

# Financial Audit Manual

Volume 3

June 2018

GAO-18-626G

GAO

U.S. GOVERNMENT ACCOUNTABILITY OFFICE



Council of the  
**INSPECTORS GENERAL**  
on INTEGRITY and EFFICIENCY

June 2018

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

This letter transmits the revised *Financial Audit Manual* (FAM) of the U.S. Government Accountability Office (GAO) and the Council of the Inspectors General on Integrity and Efficiency (CIGIE). The FAM presents a methodology for performing financial statement audits of federal entities in accordance with professional standards and consists of three volumes. FAM Volume 1 contains the audit methodology. FAM Volume 2 provides detailed implementation guidance. FAM Volume 3 contains checklists for Federal Accounting (FAM 2010) and Federal Reporting and Disclosures (FAM 2020). Subsequent to this release, FAM Volume 3 will be updated and distributed periodically.

We have revised the FAM to reflect significant changes in auditing financial statements in the U.S. government since the last major revisions of FAM Volumes 1 and 2 (issued in July 2008) and FAM Volume 3 (issued in August 2007). The revisions to the FAM are primarily based on changes in (1) professional auditing and attestation standards of the Auditing Standards Board of the American Institute of Certified Public Accountants (AICPA), (2) GAO's *Government Auditing Standards* (2011), (3) GAO's *Standards for Internal Control in the Federal Government* (2014), and (4) the Office of Management and Budget's audit and reporting guidance.

To help the FAM continue to meet the needs of the federal audit community and the public it serves, GAO and CIGIE worked jointly to update the FAM. In July 2017, CIGIE distributed an exposure draft of FAM Volume 1 for a comment period that ended September 2017. In November 2017, CIGIE distributed an exposure draft of FAM Volume 2 for a comment period that ended in January 2018. In September 2017 (FAM 2010) and October 2017 (FAM 2020), CIGIE distributed an exposure draft of FAM Volume 3 for a comment period that ended in December 2017. All comments we received were considered in the final FAM.

This FAM supersedes previously issued versions of FAM and can be used immediately to audit federal entity financial statements.

Should you need additional information, please contact us at [fam@gao.gov](mailto:fam@gao.gov).



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Enclosures

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# SECTION 2010

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## Checklist for Federal Accounting

United States Government Accountability Office

**FINANCIAL AUDIT MANUAL**  
**Volume 3**

**2010 - Checklist for Federal  
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**Abbreviations**

A-136	OMB Circular No. A-136
AAPC	Accounting and Auditing Policy Committee of the FASAB
AcSEC	Accounting Standards Executive Committee
AFR	Annual Financial Statement
AICPA	American Institute of Certified Public Accountants
ATB	Adjusted Trial Balance
ATDA	Accountability of Tax Dollars of 2002
AU-C	US Auditing Standards (Clarified), as codified by the AICPA
APR	Annual Performance Report
CARS	Central Accounting Reporting System
CBJ	Congressional Budget Justification
CFO	Chief Financial Officer
CFO Act	Chief Financial Officers Act of 1990
CFOC	Chief Financial Officer Council
CSRS	Civil Service Retirement System
CY	Current Year
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
FDIC	Federal Deposit Insurance Corporation
FERS	Federal Employees Retirement System
FFMIA	Federal Financial Management Improvement Act of 1996
FHA	Federal Housing Administration
FIFO	First-In, First-Out (method of inventory valuation)
FMFIA	Federal Managers' Financial Integrity Act of 1982
FR	Financial Report of the US Government
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles (U.S.)
GAAS	Generally Accepted Auditing Standards (U.S.)
GAGAS	Generally Accepted Government Auditing Standards
GASB	Government Accounting Standards Board (state and local)
GFRS	Governmentwide Financial Report System

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2010 – Checklist for Federal Accounting  
Abbreviations

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GMRA	Government Management Reform Act of 1994
GPRA	Government Performance and Results Act of 1993
GPRAMA	Government Performance and Results Act Modernization Act
GSE	Government Sponsored Enterprise
GTAS	Governmentwide Treasury Account Symbol Adjusted
HI	Hospital Insurance (Medicare Part A)
IMF	International Monetary Fund
IP	Improper Payments
IPERA	Improper Payments Elimination and Recovery Act
IPERIA	Improper Payments Elimination and Recovery Improvement Act
IPIA	Improper Payments Information Act
MD&A	Management’s Discussion and Analysis
MRS	Military Retirement System
OASDI	Old Age, Survivors, and Disability Insurance
OFFM	OMB Office of Federal Financial Management
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPEB	Other Post-Employment Benefits
OPM	Office of Personnel Management
OPPM	OMB Office of Performance and Personnel Management
ORB	Other Retirement Benefits
PAR	Performance and Accountability Report
PP&E	Property, Plant, and Equipment
PY	Prior Year
RMO	Resource Management Office
RRB	Railroad Retirement Benefits
RSI	Required Supplementary Information
RSSI	Required Supplementary Stewardship Information
SBR	Statement of Budgetary Resources
SCA	Statement of Custodial Activity
SCNP	Statement of Change in Net Position
SCSIA	Statement of Changes in Social Insurance Amounts
SEC	Securities and Exchange Commission
SFAS	Statement of Financial Accounting Standards

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2010 – Checklist for Federal Accounting  
Abbreviations

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SFFAC	Statements of Federal Financial Accounting Concepts
SFFAS	Statements of Federal Financial Accounting Standards
SMI	Supplementary Medical Insurance ( <i>Medicare Part B and D</i> )
SNC	Statement of Net Cost
SOS	Schedule of Spending
SOP	Statement of Position
SOSI	Statement of Social Insurance
TCS	Treasury Combined Statement
TFM	Treasury Financial Manual
TGA	Treasury General Account
TR	Technical Release
TVA	Tennessee Valley Authority
UI	Unemployment Insurance
UTF	Unemployment Trust Fund
USSGL	US Standard General Ledger

## **2010 – Checklist for Federal Accounting**

### **Section I – Overview**

#### **Introduction**

The Government Management Reform Act of 1994 requires annual financial statement audits covering the executive branch of government, beginning with financial statements prepared for fiscal year 1997. 31 U.S.C. § 331(e). The Department of the Treasury and the Office of Management and Budget (OMB) have elected to include certain financial information on the legislative and judicial branches in the U.S. consolidated financial statements as well. Executive branch agencies must generally prepare and submit audited financial statements to OMB.

The Chief Financial Officers Act of 1990 (CFO Act), as amended by GMRA, requires the 24 major agencies of the federal government to annually prepare and submit audited financial statements. For those federal entities not covered by the CFO Act, the Accountability of Tax Dollars Act of 2002 requires most other executive branch entities to annually prepare and submit audited financial statements to OMB and the Congress. The financial statements are to be presented in conformity with U. S. generally accepted accounting principles (U.S. GAAP).<sup>1</sup>

FAM 2010, *Checklist for Federal Accounting*, provides guidance for federal accounting that entities may complete during the year and auditors may review the completed checklist during interim audit work. FAM 2020, *Checklist for Federal Reporting and Disclosures*, provides guidance for yearend reporting and disclosure that entities may complete when they prepare their annual financial statements and auditors may review the completed checklist during the reporting phase of the audit.

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

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

#### **Checklist Organization**

The checklist has fourteen sections: an overview section, a section related to general accounting at the entity and twelve sections relating to the commonly used federal agency financial statements (Balance Sheet, Statement of Changes in Net Position, Statement of Net Cost, Statement of Budgetary Resources, and Statement Custodial Activity), and Required Supplementary Stewardship Information.

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

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

In order to facilitate the completion of this checklist, an index of relevant accounting requirements is included in the following section. The preparer uses the index to determine those areas that apply to the entity. The checklist is divided into 13 sections as follows

- Section II General Accounting
- Section III Assets
- Section IV Liabilities
- Section V Net Position and Related Changes
- Section VI Net Cost
- Section VII Budgetary Resources
- Section VIII Custodial Activity
- Section IX Credit Reform
- Section X Social Insurance
- Section XI Fiduciary Activities
- Section XII Oil and Gas Resources
- Section XIII Deferred Maintenance and Repairs
- Section XIV Required Supplementary Stewardship Information

### **Authoritative Guidance**

This checklist is updated through August 15, 2017. For relevant standards or guidance issued subsequent to August 15, 2017, preparers and auditors must document how they met the standards and guidance in a supplemental memo that must accompany this checklist.

Each question in this guide is referenced to a source. The sources cited are

- Federal Accounting Standards Advisory Board (FASAB) Statements of Federal Financial Accounting Standards (SFFAS) SFFAS 1 – 52;
- Statements of Federal Financial Accounting Concepts (SFFAC) SFFAC 1 – 7;
- OMB Circular No. A-136 (A-136), Financial Reporting Requirements (August 15, 2017).

Because this checklist is for the federal entity reporting level, and is not for the financial report of the U.S. government, certain sources are excluded.

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

- [SFFAC 1](#) Objectives of Federal Financial Reporting (1993)
- [SFFAC 2](#) Entity and Display (1995)
- [SFFAC 3](#) Management's Discussion and Analysis (1999)

- [SFFAC 4](#) Intended Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government (2003)
- [SFFAC 5](#) Definitions of Elements and Basic Recognition Criteria for Accrual-Basis Financial Statements (2007)
- [SFFAC 6](#) Distinguishing Basic Information, Required Supplementary Information, and Other Accompanying Information (2009)
- [SFFAC 7](#) Measurement of the Elements of Accrual-Basis Financial Statements in Periods after Initial Recording (2011)
- [SFFAC 8](#) Federal Financial Reporting (2017)

The 50 SFFAS and year of issuance:

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

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<sup>2</sup> SFFAS 3 was amended by SFFAS 48 (par. 14-21)

<sup>3</sup> SFFAS 6 was amended by SFFAS 50 (par. 11-13)

<sup>4</sup> SFFAS 10 was amended by SFFAS 50 (par. 14,15)

<sup>5</sup> SFFAS 11 was rescinded in its entirety by SFFAS 23 (par. 9)

<sup>6</sup> SFFAS 14 was rescinded in its entirety by SFFAS 42 (par. 6)

<sup>7</sup> SFFAS 16 was rescinded in its entirety by SFFAS 29 (par. 14)

<a href="#">SFFAS 18</a>	Amendments to Accounting Standards for Direct Loans and Loans Guarantees in SFFAS No. 2 (2000)
<a href="#">SFFAS 19</a>	Technical Amendments to Accounting Standards for Direct Loans and Loan Guarantees in SFFAS No. 2 (2001)
<a href="#">SFFAS 20</a>	Elimination of Certain Disclosures Related to Tax Revenue Transactions by the Internal Revenue Service, Customs and Others (2001)
<a href="#">SFFAS 21</a>	Reporting Corrections of Errors and Changes in Accounting Principles (2001)
<a href="#">SFFAS 22</a>	Change in Certain Requirements for Reconciling Obligations and Net Cost of Operations (2001)
<a href="#">SFFAS 23</a>	Eliminating the Category National Defense Property, Plant, and Equipment (2003) <sup>9</sup>
<a href="#">SFFAS 24</a>	Selected Standards for the Consolidated Report of the United States Government (2003) <sup>10</sup>
<a href="#">SFFAS 25</a>	Reclassification of Stewardship Responsibilities and Eliminating the Current Services Assessment (2003)
<a href="#">SFFAS 26</a>	Presentation of Significant Assumptions for the Statement of Social Insurance (2004)
<a href="#">SFFAS 27</a>	Identifying and Reporting Funds from Dedicated Collections (2004) <sup>11</sup>
<a href="#">SFFAS 28</a>	Deferral of the Effective Date of Reclassification of the Statement of Social Insurance (2005)
<a href="#">SFFAS 29</a>	Heritage Assets and Stewardship Land (2005) <sup>12</sup>
<a href="#">SFFAS 30</a>	Inter-Entity Cost Implementation (2005)
<a href="#">SFFAS 31</a>	Accounting for Fiduciary Activities (2006)
<a href="#">SFFAS 32</a>	CFR of the U.S. Government Requirements (2006) <sup>13</sup>
<a href="#">SFFAS 33</a>	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)
<a href="#">SFFAS 34</a>	The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board (2009)
<a href="#">SFFAS 35</a>	Estimating the Historical Cost of General Property, Plant, and Equipment (2009) <sup>14</sup>
<a href="#">SFFAS 36</a>	Comprehensive Long-Term Projections for the U.S. Government (2009) <sup>15</sup>

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<sup>8</sup> SFFAS 17 was amended by SFFAS 26, 33, and 37 (par. 4,5; par. 39-41; and par. 40)

<sup>9</sup> SFFAS 23 was amended by SFFAS 50 (par. 16-18)

<sup>10</sup> The CFR is not covered by this checklist.

<sup>11</sup> SFFAS 27 was amended by SFFAS 43 (par. 5-15)

<sup>12</sup> SFFAS 29 was amended by SFFAS 42 (par. 18)

<sup>13</sup> The CFR is not covered by this checklist.

<sup>14</sup> SFFAS 35 was rescinded in its entirety by SFFAS 50 (par. 19).

- [SFFAS 37](#) Social Insurance: Additional Requirements for Management’s Discussion and Analysis and Basic Financial Statements (2010)
- [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 (Not covered by this checklist) (2013)<sup>16</sup>
- [SFFAS 46](#) Deferral of the Transition to Basic Information for Long-Term Projections (2014)
- [SFFAS 47](#) Reporting Entity (2014)<sup>17</sup>
- [SFFAS 48](#) Opening Balances for Inventory, Operating Materials & Supplies, and Stockpile Materials (2016)
- [SFFAS 49](#) Public-Private Partnerships: Disclosures Requirements (2016)<sup>18</sup>
- [SFFAS 50](#) Establishing Opening Balances for General Property, Plan, and Equipment: Amending SFFAS 6, SFFAS 10, SFFAS 23, and Rescinding SFFAS 35 (2016)

FASAB issued SFFAS 51, Insurance Programs which is effective for periods beginning after September 30, 2018 and SFFAS 52, Tax Expenditures which is for the consolidated financial report of the U.S. Government (CFR). Questions for the CFR are not reflected in this checklist. Also included in this checklist are references to FASAB interpretations. This checklist is updated through SFFAS 50<sup>19</sup> and the OMB A-136 issued October 7, 2016.

**This checklist is an internal GAO document. While the document is available for users outside of GAO, users are to exercise their judgment when using the document and in evaluating an entity’s compliance with U.S. GAAP, including consideration and application of other relevant materials, such as the FASAB Handbook, and OMB and**

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<sup>15</sup> The CFR is not covered by this checklist.

<sup>16</sup> The CFR is not covered by this checklist.

<sup>17</sup> SFFAS 47 is effective for periods beginning after September 30, 2017.

<sup>18</sup> SFFAS 49 is effective for periods beginning after September 30, 2018 with early adoption permitted.

<sup>19</sup> SFFAS 49 consists of disclosures and as such questions are only reflected in the FAM 2020 Financial Reporting Checklist

**Treasury guidance.**

**How to Use the Index to the Checklist**

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

**How to Use the Detailed Checklist**

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

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

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

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

**Completion and Review of the Checklists**

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

Index to the Checklist

Accounting Considerations	Applicable (Y), Not Applicable (NA), or Not Significant (NS)
<b><u>Section II – General Accounting</u></b>	
<b><u>Section III – Assets</u></b>	
<u>Fund Balance with Treasury</u>	
<u>Investments</u>	
<u>Accounts Receivable</u>	
<u>Interest Receivable</u>	
<u>Cash and Other Monetary Assets</u>	
<u>Inventory</u>	
<u>Operating Materials and Supplies</u>	
<u>Stockpile Materials</u>	
<u>Seized Property</u>	
<u>Forfeited Property</u>	
<u>Goods Held Under Price Support and Stabilization Programs</u>	
<u>General Property, Plant, and Equipment (Net)</u>	
<u>Software</u>	
<u>Other Assets</u>	
<b><u>Section IV - Liabilities</u></b>	
<u>Liabilities in General</u>	
<u>Accounts Payable and Interest Payable</u>	
<u>Capital Lease Liabilities</u>	
<u>Federal Debt and Related Interest</u>	
<u>Pensions, Other Retirement Benefits, and Postemployment Benefits</u>	
<u>Other Liabilities</u>	
<b><u>Section V – Net Position and Related Changes</u></b>	
<u>Unexpended Appropriations and Cumulative Results of Operation</u>	
<u>Budgetary Financing Sources</u>	
<u>Other Financing Sources</u>	
<u>Funds from Dedicated Collections</u>	
<b><u>Section VI – Net Cost</u></b>	
<u>Cost Accounting</u>	
<u>Revenues</u>	

Accounting Considerations	Applicable (Y), Not Applicable (NA), or Not Significant (NS)
<a href="#"><u>Pensions, Other Retirement, and Postemployment Benefit Costs</u></a>	
<a href="#"><u>Inventory, Materials, Supplies, and Commodities Costs</u></a>	
<a href="#"><u>Property, Plant, and Equipment Costs</u></a>	
<a href="#"><u>Clean-up Costs</u></a>	
<a href="#"><u>Interest Costs</u></a>	
<a href="#"><u>Insurance and Subsidies Costs</u></a>	
<a href="#"><u>Section VII – Budgetary Resources</u></a>	
<a href="#"><u>Section VIII – Custodial Activity</u></a>	
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<a href="#"><u>Error! Not a valid result for table.</u></a>	
<a href="#"><u>Section XIV – Required Supplementary Stewardship Information</u></a>	

**Section II – General Accounting**

Questions in this section relate to general accounting at the entity.

