity also disclose how it calculated the actuarial net present value of future benefits and contributions from or on behalf of current participants of all social insurance programs except UI? ¹⁵⁸ (SFFAS 17, par. 27 (3) (i))		
20. If available, does the entity provide estimates of the actuarial present values and fund balances of the social insurance programs (except UI) under its purview for each of the 4 preceding years? ¹⁵⁹ (SFFAS 17, par. 27 (3) (j))		
21. For all social insurance programs except UI, does the responsible entity illustrate the sensitivity of the projections of cash flows and actuarial present values to changes in the most significant individual assumptions? (SFFAS 17, par. 27 (4) (a))		
22. At a minimum, do the Social Security and Medicare programs analyze assumptions regarding the following factors? a. birth and death rates b. net immigration c. real wage differential d. real interest rate (SFFAS 17, par. 27 (4) (a))		

¹⁵⁷For periods beginning after September 30, 2004 this information shall be presented as a basic financial statement rather than as a component of RSSI (SFFAS 25, par. 6 & 7)

¹⁵⁸ibid.

¹⁵⁹ibid.

Section XI**Social Insurance**

Social Insurance Programs (1 – 24)	Yes, No or N/A	Explanation
23. Does the sensitivity analysis for UI programs show the effects of increasing the unemployment rate as follows? a. by approximately one percentage point b. to a level sufficient to put stress on the system (e.g., to simulate the largest recession occurring within the last 25 years) (SFFAS 17, par. 27 (4) (b); OMB Bulletin 01-09, p. 104, section 10.4B)		
24. Does information on the UI program provide a state-by-state analysis illustrating the relative solvency of individual state programs, including the ratio of each state's current accumulated fund balance to a year's projected benefit payments based on the highest level of annual benefit payments experienced by that state over the last 20 years? (SFFAS 17, par. 27 (5); OMB Bulletin 01-09, p.104, section 10.4B)		