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To Audit Officials, Agency Chief Financial Officers, and Others Interested in Federal Financial Auditing and Reporting

This letter transmits the U.S. Government Accountability Office (GAO) and the Council of the Inspectors General on Integrity and Efficiency's (CIGIE) revised *Financial Audit Manual (FAM)* Volume 3. FAM Volume 3 contains the Federal Financial Reporting Checklist.

This checklist incorporates accounting standards issued by the Federal Accounting Standards Advisory Board (FASAB) through August 2021 that are effective for the fiscal year ending September 30, 2021, and Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*, guidance issued on August 10, 2021. Users should also consider any subsequently issued standards or guidance. The checklist considers comments received on two earlier drafts that CIGIE distributed in December 2020 and August 2021.

This checklist is designed to assist users in determining whether the financial statements are prepared in accordance with GAAP. Users should exercise appropriate professional judgment and have an understanding of the detailed requirements in the corresponding accounting standards and guidance, including the FASAB Handbook and guidance that OMB and the Department of the Treasury issue.

Should you need additional information, please contact us at fam@gao.gov.



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SECTION 2010

Federal Financial Reporting Checklist

United States Government Accountability Office
Council of the Inspectors General on Integrity and Efficiency

FINANCIAL AUDIT MANUAL

Volume 3

Federal Financial Reporting Checklist

Notice:

This checklist is designed to assist users in determining whether the financial statements are prepared in accordance with GAAP. Users should exercise appropriate professional judgment and understand the detailed requirements in the corresponding accounting standards and guidance, including the FASAB Handbook, and guidance that the Office of Management and Budget (OMB) and the Department of the Treasury issue.

This checklist incorporates accounting standards issued by the Federal Accounting Standards Advisory Board (FASAB) effective for the fiscal year ending September 30, 2021, and OMB Circular No. A-136, *Financial Reporting Requirements*, issued on August 10, 2021.

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Abbreviations

A-11	Office of Management and Budget Circular No. A-11, <i>Preparation, Submission, and Execution of the Budget</i>
A-136	Office of Management and Budget Circular No. A-136, <i>Financial Reporting Requirements</i>
AFR	agency financial report
ASC	Accounting Standards Codification
AICPA	American Institute of Certified Public Accountants
APR	annual performance report
BAR	budget and accrual reconciliation
CAE	claim adjustment expense
COTS	commercial off-the-shelf
COVID-19	Coronavirus Disease 2019
CSRS	Civil Service Retirement System
DM&R	Deferred Maintenance and Repairs
FASAB	Federal Accounting Standards Advisory Board
FASB	Financial Accounting Standards Board
FBWT	Fund Balance with Treasury
FCRA	Federal Credit Reform Act
FERS	Federal Employees Retirement System
FFMIA	Federal Financial Management Improvement Act
FHA	Federal Housing Administration
FIFO	First-In, First-Out (method of inventory valuation)
FMFIA	Federal Managers' Financial Integrity Act
FR	<i>Financial Report of the United States Government</i>
FY	fiscal year
GAAP	U.S. generally accepted accounting principles
GPFFR	general purpose federal financial report
GSE	government-sponsored enterprise
GTAS	Governmentwide Treasury Account Symbol Adjusted Trial Balance System
HI	Hospital Insurance
IBNR	incurred but not reported
IG	inspector general
IMF	International Monetary Fund
MD&A	Management's Discussion and Analysis
MRS	Military Retirement System
NRV	net realizable value
OI	other information
OASDI	Old Age, Survivors, and Disability Insurance
OMB	Office of Management and Budget
OPEB	Other Post-Employment Benefits
ORB	Other Retirement Benefits
PAR	performance and accountability report
PP&E	property, plant, and equipment
RRB	Railroad Retirement Board
RSI	required supplementary information
SBR	Statement of Budgetary Resources
SCA	Statement of Custodial Activity
SCNP	Statement of Changes in Net Position

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SCSIA	Statement of Changes in Social Insurance Amounts
SFFAC	Statement of Federal Financial Accounting Concepts
SFFAS	Statement of Federal Financial Accounting Standards
SNC	Statement of Net Cost
SOSI	Statement of Social Insurance
TFM	Treasury Financial Manual
TR	Technical Release
UI	Unemployment Insurance
USSGL	<i>U.S. Standard General Ledger</i>
UTF	Unemployment Trust Fund

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Checklist Purpose and Instructions

Purpose

The *Federal Financial Reporting Checklist* is designed to help

- 1) federal entities prepare their financial statements in accordance with GAAP and
- 2) auditors determine whether such statements are prepared in accordance with GAAP.

Auditors may request that the federal agency they audit complete applicable accounting sections of this checklist during the fiscal year. Auditors can review the completed portions while performing interim audit procedures relating to the financial statement audit. At year-end, federal agencies may update, as applicable, responses to questions provided during the fiscal year and complete the disclosure sections of the checklist. Auditors should then review all checklist responses for completeness and accuracy. As generally accepted government auditing standards do not require the use of this checklist, neither the entities nor the auditors are required to use it. However, entities and auditors should describe and document how they determined whether the financial statements conform to GAAP.

The checklist provides a structured approach to understanding federal accounting, reporting, and disclosure requirements. While the questions in the checklist are derived from authoritative sources (e.g., accounting standards that FASAB issued), the checklist itself is not authoritative or comprehensive. Preparers and auditors may also consult other sources (such as OMB and Treasury guidance) and financial management regulations and policies for their entities, as these regulations and policies may include guidance for when standards allow alternatives or management flexibility, such as for property capitalization limits. This checklist is intended for use at the federal entity reporting level, not at the governmentwide reporting level.

The checklist's topic sequence and numbering follow the same note numbering sequence used in OMB Circular No. A-136, section II.3.8, as we would expect users to refer to the circular while completing this checklist.

Instructions

Below is an index listing the accounting considerations with electronic links with a column for determining the applicability of each accounting consideration to the entity's financial statements. This index is intended to be completed first as it identifies the relevant accounting considerations. For each accounting consideration, indicate whether it is applicable (**Y**) to the entity's financial statements or is not applicable (**N/A**). If the entity has an insignificant amount of transactions or balances for an accounting consideration, it may decide not to complete that accounting consideration by indicating "not significant" (**N/S**). Areas indicated **N/A** or **N/S** are not considered further.

Certain questions on the checklist apply only to significant entities. The term significant entity refers to those reporting entities identified as such in the TFM, Volume 1, Part 2, Chapter 4700, Appendix 1a, and in OMB Circular No. A-136 Appendix A.

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Section I – Reporting Entity

I – Reporting Entity	Yes, No, or N/A	Explanation and Reference
		<p>SFFAS 47, <i>Reporting Entity</i>, provides guidance for determining the most appropriate way to include information about reporting entities in GPFFR. SFFAS 47 guides GPFFR preparers in determining (1) what organizations to include; (2) whether such organizations should be consolidated or disclosed; (3) what information should be included for organizations; and (4) what disclosures, if any, are needed regarding related parties. In applying the guidance and meeting the reporting requirements, “organization” refers to the organization in its entirety, including all funding sources (for example, appropriations or donations). The term organization is used broadly and may include, among others, departments, agencies, bureaus, divisions, commissions, corporations, and components. (SFFAS 47, paras. 2, 7, and 15)</p> <p>SFFAS 47 provides three principles for assessing which organizations should be included in the governmentwide GPFFR: (1) they are included in the Budget, (2) majority ownership interest exists with over 50 percent of the voting rights or net residual assets, and (3) the federal government controls them with risk of loss or expectation of benefit.¹ (SFFAS 47, paras. 20–21, 25, and 26) Also, organizations should be included in the GPFFR if it would be misleading to exclude them, even though the organizations do not meet any one of the three inclusion principles above. (SFFAS 47, paras. 36–37)</p> <p>Once which organizations should be included in the GPFFR is determined, such organizations are categorized as either consolidation entities or disclosure entities based on an assessment of the degree to which the following characteristics are met:² the organization (1) is financed by taxes and other non-exchange revenue; (2) is governed by the Congress and/or President; (3) imposes or may impose risks and rewards to the federal government; and (4) provides goods and services on a non-market basis. (SFFAS 47, para. 38) In addition, paragraph 40 of SFFAS 47 states: “While greater judgment will be needed to classify other organizations, organizations listed in the budget, except for non-federal organizations receiving federal assistance (see paragraph 22), generally would qualify as consolidation entities.”³</p> <p>Reporting entities are organizations that issue GPFFRs because either they are subject to a statutory or administrative requirement to prepare a GPFFR or they choose to prepare one. The term reporting entity may refer to either the governmentwide reporting entity or a component reporting entity. (SFFAS 47, para. 8) This checklist does not provide guidance for the governmentwide reporting entity. For the purposes of this checklist, the reporting entity is the entity issuing the GPFFR.</p> <p>Component reporting entity is used broadly to refer to a reporting entity within a larger reporting entity. Examples of component reporting entities include organizations such as executive departments, independent agencies, government corporations, legislative agencies, and federal courts. Component reporting entities also include sub-components (those components included in the GPFFR of a larger component reporting entity) that may prepare their own GPFFRs. (SFFAS 47, para. 10)</p>

¹Control refers to the ability to control, whether or not that ability is actively exercised, and should be assessed at the reporting date regardless of the federal government’s ability to change it in the future. (SFFAS 47, para. 27)

²Not all characteristics are required to be met or to be met to the same degree; classification is based on the assessment as a whole.

³Also see paragraph A27 of SFFAS 47.

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I – Reporting Entity	Yes, No, or N/A	Explanation and Reference
Accounting		
Identifying Organizations for Inclusion		
<p>1) In determining which entities to include⁴, does the reporting entity consider the following?</p> <ul style="list-style-type: none"> a) Entities listed within its section of the <i>Budget of the United States Government: Analytical Perspectives – Supplemental Materials</i> schedule that provides budget level account information (SFFAS 47, para. 22) b) Organizations in which the reporting entity and/or its component reporting entity has a majority interest (SFFAS 47, paras. 24–29) c) Organizations in which the reporting entity or its component reporting entity has control with the risk of loss or expectation of benefit (SFFAS 47, para. 26) d) Organizations for which excluding the reporting entity or its component reporting entity would be misleading (SFFAS 47, paras. 36–37 and 64) e) Organizations in which accountability is established within the reporting entity or its sub-components, indicators of which include the following: <ul style="list-style-type: none"> i) Statutes or regulations establishing an organization state that it is assigned to or part of the reporting entity or its sub-component(s) ii) An organization is included in the reporting entity or its component reporting entity’s published organization chart iii) The reporting entity or its component reporting entity acquires and/or monitors ownership interests in organizations where there are ongoing responsibilities 		

⁴Refers to consolidation entity or disclosure entity.

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I – Reporting Entity	Yes, No, or N/A	Explanation and Reference
iv) A controlled organization was established by statute or by action of the reporting entity or its component reporting entity to support the mission of the organization and a continuing relationship exists (SFFAS 47, para. 60)		
Consolidation Entities		
Organizations that should be consolidated in the financial statements in the GPFFR are referred to as consolidation entities. Generally, an organization is considered a consolidation entity if, based on an assessment, the following characteristics apply to the organization as a whole: (1) it is financed through taxes and other non-exchange revenue; (2) it is governed by the Congress and/or the President, (3) it imposes or may impose risks and rewards to the federal government; and (4) it provides goods and services on a non-market basis. (SFFAS 47 para. 39)		
2) If more than one component reporting entity is assigned responsibilities, is the consolidation entity administratively assigned to only one component reporting entity? ⁵ (SFFAS 47, para. 61b)		
3) Did the reporting entity assess the following characteristics as a whole in determining if an organization is considered to be a consolidated entity? <ul style="list-style-type: none"> a) Is the organization financed through taxes and other non-exchange revenue? b) Is the organization governed by the Congress and/or the President? c) Does the organization impose or may it impose risks and rewards to the federal government? d) Does the organization provide goods and services on a non-market basis? (SFFAS 47 para. 39) 		
4) For organizations determined to be consolidation entities within the reporting entity: <ul style="list-style-type: none"> a) Are individual financial amounts of all 		

⁵Generally, the component reporting entity assigned the largest share (based on the most significant administrative role) of responsibilities should include the consolidation entity. The reporting entity needs to coordinate with Treasury and OMB as to the administrative assignments.

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I – Reporting Entity	Yes, No, or N/A	Explanation and Reference
<p>consolidation entities that constitute the reporting entity consolidated within the basic financial statements, resulting in the presentation of information for a single economic entity?</p> <p>b) If a component reporting entity’s financial statements were prepared in accordance with FASB standards and consolidated without conversion to FASAB standards, did the reporting entity disclose the use of multiple accounting standards?⁶ (SFFAS 47, par.66-68)</p> <p>c) Are the corresponding required disclosures of consolidated entities (i.e., the components of the reporting entity) incorporated into the note disclosures of the reporting entity as appropriate?⁷</p>		
Disclosure Entities		
<p>SFFAS 47 requires reporting entities to disclose certain information about disclosure entities. Providing financial and other information in the notes about disclosure entities rather than consolidating financial and other information about all organizations included in a GPFFR may better meet federal financial reporting objectives. For disclosure entities, the preparer should exercise judgment in determining the appropriate disclosures based on the factors and principles provided herein. (SFFAS 47, paras. 69 and 70)</p> <p>The federal government has relationships with organizations afforded a greater degree of autonomy than consolidation entities. Some organizations may exercise powers that are reserved to the federal government as sovereign. Other organizations may not themselves carry out missions of the federal government but are owned or controlled by the federal government as a result of (1) regulatory actions (such as organizations in receivership or conservatorship) or (2) other federal government intervention actions. Under such actions, the relationship with the federal government is not expected to be permanent, and such entities generally would be classified as disclosure entities when considering the characteristics taken as a whole. (SFFAS 47, para. 43)</p>		

⁶In the context of a reporting entity that consolidates FASB-based component entities without conversion for any differences in accounting policies among organizations (as permitted by SFFAS 47, para. 68), FASAB stated: “[h]owever, if this leads to consolidation in a single line item of amounts measured differently due to differences between FASB and FASAB principles, then one would anticipate disclosures of the different accounting policies and the related amounts to aid the reader in understanding the information provided.” (See SFFAS 47, Appendix A: Basis for Conclusions, para. A83.)

⁷Certain information, such as SBR-related information, is presented on a combined basis rather than a consolidated basis.

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I – Reporting Entity	Yes, No, or N/A	Explanation and Reference
5) Are all inclusion organizations included in the GPFFR, which are not consolidation entities, classified/reported as disclosure entities?		
6) For organizations classified as disclosure entities, did the reporting entity consider both qualitative and quantitative materiality in determining the information presented? (SFFAS 47, para. 71)		
7) For organizations classified as disclosure entities, did the reporting entity consider the following factors in making judgments about the extent of appropriate disclosures: a) relevance to reporting objectives; b) nature and magnitude of potential risks/exposures or benefits associated with the relationship; c) complexity of relationship; d) extent to which the information interests, or may be expected to interest, a wide audience; and e) extent to which there are no alternative sources of reliable information? (SFFAS 47, para. 71)		
8) For organizations classified as disclosure entities, did the reporting entity consider other qualitative and quantitative factors in determining whether information should be presented separately due to its significance or aggregated with information regarding other disclosure entities? ⁸ (SFFAS 47, para. 72)		
9) For organizations classified as disclosure entities, did the reporting entity integrate the disclosures so that concise, meaningful, and transparent information is provided? ⁹ (SFFAS 47, para. 73)		

⁸If information is aggregated, aggregation may be based on disclosure entity type, class, investment type, or a particular event deemed significant to the reporting entity.

⁹Integration is accomplished by providing a single comprehensive note regarding the disclosure entity or entities and related balances, or by incorporating references to relevant notes related to the disclosure entity or entities elsewhere in the GPFFR.

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I – Reporting Entity	Yes, No, or N/A	Explanation and Reference
<p>10) For each significant disclosure entity and aggregation of disclosure entities, did the reporting entity disclose information to meet the following objectives:¹⁰</p> <ul style="list-style-type: none"> a) relationship and organization, b) relevant activity, and c) future exposures? (SFFAS 47, para. 74) 		
Related Parties		
<p>Organizations are considered to be related parties in the GPFRR if the existing relationship (i.e., material transactions or events involving both parties) or one party to the existing relationship has the ability to exercise significant influence over the other party’s policy decisions.¹¹ (SFFAS 47, para. 81)</p>		
<p>11) For related-party relationships of such significance to the reporting entity that it would be misleading to exclude information about them, did the agency disclose the</p> <ul style="list-style-type: none"> a) nature of the reporting entity relationship with the party, including the name of the party or if aggregated a description of the related parties, and b) other information that would provide an understanding of the relationship and potential financial reporting impact, including financial-related exposures to risk of loss or potential gain to the reporting entity resulting from the relationship? (SFFAS 47, para. 89) 		

¹⁰See examples that may meet the objectives in SFFAS 47, para. 75

¹¹Significant influence is the power to participate in the policy decisions of an entity but not control those policies. (SFFAS 47, para. 82)

Section II.1 – Required Contents of the AFR or PAR

II.1 – Required Contents of the AFR or PAR	Yes, No, or N/A	Explanation and Reference
<p>1) Does the PAR consist of</p> <ul style="list-style-type: none"> a) an Agency Head Transmittal Letter; b) a Management’s Discussion & Analysis (MD&A) (PAR section 1); c) a Performance Section (PAR section 2); d) a Financial Section (PAR section 3), including: <ul style="list-style-type: none"> i) a signed Auditor’s Report consistent with guidance from OMB’s audit bulletin, “Audit Requirements for Federal Financial Statements;” ii) Financial Statements and Notes; iii) Required Supplementary Information (RSI);¹² and e) other information (PAR section 4)? (A-136, section II.1.1) 		
<p>2) Does the AFR¹³ consist of</p> <ul style="list-style-type: none"> a) an Agency Head Transmittal Letter; b) an MD&A (AFR section 1); c) a Financial Section (AFR section 2), including <ul style="list-style-type: none"> i) a signed Auditor’s Report consistent with guidance from OMB’s audit bulletin, “Audit Requirements for Federal Financial Statements;” ii) Financial Statements and Notes; iii) RSI;¹⁴ and d) other information (AFR section 3)? (A-136, section II.1.1) 		

¹²RSI refers to required supplementary information other than the MD&A.

¹³If the agency produces an AFR, please note that a Performance Section need not be included, but performance information must be included in the MD&A, as discussed in A-136, section II.2.3.

¹⁴RSI refers to required supplementary information other than MD&A.

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II.1 – Required Contents of the AFR or PAR	Yes, No, or N/A	Explanation and Reference
<p>3) Agency Head Transmittal Letter. In the AFR or PAR, is there a transmittal letter from the agency head</p> <ul style="list-style-type: none"> a) containing an assessment of the reliability and completeness of financial and performance data in the report and b) describing any material weaknesses in internal control and actions the agency is taking to resolve the weaknesses? (A-136, section II.1.1) 		

Section II.2 – Management’s Discussion and Analysis

II.2 Management’s Discussion and Analysis	Yes, No, or N/A	Explanation and Reference
<i>A PAR or an AFR must contain a Management’s Discussion and Analysis (MD&A) section in accordance with SFFAS 15. (A-136, section II.2.1)</i>		
<p>1) Does the MD&A serve as a brief overview of the PAR or AFR by including the most important matters that could</p> <ul style="list-style-type: none"> a) lead to significant actions or proposals by top management of the reporting entity; b) be significant to the managing, budgeting, and oversight functions of Congress and the Administration; and c) significantly affect the judgment of citizens about the efficiency and effectiveness of the Government? <p>(SFFAS 15, paras. 1, 5, and 6)</p>		
<p>2) Does the MD&A summarize information on the entity’s</p> <ul style="list-style-type: none"> a) mission and organizational structure; b) performance goals, objectives, and results; c) analysis of financial statements and stewardship information; d) analysis of systems, controls, and legal compliance;¹⁵ e) forward-looking information by concisely reviewing the possible effects of the important existing, currently-known demands, risks, uncertainties, events, conditions, and trends; and f) important problems that need to be addressed and corrective actions planned to address those problems? <p>(SFFAS 15, paras. 2–4)</p>		
<p>3) If the agency produces an AFR and APR, does the MD&A provide information on when and where the APR will be available to the public?</p> <p>(A-136, section II.2.3)</p>		

¹⁵See A-136, sec. II.2.5.

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II.2 Management’s Discussion and Analysis	Yes, No, or N/A	Explanation and Reference
4) Did the agency include information on risk, including financial risk and risk to the agency achieving its goals and objectives, in discussion throughout the MD&A, as appropriate? (A-136, Section II.2.1)		
5) Does the MD&A contain a description of the reporting entity (including consolidation or disclosure entities under SFFAS 47, <i>Reporting Entity</i>)? (A-136, section II.2.2)		
6) Does the MD&A contain a description of the reporting entity’s mission(s), major programs (as defined by management and reflected on the SNC), and organizational structure? (A-136, section II.2.2)		
<p>The MD&A should discuss organizational performance results compared to broad organizational outcomes. (A-136, section II.2.3)</p> <p>Agencies that produce both an AFR and APR should refer to A-136, sections II.2.1 and II.2.3, and SFFAS 15 for required performance-related information.</p>		
7) If the entity issues a PAR, does the MD&A include the annual performance reporting information, as required by OMB Circular No. A-11, Part 6? (A-136, sections II.1.1 and II.2.3)		
8) Does the MD&A contain an analysis of financial statements and stewardship information that summarizes the entity’s financial results, position, condition, and performance? (A-136, section II.2.4)		

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II.2 Management’s Discussion and Analysis	Yes, No, or N/A	Explanation and Reference
<p>9) Does the MD&A’s analysis of the financial statements and stewardship information explain</p> <ul style="list-style-type: none"> a) key matters that caused major changes in the financial statements (i.e., changes typically in excess of 10 percent) in types or amounts of assets, liabilities, net costs, revenues, obligations, outlays, or budgetary resources; b) purpose, source, and type of significant budgetary resources, including any significant supplemental appropriations, and the relationship between any fees collected and the cost of goods or services provided; and c) financial management issues arising during the reporting period and key entity-specific anticipated risks to financial performance, position, or condition, and actions taken or planned to mitigate those risks? (A-136, section II.2.4) 		
<p>10) Does the entity present a table or other display of key measures?¹⁶ See A-136 for an illustrative example. (A-136, section II.2.4)</p>		
<p>11) Does the entity summarize the financial impact, if significant, of Coronavirus Disease 2019 (COVID-19) on the entity, including any additional budgetary resources received?¹⁷ (A-136, section II.2.4)</p>		
<p>12) If applicable, does an entity with significant stewardship activities discuss such activities in its MD&A? (A-136, section II.2.4)</p>		

¹⁶These key measures may be disaggregated (i.e., liabilities may be disaggregated into federal debt held by the public, employee pension liabilities, and other liabilities). However, note that a table is not required for entities not within the scope of SFFAS 37.

¹⁷The MD&A should continue the FY 2020 discussion of the financial impact, if significant, of COVID-19 on the entity. The discussion should focus on FY 2021, but information about FY 2020 should be included if significant amounts of FY 2020 COVID-19–related budgetary resources were expended in FY 2021 or remain at the end of FY 2021. Also see sec. II.3.8.42 (Note 42: COVID-19 Activity).

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II.2 Management’s Discussion and Analysis	Yes, No, or N/A	Explanation and Reference
13) If applicable, does the entity summarize efforts taken or planned to assess, measure, and mitigate risks related to climate change that could affect the entity’s financial performance, position, or condition? ¹⁸ (A-136, section II.2.4)		
14) If the entity presents a Statement of Social Insurance (SOSI), does the MD&A <ul style="list-style-type: none"> a) include a section on information about net costs, total financing sources and net change of cumulative results of operations, total assets, total liabilities, net position, social insurance commitments, and budget flows; b) explain the significance of key amounts, the major changes in those amounts during the reporting period, and the causes thereof; c) explain how costs and commitments incurred during the period were or will be financed; d) describe important existing and currently-known demands, risks, uncertainties, events, and conditions—both favorable and unfavorable—that affect the amounts reported in the basic financial statements; e) describe possible future effects of both existing and anticipated factors, including quantitative forecasts or projections; and f) explain the open and closed group measures,¹⁹ how they differ, and the significance of the difference? (SFFAS 37, paras. 2 and 23–24) 		

¹⁸For FY 2021, climate change–related discussion is encouraged but not required.

¹⁹The closed group population comprises persons who, as of a valuation date, are participants in a social insurance program as beneficiaries, covered workers, or payers of dedicated taxes or premiums. (SFFAS 37, para.15)
The closed group measure is the net present value of all expenditures to or on behalf of the closed group population participating in a social insurance program and all contributions or other income from or on behalf of those participants over a given projection period. (SFFAS 37, para.16)

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II.2 Management’s Discussion and Analysis	Yes, No, or N/A	Explanation and Reference
15) If the entity presents a SOSI, does the MD&A include a table or other singular presentation of key measures drawn from the basic financial statements? (Note: The closed group measure is not required to be presented in the table or other singular presentation.) (SFFAS 37, paras. 2 and 25 and app. B)		
16) If the entity presents a SOSI, are the amounts discussed in the MD&A for the open group measure the same as the amounts in the summary section of the SOSI and the SCSIA? (SFFAS 37, para. 27 and apps. C–D)		
17) If the entity presents a SOSI, does the MD&A explain the change in the open group measure during the reporting period? (SFFAS 37, para. 24, c.ii)		
18) Does the MD&A contain “Management Assurances” (in either a single statement or two separate statements that the agency head signed) related to the a) Federal Managers’ Financial Integrity Act (FMFIA), as prescribed by OMB Circular No. A-123, section VI, paragraph A ²⁰ and b) Federal Financial Management Improvement Act (FFMIA)? (A-136, sections II.2.5)		
19) Does the MD&A summarize efforts to maintain compliance with applicable laws? (A-136, section II.2.5)		

²⁰The FMFIA statement must be in a section of the MD&A labeled as “Analysis of Systems, Controls, and Legal Compliance.” (See A-136, section II.2.5.)

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II.2 Management’s Discussion and Analysis	Yes, No, or N/A	Explanation and Reference
20) Did management review its FMFIA and FFMI A assurance statements for consistency with the findings specified in the annual financial statement audit report? ²¹ (A-136, section II.2.5)		
21) If management did not agree with the auditor’s reported material weaknesses, did management then explain why it does not agree and describe how the disagreement will be addressed? (A-136, section II.2.5)		
22) For an error requiring a restatement, where the agency previously received an unmodified opinion on a previously issued financial statement, did management include a discussion of the events that gave rise to the restatement, including the nature of error? ²² (A-136, section II.2.5)		
23) Did management <ul style="list-style-type: none"> a) provide forward-looking information that reflects entity-specific known and anticipated risks, uncertainties, future events or conditions, and trends that could significantly affect the entity’s future financial position, condition, or operating performance and b) discuss entity actions that have been planned or taken to address those challenges? (A-136, section II.2.6) 		

²¹The Office of Inspector General or auditor must compare material weaknesses disclosed during the audit with those reported in the agency’s FMFIA report and report any material weaknesses disclosed by the audit that were not reported in the agency’s FMFIA report. (A-136, section II.2.5)

²²The discussion may include the amount(s) of the material misstatement(s), the effect on the previously issued financial statement, and actions management took after discovering the misstatements.

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II.2 Management’s Discussion and Analysis	Yes, No, or N/A	Explanation and Reference
<p>24) Does the MD&A state the limitations of the principal financial statements as follows?</p> <p>The principal financial statements are prepared to report the financial position, financial condition, and results of operations of the reporting entity, pursuant to the requirements of 31 U.S.C. § 3515(b). The statements are prepared from the books and records of the reporting entity in accordance with federal GAAP and the formats prescribed by OMB. Reports used to monitor and control budgetary resources are prepared from the same books and records. Users of the financial statements are advised that the statement are for a component of the U.S. Government. (A-136, section II.2.4)</p>		

Section II.3.1 - II.3.7 – Financial Statements

II.3.1 General Accounting Matters	Yes, No, or N/A	Explanation and Reference
<p>The hierarchy of generally accepted accounting principles governs what constitutes GAAP for federal reporting entities. It lists the priority sequence of pronouncements that a federal reporting entity should look to for accounting and financial reporting authoritative guidance. (SFFAS 34, para. 5)</p> <p>Reporting entities should ensure that information is presented in accordance with GAAP for federal entities and the requirements of OMB Circular No. A-136. Preparers seeking additional guidance on matters involving recognition, measurement, and disclosure requirements should refer to the specific FASAB standards governing those requirements found at https://fasab.gov/. Agencies must follow the hierarchy of accounting principles described in SFFAS 34. (A-136, section II.3.1)</p>		
Accounting		
<p>1) Does the entity use the following hierarchy as its source of guidance (categorized in descending order of authority):</p> <ul style="list-style-type: none"> a) FASAB Statements of Federal Financial Accounting Standards and Interpretations; b) FASAB Technical Bulletins and, if specifically made applicable to federal reporting entities by the AICPA and cleared by FASAB, AICPA Industry Audit and Accounting Guides; c) Technical Releases of the Accounting and Auditing Policy Committee of FASAB, d) Implementation guides published by FASAB staff, as well as practices that are widely recognized and prevalent in the federal government; and e) in the absence of guidance in (a) – (d), other accounting literature, depending on its relevance in the circumstances, its specificity, and its general recognition of the issuer as an authority?²³ (SFFAS 34, paras. 5 and 8) 		

²³Other accounting literature includes, for example, FASAB Concepts Statements; the pronouncements referred to in question 1b when FASAB has not made them specifically applicable to federal reporting entities; pronouncements of other accounting and financial reporting standards-setting bodies, such as the Financial Accounting Standards Board, Governmental Accounting Standards Board, International Accounting Standards Board, and International Public Sector Accounting Standards Board; standards of professional associations or regulatory agencies; and accounting textbooks, handbooks, and articles. (SFFAS 34, para. 8)

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II.3.1 General Accounting Matters	Yes, No, or N/A	Explanation and Reference
2) If the accounting treatment for a transaction or event is not specified by a pronouncement or established in practice as described in the hierarchy above, did the federal reporting entity consider accounting principles for similar transactions or events within the hierarchy before considering other accounting literature? ²⁴ (SFFAS 34, para. 7)		
3) Has this checklist been supplemented, through memos or other documentation, with respect to consideration of any standards and guidance issued subsequent to August 2021?		
Disclosure		
4) Are the annual financial statements presented in accordance with GAAP? (A-136, section II.3.1)		
5) Is comparative information presented for the current and prior years for the basic financial statements and the related note disclosures, except for the Statement of Social Insurance? (A-136, section II.3.1)		
6) Do the note disclosures contain information necessary for full disclosure of the current year and information necessary to understand the changes between the current and prior years? (A-136, section II.3.1)		

²⁴A federal reporting entity should not follow the accounting treatment specified in accounting principles for similar transactions or events in cases in which those accounting principles either (1) specifically prohibit the application of the accounting treatment to the particular transaction or event or (2) indicate that the accounting treatment should not be applied to other transactions or events by analogy. (SFFAS 34, para. 7)

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II.3.1 General Accounting Matters	Yes, No, or N/A	Explanation and Reference
<p>7) If the entity presents disaggregated information for component organizations in a multi-column format on the face of the statements, except for the SBR, which is presented on a combined basis, and dedicated collections when presented on a combined basis,²⁵</p> <p>a) does the total column for the entity as a whole show consolidated totals net of intra-entity transactions and</p> <p>b) is there a column for the eliminations of intra-entity transactions to arrive at the consolidated amounts? (A-136, section II.3.1)</p>		
<p>8) Do schedule totals presented in the notes, in support of amounts presented in financial statements, agree with the amounts presented in the body of the financial statements? (A-136, section II.3.1)</p>		
<p>9) When presenting dollar amounts in the statements and the notes, does the entity</p> <p>a) round amounts to the nearest whole, thousand, million, or billion dollar based upon informative value;</p> <p>b) maintain the chosen rounding level throughout the financial statements and notes; and</p> <p>c) adjust line items for differences created by rounding rather than adjusting column totals? (A-136, section II.3.1)</p>		
<p>10) Are line numbers (e.g., 1.) used in A-136 omitted from the statements? (A-136, section II.3.1)</p>		
<p>11) Are notes sequentially numbered? (A-136, section II.3.1)</p>		

²⁵Dedicated collections can be presented on a combined or consolidated basis.

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II.3.2 Balance Sheet	Yes, No, or N/A	Explanation & Reference
<p>The Balance Sheet shows at a specific point in time, amounts of economic benefits that the reporting entity owns or manages (assets), amounts the entity owes (liabilities), and amounts that comprise the difference (net position).</p> <p>For FY 2021, entities should use the Balance Sheet Template, as shown in OMB Circular No. A-136, section II.3.2.2. Entities should provide a comparative Balance Sheet for FY 2020. See A-136, section II.3.2.2, for additional instructions.</p>		
Balance Sheet		
1) Does the entity present its Balance Sheet using the applicable asset and liability line titles on the numbered lines shown in the template? (A-136, section II.3.2.2)		
2) If a specific line title (from the template) is immaterial to an entity, ²⁶ does the entity (1) use the numbered line title with the immaterial amount presented, (2) present the immaterial amount in the numbered line title as a discrete component under Other Assets or Other Liabilities, or (3) disclose in the notes to the financial statements the amount for the numbered line title as a component of Other Assets or Other Liabilities? (A-136, section II.3.2.2)		
3) If an asset or liability is not reported within a specific line title, does the entity report such asset or liability within the Other Assets or Other Liabilities line item? (See Other Assets and Other Liabilities definition in A-136, sections II.3.2.3 and II.3.2.4)		

²⁶For purposes of this checklist, “specific line title” represents any line item except for Other Assets and Other Liabilities.

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II.3.2 Balance Sheet	Yes, No, or N/A	Explanation & Reference
<p>Assets are tangible or intangible items that the government owns that have probable economic benefits that a federal entity can obtain or control.</p> <p>Entity assets are assets that the reporting entity has authority to use in its operations. Management may have authority to decide how funds are used or it may be legally obligated to use the funds a certain way (e.g., repay loans from Treasury). Non-entity assets are assets held by an entity that are not available to the entity (e.g., income tax receivables, which the Internal Revenue Service collects but has no authority to spend). (A-136, section II.3.2.3)</p> <p>Intragovernmental assets arise from transactions between federal entities and are claims of the reporting entity against another federal entity. (A-136, section II.3.2.3)</p>		
<p>1) Did the entity combine on the face of the Balance Sheet entity and non-entity assets, except for non-entity assets meeting the definition of fiduciary assets? (A-136, section II.3.2.1)</p>		
<p>2) Are non-fiduciary deposit funds that are held by the Government on behalf of non-federal entities or individuals presented as a liability and disclosed as non-entity assets? (A-136, section II.3.2.3)</p>		
<p>3) Are intragovernmental assets on the Balance Sheet reported separately from other than intragovernmental/with the public assets?²⁷ (A-136, section II.3.2.3)</p>		
<p>4) Are deposits made in a Treasury General Account that are not confirmed recorded as Undeposited Collections and reported on the Balance Sheet in Cash and Other Monetary assets, thereby excluding the deposit from FBWT? (A-136, section II.3.2.3)</p>		
<p>5) Are disbursements that have not been confirmed by the end of the month reported as Disbursements in Transit, thereby including the disbursement in FBWT? (A-136, section II.3.2.3)</p>		

²⁷The Federal Reserve System and government-sponsored enterprises (GSE) are considered non-federal entities for this purpose and accordingly assets related to these entities are other than intragovernmental assets. GSEs are federally chartered but privately owned and operated.

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II.3.2 Balance Sheet	Yes, No, or N/A	Explanation & Reference
6) Are investments in federal securities reported separately from investments in non-federal securities? (A-136, section II.3.2.3)		
7) Are gross accounts receivables reduced to net realizable value by an allowance for doubtful accounts? (A-136, section II.3.2.3)		
8) Are gross taxes receivables reduced to net realizable value by all allowance for uncollectible taxes receivable? (A-136, section II.3.2.3)		
9) Is interest receivable reported as a component of the appropriate asset account? ²⁸ (A-136, section II.3.2.3)		
10) Is interest receivable from federal entities reported separately from interest receivable from the public? (SFFAS 1, para. 56)		
11) Is interest receivable related to pre-1992 and post-1991 direct loans and acquired defaulted guaranteed loans reported as a component of loans receivable and related foreclosed property? (A-136, section II.3.2.3)		
12) Are credit program receivables and related foreclosed property considered entity assets and reported at net value if the entity has the authority to determine the use of the funds collected or if the entity is legally obligated to use the funds to meet entity obligations? (A-136, section II.3.2.3)		

²⁸No interest will be recognized as revenue on accounts receivable and investments deemed uncollectible until the interest is actually collected.

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II.3.2 Balance Sheet	Yes, No, or N/A	Explanation & Reference
13) Regarding credit reform, are special fund receipt accounts for negative subsidies and downward subsidy reestimates included in the credit reporting entity's financial statements? (A-136, section II.3.2.3)		
14) Regarding credit reform, are assets in these special fund receipt accounts, if any, shown as non-entity assets and offset by intragovernmental liabilities covered by budgetary resources? (A-136, section II.3.2.3)		
15) Is inventory and related property reported net? (A-136, section II.3.2.3)		
16) Are General PP&E recorded at historical cost (or using an allowed alternative method) and net of accumulated depreciation? (A-136, section II.3.2.3)		
17) For Stewardship PP&E, is there a line item on the Balance Sheet with a reference to a note that discloses information about heritage assets and stewardship land? ²⁹ (SFFAS 29, paras. 25 and 40; A-136, section II.3.2.3)		

²⁹No asset dollar amount is to be shown, except for multi-use heritage assets, which are capitalized and reported as part of General PP&E.

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II.3.2 Balance Sheet	Yes, No, or N/A	Explanation & Reference
<p>A liability is a probable future outflow or other sacrifice of resources as a result of past transactions or events. (FASAB Handbook, Appendix E, Glossary)</p> <p>Financial statements must recognize probable and measurable future outflows or other sacrifices of resources arising from (1) past exchange transactions, (2) government-related events, (3) government-acknowledged events, or (4) nonexchange transactions that according to current law and applicable policy are unpaid amounts due as of the reporting date. SFFAS 5, <i>Accounting for Liabilities of The Federal Government</i>, describes the general principles governing the recognition of a liability.</p> <p>Liabilities must be recognized when they are incurred regardless of whether they are covered by available budgetary resources, including liabilities related to canceled appropriations.</p> <p>Liabilities are classified as liabilities covered by budgetary resources,³⁰ liabilities not covered by budgetary resources,³¹ and liabilities not requiring budgetary resources.³² (A-136, section II.3.2.4)</p> <p>Intragovernmental liabilities arise from transaction among federal entities and are claims by another federal entity against the reporting entity. (A-136, section II.3.2.4)</p>		
<p>18) Does the federal entity recognize a liability for probable³³ and measurable³⁴ future outflows or other sacrifices of resources arising from one or more events from</p> <ul style="list-style-type: none"> 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 		

³⁰Liabilities covered by budgetary resources are incurred liabilities that will be covered by available budgetary resources encompassing not only new budget authority but also other resources available to cover for specified purposes in a given year (SFFAS 5, fn 1 in summary). 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. (A-136, section II.3.2.4)

³¹Liabilities not covered by budgetary resources are liabilities that are not covered by budgetary resources and that will require budgetary resources. (A-136, section II.3.2.4)

³²Liabilities not requiring budgetary resources are liabilities that have not in the past required and will not in the future require the use of budgetary resources, for example, liabilities for clearing accounts, non-fiduciary deposit funds, custodial collections, and unearned revenue.

³³“Probable” refers to that which can be reasonably expected or is believed to be more likely than not on the basis of available evidence or logic. However, in the context of assessing the outcome of matters of pending or threatened litigation and unasserted claims and recognizing an associated liability, “probable” refers to that which is likely, not to that which is “more likely than not.” (SFFAS 5, para. 33 and fn 15a)

³⁴Measurable refers to that which can be quantified in monetary units with sufficient reliability to be reasonably estimable. (SFFAC 5, para. 5)

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II.3.2 Balance Sheet	Yes, No, or N/A	Explanation & Reference
<p>natural disasters, for which the government has taken formal responsibility for the related costs; and</p> <p>d) nonexchange transactions that according to current law and applicable policy, are unpaid amounts due as of the reporting date? (SFFAS 5, para. 19)</p>		
<p>19) Are liabilities recognized when incurred regardless of whether they are covered by available budgetary resources including those liabilities related to canceled appropriations? (A-136, section II.3.2.4)</p>		
<p>20) Are intragovernmental liabilities on the Balance Sheet reported separately from other than intragovernmental/with the public liabilities?³⁵ (A-136, section II.3.2.4)</p>		
<p>Accounts payable are amounts owed by a federal entity for goods and services received, progress in contract performance, and rents due to other entities. (SFFAS 1, para. 74)</p>		
<p>21) Do accounts payable <u>exclude</u> amounts related to ongoing continuous expenses, such as salary and related benefits expense, which are classified as other current liabilities? (SFFAS 1, para. 75)</p>		
<p>22) 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, para. 77)</p>		
<p>23) If invoices for goods, for which the entity has accepted title, are not available, does the entity estimate the amount owed? (SFFAS 1, para. 77)</p>		
<p>24) For facilities or equipment that contractors or grantees constructed or manufactured according to agreements or contract specifications, are amounts recorded as payable based on an</p>		

³⁵The Federal Reserve System and government-sponsored enterprises (GSE) are considered non-federal entities for this purpose and accordingly liabilities related to these entities are other than intragovernmental liabilities. GSEs are federally chartered but privately owned and operated.

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II.3.2 Balance Sheet	Yes, No, or N/A	Explanation & Reference
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, paras. 78 and 79)		
25) 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, para. 81)		
26) Is interest payable to federal entities accounted for separately from interest payable to the public? (SFFAS 1, para. 82)		
27) Do liability line items on the face of the Balance Sheet aggregate the following: a) liabilities covered by budgetary resources, b) liabilities not covered by budgetary resources, and c) liabilities not requiring budgetary resources? (A-136, sections II.3.2.1 & II.3.2.4)		
28) Is interest payable incurred but unpaid on liabilities reported as a component of the appropriate liability accounts? (A-136, section II.3.2.4)		
29) Do liabilities for loan guarantees for post-1991 reflect the present value of estimated net cash flows to be paid as a result of loan guarantees? (A-136, section II 3.2.4)		
30) Do liabilities for loan guarantees for pre-1992 guarantees reflect the amount of known and estimated losses payable? (A-136, section II.3.2.4)		
31) If the net loan guarantee liability for all credit programs of a reporting entity is negative, is the amount reported as an asset? (A-136, section II.3.2.4)		

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II.3.2 Balance Sheet	Yes, No, or N/A	Explanation & Reference
32) Do liabilities for federal employee and veteran benefits include the actuarial portion of these benefits (pensions, ORB, and OPEB) and not the liabilities related to ongoing continuous expenses, such as employees' accrued salaries and accrued annual leave, which are reported in the Other Liabilities line item? (A-136, section II.3.2.4)		
33) Are liabilities for commitments and contingencies recorded when a past event or exchange transaction has occurred, a future outflow or other sacrifice is probable, and the future outflow or sacrifice of resources is measurable? (A-136, section II.3.2.4)		
34) Is the portion of cumulative results of operations and unexpended appropriations attributable to Funds from Dedicated Collections shown separately on the face of the Balance Sheet, if material? (SFFAS 27, para. 19)		
35) Do unexpended appropriations, as reported on the face of the Balance Sheet, equal unexpended appropriations on the Statement of Changes in Net Position? (A-136, section II.3.2.5)		
36) Do cumulative results of operations, as reported on the face of the Balance Sheet, equal cumulative results of operations on the Statement of Changes in Net Position? (A-136, section II.3.2.5)		

II.3.3 Statement of Net Cost

The Statement of Net Cost (SNC) section is subdivided into the following four subtopics:

- SNC – Presentation
- Cost Accounting – General
- Inter-entity Costs
- Revenues

In addition, various specific topics within section II.3.8 include specific cost-related questions. For example:

- See II.3.8.8 for questions relating to credit program costs.
- See II.3.8.9 for questions relating to Inventory, Materials, Supplies, and Commodity costs.
- See II.3.8.10 for questions relating to General PP&E costs.
- See II.3.8.14 for questions relating to Interest costs.
- See II.3.8.15 for questions relating to Pensions, Other Retirement, and Other Post-Employment Benefits costs.
- See II.3.8.16 for questions relating to Cleanup costs.

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II.3.3 Statement of Net Cost	Yes, No, or N/A	Explanation and Reference
<p>SNC – Presentation</p> <p>The SNC shows the reporting entity’s net cost of operations as a whole and by major program. Programs not deemed “major” should be grouped together. (A-136, section II.3.3.1)</p> <p>Management of each reporting entity should define and establish responsibility segments. Managerial cost accounting should be performed to measure and report the cost of each segment’s outputs. Since responsibility segments are major parts of an entity, some segments may carry out more than one program. Some programs may be jointly managed by two or more segments. Thus, each segment must accumulate costs for each type of output produced for various programs. Major program definition is at the entity’s discretion. (SFFAS 4, paras. 6 and 88)</p> <p>For the purposes of this section, responsibility segments and major programs are used interchangeably.</p>		
<p>1) Does the SNC report net costs for the entity as a whole and for its major programs? (A-136, section II.3.3.1)</p>		
<p>2) Does the SNC report by</p> <ul style="list-style-type: none"> a) program gross costs; b) related exchange revenues; c) excess of costs over exchange revenues (net program costs); d) gain/loss on pension, ORB, or OPEB assumption changes; e) any costs that cannot be assigned to specific programs or outputs; and f) any exchange revenues that cannot be assigned to specific programs or outputs? (SFFAS 7, paras. 43–44; A-136, section II.3.3.1) 		
<p>3) Does the entity report the full cost of each program’s output that consists of</p> <ul style="list-style-type: none"> a) direct and indirect costs that contribute to the output and b) the costs of identifiable supporting services provided by other programs within the entity and by other entities? (SFFAS 4, para. 89; A-136, section II.3.3.3)³⁶ <p>[SFFAS 55 requires only certain imputed costs to be recognized for non-business-</p>		

³⁶Also see section II.3.8.1, Summary of Significant Accounting Policies, concerning imputed inter-entity costs.