General Accounting	Yes, No, or N/A	Explanation & Reference
<p><i>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, par. 5)</i></p>		
<p>1) Does the entity use the following hierarchy as its source of guidance (<i>categorized in descending order of authority</i>)</p> <ul style="list-style-type: none"> <li>a) FASAB Statements of Federal Financial Accounting Standards and Interpretations,</li> <li>b) FASAB Technical Bulletins and, if specifically made applicable to federal reporting entities by the AICPA and cleared by the FASAB, AICPA Industry Audit and Accounting Guides,</li> <li>c) Technical Releases of the Accounting and Auditing Policy Committee of the FASAB,</li> <li>d) Implementation guides published by the FASAB staff, as well as practices that are widely recognized and prevalent in the federal government,<sup>20</sup> and</li> <li>e) in the absence of guidance in (a) – (d), other accounting literature, depending on its relevance in the circumstances, its specificity and general recognition of the issuer as an authority?<sup>21</sup></li> </ul> <p>(SFFAS 34, par. 5 and 8; A-136,</p>		

<sup>20</sup> As discussed in OMB Circular No. A-136, OMB considers the requirements in A-136 that are not specified in categories a. through c. to be part of category d in the GAAP hierarchy. (A-136, section II.4.2, item 1)

<sup>21</sup> Other accounting literature includes for example, FASAB Concepts Statements; the pronouncements referred to in 1b. above when not specifically made applicable to federal reporting entities by the FASAB; 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; professional associations or regulatory agencies; and accounting textbooks, handbooks, and articles. (SFFAS 34, par. 8)

General Accounting	Yes, No, or N/A	Explanation & Reference
section II.4.2, item 1)		
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? <sup>22</sup> (SFFAS 34, par. 7)		

<sup>22</sup> A 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 (a) specifically prohibit the application of the accounting treatment to the particular transaction or event or (b) indicate that the accounting treatment should not be applied to other transactions or events by analogy. (SFFAS 34, par. 7)

**Section III – Assets**

Questions in this section relate to accounting for assets in federal financial statements.

<b>Caption</b>	<b>No. of Questions per Section</b>
<a href="#">Fund Balance with Treasury</a>	1 – 6
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Fund Balance with Treasury	Yes, No, or N/A	Explanation & Reference
<p><i>A federal entity's fund balance with the Treasury (FBWT) is the aggregate amount of funds in the entity's accounts with Treasury for which the entity is authorized to make expenditures and pay liabilities. FBWT is an intragovernmental item, except for fiduciary and other non-federal non-entity fund balance with Treasury. FBWT includes clearing account balances and the dollar equivalent of foreign currency account balances. From the reporting entity's perspective, its FBWT is an asset. However, from the perspective of the federal government as a whole it is not an asset; and while it represents commitment to make resources available to federal departments, agencies, programs, and other entities, it is not a liability. 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, par. 31 and 32, as amended by SFFAS 31, par 32)</i></p>		
<p>1) Does fund balance with Treasury include</p> <ul style="list-style-type: none"> <li>a) clearing account balances,</li> <li>b) balances for direct loan and loan guarantee activities held in the credit reform program, financing, and liquidating accounts,</li> <li>c) funds actually borrowed from Treasury under statutory authority, and</li> <li>d) the dollar equivalent of foreign currency account balances?</li> </ul> <p>(SFFAS 1, par. 32 and 35)</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, par. 32)</p>		
<p>3) Does fund balance with Treasury exclude contract authority<sup>23</sup> or unused authority to borrow? (SFFAS 1, par. 34)</p>		

<sup>23</sup> Contract authority is a statutory authority under which contracts or other obligations may be entered into prior to receiving an appropriation for the payment of obligations. (SFFAS 1, par. 34)

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

Investments	Yes, No, or N/A	Explanation & Reference
<p><i>Investments in federal (i.e., Treasury) securities include (1) nonmarketable par value Treasury securities, (2) market-based Treasury securities expected to be held to maturity, (3) marketable Treasury securities expected to be held to maturity, and (4) securities issued by other federal entities. Nonfederal securities include those issued by state and local governments, private corporations, and government-sponsored enterprises. (SFFAS 1, par. 62)</i></p> <p><i>Investments in non-federal securities are issued by a non-Federal entity, 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 investments by Federal agencies in money market as well as mutual funds, even if the money market or mutual fund's assets consist entirely of Federal securities. Investments in Federal securities through the secondary market by Federal agencies are not considered Non-Federal Securities. (A-136, section II.4.9.5 (D))</i></p>		
1) Are investments in federal securities initially recorded at their acquisition cost or amortized acquisition cost (less an allowance for losses, if any)? (SFFAS 1, par. 68-69)		
2) Are investments in federal securities acquired in exchange for nonmonetary assets recognized at the fair market value of either the securities acquired or the assets given up, whichever is more definitively determinable? (SFFAS 1, par. 68)		
3) Subsequent to acquisition, is the carrying amount (i.e., acquisition cost) of investments in federal securities, adjusted for amortized premium or discount? (SFFAS 1, par. 70-71)		
4) Is the interest method (i.e., effective interest rate multiplied by the carrying amount) used in amortizing the premium or discount over the life of the Treasury security? (SFFAS 1, par. 71)		

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<b>Investments</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
5) Does the entity have non-federal securities and if so, are they accounted for in the appropriate manner? <sup>24</sup> (A-136, section II.4.9.5, part D)		

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<sup>24</sup> Based on A-136, Agencies with non-federal securities should consult Accounting Standards Codifications (ASC) 320 and 820. However, the guidance in ACSs 320 and 820 should not be applied to non-federal securities that are accounted for in a manner comparable to the accounting treatment of SFFAS No. 2 (A-136, section II.4.9.5, part D).

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

Accounts Receivable	Yes, No, or N/A	Explanation & Reference
7) Is a loss estimation for individual accounts based on <ul style="list-style-type: none"> <li>a) the debtor's ability to pay,</li> <li>b) the debtor's payment record and willingness to pay, and</li> <li>c) probable recoveries of amounts from secondary sources including liens, garnishments, cross collections, and other applicable collection tools? (SFFAS 1, par. 47)</li> </ul>		
8) If information is not available to make a reliable assessment of losses on an individual account basis, or if the nature of the receivables does not lend itself to individual account analysis, are the potential losses assessed on a group basis? (SFFAS 1, par. 48)		
9) If potential losses are assessed on a group basis, are the receivables separated into groups of homogeneous accounts with similar risk characteristics? (SFFAS 1, par. 49-51)		
10) Is an account receivable arising from a nonexchange transaction recognized when a collecting entity establishes a specifically identifiable, measurable, and legally enforceable claim to cash or other assets? (SFFAS 7, par. 53, fn 9)		

Accounts Receivable	Yes, No, or N/A	Explanation & Reference
<p>11) 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"> <li>a) tax returns are filed by the taxpayer without sufficient payment,</li> <li>b) customs documents are filed by the importer without sufficient payment,</li> <li>c) taxpayer agreements to assessments are signed at the conclusion of an audit or where assessments substitute for a tax return,</li> <li>d) importer agreements to supplemental assessments are signed,</li> <li>e) court actions determine an assessment,</li> <li>f) taxpayer (or importer) agreements to pay an assessment exist on an installment plan, and</li> <li>g) receivables determined to be currently not collectible have future collection potential? (SFFAS 7, par. 53 - 54)</li> </ul>		
<p><i>Entity receivables are amounts due from other federal or nonfederal entities that the federal entity is authorized by law to include in its obligational authority or to offset its expenditures and liabilities upon collection. Nonentity receivables are amounts that the entity is to collect on behalf of the federal government or other entities, and the entity is not authorized to spend. (SFFAS 1, par. 43)</i></p>		
<p>12) Is an entity receivable recognized when</p> <ul style="list-style-type: none"> <li>a) a legally enforceable claim exists between a collecting entity and a recipient entity for the transfer or repayment of taxes or duties, and</li> <li>b) claim payment is probable and measurable? (SFFAS 7, par. 60)</li> </ul>		
<p>13) Are receivables distinguished between entity receivables and non-entity receivables in the accounting records? (SFFAS 1, par. 43)</p>		

Accounts Receivable	Yes, No, or N/A	Explanation & Reference
<p><i>Compliance assessments are proposed assessments by the collecting entity in definitive amounts, but with which the taxpayer (or importer) still has the right to disagree or object. (SFFAS 7, par. 55.A)</i></p> <p><i>Preassessment work-in-process are assessments not yet officially asserted by the collecting entity that are subject to a taxpayer's right to conference in response to initial information notices. (SFFAS 7, par. 55.B)</i></p> <p><i>Compliance assessments and preassessment work-in-process are not accounts receivable. (SFFAS 7, par. 54)</i></p>		
<p>14) Do nonexchange-related accounts receivable for taxes and duties exclude</p> <ul style="list-style-type: none"> <li>a) amounts received or due with tax returns received after the close of the reporting period,</li> <li>b) compliance assessments, and</li> <li>c) preassessment work-in-process?</li> </ul> <p>(SFFAS 7, par. 54)</p>		
<p>15) Are compliance assessments reclassified and recognized as account receivables in instances when</p> <ul style="list-style-type: none"> <li>a) the taxpayer files an amended tax return,</li> <li>b) customs' protest or retention period lapses,</li> <li>c) court action or an appeal finally determines the assessment,</li> <li>d) the taxpayer (or importer) agrees to pay currently or through an installment agreement, and</li> <li>e) an offer in compromise is accepted?</li> </ul> <p>(SFFAS 7, par. 55.A)</p>		

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Interest Receivable	Yes, No, or N/A	Explanation & Reference
1) Is interest receivable recognized for the amount of interest income earned but not received for the accounting period, including interest earned on investments in interest-bearing securities? (SFFAS 1, par. 53)		
2) Is interest receivable recognized on outstanding accounts receivable and other U.S. government claims against persons and entities in accordance with 31 U.S.C. 3717, Interest and Penalty on Claims? <sup>25</sup> (SFFAS 1, par. 53)		
3) Does interest receivable <u>exclude</u> interest on accounts receivable or investments that are determined to be uncollectible? (SFFAS 1, par. 54)		
4) Is interest receivable from federal entities accounted for separately from interest receivable from the public? (SFFAS 1, par. 56)		

Cash and Other Monetary Assets	Yes, No, or N/A	Explanation & Reference
<p><i>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. (SFFAS 1, par. 27; A-136, Section II.4.3.3)</i></p> <p><i>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 in the balance sheet, but should be separately disclosed in accordance with SFFAS 31. (SFFAS 1, par. 28 and 29, as amended by SFFAS 31, par. 31)</i></p> <p><i>Other monetary assets consist of other items such as gold, special drawing rights, and U.S. reserves in the International Monetary Fund (IMF). (A-136, section II.4.3.3 &amp; II.4.9.4)</i></p>		
1) Does the entity record all cash and other		

<sup>25</sup> See also Federal Claims Collection Standards, 31 C.F.R. Parts 900-904

Cash and Other Monetary Assets	Yes, No, or N/A	Explanation & Reference
<p>monetary assets to include</p> <ul style="list-style-type: none"> <li>a) cash such as coins, paper currency, negotiable instruments, and demand deposits,</li> <li>b) cash available for agency use such as petty cash and cash held in revolving funds that will not be transferred to the general fund,</li> <li>c) investments held outside of Treasury</li> <li>d) foreign currency, and</li> <li>e) other monetary assets such as gold, special drawing rights, reserves in the IMF, and deposits not confirmed? (SFFAS 1, par 27; A-136, section II.4.9.4)</li> </ul>		
<p>2) Does the entity record separately any cash restrictions such as</p> <ul style="list-style-type: none"> <li>a) non-entity cash that does not meet the definition of a fiduciary asset,</li> <li>b) non-entity cash that meets the definition of a fiduciary asset<sup>26</sup>,</li> <li>c) escrow cash,</li> <li>d) seized cash,</li> <li>e) bid deposits, and</li> <li>f) cash held in funds from dedicated collections? (SFFAS 1, par. 26 and 29, as amended by SFFAS 31, par. 31; A-136, section II.4.9.4)</li> </ul>		

<sup>26</sup> Non-entity cash held that meets the definition of a fiduciary asset should not be recognized in the balance sheet, but should be separately disclosed in accordance with SFFAS 31. (SFFAS 1, par 29 b. as amended by SFFAS 31, par. 31)

Inventory	Yes, No, or N/A	Explanation & Reference
<p><i>Operating materials and supplies are tangible personal property to be consumed in normal operations (SFFAS 3, par. 36) and are categorized as held for use, held in reserve for future use, or excess, obsolete, and unserviceable. (SFFAS 3, par. 37)</i></p> <p><i>FASAB issued Opening Balances For Inventory, Operating Materials And Supplies, And Stockpile Materials (SFFAS 48). SFFAS 48 permits a reporting entity to <b>apply deemed cost</b> in establishing <b>opening balances for inventory, operating materials and supplies, and stockpile materials</b>.</i></p> <p><i>This method is permitted when presenting financial statements, or one or more line items addressed by this Statement, following generally accepted accounting principles (GAAP) promulgated by the Federal Accounting Standards Advisory Board 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 to adoption of GAAP when historical records and systems do not provide a basis for valuation of opening balances in accordance with SFFAS 3, Accounting for Inventory and Related Property. Questions relating to SFFAS 48 are incorporated in this checklist as it relates to <b>opening balances</b>.</i></p>		
<p><u>Recognition</u></p> <p>1) Is inventory recognized when title passes or when goods are delivered to the purchasing entity? (SFFAS 3, par. 19)</p>		
<p><u>Valuation</u></p> <p>2) Is inventory valued at either</p> <ul style="list-style-type: none"> <li>a) historical cost, or</li> <li>b) a method that reasonably approximates historical cost, and/or</li> <li>c) for entities applying SFFAS 48, deemed cost for <b>opening balances</b>? (SFFAS 3, par. 20 as amended by SFFAS 48, par. 15)</li> </ul>		
<p>3) If inventory is valued at historical cost, does that cost include the purchase amount and all other costs, such as transportation and production costs, incurred to bring the inventory into its current condition and location? (SFFAS 3, par. 21)</p>		

Inventory	Yes, No, or N/A	Explanation & Reference
4) Are abnormal costs, such as excessive handling or rework costs, charged to operations for the period? (SFFAS 3, par. 21)		
5) Is donated inventory valued at its fair value at the time of donation? (SFFAS 3, par. 21)		
6) Is inventory acquired through exchange of nonmonetary assets (e.g., barter) valued at the fair value of the asset received at the time of the exchange? (SFFAS 3, par. 21)		
7) For inventory acquired through exchange of nonmonetary assets, is any difference between the recorded amount of the asset surrendered and the fair value of the asset received recognized as a gain or loss? (SFFAS 3, par. 21)		
8) Is one of the following historical cost flow assumptions used to value inventory a) first-in, first out (FIFO), or b) weighted average, or c) moving average, or d) any other valuation method whose results reasonably approximate “a”, “b”, or “c” above? (SFFAS 3, par. 22, as amended by SFFAS 48, par. 16)		

Inventory	Yes, No, or N/A	Explanation & Reference
<p><u>Valuation Method for Opening Balances</u></p> <p>9) If the entity is applying SFFAS 48 , does the entity apply deemed cost only in establishing opening balances<sup>27</sup> for inventory in the reporting period that the entity, taken as a whole, makes an unreserved assertion<sup>28</sup> that its financial statements, or the inventory line item, are presented fairly in accordance with GAAP? (SFFAS 3, par. 26a(i) as amended by SFFAS 48, par. 18)</p>		

<sup>27</sup> 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 3, par. 26, as amended by SFFAS 48, par. 18)

<sup>28</sup> An unreserved assertion is an unconditional statement. (SFFAS 3, par. 26, as amended by SFFAS 48, par. 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.

Inventory	Yes, No, or N/A	Explanation & Reference
10) 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, par. 26a(ii) as amended by SFFAS 48, par. 18)		
11) Is deemed cost <sup>29</sup> based on one, or a combination, of the following valuation methods when the entity has multiple component entities using various valuation methods simultaneously a) standard price (selling price) <sup>30</sup> or fair value <sup>31</sup> b) latest acquisition cost <sup>32</sup> c) replacement cost <sup>33</sup> d) estimated historical cost (initial amount) e) actual historical cost (initial amount)? (SFFAS 3, par. 26a(iv) as amended by SFFAS 48, par. 18)		

<sup>29</sup> Deemed cost is the amount used as a surrogate for initial amounts that otherwise would be required to establish opening balances. (SFFAS 3, par. 16, as amended by SFFAS 48, par. 18)

<sup>30</sup> 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, par. 26, as amended by SFFAS 48, par. 18)

<sup>31</sup> Fair 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, par. 38)

<sup>32</sup> The Latest Acquisition Cost (LAC) 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 as of June 30, 2014.*

<sup>33</sup> Replacement 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, par. 46)

Inventory	Yes, No, or N/A	Explanation & Reference
<p><u>Exceptions to Valuation</u></p> <p>12) 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"> <li>a) units of which are interchangeable,</li> <li>b) units of which have immediate marketability, and</li> <li>c) units for which appropriate costs may be difficult to obtain. (SFFAS 3, par. 26b as amended by SFFAS 48, par. 18)</li> </ul>		
<p><u>Excess, Obsolete, and Unserviceable Inventory</u></p> <p>13) Is excess, obsolete, and unserviceable inventory valued at its expected net realizable value? (SFFAS 3, par. 30)</p>		
<p>14) When inventory is declared excess, obsolete, or unserviceable, is the difference between the carrying amount and the expected net realizable value recognized as a loss (or gain)? (SFFAS 3, par. 30)</p>		
<p>15) For excess, obsolete, or unserviceable inventory, are any subsequent adjustments to the inventory's net realizable value or any loss (or gain) upon disposal recognized as losses (or gains)? (SFFAS 3, par. 30)</p>		
<p><u>Inventory Held for Repair</u></p> <p>16) When inventory is held for repair, is it valued using</p> <ul style="list-style-type: none"> <li>a) the allowance method (valued at the same value as a serviceable item and a contra-asset repair allowance account is established), or</li> <li>b) the direct method (valued at the same value as a serviceable item less estimated repair costs)? (SFFAS 3, par. 32 - 33)</li> </ul>		

Inventory	Yes, No, or N/A	Explanation & Reference
17) If inventory is transferred to “inventory held for repair,” are estimated prior period repair costs either credited to the repair allowance (under the repair allowance method) or to the inventory account (under the direct method) and reported as an adjustment to equity? (SFFAS 3, par. 34)		
<u>Other Categories of Inventory</u> 18) Is inventory held in reserve for future sale valued using the same basis as inventory held for sale in normal operations? (SFFAS 3, par. 27)		
19) Are items intended for sale that are held for remanufacture <sup>34</sup> valued in the same manner as items intended for sale or items held for repair, as applicable? (FASAB Interpretation No. 7, par. 10)		

<sup>34</sup> Items held for remanufacture are in the process of (or awaiting) inspection, disassembly, evaluation, cleaning, rebuilding, refurbishing and/or restoration to serviceable or technologically updated/upgraded condition. Items may consist of direct materials, (including repairable parts and subassemblies, also referred to as “carcasses” at the Department of Defense) and work-in-process (including labor costs). (FASAB Interpretation No. 7, par. 7)

Operating Materials and Supplies	Yes, No, or N/A	Explanation & Reference
<p><i>Operating materials and supplies are tangible personal property to be consumed in normal operations (SFFAS 3, par. 36) and are categorized as held for use, held in reserve for future use, or excess, obsolete, and unserviceable. (SFFAS 3, par. 37)</i></p> <p><i>FASAB issued Opening Balances For Inventory, Operating Materials And Supplies, And Stockpile Materials (SFFAS 48). SFFAS 48 permits a reporting entity to <b>apply deemed cost</b> in establishing <b>opening balances for inventory, operating materials and supplies, and stockpile materials.</b></i></p> <p><i>This method is permitted when presenting financial statements, or one or more line items addressed by this Statement, following generally accepted accounting principles (GAAP) promulgated by the Federal Accounting Standards Advisory Board 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 to adoption of GAAP when historical records and systems do not provide a basis for valuation of opening balances in accordance with SFFAS 3, Accounting for Inventory and Related Property. Questions relating to SFFAS 48 are incorporated in this checklist as it relates to <b>opening balances.</b></i></p>		
<p><u>Recognition</u></p> <p>1) Are operating materials and supplies expensed upon purchase using the purchase method only when</p> <p style="padding-left: 20px;">a) amounts are not significant and are in the hands of end users for use in normal operations, or</p> <p style="padding-left: 20px;">b) it is not cost beneficial to apply the consumption method of accounting? (SFFAS 3, par. 40 and 41)</p>		
<p>2) Are operating materials and supplies recognized as assets when produced or purchased (the consumption method of accounting)? (SFFAS 3, par. 38)</p>		

Operating Materials and Supplies	Yes, No, or N/A	Explanation & Reference
<p><u>Valuation Under the Consumption Method</u></p> <p>3) Are operating materials and supplies valued at</p> <ul style="list-style-type: none"> <li>a) historical cost, or</li> <li>b) on a basis that reasonably approximates historical cost, and/or</li> <li>c) for entities applying SFFAS 48, 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, par. 42 and 43, as amended by SFFAS 48, par. 19)</li> </ul>		
<p>4) Are abnormal costs, such as excessive handling or rework costs, charged to operations for the period? (SFFAS 3, par. 43)</p>		
<p>5) Are donated operating materials and supplies valued at their fair value at the time of donation? (SFFAS 3, par. 43)</p>		
<p>6) Are operating materials and supplies acquired through exchange of nonmonetary assets (e.g., barter) valued at the fair value of the asset received at the time of exchange? (SFFAS 3, par. 43)</p>		
<p>7) Is one of the following historical cost flow assumptions used to value operating materials and supplies</p> <ul style="list-style-type: none"> <li>a) FIFO,</li> <li>b) weighted average, or</li> <li>c) moving average? (SFFAS 3, par. 44 as amended by SFFAS 48, par. 20)</li> </ul>		

Operating Materials and Supplies	Yes, No, or N/A	Explanation & Reference
<p><u>Valuation for Opening Balances</u></p> <p>8) If the entity is applying SFFAS 48, does the entity apply deemed cost only in establishing opening balances<sup>35</sup> 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, par. 26a(i) as amended by SFFAS 48, par. 18)</p>		
<p>9) 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, par. 26a(ii) as amended by SFFAS 48, par. 18)</p>		
<p>10) Is deemed cost<sup>36</sup> 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"> <li>a) standard price (selling price) or fair value</li> <li>b) latest acquisition cost</li> <li>c) replacement cost</li> <li>d) estimated historical cost (initial amount)</li> <li>e) actual historical cost (initial amount)?</li> </ul> <p>(SFFAS 3, par. 26a(iv) as amended by SFFAS 48, par. 18)</p>		

<sup>35</sup> 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 3, par. 26, as amended by SFFAS 48, par. 18)

<sup>36</sup> Deemed cost is the amount used as a surrogate for initial amounts that otherwise would be required to establish opening balances. (SFFAS 3, par. 26, as amended by SFFAS 48, par. 18)

Operating Materials and Supplies	Yes, No, or N/A	Explanation & Reference
<p><u>Exceptions to Valuation</u></p> <p>11) If the entity values agricultural, mineral, and other products (e.g. petroleum) using net realizable value, do the operating materials and supplies have <u>all</u> of the following criteria</p> <ul style="list-style-type: none"> <li>a) units of which are interchangeable,</li> <li>b) units of which have immediate marketability, and</li> <li>c) units for which appropriate costs may be difficult to obtain? (SFFAS 3, par. 26b, as amended by SFFAS 48, par. 18)</li> </ul>		
<p><u>Excess, Obsolete, and Unserviceable Operating Materials and Supplies</u></p> <p>12) Are excess, obsolete, and unserviceable operating materials and supplies valued at their estimated net realizable value? (SFFAS 3, par. 48)</p>		
<p>13) When operating materials and supplies are declared excess, obsolete, or unserviceable, is the difference between the carrying amount before identification as excess, obsolete, or unserviceable and the estimated net realizable value recognized as a loss (or gain)? (SFFAS 3, par. 48)</p>		
<p>14) For excess, obsolete, or unserviceable operating materials and supplies, are any subsequent adjustments to the operating materials and supplies' estimated net realizable value or any loss (or gain) upon disposal recognized as losses (or gains)? (SFFAS 3, par. 48)</p>		
<p><u>Other Categories of Operating Materials and Supplies</u></p> <p>15) Are items held for remanufacture that meet the definition of operating materials and supplies valued in the same manner as items held for repair or operating materials and supplies, as applicable? (Interpretation No. 7, par. 13)</p>		

<b>Operating Materials and Supplies</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
16) Are operating materials and supplies held in reserve for future use valued using the same basis as operating materials and supplies held for use in normal operations? (SFFAS 3, par. 45)		

Stockpile Materials	Yes, No, or N/A	Explanation & Reference
<p><i>Operating materials and supplies are tangible personal property to be consumed in normal operations (SFFAS 3, par. 36) and are categorized as held for use, held in reserve for future use, or excess, obsolete, and unserviceable. (SFFAS 3, par. 37)</i></p> <p><i>FASAB issued Opening Balances For Inventory, Operating Materials And Supplies, And Stockpile Materials (SFFAS 48). SFFAS 48 permits a reporting entity to <b>apply deemed cost</b> in establishing <b>opening balances for inventory, operating materials and supplies, and stockpile materials.</b></i></p> <p><i>This method is permitted when presenting financial statements, or one or more line items addressed by this Statement, following generally accepted accounting principles (GAAP) promulgated by the Federal Accounting Standards Advisory Board 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 to adoption of GAAP when historical records and systems do not provide a basis for valuation of opening balances in accordance with SFFAS 3, Accounting for Inventory and Related Property. Questions relating to SFFAS 48 are incorporated in this checklist as it relates to <b>opening balances.</b></i></p>		
<p><u>Recognition</u></p> <p>1) Are stockpile materials recognized as assets when produced or purchased (i.e., recognized as assets using the consumption method)? (SFFAS 3, par. 52)</p>		
<p>2) If the contract between the buyer and seller of the stockpile materials is silent regarding passage of the title, is title assumed to pass upon delivery of the goods? (SFFAS 3, par. 52)</p>		

Stockpile Materials	Yes, No, or N/A	Explanation & Reference
<p><u>Valuation</u></p> <p>3) Are stockpile materials valued at</p> <ul style="list-style-type: none"> <li>a) historical cost, or</li> <li>b) on a basis that reasonably approximates historical cost, and/or</li> <li>c) for entities applying SFFAS 48, deemed cost <b>for opening balances</b>, including all appropriate purchase, transportation, and production costs incurred to bring the items to their current condition and location? (SFFAS 3, par. 53 as amended by SFFAS 48, par. 21)</li> </ul>		
<p>4) Are abnormal costs, such as excessive handling or rework costs removed from inventory? (SFFAS 3, par. 53)</p>		
<p>5) 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"> <li>a) FIFO,</li> <li>b) weighted average,</li> <li>c) moving average? (SFFAS 3, par. 53 as amended by SFFAS 48, par. 21)</li> </ul>		
<p><u>Valuation Method for Opening Balances</u></p> <p>6) If the entity is applying SFFAS 48, does the entity apply deemed cost only in establishing opening balances<sup>37</sup> 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, par. 26a(i) as amended by SFFAS 48, par. 18)</p>		

<sup>37</sup> 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 3, par. 26, as amended by SFFAS 48, par. 18)

Stockpile Materials	Yes, No, or N/A	Explanation & Reference
7) 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, par. 26a(ii) as amended by SFFAS 48, par. 18)		
8) Is deemed cost <sup>38</sup> based on one, or a combination, of the following valuation methods when the entity has multiple component entities using various valuation methods simultaneously 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, par. 26a(iv) as amended by SFFAS 48, par. 18)		
<u>Exceptions to Valuation Method</u> 9) If the entity values agricultural, mineral, and other products (e.g. petroleum) using net realizable value, do the stockpile materials have <u>all</u> of the following criteria 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, par. 26b as amended by SFFAS 48, par. 18)		

<sup>38</sup> Deemed cost is the amount used as a surrogate for initial amounts that otherwise would be required to establish opening balances. (SFFAS 3, par. 26, as amended by SFFAS 48, par. 18)

Stockpile Materials	Yes, No, or N/A	Explanation & Reference
<p><u>Exception to Valuation</u></p> <p>10) If stockpile materials have either suffered a permanent decline in value to an amount below cost, or have become damaged or decayed, has their value been reduced to expected net realizable value? (SFFAS 3, par. 54)</p>		
<p>11) Is the resultant decline in value recognized as a loss or expense in the period in which it occurs? (SFFAS 3, par. 54)</p>		
<p><u>Held for Sale</u></p> <p>12) When stockpile materials are authorized to be sold, are those materials reported as stockpile materials held for sale? (SFFAS 3, par. 55)</p>		
<p>13) Are stockpile materials authorized for sale valued using the same basis used before they were authorized for sale? (SFFAS 3, par. 55)</p>		
<p>14) If stockpile materials are sold, is the cost removed from stockpile materials and reported as a cost of goods sold? (SFFAS 3, par. 55)</p>		
<p>15) Is any gain (or loss) from the sale of stockpile materials recognized as a gain (or loss) at that time? (SFFAS 3, par. 55)</p>		

Seized Property	Yes, No, or N/A	Explanation & Reference
<p><i>Seized property includes monetary instruments, real property, and tangible personal property belonging to others in actual or constructive possession of the custodial agency. This includes illegal drugs, contraband, and counterfeit items seized by authorized law enforcement agencies. (SFFAS 3, par. 59)</i></p> <p><i>Seized property is categorized into (1) property of value and (2) non-valued property. Non-valued seized property includes tangible personal property of an unlawful nature such as illegal drugs, firearms, counterfeit currencies, other illegal counterfeit items, and other prohibited items such as animal skins from illegal poaching. No legal market exists for such property, or the property does not have a saleable value to the Federal government. Although no financial value should be recognized for non-valued seized property, it is subject to the same disclosure requirements as seized property of value. (A-136, sections II.4.3.3 and II.4.9.9)</i></p> <p><i>There may be as many as three government entities involved with seized property: (1) the seizing agency, (2) the custodial agency, and (3) another agency with a “central fund” set up for financial recordkeeping of seizure activities. (SFFAS 3, par. 57)</i></p>		
1) Is seized property accounted for by the entity that is operating as the central fund? (SFFAS 3, par. 60)		
2) Are seized monetary instruments recognized as seized assets when seized? (SFFAS 3, par. 61)		
3) If monetary instruments are seized, are seized assets recognized at market value of the monetary instruments, and a liability equal to the seized asset value established? (SFFAS 3, par. 61 and 65)		
4) Is the existence of seized property other than monetary instruments accounted for in the entity’s property management records until the property is forfeited, returned, or liquidated? (SFFAS 3, par. 62)		
5) Is seized property valued at its market value when seized (or as soon thereafter as reasonably possible if the market value cannot be readily determined)? (SFFAS 3, par. 63)		
6) If no active market exists for the property in the area in which it was seized, is a value in the principal market nearest the place of seizure used? (SFFAS 3, par. 63)		

<b>Seized Property</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
7) Is the valuation of property seized under the Internal Revenue Code based on the taxpayer's equity (market value less any third-party liens)? (SFFAS 3, par. 64)		

Forfeited Property	Yes, No, or N/A	Explanation & Reference
<p><i>Forfeited property consists of (a) property (i.e., monetary instruments, intangible property, real property, and tangible personal property) acquired through forfeiture proceedings, (b) property acquired to satisfy a tax liability, and (c) unclaimed and abandoned merchandise. (SFFAS 3, par. 67 and 68)</i></p>		
<p>1) When a forfeiture judgment is obtained for seized monetary instruments</p> <ul style="list-style-type: none"> <li>a) are they reclassified as forfeited monetary instruments at the current market value,</li> <li>b) is revenue recognized in an amount equal to the value of the monetary asset, and</li> <li>c) is the liability associated with the seized monetary instrument classification removed? (SFFAS 3, par. 69)</li> </ul>		
<p>2) When a forfeiture judgment is obtained for real, tangible, and intangible property</p> <ul style="list-style-type: none"> <li>a) is the property recorded as an asset at its fair value at the time of forfeiture,</li> <li>b) is an allowance account (contra-asset account) established for liens or claims from third party claimants against forfeited property, and</li> <li>c) is offsetting deferred revenue recognized? (SFFAS 3, par. 70)</li> </ul>		
<p>3) Does the entity <b>not</b> recognize the financial value concerning the composition, valuation, and disposition of forfeited property that cannot be sold due to legal restrictions, but may be either donated or destroyed (such as ivory)? (SFFAS 3, par. 71)</p>		
<p>4) Is revenue from the sale of forfeited property recognized when sold? (SFFAS 3, par. 72)</p>		

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

<b>Forfeited Property</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
11) Is unclaimed and abandoned merchandise recorded with offsetting deferred revenue when statutory and/or regulatory requirements for forfeiture have been met? (SFFAS 3, par. 77)		
12) Is unclaimed and abandoned merchandise valued at its market value? (SFFAS 3, par. 77)		
13) Upon the sale of unclaimed and abandoned merchandise, is revenue recognized in the amount of the sale proceeds, and the merchandise and the deferred revenue removed from the accounts? (SFFAS 3, par. 77)		

Goods Held Under Price Support and Stabilization Program	Yes, No, or N/A	Explanation & Reference
<p><i>Goods acquired under price support and stabilization programs (i.e., commodities) are items of commerce or trade (usually farm commodities) having an exchange value. Producers of the goods (1) are either given nonrecourse loans under which they can, at their option, repay the loan with interest or surrender their commodity pledged as collateral for the loan, or (2) may enter into purchase agreements that allow the producer of the option to sell commodities to the government (the Commodity Credit Corporation) at the price support rate. (SFFAS 3, par. 92 - 94)</i></p>		
<p>1) Are nonrecourse loans recognized as assets when the loan principal is disbursed and recorded at the amount of the loan principal? (SFFAS 3, par. 96)</p>		
<p>2) Is interest accrued on nonrecourse loans? (SFFAS 3, par. 96)</p>		
<p>3) When the entity has entered into a purchase agreement and there is an expected loss</p> <p>a) is a loss<sup>39</sup> 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</p> <p>b) is a corresponding liability recognized? (SFFAS 3, par. 97 and 103)</p>		
<p>4) When commodities are acquired to satisfy a nonrecourse loan or purchase agreement, are they recognized as assets at the lower of cost or net realizable value? (SFFAS 3, par. 99 and 104)</p>		

<sup>39</sup> The loss amount is the difference between the contract price and the net realizable value of the commodities. (SFFAS 3, par. 103)