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II.3.3 Statement of Net Cost	Yes, No, or N/A	Explanation and Reference
type activities. See the inter-entity cost subsection below.]		
4) Does the entity report costs related to the production of outputs separately from non-production costs)? ³⁷ (A-136, section II.3.3.3)		
5) Does the entity report the following costs of Stewardship PP&E separately from other non-production costs on the face of the SNC: a) the cost of acquiring, constructing, improving, reconstructing, or renovating heritage assets, other than multi-use heritage assets, and b) the cost of acquiring stewardship land? (A-136, sections II.3.3.3)		
6) Is earned revenue (or exchange revenue) reported on the SNC regardless of whether the entity is permitted to retain the revenue in whole or in part? (SFFAS 7, para. 43)		
7) Are earned revenues deducted from gross costs to determine their net program costs? (SFFAS 7, para. 43)		
8) Are the gains and losses from changes in long-term assumptions used to measure liabilities for federal civilian and military employee pensions, ORB, and OPEB, including veterans' compensation, reported as a separate line(s) on the SNC? (SFFAS 33, para. 19)		
9) Are general management and administrative support costs that cannot be directly traced, assigned on a cause-and-effect basis, or reasonably allocated to responsibility segments and their outputs reported as "costs not assigned to programs" on the SNC? (SFFAS 4, para. 92)		

³⁷Non-production costs are costs that are linked to events other than the production of goods and services, for example, reorganization costs. (SFFAS 4, para. 104)

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II.3.3 Statement of Net Cost	Yes, No, or N/A	Explanation and Reference
10) Are non-production costs that cannot be assigned to a particular program reported as “costs not assigned to programs” on the SNC? (A-136, section II.3.3.7)		
11) Are earned revenues that are immaterial or cannot be attributed to particular outputs or programs reported separately as a deduction to determine the net cost of operations of the program, suborganization, or reporting entity as a whole? (SFFAS 7, para. 44)		
12) Are inter-entity expenses and financing sources eliminated for any consolidated financial statements covering both entities? (SFFAS 4, para. 109)		
13) Is the net amount of gains (or losses) from exchange transactions subtracted from (or added to) the gross cost to determine net cost? (SFFAS 7, para. 44)		
14) Are nonexchange revenues and other financing sources excluded from calculating net cost for the reporting entity? ³⁸ (SFFAS 7, para. 44)		
<p>Cost Accounting – General</p> <p>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, para. 78)</p> <p>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, para. 89)</p> <p>Output is any product or service generated from the consumption of resources. Direct costs are costs that can be specifically identified with an output. 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, paras. 89–91)</p>		
15) Has the entity defined and established responsibility segments? (SFFAS 4, para. 77)		

³⁸“Net cost” and “net cost of operations” are used interchangeably.

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II.3.3 Statement of Net Cost	Yes, No, or N/A	Explanation and Reference
<p>16) Does management designate or establish responsibility segments based on</p> <ul style="list-style-type: none"> a) the entity's organizational structure, b) its lines of responsibility and missions, c) its output (goods or services it delivers), and d) budget accounts and funding authorities? (SFFAS 4, para. 86) 		
<p>17) For each responsibility segment, does the entity</p> <ul style="list-style-type: none"> a) define and accumulate outputs and, if feasible, quantify each type of output in units; b) accumulate costs and quantitative units of resources consumed in producing the outputs; c) assign costs to outputs and calculate the cost per unit of each type of output; and d) establish cost centers within responsibility segments? (SFFAS 4, paras. 79 and 88) 		
<p>18) Are costs assigned to outputs through</p> <ul style="list-style-type: none"> a) directly tracing costs used in the production of an output, wherever economically feasible; b) assigning costs on a cause-and-effect basis; or c) allocating costs on a reasonable and consistent basis? (SFFAS 4, para. 124) 		
<p>19) For cost allocation purposes, do indirect costs assigned to a given cost pool have similar characteristics? (SFFAS 4, para. 136)</p>		
<p>20) Are the full costing methodologies that are appropriate to a segment's operating environment used and consistently followed and any changes documented and explained? (SFFAS 4, paras. 145–146)</p>		

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II.3.3 Statement of Net Cost	Yes, No, or N/A	Explanation and Reference
<p>21) Does the entity include all direct costs in the full cost of outputs, including</p> <ul style="list-style-type: none"> a) salaries and other benefits for employees who work directly on the output; b) materials and supplies used in the work; c) various costs associated with office space, equipment, facilities, and utilities that are used exclusively to produce the output; and d) costs of goods or services received from other segments or entities that are used to produce the output? (SFFAS 4, para. 90) 		
<p>22) In the full cost of outputs, does the reporting entity include</p> <ul style="list-style-type: none"> a) indirect costs incurred within a responsibility segment and b) the costs of support services that a responsibility segment receives from other segments or entities? (SFFAS 4, paras. 91, 122, and 123) 		
<p>23) Are the costs of employee benefits included as part of the cost of outputs?³⁹ (SFFAS 4, paras. 93–97)</p>		
<p>24) 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, paras. 98–101)</p>		
<p>25) Is depreciation expense incurred by responsibility segments on General PP&E included in the full cost of goods and services that the segments produce? (SFFAS 4, para. 102)</p>		

³⁹These include health insurance, life insurance, pension, and other retirement benefits, but not other postemployment benefits. (SFFAS 4, paras. 93–97)

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II.3.3 Statement of Net Cost	Yes, No, or N/A	Explanation and Reference
26) Are the costs of acquiring or constructing heritage assets excluded from the full cost of goods and services and treated as a program cost or period expense? ⁴⁰ (SFFAS 4, para. 103)		
27) Are nonproduction costs incurred by responsibility segments, such as reorganization costs and nonrecurring cleanup costs resulting from facility abandonment, excluded from the full cost of outputs and treated as current-period expenses? (SFFAS 4, para. 104)		
<p>Inter-entity Costs</p> <p>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 providing goods. SFFAS 55 (which amended SFFAS 4 and rescinded SFFAS 30 and Interpretation 6) requires reporting entities to recognize inter-entity cost relating to business-type activities. Non-business-type activities are not required to recognize inter-entity costs with the exception of (1) inter-entity costs for personnel benefits and the Treasury Judgment Fund settlements, and (2) any other inter-entity costs that might otherwise be required by OMB. Although not required to do so, reporting entities may elect to recognize imputed cost and corresponding imputed financing for other types of inter-entity costs.</p> <p>Business-type activity is defined as a significantly self-sustaining activity which finances its continuing cycle of operations through collection of exchange revenue. (SFFAS 4, para. 111, as amended by SFFAS 55, para. 4)</p>		
28) Concerning business-type activities and non-business-type activities that elect to do so: <ul style="list-style-type: none"> a) Does the entity recognize all material inter-entity costs whether or not the entity reimburses the providing entity? (SFFAS 4, paras. 111–112) b) Is recognition of inter-entity costs that are not fully reimbursed limited to material items based on an assessment of the importance of the individual inter-entity transaction in light of <ul style="list-style-type: none"> i) significance to the entity, ii) directness of relationship to the entity’s operations, and iii) identifiability? (SFFAS 4, para. 		

⁴⁰Acquisition costs of heritage assets are part of the costs of the entity or the program that makes the property acquisitions. (SFFAS 4, para. 103, fn 31)

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II.3.3 Statement of Net Cost	Yes, No, or N/A	Explanation and Reference
<p style="text-align: center;">112)</p> <p>c) Are the costs of broad, general support services provided by a federal entity to other federal entities <u>excluded</u> from the costs of the recipient entity unless such services are integral to the receiving entity (e.g., Treasury check-writing services provided for the Social Security Administration)? (SFFAS 4, para. 112)</p> <p>d) 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, para. 109)</p>		
<p>29) Concerning non-business-type activities, does the reporting entity recognize inter-entity cost for personnel benefits and Treasury Judgment Fund settlements? (SFFAS 4, para. 111, as amended by SFFAS 55, para. 4)?</p>		
<p>30) Does the reporting entity recognize other inter-entity costs as directed by OMB? (SFFAS 4, para. 111, as amended by SFFAS 55, paras. 4 and 7)⁴¹ (As of the date of this checklist, OMB had not established any additional inter-entity costs requiring recognition.)</p>		
<p>Revenues</p> <p>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, para. 30)</p> <p>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, para. 30) Nonexchange revenues arise primarily from the government’s sovereign power to demand payments from the public (e.g., taxes, duties, and fines) and also include donations. (SFFAS 7, para. 30)</p>		

⁴¹Despite the absence of a requirement concerning non-business-type activities, reporting entities may elect to recognize imputed cost and corresponding imputed financing for other types of inter-entity costs.

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II.3.3 Statement of Net Cost	Yes, No, or N/A	Explanation and Reference
31) Is collected custodial nonexchange revenue that is legally retained by the collecting entity as reimbursement for the cost of collection recognized as exchange revenue? (SFFAS 7, para. 60.3)		
32) Is revenue received from the public or other government entity in return for providing goods or services recognized as exchange revenue? (SFFAS 7, para. 34)		
33) If an exchange transaction is unusual or nonrecurring for a particular entity, is a gain or loss recognized rather than a revenue or expense? (SFFAS 7, para. 35)		
34) Is exchange revenue recognized when services are performed for transactions in which services are provided to the public or another government entity? (SFFAS 7, paras. 34 and 36 (a))		
35) If specific goods or services are made to order under terms of a contract, is exchange revenue (and any probable loss) recognized in proportion to estimated total cost when goods and services are acquired to fulfill the contract? (SFFAS 7, para. 36(b))		
36) When goods are kept in inventory so that they are available to customers when ordered, is exchange revenue recognized when the goods are delivered to the customer? (SFFAS 7, para. 36(c))		
37) If services are rendered continuously or the right to use an asset extends continually over time, is exchange revenue recognized in proportion to the passage of time or the use of the asset? (SFFAS 7, para. 36(d))		
38) Is interest received on intragovernmental loans recognized as exchange revenue if the source of borrowed funds is predominately exchange revenue? (SFFAS 7, para. 36(d))		

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II.3.3 Statement of Net Cost	Yes, No, or N/A	Explanation and Reference
39) When an asset other than inventory is sold, is any gain (or loss) recognized when the asset is delivered to the purchaser? (SFFAS 7, para. 36(e))		
40) When advance fees or payments are received, such as for large-scale, long-term projects, is revenue recognized only as the cost of providing the corresponding goods and services are incurred? (SFFAS 7, para. 37)		
41) Is the measurement of revenue from exchange transactions based on the actual price received or a receivable under established pricing arrangements? (SFFAS 7, para. 38)		
42) To the extent that realization of the full amount of exchange revenue is not probable due to credit losses (caused by the failure of the debtor to pay the established or negotiated price), is an expense recognized and the allowance for bad debts increased, if the bad debts can be reasonably estimated? (SFFAS 7, para. 40)		
43) If the realization of the full amount of exchange revenue is not probable for reasons apart from credit losses (e.g., returns and allowances), is a provision made to reduce the recognized revenue (if amounts can be reasonably estimated), with the provision recognized as a revenue adjustment? (SFFAS 7, para. 41)		
44) Is exchange revenue recognized regardless of whether the entity retains the revenue for its own use or transfers it to other entities? (SFFAS 7, para. 43)		

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II.3.4 Statement of Changes in Net Position	Yes, No, or N/A	Explanation and Reference
<p>The Statement of Changes in Net Position (SCNP) reports the change in net position during the reporting period, which results from changes to Unexpended Appropriations and Cumulative Results of Operations. (A-136, section II.3.4.1)</p> <p>For FY 2021, the Statement of Changes in Net Position and Custodial Activity (SCNP/SCA) Option C, as shown in OMB Circular No. A-136, section II.3.4.2C, is optional for entities with incidental non-exchange custodial collections. See A-136, section II.3.4.2C, for additional information.</p>		
<p>1) Does the line item “unexpended appropriations” include both the portion of the entity’s appropriation represented by undelivered orders and unobligated balances? (A-136, section II.3.2.5)</p>		
<p>2) Does the line item “cumulative results of operations” include</p> <ul style="list-style-type: none"> a) the net results of operations since inception, b) the cumulative amount of prior-period adjustments, and c) the cumulative amount of donations and transfers of assets in and out without reimbursement? (A-136, section II.3.2.5) 		
<p>3) Are unexpended appropriations reduced as appropriations are used? (SFFAS 7, para. 71)</p>		
<p>4) Are unexpended appropriations adjusted for other changes in budgetary resources, such as rescissions and transfers? (SFFAS 7, para. 71)</p>		
<p>5) Do “appropriations transferred in/out (+/-)” equal the amount of appropriations received in the current or prior year(s) that have been transferred in or out during the current reporting year? (A-136, section II.3.4.5)</p>		
<p>6) Do “other adjustments (rescissions, etc.) (+/-)”⁴² include adjustments to unexpended appropriations and cumulative results of operations? (A-136, section II.3.4.5)</p>		

⁴²Some examples of “other adjustments” include reductions of appropriations and cancellations of expired appropriation expenditure accounts. (A-136, section II.3.4.5)

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II.3.4 Statement of Changes in Net Position	Yes, No, or N/A	Explanation and Reference
7) Are “appropriations used” recognized as a financing source when goods and services are received or when benefits and grants are provided? ⁴³ (SFFAS 7, para. 72)		
8) 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? (A-136, section II.3.4.5)		
9) Do “appropriations used” ⁴⁴ exclude a) undelivered orders and b) unobligated appropriations? (A-136, section II.3.4.5)		
10) Is nonexchange revenue recognized by the recipient entity as a financing source (and not as a deduction in determining the net cost of operations)? (SFFAS 7, para. 60)		
11) Does the entity recognize nonexchange revenues, such as taxes, if legally entitled to the revenue? (SFFAS 7, paras. 48–49)		
12) Is nonexchange revenue recognized when the government’s claim to resources can be characterized as a) specifically identifiable, b) legally enforceable, c) reasonably estimable and more likely than not collectible? (SFFAS 7, para. 48)		

⁴³Goods and services (including amounts capitalized) are considered received when a liability is established. Benefits are considered to be provided when a liability is established. Grants are considered to be provided when grantees meet the requirements that allow them to use the grants. (SFFAS 7, para. 72)

⁴⁴“Appropriations used” does not increase net position. It is subtracted from “unexpended appropriations” and added to “cumulative results of operations,” which are line items on the Balance Sheet. (A-136, section II.3.4.5)

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II.3.4 Statement of Changes in Net Position	Yes, No, or N/A	Explanation and Reference
13) Is revenue recognized by recipient entities the sum of a) cash or cash equivalents transferred to them by the collecting entities and b) the net change in any related inter-entity balances between the collecting and the receiving entities (i.e., the amount to be transferred to the recipient entities from the collecting entities or vice versa)? (SFFAS 7, para. 60) ⁴⁵		
14) Do “donations and forfeitures of cash and cash equivalents” include voluntary gifts and involuntary forfeitures of resources by non-federal entities? (A-136, section II.3.4.5)		
15) Do “transfers-in/out without reimbursement (+/-)” include intragovernmental nonappropriated balance transfers in or out during the current reporting year? ⁴⁶ (A-136, section II.3.4.5)		
16) 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? (A-136, section II.3.4.5)		
17) Does “other” include financing sources that are not classified elsewhere? (A-136, section II.3.4.5)		
18) Is revenue arising from donations of property measured at the estimated fair value of the contribution at the time of the donation? (SFFAS 6, para. 30; SFFAS 7, para. 62)		

⁴⁵SFFAS 7, para. 60, also specifies principles for the application of this standard by (1) trust funds legally entitled to excise taxes collected and (2) trust funds legally entitled to receive Social Security taxes accrued. See the custodial activities section of this checklist for these items, if applicable. (SFFAS 7, paras. 60.1–60.2)

⁴⁶Nonappropriated balances include financing sources and revenue not reported as unexpended appropriations. (A-136, section II.3.4.5)

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II.3.4 Statement of Changes in Net Position	Yes, No, or N/A	Explanation and Reference
19) Are transferred assets recorded at the book amount of the transferring entity, or if the receiving entity does not know the book amount, is the asset recorded at its estimated fair value as of the date of the transfer? ⁴⁷ (SFFAS 7, para. 74)		
20) When assets are transferred in or out by entities without reimbursement, ⁴⁸ a) does the receiving entity recognize the transfer-in as an increase in financing sources in its SCNP and b) does the transferring entity recognize the transfer out as a decrease in financing sources in its SCNP? (SFFAS 7, para. 74)		
21) Does the reporting entity recognize a financing source for imputed costs? (SFFAS 4, para. 109; SFFAS 7, para. 73) (Also see related questions in the “Inter-entity Costs” section.)		
22) Is exchange revenue transferred to another government entity or to Treasury recognized as a “transfer out” in determining the net results of operations? (SFFAS 7, para. 75)		
23) Are assets included in General PP&E that are transferred to another federal entity for use as heritage assets or stewardship land recognized as a transfer-out of capitalized assets? (SFFAS 29 paras. 21 and 39)		

⁴⁷FASAB 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 (Pub. L. No. 107-296, 116 Stat. 2135 (Nov. 25, 2002)). (TB 2003-1 para. I (summary) and 1 (text).)

⁴⁸This amount includes intragovernmental transfers into or out of capitalized assets during the current reporting year. (SFFAS 7, para. 74)

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II.3.4 Statement of Changes in Net Position	Yes, No, or N/A	Explanation and Reference
24) For transfers of multi-use heritage assets from one federal entity to another, does the receiving entity recognize a transfer-in at the transferring entity's book value or at its estimated fair value if book value is not provided? (SFFAS 29, para. 24)		
25) For transfers of multi-use heritage assets from one federal entity to another, does the transferring entity recognize a transfer-out at the transferring entity's book value? (SFFAS 29, para. 24)		
26) Are non-exchange revenue, other financing sources, appropriations, and net cost of operations from Funds from Dedicated Collections reported separately on the face of the SCNPs if the Funds from Dedicated Collections are a) the predominant source of revenue and other financial sources or b) if one (or more) of the entity's Fund(s) from Dedicated Collections is (are) of immediate concern to the constituents of the funds, politically sensitive, controversial, or accumulating large balances or if the information provided in the financial statements would be a primary source of information for the public? (A-136, sections II.3.4.1 and II.3.4.3)		
27) Does the entity use a columnar presentation for its SCNPs which shows the current year and the prior year amounts? (A-136, sections II.3.4.2 A&B and II.3.4.3)		
28) For entities with incidental non-exchange custodial collections that elected to combine the SCNPs and the SCA (Option C), did the entity prepare an SCNPs/SCA consistent with the illustrative statement in A-136? (A-136, sections II.3.4.2C and II.3.4.3)		

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II.3.4 Statement of Changes in Net Position	Yes, No, or N/A	Explanation and Reference
<p>29) The columnar presentation of the SCNPs can be either combined or consolidated within fund type.⁴⁹</p> <p>a) If the entity chose to consolidate within the columns by fund type, does the eliminations column only display elimination between Funds from Dedicated Collections and Funds from other than Dedicated Collections?</p> <p>b) If the entity chose to combine within the columns by fund type, does the elimination column display all SCNPs eliminations, including (1) eliminations between Funds from Dedicated Collections and Funds from other than Dedicated Collections, (2) eliminations within Funds from Dedicated Collections, and (3) eliminations within Funds from other than Dedicated Collections? (A-136, section II.3.4.3)</p>		
<p>30) If the entity chose to use a linear presentation, did the entity display</p> <p>a) the elimination amount for each affected statement line and</p> <p>b) the SCNPs in a columnar format in the note? (A-136, section II.3.4.3)</p>		
<p>31) Are the net position balances attributable to Funds from Dedicated Collections reported separately from Funds from other than Dedicated Collections, if material? (A-136, section II.3.4.4)</p>		
<p>32) Do beginning balances of Cumulative Results of Operations and Unexpended Appropriations agree with the amounts reported as components of net position on the prior year's Balance Sheet?</p>		

⁴⁹The reporting entity must report changes in net position for Funds from Dedicated Collections separately from Funds from Other Than Dedicated Collections in columnar presentation on either the face of the SCNPs or in a related note. Individual columns may be presented on a combined or consolidated basis. Therefore, amounts reported in an eliminations column must account for the treatment used in the fund columns to arrive at an SCNPs that is consolidated overall.

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II.3.4 Statement of Changes in Net Position	Yes, No, or N/A	Explanation and Reference
<p>33) If errors were discovered after the issuance of the prior year financial statements,⁵⁰ and if those financial statements or the current financial statements would be materially misstated absent correction, were corrections made in the SCNPs as follows:</p> <p>a) If only the current period statements are presented, is the cumulative effect of correcting the error reported as a prior period adjustment to the beginning balance of the cumulative results of operations?</p> <p>b) If comparative financial statements are presented, are individual amounts on the financial statements corrected in the earliest affected period presented?</p> <p>c) If the earliest period presented in the comparative financial statements is not the period in which the error occurred and the cumulative effect is attributable to prior periods, is the cumulative effect reported as a prior period adjustment to the beginning balance of cumulative results of operations in the SCNPs for the earliest period presented? (SFFAS 21, paras. 10–11)</p>		
<p>34) Do the SCNPs' current year unadjusted beginning balances for Cumulative Results of Operations and Unexpended Appropriations agree with the restated ending balances on the entity's prior year SCNPs resulting from correction of errors? (A-136, section II.3.4.4)</p>		
<p>35) Is the nature of an error in previously issued financial statements and the effect of its correction on relevant balances disclosed?⁵¹ (SFFAS 21, para. 10 (c))</p>		

⁵⁰Errors in financial statements include those from mathematical mistakes, mistakes in the application of accounting principles, or oversight or misuse of facts that existed at the time the statements were prepared.

⁵¹Prior period financial statements should only be restated for corrections of errors that have caused any statements to be materially misstated.

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II.3.4 Statement of Changes in Net Position	Yes, No, or N/A	Explanation and Reference
36) If the entity presents the correction of an error reported in previously issued financial statements, did the entity label the prior year comparative column as “Restated” for each statement and note affected by the correction? (A-136, section II.3.4.4)		
37) If changes in accounting principles would have resulted in a change to prior period financial statements, ⁵² unless otherwise specified in the transition instructions section of a new FASAB standard, 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” with an adjustment to the beginning balance of the cumulative results of operations in the SCNP for the period that the change is made; b) if comparative financial statements, prior period amounts are presented as previously reported; and c) the nature of the changes in accounting principles and its effect on relevant balances are disclosed in the current period? (SFFAS 21, paras. 12–13)		
38) Are “beginning balances, as adjusted,” equal to the sum of the beginning balances of net position as reported on the prior year’s Balance Sheet and the prior period adjustments? (A-136, section II.3.4)		
39) Does imputed financing reported on the SCNP equal the amount of imputed costs on the SNC? ⁵³ (A-136, section II.3.4.5)		

⁵²A change in accounting principle is a change from one generally accepted accounting principle to another that can be justified as preferable. Changes in accounting principles include those resulting from the adoption of new federal accounting standards.

⁵³The imputed financing amount includes financing of certain costs by one federal entity on behalf of another federal entity (e.g., the payment of certain employee benefit costs by the Office of Personnel Management for employees of other federal agencies).

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II.3.4 Statement of Changes in Net Position	Yes, No, or N/A	Explanation and Reference
40) Does “net cost of operations” on the SCNP agree with the net cost of operations on the SNC? (A-136, section II.3.4.6)		
41) Does subtracting the net cost of operations from total financing sources and beginning balance, as adjusted, yield cumulative results of operations? (A-136, section II.3.4.6)		
42) If the entity retains collected exchange revenue (which is normally reported on the SNC) for which it incurs virtually no cost in connection with earning the revenue, is such revenue shown as a financing source on the SCNP and not the SNC? (SFFAS 7, para. 45)		

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II.3.5 Statement of Budgetary Resources	Yes, No, or N/A	Explanation and Reference
<p>The budget is the primary financial planning and control tool of the government. The Statement of Budgetary Resources (SBR) and the related disclosures provide information about how budgetary resources were made available and their status at the end of the period. It is the only financial statement predominantly derived from an entity's budgetary USSGL accounts.</p> <p>Budgetary resources transferred or exchanged between components within a reporting entity should not be eliminated. (SFFAS 7, para. 77; A-136, sections II.3.5.1 and II.3.5.5)</p>		
<p>Distributed offsetting receipts are collections that offset gross outlays of an agency and are credited to general fund, special fund, or trust fund receipt accounts. Distributed offsetting receipts typically offset the outlays of the agency that conducts the activity generating the receipts. Offsetting receipts are composed of proprietary receipts from the public, receipts from intragovernmental transactions, and offsetting governmental receipts. This line item on the SBR should include all distributed offsetting receipts for the agency and deducted from gross outlays to yield net agency outlays. (A-136, section II.3.5.7)</p>		
<p>1) Do offsetting receipts include entity receipt accounts for</p> <ul style="list-style-type: none"> a) Proprietary Receipts from the Public, b) Intrabudgetary Receipts Deducted by Agencies, and c) Offsetting Governmental Receipts? (A-136, section II.3.5.7) 		
<p>2) Is the amount of distributed offsetting receipts the aggregate of cash collected in these receipt accounts and reported to Treasury monthly?⁵⁴ (A-136, section II.3.5.7)</p>		
<p>3) Are undistributed offsetting receipts excluded from the SBR? (A-136, section II.3.5.7)</p>		

⁵⁴Agencies use the Central Accounting Reporting System to report disbursement and collection activity.

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II.3.5 Statement of Budgetary Resources	Yes, No, or N/A	Explanation and Reference
<p>4) In order to have consistency between the information presented in the SBR and the <i>Budget of the United States Government</i>, does the entity</p> <p>a) post all subsequent changes, whether material or not, to OMB’s MAX A-11 Data Entry system during the time frames provided by OMB, and</p> <p>b) post all subsequent changes, whether material or not, made to OMB’s MAX A-11 Data Entry system to the Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS) during its revision window (November time frame)? (A-136, section II.3.5.1)</p>		
<p>5) Is recognition and measurement of budgetary resources in the SBR based on budget concepts, definitions, and guidance in OMB Circular No. A-11, <i>Preparation, Submission and Execution of the Budget</i>, Appendix F (April 28, 2021)? (SFFAS 7, para. 78; A-136, section II.3.5.1)</p>		
<p>6) Does the entity ensure information used to prepare the SBR is consistent with the budgetary information reported to GTAS during the fourth quarter reporting window,⁵⁵ which includes the revision window? (A-136, section II.3.5.1)</p>		
<p>7) If changes are made to budgetary information after the SBR has been published, did the entity enter the changes, whether material or not, in OMB’s MAX A-11 Data Entry system (during the time frames provided by OMB) and to GTAS during the 4th quarter revision window (November time frame), coordinating these efforts with the agency’s budget office? (A-136, section II.3.5.1)</p>		

⁵⁵GTAS information is used to produce the fourth quarter SF133.

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II.3.5 Statement of Budgetary Resources	Yes, No, or N/A	Explanation and Reference
8) Is the budgetary information in the SBR presented on a combined basis that is consistent with the aggregate of the account-level information on the SF-133? (A-136, section II.3.5.2)		
9) If the SF-133 includes additional lines that are material to the SBR a) does the entity report this disaggregated information on the SBR and b) is this disaggregated information subtotaled using the prescribed major categories? (A-136, section II.3.5.3)		
10) Are non-budgetary credit reform financing accounts reported in a separate column from those of the budgetary accounts on the SBR? (A-136, section II.3.5.3)		
11) In its SBR under “Budgetary Resources,” does the entity include, as applicable, a) unobligated balance from prior year budget authority, b) appropriations, c) borrowing authority, d) contract authority, and e) spending authority from offsetting collections? (SFFAS 7, para. 77; A-136, sections II.3.5.4 and II.3.5.5)		

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II.3.5 Statement of Budgetary Resources	Yes, No, or N/A	Explanation and Reference
<p>12) In its SBR under “Status of Budgetary Resources,” does the entity include, as applicable,</p> <ul style="list-style-type: none"> a) new obligations and upward adjustments and b) unobligated balance(s), end of year that are <ul style="list-style-type: none"> i) apportioned, unexpired accounts; ii) exempt from apportionment, unexpired accounts; iii) unapportioned, unexpired accounts; iv) unexpired unobligated balance, end of year; and v) expired unobligated balance, end of year? (SFFAS 7, para. 77; A-136, sections II.3.5.4 and II.3.5.6) 		
<p>13) Does the total budgetary resources amount reported for the “status of budgetary resources” section of the SBR equal the total budgetary resources available to the reporting entity as of the reporting date as reported in the “Budgetary Resources” section? (A-136, section II.3.5.6)</p>		
<p>14) In its SBR under “Outlays, Net,” does the entity include</p> <ul style="list-style-type: none"> a) outlays, net; b) distributed offsetting receipts; and c) agency outlays, net? (A-136, sections II.3.5.4 and II.3.5.7) 		
<p>15) Do the outlays reported in the “Outlays, net” section agree with the agency’s disbursements and collections reported to Treasury for the fiscal year to date?⁵⁶ (A-136, section II.3.5.7)</p>		

⁵⁶Net outlays are derived by reducing gross outlays by actual offsetting collections.

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II.3.5 Statement of Budgetary Resources	Yes, No, or N/A	Explanation and Reference
16) In its SBR for credit finance accounts, does the entity present “Disbursements, Net” (which are derived by reducing gross disbursements by actual offsetting collections from credit financing accounts), and are such amounts excluded from “Outlays, Net?” (A-136, section II.3.5.7)		

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II.3.6 Statement of Custodial Activity	Yes, No, or N/A	Explanation and Reference
<p>The Statement of Custodial Activity (SCA) is required for entities that collect nonexchange revenue for the General Fund of the U.S. Government, a trust fund, or other recipient entities (e.g., taxes and duties collected by the Internal Revenue Service or Customs and Border Protection Agency). The SCA is also required for entities that collect exchange revenues, including oil and gas revenues, as specified in SFFAS 7. Collecting entities do not recognize as revenue collections that have been or should be transferred to others as revenues; rather, the sources and disposition of the collections are reported on the SCA.</p> <p>When collecting entities have custodial collections that are incidental to their primary mission, the sources and disposition of the collections may be disclosed in the notes, the SCA, or the combined SCNP/SCA. (A-136, sections II.3.6.1 and II.3.4.2C)</p>		
1) Is this topic applicable to the entity’s financial statements? (Answer Y if applicable, N/A if not applicable, or N/S if not significant. If N/A or N/S, skip to the next topic.)		
2) Is collected nonexchange revenue that has or will be transferred to others reported on the SCA? (A-136, section II.3.6.1)		
3) If the entity collected exchange revenue (which is normally reported on the SNC) on behalf of others for which it incurs virtually no cost in connection with earning the revenue, is such revenue reported in the SCA and not the SNC? (SFFAS 7, para. 45)		
Sources of Collections		
4) Are the components of cash collections classified by source and nature of collection, such as by type of tax or duty? (A-136, section II.3.6.3)		
5) Are nonexchange revenue accrual adjustments reported separately in the “sources of collections” section? ⁵⁷ (A-136, section II.3.6.3)		

⁵⁷The accrual adjustment is not applicable to exchange revenues because exchange revenues are reported on an accrual basis.

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II.3.6 Statement of Custodial Activity	Yes, No, or N/A	Explanation and Reference
Disposition of Collections		
6) Do the amounts transferred to others, reported in the “disposition of collections” section, identify the agencies to which collections were transferred and the amounts transferred? (A-136, section II.3.6.4)		
7) Is the change in revenue yet to be transferred reported separately in the “disposition of collections” section of the SCA? (A-136, section II.3.6.4)		
8) Are refunds and other payments made reported separately in the “disposition of collections” section of the SCA? (A-136, section II.3.6.4)		
9) Are collections retained by the entity separately reported as a disposition of collections in the SCA? (A-136, section II.3.6.4)		
Net Custodial Activity		
10) Does “total custodial revenue” from the sources of cash collections section equal “total disposition of collections” from the “disposition of collections” section so that the net custodial activity is zero? (A-136, section II.3.6.5)		

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II.3.7 Statement of Social Insurance & Statement of Changes in Social Insurance Amounts	Yes, No, or N/A	Explanation and Reference
<p>A Statement of Social Insurance (SOSI) is required for the following programs: Old-Age, Survivors, and Disability Insurance (OASDI, or Social Security), Medicare (Hospital Insurance and Supplementary Medical Insurance), Railroad Retirement benefits, and Black Lung benefits.</p> <p>For the projection period, the SOSI presents the actuarial present value for current and future participants of all future contributions and tax income (excluding interest income) and scheduled expenditures, and the difference between these two actuarial present values. (SFFAS 17, paras. 14 and 27(3); SFFAS 26, para. 5; A-136, section II.3.7.1)</p>		
<p>1) Is this topic applicable to the entity’s financial statements? (Answer Y if applicable, N/A if not applicable, or N/S if not significant. If N/A or N/S, skip to the next topic.)</p>		
<p>2) For all social insurance programs except Unemployment Insurance (UI),⁵⁸ does the responsible entity’s SOSI present the following?</p> <p>a) The actuarial present value of all future expenditures during the projection period related to benefit payments</p> <ul style="list-style-type: none"> i) to or on behalf of current participants who have not yet attained retirement/eligibility age; ii) to or on behalf of current participants who have attained retirement/eligibility age; and iii) to or on behalf of those who are expected to become plan participants during a projection period encompassing substantially all the present value attributed to i. and ii., immediately above. (SFFAS 17, para. 27 (3) (a)–(c)) <p>b) The actuarial present value of all future contributions and tax income (from taxation of benefits) during the projection period</p> <ul style="list-style-type: none"> i) from or on behalf of current participants who have not yet attained retirement/eligibility age; 		

⁵⁸Although SFFAS 17 lists UI for general public as social insurance, the requirements for the SOSI in para. 27(3) of SFFAS 17 specifically exclude UI. Therefore, a SOSI is not required for UI.

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II.3.7 Statement of Social Insurance & Statement of Changes in Social Insurance Amounts	Yes, No, or N/A	Explanation and Reference
<ul style="list-style-type: none"> ii) from or on behalf of current participants who have attained retirement/eligibility age; and iii) from or on behalf of those who are expected to become plan participants during a projection period encompassing substantially all the present value attributed to i. and ii., immediately above. (SFFAS 17, para. 27 (3) (d)–(f)) c) The net present value of cash flow during the projection period. (SFFAS 17, para. 27 (3) (g)) 		
<p>3) Is the information detailed in the preceding question for the current year and for each of the preceding 4 years? (SFFAS 17, para. 27 (3) (j))</p>		
<p>4) Is there a section within the SOSI that summarizes the closed and open group measures? (SFFAS 37, para. 28; see illustration in app. C)</p>		
<p>5) Does the summary section of the SOSI include assets held by the programs, if any, and totals for the open group unfunded obligation? (SFFAS 37, para. 29; see illustration in app. C)</p>		

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II.3.7 Statement of Social Insurance & Statement of Changes in Social Insurance Amounts	Yes, No, or N/A	Explanation and Reference
<p>Entities that prepare a SOSI should also present a Statement of Changes in Social Insurance Amounts (SCSIA) that reconciles beginning and ending open group measures and presents the components of the changes in the open group measure for 2 years. (A-136, section II.3.7.1)</p> <p>The open group population is those persons who, as of a valuation date, are or will be during the projection period participants in a social insurance program as beneficiaries, covered workers, or payers of earmarked taxes or premiums.</p> <p>The open group measure is the net present value of all expenditures to or on behalf of the open group population and all contributions or other income from or on behalf of the open group population over a given projection period, for example, 75 years.</p> <p>The closed group population is those persons who, as of a valuation date, are participants in a social insurance program as beneficiaries, covered workers, or payers of earmarked taxes or premiums.</p> <p>The closed group measure is the net present value of all expenditures to or on behalf of the closed group population participating in a social insurance program and all contributions or other income from or on behalf of those participants over a given projection period. (SFFAS 37, paras. 15, 16, 20, and 21)</p>		
<p>6) Are the open group measure line items on the SOSI the same as the beginning-of-year and end-of-year line items on the SCSIA for the open group measure? (A-136, section 3.7.1)</p>		
<p>7) Did the entity present a SCSIA that reconciles beginning and ending open group measures and presents the significant components of the changes in the open group measure from the end of the previous reporting period, such as</p> <ul style="list-style-type: none"> a) the change due to the change in valuation period; b) the changes in demographic, economic, and health care assumptions; c) the changes in law, regulation, and policy; and d) the amounts associated with each type of change? (SFFAS 37, para. 31) 		
<p>8) Did the entity present a SCSIA that discloses on the statement's face, in the notes, or both the reasons for significant changes in the open group measure from the end of the previous reporting period? (SFFAS 37, paras. 2 and 32 and app. D)</p>		

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II.3.7 Statement of Social Insurance & Statement of Changes in Social Insurance Amounts	Yes, No, or N/A	Explanation and Reference
9) Are all projections and estimates made as of a date (the valuation date) as close to the end of the fiscal year being reported on (“current year”) as possible and no more than 1 year prior to the end of the current year? (SFFAS 17, para. 26)		

Section II.3.8 – Accounting and Disclosure by Specific Topic

II.3.8.1 Significant Accounting Policies	Yes, No, or N/A	Explanation and Reference
<p>Disclosure of accounting policies identifies and describes the accounting principles that the reporting entity follows and methods for applying those principles. In general, the disclosure encompasses important judgments as to the valuation, recognition, and allocation of assets, liabilities, expenses, revenues, and other financing sources. (A-136, section II.3.8.1)</p>		
<p>Disclosure</p>		
<p>1) Is a description of the reporting entity, including identification of its major components, disclosed in the significant accounting policy? (A-136, section II.3.8.1)</p>		
<p>2) Is a description of any consolidated entities and disclosure entities in accordance with SFFAS 47 disclosed in the significant accounting policy?⁵⁹ (A-136, section II.3.8.1)</p>		
<p>3) Has entity management summarized all appropriate accounting principles and methods of applying such principles to fairly present the entity’s assets, liabilities, net cost of operations, changes in net position, and budgetary resources in the disclosure of significant accounting policies? (A-136, section II.3.8.1)</p>		
<p>4) Does the disclosure of accounting policies encompass important judgments as to the valuation, recognition, and allocation of assets, liabilities, expenses, revenues, and other financing sources?</p>		
<p>5) Is the disclosure of accounting policies not duplicated in other notes to the financial statements, other than to include more detailed accounting policy in a specific note? (A-136, section II.3.8.1)</p>		

⁵⁹Agencies with a large number of disclosure entities or balances resulting from transactions with disclosure entities may provide this information in a separate note and include a reference to that note in Note 1.

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II.3.8.1 Significant Accounting Policies	Yes, No, or N/A	Explanation and Reference
6) Does the disclosure describe changes in generally accepted accounting principles affecting the financial statements and explain concepts, such as Fund Balance with Treasury and Funds from Dedicated Collections, unique to federal financial statements? (A-136, section II.3.8.1)		
7) Are significant changes in the composition of the entity or manner in which the entity aggregates information for financial reporting purposes disclosed? (A-136, section II.3.8.1)		
8) Does the entity disclose (i) information concerning fiduciary activities ⁶⁰ and (ii) that related fiduciary cash and other assets are not assets of the federal government? (A-136, section II.3.8.1)		
9) If the entity is a “parent” or transferring entity involved in an allocation transfer with another federal entity, does the disclosure include an explanation (no amounts required) that there are amounts reported in the parent entity’s net cost of operations, changes in net position, and budgetary resources that relate to activity performed by another federal entity? (A-136, section II.3.8.1)		
10) If the entity is a “child” or receiving entity involved in an allocation transfer with another federal entity, does the disclosure include an explanation (no amounts required) that it performed activity reported in the financial statements of the “parent”? (A-136, section II.3.8.1)		

⁶⁰Fiduciary activities are the collection or receipt and the government’s management, protection, accounting, investment, and disposition of cash or other assets in which non-federal individuals or entities have an ownership interest.

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II.3.8.1 Significant Accounting Policies	Yes, No, or N/A	Explanation and Reference
11) Does the disclosure from the “parent” or “child” in an allocation transfer include the names of the other federal entities involved in the allocation transfers? (A-136, section II.3.8.1)		
12) If the entity reports liabilities for federal employee pensions, ORB, and OPEB, including veterans’ compensation, does the disclosure include its policy regarding consistency in the number of historical rates used to calculate the average historical Treasury rates from one reporting period to the next? (A-136, section II.3.8.1)		
13) If the entity prepared a SOSI, does the disclosure explain that SOSI amounts are estimates based on current conditions; that such conditions may change in the future; and that actual cost may vary, sometimes greatly, from estimates? (A-136, section II.3.8.1)		
14) Did the entity disclose the general nature of other imputed costs recognized in its financial statements? (A-136, section II.3.8.24)		

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II.3.8.1 Significant Accounting Policies	Yes, No, or N/A	Explanation and Reference
<p>15) Does the reporting entity disclose that certain goods and services that are received from other federal entities are recognized at no cost or at a cost less than the full cost? (SFFAS 4, para. 113A, as amended by SFFAS 55, para. 6; A-136, section II.3.8.24) The following is an illustrative example that should be tailored as needed:</p> <p>Goods and services are received from other federal entities at no cost or at a cost less than the full cost to the providing federal entity. Consistent with accounting standards, certain costs of the providing entity that are not fully reimbursed [by the component reporting entity] are recognized as imputed cost [in the Statement of Net Cost] and are offset by imputed revenue [in the Statement of Changes in Net Position]. Such imputed costs and revenues relate to business-type activities (if applicable), employee benefits, and claims to be settled by the Treasury Judgment Fund. However, unreimbursed costs of goods and services other than those identified above are not included in our financial statements. (SFFAS 4, para. 113A)</p>		
<p>16) Does the reporting entity include the following in the summary of significant accounting policies?</p> <p>“Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.” (SFFAS 56, para. 12; A-136, section II.3.8.1)</p>		
<p>17) Reporting entities must not disclose application of SFFAS 56, including any interpretations of the statement. Did the reporting entity comply with this requirement? (SFFAS 56, para. 12, A-136, section II.3.8.1)</p>		

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II.3.8.2 Non-Entity Assets	Yes, No, or N/A	Explanation and Reference
<p>Non-entity assets are assets held by an entity that are not available to the entity (e.g., income tax receivables, which the Internal Revenue Service collects for the U.S. Government but has no authority to spend). (SFFAS 1, paras. 28–29, A-136, section II.3.2.3)</p>		
<p>1) Is this topic applicable to the entity’s financial statements? (Answer Y if applicable, N/A if not applicable, or N/S if not significant. If N/A or N/S, skip to the next topic.)</p>		
<p>Disclosure</p>		
<p>2) Are the amounts and types of non-entity assets disclosed in a note to the financial statements? (A-136, section II.3.2.3)</p>		
<p>3) Are intragovernmental non-entity assets disclosed separately from other non-entity assets in a note to the financial statements? (A-136, section II.3.8.2)</p>		
<p>4) Is sufficient information to understand the nature of non-entity assets provided in a note? (A-136, section II.3.8.2)</p>		
<p>5) Are non-fiduciary deposit funds that are held by the U.S. Government on behalf of non-federal entities or individuals classified as non-entity assets in Note 2? (A-136, section II.3.2.3)</p>		

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II.3.8.3 Fund Balance with Treasury	Yes, No, or N/A	Explanation and Reference
<p>A federal entity's FBWT is the aggregate amount of funds in the entity's accounts with Treasury for which the entity is authorized to make expenditures and pay liabilities. FBWT includes clearing account balances and the dollar equivalent of foreign currency account balances. FBWT is an intragovernmental item, except for fiduciary and other non-federal non-entity FBWT. From the reporting entity's perspective, FBWT is an (intragovernmental) asset (although it is an intragovernmental liability to Treasury). From the perspective of the federal government as a whole, FBWT is neither an asset nor a liability and is eliminated in the federal consolidated financial statements. FBWT represents a commitment to make resources available to federal departments, agencies, programs, and other entities. In contrast, fiduciary and other non-federal non-entity FBWT is not intragovernmental and represents a liability of the appropriate Treasury component, and of the federal government as a whole, to the non-federal beneficiaries. (SFFAS 1, paras. 31–32, as amended by SFFAS 31, para. 32)</p> <p>Non-fiduciary deposit funds should be reported as “intragovernmental.” Examples of “intragovernmental” non-fiduciary deposit funds include deposit funds that are used to hold unpaid payroll withholdings, unearned revenues, and certain collections that may or may not be distributed to non-federal parties depending on the results of research or legal or agency judgment. (A-136, section II.3.2.3)</p>		
<p>1) Is this topic applicable to the entity’s financial statements? (Answer Y if applicable, N/A if not applicable, or N/S if not significant. If N/A or N/S, skip to the next topic.)</p>		
<p>Accounting</p>		
<p>2) Are foreign currency account balances with Treasury 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, para. 32)</p>		
<p>3) Does fund balance with Treasury include</p> <ul style="list-style-type: none"> a) clearing account balances; b) balances for direct loan and loan guarantee activities held in the credit reform program, financing, and liquidating accounts; c) funds actually borrowed from Treasury under statutory authority; and d) the dollar equivalent of foreign currency account balances? (SFFAS 1, paras. 32 and 35) 		

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II.3.8.3 Fund Balance with Treasury	Yes, No, or N/A	Explanation and Reference
4) Does FBWT exclude contract authority or unused authority to borrow? ⁶¹ (SFFAS 1, para. 34)		
5) Does the entity record an increase in its fund balance with Treasury when it <ul style="list-style-type: none"> a) receives appropriations, reappropriations, continuing resolutions, appropriation restorations, and allocations; b) redeems investments in U.S. Treasury securities; c) receives transfers and reimbursements from other agencies; d) borrows from Treasury, the Federal Financing Bank, or other entities; and e) collects and credits amounts to its appropriations or fund accounts that the entity is authorized to spend or use to offset its expenditures? (SFFAS 1, para. 33) 		
6) Does the entity record a decrease in its FBWT when it <ul style="list-style-type: none"> a) disburses to pay liabilities or to purchase assets, goods, and services; b) invests in U.S. Treasury securities; c) cancels expired appropriations; d) makes transfers and reimbursements to other entities or to Treasury; and e) cancels appropriations as a result of sequestration or rescission? (SFFAS 1, para. 36) 		
7) Are unexpended appropriations recognized as capital and included under FBWT when they are made available for apportionment? (SFFAS 7, para. 71)		

⁶¹Contract authority is a statutory authority (2 U.S.C. § 622(2)) under which an entity may enter into contracts or incur other obligations before receiving an appropriation sufficient for the payment of the obligations incurred. (see SFFAS 1, para. 34)

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II.3.8.3 Fund Balance with Treasury	Yes, No, or N/A	Explanation and Reference
8) Does the entity report non-federal non-entity amounts received for unfilled orders (including amounts a customer advances for orders that may be placed in the future or deposits made as part of a bid or settlement process) and deposited into the General Fund of the U.S. Government as an intragovernmental asset (FBWT)? (FASAB Interpretation No. 10, para. 7)		
Disclosure		
9) Are amounts of FBWT meeting the definition of fiduciary FBWT disclosed in the notes? (A-136, section II.3.2.3)		
10) Does the entity distinguish the unobligated balance, ⁶² the obligated balance not yet disbursed, ⁶³ and non-budgetary FBWT ⁶⁴ categories of funds within FBWT in a note to the financial statements? (SFFAS 1, para. 37; A-136, section II.3.8.3, item A)		
11) Does the disclosure separate the unobligated portion of FBWT into available and unavailable amounts? (A-136, section II.3.8.3, item A)		
12) Are restrictions on unobligated balances related to future use disclosed and explained? (SFFAS 1, para. 38; A-136, section II.3.8.3, item A)		

⁶²The unobligated balance is the amount of funds available to the entity against which no claims have been recorded. (SFFAS 1, para. 38)

⁶³The obligated balance not yet disbursed is the amount of funds against which budgetary obligations have been incurred, but disbursements have not been made. (SFFAS 1, para. 37)

⁶⁴Non-budgetary FBWT includes unavailable receipt accounts, clearing accounts and other accounts that do not represent budget authority, as well as non-entity FBWT that is recognized on the Balance Sheet. (SFFAS 1, para. 38)

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II.3.8.3 Fund Balance with Treasury	Yes, No, or N/A	Explanation and Reference
<p>13) Does the entity disclose</p> <ul style="list-style-type: none"> a) differences and the causes (if known) of such differences between FBWT in its general ledger accounts and the balance in its Treasury's accounts, and b) other information necessary for understanding the nature of fund balances? (SFFAS 1, para. 39; A-136, section II.3.8.3, item B) 		
<p>14) Does the entity disclose information on unused funds in expired appropriations that are returned to Treasury at the end of a fiscal year? (SFFAS 1, para. 39)</p>		

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II.3.8.4 Cash and Other Monetary Assets	Yes, No, or N/A	Explanation and Reference
<p>Cash (including imprest funds) consists of coins, paper currency, readily negotiable instruments (such as checks, money orders, and bank drafts), demand deposits, investments held outside of Treasury, and foreign currencies stated in U.S. dollars at the exchange rate on the financial statement date. Other monetary assets consist of items such as gold, special drawing rights, and U.S. reserves in the International Monetary Fund (IMF). (SFFAS 1, para. 27; A-136, sections II.3.2.3 and II.3.8.4)</p>		
<p>Entity cash is the amount of cash that the reporting entity holds and is authorized to spend. Non-entity cash is cash that a federal entity collects and holds on behalf of the U.S. government or other entities. In some instances, the entity deposits cash in its accounts in a custodial capacity for the U.S. Treasury or other federal component entities or in a fiduciary capacity for non-federal parties. Non-entity cash held that meets the definition of a fiduciary asset should not be recognized on the Balance Sheet but should be separately disclosed in accordance with SFFAS 31. (SFFAS 1, paras. 28–29, as amended by SFFAS 31, para. 31)</p>		
<p>1) Is this topic applicable to the entity’s financial statements? (Answer Y if applicable, N/A if not applicable, or N/S if not significant. If N/A or N/S, skip to the next topic.)</p>		
<p>Accounting</p>		
<p>2) Does the entity record all cash and other monetary assets to include</p> <ul style="list-style-type: none"> a) Cash, such as coins, paper currency, negotiable instruments, and demand deposits; b) foreign currency; c) other monetary assets, such as gold, special drawing rights, and reserves in the IMF; and d) deposits not confirmed and confirmed deposits that have not yet been recorded in the Central Accounting Reporting System? (A-136, sections II.3.2.3 and II.3.8.4) 		
<p>Disclosure</p>		
<p>3) Are the components of cash and other monetary assets disclosed and described in a note to the financial statements? (A-136, sections II.3.2.3 and II.3.8.4)</p>		
<p>4) Is non-entity cash disclosed in the notes to the financial statements, separately from entity cash? (SFFAS 1, para. 29; A-136, section II.3.2.3)</p>		

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II.3.8.4 Cash and Other Monetary Assets	Yes, No, or N/A	Explanation and Reference
5) If cash is restricted, ⁶⁵ is the nature and reason disclosed as additional information? (SFFAS 1, para. 30; A-136, section II.3.8.4)		
6) Does the entity disclose 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? (A-136, section II.3.8.4)		
7) Is other information on cash and other monetary assets disclosed, as appropriate, such as the valuation rate of gold? (A-136, section II.3.8.4)		

⁶⁵Non-entity cash is always restricted.