<p align="center"><b>Goods Held Under Price Support and Stabilization Program</b></p>	<p align="center"><b>Yes, No, or N/A</b></p>	<p align="center"><b>Explanation &amp; Reference</b></p>
<p>5) When commodities acquired to satisfy the terms of a nonrecourse loan or purchase agreement are sold</p> <ul style="list-style-type: none"> <li>a) are revenues recognized, and</li> <li>b) is the carrying amount of the commodities removed from the asset account and reported as a cost of goods sold? (SFFAS 3, par. 100)</li> </ul>		
<p>6) When commodities are held for purposes other than sale, is the carrying amount reported as an expense and removed from the commodity asset account upon transfer? (SFFAS 3, par. 101)</p>		
<p>7) Are all nonrecourse loans recorded at their face amounts, and is a valuation allowance set up to recognize losses on such loans when it is “more likely than not” (i.e., more than a 50 percent chance) that loans will not be totally collected? (SFFAS 3, par. 102)</p>		
<p>8) Is this allowance reestimated on each financial reporting date? (SFFAS 3, par. 102)</p>		
<p>9) Does the cost for the commodities acquired through a nonrecourse loan settlement include the following amounts</p> <ul style="list-style-type: none"> <li>a) loan principal (excluding interest),</li> <li>b) processing and packaging costs incurred after acquisition, and</li> <li>c) other costs (e.g., transportation) incurred in taking title to the commodity? (SFFAS 3, par. 105)</li> </ul>		
<p>10) Does the cost for commodities acquired through a purchase agreement include the following amounts</p> <ul style="list-style-type: none"> <li>a) the unit price agreed upon in the purchase agreement multiplied by the number of units purchased, and</li> <li>b) other costs incurred in taking title to the commodity? (SFFAS 3, par. 106)</li> </ul>		

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

General Property, Plant, and Equipment (Net)	Yes, No, or N/A	Explanation & Reference
<p><i>Property, plant, and equipment consists of tangible assets, including land, that meet the following criteria:</i></p> <ul style="list-style-type: none"> <li>• <i>they have estimated useful lives<sup>40</sup> of 2 years or more;</i></li> <li>• <i>they are not intended for sale in the ordinary course of operations; and</i></li> <li>• <i>they have been acquired or constructed with the intention of being used, or being available for use by the entity.</i></li> </ul> <p><i>Property, plant, and equipment also includes:</i></p> <ul style="list-style-type: none"> <li>• <i>assets acquired through capital leases (See paragraph 20), including leasehold improvements;</i></li> <li>• <i>property owned by the reporting entity in the hands of others (e.g., state and local governments, colleges and universities, or Federal contractors); and</i></li> <li>• <i>land rights.<sup>41</sup> (SFFAS 6, par. 17)</i></li> </ul> <p><i>FASAB issued Guidance For Establishing Opening Balances For General Property, Plant, and Equipment (SFFAS 50) which is effective for FY2017. SFFAS 50 provides implementation guidance to allow a reporting entity, under specific conditions, to apply <b>alternative methods</b> in <b>establishing opening balances</b> for general property, plant, and equipment.</i></p> <p><i>The alternative methods include (1) using deemed cost to establish opening balances of general property, plant, and equipment, (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.</i></p> <p><i>The alternative methods are permitted when presenting financial statements, or one or more line items addressed by this Statement, following generally accepted accounting principles (GAAP) promulgated by the Federal Accounting Standards Advisory Board 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 this SFFAS 50 based on the second condition is available to each reporting entity only once per line item addressed in this SFFAS 50.</i></p>		

<sup>40</sup>Useful life is the normal operating life in terms of utility to the owner.

General Property, Plant, and Equipment (Net)	Yes, No, or N/A	Explanation & Reference
1) Has the entity established and consistently followed PP&E capitalization thresholds suitable to its financial and operational conditions? (SFFAS 6, par. 13)		
2) Does PP&E consist of tangible assets, including land, which a) have estimated useful lives of 2 years or more, b) are not intended for sale in the ordinary course of operations, and c) are acquired or constructed with the intention of being used or being available for use by the entity? (SFFAS 6, par. 17)		
3) Does PP&E include a) assets acquired through capital leases, including leasehold improvements, b) property owned by the reporting entity in the hands of others (e.g., state and local governments, colleges and universities, federal contractors), or c) land rights? (SFFAS 6 par. 18)		
4) Does general PP&E <u>exclude</u> a) items held in anticipation of physical consumption such as operating materials and supplies, and b) items the federal entity has a reversionary interest in? (SFFAS 6, par. 19 and 21)		
5) <u>Categories</u> In determining which categories to place PP&E, has the entity considered a) the cost of maintaining different accounting methods for property and the usefulness (benefit) of the information, b) the diversity of the PP&E (e.g., useful lives, value, alternative uses), c) the programs being served by the PP&E, and d) future disposition of the PP&E? (SFFAS 6, par. 22)		

<sup>41</sup>Land 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.

General Property, Plant, and Equipment (Net)	Yes, No, or N/A	Explanation & Reference
<p>6) Does the entity categorize an asset under general PP&amp;E if it has one or more of the following characteristics</p> <ul style="list-style-type: none"> <li>a) it could be used for alternative purposes (e.g., by other federal programs, state or local governments, nongovernmental entities) but is used to produce goods or services or to support the mission of the entity,</li> <li>b) it is used for business-type activities,<sup>42</sup> and</li> <li>c) it is used by entities in activities whose costs can be compared to those of other entities performing similar activities (e.g., federal hospital services in comparison to other hospitals)? (SFFAS 6, par. 23)</li> </ul>		
<p>7) Is PP&amp;E of entities operating as business-type activities categorized as general PP&amp;E whether or not it meets the definition of other PP&amp;E categories (e.g., heritage assets)? (SFFAS 6, par. 24)</p>		
<p>8) Unless the reporting entity elected to exclude land and land rights from the opening balance of general PP&amp;E, are land and land rights specifically acquired for or in connection with other general PP&amp;E included in general PP&amp;E? (SFFAS 6, par. 25 as amended by SFFAS 50, par. 11)</p>		
<p><u>Asset Recognition</u></p> <p>9) Are all general PP&amp;E recorded</p> <ul style="list-style-type: none"> <li>a) at cost, <b>or</b></li> <li>b) at a reasonable estimate for establishing historical cost, and/or</li> <li>c) for entities applying SFFAS 50, deemed cost <b>for opening balances</b> using alternative methods in accordance with the asset recognition and measurement provisions in SFFAS 6, par. 26 as amended by SFFAS 50 as? (SFFAS 6, par. 26 as amended by SFFAS 50, par. 12)</li> </ul>		
<p>10) Does the cost of general PP&amp;E include all costs to bring it to a form and location suitable for its intended use to</p>		

<sup>42</sup> A business-type activity is defined as a significantly self-sustaining activity that finances its continuing cycle of operations through the collection of exchange revenue. (SFFAS 6, par. 23, fn 13)

General Property, Plant, and Equipment (Net)	Yes, No, or N/A	Explanation & Reference
<p>include</p> <ul style="list-style-type: none"> <li>a) amounts paid to vendors,</li> <li>b) transportation charges to the point of initial use,</li> <li>c) handling and storage costs,</li> <li>d) labor and other direct or indirect production costs (for assets produced or constructed),</li> <li>e) costs of engineering, architectural, and other outside services for designs, plans, specifications, and surveys,</li> <li>f) acquisition and preparation costs of buildings and other facilities,</li> <li>g) an appropriate share of the cost of the equipment and facilities used in construction work,</li> <li>h) fixed equipment and related installation costs required for activities in a building or facility,</li> <li>i) direct costs of inspection, supervision, and administration of construction contracts and construction work,</li> <li>j) legal and recording fees and damage claims,</li> <li>k) fair value of facilities and equipment donated to the government, and</li> <li>l) material amounts of interest costs paid? (SFFAS 6, par. 26 )</li> </ul>		
<p>11) Is the cost of general PP&amp;E acquired through donation, devise, or judicial process, excluding forfeiture, capitalized at estimated fair value at the time acquired by the entity? (SFFAS 6, par. 30)</p>		
<p>12) Is general PP&amp;E transferred from other federal entities capitalized at the book amount recorded by the transferring entity? (SFFAS 6, par. 31)</p>		
<p>13) Is general PP&amp;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&amp;E being transferred? (SFFAS 6, par. 31)</p>		

General Property, Plant, and Equipment (Net)	Yes, No, or N/A	Explanation & Reference
14) If general PP&E is acquired through exchange between a federal entity and a nonfederal entity, is it capitalized at the fair value of the PP&E surrendered at the time of the exchange? (SFFAS 6, par. 32)		
15) If general PP&E is acquired through exchange between a federal entity and a nonfederal entity and the fair value of the PP&E is more readily determinable than that of the PP&E surrendered, is the acquired general PP&E capitalized at its fair value? (SFFAS 6, par. 32)		
16) If general PP&E is acquired through exchange between a federal entity and a nonfederal entity and neither the fair value of the PP&E acquired or surrendered is determinable, is the acquired general PP&E capitalized at the book amount of the PP&E surrendered? (SFFAS 6, par. 32)		
17) If cash is included in an exchange of general PP&E between a federal entity and a nonfederal entity, is the cost of PP&E acquired increased by the amount of cash surrendered or decreased by the amount of cash received? (SFFAS 6, par. 32)		
18) For general PP&E acquired through exchange between a federal entity and a nonfederal entity, is the recorded cost the fair value of the PP&E at the time of exchange? (SFFAS 6, par. 32)		
19) 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, par. 34)		
20) If general PP&E is under construction, is it recorded as construction work in process until it is placed into service and transferred to general PP&E? (SFFAS 6, par. 34)		
<i>Depreciation expense is calculated through the systematic and rational allocation of the cost of general PP&amp;E, less its estimated salvage or residual value over its estimated useful life. (SFFAS 6, par. 35)</i>		
<u>Expense Recognition</u> 21) Is depreciation recorded on all general PP&E, except land and land rights of unlimited duration? (SFFAS 6, par. 35)		

General Property, Plant, and Equipment (Net)	Yes, No, or N/A	Explanation & Reference
22) Do estimates of useful life of general PP&E consider such factors as physical wear and tear and technological change? (SFFAS 6, par. 35)		
23) Are changes in estimated useful life or salvage and residual value of general PP&E accounted for in the period of change and future periods? (SFFAS 6, par. 35)		
24) 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 <sup>43</sup> where the costs of PP&E are allocated using the same allocation rate? (SFFAS 6, par. 35; SFFAS 23, par. 9(f))		
25) Are depreciation and amortization expenses accumulated in contra-asset accounts? (SFFAS 6, par. 36)		
26) Are costs that either extend the useful life of existing general PP&E or enlarge or improve its capacity capitalized and depreciated/amortized over the remaining useful life of the asset? (SFFAS 6, par. 37)		
27) When general PP&E is disposed of, retired, or removed from service, is the asset removed from the asset accounts along with the associated accumulated depreciation/amortization? (SFFAS 6, par. 38)		
28) When general PP&E is disposed of, retired, or removed from service, is any difference between the book amount of the PP&E and any amount realized from its sale, scrap, or exchange recognized as a gain or loss in the period of disposal? (SFFAS 6, par. 38)		
29) Is general PP&E removed from general PP&E accounts along with associated accumulated depreciation/amortization if prior to disposal, retirement, or removal from service, it no longer provides service in the operations of the entity? (SFFAS 6, par. 39)		

<sup>43</sup> The composite methodology is a method of calculating depreciation that applies a single average rate to a number of heterogeneous assets that have dissimilar characteristics and service lives. The group methodology is a method of calculating depreciation that applies a single, average rate to a number of homogenous assets having similar characteristics and service lives. (SFFAS 6, par. 35, fn 42a)

General Property, Plant, and Equipment (Net)	Yes, No, or N/A	Explanation & Reference
30) Is PP&E that has been removed from the asset accounts recorded in an appropriate asset account at its expected net realizable value? (SFFAS 6, par. 39)		
31) Is any difference in the book amount and its expected net realizable value of about-to-be disposed, retired, or removal-from-service PP&E recognized as a gain or loss in the period of adjustment? (SFFAS 6, par. 39)		
32) Is the expected net realizable value of PP&E no longer providing service in entity operations adjusted at the end of each accounting period? (SFFAS 6, par. 39)		
<p><u>Implementation Guidance.</u></p> <p><b>Alternative Methods for Establishing Open Balances</b></p> <p><i>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, Establishing Opening Balances for General Property, Plant, and Equipment, either</i></p> <ul style="list-style-type: none"> <li>• <i>for the first time or</i></li> <li>• <i>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, par. 40 amended by SFFAS 50, par. 13)</i></li> </ul> <p><i>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, par. 9)</i></p>		
<p><u>Valuation for Opening Balances</u></p> <p>33) If applicable, does the reporting entity apply deemed cost<sup>44</sup> only in establishing opening balances for the reporting period that the entity, taken as a whole, makes an unreserved assertion<sup>45</sup> that its financial statements, or the general PP&amp;E line item, are presented fairly in accordance with GAAP? (SFFAS 6, par. 40a. as amended by SFFAS 50, par. 13)</p>		

<sup>44</sup> 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 addressed by SFFAS 50 following GAAP promulgated by FASAB 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. (SFFAS 6, par. 40, as amended by SFFAS 50, par. 13)

General Property, Plant, and Equipment (Net)	Yes, No, or N/A	Explanation & Reference
34) 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, par. 40a. as amended by SFFAS 50, par. 13)		
35) 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, par. 40b. as amended by SFFAS 50, par. 13)		
36) Is deemed cost <sup>46</sup> based on one, or a combination, of the following valuation methods when the reporting entity has multiple components or subcomponent entities <sup>47</sup> using various valuation methods simultaneously, including deemed cost 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 <sup>48</sup> c) fair value? (SFFAS 6, par. 40d. as amended by SFFAS 50, par. 13)		

<sup>45</sup> An unreserved assertion is an unconditional statement. An unreserved assertion is an unconditional statement. (SFFAS 3, par. 26, as amended by SFFAS 48, par. 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 50, para. A83.

<sup>46</sup> Deemed cost is an amount used as a surrogate for initial amounts that otherwise would be required to establish opening balances. (SFFAS 6, par. 40, as amended by SFFAS 50, par. 13)

<sup>47</sup> SFFAS 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 general purpose federal financial reports (GPFRRs). One example is a bureau that is within a larger department that prepares its own standalone GPFRR. (SFFAS 6, par. 40, as amended by SFFAS 50, par. 13; SFFAS 47, par. 10)

<sup>48</sup> Other 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.

General Property, Plant, and Equipment (Net)	Yes, No, or N/A	Explanation & Reference
37) 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, par. 40e.(i) as amended by SFFAS 50, par. 13)		
38) 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, par. 40e.(ii), as amended by SFFAS 50, par. 13)		
39) 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, par. 40f. as amended by SFFAS 50, par. 13)		
40) If the reporting entity has multiple components 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 <ul style="list-style-type: none"> <li>a) exclude land and land rights from the opening balance of general PP&amp;E, and</li> <li>b) recognize land and land rights in opening balances based on the provisions of the alternative valuation method (deemed cost)? (SFFAS 6, par. 40f. (i) and (ii) and par. 40d. as amended by SFFAS 50, par. 13)</li> </ul>		
41) 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, par. 40 f. (i) as amended by SFFAS 50, par. 13)		
42) 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, par. 40h. (ii) as amended by SFFAS 50, par. 13)		

General Property, Plant, and Equipment (Net)	Yes, No, or N/A	Explanation & Reference
<p><u>Other Implementation Guidance</u></p> <p>43) Is accumulated depreciation/amortization recorded based on</p> <ul style="list-style-type: none"> <li>a) the estimated cost of the PP&amp;E and the number of years the PP&amp;E has been in use relative to its estimated useful life,</li> <li>b) the PP&amp;E's estimated net remaining cost<sup>49</sup> and the depreciation or amortization charged over the remaining life based on that net remaining cost, or</li> <li>c) a composite or a group methodology whereby the costs of PP&amp;E are allocated using the same allocation rate? (SFFAS 6, par. 41; SFFAS 23, par. 9(f))</li> </ul>		
<p>44) If general PP&amp;E would have been substantially depreciated or amortized had it been recorded upon acquisition, does the entity weigh materiality and cost-benefit to</p> <ul style="list-style-type: none"> <li>a) record only improvements made during the period beyond the initial expected useful life of general PP&amp;E, or</li> <li>b) make an aggregate entry for whole classes of PP&amp;E (e.g., entire facilities rather than a building-by-building estimate)? (SFFAS 6, par. 42)</li> </ul>		
<p>45) In recording existing general PP&amp;E, is the difference in amounts added to asset and contra-accounts credited (or charged) to the net position of the entity? (SFFAS 6, par. 43)</p>		

<sup>49</sup> Net remaining cost is the original cost of the asset less any accumulated depreciation/amortization to date (i.e., book value). (SFFAS 6, par. 41)

General Property, Plant, and Equipment (Net)	Yes, No, or N/A	Explanation & Reference
46) For the initial capitalization of all general PP&E, is the implementation guidance for SFFAS 6, par. 40-44 followed? (SFFAS 23, par. 10 as amended by SFFAS 50, par. 17)		
<i>Impairment is a significant and permanent decline in the service utility<sup>50</sup> of general PP&amp;E remaining in use<sup>51</sup>, 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, par. 8).</i>		
47) In determining whether general PP&E remaining in use is impaired, did the entity a) identify potential impairment indicators, and b) test for impairment? (SFFAS 44, par.11)		
48) 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 a) evidence of physical damage, b) enactment or approval of laws or 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, par. 12)		

<sup>50</sup>The 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, par. 9)

<sup>51</sup> The requirements of SFFAS 44 do not apply to internal use software. (SFFAS 44, par.7)

General Property, Plant, and Equipment (Net)	Yes, No, or N/A	Explanation & Reference
49) 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, par. 13)		
50) Did management evaluate general PP&E for potential impairment if impairment indicators were identified during asset management reviews (e.g. portfolio surveys)? (SFFAS 44, par. 14)		
51) 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, par. 15)		
52) 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, par. 16)		
53) 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, par. 17)		
54) 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, par. 10)		
55) 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, par. 18)		

General Property, Plant, and Equipment (Net)	Yes, No, or N/A	Explanation & Reference
56) Did the entity limit the recognition of the loss to the asset's net book value at the time of impairment <sup>52</sup> ? (SFFAS 44, par. 18)		
57) 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, par. 19)		
58) 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, par. 20)		
59) 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, par. 22)		
60) 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 <sup>53</sup> and TR14,? (SFFAS 44, par. 23)		
61) 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 <sup>54</sup> ? (SFFAS 44, par. 24)		
62) If the recovery <sup>55</sup> of impairment losses occur in the same year, was the impairment loss reported net of any associated recovery? (SFFAS 44, par. 25)		

<sup>52</sup> Widely recognized methods for measuring impairment include the following: replacement, restoration, service units, deflated depreciated current cost, cash flow, and lower of net book value or higher of net realizable approaches. (SFFAS 44, par 18. a – f)

<sup>53</sup> "...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, par. 38 and 39 and Technical Release (TR) 14)

<sup>54</sup> As, for example, in accordance with SFFAS 6, *Accounting for Property, Plant and Equipment*. (SFFAS 44, par. 24)

<sup>55</sup> Recoveries 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, par. 25)

General Property, Plant, and Equipment (Net)	Yes, No, or N/A	Explanation & Reference
63) If the recovery of impairment losses occur 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, par. 25)		
<i>Capital leases are leases that transfer substantially all the benefits and risks of ownership to the lessee. Operating leases are leases in which the federal entity does not assume the risks of ownership of PP&amp;E. Multiyear service contracts and multiyear purchase agreements for expendable commodities are not capital leases. (SFFAS 6, par. 20, fn 22; SFFAS 5, par. 43)</i>		
64) Does the entity classify a lease as a capital lease if at its inception the lease either <ul style="list-style-type: none"> <li>a) transfers ownership of the property to the lessee by the end of the lease term,</li> <li>b) contains an option to purchase the leased property at a bargain price,</li> <li>c) has a term is equal to or greater than 75 percent of the estimated economic life of the leased property, and the beginning of the lease term does not fall within the last 25 percent of the total estimated economic life of the property, or</li> <li>d) the present value of rental and other minimum lease payments, excluding that portion of the payments representing executory cost, equals or exceeds 90 percent of the fair value of the leased property, and the beginning of the lease term does not fall within the last 25 percent of the total estimated economic life of the property? (SFFAS 6, par. 20; SFFAS 5, par. 43)</li> </ul>		
65) Is the cost of general PP&E acquired under a capital lease equal to the amount recognized as a liability <sup>56</sup> for the capital lease at its inception? (SFFAS 6, par. 29)		

<sup>56</sup> The liability is the net present value of lease payments unless the net present value of the lease payments exceeds the fair value of the asset, in which case the amount recorded as the liability would be the fair value of the asset. (SFFAS 5, par. 44)

General Property, Plant, and Equipment (Net)	Yes, No, or N/A	Explanation & Reference
<p><i>Property, plant, and equipment are classified as heritage assets if they have (1) historical or natural significance; (2) cultural, educational, or artistic importance; or (3) significant architectural characteristic. (SFFAS 29, par. 15) 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, par. 22)</i></p>		
66) Is the cost of acquisition, improvement, reconstruction or renovation of multi-use heritage asset(s) capitalized as general PP&E and depreciated over its estimated useful life? (SFFAS 29, par. 22)		
67) Are multi-use heritage assets acquired through donation or devise recognized as general PP&E at the assets' fair value? (SFFAS 29, par. 23)		
68) 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, par. 23)		

Software	Yes, No, or N/A	Explanation & Reference
<p><i>Software includes the application and operating system programs, procedures, rules, and any associated documentation pertaining to the operation of a computer system or program.</i></p> <p><i>“Internal use software” is software that is purchased from commercial vendors “off the shelf,” internally developed or contractor-developed solely to meet the entity’s internal or operational needs. (SFFAS 10, par. 8)</i></p>		
<p><u>Recognition</u></p> <p>1) Does the entity capitalize the cost of software when such software meets the criteria for general PP&amp;E? (SFFAS 10, par. 16 as amended by SFFAS 50, par. 14)</p>		
<p>2) 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<sup>57</sup> to establish the capitalization cost of internally developed software? (SFFAS 10, par. 16 as amended by SFFAS 50, par. 14)</p>		
<p>3) Does the entity capitalize the cost of software when it is</p> <ul style="list-style-type: none"> <li>a) specifically identifiable,</li> <li>b) has a determinate life of 2 years or more,</li> <li>c) not intended for sale in the ordinary course of operations,</li> <li>d) acquired or developed with the intention of being used by the entity, and</li> <li>e) meets the criteria for general PP&amp;E in that it is used in providing goods and services? (SFFAS 6, par. 17; SFFAS 10, par. 15 and 38)</li> </ul>		

<sup>57</sup> Although 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, par. 16 as amended by SFFAS 50, par. 14.

Software	Yes, No, or N/A	Explanation & Reference
<p>4) Are capitalized internally developed software development costs limited to costs incurred after</p> <ul style="list-style-type: none"> <li>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,</li> <li>b) the software will be used to perform the intended function with an estimated service life of 2 years or more, and</li> <li>c) the conceptual formulation, design, and testing of possible software project alternatives (i.e., preliminary design stage) have been completed? (SFFAS 10, par. 16, as amended by SFFAS 50, par. 16)</li> </ul>		
<p>5) Do software capitalization costs include costs for new software<sup>58</sup> and documentation manuals? (SFFAS 10, par. 17)</p>		
<p>6) Do the capitalized costs for commercial off-the-shelf (COTS) software include the amount paid to the vendor? (SFFAS 10, par. 18)</p>		
<p>7) Do the capitalized costs for contractor-developed software include the amount paid to a contractor to design, program, install, and implement the software? (SFFAS 10, par. 18)</p>		
<p>8) Does the entity capitalize internal costs incurred to implement the COTS or contractor-developed software and otherwise make it ready for use? (SFFAS 10, par. 18)</p>		

<sup>58</sup> Examples of costs for new software are salaries of programmers, systems analysts, project managers, and administrative personnel; associated employee benefits; outside consultants' fees; rent; and supplies. (SFFAS 10, par. 17)

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Software	Yes, No, or N/A	Explanation & Reference
9) Does the entity expense as incurred all data conversion costs for internally developed, contractor-developed, or COTS software as well as the cost to develop or obtain software that allows for access or conversion of existing data to the new software? (SFFAS 10, par. 19)		
10) Does the entity expense costs incurred after the completion of final acceptance testing? (SFFAS 10, par. 20)		
11) Does the entity treat software that serves both internal uses and stewardship purposes <sup>59</sup> as internal use software and capitalize it to the extent such software meets criteria for general PP&E? (SFFAS 10, par. 21)		
12) Is computer software that is integrated into and necessary to operate general PP&E, <sup>60</sup> rather than perform a separate application, considered part of the PP&E of which it is an integral part, and is it capitalized and depreciated? (SFFAS 10, par. 22)		
13) If the entity purchased software as part of a package of products and services, does it use a reasonable estimate of the relative fair value of the individual elements in allocating the cost as capitalizable or noncapitalizable (i.e., expense) elements? (SFFAS 10, par. 23)		
14) If the entity purchased software as part of a package of products and services, does it expense software costs that are not susceptible to allocation between maintenance and relatively minor enhancements? (SFFAS 10, par. 23)		

<sup>59</sup> Software that serves both internal uses and stewardship purposes is referred to as multiuse software. An example is a global positioning system used in connection with national defense activities and general operating activities and services. (SFFAS 10, par. 21)

<sup>60</sup> For example, such software could include software necessary to operate airport radar and computer operated lathes. (SFFAS 10, par. 22)

Software	Yes, No, or N/A	Explanation & Reference
<p><u>Capitalization Thresholds</u></p> <p>15) Has the entity established capitalization thresholds for its internal-use software including bulk purchases of software programs and modules or components of a total software system? (SFFAS 10, par. 24)</p>		
<p><u>Enhancements</u></p> <p>16) Does the entity capitalize the acquisition cost of enhancements to existing internal-use software, as well as related modules, when it is more likely than not that they will result in significant additional capabilities? (SFFAS 10, par. 25)</p>		
<p>17) Does the entity expense, in the period incurred, the cost of minor enhancements resulting from ongoing systems maintenance as well as the purchase of enhanced versions of software for a minimal charge? (SFFAS 10, par. 26)</p>		
<p>18) 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?<sup>61</sup> (SFFAS 10, par. 27)</p>		
<p><u>Impairment – Post Implementation/Operational Software</u></p> <p>19) Does the entity recognize a loss upon impairment of computer software when post-implementation or operational conditions apply where</p> <ul style="list-style-type: none"> <li>a) the software is no longer expected to provide substantive service potential and will be removed from service, or</li> <li>b) a significant reduction occurs in the capabilities, functions, or uses of the software (or module thereof)?</li> </ul> <p>(SFFAS 10, par. 28 - 29)</p>		

<sup>61</sup> SFFAS 10 provides that material expenditures to add software capability/functionality would be capitalized but that expenditures that result in extending useful life or capacity would be expensed. (SFFAS 10, par. 42 and 43)

Software	Yes, No, or N/A	Explanation & Reference
<p>20) If impaired software is to remain in use, is the loss due to impairment measured as the difference between the book value and</p> <ul style="list-style-type: none"> <li>a) the cost to acquire software that would perform similar remaining functions (i.e., unimpaired), or</li> <li>b) the portion of book value attributable to the remaining functional elements of the software? (SFFAS 10, par. 29)</li> </ul>		
<p>21) If the loss due to impairment cannot be determined, is the book amount of the software amortized over the remaining useful life of the software? (SFFAS 10, par. 29)</p>		
<p>22) If impaired software is to be removed from use, is the loss due to impairment measured as the difference between the book amount and any net realizable value (NRV)? (SFFAS 10, par. 30)</p>		
<p>23) In situations of impaired software to be removed from use, does the entity transfer the NRV, if any, to an appropriate asset account until such time as the software is disposed of and the NRV realized? (SFFAS 10, par. 30)</p>		
<p>24) If the entity’s managers conclude that it is no longer “more likely than not” that developmental software or a module thereof will be completed and placed in service, is the accumulated book value or the balance in a work in process account, if applicable, reduced to reflect the expected NRV and a loss recognized? (SFFAS 10, par. 31)</p>		
<p><u>Amortization</u></p> <p>25) Does the entity amortize capitalized internal use software systematically and rationally over the estimated useful life of the software? (SFFAS 10, par. 32)</p>		

Software	Yes, No, or N/A	Explanation & Reference
26) Does amortization of each module or component of a software project begin when that module or component has been successfully tested? (SFFAS 10, par. 33)		
27) If the use of a module is dependent on the completion of another module(s), does the amortization begin only when both that module and the other module(s) have been successfully tested? (SFFAS 10, par. 33)		
28) Are additions to the book value or changes in useful life of capitalized software treated prospectively (i.e., during the period of change and future periods only) when the software is amortized? (SFFAS 10, par. 34)		
29) When the entity replaces existing internal-use software with new software, is the unamortized cost of the old software expensed when the new software has been successfully tested? (SFFAS 10, par. 34)		
<p><u>Implementation Guidance</u></p> <p><u>Alternative Methods for Opening Balances</u></p> <p>30) If the entity is applying SFFAS 50, does the reporting entity apply an alternative valuation method<sup>62</sup> only in establishing opening balances<sup>63</sup> for the reporting period that the entity, taken as a whole, makes an unreserved assertion<sup>64</sup> that its financial statements, or internal use software line item, are presented fairly in accordance with GAAP? (SFFAS 10, par. 36a as amended by SFFAS 50, par. 15)</p>		

<sup>62</sup> 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 GAAP promulgated by FASAB 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, par. 36, as amended by SFFAS 50, par. 15)

Software	Yes, No, or N/A	Explanation & Reference
31) 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, par. 36b as amended by SFFAS 50, par. 15)		
32) 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, par. 36b, as amended by SFFAS 50, par. 15)		

<sup>63</sup> 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, par. 36, as amended by SFFAS 50, par. 15)

<sup>64</sup> An unreserved assertion is an unconditional statement. (SFFAS 10, par. 36, as amended by SFFAS 50, par. 15) An unreserved assertion is an unconditional statement. (SFFAS 3, par. 26, as amended by SFFAS 48, par. 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 50, par. A83.

Software	Yes, No, or N/A	Explanation & Reference
<p>33) If the entity has multiple components or subcomponent entities<sup>65</sup> selecting different alternative methods, does the reporting entity establish an opening balance based on one, or a combination, of alternative methods that</p> <ul style="list-style-type: none"> <li>a) apply deemed cost<sup>66</sup> as an alternative valuation method for opening balances of internal use software, and</li> <li>b) apply prospective capitalization of internal use software?(SFFAS 10, par. 36d(i) and (ii). as amended by SFFAS 50, par. 15; SFFAS 47)</li> </ul>		
<p>34) 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"> <li>a) exclude all internal use software, inclusive of that under development at the opening balance date, from the opening balance, or</li> <li>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, par. 36d(ii)(b), as amended by SFFAS 50, par. 15)</li> </ul>		

<sup>65</sup> SFFAS 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 general purpose federal financial reports (GPFRRs). One example is a bureau that is within a larger department that prepares its own standalone GPFRR. (SFFAS 10, par. 36, as amended by SFFAS 50, par. 15; SFFAS 47, par. 10)

<sup>66</sup> Deemed 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 6, par. 40d, as amended by SFFAS 50, par. 17. (SFFAS 10, par. 36, as amended by SFFAS 50, par. 15; SFFAS 6, par. 40 as amended by SFFAS 50, par. 17)

<b>Software</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
35) 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, par. 15-27 above) or on the alternative valuation method (deemed cost)? (SFFAS 10, par. 36d. (ii.)(b), as amended by SFFAS 50, par. 15)		
36) 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, par. 36, as amended by SFFAS 50, par. 15)		

Other Assets	Yes, No, or N/A	Explanation & Reference
<p><i>Other assets include assets not reported in a separate category on the face of the balance sheet. Other assets may include, but are not limited to (1) general PP&amp;E removed from service but not yet disposed, (2) advances, and (3) prepayments. (A-136, section II.4.3.3)</i></p> <p><i>Advances are cash outlays made by a federal entity to its employees, contractors, grantees, or others to cover the recipient's anticipated expenses or as advance payments for the costs of goods and services acquired by an entity. (SFFAS 1, par. 57; A-136, section II.4.3.3)</i></p> <p><i>Prepayments are payments made by a federal entity to cover certain periodic expenses before those expenses are incurred. (SFFAS 1, par. 5; A-136, section II.4.3.3) Progress payments on work in process are not included in advances and prepayments. (SFFAS 1, par. 58; A-136, section II.4.3.3)</i></p>		
1) Are amounts of advances or prepayments that are subject to a refund transferred to accounts receivable? (SFFAS 1, par. 59)		
2) Are advances and prepayments paid out reported separately as assets and not netted against the liability for advances and prepayments that the entity received? (SFFAS 1, par. 60)		
3) Are advances and prepayments that are made to federal entities accounted for separately from those made to nonfederal entities? (SFFAS 1, par. 61)		

**Section IV – Liabilities**

Questions in this section relate to accounting for liabilities in the financial statements.

<b>Caption</b>	<b>No. of Questions per Section</b>
<a href="#">Liabilities in General</a>	1 – 2
<a href="#">Accounts Payable and Interest Payable</a>	1 – 6
<a href="#">Capital Lease Liabilities</a>	1 – 4
<a href="#">Federal Debt and Related Interest</a>	1 – 7
<a href="#">Pensions, Other Retirement Benefits, and Postemployment Benefits</a>	1 – 27
<a href="#">Other Liabilities</a>	1 – 24

Liabilities in General	Yes, No, or N/A	Explanation & Reference
<p><i>Liabilities of the federal agencies are reported under two major categories: (1) liabilities covered by budgetary resources<sup>67</sup> and (2) liabilities not covered by budgetary resources.<sup>68</sup> Within each of these two categories, liabilities are classified as (1) intra-governmental liabilities, which are amounts owed to other federal entities or (2) governmental liabilities, which are amounts owed to nonfederal entities by the federal government or an entity within the federal government. (SFFAS 1, par.18 and 21)</i></p>		
<p>1) Does the federal entity recognize a liability for probable<sup>69</sup> and measurable<sup>70</sup> future outflows or other sacrifices of resources arising from one or more events from</p> <ul style="list-style-type: none"> <li>a) past exchange transactions,</li> <li>b) government-related events, such as a federal entity accidentally causing damage to private property,</li> <li>c) government-acknowledged events, such as natural disasters, for which the government has taken formal responsibility for the related costs, and</li> <li>d) nonexchange transactions that, according to current law and applicable policy, are unpaid amounts due as of the reporting date? (SFFAS 5, par. 19)</li> </ul>		

<sup>67</sup> Liabilities covered by budgetary resources are liabilities incurred 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, note 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.4.3.4)

<sup>68</sup> Liabilities not covered by budgetary resources are liabilities for which congressional action is needed before budgetary resources can be provided. (SFFAS 5, note 1 in summary)

<sup>69</sup> 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, par. 33 and fn 15a)

<sup>70</sup> Measurable refers to that which can be quantified in monetary units with sufficient reliability to be reasonably estimable. (SFFAC 5, par. 5)

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

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

Accounts Payable and Interest Payable	Yes, No, or N/A	Explanation & Reference
5) Is interest incurred, but unpaid on borrowed funds, late payments, and refunds recognized as interest payable and reported as a liability at the end of each period? (SFFAS 1, par. 81)		
6) Is interest payable to federal entities accounted for separately from interest payable to the public? (SFFAS 1, par. 82)		