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II.3.8.5 Investments	Yes, No, or N/A	Explanation and Reference
<p>Investments in federal securities include (1) nonmarketable par value Treasury securities, (2) market-based Treasury securities, (3) marketable Treasury securities, and (4) securities issued by other federal entities. (SFFAS 1, para. 62; A-136, section II.3.2.3)</p> <p>Investments in non-federal securities are issued by non-federal entities, including state and local governments, private corporations, and government-sponsored enterprises, regardless of whether the investments are federally guaranteed. Investments in non-federal securities include federal agencies' investments in money market and mutual funds, even if the money market or mutual fund's assets consist entirely of federal securities. Federal agencies' investments in federal securities through the secondary market are not considered non-federal securities. (A-136, section II.3.2.3)</p>		
<p>1) Is this topic applicable to the entity's financial statements? (Answer Y if applicable, N/A if not applicable, or N/S if not significant. If N/A or N/S, skip to the next topic.)</p>		
<p>Accounting</p>		
<p>2) Are investments in federal securities initially recorded at their acquisition cost? (SFFAS 1, paras. 68–69)</p>		
<p>3) 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, para. 68)</p>		
<p>4) Subsequent to acquisition, is the carrying amount (i.e., acquisition cost) of investments in federal securities adjusted for amortized premium or discount? (SFFAS 1, paras. 70–71)</p>		
<p>5) 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, para. 71)</p>		
<p>6) Does the entity have non-federal securities, and if so, are they accounted for in the appropriate manner?⁶⁶ (A-136, section II.3.8.5)</p>		

⁶⁶For investments in non-federal securities not accounted for in a manner comparable to the accounting treatment in SFFAS 2, agencies should consult FASB Accounting Standards Codifications for fair value measurement and disclosure (ASC 320 Investments – Debt Securities, 321 Investments – Equity Securities, 323 Investments – Equity Method and Joint Ventures, 325 Investments – Other, and 820 Fair Value Measurement). However, such guidance is not applicable to non-federal securities that are accounted for under SFFAS 2, *Accounting for Direct Loans and Loan Guarantees*. (See A-136, section II.3.2.3.)

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II.3.8.5 Investments	Yes, No, or N/A	Explanation and Reference
Disclosure		
7) Are the components of investments (e.g., cost, amortization, and interest receivable) disclosed in the notes to the financial statements? (A-136, section II.3.8.5)		
8) Is the market value of all marketable securities and all non-marketable market-based securities disclosed? (SFFAS 1, para. 72; A-136, section II.3.8.5)		
9) For purposes of determining a market value, are investments grouped by type of security, ⁶⁷ such as marketable or market-based Treasury securities? (SFFAS 1, para. 72; A-136, section II.3.8.5)		
10) If the entity has investments in Treasury securities for Funds from Dedicated Collections, does the entity disclose these investments in a note to the financial statements in line with information required by SFFAS 27, paragraphs 27–28, as amended by SFFAS 43? ⁶⁸ (A-136, sections II.3.2.3 and II.3.8.5)		
11) If the reporting entity has non-fiduciary deposit funds with investment authority that report intragovernmental FBWT, do they also report investments in Treasury securities as intragovernmental?		
12) Are securities that have been reclassified as securities available for sale or early redemption disclosed? (SFFAS 1, para. 73)		

⁶⁷The market value of investments in a group is calculated by the market price of securities of that group at the financial reporting date multiplied by the number of notes or bonds held at the financial reporting date.

⁶⁸The note should explain the following issues: (1) The U.S. Treasury does not set aside assets to pay future expenditures associated with funds from dedicated collections. Instead, the cash generated from such funds is used by the U.S. Treasury for general governmental purposes. (2) Treasury securities are issued to the fund as evidence of dedicated collections and provide the fund with the authority to draw upon the U.S. Treasury for future authorized expenditures. (3) Treasury securities held by a fund from dedicated collections are an asset of the fund and a liability of the U.S. Treasury, so they are eliminated in consolidation for the U.S. governmentwide financial statements. (4) When the fund from dedicated collections redeems its Treasury securities to make expenditures, the U.S. Treasury will finance those expenditures in the same manner that it finances all other expenditures. (SFFAS 27, paras. 27–28)

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II.3.8.5 Investments	Yes, No, or N/A	Explanation and Reference
13) For investments in non-federal securities, does the entity disclose whether the investment is classified as available-for-sale, held-to-maturity, or trading security and whether the investment is in debt, equity, or other securities? (A-136, section II.3.8.5)		
14) For investments in non-federal securities, does the entity disclose the fair value measurements hierarchy classification (Levels 1, 2, or 3, or Other) ⁶⁹ by investment type? ⁷⁰ (A-136, section II.3.8.5)		
15) For significant entities only , for investments in non-federal securities, does the entity disclose a reconciliation as follows? a) Beginning balance b) Valuation adjustments c) Gain/Loss on sales/dispositions d) Acquisition of investments e) Sale/repayment of investments f) Change in accrued dividend/interest income g) Other h) Ending balance (A-136, section II.3.8.5)		

⁶⁹For investments in non-federal securities, agencies should consult Accounting Standards Codification (ASC) 820, *Fair Value Measurement*, for the appropriate classification. Level 1 reflects the unadjusted quoted prices in active markets for identical assets that the reporting entity can access at the measurement date. Level 2 reflects inputs other than quoted prices in Level 1 that are directly or indirectly observable for the asset. Level 3 reflects unobservable inputs for the asset. Other includes investments that are measured at fair value using the net asset value per share of the investment and have not been categorized in the fair value hierarchy; for these amounts, provide a description of securities.

⁷⁰Disclosure of investments by type, consistent with ASC 820, shall be on the basis of (1) the nature, characteristics, and risks of the investments and (2) the level of the fair value hierarchy within which the fair value measurement is categorized. (See ASC 820-10-50, as well as other specific disclosure requirements, depending on the accounting guidance followed.)

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II.3.8.6-II.3.8.7 Receivables	Yes, No, or N/A	Explanation and Reference
<p>Receivables are amounts that the entity claims for payment from others. Receivables can result from such activities as the sales of goods or services, the non-payment of taxes, the earning of interest, the advance or prepayment of monies, etc. (SFFAC 2, para. 84)</p>		
<p>II.3.8.6 Accounts Receivable, Net</p>		
<p>Entity receivables are amounts due from other federal or non-federal entities that the federal entity is authorized by law to include in its obligational authority or to offset its expenditures and liabilities upon collection. Non-entity 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, para. 43)</p> <p>Accounts receivable arise from claims to cash or other assets. (SFFAS 1, para. 40)</p> <p>Technical Bulletin 2020-1 (TB), <i>Loss Allowance for Intragovernmental Receivables</i>, clarifies that the recognition of losses, discussed in paragraphs 41–51 of SFFAS 1, <i>Accounting for Selected Assets and Liabilities</i>, applies to both intragovernmental receivables and receivables from non-federal entities.</p>		
<p>1) Is this topic applicable to the entity’s financial statements? (Answer Y if applicable, N/A if not applicable, or N/S if not significant. If N/A or N/S, skip to the next topic.)</p>		
<p>Accounting</p>		
<p>2) 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, para. 41)</p>		
<p>3) If the exact amount of a receivable is unknown, is a reasonable estimate made? (SFFAS 1, para. 41)</p>		
<p>4) Are losses on receivables (including intragovernmental 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, para. 44; TB 2020-1)</p>		

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II.3.8.6-II.3.8.7 Receivables	Yes, No, or N/A	Explanation and Reference
<p>5) Is an allowance for estimated uncollectible amounts recognized to reduce the gross amount of receivables to their net realizable value?</p> <p>If so, is this allowance reestimated on each annual financial reporting date and when information indicates that the latest estimate is no longer correct? (SFFAS 1, para. 45)</p>		
<p>6) Is an allowance for uncollectible amounts based on an analysis of both individual accounts receivable and groups of accounts receivable? (SFFAS 1, paras. 47–51)</p>		
<p>7) Are accounts that represent significant amounts individually analyzed to determine the loss allowance? (SFFAS 1, para. 47)</p>		
<p>8) Is a loss estimation for individual accounts based on</p> <ul style="list-style-type: none"> a) the debtor's ability to pay; b) the debtor's payment record and willingness to pay; and c) probable recoveries of amounts from secondary sources, including liens, garnishments, cross collections, and other applicable collection tools? (SFFAS 1, para. 47) 		
<p>9) 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, para. 48)</p>		
<p>10) If potential losses are assessed on a group basis, are the receivables separated into groups of homogeneous accounts with similar risk characteristics? (SFFAS 1, paras. 49–51)</p>		
<p>11) Is an account receivable arising from a nonexchange transaction recognized when a collecting entity establishes a specifically identifiable, measurable, and legally enforceable claim to cash or other assets? (SFFAS 7, para. 53, fn 9)</p>		

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II.3.8.6-II.3.8.7 Receivables	Yes, No, or N/A	Explanation and Reference
<p>12) Are assessments related to Taxes and Duties recognized as accounts receivable if an enforceable claim for taxes and duties exists in instances where</p> <ul style="list-style-type: none"> a) tax returns are filed by the taxpayer without sufficient payment, b) customs documents are filed by the importer without sufficient payment, c) taxpayer agreements to assessments are signed at the conclusion of an audit or where assessments substitute for a tax return, d) importer agreements to supplemental assessments are signed, e) court actions determine an assessment, f) taxpayer (or importer) agreements to pay an assessment exist on an installment plan, and g) receivables determined to be currently not collectible have future collection potential? (SFFAS 7, paras. 53–54) 		
<p>13) Is an entity receivable recognized when</p> <ul style="list-style-type: none"> a) a legally enforceable claim exists between a collecting entity and a recipient entity for the transfer or repayment of taxes or duties and b) claim payment is probable and measurable? (SFFAS 7, para. 60) 		
<p>14) Are receivables distinguished between entity receivables and non-entity receivables in the accounting records? (SFFAS 1, para. 43)</p>		
<p>15) 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, para. 53)</p>		

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II.3.8.6-II.3.8.7 Receivables	Yes, No, or N/A	Explanation and Reference
16) Is interest receivable recognized on outstanding accounts receivable and other U.S. government claims against persons and entities in accordance with 31 U.S.C. 3717, <i>Interest and Penalty on Claims</i> ? ⁷¹ (SFFAS 1, para. 53)		
17) Does interest receivable <u>exclude</u> interest on accounts receivable or investments that are determined to be uncollectible? (SFFAS 1, para. 54)		
18) Is interest receivable from federal entities accounted for separately from interest receivable from the public? (SFFAS 1, para. 56)		
Disclosure		
19) Are receivables not available to the entity disclosed in a note to the financial statements as non-entity assets, separate from receivables available to the entity? (SFFAS 1, para. 43)		
20) Does the reporting entity disclose <ul style="list-style-type: none"> a) major categories of accounts receivable by amount (gross and net) and type,⁷² b) methodology used to estimate the allowance for uncollectible amounts, and c) total dollar amount of the allowance for uncollectible accounts? (SFFAS 1, para. 52; A-136, sections II.3.2.3 and II.3.8.6) 		
21) Is interest accrued on uncollectible accounts receivable disclosed until <ul style="list-style-type: none"> a) the interest payment requirement has been waived by the (federal) government entity or b) the related debt has been written off? (SFFAS 1, para. 55) 		

⁷¹See also Federal Claims Collection Standards (31 C.F.R. parts 900-904), which are issued by the departments of Justice and Treasury pursuant to the authority established in 31 U.S.C. chapter 37 in order to provide governmentwide debt collection procedures and standards.

⁷²Gross receivables will be reduced to net realizable value by an allowance for doubtful accounts.

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II.3.8.6-II.3.8.7 Receivables	Yes, No, or N/A	Explanation and Reference
II.3.8.7 Taxes Receivable, Net		
<p>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, para. 55.A)</p> <p>Preassessment work-in-process are assessments not yet officially asserted by the collecting entity that are subject to a taxpayer’s right to conference in response to initial information notices. (SFFAS 7, para. 55.B)</p> <p>Compliance assessments and preassessment work-in-process are not accounts receivable. (SFFAS 7, para. 54)</p>		
Accounting		
<p>22) Do nonexchange-related accounts receivable for taxes and duties exclude</p> <ul style="list-style-type: none"> a) amounts received or due with tax returns received after the close of the reporting period, b) compliance assessments, and c) preassessment work-in-process? (SFFAS 7, para. 54) 		
<p>23) Are compliance assessments reclassified and recognized as accounts receivable in instances when</p> <ul style="list-style-type: none"> a) the taxpayer files an amended tax return, b) the customs’ protest or retention period lapses, c) a court action or an appeal finally determines the assessment, d) the taxpayer (or importer) agrees to pay currently or through an installment agreement, and e) an offer in compromise is accepted? (SFFAS 7, para. 55.A) 		
Disclosure		

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II.3.8.6-II.3.8.7 Receivables	Yes, No, or N/A	Explanation and Reference
24) Does the reporting entity disclose a) gross taxes receivable, b) allowance for uncollectible taxes receivable, c) net taxes receivable, and d) the method used to compute the allowance for uncollectible taxes? (SFFAS 1, para. 52; A-136, sections II.3.2.3 and II.3.8.7)		

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II.3.8.8 Loans Receivable, Net and Loan Guarantee Liabilities	Yes, No, or N/A	Explanation and Reference
<p>The Federal Credit Reform Act divides direct loans and loan guarantees into two groups: (1) pre-1992 refers to the direct loan obligations or loan guarantees committed before October 1, 1991, and (2) post-1991 refers to the direct loan obligations or loan guarantees committed after September 30, 1991, and the resulting direct loans or guarantees.</p>		
<p>1) Is this topic applicable to the entity’s financial statements? (Answer Y if applicable, N/A if not applicable, or N/S if not significant. If N/A or N/S, skip to the next topic.)</p>		
<p>Accounting</p>		
<p><i>Credit Program Receivables</i></p>		
<p>2) Is the net value of credit program receivables and related foreclosed property considered an entity asset if</p> <ul style="list-style-type: none"> a) the entity has the authority to determine the use of the funds collected, or b) the entity is obligated to use the funds to meet its entity obligations (e.g., loans payable to Treasury)? (A-136, section II.3.2.3) 		
<p>3) If a loan guarantee program is generating a negative subsidy and the lender has not disbursed the loan as of the balance sheet date, does the entity include this amount as part of total undelivered orders, which is recorded to obligate the funds and the borrowing authority or unobligated balances to support the undelivered order?⁷³ (A-136, section II.3.2.3)</p>		
<p>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, disclosure of a loss and liability is not recognized until it is more likely than not that a loan (either direct or guaranteed) will go into default. (SFFAS 2, paras. 24 and 39)</p>		

⁷³Undelivered orders are the value of goods and services ordered and obligated but not yet received. (Treasury Financial Manual, Part 2 - Chapter 4200, section 4220)

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II.3.8.8 Loans Receivable, Net and Loan Guarantee Liabilities	Yes, No, or N/A	Explanation and Reference
4) Are post-1991 direct loans disbursed and outstanding recognized as assets at the present value (discounted with a similar maturity to the cash flows of the direct loan or loan guarantee for which the estimate is being made) of their estimated net cash inflows? (SFFAS 2, para. 22 and app. B, part I.A)		
5) 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, para. 22 and app. B, part I.A)		
6) 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, para. 61)		
7) Are losses of pre-1992 direct loans 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, para. 39 and app. B, part II.A)		
8) Are allowances for uncollectible pre-1992 loans reestimated each year? (SFFAS 2, para. 39)		

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II.3.8.8 Loans Receivable, Net and Loan Guarantee Liabilities	Yes, No, or N/A	Explanation and Reference
		<p>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, para. 41; SFFAS 2, para. 45, fns 3 and 4, and para. 49, fns 6 and 7; SFFAS 19, para. 6)</p> <p>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, paras. 48 and 50 and app. B, parts I D (4 and 5), II B (4), III B (4), and IV B (4))</p> <p>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 flow 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, para. 53 and app. B, part 1 F)</p>
<p>9) When post-1991 loans are modified, is the existing book amount changed to an amount equal to the present value of the loans' net cash inflows that are projected under the modified terms from the time of the modification to the loans' maturity and discounted at the original rate? (SFFAS 2, para. 46 and app. B, part I D (4))</p>		
<p>10) When pre-1992 loans are directly modified, are they</p> <ul style="list-style-type: none"> a) transferred from the liquidating account to a financing account, b) recorded at their postmodification value, (SFFAS 2, para. 47 and app. B, part II B (4)) and c) treated as a modification of post-1991 loans? (SFFAS 2, para. 47) 		
<p>11) When pre-1992 loans are indirectly modified, are they</p> <ul style="list-style-type: none"> a) kept in a liquidating account and b) reassessed and adjusted to reflect amounts that would not be collected due to the modification? (SFFAS 2, para. 47) 		

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II.3.8.8 Loans Receivable, Net and Loan Guarantee Liabilities	Yes, No, or N/A	Explanation and Reference
12) When post-1991 and pre-1992 loans are sold, is the sale treated as a direct modification if the agency did not assume sales proceeds in the cash flow estimates for the initial subsidy calculation? (SFFAS 2, para. 53 and app. B, part I F, note 23)		
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, paras. 79–80)		
13) Is post-1991 foreclosed property valued at the net present value of the projected future cash flows associated with the property? (SFFAS 3, para. 81)		
14) Is pre-1992 foreclosed property recorded at cost and adjusted to the lower of cost or net realizable value with any difference between cost and net realizable value carried in a valuation allowance? (SFFAS 3, para. 81)		
15) In determining net present value, does the entity project future cash flows to include estimates of a) sales proceeds; b) rent, management expense, and repair costs during the holding period; and c) selling expense (i.e., advertising and commissions)? (SFFAS No. 3, para. 82)		
16) In estimating sales proceeds for projecting the future cash flows associated with the property in determining net present value, has the entity considered its historical experience in selling property as well as the nature of the sale? (SFFAS 3, para. 82)		

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II.3.8.8 Loans Receivable, Net and Loan Guarantee Liabilities	Yes, No, or N/A	Explanation and Reference
17) Were the estimated future cash flows of post-1991 foreclosed property or acquired loans discounted at the original discount rate adjusted for the interest rate reestimate? (SFFAS 2, paras. 57 and 59; SFFAS 3, para. 83; SFFAS 19, para. 7(e))		
18) Is the net present value of post-1991 foreclosed property adjusted periodically to recognize both changes in the expected future cash flows and accrual of interest due to the passage of time? (SFFAS 3, para. 84)		
19) Are any adjustments in the carrying amounts of post-1991 foreclosed property included in the presentation of “interest income” and the reestimate of “subsidy expense”? (SFFAS 3, para. 84)		
20) Is post-1991 foreclosed property accounted for by a) recording third-party claims at their net present value at the time of the foreclosure, using the same discount rate that applies to related foreclosed property, and b) including any periodic changes in net present value of the claim in “interest income” and “subsidy expense”? (SFFAS 3, para. 87)		
21) Are receipts or disbursements associated with acquiring and holding post-1991 foreclosed property charged or credited to foreclosed property? (SFFAS 3, para. 88)		
22) When foreclosed assets are acquired in full or partial settlement of post-1991 direct loans or guarantees is the present value of the government’s claim against the borrowers reduced by the amount settled as a result of the foreclosure? (SFFAS 2, para. 60)		

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II.3.8.8 Loans Receivable, Net and Loan Guarantee Liabilities	Yes, No, or N/A	Explanation and Reference
23) If a lender, debtor, or other third party has a legitimate claim to a post-1991 foreclosed asset, is the net present value of the estimated claim recognized as a special contra-valuation allowance? (SFFAS 2, para. 58; SFFAS 3, para. 87)		
24) Is pre-1992 foreclosed property recorded at cost and adjusted, if necessary, to the lower of cost or net realizable value? (SFFAS 3, paras. 81 and 85)		
25) Is the net realizable value based on an estimate of the market value of the property adjusted for any expected losses consistent with historical experience, abnormal market conditions, and time limitations as well as any other costs of the sale? (SFFAS 3, paras. 85 and 86)		
26) Is the estimate of market value based on a) the market value of the property if an active market exists; b) the market value of similar properties if no active market exists; or c) a reasonable forecast of expected cash flows adjusted for estimates of all holding costs, including any cost of capital? (SFFAS 3, para. 85)		
27) For pre-1992 foreclosed property, are third-party claims recorded at the expected amount of cash required to settle the claims? (SFFAS 3, para. 87)		
28) If foreclosed property is not sold but placed into operation, is the asset removed from foreclosed property? (SFFAS 3, para. 90)		
29) If reimbursement for the transfer of assets from one program to another is made, are the proceeds from the transfer treated in the same manner as a sale to a third party? (SFFAS 3, para. 90)		
<i>Loan Guarantees</i>		

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II.3.8.8 Loans Receivable, Net and Loan Guarantee Liabilities	Yes, No, or N/A	Explanation and Reference
<p>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 non-federal borrower to a non-federal lender. (SFFAS 2, app. C)</p> <p>The Federal Credit Reform Act requires federal entities to estimate and budget for the costs arising from default of guaranteed loans made after fiscal year 1991 (i.e., post-1991). (SFFAS 2, para. 7)</p>		
<p>30) Is the present value of estimated net cash outflows from post-1991 (i.e., committed after September 30, 1991) loan guarantees recognized as a liability? (SFFAS 2, para. 23)</p>		
<p>31) Is a liability for a pre-1992 (i.e., committed before October 1, 1991) loan guarantee recognized when it is more likely than not that the loan guarantee will require a future cash outflow to pay a default claim? (SFFAS 2, para. 39 and app. B, part IV A)</p>		
<p>32) Are the liabilities for the pre-1992 loan guarantees reestimated each year as of the date of the financial statements? (SFFAS 2, para. 39)</p>		
<p>33) When post-1991 loan guarantees are modified, is the existing book value of the 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?⁷⁴ (SFFAS 2, para. 50 and app. B, part III D(4); SFFAS 19, para. 7(d))</p>		

⁷⁴The 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. (SFFAS 2, para. 50)

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II.3.8.8 Loans Receivable, Net and Loan Guarantee Liabilities	Yes, No, or N/A	Explanation and Reference
<p>34) When pre-1992 loan guarantees are directly modified, are</p> <ul style="list-style-type: none"> a) the loan guarantees transferred from the liquidating account to a financing account and b) the existing book value of the liability of the modified loan guarantees changed to an amount equal to its postmodification liability (i.e., the present value of the net cash outflows under postmodification terms' original discount rate adjusted for the interest rate reestimate)? (SFFAS 2, para. 51 and app. B, parts IV B (2) and (4)) 		
<p>35) When pre-1992 loan guarantees are indirectly modified,</p> <ul style="list-style-type: none"> a) are the loan guarantees kept in a liquidating account, b) is the related liability reassessed and adjusted to reflect any change in the liability resulting from the modification (SFFAS 2, para. 51), and c) are these treated as modifications of post-1991 loan guarantees? (SFFAS 2, para. 51) 		
<p>36) 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, para. 54 and app. B, part I F(3))</p>		
<i>Credit Program Costs</i>		
<p>In accordance with the Federal Credit Reform Act, 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, paras. 6, 7, 24, 30, and 31; SFFAS 19, paras. 6–7)</p>		

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II.3.8.8 Loans Receivable, Net and Loan Guarantee Liabilities	Yes, No, or N/A	Explanation and Reference
37) For post-1991 direct loan 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, para. 24; SFFAS 19, para. 6)		
38) For post-1991 direct loan or loan guarantee programs, are the net present values recognized as subsidy expense in the year the loan is disbursed? (SFFAS 2, para. 24; SFFAS 19, para. 6)		
39) Are the components of estimated subsidy costs (and offsetting receipts) of post-1991 direct loans and loan guarantees separately recognized for a) interest subsidy costs, ⁷⁵ b) default costs, ⁷⁶ c) fees and other collections, and d) other subsidy costs? ⁷⁷ (SFFAS 2, paras. 25–29)		
40) Is the subsidy cost allowance for post-1991 direct loans amortized using the interest method? ⁷⁸ (SFFAS 2, paras. 30 and 31 and app. B, part I B (2); SFFAS 19, para. 7(a))		
41) 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, para. 30 and app. B, part I B (2); SFFAS 19, para. 7(a))		

⁷⁵The 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. (SFFAS 2, para. 26)

⁷⁶The default cost of direct loans or loan guarantees is measured at the present value of projected payment delinquencies and omissions minus projected net recoveries. (SFFAS 2, paras. 27 and 27A)

⁷⁷Other subsidy costs consist of cash flows that are not included in calculating the interest, default costs, or in fees and other collections, which include the effect of prepayments within contract terms. (SFFAS 2, para. 29)

⁷⁸Under 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 x 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. (SFFAS 1, para. 71 and app. B; SFFAS 2, app. B, part I (B) (2))

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II.3.8.8 Loans Receivable, Net and Loan Guarantee Liabilities	Yes, No, or N/A	Explanation and Reference
42) 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, para. 30 and app. B, part I B (2); SFFAS 19, para. 7(a))		
43) 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, para. 31 and app. B, part III B (2); SFFAS 19, para. 7(b))		
44) Is the interest accrued and compounded on the liabilities of post-1991 loan guarantees recognized as an interest expense? (SFFAS 2, para. 31 and app. B, part III B (2))		
<p>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, para. 9)</p>		
45) Does the entity measure reestimates of allowances for subsidy costs of post-1991 loans and liabilities for guarantees in two components separately, specifically, the interest rate reestimate and the technical/default reestimate? (SFFAS 18, para. 9)		
46) Is any increase (or decrease) in the subsidy cost allowance of post-1991 direct loans or loan guarantee liabilities resulting from the interest rate and technical/default reestimates recognized as a subsidy expense (or a reduction in subsidy expense)? (SFFAS 2, para. 32; SFFAS 18, para. 9)		

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II.3.8.8 Loans Receivable, Net and Loan Guarantee Liabilities	Yes, No, or N/A	Explanation and Reference
47) If the assumed interest rates used in calculating the subsidy expenses for cohorts from which direct or guaranteed loans are disbursed differ from the rates prevailing at the time of the loan disbursement, ⁷⁹ is an interest rate reestimate for those cohorts made as of the date of the financial statements? (SFFAS 2, para. 32 (A); SFFAS 18, para. 9 (A))		
48) Do technical/default reestimates take into consideration all factors that may have affected various components of projected cash flows, including defaults, delinquencies, recoveries, and prepayments? (SFFAS 2, para. 32 (B); SFFAS 18, para. 9 (B))		
49) Are technical/default reestimates made each year as of the date of the financial statements? (SFFAS 18, para. 9 (B))		
50) 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, para. 10)		
51) 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, para. 10)		
52) 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, para. 33)		

⁷⁹Cohort 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. (SFFAS 2, para. 32 (A))

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II.3.8.8 Loans Receivable, Net and Loan Guarantee Liabilities	Yes, No, or N/A	Explanation and Reference
<p>53) In estimating default costs, did the entity evaluate</p> <ul style="list-style-type: none"> a) loan performance experience; b) the current and forecasted international, national, or regional economic conditions that may affect the performance of the loans; c) financial and other relevant characteristics of borrowers; d) the value of collateral to loan balance; e) changes in recoverable value of collateral; f) newly developed events that could affect the loans' performance; and g) improvements in methods for reestimating defaults? (SFFAS 2, para. 34) 		
<p>54) In estimating and reestimating future default costs, has the agency used a systematic methodology based on experience? (SFFAS 2, paras. 35–36)</p>		
<p>55) 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, para. 37 and app. B, part I B (2) and (C))</p>		
<p>56) 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, para. 37 and app. B, part I B (2) and (C))</p>		
<p>57) 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, para. 37 and app. B, part III B (2) and (C))</p>		

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II.3.8.8 Loans Receivable, Net and Loan Guarantee Liabilities	Yes, No, or N/A	Explanation and Reference
58) 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, para. 37 and app. B, part III B (2) and (C))		
59) Are costs for administering credit activities (such as salaries, legal fees, and servicing) that are incurred in support of direct loan and guaranteed loan programs recognized as administrative expenses and not included in direct loan and loan guarantee subsidy costs? (SFFAS 2, para. 38)		
60) 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, para. 39)		
<i>Foreclosed Property</i>		
61) 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, para. 86)		
62) If the pre-1992 foreclosed assets' net realizable values subsequently increase or decrease, does the entity credit or charge this amount to results of operations and adjust the valuation allowance? (SFFAS 3, para. 86)		

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II.3.8.8 Loans Receivable, Net and Loan Guarantee Liabilities	Yes, No, or N/A	Explanation and Reference
63) Upon sale of pre-1992 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 as a gain or a loss on the sale of foreclosed property? (SFFAS 3, para. 89)		
64) 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, para. 89)		
65) For post-1991 foreclosed property, is the resulting difference between the adjusted carrying amount and the net sales proceeds recognized as a reestimate of a subsidy expense? (SFFAS 3, para. 89)		
<i>Modifications</i>		
66) If pre-1992 or post-1991 direct loans are modified, is the excess of the premodification value ⁸⁰ over the post modification value ⁸¹ recognized as a modification expense? (SFFAS 2, para. 45 and app. B, parts I D (1-3) and II B (1-3))		
67) If the cost of modifying pre-1992 or post-1991 loans is either greater or less than the decrease in the loans' book value, is the difference recognized as either a gain or loss? (SFFAS 2, para. 48 and app. B, parts I D (4 and 5) and II B (4 and 5))		

⁸⁰This is the present value of the net cash inflows estimated under *premodification* terms discounted at the *current* Treasury rate. (SFFAS 2, para. 45, fn 3)

⁸¹This is the present value of the net cash inflows estimated under *postmodification* terms discounted at the *current* Treasury rate. (SFFAS 2, para. 45, fn 4)

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II.3.8.8 Loans Receivable, Net and Loan Guarantee Liabilities	Yes, No, or N/A	Explanation and Reference
68) If pre-1992 or post-1991 loan guarantees are modified, is the excess of the post modification liability ⁸² over the premodification liability ⁸³ recognized as a modification expense? (SFFAS 2, para. 49 and app. B, parts III D (1-3) and IV B (1-3))		
69) If the cost of modifying pre-1992 or post-1991 loan guarantees is either greater or less than the increase in the book value of the related loan guarantee liabilities, is the difference recognized as a either a gain or loss? (SFFAS 2, para. 52 and app. B, parts III D (4 and 5) and IV B (5))		
70) If the premodification value of post-1991 and pre-1992 loans sold exceeds the net proceeds from the sale, ⁸⁴ is the excess treated as the cost of modification and recognized as a modification expense? (SFFAS 2, paras. 45 and 53 and app. B, part I F (1))		
71) 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, para. 54)		
72) 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, para. 55 and app. B, part I F (2))		
73) 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, para. 55 and app. B, part I F (2))		
<i>Credit Reform - Other Financing Sources</i>		

⁸²This is the present value of the net cash flows under *postmodification* terms discounted at the *current* Treasury rate. (SFFAS 2, para. 49, fn 6)

⁸³This is the present value of the net cash flows under *premodification* terms discounted at the *current* Treasury rate. (SFFAS 2, para. 49, fn 7)

⁸⁴This is the present value of the loans' net cash inflows discounted at the *current* discount rate. (SFFAS 2, para. 45, fns 3 and 4)

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II.3.8.8 Loans Receivable, Net and Loan Guarantee Liabilities	Yes, No, or N/A	Explanation and Reference
74) Is a gain ⁸⁵ from the modification ⁸⁶ of post-1991 loans reported as a reduction in financing source and paid to the Treasury as a “modification adjustment transfer”? (SFFAS 2, para. 48 and app. B, part I D (5))		
75) Is a loss ⁸⁷ 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, para. 48 and app. B, part I D (5))		
76) Is a gain ⁸⁸ 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, para. 52 and app. B, part III D (5))		
77) Is a loss ⁸⁹ 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, para. 52 and app. B, part III D (5))		
78) 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, para. 55 and app. B, part I F (2))		
79) 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, para. 55 and app. B, part I F (2))		
Disclosure		

⁸⁵A gain in this case is the excess of the cost of the modification over the decrease in loan book value discounted at the Treasury rate in effect when the modified loans were disbursed. (SFFAS 2, app. B, part I, B (4) and (5))

⁸⁶A modification means a federal government action, including new legislation or administrative action, which directly or indirectly alters the estimated subsidy cost and present value of outstanding loans or the liability of loan guarantees. (SFFAS 2, para. 41)

⁸⁷A loss in this case is the excess of the decrease in loan book value, discounted at the Treasury rate, over the cost of the modification in effect when the modified loans were disbursed. (SFFAS 2, app. B, part I, B (4) and (5))

⁸⁸A gain in this case is the excess of the cost of the modification over the increase in liability discounted at the Treasury rate in effect when the guaranteed loans were disbursed. (SFFAS 2, app. B, part III D (4) and (5))

⁸⁹A loss in this case is the excess of the increase in liability, discounted at the Treasury rate, over the cost of the modification. (SFFAS 2, app. B, part III D (4) and (5))

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II.3.8.8 Loans Receivable, Net and Loan Guarantee Liabilities	Yes, No, or N/A	Explanation and Reference
<p>80) If the loan guarantee liability is the result of both positive and negative amounts of the various components:</p> <ul style="list-style-type: none"> a) If the net amount is positive, is it shown as a liability? b) If the net amount is negative, is it shown as an asset? c) Are the components (both positive and negative) of the loan guarantee liability (or asset if negative) disclosed? (A-136, section II.3.2.4) 		
<p>81) Did the entity disclose that direct loan obligations and loan guarantee commitments made after fiscal year 1991,⁹⁰ and the resulting direct loans or loan guarantees, are governed by the Federal Credit Reform Act? (A-136, section II.3.8.8, instruction A)</p>		
<p>82) Does the entity disclose whether pre-1992 direct loans and loan guarantees are reported on a present value basis or under the allowance-for-loss method? (A-136, section II.3.8.8, instruction A)</p>		
<p>83) Does the entity disclose that the net loans receivable or the value of assets related to direct loans is not the same as expected proceeds from selling the loans? (A-136, section II.3.8.8, instruction A)</p>		
<p>84) If the entity has made payments on behalf of borrowers that should be collected from borrowers, is the resulting receivable reported in the same column as loans receivable for either direct loans (section B) or defaulted guaranteed loans (section H)? (A-136, section II.3.8.8, instruction A)</p>		

⁹⁰Direct loans are reported net of an allowance for subsidy at present value, and loan guarantee liabilities are reported at present value.

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II.3.8.8 Loans Receivable, Net and Loan Guarantee Liabilities	Yes, No, or N/A	Explanation and Reference
<p>85) Do the notes disclose other relevant and appropriate information related to direct loans and loan guarantees, including</p> <ul style="list-style-type: none"> a) a description of the characteristics of the loan programs, b) commitments to guarantee, c) management’s method for accruing interest revenue and recording interest receivable, and d) management’s policy for accruing interest on nonperforming loans? (A-136, section II.3.8.8, instruction A) 		
<p>86) Does the reporting entity disclose events and changes in economic conditions, other risk factors, legislation, credit policies,⁹¹ 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); A-136, section II.3.8.8, instruction A)</p>		
<p>87) Does the disclosure include events and changes that have occurred and are more likely than not to have a significant impact, even if the effects are not measurable at the reporting date? (SFFAS 18, para. 11 (C); A-136, section II.3.8.8, instruction A)</p>		
<p>88) Are loan modifications by program disclosed in the notes to the financial statements for</p> <ul style="list-style-type: none"> a) the nature of the modification of direct loans or loan guarantees; b) the discount rate used in calculating the modification expense; and c) the basis for recognizing a gain or loss related to the modification? (SFFAS 2, para. 56 ; A-136, section II.3.8.8, instruction A) 		

⁹¹Changes 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.

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II.3.8.8 Loans Receivable, Net and Loan Guarantee Liabilities	Yes, No, or N/A	Explanation and Reference
89) If appropriate, did the entity disclose the subsidy expense resulting from reestimates that is included in the financial statements but not reported in the budget until the following year? (A-136, section II.3.8.8, instruction A)		
90) Concerning reported foreclosed assets acquired in full or partial settlement of a direct or guaranteed loan (pre-1992 and post-1991), is information disclosed for a) valuation basis for foreclosed property; b) changes from prior year's accounting methods; c) restrictions on the use/disposal of property; d) balances by categories (i.e., pre-1992 and post-1991 foreclosed property); e) number of properties held and average holding period by type or category; and f) number of properties for which foreclosure proceedings are in process at the end of the period? (SFFAS 3, para. 91; A-136, section II.3.8.8, instruction A)		
91) Are components of assets related to pre-1992 direct loans disclosed by loan program for a) loans receivable, gross; b) interest receivable; c) estimated net realizable value of related foreclosed property; d) present value allowance (if the present value method is used); e) allowance for loan losses (if the allowance-for-loss method is used); and f) direct loans, net? (A-136, sections II.3.8.8, instruction B, and II.3.2.3)		
92) Are components of assets related to post-1991 direct loans disclosed by loan program for a) loans receivable, gross;		

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II.3.8.8 Loans Receivable, Net and Loan Guarantee Liabilities	Yes, No, or N/A	Explanation and Reference
<ul style="list-style-type: none"> b) interest and fees receivable;⁹² c) foreclosed property (at estimated net present value of projected cash flows); d) allowance for subsidy costs (present value); and e) direct loans, net? (A-136, sections II.3.8.8, instruction C, and II.3.2.3) 		
<p>93) Is the total amount of new direct loans and guaranteed loans disbursed for the current and prior year reported by program? (SFFAS 2, para. 11 (A); A-136, section II.3.8.8, instructions D and J)</p>		
<p>94) For each loan program, does the entity disclose the present value of the following components of subsidy expense for new direct loans disbursed:</p> <ul style="list-style-type: none"> a) interest rate differential costs, b) default costs (net of recoveries), c) fees and other collections, d) other costs, and e) total subsidy expense for new direct loans? (SFFAS 18, para. 11 (A); A-136, section II.3.8.8, instruction E1) 		
<p>95) For each loan program, does the entity disclose subsidy expense for</p> <ul style="list-style-type: none"> a) all modifications of direct loans, previously disbursed, and b) reestimates of the subsidy expense for direct loans, previously disbursed, by these components: <ul style="list-style-type: none"> i) interest rate and ii) technical/default? (SFFAS 18, para. 11 (A); A-136, section II.3.8.8, instruction E2) 		

⁹²Fees receivable do not include fees related to the administration of direct loan or loan guarantee programs, which should be reflected in Note 6.

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II.3.8.8 Loans Receivable, Net and Loan Guarantee Liabilities	Yes, No, or N/A	Explanation and Reference
96) Is the total subsidy expense for current and prior year’s direct loans, modifications, and reestimates disclosed? (SFFAS 18, para. 11 (A); A-136, section II.3.8.8, instruction E3)		
97) For each program, does the entity disclose the estimated subsidy rates ⁹³ for direct loans and loan guarantees in the current year’s budget for the current year’s cohorts for total subsidy cost and the following components: a) interest subsidy costs, b) default costs (net of recoveries), c) fees and other collections, and d) other costs? (SFFAS 18, para. 11(B); A-136, section II.3.8.8, instructions F and M)		
98) If the entity uses trend data in the notes to display significant fluctuations in subsidy rates, are these data accompanied by an analysis that explains the underlying causes for the fluctuations? (SFFAS 18, para. 11(B))		
99) Do the subsidy rates for direct loans and loan guarantees by program and component disclosures state the following? The subsidy rates disclosed pertain only to the current year’s cohorts. These rates cannot be applied to the direct loans [or loan guarantees] disbursed during the current reporting year to yield the subsidy expense. The subsidy expense for new loans [or loan guarantees] reported in the current year could result from disbursements of loans from both current year cohorts and prior year(s) cohorts. The subsidy expense reported in the current year also includes modifications and reestimates. (A-136, section II.3.8.8, instructions F and M)		

⁹³The subsidy rate is the dollar amount of the subsidy component as a percentage of the direct loans or loan guarantees obligated in the cohort.

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II.3.8.8 Loans Receivable, Net and Loan Guarantee Liabilities	Yes, No, or N/A	Explanation and Reference
<p>100) Does the entity present reconciliations of beginning and ending balances of (1) subsidy cost allowances for outstanding direct loans⁹⁴ and (2) the liability for outstanding loan guarantees,⁹⁵ including changes for</p> <ul style="list-style-type: none"> a) interest subsidy costs, default costs, fees and other collections, and other subsidy costs; b) interest rate and technical/default reestimates; and c) other adjustments? (SFFAS 18, para. 10; A-136, section II.3.8.8, instructions G and N) 		
<p>101) Are components of defaulted guaranteed loans receivable from pre-1992 guarantees disclosed by loan program for</p> <ul style="list-style-type: none"> a) defaulted guaranteed loans receivable, gross; b) interest and fees receivable; c) the estimated net realizable value of related foreclosed property; d) the present value allowance (if the present value method is used); e) the allowance for loan losses (if the allowance for loss method is used); and f) value of assets related to defaulted guaranteed loans receivable, net? (A-136, sections II.3.8.8, instruction H, and II.3.2.3) 		
<p>102) Are components of defaulted guaranteed loans receivable from post-1991 guarantees disclosed by loan program for</p> <ul style="list-style-type: none"> a) defaulted guaranteed loans receivable, gross; b) interest receivable; c) estimated net realizable value of foreclosed property; d) allowance for subsidy costs (present value); and 		

⁹⁴Reconciliations are required for post-1991 direct loans and encouraged for pre-1992 direct loans.

⁹⁵Reconciliations are required for post-1991 loan guarantees and encouraged for pre-1992 loan guarantees.

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II.3.8.8 Loans Receivable, Net and Loan Guarantee Liabilities	Yes, No, or N/A	Explanation and Reference
<p>e) value of assets related to defaulted guaranteed loans receivable, net? (A-136, sections II.3.8.8, instruction I, and II.3.2.3)</p>		
<p>103) Does each loan guarantee program disclose</p> <p>a) face value of outstanding principal of guaranteed loans disbursed by a third party and</p> <p>b) amount of outstanding principal that is guaranteed? (SFFAS 2, para. 23; A-136, section II.3.8.8, instruction J)</p>		
<p>104) Does the liability for loan guarantees disclose</p> <p>a) present value of liabilities for losses on pre-1992 loan guarantees (if the present value method is used),</p> <p>b) estimated future default claims on pre-1992 loan guarantees (if the estimated future default claims method is used),</p> <p>c) present value of the estimated net cash flows (outflows less inflows) to be paid as a result of post-1991 loan guarantees, and</p> <p>d) total liabilities for loan guarantees? (A-136, sections II.3.2.4 and II.3.8.8, instruction K)</p>		
<i>Subsidy Expense</i>		
<p>105) For each program, does the entity disclose the present value of the following components of subsidy expense for new loan guarantees:</p> <p>a) interest supplement costs;</p> <p>b) default costs (net of recoveries);</p> <p>c) fees and other collections;</p> <p>d) other costs; and</p> <p>e) total subsidy expense for new loan guarantees? (SFFAS 18, para. 11 (A); A-136, section II.3.8.8, instruction L1)</p>		

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II.3.8.8 Loans Receivable, Net and Loan Guarantee Liabilities	Yes, No, or N/A	Explanation and Reference
<p>106) For each loan program, does the entity disclose subsidy expense for</p> <ul style="list-style-type: none"> a) modifications of loan guarantees on guaranteed loans previously disbursed by a third party and b) reestimates of the subsidy expense for loan guarantees, previously committed, by the following components: <ul style="list-style-type: none"> i) interest rate and ii) technical/default? (SFFAS 18, para. 11 (A); A-136, section II.3.8.8, instruction L2) 		
<p>107) Is the total subsidy expense for current and prior year's loan guarantees, modifications, and reestimates disclosed? (SFFAS 18, para. 11 (A); A-136, section II.3.8.8, instruction L3)</p>		
<p>108) Does the entity report the portions of salaries and other administrative expenses that have been accounted for in support of the direct loan and loan guarantee programs and, if material, by individual program? (A-136, section II.3.8.8, instruction O)</p>		

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II.3.8.8 Loans Receivable, Net and Loan Guarantee Liabilities	Yes, No, or N/A	Explanation and Reference
<p>109) For significant entities only, does the entity's disclosure include a table of the change in loans receivable, net detailing the following items, as applicable?</p> <ul style="list-style-type: none"> • Loans receivable, net – start of year • Plus – Direct loans disbursed payments • Less – Principal and interest payments received • Less – Rent received • Less – Sale of foreclosed property • Less - Loans written off • Less – Interest revenue on uninvested funds • Plus – Interest expense on entity borrowings • Plus – Subsidy expense • Less – Negative subsidy payments • Plus – Upward reestimates • Less – Downward reestimates • Less – Subsidy allowance amortization • Loan modifications • Loans receivable, net – end of year⁹⁶ (A-136, section II.3.8.8, instruction P) 		

⁹⁶Reporting of the summary table (per A-136 II.3.8.8, instruction P) applies to significant entities with these balances to assist in the compilation of the FR. OMB Circular No. A-136 does not require comparative information in the first year of implementation.

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II.3.8.9 Inventory and Related Property, Net	Yes, No, or N/A	Explanation and Reference
<p>The Inventory and Related Property, Net topic is subdivided into the following six subtopics:</p> <ul style="list-style-type: none"> • Inventory • Operating Materials and Supplies • Stockpile Materials • Seized Property • Forfeited Property • Price Support and Stabilization Programs 		
<p>Inventory</p>		
<p>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, paras. 1 and 17) Operating materials and supplies are also excluded from inventory. (SFFAS 3, para. 36)</p> <p>FASAB issued <i>Opening Balances for Inventory, Operating Materials and Supplies, and Stockpile Materials</i> (SFFAS 48). SFFAS 48 permits a reporting entity to apply deemed cost in establishing opening balances for inventory, operating materials and supplies, and stockpile materials.</p> <p>This method is permitted when presenting financial statements, or one or more line items addressed by this statement, following FASAB-promulgated U.S. generally accepted accounting principles (GAAP) either (1) for the first time or (2) after a period during which existing systems could not provide the information necessary for producing such GAAP-based financial statements without use of the alternative valuation method. SFFAS 48 is intended to provide an alternative valuation method when historical records and systems do not provide a basis for valuation of opening balances in accordance with SFFAS 3, <i>Accounting for Inventory and Related Property</i>. Questions relating to SFFAS 48 are incorporated in this checklist as it relates to opening balances.</p>		
<p>1) Is this topic applicable to the entity's financial statements? (Answer Y if applicable, N/A if not applicable, or N/S if not significant. If N/A or N/S, skip to the next topic.)</p>		
<p>Accounting</p>		
<p><i>Recognition</i></p>		
<p>2) Is inventory recognized when title passes or when goods are delivered to the purchasing entity? (SFFAS 3, para. 19)</p>		

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II.3.8.9 Inventory and Related Property, Net	Yes, No, or N/A	Explanation and Reference
3) 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, para. 19)		
<i>Valuation</i>		
4) Is inventory valued at either a) historical cost, or b) a method that reasonably approximates historical cost, and/or c) for entities applying SFFAS 48, deemed cost for opening balances? (SFFAS 3, para. 20, as amended by SFFAS 48, para. 15; SFFAS 3, para. 26a)		
5) 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, para. 21)		
6) Are abnormal costs, such as excessive handling or rework costs, charged to operations for the period? (SFFAS 3, para. 21)		
7) Is donated inventory valued at its fair value at the time of donation? (SFFAS 3, para. 21)		
8) 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, para. 21)		
9) 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, para. 21)		

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II.3.8.9 Inventory and Related Property, Net	Yes, No, or N/A	Explanation and Reference
<p>10) Is one of the following historical cost flow assumptions used to value inventory and cost of goods sold:</p> <ul style="list-style-type: none"> a) first-in, first out (FIFO); b) weighted average; c) moving average; or d) any other valuation method whose results reasonably approximate “a,” “b,” or “c” above? (SFFAS 3, para. 22, as amended by SFFAS 48, para. 16) 		
<p><i>Valuation Method for Opening Balances</i></p>		
<p>11) If the entity is applying SFFAS 48, does the entity apply deemed cost only in establishing opening balances for inventory in the reporting period that the entity,⁹⁷ taken as a whole, makes an unreserved assertion⁹⁸ that its financial statements, or the inventory line item, are presented fairly in accordance with GAAP? (SFFAS 3, para. 26a(i), as amended by SFFAS 48, para. 18)</p>		
<p>12) If the entity is applying SFFAS 48, does the entity apply deemed cost only once after a reporting period during which existing systems could not provide the information necessary for producing GAAP-based financial statements without the use of the alternative valuation method? (SFFAS 3, para. 26a(ii), as amended by SFFAS 48, para. 18)</p>		

⁹⁷Opening balances are account balances that exist at the beginning of the reporting period. Opening balances are based upon the closing balances of the prior period and reflect the effects of transactions and events of prior periods and accounting policies applied in the prior period. Opening balances also include matters requiring disclosure that existed at the beginning of the period, such as contingencies and commitments. (SFFAS 3, para. 26, as amended by SFFAS 48, para. 18)

⁹⁸An unreserved assertion is an unconditional statement. (SFFAS 3, para. 26, as amended by SFFAS 48, para. 18) The audited entity should establish clear policies and procedures for determining when and how the unreserved assertion will be made and communicated. See SFFAS 48, para. A31.

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II.3.8.9 Inventory and Related Property, Net	Yes, No, or N/A	Explanation and Reference
<p>13) Is deemed cost⁹⁹ based on one, or a combination, of the following valuation methods when the entity has multiple component entities using various valuation methods simultaneously?</p> <ul style="list-style-type: none"> a) Standard price (selling price)¹⁰⁰ or fair value¹⁰¹ b) Latest acquisition cost¹⁰² c) Replacement cost¹⁰³ d) Estimated historical cost (initial amount) e) Actual historical cost (initial amount) (SFFAS 3, para. 26a(iv), as amended by SFFAS 48, para. 18) 		
<i>Exceptions to Valuation</i>		
<p>14) If the entity values agricultural, mineral, and other products (e.g., petroleum) at net realizable value, does the inventory have <u>all</u> of the following criteria:</p> <ul style="list-style-type: none"> a) units of which are interchangeable, b) units of which have immediate marketability, and c) units for which appropriate costs may be difficult to obtain? (SFFAS 3, para. 26b, as amended by SFFAS 48, para. 18) 		
<i>Excess, Obsolete, and Unserviceable Inventory</i>		

⁹⁹Deemed cost is the amount used as a surrogate for initial amounts that otherwise would be required to establish opening balances. (SFFAS 3, para. 26, as amended by SFFAS 48, para. 18)

¹⁰⁰The standard price is the latest known representative acquisition cost plus authorized cost recovery rate for each item of inventory and related property. This is established annually and is often referred to as selling price. Selling price and fair value may or may not be identical due to the intragovernmental nature of some sales. (SFFAS 3, para. 26a, as amended by SFFAS 48, para. 18)

¹⁰¹Fair value is the amount at which an asset or liability could be exchanged in current transaction between willing parties, other than in a forced or liquidation sale. (SFFAC 7, para. 38)

¹⁰²The Latest Acquisition Cost Method provides that all like units that are held be valued at the invoice price of the most recent like item purchased, less any discounts, plus any additional costs incurred to bring the item to a form and location suitable for its intended use. (*FASAB Handbook Glossary*)

¹⁰³Replacement cost is the amount required for an entity to replace the remaining service potential of an existing asset in a current transaction at the reporting date, including the amount that the entity would receive from disposing of the asset at the end of its useful life. (SFFAC 7, para. 46)

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II.3.8.9 Inventory and Related Property, Net	Yes, No, or N/A	Explanation and Reference
15) Is excess, obsolete, and unserviceable inventory valued at its expected net realizable value? (SFFAS 3, para. 30)		
16) 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, para. 30)		
17) 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, para. 30)		
<i>Inventory Held for Repair</i>		
18) When inventory is held for repair, is it valued using a) the allowance method (valued at the same value as a serviceable item and a contra-asset repair allowance account is established) or b) the direct method (valued at the same value as a serviceable item less estimated repair costs)? (SFFAS 3, paras. 32–33)		
<i>Other Categories of Inventory</i>		
19) Is inventory held in reserve for future sale valued using the same basis as inventory held for sale in normal operations? (SFFAS 3, para. 27)		
20) Are items intended for sale that are held for remanufacture ¹⁰⁴ valued in the same manner as items intended for sale or items held for repair, as applicable? (FASAB Interpretation No. 7, para. 10)		

¹⁰⁴Items held for remanufacture are in the process of (or awaiting) inspection, disassembly, evaluation, cleaning, rebuilding, refurbishing and/or restoration to serviceable or technologically updated/upgraded condition. Items may consist of direct materials (including repairable parts and subassemblies, also referred to as carcasses at the Department of Defense) and work-in-process (including labor costs). (FASAB Interpretation No. 7, para. 7)

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II.3.8.9 Inventory and Related Property, Net	Yes, No, or N/A	Explanation and Reference
Disclosure		
<p>21) 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 (although not necessarily in the normal course of operations), classified as inventory held in reserve for future sale and either</p> <ul style="list-style-type: none"> a) included in the inventory line item on the face of the financial statements with separate disclosure in the notes or b) shown as a separate line item on the face of the financial statements? <p>(SFFAS 3, para. 27)</p>		
<p>22) Is inventory stock that (1) exceeds the amount that can be sold in the foreseeable future and not meeting management’s criteria to be held in reserve for future sales, (2) is no longer needed, and (3) is more economical to dispose than repair reported as either</p> <ul style="list-style-type: none"> a) included in the inventory line item on the face of the financial statements with separate disclosures in the notes or b) shown as a separate line item on the face of the financial statements? <p>(SFFAS 3, para. 29)</p>		
<p>23) Does the entity disclosure of inventory include</p> <ul style="list-style-type: none"> a) general composition; b) a 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): <ul style="list-style-type: none"> i) inventory held for current sale ii) inventory held in reserve for future sale 		

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II.3.8.9 Inventory and Related Property, Net	Yes, No, or N/A	Explanation and Reference
<ul style="list-style-type: none"> iii) excess, obsolete, and unserviceable inventory iv) inventory held for repair; e) difference between the carrying amount of the inventory before identification as excess, obsolete, or unserviceable, and its expected net realizable value; f) restriction on the sale of inventory; g) decision criteria for categorizing inventory; and h) changes in the criteria for categorizing inventory? (SFFAS 3, paras. 18, 28, 30, 31, 32, and 35) 		
<p>24) If, during any of the periods presented, the entity initially elected to apply an alternative valuation method (i.e., deemed cost) in establishing opening balances for one or more line items related to inventory, did the entity</p> <ul style="list-style-type: none"> a) disclose that it elected to apply deemed cost in establishing opening balances for inventory; b) describe the method; and c) treat the election as a change in accounting principle by reporting the change in accordance with SFFAS 21, paragraph 13? (SFFAS 48, paras. 6 and 13, amending SFFAS 3, paras. 26(a)(iii) and 26(a)(v)) 		

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II.3.8.9 Inventory and Related Property, Net	Yes, No, or N/A	Explanation and Reference
Operating Materials and Supplies		
<p>Operating materials and supplies are tangible personal property and are to be accounted for under the consumption method and valued at historical cost or any method approximating historical cost. Excluded are (1) goods that have been acquired to construct real property or equipment for the entity's use, (2) stockpile materials, (3) goods held under price stabilization programs, (4) foreclosed property, (5) seized and forfeited property, and (6) inventory. (SFFAS 3, para. 36)</p> <p>The cost of goods shall be removed from operating materials and supplies (i.e., the asset account) and reported as an operating expense in the period they are issued to an end user for consumption in normal operations. (SFFAS 3, para. 39)</p> <p>SFFAS 48 permits a reporting entity to apply deemed cost in establishing opening balances for inventory, operating materials and supplies, and stockpile materials.</p> <p>This method is permitted when presenting financial statements, or one or more line items addressed by this statement, following FASAB-promulgated GAAP either (1) for the first-time or (2) after a period during which existing systems could not provide the information necessary for producing such GAAP-based financial statements without use of the alternative valuation method. SFFAS 48 is intended to provide an alternative valuation method when historical records and systems do not provide a basis for valuation of opening balances in accordance with SFFAS 3. Questions relating to SFFAS 48 are incorporated in this checklist as it relates to opening balances.</p>		
Accounting		
<i>Recognition</i>		
<p>25) Are operating materials and supplies expensed upon purchase using the purchase method only when</p> <ul style="list-style-type: none"> a) amounts are not significant and are in the hands of end users for use in normal operations or b) it is not cost beneficial to apply the consumption method of accounting? (SFFAS 3, paras. 40–41) 		
<p>26) Are operating materials and supplies recognized as assets when produced or purchased (the consumption method of accounting)? (SFFAS 3, para. 38)</p>		

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II.3.8.9 Inventory and Related Property, Net	Yes, No, or N/A	Explanation and Reference
27) Are operating materials and supplies expensed using the consumption method (i.e., reported as an operating expense when they are issued to the end user for consumption in normal operations)? (SFFAS 3, paras. 38–39)		
<i>Valuation under the Consumption Method</i>		
28) Are operating materials and supplies valued a) at historical cost, b) on a basis that reasonably approximates historical cost, and/or c) for entities applying SFFAS 48, at deemed cost for opening balances, including all appropriate purchase and production costs incurred to bring the items to their current condition and location? (SFFAS 3, paras. 42–43, as amended by SFFAS 48, para. 19)		
29) Are abnormal costs, such as excessive handling or rework costs, charged to operations for the period? (SFFAS 3, para. 43)		
30) Are donated operating materials and supplies valued at their fair value at the time of donation? (SFFAS 3, para. 43)		
31) Are operating materials and supplies acquired through exchange of nonmonetary assets (e.g., barter) valued at the fair value of the asset received at the time of exchange? (SFFAS 3, para. 43)		
32) For operating materials and supplies 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, para. 43)		

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II.3.8.9 Inventory and Related Property, Net	Yes, No, or N/A	Explanation and Reference
<p>33) Is one of the following historical cost flow assumptions used to value operating materials and supplies</p> <ul style="list-style-type: none"> a) FIFO, b) weighted average, or c) moving average? (SFFAS 3, para. 44, as amended by SFFAS 48, para. 20) 		
<p><i>Valuation for Opening Balances</i></p>		
<p>34) If the entity is applying SFFAS 48, does the entity apply deemed cost only in establishing opening balances for operating materials and supplies in the reporting period that the entity, taken as a whole, makes an unreserved assertion that its financial statements, or the operating materials and supplies line item, are presented fairly in accordance with GAAP? (SFFAS 3, para. 26a(i), as amended by SFFAS 48, para. 18)</p>		
<p>35) If the entity is applying SFFAS 48, does the entity apply deemed cost only once after a reporting period during which existing systems could not provide the information necessary for producing GAAP-based financial statements without the use of the alternative valuation method? (SFFAS 3, para. 26a(ii), as amended by SFFAS 48, para. 18)</p>		

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II.3.8.9 Inventory and Related Property, Net	Yes, No, or N/A	Explanation and Reference
<p>36) Is deemed cost¹⁰⁵ based on one, or a combination, of the following valuation methods when the entity has multiple component entities using various valuation methods simultaneously?</p> <ul style="list-style-type: none"> a) Standard price (selling price) or fair value b) Latest acquisition cost c) Replacement cost d) Estimated historical cost (initial amount) e) Actual historical cost (initial amount) (SFFAS 3, para. 26a(iv), as amended by SFFAS 48, para. 18) 		
<i>Exceptions to Valuation</i>		
<p>37) If the entity values agricultural, mineral, and other products (e.g., petroleum) using net realizable value, do the operating materials and supplies have all of the following criteria</p> <ul style="list-style-type: none"> a) units of which are interchangeable, b) units of which have immediate marketability, and c) units for which appropriate costs may be difficult to obtain? (SFFAS 3, para. 26b, as amended by SFFAS 48, para. 18) 		
<i>Excess, Obsolete, and Unserviceable Operating Materials and Supplies</i>		
<p>38) Are excess, obsolete, and unserviceable operating materials and supplies valued at their estimated net realizable value? (SFFAS 3, para. 48)</p>		

¹⁰⁵Deemed cost is the amount used as a surrogate for initial amounts that otherwise would be required to establish opening balances. (SFFAS 3, para. 26, as amended by SFFAS 48, para. 18)

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II.3.8.9 Inventory and Related Property, Net	Yes, No, or N/A	Explanation and Reference
39) 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, para. 48)		
40) 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, para. 48)		
<i>Other Categories of Operating Materials and Supplies</i>		
41) Are items held for remanufacture that meet the definition of operating materials and supplies valued in the same manner as items held for repair or operating materials and supplies, as applicable? (FASAB Interpretation No. 7, para. 13)		
42) Are operating materials and supplies held in reserve for future use valued using the same basis as operating materials and supplies held for use in normal operations? (SFFAS 3, para. 45)		
Disclosure		
<i>Operating Materials Held in Reserve for Future Use</i>		
43) Are operating materials and supplies 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 either a) included in the operating materials and supplies line item on the face of the		

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II.3.8.9 Inventory and Related Property, Net	Yes, No, or N/A	Explanation and Reference
<p>financial statements with separate disclosure in the notes or</p> <p>b) shown as a separate line item on the face of the financial statements? (SFFAS 3, para. 45)</p>		
<p><i>Excess, Obsolete, and Unserviceable Operating Materials and Supplies</i></p>		
<p>44) Are operating materials and supplies identified as excess, obsolete, or unserviceable either</p> <p>a) included in the operating materials and supplies line item on the face of the financial statements with separate disclosure in the notes or</p> <p>b) shown as a separate line item on the face of the financial statements? (SFFAS 3, para. 47)</p>		
<p>45) Does entity disclosure of operating materials and supplies include</p> <p>a) general composition;</p> <p>b) basis for valuation (including valuation method and any cost flow assumptions);</p> <p>c) change from prior years' accounting methods;</p> <p>d) balances in each of the following operating material and supply categories:</p> <p>i) operating materials and supplies held for use,</p> <p>ii) operating materials and supplies held in reserve for future use, and</p> <p>iii) excess, obsolete, and unserviceable operating materials and supplies;</p> <p>e) difference between the carrying amount of the operating materials and supplies before identification as excess, obsolete, or unserviceable and estimated net realizable value;</p>		

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II.3.8.9 Inventory and Related Property, Net	Yes, No, or N/A	Explanation and Reference
<ul style="list-style-type: none"> 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;¹⁰⁶ and h) changes in the criteria for identifying the category to which the operating materials and supplies are assigned? (SFFAS 3, paras. 37, 46, 48, 49, and 50) 		
<p>46) If, during any of the periods presented, the entity initially elected to apply an alternative valuation method (i.e., deemed cost) in establishing opening balances for one or more line items related to operating materials and supplies, did the entity</p> <ul style="list-style-type: none"> a) disclose that it elected to apply deemed cost in establishing opening balance for operating materials and supplies; b) describe the method used; and c) treat the election as a change in accounting principle by reporting the change in accordance with SFFAS 21, paragraph 13? (SFFAS 48, paras. 6 and 13, amending SFFAS 3, paras. 26(a)(iii) and 26(a)(v)) 		

¹⁰⁶Examples of factors to be considered in developing the criteria are (1) all relevant costs associated with holding these items (including the storage and handling costs), (2) the expected replacement cost when needed, (3) the time required to replenish operating materials and supplies, (4) the potential for deterioration or pilferage, and (5) the likelihood that a supply of the item will be available in the future.

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II.3.8.9 Inventory and Related Property, Net	Yes, No, or N/A	Explanation and Reference
Stockpile Materials		
<p>Stockpile materials are strategic and critical materials held due to statutory requirements for use in national defense, conservation, or national emergencies. Not included in 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, para. 51)</p>		
<p>SFFAS 48 permits a reporting entity to apply deemed cost in establishing opening balances for inventory, operating materials and supplies, and stockpile materials.</p>		
<p>This method is permitted when presenting financial statements, or one or more line items addressed by this statement, following FASAB-promulgated GAAP either (1) for the first-time or (2) after a period during which existing systems could not provide the information necessary for producing such GAAP-based financial statements without use of the alternative valuation method. SFFAS 48 is intended to provide an alternative valuation method when historical records and systems do not provide a basis for valuation of opening balances in accordance with SFFAS 3, <i>Accounting for Inventory and Related Property</i>. Questions relating to SFFAS 48 are incorporated in this checklist as it relates to opening balances.</p>		
Accounting		
<i>Recognition</i>		
<p>47) Are stockpile materials recognized as assets when produced or purchased (i.e., recognized as assets using the consumption method)? (SFFAS 3, para. 52)</p>		
<p>48) 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, para. 52)</p>		
<p>49) 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, para. 52)</p>		
<i>Valuation</i>		

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II.3.8.9 Inventory and Related Property, Net	Yes, No, or N/A	Explanation and Reference
<p>50) Are stockpile materials valued at</p> <ul style="list-style-type: none"> a) historical cost, or b) on a basis that reasonably approximates historical cost, and/or c) for entities applying SFFAS 48, deemed cost for opening balances? <p>[Cost shall include all appropriate purchase, transportation, and production costs incurred to bring the items to their current condition and location.] (SFFAS 3, para. 53, as amended by SFFAS 48, para. 21)</p>		
<p>51) Are abnormal costs, such as excessive handling or rework costs, charged to operations of the period? (SFFAS 3, para. 53)</p>		
<p>52) Is one of the following historical cost flow assumptions used to value stockpile materials under the consumption method:</p> <ul style="list-style-type: none"> a) FIFO, b) weighted average, or c) moving average? (SFFAS 3, para. 53, as amended by SFFAS 48, para. 21) 		
<p><i>Valuation Method for Opening Balances</i></p>		
<p>53) If the entity is applying SFFAS 48, does the entity apply deemed cost only in establishing opening balances for stockpile materials in the reporting period that the entity, taken as a whole, makes an unreserved assertion that its financial statements, or the stockpile materials line item, are presented fairly in accordance with GAAP? (SFFAS 3, para. 26a(i), as amended by SFFAS 48, para. 18)</p>		
<p>54) If the entity is applying SFFAS 48, does the entity apply deemed cost only once after a reporting period during which existing systems could not provide the information necessary for producing GAAP-based financial statements without the use of the alternative valuation method? (SFFAS 3, para. 26a(ii), as amended by SFFAS 48, para. 18)</p>		

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II.3.8.9 Inventory and Related Property, Net	Yes, No, or N/A	Explanation and Reference
<p>55) Is deemed cost based on one, or a combination, of the following valuation methods when the entity has multiple component entities using various valuation methods simultaneously:</p> <ul style="list-style-type: none"> a) standard price (selling price) or fair value, b) latest acquisition cost, c) replacement cost, d) estimated historical cost (initial amount), and e) actual historical cost (initial amount)? (SFFAS 3, para. 26a(iv), as amended by SFFAS 48, para. 18) 		
<i>Exceptions to Valuation Method</i>		
<p>56) If the entity values agricultural, mineral, and other products (e.g., petroleum) using net realizable value, do the stockpile materials have all of the following criteria</p> <ul style="list-style-type: none"> a) units of which are interchangeable, b) units of which have immediate marketability, and c) units for which appropriate costs may be difficult to obtain? (SFFAS 3, para. 26b, as amended by SFFAS 48, para. 18) 		
<i>Exception to Valuation</i>		
<p>57) 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, para. 54)</p>		
<p>58) Is the resultant decline in value recognized as a loss or expense in the period in which it occurs? (SFFAS 3, para. 54)</p>		
<i>Held for Sale</i>		

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II.3.8.9 Inventory and Related Property, Net	Yes, No, or N/A	Explanation and Reference
59) When stockpile materials are authorized to be sold, are those materials reported as stockpile materials held for sale? (SFFAS 3, para. 55)		
60) Are stockpile materials authorized for sale valued using the same basis used before they were authorized for sale? (SFFAS 3, para. 55)		
61) If stockpile materials are sold, is the cost removed from stockpile materials and reported as a cost of goods sold? (SFFAS 3, para. 55)		
62) Is any gain (or loss) from the sale of stockpile materials recognized as a gain (or loss) at that time? (SFFAS 3, para. 55)		
Disclosure		
63) When stockpile materials are authorized to be sold, does the entity disclose a) the carrying value of the materials and b) any difference between the carrying amount of the stockpile materials held for sale and their estimated selling price? (SFFAS 3, para. 55)		
64) Does entity disclosure of stockpile materials include a) general composition; b) basis for valuing stockpile materials, including valuation method and any cost flow assumptions; c) changes from prior year's accounting methods; d) restrictions on the use of the material; e) balances in each category of stockpile material (i.e., stockpile materials and stockpile materials held for sale); f) decision criteria for categorizing stockpile material as held for sale; and g) changes in criteria for categorizing stockpile materials as held for sale?		

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II.3.8.9 Inventory and Related Property, Net	Yes, No, or N/A	Explanation and Reference
(SFFAS 3, para. 56)		
<p>65) If, during any of the periods presented, the entity initially elected to apply an alternative valuation method (i.e., deemed cost) in establishing opening balances for one or more line items related to stockpile materials, did the entity</p> <ul style="list-style-type: none"> a) disclose that it elected to apply deemed cost in establishing opening balance for stockpile materials, b) describe the method, and c) treat the election as a change in accounting principle by reporting the change in accordance with SFFAS 21, paragraph 13? (SFFAS 48, paras. 6 and 13, amending SFFAS 3, paras. 26(a)(iii) and 26(a)(v)) 		
Seized Property		
<p>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, para. 59)</p> <p>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, para. 57)</p>		
Accounting		
66) Is seized property accounted for by the entity that is operating as the central fund? (SFFAS 3, para. 60)		
67) Are monetary instruments recognized as an asset when seized and is a liability for the seized monetary instruments reported in “Other Liabilities” in an amount equal to the seized asset value? (SFFAS 3, para. 61)		
68) If monetary instruments are seized, are seized assets recognized at market value and is a liability equal to the seized asset value established? (SFFAS 3, paras. 61 and 65)		

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II.3.8.9 Inventory and Related Property, Net	Yes, No, or N/A	Explanation and Reference
69) Is the existence of seized property other than monetary instruments accounted for in the entity's property management records until the property is forfeited, returned, or liquidated? (SFFAS 3, para. 62)		
70) 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, para. 63)		
71) If no active market exists for the property in the area in which it was seized, is a value in the principal market nearest the place of seizure used? (SFFAS 3, para. 63)		
72) 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, para. 64)		
Disclosure		
73) Is seized property disclosed in a note to the financial statements? (SFFAS 3, para. 62)		
74) Does entity disclosure of seized property by type in its custody include a) explanation of what constitutes a seizure and a general description of the composition of seized property; b) valuation method(s); c) changes from prior years' accounting methods; d) analysis by type of seized property (e.g., monetary instruments, real property, or tangible personal property) of change in seized property, including dollar value and number of seized properties, that are i) on hand at the start of the year, ii) seized during the year, iii) disposed of during the year, iv) on hand at the end of the year, and v) known liens or other claims against the property; e) information on non-valued seized property		

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II.3.8.9 Inventory and Related Property, Net	Yes, No, or N/A	Explanation and Reference
<p>that cannot be sold due to legal restrictions, but which may be either donated or destroyed subject to the same analysis of change, in accordance with (a) through (d), above? (SFFAS 3, paras. 66 and 71; FASAB Technical Release 4)</p>		
<p>75) Does the entity also disclose the method of disposal of seized property? (SFFAS 3, para. 66)</p>		
Forfeited Property		
<p>Forfeited property consists of (1) property (i.e., monetary instruments, intangible property, real property, and tangible personal property) acquired through forfeiture proceedings, (2) property acquired to satisfy a tax liability, and (3) unclaimed and abandoned merchandise. (SFFAS 3, paras. 67–68)</p>		
<p>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, para. 73)</p>		
Accounting		
<p>76) When a forfeiture judgment is obtained for seized monetary instruments,</p> <ul style="list-style-type: none"> a) are they reclassified as forfeited monetary instruments at the current market value, b) is revenue recognized in an amount equal to the value of the monetary asset, and c) is the liability associated with the seized monetary instrument classification removed? (SFFAS 3, para. 69) 		
<p>77) When a forfeiture judgment is obtained for real, tangible, and intangible property,</p> <ul style="list-style-type: none"> a) is the property recorded as an asset at its fair value at the time of forfeiture, b) is an allowance account (contra-asset account) established for liens or claims from third-party claimants against forfeited property, and c) is offsetting deferred revenue recognized? (SFFAS 3, para. 70) 		

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II.3.8.9 Inventory and Related Property, Net	Yes, No, or N/A	Explanation and Reference
78) Does the entity not recognize the financial value concerning the composition, valuation, and disposition of forfeited property that cannot be sold due to legal restrictions, but may be either donated or destroyed (such as ivory)? (SFFAS 3, para. 71)		
79) Is revenue from the sale of forfeited property recognized when sold? (SFFAS 3, para. 72)		
80) When a determination is made that forfeited property will not be held for sale, but distributed in one of the manners described in SFFAS 3 paragraph 73, is the property reclassified as forfeited property held for donation or use? (SFFAS 3, para. 74)		
81) Is revenue associated with property not disposed of through sale recognized upon approval of distribution and the previously established deferred revenue reversed? (SFFAS 3, para. 74)		
82) 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, paras. 72–75 and table 1)		
83) 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, para. 76)		
84) Is the property acquired in satisfaction of a taxpayer's liability valued at its market value less any third-party liens? (SFFAS 3, para. 76)		
85) 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, para. 76)		

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II.3.8.9 Inventory and Related Property, Net	Yes, No, or N/A	Explanation and Reference
86) Is unclaimed and abandoned merchandise recorded with offsetting deferred revenue when statutory and/or regulatory requirements for forfeiture have been met? (SFFAS 3, para. 77)		
87) Is unclaimed and abandoned merchandise valued at its market value? (SFFAS 3, para. 77)		
88) Upon the sale of unclaimed and abandoned merchandise, is revenue recognized in the amount of the sale proceeds, and are the merchandise and the deferred revenue removed from the accounts? (SFFAS 3, para. 77)		
Disclosure		
89) Does entity disclosure of forfeited property include <ul style="list-style-type: none"> a) composition of the property; b) valuation method(s); c) restrictions on the use or disposition of forfeited property; d) changes from prior year’s accounting methods; e) analysis by type of forfeited property (e.g., monetary instruments, intangible property, real property, and tangible personal property) of the changes in forfeited property by dollar amount and number of forfeitures that are <ul style="list-style-type: none"> i) on hand at the beginning of the year, ii) made during the year, iii) disposed of during the year by method of disposition, and iv) 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, or local agencies; U.S. territories; or foreign governments in future reporting periods; and 		

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II.3.8.9 Inventory and Related Property, Net	Yes, No, or N/A	Explanation and Reference
g) information on non-valued forfeited property that cannot be sold due to legal restrictions, but may be either donated or destroyed, in accordance with (a) through (e), above? (SFFAS 3, paras. 68, 71, 73 and 78; A-136, section II.3.8.9)		
Goods Held under Price Support and Stabilization Programs		
Goods acquired under price support and stabilization programs (i.e., commodities) are items of commerce or trade (usually farm commodities) having an exchange value. They are acquired, held, sold, or otherwise disposed of to satisfy or help satisfy economic goals. Producers of the goods either (1) are given nonrecourse loans under which they can, at their option, repay the loans with interest or surrender the commodities pledged as collateral for the loans or (2) may enter into purchase agreements that allow the producers the option to sell commodities to the government (the Commodity Credit Corporation) at the price support rate. (SFFAS 3, paras. 92–94)		
Accounting		
90) Are nonrecourse loans recognized as assets when the loan principal is disbursed and recorded at the amount of the loan principal? (SFFAS 3, para. 96)		
91) Is interest accrued on nonrecourse loans? (SFFAS 3, para. 96)		
92) When the entity has entered into a purchase agreement and there is an expected loss, a) is a loss ¹⁰⁷ recognized if it is probable that a loss has been incurred on purchase agreements outstanding and the amount of the loss can be reasonably measured and b) is a corresponding liability recognized? (SFFAS 3, paras. 97 and 103)		
93) When commodities are acquired to satisfy a nonrecourse loan or purchase agreement, are they recognized as assets at the lower of cost or net realizable value? (SFFAS 3, paras. 99 and 104)		

¹⁰⁷The loss amount is the difference between the contract price and the net realizable value of the commodities. (SFFAS 3, para. 103)

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II.3.8.9 Inventory and Related Property, Net	Yes, No, or N/A	Explanation and Reference
<p>94) When commodities acquired to satisfy the terms of a nonrecourse loan or purchase agreement are sold,</p> <ul style="list-style-type: none"> a) are revenues recognized and b) is the carrying amount of the commodities removed from the asset account and reported as a cost of goods sold? (SFFAS 3, para. 100) 		
<p>95) 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, para. 101)</p>		
<p>96) 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, para. 102)</p>		
<p>97) Is this allowance reestimated on each financial reporting date? (SFFAS 3, para. 102)</p>		
<p>98) Does the cost for the commodities acquired through a nonrecourse loan settlement include the following amounts:</p> <ul style="list-style-type: none"> a) loan principal (excluding interest), b) processing and packaging costs incurred after acquisition, and c) other costs (e.g., transportation) incurred in taking title to the commodity? (SFFAS 3, para. 105) 		
<p>99) Does the cost for commodities acquired through a purchase agreement include the following amounts:</p> <ul style="list-style-type: none"> a) the unit price agreed upon in the purchase agreement multiplied by the number of units purchased and b) other costs incurred in taking title to the commodity? (SFFAS 3, para. 106) 		

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II.3.8.9 Inventory and Related Property, Net	Yes, No, or N/A	Explanation and Reference
100) Is any adjustment necessary to reduce the carrying amount of the acquired commodities to the lower of cost or net realizable value a) recognized as a loss on farm price support in the current period and b) recorded in a commodity valuation allowance? (SFFAS 3, para. 107)		
101) 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, para. 107)		
Disclosure		
102) If a loss contingency arising from a purchase agreement is not recognized because it is less than probable or is not reasonably measurable, is the loss contingency disclosed if it is at least “reasonably possible that a loss may occur”? (SFFAS 3, para. 98)		

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II.3.8.9 Inventory and Related Property, Net	Yes, No, or N/A	Explanation and Reference
<p>103) Does entity disclosure of goods held under price support and stabilization programs include</p> <ul style="list-style-type: none"> a) basis for valuing commodities, including valuation method and cost flow assumptions (e.g., FIFO, weighted average, moving average, or specific identification); b) changes from prior years' accounting methods; c) restrictions on the use, disposal, or sale of commodities; d) analysis of the changes in dollar amount and volume of commodities, including those <ul style="list-style-type: none"> 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, and vi) that may be received as a result of surrender of collateral related to nonrecourse loans outstanding; and e) analysis of the dollar value and volume of purchase agreement commitments? (SFFAS 3, para. 109) 		

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II.3.8.10 General Property, Plant, and Equipment, Net	Yes, No, or N/A	Explanation and Reference
<p>Property, plant, and equipment (PP&E) consists of tangible assets, including land, that meet the following criteria:</p> <ul style="list-style-type: none"> • they have estimated useful lives of 2 years or more;¹⁰⁸ • they are not intended for sale in the ordinary course of operations; and • they have been acquired or constructed with the intention of being used, or being available for use, by the entity. <p>PP&E also includes</p> <ul style="list-style-type: none"> • assets acquired through capital leases (See SFFAS 6, para. 20), including leasehold improvements; • property owned by the reporting entity in the hands of others (e.g., state and local governments, colleges and universities, or federal contractors); and • land rights.¹⁰⁹ (SFFAS 6, paras. 17 and 18) <p>SFFAS 50 provides implementation guidance that allows a reporting entity, under specific conditions, to apply alternative methods in establishing opening balances for general PP&E.</p> <p>The alternative methods include (1) using deemed cost to establish opening balances of General PP&E; (2) selecting between deemed cost and prospective capitalization of internal use software; and (3) allowing an exclusion of land and land rights from opening balances with disclosure of acreage information and expensing of future acquisitions.</p> <p>The alternative methods are permitted when presenting financial statements, or one or more line items addressed by this statement, following FASAB-promulgated GAAP either (1) for the first time or (2) after a period during which existing systems could not provide the information necessary for producing such GAAP-based financial statements without use of the alternative methods. The application of SFFAS 50 based on the second condition is available to each reporting entity only once per line item addressed in this standard.</p> <p>General PP&E is any PP&E used in providing goods or services. Disclose the major classes of General PP&E that include buildings and structures, furniture and fixtures, equipment, vehicles, internal use software, and land. (SFFAS 6, para. 23; A-136, section II.3.8.10)</p> <p>General PP&E questions are divided as follows: (1) General PP&E excluding internal use software and (2) General PP&E – internal use software.</p> <p>Also see section II.3.8.11, which includes questions about multi-use heritage assets that are accounted for as General PP&E.</p>		
<p>1) Is this topic applicable to the entity’s financial statements? (Answer Y if applicable, N/A if not applicable, or N/S if not significant. If N/A or N/S, skip to the next topic.)</p>		

¹⁰⁸Useful life is the normal operating life in terms of utility to the owner.

¹⁰⁹Land rights are interests and privileges held by the entity in land owned by others, such as leaseholds, easements, water and water power rights, diversion rights, submersion rights, rights-of-way, and other like interests in land.

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II.3.8.10 General Property, Plant, and Equipment, Net	Yes, No, or N/A	Explanation and Reference
General PP&E – Excluding Internal Use Software		
Accounting		
2) Has the entity established and consistently followed PP&E capitalization thresholds suitable to its financial and operational conditions? (SFFAS 6, para. 13)		
3) Does PP&E consist of tangible assets, including land, that a) have estimated useful lives of 2 years or more, b) are not intended for sale in the ordinary course of operations, and c) are acquired or constructed with the intention of being used or being available for use by the entity? (SFFAS 6, para. 17)		
4) Does PP&E include a) assets acquired through capital leases, including leasehold improvements; b) property owned by the reporting entity in the hands of others (e.g., state and local governments, colleges and universities, and federal contractors); or c) land rights? (SFFAS 6, para. 18)		
5) Does General PP&E <u>exclude</u> a) items held in anticipation of physical consumption, such as operating materials and supplies, and b) items in which the federal entity has a reversionary interest? (SFFAS 6, para.19)		

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II.3.8.10 General Property, Plant, and Equipment, Net	Yes, No, or N/A	Explanation and Reference
<i>Categories</i>		
<p>6) In determining the categories in which to place PP&E, has the entity considered</p> <ul style="list-style-type: none"> a) the cost of maintaining different accounting methods for property and the usefulness (benefit) of the information, b) the diversity of the PP&E (e.g., useful lives, value, and alternative uses), c) the programs being served by the PP&E, and d) future disposition of the PP&E? (SFFAS 6, para. 22) 		
<p>7) Does the entity categorize an asset under General PP&E if it has one or more of the following characteristics:</p> <ul style="list-style-type: none"> a) it could be used for alternative purposes (e.g., by other federal programs, state or local governments, or nongovernmental entities) but is used to produce goods or services or to support the mission of the entity, b) it is used for business-type activities,¹¹⁰ and c) it is used by entities in activities whose costs can be compared to those of other entities performing similar activities (e.g., federal hospital services in comparison to other hospitals)? (SFFAS 6, para. 23) 		
<p>8) 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, para. 24)</p>		

¹¹⁰A business-type activity is defined as a significantly self-sustaining activity that finances its continuing cycle of operations through the collection of exchange revenue. (SFFAS 6, para. 23, fn 27)

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II.3.8.10 General Property, Plant, and Equipment, Net	Yes, No, or N/A	Explanation and Reference
<p>9) Unless the reporting entity elected to exclude land and land rights from the opening balance of General PP&E, are land and land rights specifically acquired for or in connection with other General PP&E included in General PP&E? (SFFAS 6, para. 25, as amended by SFFAS 50, para. 11)</p>		
<p><i>Asset Recognition</i></p>		
<p>10) Are all General PP&E recorded</p> <ul style="list-style-type: none"> a) at cost, or b) at a reasonable estimate for establishing historical cost, and/or c) for entities applying SFFAS 50, deemed cost for opening balances using alternative methods in accordance with the asset recognition and measurement provisions in SFFAS 6, paragraph 26, as amended by SFFAS 50? (SFFAS 6, para. 26, as amended by SFFAS 50, para. 12) 		
<p>11) Does the cost of General PP&E include all costs to bring it to a form and location suitable for its intended use, including</p> <ul style="list-style-type: none"> 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; 		

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II.3.8.10 General Property, Plant, and Equipment, Net	Yes, No, or N/A	Explanation and Reference
<ul style="list-style-type: none"> i) direct costs of inspection, supervision, and administration of construction contracts and construction work; j) legal and recording fees and damage claims; k) fair value of facilities and equipment donated to the government; and l) interest costs paid? (SFFAS 6, para. 26, as amended by SFFAS 57, para.10) 		
<p>12) Is the cost of General PP&E acquired through donation, devise, or judicial process, excluding forfeiture, capitalized at estimated fair value at the time acquired by the entity? (SFFAS 6, para. 30)</p>		
<p>13) Is General PP&E transferred from other federal entities capitalized at the book amount recorded by the transferring entity? (SFFAS 6, para. 31)</p>		
<p>14) Is General PP&E transferred from other federal entities capitalized at the fair value at the time of the transfer, if the receiving entity cannot reasonably ascertain the book amount of the PP&E being transferred? (SFFAS 6, para. 31)</p>		
<p>15) If General PP&E is acquired through exchange between a federal entity and a non-federal entity, is it capitalized at the fair value of the PP&E surrendered at the time of the exchange? (SFFAS 6, para. 32)</p>		
<p>16) If General PP&E is acquired through exchange between a federal entity and a non-federal 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 and a gain or loss recognized? (SFFAS 6, para. 32)</p>		

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II.3.8.10 General Property, Plant, and Equipment, Net	Yes, No, or N/A	Explanation and Reference
17) If General PP&E is acquired through exchange between a federal entity and a non-federal entity and neither the fair value of the PP&E acquired or surrendered is determinable, is the acquired General PP&E capitalized at the book amount of the PP&E surrendered and a gain or loss recognized? (SFFAS 6, para. 32)		
18) If cash is included in an exchange of General PP&E between a federal entity and a non-federal 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, para. 32)		
19) For General PP&E acquired through exchange between a federal entity and a non-federal entity, is the recorded cost the fair value of the PP&E at the time of exchange? (SFFAS 6, para. 32)		
20) Is General 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, para. 34)		
21) 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, para. 34)		
Depreciation expense is calculated through the systematic and rational allocation of the cost of General PP&E, less its estimated salvage or residual value over its estimated useful life. A composite or group methodology, whereby the costs of PP&E are allocated using the same allocation rate, is permissible. (SFFAS 6, para. 35; SFFAS 23, para. 9, item f)		
<i>Expense Recognition</i>		
22) Is depreciation recorded on all General PP&E, except land and land rights of unlimited duration? (SFFAS 6, para. 35)		

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II.3.8.10 General Property, Plant, and Equipment, Net	Yes, No, or N/A	Explanation and Reference
23) Do estimates of useful life of General PP&E consider such factors as physical wear and tear and technological change? (SFFAS 6, para. 35)		
24) 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, para. 35)		
25) 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 where the costs of PP&E are allocated using the same allocation rate? ¹¹¹ (SFFAS 6, para. 35; SFFAS 23, para. 9(f))		
26) Are depreciation and amortization expenses accumulated in contra-asset accounts? (SFFAS 6, para. 36)		
27) 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, para. 37)		
28) 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, para. 38)		
29) When General PP&E is disposed of, retired, or removed from service, is any difference between the book amount of the PP&E and any amount realized from its sale, scrap, or exchange recognized as a gain or loss in the period of disposal? (SFFAS 6, para. 38)		

¹¹¹The 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. (SFFAS 6, para. 35, fn 42a)

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II.3.8.10 General Property, Plant, and Equipment, Net	Yes, No, or N/A	Explanation and Reference
30) 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, para. 39)		
31) Is PP&E that has been removed from the asset accounts (see prior question) recorded in an appropriate asset account at its expected net realizable value? (SFFAS 6, para. 39)		
32) Is any difference in the book amount and its expected net realizable value of about-to-be disposed, retired, or removal-from-service PP&E recognized as a gain or loss in the period of adjustment? (SFFAS 6, para. 39)		
33) Is the expected net realizable value of PP&E no longer providing service in entity operations adjusted at the end of each accounting period? (SFFAS 6, para. 39)		
34) Is depreciation expense calculated through a systematic and rational allocation of the PP&E cost less salvage value over the estimated useful life? (SFFAS 6, para. 35)		
35) 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 them? (SFFAS 6, paras. 38–39)		
36) 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, para. 38)		
37) For PP&E assets recorded at expected net realizable value, is this value adjusted at the end of each accounting period and the		

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II.3.8.10 General Property, Plant, and Equipment, Net	Yes, No, or N/A	Explanation and Reference
adjustment recognized as either a gain or loss? (SFFAS 6, para. 39)		
<p>Alternative Methods for Establishing Opening Balances for General PP&E</p> <p>The following guidance is applicable for the reporting period when the reporting entity is presenting financial statements or one or more line items addressed by SFFAS 50, <i>Establishing Opening Balances for General Property, Plant, and Equipment</i>, either</p> <ul style="list-style-type: none"> a) for the first time or b) after a period during which existing systems could not provide the information necessary for producing such GAAP-based financial statements without use of the alternative methods. (SFFAS 6, para. 40, as amended by SFFAS 50, para. 13) <p>Opening balances are account balances that exist at the beginning of the reporting period. Opening balances are based upon the closing balances of the prior period and reflect the effects of transactions and events of prior periods and accounting policies applied in the prior period. Opening balances also include matters requiring disclosure that existed at the beginning of the period, such as contingencies and commitments. (SFFAS 50, para. 9)</p>		
<i>Valuation for Opening Balances</i>		
38) If applicable, does the reporting entity apply deemed cost only in establishing opening balances for the reporting period that the entity, taken as a whole, makes an unreserved assertion ¹¹² that its financial statements, or the General PP&E line item, are presented fairly in accordance with GAAP? (SFFAS 6, para. 40a., as amended by SFFAS 50, para. 13)		
39) Does the reporting entity also apply deemed cost to correct subsequently discovered errors in General PP&E that were valued under an alternative method? (SFFAS 6, para. 40a., as amended by SFFAS 50, para. 13)		

¹¹²An unreserved assertion is an unconditional statement. (SFFAS 6, para. 40, as amended by SFFAS 50, para. 13) The audited entity should establish clear policies and procedures for determining when and how the unreserved assertion will be made and communicated. See SFFAS 50, para. A83.

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II.3.8.10 General Property, Plant, and Equipment, Net	Yes, No, or N/A	Explanation and Reference
40) If applicable, does the reporting entity apply an alternative valuation method only once per line item after a period during which existing systems could not provide the information necessary for producing such GAAP-based financial statements without the use of the alternative valuation method? (SFFAS 6, para. 40b., as amended by SFFAS 50, para. 13)		
41) Is deemed cost based on one, or a combination, ¹¹³ of the following valuation methods when the reporting entity has multiple components or subcomponent entities using various valuation methods simultaneously: ¹¹⁴ a) replacement cost; b) estimated historical cost (initial amount), of which reasonable estimates may be based on i) cost of similar assets at the time of acquisition, ii) current cost of similar assets discounted for inflation since the time of acquisition (that is, deflating current costs to costs at the time of acquisition by general price index), or iii) other reasonable methods; ¹¹⁵ and c) fair value? (SFFAS 6, para. 40d., as amended by SFFAS 50, para. 13)		

¹¹³Deemed cost is an amount used as a surrogate for initial amounts that otherwise would be required to establish opening balances. (SFFAS 6, para. 40, as amended by SFFAS 50, para. 13)

¹¹⁴SFFAS 47, *Reporting Entity*, provides that “component reporting entity” is used broadly to refer to a reporting entity within a larger reporting entity. Examples of component reporting entities include organizations such as executive departments and agencies. Component reporting entities would also include subcomponents that may themselves prepare GPFFRs. One example is a bureau that is within a larger department that prepares its own standalone GPFFR. (SFFAS 6, para. 40, as amended by SFFAS 50, para. 13; SFFAS 47, para. 10)

¹¹⁵Other reasonable methods include latest acquisition cost and estimation methods based on information such as, but not limited to, budget, appropriations, engineering documents, contracts, or other reports reflecting amounts to be expended.