Capital Lease Liabilities	Yes, No, or N/A	Explanation & Reference
<i>Capital leases are leases that transfer substantially all of the benefits and risks of ownership to the lessee. (SFFAS 5, par. 43)</i>		
1) Is the amount recorded by the lessee as a liability under a capital lease arrangement the present value of rental and other minimum lease payments (excluding executory costs) during the lease term? (SFFAS 5, par. 44)		
2) 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 <sup>71</sup> of the property at the inception of the lease? (SFFAS 5, par. 44)		
3) Does the entity use the applicable Treasury borrowing rate to determine the discount rate charged on a capital lease unless a) it is practicable for the lessee to learn the implicit rate computed by the lessor, and b) the implicit rate is less than the Treasury borrowing rate? (SFFAS 5, par. 45)		

<sup>71</sup> Fair value is the price for which an asset could be bought or sold in an arm's-length transaction between unrelated parties. Roman L. Well and Patrick C. O'Brien, Accounting: The Language of Business, 9th ed. (Sun Lakes, Arizona: Thomas Horton and Daughters, 1994)

<b>Capital Lease Liabilities</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
4) During the lease term, is each minimum lease payment allocated between a reduction of the obligation and interest expense so as to produce a constant periodic rate of interest on the remaining balance of the liability? (SFFAS 5, par. 46)		
<b>Federal Debt and Related Interest</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<i>Debts are amounts borrowed from the Treasury, the Federal Financing Bank, other federal agencies, or the public under general or special financing authority such as Treasury bills, notes, bonds, and Federal Housing Administration (FHA) debentures. (SFFAS 5, par. 47)</i>		
1) Does the entity accounting for federal debt identify the amount of the outstanding debt liability at any given time and the related interest cost for each accounting period? (SFFAS 5, par. 48)		
2) Are fixed-value securities with known redemption or maturity amounts at time of issue valued at their original face (par) value net of any unamortized discount or premium? (SFFAS 5, par. 50)		
3) For fixed-value securities, is the interest method <sup>72</sup> used for amortizing any discount or premium? (SFFAS 5, par. 51)		

<sup>72</sup> The interest method for amortizing a bond premium or discount reduces the discount or premium by the difference between the effective interest and stated interest on the bond. (SFFAS 1, app B, tables 1 & 2)

<b>Capital Lease Liabilities</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
4) If the interest method is not used, is the straight line method of discount or premium amortization used for <ul style="list-style-type: none"> <li>a) short-term securities with a maturity of 1 year or less, and</li> <li>b) longer term securities, where the difference between the amount of amortization under the interest and straight-line methods is immaterial? (SFFAS 5, par. 50)</li> </ul>		
5) If the entity has issued variable value securities of unknown redemption or maturity values, are they appraised at their original value and periodically revalued on the basis of the regulations or offering language? (SFFAS 5, par. 52)		
6) Are old currencies issued by the federal government and not yet redeemed or written off identified as a noninterest bearing federal debt liability at face value? (SFFAS 5, par. 55)		
7) Is all debt owed to federal entities recorded separately from debt owed to the public? (SFFAS 1, par. 18-24)		

Pensions, Other Retirement Benefits, and Postemployment Benefits	Yes, No, or N/A	Explanation & Reference
<p><i>Federal employee and veterans benefit liabilities include the actuarial portion of pensions, other retirement benefits, and other postemployment benefits. (SFFAS 1, par. 83 and 84; SFFAS 5, par. 56)</i></p> <p><i>In the context of accounting for pensions, other retirement benefits (ORB), and other postemployment benefits, the “administrative entity” manages and accounts for the pension or other employee plan, while the “employer entity” employs federal workers and generates employee costs, for which it would typically receive a salary and expense appropriation. (SFFAS 5, par. 57, note 30 and par. 59)</i></p> <p><i>The “aggregate entry age normal” actuarial cost method is one under which the expenses or liabilities arising from the actuarial present value of projected pension benefits are allocated on a level basis over the earnings or the service of the group between entry age and assumed exit ages. The portion of the actuarial present value allocated to a valuation year is called “normal cost.” (SFFAS 5, par. 64)</i></p> <p><i>The requirements of SFFAS 5 and 33 apply to entities that report liabilities for federal employee pensions, other retirement benefits (ORB), and other postemployment benefits (OPEB), including veterans’ compensation for disabilities. SFFAS 5 and 33 do not apply to the Federal Employees Compensation Act (FECA) program or the veterans’ pension program of the Department of Veterans’ Affairs (DVA). (SFFAS 5 par. 56; SFFAS 33, par. 14)</i></p> <p><i>Additional questions on related pension, ORB, and OPEB expenses are in the “Net Cost” section of this checklist</i></p>		
<p><i>Pensions - 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, par 61)</i></p>		
<p>1) 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, par. 64 and 71)</p>		
<p>2) Are estimated pension liabilities and expenses measured as of the end of the fiscal year (or other reporting period if applicable)?<sup>73</sup> (SFFAS 33, par. 33)</p>		

<sup>73</sup>Measurements 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, par.33)

Pensions, Other Retirement Benefits, and Postemployment Benefits	Yes, No, or N/A	Explanation & Reference
3) 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, par. 65)		
4) 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 <sup>74</sup> ? (SFFAS 5, par. 66 as amended by SFFAS 33, par. 37)		
5) 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? <sup>75</sup> (SFFAS 5, par. 66 as amended by SFFAS 33, par. 29 )		
6) 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, par. 66 as amended by SFFAS 33, par. 30)		

<sup>74</sup>Each 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, par. 66 as amended by SFFAS 33, par. 28)

<sup>75</sup>Historical experience should be the basis for expectations about future trends in marketable treasury securities. (SFFAS 5, par 66, as amended by SFFAS 33, par. 37)

Pensions, Other Retirement Benefits, and Postemployment Benefits	Yes, No, or N/A	Explanation & Reference
7) Is the number of historical rates used by the administrative entity to calculate the average rates consistent from period to period? (SFFAS 5, par. 66 as amended by SFFAS 33, par. 31)		
8) Are the historical rates used by the administrative entity to calculate the average rates sequential? (SFFAS 5, par. 66 as amended by SFFAS 33, par. 30)		
9) 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, par. 66 as amended by SFFAS 33, par. 32)		
10) 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, par. 34)		
11) 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, par. 71)		

Pensions, Other Retirement Benefits, and Postemployment Benefits	Yes, No, or N/A	Explanation & Reference
12) 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, par. 71)		
13) Does the administrative entity report pension assets separately from the pension liabilities rather than netting them? (SFFAS 5, par. 68)		
14) Does the administrative entity carry pension assets at their acquisition cost, adjusted for amortization, if appropriate? (SFFAS 5, par. 68)		
<i>Other retirement benefits (ORB) include all forms of benefits to retirees or their beneficiaries provided outside the pension plan and include retirement health benefits. (SFFAS 5, par. 58 and 79)</i>		
15) 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, par. 82)		

Pensions, Other Retirement Benefits, and Postemployment Benefits	Yes, No, or N/A	Explanation & Reference
<p>16) Does the administrative entity calculate ORB liabilities and amounts for ORB plans' financial reports using</p> <ul style="list-style-type: none"> <li>a) general actuarial and economic assumptions that are consistent with those used for federal employee pensions, and</li> <li>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, par. 83, as amended by SFFAS 33, par. 37)</li> </ul>		
<p>17) Does the administrative entity develop the discount rate assumption for present value measurements of ORB liabilities in accordance with SFFAS 5, par. 66 as described in detail for pension liabilities above? (SFFAS 5, par. 83, as amended by SFFAS 33, par. 37)</p>		
<p>18) 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, par. 84)</p>		
<p>19) 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, par. 88)</p>		
<p>20) Does the administrative entity report ORB assets separately from ORB liabilities rather than netting them? (SFFAS 5, par. 85)</p>		
<p>21) Does the administrative entity carry ORB assets at their acquisition cost, adjusted for amortization, if appropriate? (SFFAS 5, par. 85)</p>		

Pensions, Other Retirement Benefits, and Postemployment Benefits	Yes, No, or N/A	Explanation & Reference
22) Are estimated ORB liabilities and expenses measured as of the end of the fiscal year (or other reporting period if applicable) <sup>76</sup> ? (SFFAS 33, par. 33)		
23) 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, par. 34)		
<p><i>Other postemployment benefits (OPEB) are provided to former or inactive employees, beneficiaries, and covered dependents outside pension or ORB plans. Postemployment benefits can include salary continuation, severance benefits, counseling and training, continuation of health care or other benefits, unemployment, workers' compensation, and veterans' disability compensation benefits paid by the employer. (SFFAS 4, par. 96; SFFAS 5, par. 57 and 94)</i></p>		
24) Does the employer 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, par. 95, as amended by SFFAS 33, par. 37)		
25) Does the employer entity recognize the long-term other postemployment benefits 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, par. 66 as discussed in detail for pensions above? (SFFAS 5, par. 95, as amended by SFFAS 33, par. 37)		
26) Are estimated OPEB liabilities and expenses measured as of the end of the fiscal year (or other reporting period if applicable) <sup>77</sup> ? (SFFAS 33, par. 33)		

<sup>76</sup> Measurements 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, par.33)

<sup>77</sup> Measurements 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, par.33)

<b>Pensions, Other Retirement Benefits, and Postemployment Benefits</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
27) 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, par. 34)		

Other Liabilities	Yes, No, or N/A	Explanation & Reference
<p><i>Unless they are reported separately, other liabilities include liabilities not recognized in other categories. They may include, but are not limited to: grants payable, capital leases, insurance and guarantee programs, advances and prepayments, deposit funds held in escrow, accrued liabilities related to ongoing continuous expenses such as federal employee salaries and accrued employee annual leave, environmental clean-up costs, and estimated losses for claims and other contingencies that meet the criteria for liability recognition. 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, par. 83-85; A-136, section II.4.3.4)</i></p>		
<p>1) Do all federal insurance and guarantee programs (except social insurance and loan guarantee programs) recognize a liability for unpaid claims incurred resulting from insured events that have occurred as of the reporting date? (SFFAS 5, par. 104)</p>		
<p>2) Do federal insurance programs accrue a liability</p> <ul style="list-style-type: none"> <li>a) when an existing condition, situation, or set of circumstances involving uncertainty as to possible loss exists;</li> <li>b) the uncertainty will be resolved when one or more probable future events either occur or fail to occur; and</li> <li>c) future outflow or other sacrifice of resources is probable and measurable? (SFFAS 5, par. 104 and 108)</li> </ul>		
<p>3) Is a liability recognized for future life insurance policy benefits (such as death or disability)? (SFFAS 5, par. 104)</p>		
<p>4) When insurance payments and losses extend beyond the current year, does the liability at the end of the year represent net losses calculated on a present-value basis to reflect the time value of money? (SFFAS 5, par. 109)</p>		

Other Liabilities	Yes, No, or N/A	Explanation & Reference
<p><i>The liability for future policy benefits is the present value of future outflows to be paid to (or on behalf of) policy holders, less the present value of future related premiums. In general, for whole life policies, the liability for future policy benefits should be no less than the cash surrender value that accrues to the benefit of the policyholder. (SFFAS 5, par. 116)</i></p>		
<p>5) Are liabilities for future benefits of whole life insurance policies recorded as prescribed by private sector standards (i.e., FASB Statements of Accounting Standards)? (SFFAS 5, par. 117, FASB 944-40)</p>		
<p>6) Does the liability for future benefits relating to participating life insurance contracts equal the sum of</p> <ul style="list-style-type: none"> <li>a) the net level premium reserve for death and endowment policy benefits,</li> <li>b) liability for terminal dividends, and</li> <li>c) any premium deficiency?<sup>78</sup> (SFFAS 5, par. 118 and 120)</li> </ul>		
<p>7) Has the entity compared the liability for future policy benefits using actuarial assumptions applicable at the time the contract was made (contract assumptions) with the liability for future policy benefits using assumptions that consider</p> <ul style="list-style-type: none"> <li>a) current economic conditions (i.e., current and expected investments and expected long-term yields), and</li> <li>b) experience (i.e., mortality, morbidity, and termination rates)? (SFFAS 5, par. 119)</li> </ul>		
<p>8) Does the agency record “unearned revenue” as a liability if it receives advances or progress payments prior to receipt of cash, and it records the amounts? (SFFAS 7, par. 37)</p>		

<sup>78</sup> A premium deficiency occurs if the liability for future policy benefits using current conditions exceeds the liability for future policy benefits using contract conditions. (SFFAS 5, par. 120)

Other Liabilities	Yes, No, or N/A	Explanation & Reference
9) Are amounts payable for refunds, refund offsets, <sup>79</sup> and drawbacks <sup>80</sup> recognized as liabilities when measurable and legally payable under established processes of the collecting entity? (SFFAS 7, par. 57)		
10) Do amounts payables for refunds include refund claims filed by the taxpayer when the government has determined the amount refundable and identified the payee? (SFFAS 7, par. 57)		
11) Are amounts payable for refunds with respect to returns or claims filed as of the end of the reporting period included in accounts payable for refunds if they do not require specific approval before payment? (SFFAS 7, par. 57)		
12) For claims filed for refunds where specific administrative actions are required before payments can be made, are the amounts <u>excluded</u> from being recognized as a liability if the required administrative actions are not yet complete as of the close of the reporting period, even if reasonably estimable? (SFFAS 7, par. 58A)		
13) Are unasserted claims for refunds by taxpayers or importers, such as unfiled claims for refunds or drawbacks for which no claim has been filed, <u>excluded</u> from liabilities, even if reasonably estimable? (SFFAS 7, par. 58B)		
14) Are amounts voluntarily made as deposits, such as those made to stop the accrual of interest or those made pending settlements and judgments, separately recognized as deposit liabilities? (SFFAS 7, par. 59)		

<sup>79</sup> Refund offsets are amounts withheld from refunds on behalf of other agencies. (SFFAS 7, par. 51)

<sup>80</sup> Drawbacks are refunds payable on all or part of duties paid on imported goods that are subsequently exported or destroyed. (SFFAS 7, par. 51)

Other Liabilities	Yes, No, or N/A	Explanation & Reference
<p><i>A loss contingency is an existing condition, situation, or set of circumstances involving uncertainty as to possible loss to an entity. The uncertainty should ultimately be resolved when one or more future events occur or fail to occur. (SFFAS 5, par. 35) 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, par. 35, fn 17 as amended by SFFAS 39, par. 18)</i></p>		
<p>15) Does the entity recognize estimated losses for claims or other contingencies if all of the following conditions apply</p> <ul style="list-style-type: none"> <li>a) a past event or exchange transaction has occurred,</li> <li>b) a future outflow or other sacrifice of resources is probable,<sup>81</sup> and</li> <li>c) the future outflow or sacrifice of resources is measurable (e.g., the federal entity’s management determines an estimated settlement amount)? (SFFAS 5, par. 38; SFFAS 6, par. 91; SFFAS 12, par. 10 - 11)</li> </ul>		
<p>16) When determining an estimated contingent liability, if some amount within a range of amounts is a better estimate than any other amount within the range, is that amount recognized? (SFFAS 5, par. 39)</p>		
<p>17) When determining an estimated liability, if no amount within a range of amounts is a better estimate than any other amount, is the minimum amount in the range recognized? (SFFAS 5, par. 39)</p>		

<sup>81</sup> In the context of pending or threatened litigation, “probable” is taken to mean “likely;” otherwise, “probable” refers to that which is believed to be more “likely than not” or can be reasonably expected. (SFFAS 12, par. 10 & 11)

Other Liabilities	Yes, No, or N/A	Explanation & Reference
18) Does the entity separately recognize a liability for environmental clean-up costs <sup>82</sup> for PP&E if a) they are related to a past transaction or event, and b) the related costs are probable and measurable? (SFFAS 5, par. 38; SFFAS 6, par. 91-93)		
19) When clean-up costs are paid, are the payments recognized as a reduction in the liability for clean-up costs? (SFFAS 6, par. 100)		
20) If clean-up costs have not been previously recognized, is a liability recognized for the portion of the estimated total clean-up cost that is attributable to either the portion of the physical capacity used or the portion of the estimated useful life that has passed since the PP&E was placed into service? (SFFAS 6, par. 104-106)		
21) Are any subsequent changes (made in periods following implementation) in estimated total clean-up cost immediately expensed (if costs are to be recovered through user charges) and included in the related liability balance? (SFFAS 6, par. 104)		
22) When clean-up costs are recognized for the first time, is the offsetting charge for any liability for clean-up costs shown as a “prior-period adjustment?” (SFFAS 6, par. 105; SFFAS 21, par. 13)		

<sup>82</sup> Clean-up costs are the costs of removing, containing, and/ or disposing of (1) hazardous waste from property, or (2) material and/or property that consists of hazardous waste at permanent or temporary closure or shutdown of associated PP&E. (SFFAS 6, par. 85)

Other Liabilities	Yes, No, or N/A	Explanation & Reference
<p><i>Social insurance programs provide for the maintenance and distribution of incomes and medical benefits during periods of unemployment, disability, and retirement. These programs are Social Security, Medicare, Railroad Retirement Benefits, Black Lung Benefits, and Unemployment Insurance. Expense and liability recognition for these programs is the same for both the consolidated governmentwide entity and for the component entities. (SFFAS 17, par. 2, 4, 14, 15, 19, 30, and app. D, glossary)</i></p>		
<p>23) Does the entity recognize a liability for social insurance benefits due and payable including claims incurred but not reported? (SFFAS 17, par. 22)</p>		
<p>24) Does the liability for unemployment insurance include</p> <ul style="list-style-type: none"> <li>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</li> <li>b) estimated amounts to be withdrawn from UTF and benefits paid by states and territories after fiscal year end for compensatory days occurring prior to fiscal year end? (SFFAS 17, par. 23)</li> </ul>		

**Section V – Net Position and Related Changes**

Questions in this section relate to accounting for net position and related changes in the financial statements.

<b>Caption</b>	<b>No. of Question per Section</b>
<a href="#">Unexpended Appropriations and Cumulative Results of Operations</a>	1 – 2
<a href="#">Budgetary Financing Sources</a>	1 – 16
<a href="#">Other Financing Sources</a>	1 – 9
<a href="#">Funds from Dedicated Collections</a>	1 – 5

Unexpended Appropriations and Cumulative Results of Operations	Yes, No, or N/A	Explanation & Reference
<p><i>Net position is affected by changes to its two components: Cumulative Results of Operations and Unexpended Appropriations, which are broken out into separate sections in the Statement of Changes in Net Position. (A-136, sections II.4.5.1 and II.4.5.2)</i></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.4.3.5)</p>		
<p>2) Does the line item “cumulative results of operations” include</p> <ul style="list-style-type: none"> <li>a) the net results of operations since inception,</li> <li>b) the cumulative amount of prior-period adjustments, and</li> <li>c) the cumulative amount of donations and transfers of assets in and out without reimbursement? (A-136, section II.4.3.5)</li> </ul>		

Budgetary Financing Sources	Yes, No, or N/A	Explanation & Reference
<i>Budgetary Financing Sources displays financing sources and nonexchange revenue that are also budgetary resources, or adjustments to these resources, as reported on the Statement of Budgetary Resources and defined as such by OMB Circular No. A-11, Preparation, Submission and Execution of the Budget. (A-136, section II.4.5.5)</i>		
1) Are unexpended appropriations reduced as appropriations are used? (SFFAS 7, par. 71)		
2) Are unexpended appropriations adjusted for other changes in budgetary resources, such as rescissions and transfers? (SFFAS 7, par. 71)		
3) 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.4.5.5)		
4) Do “other adjustments” <sup>83</sup> (rescissions, etc.) (+/-)” include adjustments to either cumulative results of operations or unexpended appropriations? (A-136, section II.4.5.5)		
5) Are appropriations used by collecting entities to provide refunds of monies deposited to Treasury and trust funds reported under other adjustments rather than as an “appropriations used?” (A-136, section II.4.5.5)		
6) Are "appropriations used" recognized as a financing source when goods and services are received or when benefits and grants are provided? <sup>84</sup> (SFFAS 7, par. 72)		

<sup>83</sup> Some examples of “other adjustments” include reductions of appropriations and cancellations of expired appropriation expenditure accounts. (A-136, section II.4.5.5)

<sup>84</sup> Goods 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, par. 72)

Budgetary Financing Sources	Yes, No, or N/A	Explanation & Reference
7) 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.4.5.5)		
8) Do “appropriations used <sup>85</sup> ” exclude a) undelivered orders, and b) unobligated appropriations? (A-136, section II.4.5.5)		
9) Is nonexchange revenue recognized by the recipient entity as a financing source (and not as a deduction in determining the net cost of operations)? (SFFAS 7, par. 60)		
10) Does the entity recognize nonexchange revenues, such as taxes, if legally entitled to the revenue? (SFFAS 7, par. 48 and 49)		
11) 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 collectable? (SFFAS 7, par. 48)		
12) 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		

<sup>85</sup> “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.4.5.5)

Budgetary Financing Sources	Yes, No, or N/A	Explanation & Reference
the collecting entity or vice versa)? (SFFAS 7, par. 60 <sup>86</sup> )		
13) Do “donations and forfeitures of cash and cash equivalents” include voluntary gifts and involuntary forfeitures of resources to the federal government by nonfederal entities? (A-136, section II.4.5.5)		
14) Do “transfers-in/out without reimbursement (+/-)” under “budgetary financing sources” include intra-governmental nonappropriated <sup>87</sup> balance transfers in or out during the current reporting year? (A-136, section II.4.5.5)		
15) 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.4.5.5)		
16) Do “other budgetary financing sources” include other financing sources that affect budgetary resources that have not been covered by the preceding questions? (A-136, section II.4.5.5)		

<sup>86</sup> SFFAS 7, par 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 par 60.1 and 60.2)

<sup>87</sup> Nonappropriated balances include financing sources and revenue not reported as unexpended appropriations. (A-136, section II.4.5.5)

Other Financing Sources	Yes, No, or N/A	Explanation & Reference
<i>Other Financing Sources displays financing sources and nonexchange revenue that do not represent budgetary resources as reported on the Statement of Budgetary Resources and defined as such by OMB Circular No. A-11. (A-136, section II.4.5.6)</i>		
1) Is revenue arising from donations of property measured at the estimated fair value of the contribution at the time of the donation? (SFFAS 6, par. 30; SFFAS 7, par. 62)		
2) 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? <sup>88</sup> (SFFAS 7, par. 74)		
3) When assets <sup>89</sup> are transferred in or out by entities without reimbursement a) does the receiving entity recognize the transfer-in as an increase in financing sources in its statement of net position, and b) does the transferring entity recognize the transfer out as a decrease in financing sources in its statement of changes in net position?(SFFAS 7, par. 74)		
4) Does the reporting entity recognize an imputed financing source for costs funded through other federal entities, as well as nonreimbursed costs of goods and services provided by other federal entities? (SFFAS 4, par. 109; SFFAS 7, par. 73)		

<sup>88</sup> FASAB Technical Bulletin 2003-1 offers specific guidance dealing with transfers arising from the creation of the Department of Homeland Security and other transfers of operations between federal entities directed by the Homeland Security Act of 2002 (P.L. 107-296). (TB 2003-1 par. I (summary) and 1 (text))

<sup>89</sup> This amount includes intra-governmental transfers in to or out of capitalized assets during the current reporting year. (SFFAS 7, par. 74)

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

Funds from Dedicated Collections	Yes, No, or N/A	Explanation & Reference
<p><i>Generally, 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 must be accounted for separately from the entity's general revenues. (SFFAS 27, par. 11, as amended by SFFAS 43, par. 7)</i></p>		
<p>1) Are funds from dedicated collections accounted for separately from the entity's general revenues? (SFFAS 27, par.11, as amended by SFFAS 43, par. 7)</p>		
<p>2) Do funds designated as funds from dedicated collections meet these criteria</p> <ul style="list-style-type: none"> <li>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,</li> <li>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</li> <li>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, par.11 as amended by SFFAS 43, par. 7)</li> </ul>		
<p>3) Are intra-governmental funds, credit financing accounts, fiduciary funds, and funds established to account for pensions, other retirement benefits, other postemployment benefits, and other employee benefits not characterized as funds from dedicated collections? (SFFAS 27, par.18, as amended by SFFAS 43, par. 11)</p>		

Funds from Dedicated Collections	Yes, No, or N/A	Explanation & Reference
<p>4) 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"> <li>a) that can be clearly identified with a component reported by that entity in accordance with SFFAS 27, or</li> <li>b) if separate portions cannot be clearly identified, does the entity with program management responsibility report the entire fund<sup>90</sup>? (SFFAS 27, par. 20, as amended by SFFAS 43, par. 12)</li> </ul>		
<p>5) Does the quantitative and qualitative criteria used to present individual funds from dedicated collections include</p> <ul style="list-style-type: none"> <li>a) percentages of the reporting entity's revenues from dedicated collections or cumulative results of operations from such funds,</li> <li>b) whether a fund from dedicated collections is of immediate concern to constituents of the fund,</li> <li>c) whether it is politically sensitive or controversial,</li> <li>d) whether it is accumulating large balances, and</li> <li>e) whether the information provided in the financial statements would be the primary source of financial information for the public? (SFFAS 27, par. 24, as amended by SFFAS 43, par. 12)</li> </ul>		

<sup>90</sup> To 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 by this standard. (SFFAS 27, par. 20, fn 7)

**Section VI – Net Cost**

Questions in this section relate to accounting for net cost in the financial statements.

<b>Caption</b>	<b>No. of Questions per Section</b>
<a href="#"><u>Cost Accounting - Overall Requirements</u></a>	1 – 7
<a href="#"><u>Cost Accounting - Responsibility Segments</u></a>	1 – 3
<a href="#"><u>Cost Accounting - Full Cost</u></a>	1 – 8
<a href="#"><u>Cost Accounting – Inter-entity Costs</u></a>	1 – 5
<a href="#"><u>Cost Accounting - Costing Methodology</u></a>	1 – 7
<a href="#"><u>Revenues</u></a>	1 – 14
<a href="#"><u>Pensions and Other Retirement and Postemployment Benefits Costs</u></a>	1 – 13
<a href="#"><u>Inventory, Materials, Supplies, and Commodities Costs</u></a>	1 – 8
<a href="#"><u>Property, Plant, and Equipment Costs</u></a>	1 – 15
<a href="#"><u>Clean-up Costs</u></a>	1 – 9
<a href="#"><u>Interest Costs</u></a>	1 – 2
<a href="#"><u>Insurance and Subsidies Costs</u></a>	1 – 4

Cost Accounting – Overall Requirements	Yes, No, or N/A	Explanation & Reference
<p><i>Managerial cost accounting is the process of accumulating, measuring, analyzing, interpreting, and reporting cost information useful to both internal and external groups concerned with the way in which the organization uses, accounts for, safeguards, and controls its resources to meet its objectives. (SFFAS 4, par. 42)</i></p> <p><i>A cost accounting "system" is a continuous and systematic cost accounting process that may be designed to accumulate and assign costs to a variety of objects routinely or as desired by management. (SFFAS 4, par. 74)</i></p> <p><i>Cost finding is a method for determining the cost of producing goods or services using appropriate procedures, for example, special cost studies or analyses. (SFFAS 4, par. 76)</i></p>		
<p>1) Are costs related to the production of outputs reported separately from costs that are not related to the production of outputs (i.e., nonproduction costs)? (A-136, section II.4.4.3)</p>		
<p>2) Has the entity established appropriate procedures and practices to enable the consistent and regular collection, measurement, accumulation, analysis, interpretation, and communication of cost information? (SFFAS 4, par. 68-70)</p>		
<p>3) As a means of providing cost information in an efficient and reliable manner on a continuing basis, does the entity regularly accumulate and report the costs of its activities either by means of cost accounting systems or cost finding techniques? (SFFAS 4, par. 68-70)</p>		
<p>4) Does the reporting entity's cost accounting system or cost finding technique</p> <ul style="list-style-type: none"> <li>a) collect cost information by responsibility segments identified by management,</li> <li>b) define outputs for each responsibility segment,</li> <li>c) measure the full cost (including the cost of goods or services provided by other entities) of outputs so that total operational costs and total unit costs of outputs can be determined,</li> <li>d) use a costing methodology (e.g., activity-</li> </ul>		

Cost Accounting – Overall Requirements	Yes, No, or N/A	Explanation & Reference
<p>based, job order, standard costing) that is appropriate for management's needs and the operating environment,</p> <p>e) provide information needed to determine and report service efforts and accomplishments and information necessary to meet the requirements of GPRA (or interface with a system that provides such information),</p> <p>f) report cost information in a timely manner and on a regular basis consistent with the needs of management and budgetary and financial reporting requirements,</p> <p>g) rely on the <i>United States Standard General Ledger</i> as a basis for integrating its cost information with its financial accounting,</p> <p>h) supply cost data precise enough to provide reliable and useful information to internal and external users in making evaluations or decisions but also avoid unnecessary precision and refinement of data, and</p> <p>i) accommodate management's cost information needs? (SFFAS 4, par. 71)</p>		
<p>5) Are all managerial cost accounting activities, processes, and procedures documented? (SFFAS 4, par. 71)</p>		
<p>6) Has the entity used similar or compatible cost accounting processes throughout its component units? (SFFAS 4, par. 73)</p>		

<b>Cost Accounting – Overall Requirements</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
7) In determining the appropriate detail for its cost accounting processes and procedures, has the reporting entity evaluated a) nature of its operations, b) precision desired and needed in cost information, c) practicality of data collection and processing, d) availability of electronic data-handling facilities, e) cost of installing, operating, and maintaining the cost accounting processes, and f) specific information needs of management? (SFFAS 4, par. 72)		

Cost Accounting – Responsibility Segments	Yes, No, or N/A	Explanation & Reference
<p><i>A responsibility segment is a component of a reporting entity that is responsible for carrying out a mission, conducting a major line of activity, or producing one or a group of related products or services. (SFFAS 4, par. 78)</i></p>		
<p>1) Has the entity defined and established responsibility segments? (SFFAS 4, par. 77)</p>		
<p>2) Does management designate or establish responsibility segments based on</p> <ul style="list-style-type: none"> <li>a) the entity’s organizational structure,</li> <li>b) its lines of responsibility and missions,</li> <li>c) its output (goods or services it delivers), and</li> <li>d) budget accounts and funding authorities? (SFFAS 4, par. 86)</li> </ul>		
<p>3) For each responsibility segment, does the entity</p> <ul style="list-style-type: none"> <li>a) define and accumulate outputs and, if feasible, quantify each type of output in units,</li> <li>b) accumulate costs and quantitative units of resources consumed in producing the outputs,</li> <li>c) assign costs to outputs and calculate the cost per unit of each type of output, and</li> <li>d) establish cost centers within responsibility segments? (SFFAS 4, par. 79 and 88)</li> </ul>		

Cost Accounting – Full Cost	Yes, No, or N/A	Explanation & Reference
<p><i>Full cost is the sum of all costs that contribute to an output and includes direct and indirect costs regardless of funding sources. It also includes the costs of supporting services provided by other responsibility segments or entities. (SFFAS 4, par. 89)</i></p> <p><i>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, par. 89, 90, and 91)</i></p>		
<p>1) Does the entity include all direct costs in the full cost of outputs, including</p> <ul style="list-style-type: none"> <li>a) salaries and other benefits for employees who work directly on the output,</li> <li>b) materials and supplies used in the work,</li> <li>c) various costs associated with office space, equipment, facilities, and utilities that are used exclusively to produce the output, and</li> <li>d) costs of goods or services received from other segments or entities that are used to produce the output? (SFFAS 4, par. 90)</li> </ul>		
<p>2) In the full cost of outputs, does the reporting entity include</p> <ul style="list-style-type: none"> <li>a) indirect costs incurred within a responsibility segment, and</li> <li>b) the costs of support services that a responsibility segment receives from other segments or entities? (SFFAS 4, par. 91, 122, and 123)</li> </ul>		
<p>3) Are the costs of employee benefits<sup>91</sup> included as part of the cost of outputs? (SFFAS 4, par. 93-97)</p>		

<sup>91</sup> These include health, life insurance, pension, and other retirement benefits, but not other postemployment benefits. (SFFAS 4, par. 93 -97)

Cost Accounting – Full Cost	Yes, No, or N/A	Explanation & Reference
4) Are the costs of other postemployment benefits reported as expenses for the period during which a future outflow or other sacrifice of resources is probable and measurable on the basis of an event occurring on or before the accounting date? (SFFAS 4, par. 96-97)		
5) Are the full costs of transfer payments for welfare, insurance, grants, and other public assistance programs separately identified from the costs of operating such programs? (SFFAS 4, par. 98-101)		
6) Is depreciation expense incurred by responsibility segments on general PP&E included in the full costs of the goods and services that the segments produce? (SFFAS 4, par. 102)		
7) Are the costs of acquiring or constructing heritage assets <u>excluded</u> from the full cost of goods and services and treated as a program cost <sup>92</sup> or period expense? (SFFAS 4, par. 103)		
8) Are nonproduction costs incurred by responsibility segments, such as reorganization costs and nonrecurring clean-up costs resulting from facility abandonment, <u>excluded</u> from the full cost of outputs and treated as current-period expenses? (SFFAS 4, par. 104)		

<sup>92</sup> Acquisition costs of heritage assets are part of the costs of the entity or the program that makes the property acquisitions. (SFFAS 4, par. 103, fn 31)

Cost Accounting – Inter-entity Costs	Yes, No, or N/A	Explanation & Reference
<p><i>Within the federal government, some reporting entities rely on other federal entities to help them achieve their missions. Often, this involves support services, but may include the provision of goods. The reporting entity generally should account for the full cost of goods or services provided to or received from other federal entities. (SFFAS 4, par. 105-108)</i></p> <p><i>Costs between reporting entities that are part of the same department or larger reporting entity (such as bureaus, components or responsibility segments within a department) are considered intra-departmental costs. Reporting entities should account for imputed intra-departmental costs in accordance with the full cost provisions of SFFAS 4. (FASAB Interpretation No. 6, par. 4 and 8)</i></p>		
<p>1) Does the entity recognize <u>specific</u> inter-entity costs as identified by OMB whether or not the entity is fully reimbursed?<sup>93</sup> (A-136, section II.4.4.3)</p>		
<p>2) Does the entity recognize all material inter-entity costs whether or not the entity is fully reimbursed?<sup>94</sup> (SFFAS 4, par 111-112; A-136, section II.4.4.3)</p>		
<p>3) 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</p> <ul style="list-style-type: none"> <li>a) significance to the entity,</li> <li>b) directness of relationship to the entity's operations, and</li> <li>c) identifiability? (SFFAS 4, par. 112)</li> </ul>		

<sup>93</sup> Examples of unreimbursed costs that reporting entities are required to recognize include (but are not limited to): (1) employees' pension, post-retirement health and life insurance benefits, (2) other post-employment benefits for retired, terminated, and inactive employees, which includes unemployment and workers compensation under the Federal Employees' Compensation Act, as amended, and (3) losses in litigation proceedings (see FASAB Interpretation No. 2, Accounting for Treasury Judgment Fund Transactions). In the case of employee benefits, the imputed amount is the difference between employer/employee contributions and the total cost of the benefit. (A-136, section II.4.4.3)

<sup>94</sup> See note above.