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II.3.8.10 General Property, Plant, and Equipment, Net	Yes, No, or N/A	Explanation and Reference
42) In estimating the in-service date, which is the year that the base unit was placed in service, was the midpoint of the range of years identified used as an acceptable estimate of the in-service date? (SFFAS 6, para. 40e.(i), as amended by SFFAS 50, para. 13)		
43) For all improvements included in the opening balances at deemed cost, are they treated as if they were placed in service at the date of the improvement or at the date the base unit was placed in service? (SFFAS 6, para. 40e.(ii), as amended by SFFAS 50, para. 13)		
44) Is the reporting entity consistent in applying a particular alternative method for establishing land and land rights opening balances for each individual subcomponent entity prior to consolidation into a larger component entity? (SFFAS 6, para. 40f., as amended by SFFAS 50, para. 13)		
45) If the reporting entity has multiple component or subcomponent entities selecting different alternative methods, does the reporting entity establish an opening balance based on one, or a combination, of the alternative methods that a) exclude land and land rights from the opening balance of General PP&E and b) recognize land and land rights in opening balances based on the provisions of the alternative valuation method (deemed cost)? (SFFAS 6, paras. 40f (i) and (ii) and 40d, as amended by SFFAS 50, para. 13)		
46) Does the reporting entity expense future land and land right acquisitions when the entity excludes land and land rights from the opening balance of General PP&E? (SFFAS 6, para. 40 f (i) as amended by SFFAS 50, para. 13)		

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II.3.8.10 General Property, Plant, and Equipment, Net	Yes, No, or N/A	Explanation and Reference
47) If the reporting entity elects to exclude land and land rights from its General PP&E opening balance, does it continue to exclude future land and land rights acquisition amounts? (SFFAS 6, para. 40h (ii) as amended by SFFAS 50, para. 13)		
48) Is accumulated depreciation/amortization recorded based on a) the estimated cost of the PP&E and the number of years the PP&E has been in use relative to its estimated useful life, b) the PP&E's estimated net remaining cost and the depreciation or amortization charged over the remaining life based on that net remaining cost, ¹¹⁶ or c) a composite or a group methodology whereby the costs of PP&E are allocated using the same allocation rate? (SFFAS 6, para. 41; SFFAS 23, para. 9(f))		
49) If General PP&E would have been substantially depreciated or amortized had it been recorded upon acquisition, does the entity weigh materiality and cost benefit to a) record only improvements made during the period beyond the initial expected useful life of General PP&E or b) make an aggregate entry for whole classes of PP&E (e.g., entire facilities rather than a building-by-building estimate)? (SFFAS 6, para. 42)		
50) For the initial capitalization of all General PP&E, is the implementation guidance for SFFAS 6, paragraphs 40–44 followed? (SFFAS 23, para. 10, as amended by SFFAS 50, para. 17)		

¹¹⁶Net remaining cost is the original cost of the asset less any accumulated depreciation/amortization to date (i.e., book value). (SFFAS 6, para. 41)

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II.3.8.10 General Property, Plant, and Equipment, Net	Yes, No, or N/A	Explanation and Reference
<p>Impairment is a significant and permanent decline in the service utility¹¹⁷ of General PP&E remaining in use,¹¹⁸ or expected service utility for construction work in process. The events or changes in circumstances that lead to impairments are not considered normal and ordinary. (SFFAS 44, para. 8)</p>		
<p>51) In determining whether General PP&E remaining in use is impaired, did the entity</p> <ul style="list-style-type: none"> a) identify potential impairment indicators and b) test for impairment? (SFFAS 44, para.11) 		
<p>52) Did the entity carefully consider the surrounding circumstances to determine whether a test of potential impairment was necessary given the circumstances, including common indicators of potential impairments, such as</p> <ul style="list-style-type: none"> a) evidence of physical damage, b) enactment of laws or issuance of regulations which limit or restrict General PP&E usage, c) changes in environmental or economic factors, d) technological changes or evidence of obsolescence, e) changes in the manner or duration of use of General PP&E, f) construction stoppage or contract termination, and g) General PP&E idled or unserviceable for excessively long periods? (SFFAS 44, para. 12) 		
<p>53) If significant events or changes in circumstances affecting General PP&E that may indicate impairment were conspicuous or known to the entity's management or oversight entities, did the entity's management consider potential impairment? (SFFAS 44, para. 13)</p>		

¹¹⁷The service utility of General PP&E is the usable capacity that at acquisition was expected to be used to provide service, as distinguished from the level of utilization, which is the portion of the usable capacity currently being used. (SFFAS 44, para. 9)

¹¹⁸The requirements of SFFAS 44 do not apply to internal use software. (SFFAS 44, para. 7)

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II.3.8.10 General Property, Plant, and Equipment, Net	Yes, No, or N/A	Explanation and Reference
54) Did management evaluate General PP&E for potential impairment if impairment indicators were identified during asset management reviews (e.g., portfolio surveys)? (SFFAS 44, para. 14)		
55) If reduced demand for the services of General PP&E is identified as an indicator of impairment, did the entity consider evidence of an underlying potential impairment resulting in the reduced demand? (SFFAS 44, para. 15)		
56) For General PP&E identified as potentially impaired, did the entity test for impairment by determining whether the following were present a) the magnitude of the decline in service utility is significant and b) the decline in service utility is expected to be permanent? (SFFAS 44, para. 16)		
57) For construction work in process, did the testing of impairment identified above use the period of expected future service utility rather than current service utility? (SFFAS 44, para. 17)		
58) Is General PP&E remaining in use identified as impaired if the decline in the service utility of the General PP&E is significant and deemed permanent? (SFFAS 44, para. 10)		
59) Are impairment losses on General PP&E that will continue to be used by the entity estimated using a measurement method that reasonably reflects the diminished service utility of the General PP&E? (SFFAS 44, para. 18)		
60) Did the entity limit the recognition of the loss to the asset's net book value at the time of impairment? ¹¹⁹ (SFFAS 44, para. 18)		

¹¹⁹Widely recognized methods for measuring impairment include the following: replacement, restoration, service units, deflated depreciated current cost, cash flow, and lower of (1) net book value or (2) higher of net realizable value or value-in-use approach. (SFFAS 44, para. 18. a–f)

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II.3.8.10 General Property, Plant, and Equipment, Net	Yes, No, or N/A	Explanation and Reference
61) Is an impairment loss recognized and reported in the statement of net cost when management concludes that the impairment is (1) a significant decline in service utility and (2) expected to be permanent? (SFFAS 44, para. 19)		
62) Are impairment losses recognized and reported regardless of whether the General PP&E remaining in use is being depreciated individually or as part of a composite group? (SFFAS 44, para. 20)		
63) If future service utility has been adversely affected but the impairment test determines that a loss not be recognized, did the entity consider a change to the estimates used in depreciation calculations, such as estimated useful life and salvage value? (SFFAS 44, para. 22)		
64) If General PP&E no longer provides service, or in the case of construction work in process where there is no expectation of future service by the entity, did the entity account for it in accordance with SFFAS 6, paragraphs 38 and 39 and FASAB TR 14? ¹²⁰ (SFFAS 44, para. 23)		
65) Subject to the entity's capitalization policies, if an entity later remediates any previously impaired General PP&E remaining in use, were the costs incurred to replace or restore the lost service utility accounted for in accordance with applicable standards? (SFFAS 44, para. 24)		
66) If the recovery of impairment losses occurs in the same year, ¹²¹ was the impairment loss reported net of any associated recovery? (SFFAS 44, para. 25)		

¹²⁰Per SFFAS 6, "general PP&E shall be removed from general PP&E accounts along with associated depreciation/amortization ...any difference in the book value of the PP&E and its expected net realizable value shall be recognized as a gain or adjustment in the period of adjustment." (SFFAS 6, paras. 38–39; and FASAB TR 14)

¹²¹Recoveries should be accounted for in accordance with SFFAS 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting. (SFFAS 44, para. 25)

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II.3.8.10 General Property, Plant, and Equipment, Net	Yes, No, or N/A	Explanation and Reference
67) If the recovery of impairment losses occurs in the subsequent years, was the recovery reported as revenue or other financing sources as appropriate and disclosed in the notes by amount and classification, if not otherwise apparent in the financial statements? (SFFAS 44, para. 25)		
<p>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, para. 20, fn 22; SFFAS 5, para. 43)¹²²</p>		
<p>68) Does the entity classify a lease as a capital lease if at its inception the lease either</p> <ul style="list-style-type: none"> a) transfers ownership of the property to the lessee by the end of the lease term; b) contains an option to purchase the leased property at a bargain price; c) has a term equal to or greater than 75 percent of the estimated economic life of the leased property, and the beginning of the lease term does not fall within the last 25 percent of the total estimated economic life of the property; or d) has a present value of rental and other minimum lease payments, excluding that portion of the payments representing executory cost, that 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, para. 20; SFFAS 5, para. 43) 		

¹²²Per SFFAS 58, the requirements of SFFAS 54 become effective for reporting periods beginning after September 30, 2023. Early adoption of SFFAS 54 is not permitted. Previously existing FASB guidance under Accounting Standards Codification – *Leases* – *Topic 840* should continue to be used when the accounting treatment for a lease transaction or event is not specified by paragraphs 43–46 of SFFAS 5 and paragraphs 20 and 29 of SFFAS 6.

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II.3.8.10 General Property, Plant, and Equipment, Net	Yes, No, or N/A	Explanation and Reference
69) Is the cost of General PP&E acquired under a capital lease equal to the amount recognized as a liability for the capital lease at its inception? ¹²³ (SFFAS 6, para. 29)		
Disclosure		
70) Does the entity disclose in the notes to the financial statements a general description of <ul style="list-style-type: none"> a) the General PP&E remaining in use for which an impairment loss is recognized, b) the nature (e.g., damage or obsolescence) and amount of impairment, and c) the financial statement classification of the impairment loss? (SFFAS 44, para. 21) 		
71) Does the entity's disclosure include a reference to deferred maintenance and repairs information reported in the required supplementary information? ¹²⁴		
72) Are the note disclosures made in the period the impairment loss is recognized? (SFFAS 44, para. 21)		

¹²³The 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, para. 44)

¹²⁴Such disclosure is encouraged but not required for assets that are not heritage assets.

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II.3.8.10 General Property, Plant, and Equipment, Net	Yes, No, or N/A	Explanation and Reference
<p>73) Does the entity's disclosure of its General PP&E include</p> <ul style="list-style-type: none"> a) the cost, associated accumulated depreciation, and book value by major class; b) the use and general basis of any estimates used; c) the estimated useful lives for each major class; d) the method(s) of depreciation for each major class; e) capitalization threshold(s), including any changes in thresholds(s) during the period; and f) restrictions on the use or convertibility of General PP&E? (SFFAS 6, para. 45) 		
<p>74) Does the entity include a note disclosure explaining that additional information for the multi-use heritage assets (i.e., information not already disclosed within the General PP&E note) is included in the Stewardship PP&E note? (SFFAS 29, para. 27)</p>		
<p>75) If, during any of the periods presented, the entity initially elected to apply an alternative valuation method (i.e., deemed cost) in establishing opening balances for one or more line items related to General PP&E,¹²⁵ did the entity</p> <ul style="list-style-type: none"> a) disclose that it elected to apply an alternative valuation method; b) describe the method used; and c) treat the election as a change in accounting principle by reporting the change in accordance with SFFAS 21, paragraph 13? (SFFAS 50, para. 13, amending SFFAS 6, paras. 40(h)(i) and 		

¹²⁵SFFAS 6, para. 40, as amended, references the reporting entity's unreserved assertion on whether the financial statements or *one or more line items* (whether on the financial statements or line items within the note disclosures) are fairly presented in accordance with GAAP. The statement provides flexibility to the preparer to elect application of alternative valuation methods to general PP&E, as a whole, or to reasonably disaggregated classes of general PP&E. (SFFAS 50, para. A38) Therefore, the alternative valuation method election remains available to classes of general PP&E not covered by previous elections.

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II.3.8.10 General Property, Plant, and Equipment, Net	Yes, No, or N/A	Explanation and Reference
40(c))		
<p>76) If, during any of the periods presented, the entity initially elected to apply an alternative method by excluding one or more line items related to land and land rights from the opening balance of General PP&E, did the entity</p> <ul style="list-style-type: none"> a) disclose that it elected to apply an alternative method; b) describe the method used; and c) treat the election as a change in accounting principle by reporting the change in accordance with SFFAS 21, paragraph 13? (SFFAS 50, para. 13, amending SFFAS 6, paras. 40(h)(ii) and 40(c)) 		
<p>77) If the entity elected to apply an alternative method by excluding land and land rights from the opening balance of General PP&E, did the entity do the following for excluded land:</p> <ul style="list-style-type: none"> a) reference a related disclosure on the face of the Balance Sheet and b) disclose for each reporting period <ul style="list-style-type: none"> i) the number of acres held at the beginning of the period, ii) the number of acres added during the period, iii) the number of acres disposed during the period, and iv) the number of acres held at the end of the period? (SFFAS 50, para. 13, amending SFFAS 6, para. 40(h)(ii)) 		
<p>78) If different alternative methods are elected by subcomponent entities consolidated into the reporting entity for land and land rights, does the entity disclose the alternative method adopted by each significant subcomponent? (SFFAS 50, para. 13, amending SFFAS 6, para. 40(h)(ii))</p>		

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II.3.8.10 General Property, Plant, and Equipment, Net	Yes, No, or N/A	Explanation and Reference
<p>79) Does the entity’s disclosure include a table of the change in net PP&E for the current year detailing the following items, as applicable:</p> <ul style="list-style-type: none"> • Balance – beginning of year, • Capitalized acquisitions, • Dispositions, • Transfers in/out w/o reimbursement, • Revaluations, • Depreciation expense, • Donations, • Other, and • Balance – end of year? (See illustrative reconciliation in section II.3.8.10 A-136)?¹²⁶ 		
<p>General PP&E – Internal Use Software</p> <p>Internal use software includes software¹²⁷ that is purchased from commercial vendors “off the shelf,” internally developed, or contractor-developed solely to meet the entity’s internal or operational needs.</p> <p>Commercial off-the-shelf (COTS) software refers to software that is purchased from a vendor and is ready for use with little or no changes.</p> <p>Internally developed software is software that entity employees are actively developing, including new software and existing or purchased software that are being modified with or without contractor assistance.</p> <p>Contractor-developed software is software that an entity is paying a contractor to design, program, install, and implement, including new software and the modification of existing or purchased software. (SFFAS 10, paras. 8–9)</p>		
<p>Accounting</p>		
<p><i>Recognition</i></p>		
<p>80) Does the entity capitalize the cost of software when such software meets the criteria for General PP&E? (SFFAS 10, para. 16, as amended by SFFAS 50, para. 14)</p>		

¹²⁶This disclosure is required for significant entities to support the FR compilation process.

¹²⁷Software includes the application and operating system programs, procedures, rules, and any associated documentation pertaining to the operation of a computer system or program. Normally, software is an integral part of an overall system(s) having interrelationships among software, hardware, personnel, procedures, controls, and data.

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II.3.8.10 General Property, Plant, and Equipment, Net	Yes, No, or N/A	Explanation and Reference
81) Does the capitalized cost of internally developed software include the full cost (i.e., direct and indirect costs) incurred during the software development stage, or reasonable estimates to establish the capitalization cost of internally developed software? ¹²⁸ (SFFAS 10, para. 16, as amended by SFFAS 50, para. 14)		
82) Does the entity capitalize the cost of software when it a) is specifically identifiable, b) has a determinate life of 2 years or more, c) is not intended for sale in the ordinary course of operations, d) is acquired or developed with the intention of being used by the entity, and e) meets the criteria for General PP&E in that it is used in providing goods and services? (SFFAS 6, para. 17; SFFAS 10, paras. 15 and 38)		
83) Are capitalized internally developed software development costs limited to costs incurred after a) management authorizes and commits to a computer software project and believes that it is more likely than not that the project will be completed and the software will be used to perform the intended function with an estimated service life of 2 years or more, and b) the conceptual formulation, design, and testing of possible software project alternatives (i.e., preliminary design stage) has been completed? (SFFAS 10, para. 16, as amended by SFFAS 50, para. 14)		

¹²⁸Although the measurement basis remains historical cost, reasonable estimates may be used to establish the capitalized cost of internally developed software, in accordance with the asset recognition and measurement provisions of SFFAS 10, para. 16 as amended by SFFAS 50, para. 14.

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II.3.8.10 General Property, Plant, and Equipment, Net	Yes, No, or N/A	Explanation and Reference
84) Do software capitalization costs include costs for new software and documentation manuals? ¹²⁹ (SFFAS 10, para. 17)		
85) Do the capitalized costs for COTS software include the amount paid to the vendor? (SFFAS 10, para. 18)		
86) 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, para. 18)		
87) Does the entity capitalize internal costs incurred to implement the COTS or contractor-developed software and otherwise make it ready for use? (SFFAS 10, para. 18)		
88) 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, para. 19)		
89) Does the entity expense costs incurred after the completion of final acceptance testing? (SFFAS 10, para. 20)		
90) Does the entity treat software that serves both internal uses and stewardship purposes ¹³⁰ as internal use software and capitalize it to the extent such software meets criteria for General PP&E? (SFFAS 10, para. 21)		

¹²⁹Examples 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. (SFFAS 10, para. 17)

¹³⁰Software that serves both internal uses and stewardship purposes is referred to as multi-use software. An example is a global positioning system (GPS) used in connection with national defense activities and general operating activities and services. (SFFAS 10, para. 21)

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II.3.8.10 General Property, Plant, and Equipment, Net	Yes, No, or N/A	Explanation and Reference
91) Is computer software that is integrated into and necessary to operate General PP&E, ¹³¹ rather than perform a separate application, considered part of the PP&E of which it is an integral part, and is it capitalized and depreciated? (SFFAS 10, para. 22)		
92) 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, para. 23)		
93) 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, para. 23)		
<i>Capitalization Thresholds</i>		
94) 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, para. 24)		
<i>Enhancements</i>		
95) 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, para. 25)		

¹³¹For example, such software could include software necessary to operate airport radar and computer-operated lathes. (SFFAS 10, para. 22)

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II.3.8.10 General Property, Plant, and Equipment, Net	Yes, No, or N/A	Explanation and Reference
96) 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, para. 26)		
97) 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? ¹³² (SFFAS 10, para. 27)		
<i>Impairment – Post-Implementation/Operational Software</i>		
98) Does the entity recognize a loss upon impairment of computer software when the following post-implementation or operational conditions apply: a) the software is no longer expected to provide substantive service potential and will be removed from service or b) a significant reduction occurs in the capabilities, functions, or uses of the software (or a module thereof)? (SFFAS 10, paras. 28–29)		
99) If impaired software is to remain in use, is the loss due to impairment measured as the difference between the book value and a) the cost to acquire software that would perform similar remaining functions (i.e., unimpaired) or b) the portion of book value attributable to the remaining functional elements of the software? (SFFAS 10, para. 29)		
100) If the loss due to impairment cannot be determined, is the book amount of the software amortized over the remaining useful life of the software? (SFFAS 10, para. 29)		

¹³²SFFAS 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, paras. 42–43)

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II.3.8.10 General Property, Plant, and Equipment, Net	Yes, No, or N/A	Explanation and Reference
101) If impaired software is to be removed from use, is the loss due to impairment measured as the difference between the book amount and any net realizable value (NRV)? (SFFAS 10, para. 30)		
102) 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, para. 30)		
103) 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, para. 31)		
<i>Amortization</i>		
104) Does the entity amortize capitalized internal use software systematically and rationally over the estimated useful life of the software? (SFFAS 10, para. 32)		
105) Does amortization of each module or component of a software project begin when that module or component has been successfully tested? (SFFAS 10, para. 33)		
106) If the use of a module is dependent on the completion of another module(s), does the amortization begin only when both that module and the other module(s) have been successfully tested? (SFFAS 10, para. 33)		
107) 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, para. 34)		

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II.3.8.10 General Property, Plant, and Equipment, Net	Yes, No, or N/A	Explanation and Reference
108) When the entity replaces existing internal use software with new software, is the unamortized cost of the old software expensed when the new software has been successfully tested? (SFFAS 10, para. 34)		
<p>Alternative Method for Internal Use Software</p> <p>Alternative methods for establishing opening balances are applicable for the reporting period when the reporting entity is presenting financial statements, or one or more line items of internal use software, following FASAB-promulgated GAAP either (1) for the first time or (2) after a period during which existing systems could not provide the information necessary for producing such GAAP-based financial statements without the use of the alternative methods. Once established using alternative methods, opening balances are considered consistent with GAAP. (SFFAS 10, para. 36, as amended by SFFAS 50, para. 15)</p> <p>Opening balances are account balances that exist at the beginning of the reporting period. Opening balances are based upon the closing balances of the prior period and reflect the effects of transactions and events of prior periods and accounting policies applied in the prior period. Opening balances also include matters requiring disclosure that existed at the beginning of the period, such as contingencies and commitments. (SFFAS 10, para. 36, as amended by SFFAS 50, para. 15)</p> <p>SFFAS 50, paragraph 15, references the reporting entity’s unreserved assertion on whether the financial statements, or one or more line items, are presented in accordance with GAAP. An unreserved assertion is an unconditional statement, and the entity should establish clear policies and procedures for determining when and how the unreserved assertion will be made and communicated. The statement provides flexibility to the preparer to elect to apply alternative valuation methods to General PP&E, as a whole, or to reasonably disaggregated classes of General PP&E. (SFFAS 50, para. A38) Therefore, the alternative valuation method election remains available to classes of General PP&E not covered by previous elections.</p>		
109) Does the entity use the alternative method provided in SFFAS 50? (Answer Y if applicable; if N/A or N /S, answer accordingly and skip to the Disclosure section below.)		
Accounting		
<i>Alternative Methods for Opening Balances</i>		

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II.3.8.10 General Property, Plant, and Equipment, Net	Yes, No, or N/A	Explanation and Reference
110) If the entity is applying SFFAS 50, does the reporting entity apply an alternative valuation method only in establishing opening balances for the reporting period that the entity, taken as a whole, makes an unreserved assertion that its financial statements, or internal use software line item, are presented fairly in accordance with GAAP? (SFFAS 10, para. 36a as amended by SFFAS 50, para. 15)		
111) Does the reporting entity also apply an alternative valuation method to correct subsequently discovered errors in General PP&E that were valued under an alternative method? (SFFAS 10, para. 36a, as amended by SFFAS 50, para. 15)		
112) If applicable, does the reporting entity apply an alternative valuation method only once for the software line item after a period during which existing systems could not provide the information necessary for producing such GAAP-based financial statements without the use of the alternative valuation method? (SFFAS 10, para. 36b, as amended by SFFAS 50, para. 15)		
113) If the entity has multiple component or subcomponent entities selecting different alternative methods, does the reporting entity establish an opening balance based on one, or a combination, of alternative methods that a) apply deemed cost ¹³³ as an alternative valuation method for opening balances of internal use software and b) apply prospective capitalization of internal use software?(SFFAS 10, para. 36d(i) and (ii), as amended by SFFAS 50, para. 15)		

¹³³Deemed cost is an amount used as a surrogate for initial amounts that otherwise would be required to establish opening balances. For implementation guidance regarding deemed cost, see SFFAS 10, para. 36, as amended by SFFAS 50, para. 15.

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II.3.8.10 General Property, Plant, and Equipment, Net	Yes, No, or N/A	Explanation and Reference
<p>114) If the reporting entity elects the prospective treatment, does the reporting entity choose acceptable alternative methods at an opening balance date that either</p> <ul style="list-style-type: none"> a) exclude all internal use software, inclusive of that under development at the opening balance date, from the opening balance or b) exclude internal use software in service from the opening balance, but include amounts related to internal use software under development at the opening balance date? (SFFAS 10, para. 36d(ii)(a) and (b), as amended by SFFAS 50, para. 15) 		
<p>115) If applicable, does the reporting entity recognize internal use software development in opening balances based on the recognition and measurement of internal use software as contained in paragraphs 15–27 of SFFAS 10, (see questions related to SFFAS 10, paras. 15–27 above) or on the alternative valuation method (deemed cost)? (SFFAS 10, para. 36d. (ii)(b), as amended by SFFAS 50, para. 15)</p>		
<p>116) Is the reporting entity consistent with applying a particular alternative method for establishing an opening balance for internal use software within each individual subcomponent entity prior to consolidation into the larger component entity? (SFFAS 10, para. 36(d), as amended by SFFAS 50, para. 15)</p>		
Disclosure		
<p>117) Does entity disclosure of capitalized software include</p> <ul style="list-style-type: none"> a) the cost, associated amortization, and book value; b) the estimated useful life for each major class of software; and c) the method(s) of amortization? (SFFAS 10, para. 35; SFFAS 6, para. 45) 		
<p>118) If, during any of the periods presented, the entity initially elected to apply an alternative valuation method (i.e., deemed cost) in</p>		

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II.3.8.10 General Property, Plant, and Equipment, Net	Yes, No, or N/A	Explanation and Reference
<p>establishing opening balances for one or more line items related to internal use software, did the entity</p> <ul style="list-style-type: none"> a) disclose that it elected to apply an alternative valuation method; b) describe the method; and c) treat the election as a change in accounting principle by reporting the change in accordance with SFFAS 21, paragraph 13? (SFFAS 50, para. 15, amending SFFAS 10, paras. 36(f)(i) and 36(c)) 		
<p>119) If, during any of the periods presented, the entity initially elected to prospectively capitalize one or more line items in establishing opening balances for internal use software, did the entity</p> <ul style="list-style-type: none"> a) disclose that it elected to apply an alternative method; b) describe the method used; and c) treat the election as a change in accounting principle by reporting the change in accordance with SFFAS 21, paragraph 13? (SFFAS 50, para. 15, amending SFFAS 10, paras. 36(f)(ii) and 36(c)) 		
<p>120) If different alternative methods are elected by subcomponent entities consolidated into the reporting entity for internal use software, does the entity disclose the alternative method adopted by each significant subcomponent? (SFFAS 50, para. 15, amending SFFAS 10, para. 36(f)(ii)(a))</p>		

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II.3.8.11 Stewardship Property, Plant, and Equipment	Yes, No, or N/A	Explanation and Reference
<p>Stewardship PP&E includes heritage assets and stewardship land. PP&E are classified as heritage assets if they have (1) historical or natural significance; (2) cultural, educational, or artistic importance; or (3) significant architectural characteristic. Multi-use heritage assets are heritage assets that are predominately used in general government operations (e.g., buildings, such as the main Treasury building, which is used as an office building). (SFFAS 29, paras. 15, 18, and 22; A-136, section II.3.2.3)</p> <p>Stewardship land is land and land rights owned by the federal government but not acquired for or in connection with items of General PP&E. (SFFAS 29, para. 33; A-136, section II.3.2.3)</p> <p>Also, see A-136, section II.3.8.11.</p>		
<p>1) Is this topic applicable to the entity’s financial statements? (Answer Y if applicable, N/A if not applicable, or N/S if not significant. If N/A or N/S, skip to the next topic.)</p>		
Accounting		
<p>2) Is the cost of acquisition, improvement, reconstruction, or renovation of multi-use heritage asset(s) capitalized as General PP&E and depreciated over its estimated useful life? (SFFAS 29, para. 22)</p>		
<p>3) Are multi-use heritage assets acquired through donation or devise recognized as General PP&E at the assets’ fair value? (SFFAS 29, para. 23)</p>		
<p>4) For multi-use heritage assets acquired through donation or devise, are the assets’ fair value also recognized as “nonexchange revenue,” as defined in SFFAS 7? (SFFAS 29, para. 23)</p>		
<p>5) Are costs to acquire, improve, reconstruct, or renovate heritage assets, other than multi-use heritage assets, recognized for the period in which the costs are incurred? (SFFAS 29, para. 19)</p>		
<p>6) Do the recognized costs of heritage assets also include all costs incurred during the period to bring the item(s) to their current condition? (SFFAS 29, para. 19)</p>		

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II.3.8.11 Stewardship Property, Plant, and Equipment	Yes, No, or N/A	Explanation and Reference
7) Are amounts for heritage assets acquired through donation or devise excluded from the cost of heritage assets, with the exception of multi-use heritage assets? (SFFAS 29, para. 20)		
8) Are amounts for stewardship land acquired through donation or devise excluded from the cost of stewardship land? (SFFAS 29, para. 38)		
9) Is the cost of acquisition of stewardship land, including all costs to prepare stewardship land for its intended purpose (e.g., razing a building), recognized for the period in which the cost is incurred? (SFFAS 29, para. 37)		
10) If stewardship land is acquired along with existing structures and the structure is deemed a heritage asset that is significant, does the entity treat the acquisition cost as either the cost of stewardship land, heritage asset, or both based on its judgment? (SFFAS 29, para. 37a)		
11) If stewardship land is acquired along with existing structures and the structure is to be used in operations (e.g., as General PP&E), but the value of the structure is insignificant or the structure's acquisition is merely a byproduct of the acquisition of the land, is the cost treated as an acquisition of stewardship land? (SFFAS 29, para. 37b)		
12) If stewardship land is acquired along with an existing structure and the structure is significant and has an operating use (e.g., a constructed hotel or employee housing block), does the entity treat the structure as General PP&E by identifying the cost attributable to General PP&E and segregating that from the cost of the stewardship land acquired? (SFFAS 29, para. 37c)		
Disclosure		

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II.3.8.11 Stewardship Property, Plant, and Equipment	Yes, No, or N/A	Explanation and Reference
<p>13) Does entity disclosure of Stewardship PP&E include</p> <ul style="list-style-type: none"> a) a statement explaining how the PP&E relates to the entity’s mission and b) a description of the entity’s stewardship policies for heritage assets and stewardship land? (SFFAS 29, paras. 25 and 40) 		
<p>14) Does the entity present a concise description of each major category of heritage asset and stewardship land use in a note to the financial statements? (SFFAS 29, paras. 25 and 40)</p>		
<p>15) Does the entity disclose physical unit information for heritage assets and stewardship land use for each major category of Stewardship PP&E, including</p> <ul style="list-style-type: none"> a) the number of physical units by major category for which the entity is the steward as of the end of the reporting period (heritage assets should be classified by collection or non-collection type) and b) the number of physical units by major category that were acquired and the number of physical units by major category that were withdrawn during the reporting period? (SFFAS 29, paras. 25 and 40) 		
<p>16) Does the entity’s disclosure include a description of the methods of acquisition and withdrawal by major category of heritage assets and stewardship land use, including</p> <ul style="list-style-type: none"> a) the number of physical units of transfers between federal entities and b) the number of physical units (if material) and fair value (if known and material) acquired through donation or devise during the reporting period? (SFFAS 29, paras. 25 and 40) 		

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II.3.8.11 Stewardship Property, Plant, and Equipment	Yes, No, or N/A	Explanation and Reference
17) Does the entity disclose that multi-use heritage assets are recognized and presented with General PP&E in the basic financial statements and that additional information for the multi-use heritage assets is included with the Stewardship PP&E information? (SFFAS 29, para. 27)		
18) Does the entity's disclosure include a reference to deferred maintenance and repairs information reported in the required supplementary information? (SFFAS 29, para. 41)		

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II.3.8.12 Other Assets	Yes, No, or N/A	Explanation and Reference
<p>This topic includes advances, prepayments, and other assets.</p> <p>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, para. 57)</p> <p>Prepayments are payments made by a federal entity to cover certain periodic expenses before those expenses are incurred. Progress payments made to a contractor based on a percentage of completion of the contract are not advances or prepayments. (SFFAS 1, para. 58)</p> <p>Other assets are assets not recognized in any numbered line items on the Balance Sheet template. These may include assets described in previous categories that are immaterial to the entity, for example, General PP&E removed from service but not yet disposed. (A-136, section II.3.2.3)</p>		
1) Is this topic applicable to the entity’s financial statements? (Answer Y if applicable, N/A if not applicable, or N/S if not significant. If N/A or N/S, skip to the next topic.)		
Accounting		
2) Are amounts of advances or prepayments that are subject to a refund (e.g., travel advances) transferred to accounts receivable? (SFFAS 1, para. 59)		
3) 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, para. 60)		
4) Are advances and prepayments that are made to federal entities accounted for separately from those made to non-federal entities? (SFFAS 1, para. 61)		
Disclosure		
5) Does the entity disclose information required to understand the nature of categories of “other” assets? (A-136, section II.3.2.3)		
6) Does the entity disclose intragovernmental other assets separately from other than intragovernmental/with the public assets? (A-136, section II.3.8.12)		

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II.3.8.12 Other Assets	Yes, No, or N/A	Explanation and Reference
7) Are advances and prepayments shown as assets and disclosed in the notes to the financial statements? (SFFAS 1, para. 59; A-136, section II.3.2.3)		
8) Are advances and prepayments that are made to federal entities reported separately from those made to non-federal entities? (SFFAS 1, para. 61; A-136, section II.3.8.12)		

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II.3.8.13 Liabilities	Yes, No, or N/A	Explanation and Reference
<p>Liabilities of federal entities are reported under three major categories: (1) liabilities covered by budgetary resources, (2) liabilities not covered by budgetary resources, and (3) liabilities not requiring budgetary resources. Within each category, liabilities are classified as either (1) intragovernmental liabilities, which are amounts that the federal government or an entity within the federal government owes to other federal entities, or (2) governmental liabilities, which are amounts that the federal government or an entity within the federal government owes to a non-federal entity. (SFFAS 1, para. 18–21; SFFAS 5, note 1 in summary; A-136, section II.3.2.4)</p>		
<p>1) Is this topic applicable to the entity’s financial statements? (Answer Y if applicable, N/A if not applicable, or N/S if not significant. If N/A or N/S, skip to the next topic.)</p>		
<p>Disclosure</p>		
<p>2) Do liability line items on the face of the Balance Sheet aggregate the following types and are they separately disclosed in the notes?</p> <ul style="list-style-type: none"> a) Liabilities covered by budgetary resources b) Liabilities not covered by budgetary resources, and c) Liabilities not requiring budgetary resources (SFFAS 1, paras. 80 and 86; A-136, sections, II.3.2.4 and II.3.8.13) 		
<p>3) Are amounts and types of intragovernmental liabilities not covered by budgetary resources separately disclosed? (A-136, section II.3.8.13)</p>		
<p>4) Is other information needed to understand the nature of liabilities not covered by budgetary resources provided? (A-136, section II.3.8.13)</p>		

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II.3.8.14 Federal Debt and Interest Payable	Yes, No, or N/A	Explanation and Reference
<p>Debts are amounts borrowed from Treasury, the Federal Financing Bank, other federal agencies, or the public under general or special financing authority, such as Treasury bills, notes, and bonds and Federal Housing Administration (FHA) debentures. The components of debt are disclosed in the notes to the financial statements. (SFFAS 5, para. 47; A-136, section II.3.2.4)</p> <p>Interest incurred results from borrowing funds from Treasury, the 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, para. 81)</p>		
<p>1) Is this topic applicable to the entity's financial statements? (Answer Y if applicable, N/A if not applicable, or N/S if not significant. If N/A or N/S, skip to the next topic.)</p>		
<p>Accounting</p>		
<p>2) 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, para. 48)</p>		
<p>3) 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, para. 50)</p>		
<p>4) For fixed-value securities, is the interest method used for amortizing any discount or premium?¹³⁴ (SFFAS 5, para. 51)</p>		
<p>5) If the interest method is not used, is the straight-line method of discount or premium amortization used for</p> <ul style="list-style-type: none"> a) short-term securities with a maturity of 1 year or less and b) longer-term securities, where the difference between the amount of amortization under the interest and straight-line methods is immaterial? (SFFAS 5, para. 50) 		

¹³⁴The 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 and 2)

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II.3.8.14 Federal Debt and Interest Payable	Yes, No, or N/A	Explanation and Reference
6) If the entity has issued variable value securities of unknown redemption or maturity values, are they initially valued and periodically revalued on the basis of the regulations or offering language? (SFFAS 5, para. 52)		
7) 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, para. 55)		
8) Is all debt owed to federal entities recorded separately from debt owed to the public? (SFFAS 1, paras. 18–24)		
9) Does the related interest cost of federal debt include a) the accrued (prorated) share of the interest incurred during the accounting period, b) the amortized discounts or premiums for each accounting period for fixed-value securities, and c) the amount of change in the current value for the accounting period for variable value securities? (SFFAS 5, para. 53)		
10) 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, para. 54)		
Disclosure		

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II.3.8.14 Federal Debt and Interest Payable	Yes, No, or N/A	Explanation and Reference
<p>11) Does the agency’s disclosure include¹³⁵</p> <ul style="list-style-type: none"> a) Treasury debt reported by Treasury Only (lines A(1) and A(2)); b) agency debt issued under special financing authorities (e.g., FHA debentures and Tennessee Valley Authority bonds), with agency debt held by government agencies reported separately from agency debt held by the public (line B); and c) Debt owed to <ul style="list-style-type: none"> i) federal agencies (line C), ii) Treasury, including direct loan and guaranteed loan financing account debt to Treasury and other debt owed to Treasury (line C(1)), iii) Federal Financing Bank (line C(2)), and iv) other federal agencies (line C(3))? (A-136, section II.3.8.14) 		
<p>12) Does the entity’s classification of debt include</p> <ul style="list-style-type: none"> a) intragovernmental debt¹³⁶ owed to Treasury that equals intragovernmental debt reported on the Balance Sheet (lines A(1) , B(1), and C) and b) all debt held by the public that is on and equals debt held by the public on the Balance Sheet (lines A(2) and B(2))? (A-136, section II.3.8.14) 		

¹³⁵Net borrowing and repayment should not include amounts that result from financing.

¹³⁶This is all the debt owed to Treasury, the Federal Financing Bank, or other federal agencies.

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II.3.8.14 Federal Debt and Interest Payable	Yes, No, or N/A	Explanation and Reference
<p>13) Does the entity's Other Information include</p> <ul style="list-style-type: none"> a) the names of the agencies other than Treasury or the Federal Financing Bank to which intragovernmental debt is owed, b) the amount owed, and c) any other information relevant to debt (e.g., redemption or call of debts owed to the public before maturity dates, write-offs of debts owed to Treasury or the Federal Financing Bank, etc.)? (A-136, section II.3.8.14) 		

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II.3.8.15 Federal Employee and Veteran Benefits Payable	Yes, No, or N/A	Explanation and Reference
		<p>In the context of accounting for pensions, Other Retirement Benefits (ORB) (e.g., health benefits for retirees), and Other Post-Employment Benefits (OPEB), the administrative entity manages and accounts for the pension or other employee plan, while the employer entity employs federal workers and generates employee costs, for which it would typically receive a salary and expense appropriation, impute a financing source, or both. (SFFAS 5, para. 57, note 30, and para. 59) Only a few federal entities (e.g., OPM and DOD) manage pensions and ORB. OPEB, if provided, many times is managed and accounted for by the employer entity.</p> <p>Unless otherwise noted, the questions for this topic are for administrative entities and entities that consolidate an administrative entity.</p> <p>If the entity is an employer entity only, the applicable questions appear at the beginning of the pension and ORB sections. Employer entities should skip all other pension and ORB questions, as they only apply to administrative entities. Employer entities should also evaluate the applicability of OPEB and if applicable determine which entity is the administrator.</p> <p>Entities responsible for accounting for pensions, ORB, and OPEB are to calculate and report these liabilities and related expenses in accordance with SFFAS 33 and SFFAS 5, as amended by SFFAS 33. The accrued entitlement benefits payable that are applicable to the current period, but not yet paid, and annuities for the current fiscal year administered by trust, pension, or insurance programs for which payment would be made in the following fiscal year, are to be classified as current liabilities. Liabilities for federal employee and veteran benefits include the actuarial portion of these benefits. They do not include liabilities related to ongoing continuous expenses, such as employees’ accrued salaries and accrued annual leave, which are reported as other liabilities. Gains and losses from changes in long-term assumptions are to be displayed as a separate line item in the SNC.</p> <p>Entities should disclose the following in notes to the financial statements:</p> <ol style="list-style-type: none"> (1) actuarial liabilities; (2) assumptions used to compute the actuarial liabilities; (3) the components of expense for the period for pensions, ORB, and OPEB, including the material components of the expense shown in SFFAS 33, paragraph 2; (4) a reconciliation of the beginning and ending pension, ORB, and OPEB liability balances; and (5) certain details related to non-Treasury securities held as assets for funding the pension, ORB, or OPEB programs. (SFFAS 1, paras. 83–84; SFFAS 5, para. 56; SFFAS 33, paras. 19, 22, 23, and 25; A-136, section II.3.2.4) <p>Costs of pensions and 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, para. 95) Recognition of 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. (SFFAS 4, paras. 96)</p> <p>The “aggregate entry age normal” actuarial cost method is where expenses or liabilities arising from the actuarial present value of projected pension benefits are allocated on a level basis over the earnings or the service of the group between entry age and assumed exit ages. The portion of the actuarial present value allocated to a valuation year is called normal cost. (SFFAS 5, para. 64)</p>

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II.3.8.15 Federal Employee and Veteran Benefits Payable	Yes, No, or N/A	Explanation and Reference
<p>The requirements of SFFAS 5 and 33 apply to entities that report liabilities for federal employee pensions, ORB, and OPEB, including veterans' compensation for disabilities. SFFAS 5 and 33 do not apply to the Federal Employees' Compensation Act program or the veterans' pension program of the Department of Veterans Affairs. (SFFAS 5 para. 56; SFFAS 33, para. 14)</p>		
Pensions		
<p>Pension benefits include all retirement, disability, and survivor benefits financed through a pension plan, including unfunded pension plans. Federal civilian and military employees are covered primarily under the following three defined benefit retirement plans: Civil Service Retirement System (CSRS), Federal Employees Retirement System (FERS), and Military Retirement System (MRS). (SFFAS 5, para. 61)</p>		
<p>1) Is this topic applicable to the entity's financial statements? (Answer Y if applicable, N/A if not applicable, or N/S if not significant. If N/A or N/S, skip to the next topic.)</p>		
Accounting for Employer Entity		
<p>2) 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, para. 74)</p>		
<p>3) Is the employer entity's pension expense balanced by</p> <ul style="list-style-type: none"> a) a decrease to its FBWT for the amount of its contribution to the pension plan, if any, and if this does not equal the full pension expense, by b) an increase to an account representing an intragovernmental financing source (e.g., "imputed financing- expenses paid by other agencies")? (SFFAS 5, para. 75) 		
Accounting for Administrative Entity		
<p>4) When a new pension plan is initiated or a current one amended, does the administrative entity recognize all past and prior service costs or gains immediately,¹³⁷ without amortization? (SFFAS 5, para. 70)</p>		

¹³⁷Past 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. (SFFAS 5, para. 69)

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II.3.8.15 Federal Employee and Veteran Benefits Payable	Yes, No, or N/A	Explanation and Reference
5) Does the administrative entity recognize actuarial gains and losses immediately, ¹³⁸ without amortization? (SFFAS 5, para. 69)		
6) Does the administrative entity report pension plan revenue for the sum of contributions from a) the employer, b) its employees, ¹³⁹ and c) interest on the plan's investments? (SFFAS 5, paras. 73 and 78)		
7) Does the administrative entity report the liability and recognize the expense for the net amount of all components of the pension plan's cost, ¹⁴⁰ including in instances where it is also the employer entity? (SFFAS 5, paras. 71–72 and 76)		
8) Does the administrative entity use 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) applied on the basis of a level percentage of earnings to calculate pension liabilities and expenses? (SFFAS 5, paras. 64 and 71)		
9) Are estimated pension liabilities and expenses measured as of the end of the fiscal year (or other reporting period, if applicable)? ¹⁴¹ (SFFAS 33, para. 33)		

¹³⁸Actuarial 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. (SFFAS 5, para. 69)

¹³⁹The 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. (SFFAS 5, para. 73, fn 35)

¹⁴⁰Components of pension expense are (1) normal cost; (2) interest on the pension liability during the period; (3) prior (and past) service cost from plan amendments (or the initiation of a new plan) during the period, if any; and (4) actuarial gains or losses during the period, if any. (SFFAS 5, para. 72)

¹⁴¹Measurements based on an actuarial valuation may be performed as of an earlier date during the fiscal year, including the beginning of the year, with adjustments for the effects of changes during the year in major factors, such as the pay raise and cost of living adjustment. (SFFAS 33, para. 33)

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II.3.8.15 Federal Employee and Veteran Benefits Payable	Yes, No, or N/A	Explanation and Reference
10) Does the administrative entity use the Standards of Practice of the Actuarial Standards Board to guide its selection of the actuarial assumptions used to calculate the pension liability (and expense)? (SFFAS 5, para. 65)		
11) Does the administrative entity a) base the discount rate assumption for present value measurements of pension plan liabilities on marketable Treasury securities of similar maturities to the cash flows of the payments for which the estimate is being made and b) match the discount rates with the expected timing of the associated expected cash outflow? ¹⁴² (SFFAS 5, para. 66, as amended by SFFAS 33, para. 37)		
12) Do the rates used to develop the discount rate assumptions for present value measurement of pension liabilities reflect average historical rates on marketable Treasury securities, rather than giving undue weight to the current or very recent past experience of such rates? ¹⁴³ (SFFAS 5, para. 66, as amended by SFFAS 33, para. 29)		
13) Does the administrative entity use a minimum of five historical rates as of the appropriate reporting dates for each maturity when developing the average historical Treasury rates? (SFFAS 5, para. 66, as amended by SFFAS 33, para. 30)		
14) Is the number of historical rates used by the administrative entity to calculate the average rates consistent from period to period? (SFFAS		

¹⁴²Each year should have a discount rate associated with it. However, a single average discount rate may be used for all projected future cash flows if the resulting present value is not materially different than the resulting present value using multiple rates. (SFFAS 5, para. 66, as amended by SFFAS 33, para. 28)

¹⁴³Historical experience should be the basis for expectations about future trends in marketable Treasury securities. (SFFAS 5, para. 66, as amended by SFFAS 33, para. 37)

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II.3.8.15 Federal Employee and Veteran Benefits Payable	Yes, No, or N/A	Explanation and Reference
5, para. 66, as amended by SFFAS 33, para. 31)		
15) Are the historical rates used by the administrative entity to calculate the average rates sequential? (SFFAS 5, para. 66, as amended by SFFAS 33, para. 30)		
16) If there are cash flows that are projected to occur in future years for which Treasury securities are not available or that extend beyond maturities for which Treasury securities are available (e.g., beyond the 30-year security), does the administrative entity incorporate expected refinancing rates extrapolated from historical Treasury borrowing rates in the assumed discount rate? (SFFAS 5, para. 66, as amended by SFFAS 33, para. 32)		
17) Does the administrative entity use a valuation date for the full actuarial valuation of pensions that is consistently followed from year to year? (SFFAS 33, para. 34)		
18) Does the administrative entity calculate the pension liability as 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? (SFFAS 5, para. 71)		
19) Do the projected salaries used by the administrative entity to calculate the pension liability reflect an estimate of the future compensation levels of the individual employees involved, including future changes attributed to the general price level, productivity, seniority, promotion, and other factors? (SFFAS 5, para. 71)		
20) Does the administrative entity report pension assets separately from the pension liabilities rather than netting them? (SFFAS 5, para. 68)		

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II.3.8.15 Federal Employee and Veteran Benefits Payable	Yes, No, or N/A	Explanation and Reference
21) Does the administrative entity carry pension assets at their acquisition cost, adjusted for amortization, if appropriate? (SFFAS 5, para. 68)		
ORB		
ORB includes all forms of benefits to retirees or their beneficiaries provided outside the pension plan, including retirement health benefits. (SFFAS 5, paras. 58 and 79)		
Accounting for Employer Entity		
22) Does the employer entity report ORB expenses equal to the service cost (normal cost) for its employees for the accounting period, less the amount contributed by the employees? (SFFAS 5, para. 90)		
23) Is the employer entity’s ORB expense balanced by a) a decrease to its “fund balance with Treasury” for the amount of its contribution to the ORB plan, if any, and, if this does not equal the full expense, b) an increase to an account representing an intragovernmental imputed financing source (e.g., “imputed financing-expenses paid by other entities”)? (SFFAS 5, para. 91)		
Accounting for Administrative Entity		
24) Does the administrative entity use 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) applied on the basis of service rendered by each employee to calculate ORB liabilities and expenses? (SFFAS 5, para. 82)		
25) Does the administrative entity calculate ORB liabilities and amounts for ORB plans’ financial reports using a) general actuarial and economic assumptions that are consistent with those used for federal employee pensions		

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II.3.8.15 Federal Employee and Veteran Benefits Payable	Yes, No, or N/A	Explanation and Reference
<p>and</p> <p>b) a long-term 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, para. 83, as amended by SFFAS 33, para. 37)</p>		
<p>26) Does the administrative entity develop the discount rate assumption for present value measurements of ORB liabilities in accordance with SFFAS 5, paragraph 66, as described in detail for pension liabilities above? (SFFAS 5, para. 83, as amended by SFFAS 33, para. 37)</p>		
<p>27) Is the accrual period for ORB liabilities based on the expected retirement age rather than the age when the employee first becomes eligible for retirement benefits? (SFFAS 5, para. 84)</p>		
<p>28) Does the administrative entity calculate the ORB liability as 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, para. 88)</p>		
<p>29) Does the administrative entity report ORB assets separately from ORB liabilities rather than netting them? (SFFAS 5, para. 85)</p>		
<p>30) Does the administrative entity carry ORB assets at their acquisition cost, adjusted for amortization, if appropriate? (SFFAS 5, para. 85)</p>		
<p>31) Are estimated ORB liabilities and expenses measured as of the end of the fiscal year (or other reporting period, if applicable)?¹⁴⁴ (SFFAS 33, para. 33)</p>		

¹⁴⁴Measurements based on an actuarial valuation may be performed as of an earlier date during the fiscal year, including the beginning of the year, with adjustments for the effects of changes during the year in major factors, such as the pay raise and cost of living adjustment. (SFFAS 33, para. 33)

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II.3.8.15 Federal Employee and Veteran Benefits Payable	Yes, No, or N/A	Explanation and Reference
32) Does the administrative entity use a valuation date for the full actuarial valuation of ORB that is consistently followed from year to year? (SFFAS 33, para. 34)		
33) When a new ORB plan is initiated or a current one amended, does the administrative entity recognize all past and prior service costs or gains immediately, without amortization? (SFFAS 5, paras. 86–87)		
34) Does the administrative entity recognize all actuarial gains and losses from changes in the ORB liability immediately, without amortization? (SFFAS 5, paras. 86–87)		
35) Does the administrative entity report ORB revenue for the sum of contributions from the employer entity and its employees? (SFFAS 5, para. 89)		
36) Does the administrative entity report the liability and recognize the expense for the net amount of all components of ORB costs, ¹⁴⁵ including in instances that it is also the employer entity? (SFFAS 5, paras. 88 and 92)		
OPEB		
<p>OPEB is 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, para. 96; SFFAS 5, paras. 57 and 94)</p> <p>For OPEB, it is common for the employer entity to also be the administrative entity.</p>		

¹⁴⁵Components of ORB expense are (1) normal cost; (2) interest on the ORB liability during the period; (3) prior (and past) service cost from plan amendments (or the initiation of a new plan) during the period, if any; (4) any gains/losses due to a change in the medical inflation rate assumption; and (5) actuarial gains or losses during the period, if any. (SFFAS 5, para. 88)

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II.3.8.15 Federal Employee and Veteran Benefits Payable	Yes, No, or N/A	Explanation and Reference
Accounting		
37) Does the entity recognize a liability and expense for OPEB when a future outflow or other sacrifice of resources is probable and measurable on the basis of events occurring on or before the reporting date? (SFFAS 5, para. 95, as amended by SFFAS 33, para. 37)		
38) Does the entity recognize the long-term OPEB liability as the present value of future payments discounted at the interest rate on marketable Treasury securities of similar maturity following the requirements of SFFAS 5, paragraph 66, as discussed in detail for pensions above? (SFFAS 5, para. 95, as amended by SFFAS 33, para. 37)		
39) Are estimated OPEB liabilities and expenses measured as of the end of the fiscal year (or other reporting period, if applicable)? ¹⁴⁶ (SFFAS 33, para. 33)		
40) Does the administrative entity use a valuation date for the full actuarial valuation of OPEB that is consistently followed from year to year? (SFFAS 33, para. 34)		
Disclosure – Federal Employee and Veteran Benefits – Pension, ORB, and OPEB		
41) Does the administrative entity, at a minimum, disclose actuarial liabilities and the assumptions used to calculate the liability for pensions, ORB, OPEB, and related expenses? (SFFAS 5, paras. 67 and 83; A-136, sections II.3.2.4 and II.3.8.15)		

¹⁴⁶Measurements based on an actuarial valuation may be performed as of an earlier date during the fiscal year, including the beginning of the year, with adjustments for the effects of changes during the year in major factors, such as the pay raise and cost-of-living adjustment. (SFFAS 33, para. 33)

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II.3.8.15 Federal Employee and Veteran Benefits Payable	Yes, No, or N/A	Explanation and Reference
<p>42) If the assumptions for a pension plan differ from the assumptions that the three primary plans—CSRS, FERS, and MRS—use, does the administrative entity disclose how and why the assumptions differ from those of the primary plans? (SFFAS 5, paras. 67 and 157; A-136, section II.3.8.15)</p>		
<p>43) For the period, does the administrative entity separately disclose individual components of pension, ORB, and OPEB retirement expense for</p> <ul style="list-style-type: none"> a) normal cost, b) interest on the liability balance, c) prior (and past) service costs from plan amendments (or the initiation of a new plan), d) actuarial (gains)/losses, e) any (gains)/losses due to a change in the medical inflation rate assumption (for ORB), and f) other expenses? <p>(SFFAS 5, paras. 72 and 88; A-136, sections II.3.2.4 and II.3.8.15)</p>		

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II.3.8.15 Federal Employee and Veteran Benefits Payable	Yes, No, or N/A	Explanation and Reference
<p>44) Does the administrative entity disclose a reconciliation of beginning and ending pension, ORB, and OPEB liability balances with the following components and format?</p> <ul style="list-style-type: none"> Beginning liability balance Expense <ul style="list-style-type: none"> Normal cost Interest on the liability balance Actuarial (gain)/loss <ul style="list-style-type: none"> From experience From assumption changes Prior service costs Other Total expense Less amounts paid Ending liability balance <p>(SFFAS 33, paras. 22–23; A-136, section II.3.8.15)</p>		
<p>45) Does the administrative entity break out the actuarial (gains) and losses into subcomponents from experience and from assumption changes? (SFFAS 33, para. 23; A-136, section II.3.8.15)</p>		
<p>46) In the reconciliation of the beginning and ending pension, ORB, and OPEB liability balances, does the administrative entity include a separate column for each significant pension, ORB, and OPEB program; an “all other” column for less significant programs, if applicable; and a “total” column for each line item of the reconciliation? (SFFAS 33, para. 23; A-136, section II.3.8.15)</p>		
<p>47) Does the administrative entity provide disclosure relating to selecting discount rates and other assumptions? (A-136, section II.3.8.15)</p>		

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II.3.8.15 Federal Employee and Veteran Benefits Payable	Yes, No, or N/A	Explanation and Reference
48) Does the administrative entity disclose changes to or from multiple discount rates, from or to a single discount rate? (SFFAS 33, para. 28)		
49) Does the administrative entity disclose its policy regarding consistency in the number of average historical Treasury rates used to calculate the discount rates? (SFFAS 33, para. 31)		
50) Does the administrative entity display gains and losses from the changes in long-term assumptions used to measure liabilities for federal civilian and military employee pensions, ORB, and OPEB, including veterans' compensation as a separate line item or line items on the Statement of Net Cost? (SFFAS 33, paras. 19 and 21)		
51) Does the administrative entity disclose all amounts for pension, post-retirement health, and life insurance, even if immaterial? (A-136, section II.3.8.15)		
52) Does the administrative entity disclose information related to assets, discount rates, and other assumptions? (SFFAS 33, paras. 25, 28, 31, and 35; SFFAS 5, paras. 67–68, 83, and 85; A-136, section II.3.8.15)		
53) Does the pension administrative entity disclose the rates of interest and inflation, projected salary increases, and cost-of-living adjustments (for civilians) used to determine the pension liability and related expenses? (A-136, section II.3.8.15)		
54) Does the administrative entity disclose separate rates for FERS, CSRS, and MRS? (A-136, section II.3.8.15)		

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II.3.8.15 Federal Employee and Veteran Benefits Payable	Yes, No, or N/A	Explanation and Reference
55) Does the entity responsible for administering post-retirement health benefits disclose, for the rate of interest, the single equivalent of medical cost trend rate and the ultimate medical trend rate used to determine the health benefits liability and related expense? (A-136, section II.3.8.15)		
56) Does the entity responsible for administering civilian life insurance benefits disclose the rates of interest and salary increases used to determine the life insurance benefits liability and related expense? (A-136, section II.3.8.15)		
57) Does the entity responsible for administering workers' compensation benefits disclose the cost-of-living adjustments and the consumer price index-medical used to determine the benefits liability and related expense? (A-136, section II.3.8.15)		
58) Does the administrative entity responsible for veterans' compensation and burial benefits disclose the rates of interest and inflation used to determine the benefits liability and related expense? (A-136, section II.3.8.15)		

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II.3.8.16 Environment & Disposal Liabilities	Yes, No, or N/A	Explanation and Reference
		<p>Cleanup costs are the costs of removing, containing, and/or disposing of (1) hazardous waste from property or (2) material and/or property that consists of hazardous waste at permanent or temporary closure or shutdown of associated PP&E. Cleanup costs may include, but are not limited to, decontamination, decommissioning, site restoration, site monitoring, closure, and postclosure costs. (SFFAS 6, para. 85 and 87)</p> <p>SFFAS 5 provides criteria for recognizing a contingent liability, which the entity applies to determine if cleanup costs should be recognized as liabilities or disclosed. SFFAS 6 provides guidance for recording cleanup costs related to General and Stewardship PP&E used in federal operations and applies to cleanup costs from federal operations known to result in hazardous waste that the federal government is required by federal, state, or local statutes or regulations to clean up. Depending on materiality, the liability for cleanup costs may be displayed separately or included with other liabilities. The disclosures for liabilities for cleanup costs are described in SFFAS 6; FASAB TR 2, <i>Determining Probable and Reasonably Estimable for Environmental Liabilities in the Federal Government</i>; and A-136, section II.3.2.4.</p> <p>TB 2006-1, <i>Recognition and Measurement of Asbestos-Related Cleanup Costs</i>, requires recognition of a liability and expense for friable and nonfriable asbestos cleanup costs when the amounts are both probable and reasonably estimable, consistent with SFFAS 5, SFFAS 6, and TR 2. Liabilities deemed probable, but not reasonably estimable, should be disclosed in the notes to the financial statements.(A-136, section II.3.2.4)</p> <p>Interpretation of Federal Financial Accounting Standards 9, <i>Cleanup Cost Liabilities Involving Multiple Component Reporting Entities: An Interpretation of SFFAS 5 & 6</i>, provides clarification and guidance regarding cleanup cost liabilities when the component reporting entity responsible for reporting on an asset during its useful life is different from the component reporting entity that will eventually be responsible for settling the liability for the cleanup cost of that asset. In such cases, the liability should be reported on the Balance Sheet of the component reporting entity recognizing the General PP&E until the General PP&E and the associated liability are transferred to another entity for cleanup. At that time, the General PP&E and the liability should be “de-recognized” by the component reporting entity that recognized them during the General PP&E’s useful life and should be recognized by the component reporting entity that will liquidate the liability. (FASAB Interpretation 9, paras. 9–11)</p>
<p>1) Is this topic applicable to the entity’s financial statements? (Answer Y if applicable, N/A if not applicable, or N/S if not significant. If N/A or N/S, skip to the next topic.)</p>		
Accounting		
<p>2) When PP&E is placed into service, does the entity estimate the associated cleanup costs? (SFFAS 6, para. 94)</p>		

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II.3.8.16 Environment & Disposal Liabilities	Yes, No, or N/A	Explanation and Reference
<p>3) In estimating cleanup costs and liability, has the entity evaluated</p> <ul style="list-style-type: none"> a) the level of restoration to be performed, b) current legal and regulatory requirements, c) current technology, and d) current costs (i.e., amount that would be paid if all goods and services included in the cleanup estimate were acquired in the current period)? (SFFAS 6, para. 95) 		
<p>4) Are estimated cleanup costs periodically revised to account for material changes due to inflation or deflation and changes in laws/regulations, plans, and/or technology? (SFFAS 6, para. 96)</p>		
<p>5) When PP&E is placed into service, does the entity recognize cleanup costs during each period that General PP&E is in operation,¹⁴⁷ in a systematic and rational manner based on either</p> <ul style="list-style-type: none"> a) physical capacity of the PP&E (e.g., expected usable landfill area) or b) the estimated useful life of the associated PP&E (if physical capacity is not applicable or estimable)? (SFFAS 6, para. 97) 		
<p>6) Do 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, para. 98)</p>		
<p>7) If cleanup 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, para. 99)</p>		

¹⁴⁷The cleanup liability should be reported on the Balance Sheet of the component reporting entity recognizing the General PP&E during its useful life even if the General PP&E and the associated liability are to be transferred to another entity for cleanup. (See FASAB Interpretation 9.)

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II.3.8.16 Environment & Disposal Liabilities	Yes, No, or N/A	Explanation and Reference
8) When Stewardship PP&E is placed into service, does the entity expense the total estimated cleanup costs and establish a liability in the period that the asset is placed into service? (SFFAS 6, para. 101)		
9) If cleanup costs for Stewardship PP&E are reestimated, are any adjustments to the liability associated with cleanup costs expensed in the period of the change in estimate? (SFFAS 6, para. 102)		
10) Are a liability and related expense recognized for friable and nonfriable asbestos cleanup costs when the costs are both probable and reasonably estimable? (A-136, section II.3.2.4; FASAB Technical Release 10, para. 1.a, as per TB 2006-1)		
11) Does the entity separately recognize a liability for environmental cleanup costs for PP&E if a) they are related to a past transaction or event and b) the related costs are probable and measurable? (SFFAS 5, para. 38; SFFAS 6, paras. 91–93)		
12) When cleanup costs are paid, are the payments recognized as a reduction in the liability for cleanup costs? (SFFAS 6, para. 100)		
13) If cleanup costs have not been previously recognized, is a liability recognized for the portion of the estimated total cleanup 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, paras. 104–106)		
14) Are any subsequent changes (made in periods following implementation) in estimated total cleanup cost immediately expensed (if costs are not intended to be recovered primarily through user charges) and included in the related liability balance? (SFFAS 6, para. 104)		

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II.3.8.16 Environment & Disposal Liabilities	Yes, No, or N/A	Explanation and Reference
<p>15) If cleanup costs will be funded by another entity, upon transfer of the General PP&E to the entity responsible for the cleanup,</p> <ul style="list-style-type: none"> a) does the entity previously using the General PP&E de-recognize and transfer the General PP&E and related cleanup cost liability to the entity responsible for liquidating the cleanup cost liability and b) does the entity responsible for liquidating the cleanup cost liability recognize the transferred General PP&E and related cleanup cost liability? (FASAB Interpretation 9 paras. 9–11) 		

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II.3.8.16 Environment & Disposal Liabilities	Yes, No, or N/A	Explanation and Reference
Disclosure		
<p>16) Does the entity's disclosure of cleanup costs include</p> <ul style="list-style-type: none"> a) sources (i.e., applicable laws and regulations) of cleanup requirements; b) method for assigning estimated total cleanup costs to current operating periods (e.g., physical capacity versus passage of time); c) unrecognized portion of estimated total cleanup costs associated with PP&E; d) material changes in total estimated cleanup costs due to changes in laws/regulations, technology, or plans; e) portion of change in an estimate (noted in (d)) that relates to prior period operations; f) the nature of estimates; and g) information regarding possible changes due to inflation, deflation, technology, or applicable laws and regulations? (SFFAS 6, paras. 107–111) 		

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II.3.8.17 Other Liabilities	Yes, No, or N/A	Explanation and Reference
<p>Other liabilities include those that are not recognized in specific previous categories and may include those from specific previous categories that are immaterial to the reporting entity. For example, other liabilities may include those related to grants payable, capital leases, advances and prepayments received, deferred revenue, deposit fund amounts held in escrow, and accrued liabilities related to ongoing continuous expenses such as federal employee salaries and accrued employee annual leave, probable contingencies, non-fiduciary deposit funds, undeposited collections, and the allocation of special drawing rights made by the International Monetary Fund.</p> <p>Claims and other contingencies include (1) indemnity agreements, (2) claims against the federal government in the process of judicial proceedings, (3) the unfunded portion of total liabilities to international organizations, (4) litigation addressing claims for equity relief or non-monetary judgments, and (5) other claims that may derive from treaties or international agreements. (SFFAS 1, paras. 83–85; A-136, section II.3.2.4)</p> <p>Separate reporting of items normally characterized as “Other Liabilities” is appropriate if the amounts are significant to the Balance Sheet. Entities separately disclose the amount of other current liabilities. (SFFAS 1, paras. 83–86; A-136, section II.3.2.4)</p>		
<p>1) Is this topic applicable to the entity’s financial statements? (Answer Y if applicable, N/A if not applicable, or N/S if not significant. If N/A or N/S, skip to the next topic.)</p>		
<p>Accounting</p>		
<p>2) Does the agency record “unearned revenue” as a liability if it receives advances or progress payments prior to incurring costs from providing goods and services? “Unearned revenue” should also be recorded if an agency requests advances or progress payments prior to the receipt of cash and records the amount.¹⁴⁸ (SFFAS 7, para. 37)</p>		
<p>3) Are amounts payable for refunds, refund offsets,¹⁴⁹ and drawbacks¹⁵⁰ recognized as liabilities when measurable and legally payable under established processes of the collecting entity? (SFFAS 7, para. 57)</p>		

¹⁴⁸SFFAS 1, par. 41, provides that such a request should be recorded if a claim to cash is established based on legal provisions, such as a payment due date.

¹⁴⁹Refund offsets are amounts withheld from refunds on behalf of other agencies. (SFFAS 7, para. 51)

¹⁵⁰Drawbacks are refunds payable on all or part of duties paid on imported goods that are subsequently exported or destroyed. (SFFAS 7, para. 51)

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II.3.8.17 Other Liabilities	Yes, No, or N/A	Explanation and Reference
4) 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, para. 57)		
5) 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, para. 57)		
6) 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, para. 58A)		
7) Are unasserted claims for refunds by taxpayers or importers, such as unfiled claims for refunds or drawbacks for which no claim has been filed, excluded from liabilities, even if reasonably estimable? (SFFAS 7, para. 58B)		
8) 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, para. 59)		
Disclosure		
9) Does the entity disclose and/or classify the portion of other liabilities <ul style="list-style-type: none"> a) that are payable to federal entities (intragovernmental liabilities) and to non-federal entities (other than intragovernmental/with the public liabilities) and b) that are current and noncurrent? (SFFAS 1, paras. 83 and 85; A-136, section II.3.8.17) 		

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II.3.8.17 Other Liabilities	Yes, No, or N/A	Explanation and Reference
10) Is other information necessary for understanding other liabilities disclosed?(A-136, sections II.3.2.4 and II.3.8.17)		
11) Were legal liabilities reported in the Other Liabilities note consistent with accrued probable contingencies reported in the Commitments and Contingencies note and the total probable legal matters reported on the agency management schedule? (A-136, section II.3.8.17)		

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II.3.8.18 Leases	Yes, No, or N/A	Explanation and Reference
<p>Capital leases are leases that transfer substantially all of the benefits and risks of ownership to the lessee. Leases not meeting the criteria of a capital lease are operating leases. (SFFAS 5, para. 43).</p>		
<p>1) Is this topic applicable to the entity’s financial statements? (Answer Y if applicable, N/A if not applicable, or N/S if not significant. If N/A or N/S, skip to the next topic.)</p>		
<p>Capital Leases - Lessee</p>		
<p>Accounting</p>		
<p>2) 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, para. 44)</p>		
<p>3) 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 of the property at the inception of the lease? (SFFAS 5, para. 44)</p>		
<p>4) Does the entity use the applicable Treasury borrowing rate to determine the discount rate charged on a capital lease unless</p> <ul style="list-style-type: none"> a) it is practicable for the lessee to learn the implicit rate computed by the lessor and b) the implicit rate is less than the Treasury borrowing rate? (SFFAS 5, para. 45) 		
<p>5) 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, para. 46)</p>		
<p>Disclosure</p>		
<p>6) As the lessee, does the entity disclosure of its capital leases include the following?</p>		

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II.3.8.18 Leases	Yes, No, or N/A	Explanation and Reference
<p>a) Summary of Assets under Capital Lease, providing gross amounts of assets under capital lease by major asset category with the related total accumulated amortization.</p> <p>b) A description of the nature of the leases, such as major asset categories and/or the number of locations where building space is leased, the range of dates when lease terms expire; and if applicable, the accounting treatment of rent holidays and leasehold improvements.</p> <p>c) Components of Net Capital Lease Liability by major asset category and by federal and non-federal, including detail of future lease payments (by each of the first 5 years and after 5 years), deductions for imputed interest, deductions for executory costs, and net capital lease liability for all noncancelable leases with terms longer than 1 year (see illustrative table in A-136).</p> <p>d) A breakout of portions of the capital lease liability covered by budgetary resources and not covered by budgetary resources.</p> <p>e) Other information necessary for understanding lessee capital leases. (A-136, sections II.3.2.4 and II.3.8.18, items A and C)</p>		
Operating Leases - Lessee		
Disclosure		
<i>Description of Lease Arrangements</i>		
<p>7) As the lessee, does the entity describe the nature of the leases, such as major assets categories, and the range of dates when lease terms expire? (A-136, section II.3.8.18, item A)</p>		
<i>Future Payments Due</i>		

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II.3.8.18 Leases	Yes, No, or N/A	Explanation and Reference
8) Does the lessee entity’s disclosure of its operating leases include <ul style="list-style-type: none"> a) future lease payments by major asset category and by federal and non-federal for all noncancelable leases with terms longer than one year; and b) future payments for all cancellable lease?¹⁵¹ (A-136, section II.3.8.18, item A) 		
9) Does the lessee of an operating lease provide other information necessary for understanding the leases? (A-136, section II.3.8.18, item C)		
Capital and Operating Leases - Lessor		
Disclosure		
10) Does the lessor entity’s disclosure of its capital and operating leases include the following? <ul style="list-style-type: none"> a) Description of Lease Arrangements, providing information regarding the commitment of the entity’s assets, including major asset category and lease terms. b) Future Project Receipts, providing projected future lease revenue, by major asset category and by federal and non-federal, for all capital and noncancelable operating leases with terms longer than one year. c) Other information necessary for understanding lessor capital leases. (A-136, section II.3.8.18, items B and C) 		

¹⁵¹Disclosure of future payments is mandatory for non-cancelable leases. Disclosure is optional for future payments for cancelable payments. Agencies opting to disclose future payments for cancelable leases should disclose them separately from future payments for non-cancelable leases.

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II.3.8.18 Leases	Yes, No, or N/A	Explanation and Reference
11) If, as a lessor, the entity elects to disclose projected future receipts for cancelable leases, are these future receipts disclosed separately from projected future receipts for noncancelable leases? (A-136, section II.3.8.18, item B)		

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II.3.8.19 Commitments and Contingencies	Yes, No, or N/A	Explanation and Reference
<p>Commitments reflect binding agreements that may result in the future expenditure of financial resources that are not recognized or not fully recognized on the Balance Sheet and should be disclosed. Commitments may include, for example, long-term leases, undelivered orders, public-private partnerships, international or other agreements in support of international economic development, or agreements in support of financial market stability. (A-136, sections II.3.2.4 and II.3.8.19)</p> <p>A loss contingency is an existing condition, situation, or set of circumstances involving uncertainty as to possible loss to an entity. The uncertainty will ultimately be resolved when one or more future events occur or fail to occur. A loss contingency is a liability when a past event or exchange transaction has occurred, a future outflow or other sacrifice of resources is probable, and the future outflow or sacrifice of resources is measurable.</p> <p>Contingencies that do not meet any of the conditions for liability recognition but for which there is at least a reasonable possibility that a loss or an additional loss may have been incurred, should be disclosed in a note. Examples of claims or other contingencies include</p> <p>(1) indemnity agreements (reimbursements due to licensees or contractors for losses incurred in support of federal activities),</p> <p>(2) claims against the federal government that are in judicial proceedings,</p> <p>(3) the unfunded portion of total liabilities to international organizations,</p> <p>(4) litigation addressing claims for equity relief or non-monetary judgments (lawsuits whereby claimants are seeking specific actions by a federal agency), and</p> <p>(5) other claims that may derive from treaties or international agreements. (SFFAS 5, paras. 35, 36, 38, and 40, as amended by SFFAS 12; SFFAS 6, paras. 85–111; TR 2; A-136, sections II.3.2.4 and II.3.8.19)</p> <p>Contingencies are different from subsequent events. Subsequent events are events or transactions that affect the basic information or required supplementary information (RSI) that occur subsequent to the end of the reporting period but before the financial report is issued. A subsequent event may affect a contingency by providing information that resolves an uncertainty related to a contingent liability and confirms the impairment of an asset or incurrence of a liability as of the end of the reporting period. (SFFAS 5, para. 35, fn 17, as amended by SFFAS 39, para. 18)</p>		
<p>1) Is this topic applicable to the entity’s financial statements? (Answer Y if applicable, N/A if not applicable, or N/S if not significant. If N/A or N/S, skip to the next topic.)</p>		
<p>Accounting</p>		
<p>2) Does the entity recognize estimated losses for claims or other contingencies if all of the following conditions apply:</p> <p>a) a past event or exchange transaction has occurred,</p> <p>b) a future outflow or other sacrifice of</p>		

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II.3.8.19 Commitments and Contingencies	Yes, No, or N/A	Explanation and Reference
<p>resources is probable,¹⁵² and</p> <p>c) the future outflow or sacrifice of resources is measurable (e.g., the federal entity’s management determines an estimated settlement amount)? (SFFAS 5, para. 38; SFFAS 6, para. 91; SFFAS 12, paras. 10–11)</p>		
<p>3) 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, para. 39)</p>		
<p>4) When determining an estimated liability, if no amount within a range of amounts is a better estimate than any other amount, is the minimum amount in the range recognized? (SFFAS 5, para. 39)</p>		
Disclosure		
<p>5) Are commitments disclosed?¹⁵³ (A-136, section II.3.8.19)</p>		
<p>6) Does the entity disclose contingencies that are</p> <p>a) reasonably possible (i.e., neither probable nor remote) to result in a future outflow (or an additional outflow) and</p> <p>b) probable to result in a future outflow (or an additional outflow) for which a loss amount or range cannot be reasonably measured? (SFFAS 5, para. 40)</p>		
<p>7) For contingencies that existed as of the end of the reporting period/year-end, does the related contingent liability and/or disclosure reflect all information available through the date of the audit report with respect to the likelihood and measurement of the contingency? (SFFAS 5, para. 35 and fn 17)</p>		

¹⁵²In 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. (SFFAS 12, paras. 10–11)

¹⁵³Commitments include U.S. commitments to the International Monetary Fund. For commitments already disclosed in other notes (e.g., unpaid undelivered orders), the reporting entity should make reference to the corresponding notes that discloses such commitments.

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II.3.8.19 Commitments and Contingencies	Yes, No, or N/A	Explanation and Reference
<p>8) For contingencies that the likelihood of future outflows is probable, does the entity disclose the nature of the contingency and one of the following?</p> <ul style="list-style-type: none"> a) For contingent losses that are reasonably measurable, disclose that the amount that has been recorded as a liability. b) For contingent losses that a range of amounts may be estimated, and some amount within the range is a better estimate than any other amount in the range, disclose the amount recognized (i.e., the better estimate). c) For contingent losses that a range of amounts of losses is estimated, and no amount within the range is a better estimate than any other amount, disclose the amount recognized (i.e., the minimum amount in the range) as well as the range. d) For contingent losses that an amount or range of amounts cannot be reasonably measured, include a statement within the disclosure that an estimate cannot be made and that no liability has been recorded for such contingency. 		
<p>9) For contingencies that are reasonably possible to result in future outflows (including additional outflows),¹⁵⁴ does the entity disclose (i) the nature of the contingency,¹⁵⁵ (ii) that no liability is recognized for reasonably possible contingencies, and (iii) one of the following:</p> <ul style="list-style-type: none"> a) an estimate of the possible liability; b) an estimate of the range of the possible liability; or c) a statement that such an estimate 		

¹⁵⁴Reasonably possible means that the chance of a future event occurring is less than “probable” but more than “remote.”

¹⁵⁵Examples of claims or other contingencies include: (1) indemnity agreements (reimbursements due to licensees or contractors for losses incurred in support of federal activities), (2) claims against the federal government that are in judicial proceedings, (3) the unfunded portion of total liabilities to international organizations, (4) litigation addressing claims for equity relief or non-monetary judgments (lawsuits where claimants are seeking specific actions by a federal agency), and (5) other legal claims that may derive from treaties or international agreements. (A-136, section II.3.2.4)

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II.3.8.19 Commitments and Contingencies	Yes, No, or N/A	Explanation and Reference
cannot be made? (SFFAS 5, paras. 36, 38, and 40–41, as amended by SFFAS 12)		
10) If information about remote contingencies, or related to remote contingencies, is included in GPFFR, ¹⁵⁶ 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, para. 42)		
11) Does the entity recognize and/or disclose contingent liabilities, including those arising from treaties and other international agreements? (SFFAS 5, paras. 39–42; A-136, section II.3.8.19)		
12) Is this note consistent with the information summarized on the agency’s management schedule and legal representation letter? (A-136, section II.3.8.19)		

¹⁵⁶An example of information related to a remote contingency would be the total face amount of insurance and guarantees in force.

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II.3.8.20 Funds from Dedicated Collections	Yes, No, or N/A	Explanation and Reference
<p>Funds from dedicated collections are financed by specifically identified revenues, provided to the Government by non-federal sources, often supplemented by other financing sources, which remain available over time. These specifically identified revenues and other financing sources are required by statute to be used for designated activities, benefits, or purposes, and are accounted for separately from the government’s general revenues. (SFFAS 27, para. 11, as amended by SFFAS 43, para.7; A-136, section II.3.8.20)</p>		
<p>1) Is this topic applicable to the entity’s financial statements? (Answer Y if applicable, N/A if not applicable, or N/S if not significant. If N/A or N/S, skip to the next topic.)</p>		
<p>Accounting</p>		
<p>2) Are funds from dedicated collections accounted for separately from the entity’s general revenues? (SFFAS 27, para.11, as amended by SFFAS 43, para. 7)</p>		
<p>3) Do funds designated as funds from dedicated collections meet these criteria:</p> <ul style="list-style-type: none"> a) a statute committing the federal government to use specifically identified revenues and/or other financing sources that are originally provided to the federal government by a non-federal source only for designated activities, benefits, or purposes; b) explicit authority for the fund to retain revenues and/or other financing sources not used in the current period for future use to finance the designated activities, benefits, or purposes; and c) a requirement to account for and report on the receipt, use, and retention of the revenues and other financing sources that distinguishes the fund from the federal government’s general revenues? (SFFAS 27, para. 11, as amended by SFFAS 43, para. 7) 		

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II.3.8.20 Funds from Dedicated Collections	Yes, No, or N/A	Explanation and Reference
<p>4) Are intragovernmental funds; credit financing accounts; fiduciary funds; and funds established to account for pensions, ORB, OPEB, and other employee benefits not characterized as funds from dedicated collections? (SFFAS 27, para.18, as amended by SFFAS 43, para. 11)</p>		
<p>5) If more than one component entity is responsible for carrying out the program financed with revenues and other financing sources that are dedicated collections, is each portion of the program</p> <ul style="list-style-type: none"> a) that can be clearly identified with a component reported by that entity in accordance with SFFAS 27 or b) if separate portions cannot be clearly identified, does the entity with program management responsibility report the entire fund?¹⁵⁷ (SFFAS 27, para. 20, as amended by SFFAS 43, para. 12) 		
<p>6) Do the quantitative and qualitative criteria used to present individual funds from dedicated collections include</p> <ul style="list-style-type: none"> a) percentages of the reporting entity's revenues from dedicated collections or cumulative results of operations from such funds, b) whether a fund from dedicated collections is of immediate concern to constituents of the fund, c) whether it is politically sensitive or controversial, d) whether it is accumulating large balances, and e) whether the information provided in the financial statements would be the primary source of financial information for the public? (SFFAS 27, para. 24, as amended by SFFAS 43, para. 12) 		

¹⁵⁷To determine program management/accounting responsibility, agencies should consider the legislation authorizing the program; the memorandum of understanding that establishes responsibilities; and the provisions of SFFAC 2, *Entity and Display*, as amended. (SFFAS 27, para. 20, fn 7)

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II.3.8.20 Funds from Dedicated Collections	Yes, No, or N/A	Explanation and Reference
Disclosure		
7) Does the entity disclose all funds from dedicated collections for which it has program management responsibility by either a list (by official title) or a statement indicating where the list can be obtained (e.g., a website reference or contact information)? ¹⁵⁸ (SFFAS 27, para.21, as amended by SFFAS 43, para. 12)		
8) If more than one component entity is responsible for carrying out the program financed with revenues and other financing sources that are dedicated collections, and separate portions of the program can be clearly identified with a responsible component entity, does the reporting entity report its portion of the program? (SFFAS 27, para. 20, as amended by SFFAS 43, para. 12)		
9) Does the entity disclosure for each selected individual fund from dedicated collections and in the aggregate for all remaining funds from dedicated collections include <ul style="list-style-type: none"> a) condensed information about assets and liabilities showing investments in Treasury securities, other assets, liabilities due and payable, other liabilities, cumulative results of operations, and net position; b) condensed information providing gross cost, exchange revenue, net cost, nonexchange revenues by major type and all other, and other financing sources by major type and all other, and change in net position; c) a description of each fund’s purpose, how the entity accounts for and reports the fund, and its authority to use those revenues and other financing sources; d) the sources of revenue or other financing for the period and an explanation of the extent to which they are inflows of resources to the entity or the result of 		

¹⁵⁸A fund from dedicated collections should not be characterized as a “trust” in general purpose external financial reports of federal entities. (The use of the term trust fund is acceptable only in a fund’s official title.)

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II.3.8.20 Funds from Dedicated Collections	Yes, No, or N/A	Explanation and Reference
<p>intragovernmental flows; and</p> <p>e) any change in legislation during or subsequent to the reporting period and before the issuance of the financial statements that significantly changes the purpose of the fund or that redirects a material portion of the accumulated balance? (SFFAS 27, paras. 22–23, as amended by SFFAS 43, para. 12)</p>		
<p>10) For significant component reporting entities, does the entity include disclosure of funds from dedicated collections consistent with the illustrative statements in A-136? (A-136, section II.3.8.20)</p>		
<p>11) Does the total net position of all funds from dedicated collections shown in the note disclosure agree with the net position of funds from dedicated collections shown on the entity’s Balance Sheet? (SFFAS 27, para. 25, as amended by SFFAS 43, para. 12)</p>		
<p>12) Are unexpended appropriations attributable to Funds from Dedicated Collections, as reported on the face of the Balance Sheet, equal to unexpended appropriations in the note for Funds from Dedicated Collections? (A-136, section II.3.2.5)</p>		
<p>13) Are cumulative results of operations attributable to Funds from Dedicated Collections, as reported on the face of the Balance Sheet, equal to cumulative results of operations in the note for Funds from Dedicated Collections? (A-136, section II.3.2.5)</p>		

II.3.8.21 Suborganization Program Costs	Yes, No, or N/A	Explanation and Reference
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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

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services. (SFFAS 4, para. 78)		
1) Is this topic applicable to the entity's financial statements? (Answer Y if applicable, N/A if not applicable, or N/S if not significant. If N/A or N/S, skip to the next topic.)		
Disclosure		
2) If the reporting entity's organization structure and operations are complex, or if the SNC displays highly aggregated program information, does the entity disclose costs and revenues to support the SNC? (A-136, section II.3.8.21, which includes an illustrative example)		

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II.3.8.22 Stewardship PP&E Obtained Through Transfer, Donation, or Devise	Yes, No, or N/A	Explanation and Reference
1) Are transfers of heritage assets and stewardship land between federal entities (by the number of physical units by major category) and the fair value and number of physical units by major category of heritage assets and stewardship land acquired through donation or devise disclosed in accordance with SFFAS 29? (A-136, section II.3.8.22)		

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II.3.8.23 Exchange Revenues	Yes, No, or N/A	Explanation and Reference
<p>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, para. 30; A-136, section II.3.3.4)</p> <p>Also see section II.3.3, which includes revenue-related questions.</p>		
<p>1) Is this topic applicable to the entity's financial statements? (Answer Y if applicable, N/A if not applicable, or N/S if not significant. If N/A or N/S, skip to the next topic.)</p>		
<p>Disclosure</p>		
<p>2) Does a reporting entity that provides goods or services to the public or other government entity disclose</p> <ul style="list-style-type: none"> a) a pricing policy that differs from the full cost or market pricing guidance set forth in OMB Circular No. A-25, <i>User Fees</i>, and the possible effect on demand and revenue if prices were raised to reflect the market or full cost; b) exchange transactions with the public in which prices are set by law or executive order and are not based on full cost or market price, or the possible effect on demand and revenue if prices were raised to reflect the market or full cost; c) the nature of intragovernmental exchange transactions in which goods or services are provided free or at less than full cost and the reasons for differences between billing and full cost; and d) the full amount of any expected loss when specific goods or services are provided or made to order under a contract and a loss is both probable and measurable? (SFFAS 7, paras. 46–47) 		

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II.3.8.24 Inter-Entity Costs	Yes, No, or N/A	Explanation and Reference
Inter-entity costs are addressed in section II.3.3, Statement of Net Cost, and II.3.8.1, Significant Accounting Policies.		

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II.3.8.25 - II.3.8.32 Budgetary Resources Statement Disclosures	Yes, No, or N/A	Explanation and Reference
Net Adjustments to Unobligated Balance Brought Forward, October 1		
Disclosure		
1) Does the entity disclose and explain material adjustments during the reporting period to budgetary resources available at the beginning of the year that are necessary to reconcile the beginning balance to the prior year's ending balance and explain the adjustments in accordance with SFFAS 7, paragraph 79? (A-136, section II.3.8.25)		
Terms of Borrowing Authority Used		
Disclosure		
2) Are the repayment requirements, financing sources for repayment, and other terms of borrowing authority used disclosed? (SFFAS 7, para. 79(c); A-136, section II.3.8.26)		
Available Borrowing/Contract Authority, End of Period		
Disclosure		
3) Is the amount of available borrowing and contract authority at the end of the period disclosed? (SFFAS 7, para. 79(b); A-136, section II.3.8.27)		
Undelivered Orders at the End of the Period		
Disclosure		
4) Is the amount of budgetary resources obligated for undelivered orders at the end of the period separately disclosed for federal, non-federal, paid, and unpaid amounts? (A-136, section II.3.8.28)		
Permanent Indefinite Appropriations		
Disclosure		
5) Does the entity disclose the existence, purpose, and availability of permanent indefinite appropriations? (SFFAS 7, para. 79(e); A-136, section II.3.8.29)		

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II.3.8.25 - II.3.8.32 Budgetary Resources Statement Disclosures	Yes, No, or N/A	Explanation and Reference
Legal Arrangements Affecting the Use of Unobligated Balances		
Disclosure		
6) Does the entity disclose information about legal arrangements affecting the use of unobligated balances of budget authority, such as time limits, purpose, and obligation limitations? (SFFAS 7, para. 79(f); A-136, section II.3.8.30)		
Explanation of Differences between SBR and Budget of the U.S. Government		
Disclosure		
7) Does the entity disclose identify and explain material differences between a) the budgetary resources, new obligations, upward adjustments, and net outlay amounts from the prior year SBR and the actual amounts from the “Detailed Budget Estimates by Agency” found in the Appendix of the Budget and b) the distributed offsetting receipts amount from the prior year SBR and the actual amount from the “Federal Budget by Agency and Account” in the Analytical Perspectives of the Budget? (A-136, section II.3.8.31)		
8) Does the entity disclose the nature of permanent indefinite appropriations and legal arrangements affecting the use of unobligated balances in either Note 1 or a separate note to the SBR? (A-136, section II.3.5.6)		
9) Does the agency disclose that the Budget with the actual amounts for the current year will be available at a later date at https://www.whitehouse.gov/omb/budget/ ? (A-136, section II.3.8.31) [See illustrative schedule in A-136.]		
Contributed Capital		
Disclosure		

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II.3.8.25 - II.3.8.32 Budgetary Resources Statement Disclosures	Yes, No, or N/A	Explanation and Reference
10) Does the entity disclose the amount of any capital infusion received during the reporting period in accordance with SFFAS 7, paragraph 79(i)? (A-136, section II.3.8.32)		

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II.3.8.33 Incidental Custodial Collections	Yes, No, or N/A	Explanation and Reference
Disclosure		
1) If custodial revenues are incidental to the entity's primary mission and are not reported separately on the Statement of Custodial Activity or on the Statement of Changes in Net Position (Option C), does the entity disclose the sources and amounts of the collections and the amounts to be distributed to others? (A-136, section II.3.8.33)		

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II.3.8.34 Custodial Revenues	Yes, No, or N/A	Explanation and Reference
<p>Collecting entities do not recognize as revenue those collections that have been or should be transferred to others as revenues.¹⁵⁹ Rather, they shall report for sources and disposition of the collections on the Statement of Custodial Activity. (A-136, section II.3.6.1)</p> <p>Custodial collections are normally nonexchange revenues, such as taxes and duties collected by the Internal Revenue Service and U.S. Customs and Border Protection. (A-136, section II.3.6.1)</p>		
<p>1) Is this topic applicable to the entity's financial statements? (Answer Y if applicable, N/A if not applicable, or N/S if not significant. If N/A or N/S, skip to the next topic.)</p>		
<p>Accounting</p>		
<p>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, paras. 45 and 45.1)</p>		
<p>3) Are transactions recognized as taxes and other nonexchange revenues from the public for</p> <ul style="list-style-type: none"> 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 		

¹⁵⁹Revenue collected is not revenue that the collecting entity can use in its operations and is thus not recognized. The sources of cash collection are reported by type as indicated in the illustrated Statement of Custodial Activity. (A-136, section II.3.6.2)

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II.3.8.34 Custodial Revenues	Yes, No, or N/A	Explanation and Reference
<p>connection with custodial activity; and j) forfeitures? (SFFAS 7, paras. 49 and 61; SFFAS 7 app. B, paras. 242–264)</p>		
<p>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, paras. 49 and 52)</p>		
<p>5) Except for deposits, are cash collections based on amounts actually received during the fiscal period,¹⁶⁰ including withholdings, estimated payments, final payments, and collections of receivables? (SFFAS 7, paras. 50 and 59)</p>		
<p>6) Are the components of cash collections classified by source and nature of collection, such as by type of tax or duty? (A-136, section II.3.6.3)</p>		
<p>7) Are cash refunds of nonexchange revenue based on refunds of taxes and duties during the period? (SFFAS 7, para. 51)</p>		
<p>8) Do cash refunds of nonexchange revenue for taxes and duties include refund offsets¹⁶¹ and drawbacks?¹⁶² (SFFAS 7, para. 51)</p>		
<p>9) 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, para. 60.1)</p>		

¹⁶⁰Cash 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. (SFFAS 7, paras. 50 and 59)

¹⁶¹Refund offsets are amounts withheld from refunds on behalf of other agencies and paid to such agencies. (SFFAS 7, para. 51)

¹⁶²Drawbacks are refunds of duties paid on imported goods that are subsequently exported or destroyed. (SFFAS 7, para. 51)

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II.3.8.34 Custodial Revenues	Yes, No, or N/A	Explanation and Reference
<p>10) Is the amount of revenue recognized by the Social Security trust fund based on the best available information (i.e., on the higher of the amount of Internal Revenue Service assessments or the amounts actually reported by employers to the Social Security Administration)? (SFFAS 7, para. 60.2)</p>		
Disclosure		
<p>11) Do entities that collect taxes and duties disclose in a note or narrative the</p> <ul style="list-style-type: none"> a) basis of accounting; b) factors affecting the collectibility and timing of accounts receivable; c) cash collections and refunds by tax year and type of tax during the current fiscal year and during the prior fiscal year, as appropriate; and d) the reason(s), if any, for not recording trust fund revenues in accordance with applicable law? (SFFAS 7, paras. 64, 65.1, 65.3, and 66; A-136, section II.3.8.34) 		
<p>12) Does the collecting entity disclose and explain the</p> <ul style="list-style-type: none"> a) basis of accounting when application of the general rule for recognizing nonexchange revenue (i.e., specifically identifiable, legally enforceable, and reasonably estimable) results in a modified cash basis of accounting; b) specific potential accruals that are not made as a result of using the modified cash basis accounting; c) practical and inherent limitations affecting the accrual of taxes and duties; and d) use of accrual-based accounting, if applicable? (SFFAS 7, paras. 5–6, 48, and 64) 		

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II.3.8.34 Custodial Revenues	Yes, No, or N/A	Explanation and Reference
13) If trust fund revenues are not recorded in accordance with applicable law, do the collecting and recipient entities disclose the reasons? (SFFAS 7, para. 66)		
14) For entities that collect significant taxes and duties, does the entity disclose custodial non-exchange taxes, duties, collections, and refunds, broken down by tax year and type of tax, during the current fiscal year and during the prior fiscal year(s) as shown in the illustrative tables? (A-136, section II.3.8.34)		

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II.3.8.35 Statement of Social Insurance and Statement of Changes in Social Insurance Amounts	Yes, No, or N/A	Explanation and Reference
<p>Social insurance programs are Social Security, Medicare, Railroad Retirement Benefits, Black Lung Benefits, and Unemployment Insurance. (SFFAS 17, para. 14)</p> <p>Reporting on stewardship responsibilities aids in assessing the federal government’s financial condition and the sufficiency of future budgetary resources to sustain public services and meet obligations as they become due. Information for social insurance programs is to be reported to address fundamental questions about the current and future financial condition of these programs. These fundamental questions include whether scheduled expenditures are sustainable with current scheduled income. Information that entities are required to disclose for social insurance programs is intended to facilitate an assessment of the long-term sustainability of the programs as well as their ability to raise resources from future program participants to pay for benefits to present participants. (SFFAS 17, para. 1)</p> <p>A SOSI is required for programs defined as social insurance in SFFAS 17 with the exception of unemployment insurance for the general public, which should report all available information as RSI following OMB Circular No. A-136. (SFFAS 17, paras. 27 (3) and 32(3); A-136, section II.3.7.1). SFFAS 37, paragraph 31, requires a basic financial statement (a SCSIA) to present significant components of the changes during the reporting period in the open group measure reported on the SOSI.</p> <p>Note: Definitions of terms related to social insurance are in SFFAS 37, paragraphs 15–22.</p>		
<p>1) Is this topic applicable to the entity’s financial statements? (Answer Y if applicable, N/A if not applicable, or N/S if not significant. If N/A or N/S, skip to the next topic.)</p>		
<p>Accounting</p>		
<p>2) Does the entity recognize an expense for social insurance¹⁶³ 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, para. 22)</p>		

¹⁶³Social insurance programs include Social Security, Medicare, Railroad Retirement, Black Lung Benefits, and Unemployment Insurance. (SFFAS 17, para. 14)

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II.3.8.35 Statement of Social Insurance and Statement of Changes in Social Insurance Amounts	Yes, No, or N/A	Explanation and Reference
<p>3) Does the liability for unemployment insurance include</p> <ul style="list-style-type: none"> a) amounts due to states and territories for benefits they have paid to beneficiaries but for which they have not withdrawn funds from the federal Unemployment Trust Fund (UTF) as of the fiscal year end, and b) estimated amounts to be withdrawn from UTF and benefits paid by states and territories after fiscal year end for compensatory days occurring prior to fiscal year end? (SFFAS 17, para. 23) 		
<p>4) Does the entity recognize a liability for social insurance benefits due and payable, including claims incurred but not reported? (SFFAS 17, para. 22)</p>		
<p>5) Are the projections and estimates used based on the entity's reasonable estimates of demographic and economic assumptions, taking each factor individually? (SFFAS 17, para. 25, as amended by SFFAS 33, para. 39)</p>		
<p>6) Are future changes mandated by current law incorporated into the entity's demographic and economic assumptions, and are significant assumptions disclosed? (SFFAS 17, para. 25, as amended by SFFAS 33, para. 39)</p>		
<p>7) Are all projections and estimates made as of a date (the valuation date) as close to the end of the fiscal year (current year) being reported on as possible and no more than 1 year prior to the end of the current year? (SFFAS 17, para. 26, as amended by SFFAS 37, para. 40)</p>		
<p>8) Is the valuation date consistently followed from year to year? (SFFAS 17, para. 26, as amended by SFFAS 37, para. 40)</p>		

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II.3.8.35 Statement of Social Insurance and Statement of Changes in Social Insurance Amounts	Yes, No, or N/A	Explanation and Reference
9) If, after the valuation date, but prior to the end of the fiscal year, policy changes are enacted that could materially affect the basic statement, are the projections adjusted, if feasible, as if the policy changes took place as of the valuation date? (SFFAS 17, para. 26, as amended by SFFAS 37, para. 40)		
10) If, after the valuation date, but prior to the end of the fiscal year, policy changes are enacted that could materially affect the basic statement, but it is not feasible to adjust the projections, has the entity estimated the magnitude of the effect of the policy change on the projections, if possible? (SFFAS 17, para. 26, as amended by SFFAS 37, para. 40)		
Disclosure		
11) Are significant assumptions used in making the estimates and projections disclosed? (SFFAS 17, para. 25, and SFFAS 26, paras. 5 and 8)		
12) Does the fund balance at the valuation date disclose the accumulated excess of all past cash receipts, including interest on investments, over all past cash disbursements within the social insurance program? (SFFAS 17, para. 27(3)(h))		
13) Does the entity disclose that the actuarial net present value of the excess of future scheduled expenditures related to benefit payments paid to or on behalf of current participants (i.e., closed group) is calculated by subtracting the actuarial present value of future contributions and tax income paid by and for current participants from the actuarial present value of the future scheduled expenditures? (SFFAS 17, para. 27(3)(i))		
14) Does the disclosed information cover the current year and each of the 4 preceding years? (SFFAS 17, para. 27(3)(j))		

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II.3.8.35 Statement of Social Insurance and Statement of Changes in Social Insurance Amounts	Yes, No, or N/A	Explanation and Reference
<p>15) Did the entity provide a brief statement explaining that</p> <ul style="list-style-type: none"> a) the SOSI amounts are estimates based on current conditions; b) such conditions may change in the future; and c) actual cost may vary, sometimes greatly, from the estimated cost? (SFFAS 37, paras. 35–36) 		
<p>16) Did the entity disclose in the notes associated with the SCSIA (or on the face of the SCSIA) the reasons for the changes in the open group measure for the 2-year period? (SFFAS 37, para. 32)</p>		
<p>17) Does the entity responsible for the Medicare program disclose the general revenue contributions under Medicare Parts B and D for the current law and alternative scenarios? (A-136, section II.3.8.35)</p>		
<p>18) Does the entity responsible for the Railroad Retirement program disclose the financial interchange revenue received from the Social Security program? (A-136, section II.3.8.35)</p>		

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II.3.8.36 Fiduciary Activities	Yes, No, or N/A	Explanation and Reference
<p>In a fiduciary activity, a federal entity collects or receives and subsequently manages, protects, accounts for, invests, and/or disposes of cash or other assets in which non-federal individuals or entities (or non-federal parties) have an ownership interest that the federal government upholds. Fiduciary cash and other assets are not assets of the federal government. Non-federal parties must have an ownership interest in cash or other assets held by the federal entity under provision of law, regulation, or other fiduciary arrangement. The ownership interest must be enforceable against the federal government. Judicial remedies must be available for the breach of the fiduciary obligation. Fiduciary assets and liabilities should not be recognized on the Balance Sheets of federal entities. Federal entities should disclose fiduciary assets, liabilities, and flows in a note disclosure. (SFFAS 31, paras. 5 and 10)</p>		
<p>1) Is this topic applicable to the entity's financial statements? (Answer Y if applicable, N/A if not applicable, or N/S if not significant. If N/A or N/S, skip to the next topic.)</p>		
<p>Accounting</p>		
<p>2) Are fiduciary activities measured using the standards provided in GAAP? (SFFAS 31, para. 16)</p>		
<p>3) Are the following <u>excluded</u> from fiduciary activities¹⁶⁴ and recognized in the financial statements, rather than included in a fiduciary note disclosure:</p> <ul style="list-style-type: none"> a) unpaid payroll withholdings and garnishments; b) unearned revenue; and c) seized property, including seized monetary assets? (SFFAS 31, paras. 13–15) 		
<p>Disclosure</p>		
<p>4) Is a statement included to indicate that fiduciary assets are not assets of the entity and are not recognized on the Balance Sheet? (SFFAS 31, para. 17)</p>		

¹⁶⁴Amounts related to operating revenues and expenses in ways that are consistent with the exclusions in this question also may be excluded. (SFFAS 31, para. 14)

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II.3.8.36 Fiduciary Activities	Yes, No, or N/A	Explanation and Reference
<p>5) Does the disclosure for fiduciary activities include</p> <ul style="list-style-type: none"> a) a description of the fiduciary relationship (e.g., the applicable legal authority), b) the objectives of the fiduciary activity, c) a general description of the beneficial owners or class of owners, and d) the number of fiduciary funds for which the entity has management responsibility? (SFFAS 31, para. 18a, A-136, section II.3.8.36) 		
<p>6) Is a Schedule of Fiduciary Activity for all periods included that discloses</p> <ul style="list-style-type: none"> a) beginning balance of fiduciary net assets, b) inflows from the fiduciary activities by category (e.g., fiduciary revenues, contributions, investment earnings, gain/loss on disposition, net) and outflows by category (e.g., benefit payments, refunds, administrative expenses), c) change in net assets, and d) ending balance of net assets? (SFFAS 31, para. 18b; A-136, section II.3.8.36) 		
<p>7) Does a Schedule of Fiduciary Net Assets disclose the current and prior period ending balances for</p> <ul style="list-style-type: none"> a) cash and any other assets by category (e.g., receivables, investments) and b) liabilities by category. (SFFAS 31, para. 18c) 		
<p>8) Does the entity provide a variance analysis addressing significant changes from the prior period? (SFFAS 31, para. 18c)</p>		

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II.3.8.36 Fiduciary Activities	Yes, No, or N/A	Explanation and Reference
<p>9) Does the entity disclosure for non-monetary fiduciary assets describe</p> <ul style="list-style-type: none"> a) composition of the assets, b) the method(s) of valuation, and c) changes from prior period accounting methods? (SFFAS 31, para. 18c) 		
<p>10) Are non-valued fiduciary assets disclosed in a Schedule of Changes in Non-Valued Fiduciary Assets,¹⁶⁵ which includes</p> <ul style="list-style-type: none"> a) a description of non-valued fiduciary assets, b) beginning quantity, c) quantity received, d) quantity disposed of, e) net increase/decrease in non-valued, fiduciary assets, and f) ending total quantity? (SFFAS 31, para. 18d) 		
<p>11) If separate audited financial statements are issued for an individual fiduciary activity that is presented individually in accordance with the acceptable criteria,¹⁶⁶ does disclosure include</p> <ul style="list-style-type: none"> a) the basis of accounting used and auditor's opinion on the current or most recent financial statements; b) the reason(s) stated by the auditors if the auditor's opinion was not unmodified, and a reference to the audit opinion for further information; and c) how the reader can obtain a copy of the financial statements and the audit opinion thereon? (SFFAS 31, paras. 18e and 22) 		

¹⁶⁵Nonvalued fiduciary assets are fiduciary assets for which required disclosure does not include dollar values. These may include land held in trust.

¹⁶⁶Acceptable criteria include quantitative factors, such as the percentage of the reporting entity's fiduciary net assets or inflows, and qualitative factors, such as whether a fiduciary activity is of immediate concern to beneficiaries, whether it is politically sensitive or controversial, whether it is accumulating large balances, or whether the information provided in the fiduciary note disclosure would be the primary source of financial information for the public.

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II.3.8.36 Fiduciary Activities	Yes, No, or N/A	Explanation and Reference
12) If the separate audited financial statements for an individual fiduciary activity are prepared with a fiscal year-end other than September 30, is information provided for the fiduciary activity's most recent fiscal year? (SFFAS 31, para. 18e)		
13) If more than one entity administers a fiduciary activity, and the separate portions of the activity can be clearly identified with a responsible entity, does each entity disclose its portion, including identifying the other entities that administer the activity? (SFFAS 31, para. 19)		
14) If separate portions of the activity cannot be identified, does the entity with program management responsibility disclose the fiduciary activity? (SFFAS 31, para. 19)		
15) For entities with several distinct fiduciary activities, is a summary of financial information provided for each fiduciary activity presented individually? (SFFAS 31, paras. 18 and 20)		
16) Does the entity consider both quantitative and qualitative criteria when selecting fiduciary activities to be presented individually? ¹⁶⁷ (SFFAS 31, para. 21)		

¹⁶⁷Acceptable criteria include quantitative factors, such as the percentage of the reporting entity's fiduciary net assets or inflows, and qualitative factors, such as whether a fiduciary activity is of immediate concern to beneficiaries, whether it is politically sensitive or controversial, whether it is accumulating large balances, or whether the information provided in the fiduciary note disclosure would be the primary source of financial information for the public.

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II.3.8.37 Restatements	Yes, No, or N/A	Explanation and Reference
<p>Errors in financial statements result from mathematical mistakes, mistakes in the application of accounting principles, or oversight or misuse of facts that existed at the time the financial statements were prepared. When errors are discovered after issuance of financial statements, and if the financial statements would be materially misstated absent correction of the errors, corrections are made as follows:</p> <p>(a) If only the current period statements are presented, then the cumulative effect of correcting the error is reported as a prior period adjustment.</p> <p>(b) If comparative financial statements are presented, then the error is corrected in the earliest affected period presented by correcting individual amounts on the financial statements. (SFFAS 21, para. 10)</p>		
<p>1) Is this topic applicable to the entity's financial statements? (Answer Y if applicable, N/A if not applicable, or N/S if not significant. If N/A or N/S, skip to the next topic.)</p>		
Accounting		
<p>2) If the entity discovered misstatements in a prior period with a material effect on current or prior period financial statements, did the entity restate its financial statements? (SFFAS 21, paras. 5 and 11)</p>		
Disclosure		
<p>3) Does entity disclosure for restatement of financial statements due to material errors for known amount(s) of the misstatement include</p> <p>a) the nature of the error and the effect of its correction on relevant balances, and</p> <p>b) the actions management took after discovering the error? (SFFAS 21, para. 10(c); A-136, section II.3.8.37)</p>		
<p>4) If the specific amount of the misstatement is unknown, does the entity disclosure include</p> <p>a) a statement that a material misstatement or potential material misstatement affects previously issued financial statements, but the specific amount of the misstatement and related effect of such are not known;</p>		

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II.3.8.37 Restatements	Yes, No, or N/A	Explanation and Reference
<ul style="list-style-type: none"> b) the nature and cause(s) of the misstatement(s) or potential misstatement(s); c) an estimate of the magnitude of the misstatement or potential misstatement and the related effect of such on previously issued financial statements (e.g., the specific statement and line items affected) that are known and a statement that the specific amount and related effect of such cannot be determined without further investigation; and d) a statement disclosing that a restatement to a previously issued financial statement will or may occur? (A-136, section II.3.8.37) 		

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II.3.8.38 Reconciliation of Net Cost of Operations to Net Outlays	Yes, No, or N/A	Explanation and Reference
<p>Budgetary and financial accounting information are complementary, but both the types of information and the timing in their recognition are different, causing differences in the basis of accounting. SFFAS 53 amends requirements for reconciliation between budgetary and financial information established by SFFAS 7. To increase information value and usefulness, and to support the governmentwide financial statement reconciling net operating cost to the budget deficit, SFFAS 53 provides for the budget and accrual reconciliation (BAR) to replace the previous required reconciliation. The BAR explains the relationship between the entity's net outlays on a budgetary basis and the net cost of operations during the reporting period. The BAR starts with net cost of operations and is adjusted by (1) components of net cost that are not part of net outlays; (2) components of net outlays that are not part of net cost; and (3) other temporary timing differences, which reflect some special adjustments. (SFFAS 53, Summary (page 1) and paras. 2 and 8) For entities with loans receivable under the Federal Credit Reform Act (FCRA), see A-136, section II.3.8.38, for specific guidance.</p>		
<p>1) Is this topic applicable to the entity's financial statements? (Answer Y if applicable, N/A if not applicable, or N/S if not significant. If N/A or N/S, skip to the next topic.)</p>		
<p>Disclosure</p>		
<p>2) Does the entity present a reconciliation¹⁶⁸ that explains the relationship between the net cost of operations and net outlays by the entity during the reporting period? (SFFAS 7, para. 80, as amended by SFFAS 53, para. 2)</p>		
<p>3) Is the net cost of operations adjusted by</p> <ul style="list-style-type: none"> a) components of net cost that are not part of net outlays (e.g., depreciation and amortization expenses of assets previously capitalized, change in asset/liabilities), b) components of net outlays that are not part of the net cost (e.g., acquisition of capital assets), and c) other temporary timing differences? (SFFAS 7, para. 81, as amended by SFFAS 53, para. 2) 		

¹⁶⁸Entities should follow the guidance presented in the TFM. When submitting notes using OMB's MAX A-11 Data Entry system, the significant entity should also submit the crosswalk used to prepare A-136 Note 38 and reconcile the note with the new investment information in A-136 Note 5; the new information required for loans and loan guarantees in tables N and P in A-136 Note 8; and the components of the changes in PP&E, Net in A-136 Note 10.

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II.3.8.38 Reconciliation of Net Cost of Operations to Net Outlays	Yes, No, or N/A	Explanation and Reference
4) Are the adjustments presented and explained in appropriate detail and in a manner that best clarifies the relationship between net outlays and the accrual basis amounts used in financial accounting? (SFFAS 7, para. 82, as amended by SFFAS 53, para. 2)		
5) Does the agency present with the reconciliation a narrative explaining the purpose, nature, and line items of the reconciliation? (SFFAS 7, para. 82, as amended by SFFAS 53, para. 2)		
6) For non-cash outlays, ¹⁶⁹ are the amount and nature disclosed? (SFFAS 7, para. 82, as amended by SFFAS 53, para. 2)		
7) For entities with loans receivable under FCRA, does the entity include the following items in its reconciliation of net cost to net outlays: a) current year accrual subsidy cost in the “components of net cost that are not part of net outlays” section and b) current year budget subsidy cost in the “components of net outlays that are not part of net cost” section? (A-136, section II.3.8.38)		
8) For entities with loans receivable under FCRA, does the entity exclude the following items in its reconciliation of net cost to net outlays: a) credit financing account activity and b) the change in FCRA loan receivables? (A-136, section II.3.8.38)		

¹⁶⁹Non-cash outlays are outlays that are recognized without a concurrent cash disbursement, such as interest accrued by the Department of Treasury on debt held by the public and the change in allowance for subsidy cost.

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II.3.8.39 Public-Private Partnerships	Yes, No, or N/A	Explanation and Reference
<p>SFFAS 49 defines Public-Private Partnerships (P3) as risk-sharing arrangements or transactions with expected lives greater than 5 years between public and private sector entities. Such arrangements or transactions provide a service or an asset for government and/or general public use where, in addition to sharing resources, each party shares in the risks and rewards of said arrangements or transactions. A public sector entity shares risks and rewards with a private sector entity whenever the benefits of the arrangement or transaction accrue to both the private sector entity and the public sector entity and (1) the public sector entity is at risk of loss, or (2) the private sector entity's ability to perform is at risk and success of the arrangement or transaction depends upon the public sector's intervention.</p> <p>Per A-136, "risk" refers to financial risk. Risk of loss relates to losses beyond the types of costs anticipated in the normal course of the agreement, assuming the agreement is carried out over its expected life. That is, it is risk not fully reflected in the consideration exchanged in executing the agreements or in the terms and conditions of the agreements. Such risks of loss may relate, for example, to termination, default, or noncompliance with the agreement. As such, loan, loan guarantee, insurance, and grant programs are not P3s. (A-136, section II.3.8.39)</p> <p>SFFAS 49 excludes certain types of arrangements and transactions (e.g., non-lease acquisitions of PP&E; acquisition of supplies and services pursuant to the Federal Acquisition Regulation's simplified acquisition procedures (48 C.F.R. part 13); and grants to state, local, and tribal governments). (SFFAS 49, paras. 15–17) SFFAS 49, paragraph 24, disclosure requirements include</p> <p>(1) the purpose, objective, rationale, statutory authority, costs, and benefits of the partnership;</p> <p>(2) the amounts, if known, of federal and non-federal funding over the life of the partnership and a description of the funding;</p> <p>(3) the contractual terms governing payments to and from the U.S. Government (including information on how the expected partnership life was determined, when payments are expected, whether payments are made directly or indirectly, and any non-monetary payments), payments to and from the U.S. Government for the reporting periods, and expected payments over the life of the partnership;</p> <p>(4) information about the contractual risks of loss and potential monetary effects if the risks are/were realized, and information about remote risks of loss if included in the terms of the partnership contract; and</p> <p>(5) amounts recognized on the statements, significant instances of non-compliance with legal and contractual provisions governing the partnership, borrowing or capital investment by the private entity that is contingent on the reporting entity's promise to pay, and a description of events of termination.</p>		
<p>1) Is this topic applicable to the entity's financial statements? (Answer Y if applicable, N/A if not applicable, or N/S if not significant. If N/A or N/S, skip to the next topic.)</p>		

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II.3.8.39 Public-Private Partnerships	Yes, No, or N/A	Explanation and Reference
2) Did the entity assess P3s against the conclusive risk characteristics to determine if they possess risk of loss which indicates that disclosures should be provided? (SFFAS 49, paras. 14 and 20)		
3) Did the entity assess P3s against the suggestive risk characteristics (which are to be considered in the aggregate) to determine if they may possess risk of loss and require disclosure? (SFFAS 49, paras. 14 and 21)		
4) Did the entity consider the magnitude of potential risk of loss in determining whether a P3 is material to its financial statements? (A-136, section II.3.8.39)		
Disclosure		
5) If disclosure is required, based upon the assessment of conclusive risk characteristics and suggestive risk characteristics, did the note disclosures <ul style="list-style-type: none"> a) generally accompany the related asset and/or liability contained in the financial statements and b) present information in an integrated manner so that the notes are concise, meaningful, transparent, and not repetitive? (SFFAS 49, para. 23) 		
6) Did the note disclosure include the initial period and all annual periods thereafter where an entity is a party to the P3 arrangement/transaction? (SFFAS 49, para. 24)		
7) Did the note disclosure include <ul style="list-style-type: none"> a) the purpose, objective, and rationale for the P3 arrangement or transaction; b) the relative benefits/revenues being received in exchange for the government's consideration, monetary and non-monetary; and 		

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II.3.8.39 Public-Private Partnerships	Yes, No, or N/A	Explanation and Reference
c) the entity’s statutory authority for entering into the P3? (SFFAS 49, para. 24(a))		
8) Did the note disclosure include a description of federal and non-federal funding for the P3 over its expected life, including the mix and amounts of such funding (where applicable)? For any amounts that are not available, do the disclosures indicate such? (SFFAS 49, para. 24(b))		
9) Did the note disclosure include the operational and financial structure of the P3, including the entity’s rights and responsibilities, including the following? a) A description of the contractual terms governing payments to and from the government over the expected life of the P3 arrangement or transaction, including i) explanation of how the expected life was determined; ii) the time periods payments are expected to occur; iii) whether payments are made directly to each partner or indirectly through a third-party, such as military housing allowances; and iv) in-kind contributions/services and donations. b) The amounts received and paid by the government during the reporting period(s). c) The amounts estimated to be received and paid in aggregate over the expected life of the P3. (SFFAS 49, para. 24(c))		
10) Did the note disclosure include a) identification of the contractual risks of loss the P3 partners are undertaking, including a description of the contractual risk and the potential effect on cash flows if the risks were realized, and b) remote risks of loss limited to those included in the terms of the contractual P3 arrangements or transactions? If		

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II.3.8.39 Public-Private Partnerships	Yes, No, or N/A	Explanation and Reference
disclosed, is an explanation included that avoids the misleading inference that there is more than a remote chance of loss? (SFFAS 49, para. 24(d))		
11) As applicable, did the note disclosure include <ul style="list-style-type: none"> a) associated amounts recognized in the financial statements, such as gains or losses and capitalized items; b) significant instances of non-compliance with legal and contractual provisions governing the P3 arrangement/transaction; c) whether the private partner(s), including any Special Purpose Vehicle, have borrowed or invested capital contingent upon the reporting entity’s promise to pay, whether implied or explicit; and d) description of events of termination or default? (SFFAS 49, para. 24(e)) 		

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II.3.8.40 Disclosure Entities and Related Parties	Yes, No, or N/A	Explanation and Reference
Disclosure Entities and Related Parties are addressed in section I, Reporting Entity.		

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II.3.8.41 Insurance Programs	Yes, No, or N/A	Explanation and Reference
<p>Insurance program is a general term used to refer to a program that is authorized by law to financially compensate a designated population of beneficiaries by accepting all or part of the risk for losses incurred as a result of an adverse event. (SFFAS 51, para. 5)</p> <p>Three categories of insurance were established:</p> <ul style="list-style-type: none"> • Exchange transaction insurance programs other than life insurance cover the risk of loss from adverse events, other than death of individuals, involved in exchange transactions with the federal government as defined in SFFAS 7. (SFFAS 51, para. 11) • Nonexchange transaction insurance programs cover the risk of loss from adverse events through nonexchange transactions as defined in SFFAS 7. (SFFAS 51, para. 19) • Life insurance programs cover the risk of loss from death of individuals. (SFFAS 51, para. 18) 		
<p>Exchange Transaction Insurance Programs Other Than Life Insurance</p>		
<p>Exchange transaction insurance programs other than life insurance collect premiums through arrangements to cover the risk of loss from adverse events other than death of individuals. (SFFAS 51, para. 22)</p> <p>An insurance program other than a life insurance program receiving any exchange revenue should be designated as an exchange transaction insurance program other than life insurance. (SFFAS 51, para. 23)</p> <p>Exchange insurance programs excluding life may have three related liability categories:</p> <ul style="list-style-type: none"> • Unearned premiums • Unpaid insurance claims • Liability for losses on remaining coverage <p>The liability for losses on remaining coverage as of the end of the reporting period represents the estimated amounts to be paid to settle claims (including claim adjustment expenses (CAE)¹⁷⁰) for the remaining open arrangement period in excess of the sum of both (1) related unearned premiums as of the end of the reporting period and (2) premiums due after the end of the reporting period that relate to the remaining open arrangement period. (SFFAS 51, para. 30)</p> <p>The liability for losses on remaining coverage should provide a reasonable estimate of expected cash flow. No specific method of estimating the liability is required.</p>		
<p>1) Is this topic applicable to the entity’s financial statements? (Answer Y if applicable, N/A if not applicable, or N/S if not significant. If N/A or N/S, skip to the next topic.)</p>		

¹⁷⁰CAEs are incremental costs directly attributable to investigating, settling, and/or adjusting claims. An incremental cost is one that can result only when claims have been incurred. CAEs include but are not limited to legal and adjuster’s fees. CAEs may be incurred through work performed by federal employees and/or contractors. (SFFAS 51, para. 9)

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II.3.8.41 Insurance Programs	Yes, No, or N/A	Explanation and Reference
Revenue		
Accounting		
2) Does the entity recognize premiums as revenue when earned over the period of the arrangement in proportion to insurance protection provided? (SFFAS 51, para. 24)		
Liability for Unearned Premiums		
Accounting		
3) Does the entity recognize a liability for unearned premiums for the amount of premiums collected and/or due by the end of the reporting period that have not yet been earned in proportion to the insurance protection to be provided during the remaining arrangement period? (SFFAS 51, para. 25)		
Liability for Unpaid Insurance Claims		
Accounting		
4) Does the entity recognize a liability for unpaid insurance claims for adverse events that occurred before the end of the reporting period? (SFFAS 51, para. 26)		
5) Does the entity initially record the liability for unpaid insurance claims at the estimated settlement amount and remeasured at the end of each reporting period? (SFFAS 51, para. 26)		
6) Does the entity include the following in its estimated settlement for insurance claims? a) Outflows to liquidate the following: i) Claims that have been reported but not paid. ii) Claims incurred but not reported (IBNR). ¹⁷¹ (1) A single-occurring event or a		

¹⁷¹Management should use judgment in determining whether an adverse event causes claims IBNR prior to the reporting date.

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II.3.8.41 Insurance Programs	Yes, No, or N/A	Explanation and Reference
<p>series of events causing loss must be completed by the end of the reporting period to be considered an adverse event of the reporting period.¹⁷²</p> <p>b) Related estimated CAE.</p> <p>c) Estimated inflows from recoveries not realized at the end of the reporting period.</p> <p>i) If estimated recoveries exceed the related claims for an insurance portfolio, then recognition is limited to the amount of the related claims.¹⁷³</p> <p>ii) Recoveries should be recognized as reductions of claims, rather than as revenue (SFFAS 51, para. 27)</p>		
<p>7) Does the entity recognize, as a component of claims expense, adjustments to the liability for unpaid insurance claims, other than those resulting from payments made to liquidate existing liability balances? (SFFAS 51, para. 28)</p>		
<p>8) Does the entity apply guidance from SFFAS 39 to subsequent events relating to unpaid insurance claims? (SFFAS 51, para. 29)</p>		
Liability for Losses on Remaining Coverage		
Accounting		
<p>9) Does the entity determine its estimated liabilities for loss on remaining coverage by</p> <p>a) considering insurance portfolios rather than individual arrangements and</p> <p>b) using methods designed to address</p>		

¹⁷²If a series of events causing loss begins prior to the reporting date and additional pending events are required to result in losses, then it is not considered an adverse event and should not be included in the estimated settlement costs for claims IBNR.

¹⁷³Any amount expected to be recovered in excess of the recognized claim, which will result in a gain, should not be recognized until any contingencies relating to the recovery have been resolved because a contingent gain cannot be recognized until realized. (SFFAS 51, para. 27)

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II.3.8.41 Insurance Programs	Yes, No, or N/A	Explanation and Reference
<p>uncertainties concerning future events?¹⁷⁴ (SFFAS 51, paras. 31–32)</p> <p>c) Do such methods provide a reasonable estimate of expected cash flow?</p>		
<p>10) Did the entity consider all relevant information on the Balance Sheet date? This may include</p> <p>a) historical experience;</p> <p>b) adjustments to historical experience for differences in current conditions;</p> <p>c) current conditions;</p> <p>d) trends;</p> <p>e) assumptions about future events;</p> <p>f) risk factors;</p> <p>g) uncertainties about possible variations in the amount or timing of the potential settlement of claims; and</p> <p>h) as appropriate, data, projections, and supporting analysis supplied by independent expert(s). (SFFAS 51, para. 34)</p>		
<p>11) Does the entity classify all subsequent events relating to losses on remaining coverage as nonrecognized events and, as applicable, disclose in accordance with SFFAS 39, paragraph 15? (SFFAS 51, para. 35)</p>		
<p>12) Does the entity discount the estimated settlement amount, if the effect of the time value of money is significant? (SFFAS 51, para. 36)</p>		
<p>13) Does the entity recognize, as a component of claims expense, adjustments to the liability for losses on remaining coverage? (SFFAS 51, para. 37)</p>		

¹⁷⁴No specific method is required. An entity must use judgment based on the risk inherent in the insurance portfolio, sensitivity to external factors, and the availability of relevant information to select a method. (SFFAS 51, para. 34)

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II.3.8.41 Insurance Programs	Yes, No, or N/A	Explanation and Reference
Disclosure for Exchange Transaction Insurance Programs Other Than Life Insurance		
14) Does the entity consider materiality, including both quantitative and qualitative factors, ¹⁷⁵ when determining the nature and extent of its disclosures? (SFFAS 51, para. 38)		
15) Are the entity’s disclosures integrated so that concise, meaningful, and transparent information is provided in a comprehensive note regarding the insurance program and related balances, or by providing references to relevant notes elsewhere in the GPFRR? (SFFAS 51, para. 39)		
<p>16) Does the entity provide the following information for each material insurance portfolio and/or in aggregate for all remaining insurance portfolios, and/or individual insurance arrangements?</p> <ul style="list-style-type: none"> a) What is insured or guaranteed, for whom, and what other government agencies and/or commercial insurance programs administer or assume risk for any part of the program. b) Full costs,¹⁷⁶ premiums collected, appropriations used, and borrowing needed during the reporting period, as well as the ability to repay borrowing. c) Investing activities, such as buying Treasury securities. d) Arrangement duration and renewal characteristics, such as non-cancelable or guaranteed renewals. e) Premium pricing policies (in accordance with SFFAS 7, para. 46), including risk characteristics used in determining premiums and any requirements to set premium prices that do not cover the full estimated cost to settle claims. 		

¹⁷⁵Materiality is an overarching consideration in financial reporting for information that should be presented. Acceptable quantitative factors may include whether certain groups of arrangements are accumulating large claim expenses or unpaid claim liability balances. Acceptable qualitative factors may include whether a group of arrangements is of immediate concern to constituents, politically sensitive, and/or controversial.

¹⁷⁶See SFFAS 4, Managerial Cost Accounting Standards and Concepts, paras. 80–104.

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II.3.8.41 Insurance Programs	Yes, No, or N/A	Explanation and Reference
<p>f) The nature and magnitude of uncertainty of estimated amounts to be paid to settle future claims, including</p> <ul style="list-style-type: none"> i) the basis and estimation method; ii) significant risk assumptions and factors, including relevant trend information; and iii) how much risk, if any, is shared by third parties. <p>g) The total amount of coverage provided through insurance in-force as of the end of the reporting period.¹⁷⁷</p> <p>h) Any event(s) that caused a material change in the amounts recognized during the reporting period, such as low-probability, high-impact adverse events, changes in laws, and/or actuarial assumptions. (SFFAS 51, para. 40)</p>		
<p>17) Does the entity provide the following information for changes in the liability balance for unpaid insurance claims provided?</p> <ul style="list-style-type: none"> a) Beginning balance b) Claims expense c) CAE¹⁷⁸ d) Payments to settle claims e) Recoveries and other adjustments f) Ending balance (SFFAS 51, para. 41) 		

¹⁷⁷An explanation should be included that avoids the misleading inference that there is more than a remote likelihood that claims equal to the entire insurance in-force amount will be filed at the same time.

¹⁷⁸CAEs should be recognized for claims occurring prior to the end of the current reporting period.

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II.3.8.41 Insurance Programs	Yes, No, or N/A	Explanation and Reference
Nonexchange Transaction Insurance Programs		
<p>Nonexchange insurance programs collect funds on demand and/or receive appropriations to cover the risk of loss from certain adverse events. (SFFAS 51, para. 42)</p> <p>For nonexchange transaction insurance programs, the entity only records a liability for unpaid insurance claims.</p> <p>An insurance program other than a life insurance program receiving any exchange revenue should be designated as an exchange transaction insurance program other than life insurance. (SFFAS 51, para. 23)</p>		
Revenue		
Accounting		
18) Does the entity apply general revenue recognition standards as found in SFFAS 7 (as amended), for nonexchange transaction insurance programs? (SFFAS 51, para. 44) ¹⁷⁹		
19) Do programs accounted for as “nonexchange transaction insurance programs” <u>exclude</u> insurance programs that receive any exchange revenue? (SFFAS 51, para. 43)		
Liability for Unpaid Insurance Claims		
Accounting		
20) Does the entity recognize a liability for unpaid insurance claims for adverse events that occurred before the end of the reporting period? (SFFAS 51, para. 45)		
21) Does the entity initially record the liability for unpaid insurance claims at the estimated settlement amount and remeasured at the end of each reporting period? (SFFAS 51, para. 45)		

¹⁷⁹Nonexchange transaction insurance programs do not recognize unearned premiums because they do not earn premiums. The Board believes that insurance programs in this category should apply general revenue recognition standards. Therefore, no specific revenue recognition guidance is provided in SFFAS 51. (SFFAS 51, para. A17)

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II.3.8.41 Insurance Programs	Yes, No, or N/A	Explanation and Reference
<p>22) Does the entity include the following in its estimated settlement amount for insurance claims?</p> <p>a) Outflows to liquidate the following:</p> <p style="padding-left: 20px;">i) Claims that have been reported but not paid.</p> <p style="padding-left: 20px;">ii) Claims IBNR.¹⁸⁰</p> <p style="padding-left: 40px;">(1) A single-occurring event or a series of events causing loss must be completed by the end of the reporting period to be considered an adverse event of the reporting period.¹⁸¹</p> <p>b) Related estimated CAE.</p> <p>c) Estimated inflows from recoveries not realized at the end of the reporting period.</p> <p style="padding-left: 20px;">i) If estimated recoveries exceed the related claims for an insurance portfolio, then recognition of the estimated inflows is limited to the amount of the related claims.¹⁸²</p> <p style="padding-left: 20px;">ii) Recoveries should be recognized as reductions of claims, rather than as revenue. (SFFAS 51, para. 46)</p>		
<p>23) Does the entity recognize, as a component of claims expense, adjustments to the liability for unpaid insurance claims, other than those resulting from payments made to liquidate existing liability balances? (SFFAS 51, para. 47)</p>		
<p>24) Does the entity apply guidance from SFFAS 39 to subsequent events relating to unpaid insurance claims? (SFFAS 51, para. 48)</p>		

¹⁸⁰Management should use judgment to determine if an adverse event causes claims IBNR prior to the reporting date.

¹⁸¹If a series of events causing loss begins prior to the reporting date and additional pending events are required to result in losses, then it is not considered an adverse event and should not be included in the estimated settlement costs for claims IBNR.

¹⁸²Any amount expected to be recovered in excess of the recognized claim, which will result in a gain, should not be recognized until any contingencies relating to the recovery have been resolved because a contingent gain cannot be recognized until realized. (SFFAS 51, para. 46)

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II.3.8.41 Insurance Programs	Yes, No, or N/A	Explanation and Reference
Disclosure for Nonexchange Transaction Insurance Programs		
25) Does the entity consider materiality, including both quantitative and qualitative factors, when determining the nature and extent of its disclosures? (SFFAS 51, para. 49)		
26) Are the entity’s disclosures integrated so that concise, meaningful, and transparent information is provided in a comprehensive note regarding the insurance program and related balances, or by providing references to relevant notes elsewhere in the GPFRR but which relate to the insurance program? (SFFAS 51, para. 50)		
27) Does the entity provide the following information for each material insurance portfolio, and/or in aggregate for all remaining insurance portfolios, and/or individual insurance arrangements? a) What is insured or guaranteed, for whom, and what other government agencies and/or commercial insurance programs administer or assume risk for any part of the program. b) Full costs, ¹⁸³ premiums collected, appropriations used, and borrowing needed during the reporting period, as well as the ability to repay borrowing. c) Investing activities, such as buying Treasury securities. d) Any event(s) that caused a material change in the amounts recognized during the reporting period, such as low-probability, high-impact adverse events, changes in laws, and/or actuarial assumptions. (SFFAS 51, para. 51)		
28) Does the entity provide the following information for changes in the liability balance for unpaid insurance claims provided? a) Beginning balance		

¹⁸³See SFFAS 4, Managerial Cost Accounting Standards and Concepts, paras. 80–104.

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II.3.8.41 Insurance Programs	Yes, No, or N/A	Explanation and Reference
b) Claims expense c) CAE ¹⁸⁴ d) Payments to settle claims e) Recoveries and other adjustments f) Ending balance (SFFAS 51, para. 52)		
Life Insurance Programs		
<p>Life insurance programs collect premiums for life insurance arrangements to cover the risk of loss from death of individuals. (SFFAS 51, para. 53)</p> <p>Life insurance programs may have two related liability categories:</p> <ul style="list-style-type: none"> • Unpaid insurance claims • Future policy benefits <p>The liability for future policy benefits represents the expected present value of future claims to be paid to, or on behalf of, existing policyholders, less the expected present value of future net premiums to be collected from those policyholders. (SFFAS 51, para. 59)</p> <p>The liability is estimated using appropriate financial and/or actuarial methods that include assumptions, such as estimates of expected investment yield, mortality, morbidity, terminations, and expenses. (SFFAS 51, para. 62)</p> <p>Life insurance that is a federal employee or veteran benefit shall be disclosed within the Federal Employee and Veteran Benefits Payable note. (A-136, section II.3.8.41)</p>		
Revenue		
Accounting		
29) Does the entity recognize premiums as revenue when due from policyholders? (SFFAS 51, para. 54)		
Liability for Unpaid Insurance Claims		
Accounting		
30) Does the entity recognize a liability for unpaid insurance claims for adverse events that occurred before the end of the reporting period? (SFFAS 51, para. 55)		
31) Does the entity initially record the liability for unpaid insurance claims at the estimated settlement amount and remeasured at the end of each reporting period? (SFFAS 51, para. 55)		

¹⁸⁴CAEs should be recognized for claims occurring prior to the end of the current reporting period.

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II.3.8.41 Insurance Programs	Yes, No, or N/A	Explanation and Reference
<p>32) Does the entity include the following in its estimated settlement for insurance claims?</p> <ul style="list-style-type: none"> a) Outflows to liquidate the following: <ul style="list-style-type: none"> i) Claims that have been reported but not paid. ii) Claims IBNR.¹⁸⁵ b) Related estimated CAE. c) Estimated inflows from recoveries (such as moneys recovered from improper payments) not realized at the end of the reporting period. <ul style="list-style-type: none"> i) If estimated recoveries exceed the related claims for a group of arrangements, then recognition is limited to the amount of the related claims.¹⁸⁶ ii) Recoveries should be recognized as reductions of claims, rather than as revenue. (SFFAS 51, para. 56) 		
<p>33) Does the entity recognize, as a component of claims expense, adjustments to the liability for unpaid insurance claims, other than those resulting from payments made to liquidate existing liability balances? (SFFAS 51, para. 57)</p>		
<p>34) Does the entity apply guidance from SFFAS 39 to subsequent events relating to unpaid insurance claims? (SFFAS 51, para. 58)</p>		
Liability for Future Policy Benefits		
Accounting		
<p>35) Does the entity classify all subsequent events relating to the liability for future policy benefits as nonrecognized events and, as applicable, disclose in accordance with SFFAS 39, paragraph 15? (SFFAS 51, para. 60)</p>		

¹⁸⁵Management should use judgment to determine if an adverse event causes claims IBNR prior to the reporting date.

¹⁸⁶Any amount expected to be recovered in excess of the recognized claim, which will result in a gain, should not be recognized until any contingencies relating to the recovery have been resolved because a contingent gain cannot be recognized until realized. (SFFAS 51, para. 56)

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II.3.8.41 Insurance Programs	Yes, No, or N/A	Explanation and Reference
36) Does the entity determine its estimates by considering insurance portfolios rather than individual arrangements? (SFFAS 51, para. 61)		
37) Does the entity estimate the liability for future policy benefits using appropriate financial and/or actuarial methods that include assumptions, such as estimates of expected investment yield, mortality, morbidity, terminations, and expenses? (SFFAS 51, para. 62)		
38) Does the entity recognize, as an expense during the period in which the changes occurred, changes in the liability for future policy benefits that result from periodic re-estimations? (SFFAS 51, par. 63)		
39) Does the entity recognize the effects of changes in relevant law or policy when those changes occur? (SFFAS 51, para. 64)		
Disclosure for Life Insurance Programs		
40) Does the entity consider materiality, including both quantitative and qualitative factors, when determining the nature and extent of its disclosures? (SFFAS 51, para. 65)		
41) Are the entity's disclosures integrated so that concise, meaningful, and transparent information is provided in a comprehensive note regarding the insurance program and related balances or by providing references to relevant notes elsewhere in the GPFFR but which relate to the insurance program? (SFFAS 51, para. 66)		
42) Does the entity provide the following information for each material insurance portfolio, and/or in aggregate for all remaining insurance portfolios, and/or individual insurance arrangements? a) The type of life insurance and specific characteristics of those products, such as when and how benefits are paid and what other government agencies or		

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II.3.8.41 Insurance Programs	Yes, No, or N/A	Explanation and Reference
<p>commercial insurance programs administer and/or assume risk for any part of the program.</p> <p>b) Premium pricing policies (in accordance with SFFAS 7, para. 46), including risk characteristics used in determining premiums and requirements to set premium prices that do not cover the full estimated cost to settle claims.</p> <p>c) Full costs,¹⁸⁷ premiums collected, appropriations used, and borrowing needed during the reporting period, as well as the ability to repay borrowing.</p> <p>d) Investing activities, such as buying Treasury securities.</p> <p>e) The nature and magnitude of uncertainty to estimate the amounts to be paid to settle future claims, including the basis and estimation method.</p> <p> i) Significant risk assumptions and factors, including relevant trend information.</p> <p> ii) How much risk, if any, is shared by third parties.</p> <p>f) The total value of life insurance policies issued—insurance in-force—at the end of the reporting period, which represents the maximum risk exposure.¹⁸⁸</p> <p>g) The net cash surrender value of policies at the end of the reporting period, including appropriate information to aid in avoiding the misleading inference that there is a more than remote likelihood that 100% of all policies will cancel at the end of the reporting period.</p> <p>h) Any event(s) that caused a material change in the amounts recognized during the reporting period, such as low-probability, high-impact adverse events,</p>		

¹⁸⁷See SFFAS 4, Managerial Cost Accounting Standards and Concepts, paras. 80–104.

¹⁸⁸An explanation should be included that avoids the misleading inference that there is more than a remote likelihood that claims equal to the entire insurance in-force amount will be filed at the same time.

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II.3.8.41 Insurance Programs	Yes, No, or N/A	Explanation and Reference
changes in laws, and/or actuarial assumptions. (SFFAS 51, para. 67)		
43) Does the entity provide the following information for changes in the liability balance for unpaid insurance claims? a) Beginning balance b) Claims expense c) CAE ¹⁸⁹ d) Payments to settle claims e) Recoveries and other adjustments f) Ending balance (SFFAS 51, para. 68)		
44) For life insurance that is a federal employee or veteran benefit, is the life insurance–related disclosure included within the Federal Employee and Veteran Benefits Payable note disclosure? (A-136, section II.3.8.41)		

¹⁸⁹CAEs should be recognized for claims occurring prior to the end of the current reporting period.

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II.3.8.42 COVID-19 Activity	Yes, No, or N/A	Explanation and Reference
<p>Entities with a significant amount of budgetary activity in FY 2021 associated with responding to the COVID-19 pandemic (and its economic consequences) should include a separate COVID-19 note. The note should specify the source and amount of budgetary resources used, programs or activities funded; obligations incurred; any budgetary resources remaining available beyond FY 2021; impact on the entity’s assets, liabilities, costs, revenues, net position, and other results; and any other information management thinks would be useful to readers of the AFR/PAR.</p> <p>If the entity disclosed a COVID-19 activity note for FY 2020, the FY 2021 note should be comparative and unobligated balances carried over from FY 2020 should be disclosed.</p> <p>The note should also identify all other notes that discuss COVID-19 impacts. For examples of COVID-19 notes, see note 24 in the Department of Transportation’s 2020 AFR (www.transportation.gov) and note 26 in the Department of Veterans Affairs’ 2020 AFR (www.va.gov). (A-136, section II.3.8.42)</p>		
<p>1) Is this topic applicable to the entity’s financial statements? (Answer Y if applicable, N/A if not applicable, or N/S if not significant. If N/A or N/S, skip to the next topic.)</p>		
<p>Disclosure</p>		
<p>2) Does the entity’s disclosure of budgetary resources used to prevent, prepare for, or respond to COVID-19 include</p> <ul style="list-style-type: none"> a) the source and amount of budgetary resources used; b) the programs or activities funded; c) the obligations incurred; d) any budgetary resources remaining available beyond FY 2021; e) the impact on the entity’s assets, liabilities, costs, revenues, net position, and other results; and f) any other information management thinks would be useful to the reader of the AFR/PAR? (A-136, section II.3.8.42) 		
<p>3) If the entity disclosed a COVID-19 activity note for FY 2020, does the entity disclose a comparative activity note for FY 2021, including unobligated balances carried over from FY 2020? (A-136, section II.3.8.42)</p>		

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II.3.8.42 COVID-19 Activity	Yes, No, or N/A	Explanation and Reference
4) Does the entity refer to other notes that discuss COVID-19 impacts? (A-136, section II.3.8.42)		

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II.3.8.43 Subsequent Events	Yes, No, or N/A	Explanation and Reference
<p>Subsequent events are events or transactions that affect the basic information or RSI that occur subsequent to the end of the reporting period but before the financial report is issued. (SFFAS 39, para. 8) In addition, subsequent events can be categorized as recognized events or nonrecognized events.</p> <p>Recognized events: Subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period and affect the estimates inherent in the process of preparing basic information and RSI. (SFFAS 39, para. 9)</p> <p>Nonrecognized events: Subsequent events that provide evidence with respect to conditions that did not exist at the end of the reporting period but arose subsequent to that date. (SFFAS 39, para. 10)</p> <p>Transactions and events (referred to as recognized events) require adjustments, while others (referred to as nonrecognized events) may require disclosure in the basic information or RSI. (SFFAS 39, para. 11)</p> <p>Disclose in this note or other applicable note(s) any significant events or transactions that occurred after the date of the Balance Sheet but before the issuance of the entity’s audited financial statements that have a material effect on the financial statements and, therefore, require adjustments to or disclosure in the statements. If such disclosure is made elsewhere in the notes, this note should include references to the applicable note(s). (SFFAS 39, para.11; A-136, section II.3.8.43)</p>		
1) Is this topic applicable to the entity’s financial statements? (Answer Y if applicable, N/A if not applicable, or N/S if not significant. If N/A or N/S, skip to the next topic.)		
Accounting		
2) For recognized events, does the entity record adjustments in its basic information and RSI? (SFFAS 39, para. 11)		
Disclosure		
3) Does the entity disclose significant events or transactions that have a material effect on the financial statements and that occurred after the date of the Balance Sheet but before the issuance of the entity’s audited financial statements? (A-136, section II.3.8.43)		

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II.3.8.43 Subsequent Events	Yes, No, or N/A	Explanation and Reference
4) Does the entity disclose nonrecognized events required to keep the basic information or RSI from being misleading? (SFFAS 39, para.15)		
5) Does the entity refer to other notes that discuss subsequent events? (A-136, section II.3.8.43)		

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II.3.8.44 Non-custodial Non-exchange Revenues	Yes, No, or N/A	Explanation and Reference
<p>Disclose information about the collection of non-custodial non-exchange revenue (tax-related only) in accordance with SFFAS 7, paragraphs 64–66, including (1) basis of accounting; (2) for entities that collect taxes and duties, factors affecting the collectibility and timing of accounts receivable; (3) for entities that collect taxes and duties, cash collections and refunds by tax year and type of tax during the current fiscal year and during the prior fiscal year(s), as appropriate; and (4) the reason(s), if any, for not recording trust fund revenues in accordance with applicable law. (A-136, section II.3.8.44)</p>		
<p>1) Is this topic applicable to the entity’s financial statements? (Answer Y if applicable, N/A if not applicable, or N/S if not significant. If N/A or N/S, skip to the next topic.)</p>		
<p>Disclosure</p>		
<p>2) For entities that collect non-custodial non-exchange revenue, does the entity disclose</p> <ul style="list-style-type: none"> a) the basis of accounting; b) factors affecting the collectibility and timing of accounts receivable; c) cash collections and refunds by tax year and type of tax during the current fiscal year and during the prior fiscal year, as appropriate (see illustrative tables in A-136); and d) the reason(s), if any, for not recording trust fund revenues in accordance with applicable law? (A-136, section II.3.8.44) 		

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II.3.8.45 Reclassification of Financial Statement Line Items for FR Compilation Process	Yes, No, or N/A	Explanation and Reference
<p>This note shows how line items in the statements of significant entities relate to line items that can be used to compile the FR statements and is broken out between Funds from Dedicated Collections and other funds.¹⁹⁰ (Significant entities using the Balance Sheet Template in A-136, section II.3.2.2, do not need to disclose any Balance Sheet information in this note. However, significant entities not using the Illustrative Statement in section II.3.8.20 must disclose a reclassification of the Balance Sheet using the crosswalk found here: The U.S. Standard General Ledger (treasury.gov)). (A-136, section II.3.8.45)</p> <p>As warranted, the significant entity may modify the illustrative statements (presented in A-136, section II.3.8.45) to show in the two “Entity” columns the line items from its financial statements and to show in the six “Governmentwide” columns line items from its reclassified financial statements (broken out between Funds from Dedicated Collections and other funds).</p> <p>The “Dedicated Collections Combined” column should reflect all transactions that involve Funds from Dedicated Collections, including intra-entity and inter-entity transactions. The consolidated presentation must include all inter-entity transactions that involve Funds from Dedicated Collections.</p> <p>The “Dedicated Collections Eliminations” column should reflect intra-entity transactions that involve only Funds from Dedicated Collections.</p> <p>The “All Other Amounts (with Eliminations)” column should reflect inter-entity transactions that involve only funds other than those from dedicated collections. It should not reflect transactions that are intra-entity (except transactions with Funds from Dedicated Collections) or transactions that are included in the Funds from Dedicated Collections Combined column.</p> <p>The “Eliminations between Dedicated and All Other” column should reflect intra-entity transactions between Funds from Dedicated Collections and other funds, that is, intra-entity transactions that involve Funds from Dedicated Collections on one side of the transaction and funds from non-dedicated collections on the other side.</p> <p>The “Total” column should reflect inter-entity transactions involving Funds from Dedicated Collections, inter-entity transactions not involving any Funds from Dedicated Collections, and intra-entity eliminations between Funds from Dedicated Collections and Funds from Other than Dedicated Collections.</p> <p>Significant entities are not expected to use all of the lines in Treasury’s crosswalks, and may use additional lines that are not in Treasury’s crosswalks (for amounts that are aggregated in the entity statements and disaggregated in the FR).</p>		
1) Is the reporting entity a significant entity, as described in OMB Circular No. A-136? If not, this section of the checklist is N/A.		
Disclosure		

¹⁹⁰Intragovernmental transactions are transactions between federal entities. When preparing the federal government’s consolidated financial statements, matching intragovernmental activity and balances are eliminated from the FR statements.

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II.3.8.45 Reclassification of Financial Statement Line Items for FR Compilation Process	Yes, No, or N/A	Explanation and Reference
2) Does the significant entity present in this note a reclassification of its Balance Sheet, ¹⁹¹ SNC, and SCNP for FY 2021 using the crosswalks found here: https://tfm.fiscal.treasury.gov/v1/supplements/ussgl/ussgl_part_1.html#Part6 (Individual Files)? (A-136, section II.3.8.45)		
3) Does the entity’s disclosure include two “Entity” columns and six “Governmentwide” columns, consistent with A-136 guidance, and include the corresponding amounts, as appropriate? (A-136, section II.3.8.45)		
4) Do the line items and amounts in the two “Entity” columns of the note disclosure agree to the line items and amounts in the significant entity’s basic financial statements? (A-136, section II.3.8.45)		
5) Do the line items and amounts in the six “Governmentwide” columns of the note disclosure agree with the reclassified statements in GTAS, including amounts associated with Funds from Dedicated Collections? (A-136, section II.3.8.45)		
6) Do the total amounts reported for the “Entity” agree to the total amounts reported for “Governmentwide” for the Balance Sheet (if applicable), SNC, and SCNP? (A-136, section II.3.8.45)		
7) Does the crosswalk used to prepare the note disclosure show adjustments made to reclassify the balances to the agency’s GTAS submission, and an explanation of any differences? (A-136, section II.3.8.45)		

¹⁹¹Significant entities using the Balance Sheet Template in A-136 section II.3.2.2, do not need to disclose any Balance Sheet information in this note. However, significant entities not using the Illustrative Statement in section II.3.8.20 must disclose a reclassification of the Balance Sheet using the crosswalk found here: [The U.S. Standard General Ledger \(treasury.gov\)](https://www.treasury.gov/standard-general-ledger).

Section II.3.9 – Required Supplementary Information

The questions related to the unaudited required supplementary information (RSI) requirements are presented under the seven captions presented below.

II.3.9 – Required Supplementary Information
II.3.9.1 Management’s Discussion and Analysis
II.3.9.2 Federal Oil and Gas Resources
II.3.9.3 Other Federal Natural Resources
II.3.9.4 Deferred Maintenance and Repairs
II.3.9.5 Social Insurance
II.3.9.6 Combining Statement of Budgetary Resources
II.3.9.7 Custodial Activity

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II.3.9.1 Management’s Discussion and Analysis	Yes, No, or N/A	Explanation and Reference
Disclosure		
1) Does the entity present all RSI, including that in the MD&A and discussed below, on a comparative basis when meaningful? ¹⁹² See section II.2 of this checklist. (A-136, section II.3.9.1)		

¹⁹²When information is required for the first time, it need not be reported for the prior year.

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II.3.9.2 Federal Oil and Gas Resources	Yes, No, or N/A	Explanation and Reference
		<p><i>SFFAS 38, Accounting for Federal Oil and Gas Resources</i>, requires certain schedules to be reported as RSI until FASAB determines whether this information should be reported as basic information. Federal oil and gas resources are oil and gas resources over which the federal government may exercise sovereign rights with respect to exploration and exploitation and from which the federal government has the authority to derive revenues for its use. Federal oil and gas resources do not include resources over which the federal government acts as a fiduciary for the benefit of a non-federal party. (SFFAS 38, para. 11)</p> <p>Regional estimated petroleum royalties means the estimated end-of-period value of the federal government’s royalty share of proved oil and gas reserves from the federal oil and gas resources in each region. (SFFAS 38, para.12)</p> <p>Extensive federal oil and gas resources exist on public lands throughout the country and on the Outer Continental Shelf. These resources will provide economic benefits to the federal government through revenue from leasing activities and the collection of royalties on production. (SFFAS 38, para. 13)</p>
<p>1) Is this topic applicable to the entity’s financial statements? (Answer Y if applicable, N/A if not applicable, or N/S if not significant. If N/A or N/S, skip to the next topic.)</p>		
Disclosure		
<p>2) Does the entity develop and use a detailed estimation methodology to value federal oil and gas resources?¹⁹³ (SFFAS 38, para. 16)</p>		
<p>3) Do the federal oil and gas resources valuation estimates approximate the present value of future federal royalty receipts on proved reserves known to exist as of the reporting date?¹⁹⁴ (SFFAS 38, para. 17)</p>		
<p>4) Are the federal oil and gas valuation estimates developed based on the best information available at fiscal year-end or as close to the fiscal year-end as possible? (SFFAS 38, para. 17)</p>		

¹⁹³In an environment heavily affected by changes in prices; technological advancements; economic and operating conditions; and known geological, engineering, and economic data, estimation methodologies may need to be regularly updated to reflect these changing conditions. (SFFAS 38, para. 16)

¹⁹⁴Alternative methods for measuring fair value or current price may be acceptable if it is not reasonably possible to estimate present value of future federal royalty receipts on proved reserves using the methodology described in SFFAS 38, paras. 17–19. (SFFAS 38, para. 22)

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II.3.9.2 Federal Oil and Gas Resources	Yes, No, or N/A	Explanation and Reference
5) Are the discount rates used for present value measurements of federal oil and gas resources based on interest rates on marketable Treasury securities with maturities consistent with the cash flows being discounted as of the reporting date? (SFFAS 38, para. 18)		
6) Do the entity's estimates reflect a) its judgment about the outcome of events, based on past experience and expectations about the future, and b) what is reasonable to assume under the circumstances? (SFFAS 38, para. 19)		
7) While the entity's own assumptions about future cash flows may be used, did the entity review assumptions used generally in the federal government, as evidenced by sources independent of the reporting entity (e.g., those used by the Bureau of Economic Analysis for the National Income and Product Accounts), when developing the estimates? (SFFAS 38, para. 19)		
8) Are the value of the federal government's estimated petroleum royalties computed based on the calculation of federal oil and gas proved reserves on a regional basis? (SFFAS 38, para. 20)		
9) Are the regions used to determine and report regional amounts or factors collaboratively developed by all the component entities involved in federal oil and gas resource activities? (SFFAS 38, para. 20)		
10) Are the regions used to calculate regional estimated petroleum royalties consistent and aligned with regions used internally by the component entity in administering federal oil and gas resource activities? (SFFAS 38, para. 20)		

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II.3.9.2 Federal Oil and Gas Resources	Yes, No, or N/A	Explanation and Reference
<p>11) Are the estimates of future federal royalty receipts on proved reserves known to exist as of the reporting date</p> <p>a) divided by commodity and type (e.g., wet gas, dry gas, oil and lease condensate, onshore, offshore, etc.) and</p> <p>b) calculated separately if material differences would otherwise result? (SFFAS 38, para. 21)</p>		
<p>12) Is the estimation methodology consistently followed? (SFFAS 38, para. 23)</p>		
<p>13) Is the value of the revenue to be distributed to others estimated based on the portion of the royalty share of the federal proved oil and gas reserves designated to be distributed to others? (SFFAS 38, para. 26)</p>		
<p>14) Are the estimated petroleum royalties' asset value and petroleum royalties to be distributed to others valued at the end of each fiscal year? (SFFAS 38, para. 27)</p>		
<p>15) Is the value of the federal government's estimated petroleum royalties from the production of federal oil and gas proved reserves disclosed in a schedule of estimated federal oil and gas petroleum royalties? (SFFAS 38, para. 15)</p>		
<p>16) Is the value of estimated petroleum royalty revenue designated for others disclosed on the schedule of estimated federal oil and gas petroleum to be distributed to others disclosed? (SFFAS 38, para. 25)</p>		
<p>17) Does the entity include the Schedule of Estimated Petroleum Royalties and the Schedule of Estimated Federal Oil and Gas Petroleum Royalties to Be Distributed to Others in RSI as part of a discussion of all significant federal oil and gas resources under management by the entity? (SFFAS 38, paras. 15 and 25)</p>		

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II.3.9.2 Federal Oil and Gas Resources	Yes, No, or N/A	Explanation and Reference
18) Do the narratives of the schedules to be presented in the RSI include a concise statement explaining how the management of federal oil and gas resources is important to the overall mission of the entity? (SFFAS 38, para. 28(a))		
19) Are the estimated petroleum royalties' asset value and petroleum royalties to be distributed valued at the end of the fiscal year? (SFFAS 38, para. 27)		
20) Do the narratives of the schedules to be presented in the RSI include a brief description of the entity's stewardship policies describing the guiding principles established to <ul style="list-style-type: none"> a) assess the oil and gas resource areas; b) offer those resources to interested developers; c) sell and assign leases to winning bidders; d) administer the leases; e) collect bonuses, rents, royalties, and royalty-in-kind; and f) distribute the collections consistent with statutory requirements, prohibitions, and limitations governing the entity? (SFFAS 38, para. 28(b))		
21) Do the narratives of the schedules to be presented in the RSI include a description of future royalty rights identified for sale, if applicable, that contains the value of the rights identified for future sale, the location of field(s) involved in the future sale, and the best estimate of when the rights would be sold? (SFFAS 38, para. 28(c))		

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II.3.9.2 Federal Oil and Gas Resources	Yes, No, or N/A	Explanation and Reference
<p>22) Do the narratives of the schedules to be presented in the RSI</p> <ul style="list-style-type: none"> a) describe and display revenue reported by category for the reporting period for offshore and onshore revenues for <ul style="list-style-type: none"> i) royalty revenue for oil and gas, ii) rent revenue, iii) bonus bid revenue for leases, and iv) total revenue from all the above categories and b) describe and display <ul style="list-style-type: none"> i) the quantity of oil and gas proved reserves at the end of the reporting period, ii) the average of the Regional Average First Purchase Prices for oil, iii) the average of the Regional Average Wellhead Prices for gas, and iv) the average royalty rate for oil and gas? (SFFAS 38, para. 28 ((d)–(e)) 		

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II.3.9.2 Federal Oil and Gas Resources	Yes, No, or N/A	Explanation and Reference
<p>23) Do the narratives of the schedules to be presented in the RSI describe the estimated methodology used to calculate the value of the federal government’s estimated petroleum royalties, including</p> <ul style="list-style-type: none"> a) a plain English explanation of the measurement method (e.g., present value); b) the significant assumptions incorporated into the estimate (e.g., discount rates used to calculate present value, production decline curve, portion of proved reserves under federal lands, future oil and gas prices, inflation rates, etc.); c) any significant changes in the estimation methodology, including the underlying assumptions from the prior year; and d) the nature and reason for any changes, as well as the effect of the changes? (SFFAS 38, para. 28 (f)) 		
<p>24) Do the narratives of the schedules presented in the RSI include a reference to the source reports used to calculate the value of the federal government’s estimated petroleum royalties? (SFFAS 38, para. 28 (g))</p>		
<p>25) Do the narratives of the schedules to be presented in the RSI describe and display</p> <ul style="list-style-type: none"> a) the sales volume, b) the sales value, c) the royalty revenue, and d) estimated value for royalty relief produced from the federal oil and gas resources? (SFFAS 38, para. 28 (h)) 		

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II.3.9.2 Federal Oil and Gas Resources	Yes, No, or N/A	Explanation and Reference
26) Do the narratives of the schedules presented in the RSI describe other significant federal oil and gas resources under management by the entity that are not addressed by SFFAS 38 because they are not currently under lease? (SFFAS 38, para. 28 (i))		

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II.3.9.3 Other Federal Natural Resources	Yes, No, or N/A	Explanation and Reference
<p>FASAB Technical Bulletin 2011-1, <i>Accounting for Federal Natural Resources Other than Oil and Gas</i>, clarifies that entities should report as RSI the value of the Government’s estimated royalties and other revenue for other federal natural resources that are</p> <p>(1) under long-term lease, long-term contract, or other long-term agreement and</p> <p>(2) reasonably estimable as of the reporting date in RSI, consistent with the SFFAS 38.</p> <p>Resources may be divided by subtype of commodity and calculated separately if material differences would result. Each of the individual calculations should be reported separately and then aggregated to show the reporting entity’s total estimated natural resources under lease, contract, or other long-term agreement. If a majority of the reporting entity’s estimated revenue from natural resources under lease, contract, or other long-term agreement is to be distributed to others, the value of the revenue to be distributed should be estimated and reported in a schedule. (A-136, section II.3.9.3; TB 2011-1, para. 2)</p>		
<p>1) Is this topic applicable to the entity’s financial statements? (Answer Y if applicable, N/A if not applicable, or N/S if not significant. If N/A or N/S, skip to the next topic.)</p>		
<p>Disclosure</p>		
<p>2) Is the value of the federal government’s estimated royalties and other revenue disclosed in the RSI as part of the discussion of federal natural resources, other than oil and gas, consistent with SFFAS 38, paragraph 15, when</p> <p>a) under lease, contract, or other long-term agreement for non–oil and gas federal natural resources and</p> <p>b) reasonably estimable as of the reporting date? (TB 2011-1, para. 17)</p>		
<p>3) Is the value of the federal government’s estimated royalties and other revenue from the reporting entity’s federal natural resources under lease, contract, or other long-term agreement reported by major types of natural resources?¹⁹⁵ (TB 2011-1, para. 18)</p>		

¹⁹⁵Resources may be further divided by subtype of commodity and calculated separately if material differences would otherwise result.

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II.3.9.3 Other Federal Natural Resources	Yes, No, or N/A	Explanation and Reference
4) Are each of the individual calculations reported separately and summed together to arrive to the reporting entity's total estimated natural resources under lease, contract, or other long-term agreement? (TB 2011-1, para. 18)		
5) If the majority of the reporting entity's estimated revenue from natural resources under lease, contract, or other long-term agreement is designated to be distributed to others, is the value of the revenue to be distributed estimated and reported in a schedule of estimated revenue to be distributed to others? (TB 2011-1, para. 19)		
6) Do the narratives of the schedules to be presented in the RSI include a concise statement explaining how the management of the reporting entity's federal natural resources is important to the overall mission of the entity? (TB 2011-1, para. 27(a))		
7) Do the narratives of the schedules to be presented in the RSI briefly describe the entity's stewardship policies for federal natural resources? ¹⁹⁶ (TB 2011-1, para. 27(b))		
8) Do the narratives of the schedules presented in the RSI describe the estimation methodology used to calculate the value of the federal reporting entity's natural resources under lease, contract, or other long-term agreements, including <ul style="list-style-type: none"> a) a plain English explanation of the measurement attribute or method (e.g., present value); b) the significant assumptions incorporated into the estimate; and c) any significant changes in the estimation methodology, including the underlying 		

¹⁹⁶Stewardship policies are the guiding principles established to assess the areas; offer resources to interested developers; sell and assign leases to winning bidders; administer the leases; collect bonuses, rents, and royalties; and distribute the collections consistent with statutory requirements, prohibitions, and limitations governing the entity.

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II.3.9.3 Other Federal Natural Resources	Yes, No, or N/A	Explanation and Reference
assumptions from the prior year? (TB 2011-1, para. 27(c))		
9) Do the narratives of the schedules presented in the RSI include a reference to the source reports used to calculate the value of the federal reporting entity's estimated natural resources under lease, contract, or other long-term agreements? (TB 2011-1, para. 27(d))		
10) Do the narratives of the schedules to be presented in the RSI describe and display a) the sales volume; b) the sales value; c) the royalty or other revenue; and d) estimated value of royalty relief or other foregone revenue, if any, that resulted from the extraction and removal of federal natural resources under management by the reporting entity for the reporting period? (TB 2011-1, para. 27 (e))		
11) Do the narratives of the schedules presented in the RSI include a description of other significant natural resources under management by the federal reporting entity because they are not required to be reported in the schedule? (TB 2011-1, para. 27 (f))		

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II.3.9.4 Deferred Maintenance and Repairs	Yes, No, or N/A	Explanation and Reference
<p>Maintenance and repairs is the act of keeping fixed assets in acceptable condition.¹⁹⁷ Maintenance and repairs includes preventive maintenance, replacement of parts, systems or components,¹⁹⁸ and other activities needed to preserve or maintain the asset so that it continues to provide acceptable service and achieves its expected life. (SFFAS 42, para. 8)</p> <p>Maintenance and repairs excludes activities directed towards expanding the capacity of an asset or otherwise upgrading it to serve needs different from, or significantly greater than, its current use. (SFFAS 42, para. 8)</p> <p>Deferred maintenance and repairs (DM&R) is maintenance and repairs that were 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 42, para. 7; A-136, section II.3.10.4) DM&R is not accrued in the SNC and is not recognized as a liability on the Balance Sheet.</p> <p>Amounts reported for DM&R may be measured using condition assessment surveys, life-cycle cost forecasts, or other methods that are similar to the condition assessment survey or life cycle costing methods.</p> <p>Condition assessment surveys are periodic visual 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.</p> <p>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 42, paras. 9–11)</p> <p>In addition, condition standards, related assessment methods, and reporting must be consistently applied unless management determines that changes are necessary. (A-136, section II.3.9.4)</p>		
<p>1) Is this topic applicable to the entity's financial statements? (Answer Y if applicable, N/A if not applicable, or N/S if not significant. If N/A or N/S, skip to the next topic.)</p>		
<p>Disclosure</p>		
<p>2) Did the entity determine which methods to apply and what condition standards are acceptable?¹⁹⁹ (SFFAS 42, para. 12)</p>		

¹⁹⁷The determination of acceptable condition may vary both between entities and among sites within the same entity. Management shall determine what level of condition is acceptable.

¹⁹⁸The term systems can refer to either (1) information technology assets or (2) groupings (assemblages) of component parts belonging to a building, equipment, or other personal property. (SFFAS 42, fn 5)

¹⁹⁹Determination of acceptable condition affects the amount of DM&R, and management may determine that based upon level of service expectations and acceptable condition levels, no significant amounts of DM&R exist. In such cases, DM&R would not be reported.

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II.3.9.4 Deferred Maintenance and Repairs	Yes, No, or N/A	Explanation and Reference
3) Once determined, were all the condition standards, related assessment methods, ²⁰⁰ and reporting formats consistently applied unless management determined that a change was necessary? (SFFAS 42, para. 12)		
4) Were changes to the methods or formats that management determined necessary accompanied by an explanation documenting the rationale for the change and any related impact on DM&R estimates? (SFFAS 42, para. 12)		
5) Does the entity measure and report DM&R for capitalized ²⁰¹ General PP&E and Stewardship PP&E? (SFFAS 42, para. 13)		
6) Does DM&R include funded maintenance and repairs that have been delayed for a future period as well as unfunded maintenance and repairs? (SFFAS 42, para. 13)		
7) Does the entity include DM&R on inactive and/or excess PP&E to the extent that it is required to maintain inactive or excess PP&E in acceptable condition? (SFFAS 42, para. 13)		
8) Does the DM&R reporting provide a) DM&R beginning and ending balances for the reporting period and b) narrative information related to DM&R activities? (SFFAS 42, para. 14)		

²⁰⁰Assessment methods are techniques or procedures used in a process of systematically evaluating an entity's PP&E in order to project maintenance and repairs, renewal, or replacement needs that will maintain or preserve its ability to support the entity's mission or activities it is assigned to serve.

²⁰¹DM&R also may be measured and reported for non-capitalized or fully depreciated General PP&E.

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II.3.9.4 Deferred Maintenance and Repairs	Yes, No, or N/A	Explanation and Reference
<p>9) Does the entity report the following qualitative information as RSI for each major category of its PP&E (i.e., General PP&E, heritage assets, and stewardship land):</p> <ul style="list-style-type: none"> a) a summary of the entity’s maintenance and repairs policies and brief description of how they are applied; b) policies for ranking and prioritizing maintenance and repairs activities; c) factors the entity considers in determining acceptable conditions; d) whether DM&R relates solely to capitalized General PP&E and non-capitalized Stewardship PP&E or also to amounts relating to non-capitalized or fully depreciated General PP&E; e) capitalized General PP&E and non-capitalized heritage assets and stewardship land for which management does not measure and/or report DM&R and the rationale for the exclusion; and f) if applicable, explanation of significant changes to <ul style="list-style-type: none"> i) the policies and factors subject to the reporting requirements established in a through e above; and ii) DM&R amounts from the prior year? (SFFAS 42, para. 15 (a-f)) 		
<p>10) Does the entity report as RSI estimates of the beginning and ending balances of DM&R for each major category of PP&E for which maintenance and repairs have been deferred (i.e., General PP&E, heritage assets, and stewardship land)? (SFFAS 42, para. 15(g))</p>		

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II.3.9.5 Social Insurance	Yes, No, or N/A	Explanation and Reference
1) Is this topic applicable to the entity's financial statements? (Answer Y if applicable, N/A if not applicable, or N/S if not significant. If N/A or N/S, skip to the next topic.)		
Disclosure		
2) Is a clear and concise description of the program, including how it is financed, how benefits are calculated, an analysis of trends, and its financial and actuarial status, included in the RSI? (SFFAS 17, para. 24)		
3) Does the description in question 2) include a) discussion of the long-term sustainability and financial condition of the program and b) an illustration and explanation of the long-term trends revealed in the data? (SFFAS 17, para. 24)		
4) Are statutory or other material changes, and implications thereof, affecting the program after the current fiscal year described? (SFFAS 17, para. 24)		
5) Does information on the financial and actuarial status of the social insurance program(s) include projections of cash flows during a projection period sufficient to illustrate long-term sustainability and show the annual cash flows for current and future participants? (SFFAS 17, para. 27 (1), as amended by SFFAS 37, para. 40)		
6) Are the actuarial projections of cash flow amounts reported for at least every fifth year in the projection period? (SFFAS 17, para. 27 (1), as amended by SFFAS 37, para. 40)		

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II.3.9.5 Social Insurance	Yes, No, or N/A	Explanation and Reference
<p>7) Does the cash flow information show</p> <ul style="list-style-type: none"> a) total cash inflow from all sources (i.e., by and on behalf of participants) less net interest on intragovernmental borrowing and lending and b) total cash outflow? (SFFAS 17, para. 27 (1), as amended by SFFAS 37, para. 40) 		
<p>8) Does the narrative of the cash flow data include during the projection period any prior year or years when cash outflow exceeds cash inflow with and without interest on intragovernmental borrowing or lending (the “cross-over points”)? (SFFAS 17, para. 27 (1), as amended by SFFAS 37, para. 40)</p>		
<p>9) 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, para. 27 (1), as amended by SFFAS 37, para. 40)</p>		
<p>10) Do the cash flow projections (net of interest on intragovernmental borrowing/lending) for Social Security (OASDI), Medicare Part A (HI), and Railroad Retirement Benefits (RRB) include an estimate of cash flows as a percentage of taxable payroll? (SFFAS 17, para. 27 (1), as amended by SFFAS 37, para. 40)</p>		
<p>11) Do the cash flow projections (net of interest on intragovernmental borrowing/lending) for OASDI, HI, and Medicare Parts B and D (SMI) include an estimate of cash flows as a percentage of gross domestic product? (SFFAS 17, para. 27 (1), as amended by SFFAS 37, para. 40)</p>		

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II.3.9.5 Social Insurance	Yes, No, or N/A	Explanation and Reference
12) Are the actuarial projections for the Black Lung and Unemployment Insurance (UI) programs expressed in constant (or inflation-adjusted) dollars? (SFFAS 17, para. 27 (1), as amended by SFFAS 37, para. 40)		
13) For OASDI and HI programs, does the entity's cash flow information show its estimate of the ratio of the number of contributors to the number of beneficiaries during the same projection period as for cash flow projections (commonly called the dependency ratio)? (SFFAS 17, para. 27 (2))		
14) Is the ratio of contributors to beneficiaries for OASDI and HI reported for the beginning and end of the projection period? (SFFAS 17, para. 27 (2))		
15) Does the entity's RSI include a sensitivity analysis of the open group measures? (SFFAS 17, para. 27, as amended by SFFAS 37, para. 40)		
16) For all social insurance programs, does the responsible entity provide the sensitivity analysis to illustrate how an estimate or projection would change if assumptions, data, methodologies, or other inputs change? (SFFAS 17, para. 27 (4), as amended by SFFAS 37, para. 40; SFFAS 26, para. 5)		
17) Does the entity provide a sensitivity analysis of the open group measure presented in the SOSI summary for the OASDI, Medicare, and Railroad Retirement programs, including a) future trends; b) the utility of the information to the users and policymakers; and c) the relative burden on component entity resources? (SFFAS 17, para. 27 (4), as amended by SFFAS 37, paras. 36 and 40)		

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II.3.9.5 Social Insurance	Yes, No, or N/A	Explanation and Reference
18) If the entity discontinues a particular sensitivity analysis, does it explain the reasons in the annual report? (SFFAS 17, para. 27 (4), as amended by SFFAS 37, para. 40)		
19) Does the entity state that the amounts of the closed and open group measures depend on the assumptions used and that actual experience is likely to differ from the estimate? (SFFAS 17, para. 27 (4), as amended by SFFAS 37, para. 40)		
20) 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, para. 27 (5))		

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II.3.9.6 Combining Statement of Budgetary Resources	Yes, No, or N/A	Explanation and Reference
Budgetary information aggregated for purposes of the SBR is disaggregated for each of the reporting entity's major budget accounts and presented as RSI. (A-136, section II.3.9.6)		
Disclosure		
1) Is budgetary information disaggregated for each of the reporting entity's major budget accounts and presented as RSI? (SFFAS 7, para. 78; A-136, section II.3.9.6)		
2) Do the major accounts and the aggregate of small budget accounts, in total on the combining statements, agree with the amounts reported on the face of the SBR? (A-136, section II.3.9.6)		

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II.3.9.7 Custodial Activity	Yes, No, or N/A	Explanation and Reference
Entities that collect taxes and duties provide information on potential collections and custodial responsibilities as RSI. (A-136, section II.3.9.7)		
1) Is this topic applicable to the entity's financial statements? (Answer Y if applicable, N/A if not applicable, or N/S if not significant. If N/A or N/S, skip to the next topic.)		
Disclosure		
2) Do entities that collect taxes and duties provide RSI relating to their potential revenue and custodial responsibilities that includes <ul style="list-style-type: none"> 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 estimate that is appropriately qualified as to its reliability (a range of amounts may be presented for pre-assessment work in process); b) a discussion of the factors affecting the collectibility of compliance assessments recognized as taxes receivable; c) the change in the total(s) of compliance assessments and of pre-assessment work in process during the reporting period; d) if reasonably estimable, other claims for refunds not yet accrued but likely to be paid when administrative action is complete, based on management's estimate, that is appropriately qualified as to its reliability; e) if estimated, unasserted claims for refunds separate from claims filed (these may be expressed as a range of amounts); f) changes in the total amounts of other claims for refunds not yet accrued but likely to be paid, and unasserted claims for refunds and claims filed (if estimated) during the reporting period; g) amount of assessments written-off (i.e., 		

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II.3.9.7 Custodial Activity	Yes, No, or N/A	Explanation and Reference
<p>no further collection potential) that continues to be statutorily collectible; and</p> <p>h) amounts by which trust funds may be overfunded or underfunded in comparison with the requirements of the law? (This information should also be presented by receipt entities that are trust funds.) (SFFAS 7, para. 67, as amended by SFFAS 33; A-136, section II.3.9.7)</p>		
<p>3) If the entity receiving funds from the collecting entity is itself a trust fund, does it provide as supplementary information amounts by which related trust funds may be overfunded or underfunded in comparison with the requirements of the law? (SFFAS 7, para. 68; A-136, section II.3.9.7)</p>		

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Section II.4 – Other Information

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

II.4 – Other Information
II.4.1 Revenue Foregone
II.4.2 Tax Burden/Tax Gap and Tax Expenditures
II.4.3 Management and Performance Challenges
II.4.4 Summary of Financial Statement Audit and Management Assurances
II.4.5 Payment Integrity Information Act Reporting
II.4.6 Other Agency-Specific Statutorily Required Reports
II.4.7 Civil Monetary Penalties Adjustment for Inflation
II.4.8 Biennial Review of User Fees
II.4.9 Grants Programs

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II.4.1 Revenue Foregone	Yes, No, or N/A	Explanation and Reference
1) If the entity discloses differences between the price it charges in exchange transactions and the full cost or market price, does the entity provide an estimated amount of revenue foregone and explain to what extent the quantity demanded was assumed to change as a result of a difference in price? A-136, section II.4.1)		

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II.4.2 Tax Burden/Tax Gap and Tax Expenditures	Yes, No, or N/A	Explanation and Reference
<p>1) Does the tax collecting entity present</p> <ul style="list-style-type: none"> a) a perspective on the income tax burden, such as a summary of the latest available information on the income tax and on related income, deductions, exemptions, and credits, for individuals by income level and for corporations by value of assets; b) available information on the size of the tax gap, including any relevant estimates of the annual tax gap that become available as a result of federal surveys or studies; and c) information on tax expenditures relevant to the performance of the entity's programs? (SFFAS 7, paras. 69.1–69.3; A-136, section II.4.2) 		

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II.4.3 Management and Performance Challenges	Yes, No, or N/A	Explanation and Reference
1) Does the entity's PAR or AFR include <ul style="list-style-type: none"> a) a statement²⁰² prepared by the entity's Inspector General (IG) summarizing what the IG considers to be the most serious management and performance challenges facing the entity and assessing the entity's progress in addressing those challenges and b) the entity head's response to IG's management challenges statement?²⁰³ (A-136, section II.4.3) 		

²⁰²This statement must be provided to the agency head at least 30 days before the PAR or AFR due date.

²⁰³The agency head may comment on, but not modify, the IG statement.

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II.4.4 Summary of Financial Statement Audit and Management Assurances	Yes, No, or N/A	Explanation and Reference
1) Does the entity present tables that summarize the financial statement audit (table 1) and management assurances (table 2) containing each material weakness listed using a unique and short name? ²⁰⁴ (A-136, section II.4.4)		
2) Does the entity present the information in the tables consistent with the management assurance statement and the independent auditor’s report? (A-136, section II.4.4)		
3) When management does not agree with the auditor, does management explain why it does not agree and how the disagreement will be addressed? (A-136, section II.4.4)		

²⁰⁴These names should be kept constant so that a weakness reported in FMFIA sections or by the auditor has the same name in both two tables. Also, to the extent possible, names should be kept constant from year to year.

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II.4.5 Payment Integrity Information Act Reporting	Yes, No, or N/A	Explanation and Reference
<p>OMB will collect the information previously contained in this section that is not explicitly required below through the annual payment integrity data call, and will publish it on https://paymentaccuracy.gov/. Agencies should consult the annual data call guidance (https://community.max.gov/x/HsVHq) to determine which requirements apply to them. If an agency provides information to OMB through the annual data call, then the agency must include the website hyperlink for https://paymentaccuracy.gov in its AFR or PAR.</p> <p>The Payment Integrity Information Act of 2019 (Pub. L. No. 116-117, 134 Stat. 113 (Mar. 2, 2020), codified, in part, at 31 U.S.C. § 3352) and implementing guidance in OMB Circular No. A-136 require that actions taken to address recovery auditor recommendations <u>should be addressed in the AFR or PAR</u>. If an agency has a recovery audit program and has received recommendations from their recovery auditors regarding actions that can be taken to prevent overpayments, the agency should report on actions taken.</p>		
1) Is this topic applicable to the entity's financial statements? (Answer Y if applicable, N/A if not applicable, or N/S if not significant. If N/A or N/S, skip to the next topic.)		
2) Does the entity report the corresponding information concerning the Payment Integrity Information Act of 2019 (that is not explicitly required by OMB Circular No. A-136 in this section) on https://paymentaccuracy.gov/ through the annual OMB payment integrity data call? (A-136, section II.4.5)		
3) If an agency provides information to OMB for paymentaccuracy.gov , does the agency include the website link in its AFR or PAR? (A-136, section II.4.5)		
4) Does the entity include all information required by the Payment Integrity Information Act of 2019 (as enacted on March 2, 2020) in the information accompanying the financial statements (e.g., MD&A or OI and/or paymentaccuracy.gov)?		
5) If an agency has a recovery audit program and has received recommendations from their recovery auditors regarding actions that can be taken to prevent overpayments, does the entity report actions taken as a result of the recommendations received? (A-136, section II.4.5)		

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II.4.6 Other Agency-Specific Statutorily Required Reports	Yes, No, or N/A	Explanation and Reference
1) Does the entity disclose any statutorily required reports pertaining to financial or performance management after consultation with OMB and the Congress? (A-136, section II.4.6)		

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II.4.7 Civil Monetary Penalties Adjustment for Inflation	Yes, No, or N/A	Explanation and Reference
Under the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, agencies must make annual inflation adjustments to civil monetary penalties and report on the adjustments in their AFRs or PARs. (A-136, section II.4.7)		
1) Is this topic applicable to the entity's financial statements? (Answer Y if applicable, N/A if not applicable, or N/S if not significant. If N/A or N/S, skip to the next topic.)		
2) Does the entity include, as OI, information about civil monetary penalties within their jurisdiction and the annual inflation adjustments made under the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015? ²⁰⁵ (A-136, section II.4.7)		
3) Although not required to do so, does the entity report information in a table and include in the OI a) name of penalty, b) authority (statute), c) year enacted, d) latest year of adjustment, e) current penalty, and f) location for penalty update details? (A-136, section II.4.7)		

²⁰⁵The Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015 was enacted as title VII of the Bipartisan Budget Act of 2015. See Pub. L. No. 114-74, tit. VII, § 701, 129 Stat. 584, 599-601 (Nov. 2, 2015), *reprinted in* 28 U.S.C. § 2461 note. Pursuant to implementing guidance that OMB issued in Circular No. A-136, agencies must include, as OI, information about civil monetary penalties within their jurisdiction and the adjustments made under the act. The guidance also states that agencies are encouraged to include a table providing this information.

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II.4.8 Biennial Review of User Fees	Yes, No, or N/A	Explanation and Reference
1) If applicable, were recommendations reported on the revision of entity charges for fees, royalties, rents, and other charges? (A-136, section II.4.8)		

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II.4.9 Grants Programs	Yes, No, or N/A	Explanation and Reference
<p>1) If applicable, does the entity submit a brief high-level summary of expired, but not closed, federal grants and cooperative agreements (awards), including</p> <ul style="list-style-type: none"> a) a summary table of the total number of awards and balances for which closeout has not yet occurred, but for which the period of performance has elapsed by 2 years or more prior to September 30, 2021 (i.e., on or before September 30, 2019) and b) a brief narrative of the progress made over the past year compared to the previous year's report, challenges preventing closeout of awards reported, and actions to be taken to close awards reported? (A-136, section II.4.9) 		

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Appendix A – Authoritative Sources

Each question in this guide is referenced to one of the sources cited:

- Federal Accounting Standards Advisory Board (FASAB) Statements of Federal Financial Accounting Standards (SFFAS) or
- OMB Circular No. A-136 (A-136), *Financial Reporting Requirements*. (August 2021)

Also, certain items make reference to FASAB Interpretations and FASAB Statements of Federal Financial Accounting Concepts.

This checklist has been developed for use at the federal entity reporting level and is not intended for use in the consolidated financial report of the U.S. government.

Certain standards listed below (with year of issuance) have either been amended or rescinded.

SFFAS 1	<i>Accounting for Selected Assets and Liabilities</i> (1993)
SFFAS 2	<i>Accounting for Direct Loans and Loan Guarantees</i> (1993)
SFFAS 3	<i>Accounting for Inventory and Related Property</i> (1993)
SFFAS 4	<i>Managerial Cost Accounting Standards and Concepts</i> (1995)
SFFAS 5	<i>Accounting for Liabilities of the Federal Government</i> (1995)
SFFAS 6	<i>Accounting for Property, Plant, and Equipment</i> (1995)
SFFAS 7	<i>Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting</i> (1996)
SFFAS 8	<i>Supplementary Stewardship Reporting</i> (1996)
SFFAS 9	<i>Deferral of the Effective Date of Managerial Cost Accounting Standards for the Federal Government in SFFAS No. 4</i> (1997)
SFFAS 10	<i>Accounting for Internal Use Software</i> (1998)
SFFAS 11	<i>Amendments to Accounting for Property, Plant, and Equipment - Definitional Changes</i> (1998)
SFFAS 12	<i>Recognition of Contingent Liabilities Arising from Litigation</i> (1999)
SFFAS 13	<i>Deferral of Paragraph 65.2 – Material Revenue-Related Transactions Disclosures</i> (1999)
SFFAS 14	<i>Amendments to Deferred Maintenance Reporting</i> (1999)
SFFAS 15	<i>Management's Discussion and Analysis</i> (1999)
SFFAS 16	<i>Amendments to Accounting for Property, Plant, and Equipment – Measurement and Reporting for Multi-Use Heritage Assets</i> (1999)
SFFAS 17	<i>Accounting for Social Insurance</i> (1999)
SFFAS 18	<i>Amendments to Accounting Standards for Direct Loans and Loans Guarantees in SFFAS No. 2</i> (2000)

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- SFFAS 19 *Technical Amendments to Accounting Standards for Direct Loans and Loan Guarantees in SFFAS No. 2 (2001)*
- SFFAS 20 *Elimination of Certain Disclosures Related to Tax Revenue Transactions by the Internal Revenue Service, Customs and Others (2001)*
- SFFAS 21 *Reporting Corrections of Errors and Changes in Accounting Principles (2001)*
- SFFAS 22 *Change in Certain Requirements for Reconciling Obligations and Net Cost of Operations (2001)*
- SFFAS 23 *Eliminating the Category National Defense Property, Plant, and Equipment (2003)*
- SFFAS 24 *Selected Standards for the Consolidated Financial Report of the United States Government (2003)²⁰⁶*
- SFFAS 25 *Reclassification of Stewardship Responsibilities and Eliminating the Current Services Assessment (2003)*
- SFFAS 26 *Presentation of Significant Assumptions for the Statement of Social Insurance (2004)*
- SFFAS 27 *Identifying and Reporting Funds from Dedicated Collections (2004)*
- SFFAS 28 *Deferral of the Effective Date of Reclassification of the Statement of Social Insurance (2005)*
- SFFAS 29 *Heritage Assets and Stewardship Land (2005)*
- SFFAS 30 *Inter-Entity Cost Implementation (2005)*
- SFFAS 31 *Accounting for Fiduciary Activities (2006)*
- SFFAS 32 *Consolidated Financial Report (CFR) of the U.S. Government Requirements (2006)²⁰⁷*
- SFFAS 33 *Pensions, Other Retirement Benefits, and Other Postemployment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates (2008)*
- SFFAS 34 *The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board (2009)*
- SFFAS 35 *Estimating the Historical Cost of General Property, Plant, and Equipment (2009)*
- SFFAS 36 *Comprehensive Long-Term Projections for the U.S. Government (2009)²⁰⁸*
- SFFAS 37 *Social Insurance: Additional Requirements for Management's Discussion and Analysis and Basic Financial Statements (2010)*

²⁰⁶SFFAS 24 is not covered because this checklist has been developed for use at the federal entity reporting level and is not intended for use in the CFR of the U.S. government.

²⁰⁷SFFAS 32 is not covered because this checklist has been developed for use at the federal entity reporting level and is not intended for use in the CFR of the U.S. government.

²⁰⁸SFFAS 36 is not covered because this checklist has been developed for use at the federal-entity reporting level and is not intended for use in the CFR of the U.S. government.

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- SFFAS 38 *Accounting for Federal Oil and Gas Resources (2010)*
- SFFAS 39 *Subsequent Events: Codification of Accounting and Financial Reporting Standards Contained in the AICPA Statements on Auditing Standards (2010)*
- SFFAS 40 *Definitional Changes Related to Deferred Maintenance and Repairs: Amending Statement of Federal Financial Accounting Standards 6, Accounting for Property, Plant, and Equipment (2011)*
- SFFAS 41 *Deferral of the Effective Date of SFFAS 38, Accounting for Federal Oil and Gas Resources (2011)*
- SFFAS 42 *Deferred Maintenance and Repairs: Amending Statements of Federal Financial Accounting Standards 6, 14, 29 and 32 (2012)*
- SFFAS 43 *Funds from Dedicated Collections: Amending Statement of Federal Financial Accounting Standards 27, Identifying and Reporting Earmarked Funds (2012)*
- SFFAS 44 *Accounting for Impairment of General Property, Plant, And Equipment Remaining In Use (2013)*
- SFFAS 45 *Deferral of the Transition to Basic Information for Long-Term Projections (2013)*
- SFFAS 46 *Deferral of the Transition to Basic Information for Long-Term Projections (2014)*
- SFFAS 47 *Reporting Entity (2014)*
- SFFAS 48 *Opening Balances for Inventory, Operating Materials and Supplies, and Stockpile Materials (2016)*
- SFFAS 49 *Public-Private Partnerships: Disclosure Requirements (2016)*
- SFFAS 50 *Establishing Opening Balances for General Property, Plant, and Equipment: Amending SFFAS 6, SFFAS 10, SFFAS 23, and Rescinding SFFAS 35 (2016)*
- SFFAS 51 *Insurance Programs (2017)*
- SFFAS 52 *Tax Expenditures (2017)²⁰⁹*
- SFFAS 53 *Budget and Accrual Reconciliation (2017)*
- SFFAS 54 *Leases: An Amendment of Statement of Federal Financial Accounting Standards (SFFAS) 5, Accounting for Liabilities of the Federal Government, and SFFAS 6, Accounting for Property, Plant, and Equipment (2018)²¹⁰*
- SFFAS 55 *Amending Inter-entity Cost Provisions (2018)*
- SFFAS 56 *Classified Activities (2018)*
- SFFAS 57 *Omnibus Amendments (2019)*

²⁰⁹SFFAS 52 is not covered because this checklist has been developed for use at the federal entity reporting level and is not intended for use in the CFR of the U.S. government.

²¹⁰Per SFFAS 58, the requirements of SFFAS 54 become effective for reporting periods beginning after September 30, 2023. Early adoption is not permitted.

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SFFAS 58 *Deferral of the Effective Date of SFFAS 54, Leases (2020)*²¹¹

SFFAS 59 *Accounting and Reporting of Government Land (2021)*²¹²

²¹¹See footnote on SFFAS 54.

²¹²Certain requirements of SFFAS 59 become effective for reporting periods beginning after September 30, 2021. Early adoption is not permitted.

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