<b>Cost Accounting – Inter-entity Costs</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
4) Are the costs of broad, general support services provided by a federal entity to other federal entities <u>excluded</u> from the costs of the recipient entity unless such services are integral to the receiving entity (e.g., Treasury check-writing services provided for the Social Security Administration)? (SFFAS 4, par. 112)		
5) If the receiving entity cannot get complete information on the full cost of goods or services provided by another reporting entity, does the receiving entity use a reasonable estimate of the cost of the goods or services received or the market value of the goods or services received if an estimate of the cost cannot be made? (SFFAS 4, par. 109)		

Cost Accounting – Costing Methodology	Yes, No, or N/A	Explanation & Reference
<p><i>Cost accumulation is the process of collecting cost data in an organized way by responsibility segment. Cost assignment is a process that identifies accumulated costs with reporting periods and cost objects. Three methods of cost assignment are direct tracing, cause and effect, and allocating costs on a reasonable and consistent basis. Cost object or cost objective is an activity, output, or item the cost of which is to be measured. (SFFAS 4, par. 117, 120 and 121)</i></p> <p><i>Entities are not required to use a particular costing system or costing methodology, but the costing system or methodology used should be appropriate to the entity's operating environment and used consistently. Four examples of acceptable (but not necessarily mutually exclusive) costing methodologies are activity-based costing, job order costing, process costing, and standard costing. (SFFAS 4, par. 144-147)</i></p>		
1) Is the entity's accounting system capable of identifying costs within responsibility segments? (SFFAS 4, par. 118)		
2) Are the costs of resources used by responsibility segments classified by type of resource, such as costs of employees, materials, capital, utilities, and rent? (SFFAS 4, par. 119)		
3) Are data on the quantity of units (e.g., staff days, gallons of gasoline consumed) related to the various cost categories maintained, when appropriate and feasible? (SFFAS 4, par. 119)		
4) Are costs assigned to outputs through a) directly tracing costs used in the production of an output, wherever economically feasible, <sup>95</sup> or b) assigning costs on a cause-and-effect basis, or c) allocating costs on a reasonable and consistent basis? (SFFAS 4, par. 124)		

<sup>95</sup> A method is economically feasible if the benefits resulting from implementing the method outweigh its costs. (SFFAS 4, par. 142)

<b>Cost Accounting – Costing Methodology</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
5) For cost allocation purposes, do indirect costs assigned to a given cost pool have similar characteristics? (SFFAS 4, par. 136)		
6) Are common costs <sup>96</sup> assigned to activities either on a cause-and-effect basis, if feasible, or through reasonable allocations? (SFFAS 4, par. 140)		
7) Are the full costing methodologies that are appropriate to a segment's operating environment used and consistently followed, and any changes documented and explained? (SFFAS 4, par. 145 - 146)		

<sup>96</sup> Common costs refer to the costs of maintaining and operating facilities and other resources that cannot be directly traced to any of the activities or outputs that share resources. (SFFAS 4, par. 140)

Revenues	Yes, No, or N/A	Explanation & Reference
<p><i>Revenues are inflows of resources that the government demands, earns, or receives by donation. Revenue comes from two sources: exchange transactions and nonexchange transactions. (SFFAS 7, par. 30)</i></p> <p><i>Exchange (or earned) revenues arise when a government entity provides goods or services to the public or to another government entity for a price. (SFFAS 7, par. 30) Nonexchange revenues arise primarily from the government’s sovereign power to demand payments from the public (e.g., taxes, duties, fines), and also include donations. (SFFAS 7, par. 30)</i></p> <p><i>The net cost of a program is the difference between its gross costs and related exchange revenues. (A-136, section II.4.4.5) The net cost of operations by a reporting entity consists of gross cost incurred by the reporting entity less any exchange revenue earned from its activities. (A-136, section II.4.4.9)</i></p>		
<p>1) Is collected custodial nonexchange revenue that is legally retained by the collecting entity as reimbursement for the cost of collection, recognized as exchange revenue? (SFFAS 7, par. 60.3)</p>		
<p>2) Is revenue received from the public or other government entity in return for providing goods or services recognized as exchange revenue? (SFFAS 7, par. 34)</p>		
<p>3) If an exchange transaction is unusual or nonrecurring for a particular entity, is a gain or loss recognized rather than a revenue or expense? (SFFAS 7, par. 35)</p>		
<p>4) Is exchange revenue recognized when services are performed for transactions in which services are provided to the public or another government entity? (SFFAS 7, par. 34 and 36 (a))</p>		
<p>5) If specific goods or services are made to order under terms of a contract, is exchange revenue (and any probable loss) recognized in proportion to estimated total cost when goods and services are acquired to fulfill the contract? (SFFAS 7, par. 36(b))</p>		

Revenues	Yes, No, or N/A	Explanation & Reference
6) When goods are kept in inventory so that they are available to customers when ordered, is exchange revenue recognized when the goods are delivered to the customer? (SFFAS 7, par. 36(c))		
7) If services are rendered continuously or the right to use an asset extends continually over time, is exchange revenue recognized in proportion to the passage of time or the use of the asset? (SFFAS 7, par. 36(d))		
8) Is interest received on intra-governmental loans recognized as exchange revenue if the source of borrowed funds is predominately exchange revenue? (SFFAS 7, par. 36(d))		
9) When an asset other than inventory is sold, is any gain (or loss) recognized when the asset is delivered to the purchaser? (SFFAS 7, par. 36(e))		
10) When advance fees or payments are received, such as for large-scale, long-term projects, is revenue recognized only as the cost of providing the corresponding goods and services are incurred? (SFFAS 7, par. 37)		
11) Is the measurement of revenue from exchange transactions based on the actual price received or receivable under established pricing arrangements? (SFFAS 7, par. 38)		
12) To the extent that realization of the full amount of exchange revenue is not probable due to credit losses (caused by the failure of the debtor to pay the established or negotiated price), is an expense recognized and the allowance for bad debts increased, if the bad debts can be reasonably estimated? (SFFAS 7, par. 40)		

<b>Revenues</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
13) If the realization of the full amount of exchange revenue is not probable for reasons apart from credit losses (e.g., returns and allowances), is a provision made to reduce the recognized revenue (if amounts can be reasonably estimated), with the provision recognized as a revenue adjustment? (SFFAS 7, par. 41)		
14) Is exchange revenue recognized regardless of whether the entity retains the revenue for its own use or transfers it to other entities? (SFFAS 7, par. 43)		

Pensions, Other Retirement, and Post Employment Benefit Costs	Yes, No, or N/A	Explanation & Reference
<p><i>Pension benefits include all retirement, disability, and survivor benefits financed through a pension plan, including unfunded pension plans. Required federal payments to social insurance plans (i.e., Social Security and Medicare) and matching federal payments to defined contribution pension plans are also considered to be plan expenses. (SFFAS 5, par. 6)</i></p> <p><i>Costs of pensions and other retirement benefits (ORB), whether they are paid for in part or in total by other governmental entities, are included in the costs of program outputs. (SFFAS 4, par. 95) Recognition of other postemployment benefits (OPEB) is linked to the occurrence of an OPEB event rather than the production of an output. OPEB costs are generally treated as period expenses. Special-purpose cost studies may distribute OPEB costs over a number of prior years to determine the cost of outputs OPEB recipients helped produce. (SFFAS 4, par. 96 - 97)</i></p> <p><i>In accounting for pensions, ORB, and OPEB, the “administrative entity,” typically manages and accounts for the related assets and liabilities. The “employer entity” accounts for its portion of related costs of pensions, ORB, and OPEB and recognizes an expense. For these costs the employer entity receives a salary and expense appropriation, imputes a financing source, or both. (SFFAS 5, par. 57, fn 30 and par. 59)</i></p> <p><i>Additional questions on related pension, ORB, and OPEB liabilities are in the “Liabilities” section of this checklist, including the actuarial methods used to measure both the liability and related expense.</i></p>		
<p><i>Pensions - 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, par 61)</i></p>		
<p>1) When a new pension plan is initiated or a current one amended, does the administrative entity recognize all past and prior service costs<sup>97</sup> or gains immediately, without amortization? (SFFAS 5, par. 70)</p>		
<p>2) Does the administrative entity recognize actuarial gains and losses<sup>98</sup> immediately, without amortization? (SFFAS 5, par. 69)</p>		

<sup>97</sup> Past service costs result from retroactive benefits granted when a new plan is initiated. Prior service costs result from retroactive benefits granted in a plan amendment. (SFFAS 5, par. 69)

<sup>98</sup> Actuarial gains and losses are changes in the balance of the pension liability that result from (1) deviations between actual experience and the actuarial assumptions used or (2) changes in actuarial assumptions. (SFFAS 5, par. 69)

Pensions, Other Retirement, and Post Employment Benefit Costs	Yes, No, or N/A	Explanation & Reference
3) Does the administrative entity report pension plan revenue for the sum of contributions from <ul style="list-style-type: none"> <li>a) the employer,</li> <li>b) its employees,<sup>99</sup> and</li> <li>c) interest on the plan's investments? (SFFAS 5, par. 73 and 78)</li> </ul>		
4) Does the employer entity recognize a pension expense that equals the service cost (normal cost) for its employees for the accounting period, less the amount contributed by the employees, if any? (SFFAS 5, par. 74)		
5) Is the employer entity's pension expense balanced by <ul style="list-style-type: none"> <li>a) a decrease to its "fund balance with Treasury" for the amount of its contribution to the pension plan, if any; and if this does not equal the full pension expense, by</li> <li>b) an increase to an account representing an intra-governmental financing source (e.g., "imputed financing- expenses paid by other agencies")? (SFFAS 5, par. 75)</li> </ul>		
6) Does the administrative entity report the liability and recognize the expense for the net amount of all components <sup>100</sup> of the pension plan's cost, including in instances that it is also the employer entity? (SFFAS 5, par. 71,72, and 76)		

<sup>99</sup> The administrative entity may also receive financing from the general fund to cover prior service or other costs for which contributions were not provided by the employer or employee. (SFFAS 5, par. 73, fn 35)

<sup>100</sup> Components 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; (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, par. 72)

Pensions, Other Retirement, and Post Employment Benefit Costs	Yes, No, or N/A	Explanation & Reference
<p><i>ORB includes all forms of benefits to retirees or their beneficiaries provided outside the pension plan. The predominant ORB expense in the federal government is retirement health benefits. (SFFAS 5, par. 58 and 79)</i></p>		
<p>7) When a new ORB plan is initiated or a current one amended, does the administrative entity recognize all past and prior service costs or gains immediately, without amortization? (SFFAS 5, par. 86 - 87)</p>		
<p>8) Does the administrative entity recognize all actuarial gains and losses from changes in the ORB liability immediately, without amortization? (SFFAS 5, par. 86 - 87)</p>		
<p>9) Does the administrative entity report ORB revenue for the sum of contributions from the employer entity and its employees? (SFFAS 5, par. 89)</p>		
<p>10) Does the employer entity report ORB expenses equal to the service cost (normal cost) for its employees for the accounting period, less the amount contributed by the employees? (SFFAS 5, par. 90)</p>		
<p>11) Is the employer entity's ORB expense balanced by</p> <ul style="list-style-type: none"> <li>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,</li> <li>b) an increase to an account representing an intra-governmental imputed financing source (e.g., "imputed financing-expenses paid by other entities")? (SFFAS 5, par. 91)</li> </ul>		

Pensions, Other Retirement, and Post Employment Benefit Costs	Yes, No, or N/A	Explanation & Reference
12) Does the administrative entity report the liability and recognize the expense for the net amount of all components <sup>101</sup> of ORB costs, including in instances that it is also the employer entity? (SFFAS 5, par. 88 and 92)		
<p><i>OPEB are provided to former or inactive employees, beneficiaries, and covered dependents outside pension or ORB plans. Postemployment benefits can include salary continuation, severance benefits, counseling and training, continuation of health care or other benefits, unemployment, workers' compensation, and veterans' disability compensation benefits paid by the employer. (SFFAS 4, par. 96; SFFAS 5, par. 57 and 94)</i></p>		
13) Does the employer recognize an expense and a liability for OPEB when a future outflow or other sacrifice of resources is probable (i.e., more likely than not) and measurable on the basis of events occurring on or before the reporting date? (SFFAS 5, par. 95, as amended by SFFAS 33, par. 37)		

<sup>101</sup> Components 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, par. 88)

Inventory, Materials, Supplies, and Commodities Costs	Yes, No, or N/A	Explanation & Reference
<p><i>Upon sale of inventory (when the title passes or the goods are delivered) or upon use in the provision of a service, the related expense shall be recognized and the cost of those goods shall be removed from inventory. (SFFAS 3, par. 19)</i></p> <p><i>The cost of goods shall be removed from operating materials and supplies (i.e., the asset account) and reported as an operating expense in the period they are issued to an end user for consumption in normal operations. (SFFAS 3, par. 39)</i></p>		
<p>1) Upon sale or use of inventory, is the related expense recognized and the cost of those goods removed from the inventory asset account? (SFFAS 3, par. 19)</p>		
<p>2) To arrive at the cost of cost of goods sold, is one of the following cost flow assumptions used for ending inventory</p> <ul style="list-style-type: none"> <li>a) FIFO,</li> <li>b) weighted average,</li> <li>c) moving average, or</li> <li>d) any other valuation method whose results reasonably approximate one of the above historical cost methods? (SFFAS 3, par. 22 as amended by SFFAS 48, par. 16)</li> </ul>		
<p>3) Are operating materials and supplies expensed using the consumption method (i.e., reported as an operating expense when they are issued to the end user for consumption in normal operations)? (SFFAS 3, par. 38 and 39)</p>		
<p>4) For inventory and operating materials and supplies acquired through a nonmonetary exchange, is the difference between the fair value of the acquired items and the recorded amount surrendered reported as a gain or loss? (SFFAS 3, par. 21 and 43)</p>		
<p>5) Are abnormal costs associated with inventory and operating materials and supplies, such as excessive handling or rework costs, charged to operations of the period? (SFFAS 3, par. 21 and 43)</p>		

<b>Inventory, Materials, Supplies, and Commodities Costs</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
6) Are any unrealized gains or losses resulting from periodic revaluations of inventory captured in a designated allowance account? (SFFAS 3, par. 23 and 24)		
7) Is the cost of stockpile materials removed from the corresponding asset account and reported as an operating expense when issued for use or sale? (SFFAS 3, par. 52)		
8) Are abnormal costs of stockpile materials, such as excessive handling and rework costs, expensed in current operations? (SFFAS 3, par. 53)		

Property, Plant, and Equipment Costs	Yes, No, or N/A	Explanation & Reference
<p><i>A common expense related to PP&amp;E that is included in the Statement of Net Cost is depreciation. Other PP&amp;E-related expenses that are reported in the Statement of Net Cost include all current costs of acquiring and maintaining stewardship land and heritage assets (other than multiuse heritage assets.) (SFFAS 6, par. 35 and 69; SFFAS 16, par. 8)</i></p> <p><i>Depreciation expense is calculated through systematic and rational allocation of the cost of PP&amp;E, less its estimated salvage or residual value, over its estimated useful life. A composite or group methodology,<sup>102</sup> whereby the costs of PP&amp;E are allocated using the same allocation rate, is permissible. (SFFAS 6, par. 35; SFFAS 23, par. 9, item f)</i></p>		
1) Is depreciation expense recognized on all general PP&E? (SFFAS 6, par. 35)		
2) Is depreciation expense calculated through a systematic and rational allocation of the PP&E cost less salvage value over the estimated useful life? (SFFAS 6, par. 35)		
3) In an exchange transaction with a nonfederal entity, is the difference between the book value (i.e., cost less accumulated depreciation) of PP&E surrendered and the cost of PP&E acquired <sup>103</sup> recognized as either a gain or a loss? (SFFAS 6, par. 32)		
4) In the event that cash consideration is included in the exchange transaction with a nonfederal entity, is the cost of PP&E acquired either increased by the amount of cash consideration surrendered or decreased by the amount of cash consideration received? (SFFAS 6, par. 32)		

<sup>102</sup> The composite methodology is a method of calculating depreciation that applies a single average rate to a number of heterogeneous assets that have dissimilar characteristics and service lives. The group methodology is a method of calculating depreciation that applies a single, average rate to a number of homogeneous assets having similar characteristics and service lives. (SFFAS 6, par. 35, fn 42a)

<sup>103</sup> The cost of the PP&E acquired is recorded at the cost of the PP&E surrendered net of any accumulated depreciation or amortization when the fair value of the PP&E surrendered or acquired is not determinable. (SFFAS 6, par. 32)

Property, Plant, and Equipment Costs	Yes, No, or N/A	Explanation & Reference
5) When assets have been removed from PP&E in anticipation of disposal, retirement, or removal from service, has the entity stopped recording depreciation and amortization expenses for such assets? (SFFAS 6, par. 38 and 39)		
6) For general PP&E that is disposed of, retired or removed from service, is any difference between the book value of the PP&E and amounts realized recognized as a gain or a loss in the period of disposal, retirement, or removal from service? (SFFAS 6, par. 38)		
7) For PP&E assets recorded at expected net realizable value, is this value adjusted at the end of each accounting period and the adjustment recognized as either a gain or loss? (SFFAS 6, par. 39)		
8) Are costs to acquire, improve, reconstruct, or renovate heritage assets, other than multiuse heritage assets, recognized for the period in which the costs are incurred? (SFFAS 29, par. 19)		
9) Do the recognized costs of heritage assets also include all costs incurred during the period to bring the item(s) to their current condition? (SFFAS 29, par. 19)		
10) Are amounts for heritage assets acquired through donation or devise <u>excluded</u> from the cost of heritage assets with the exception of multi-use heritage assets? (SFFAS 29, par. 20)		
11) Are amounts for stewardship land acquired through donation or devise <u>excluded</u> from the cost of stewardship land? (SFFAS 29, par. 38)		
12) Is the cost of acquisition of stewardship land, including all costs to prepare stewardship land for its intended purpose (e.g., razing a building), recognized for the period in which the cost is incurred? (SFFAS 29, par. 37)		

Property, Plant, and Equipment Costs	Yes, No, or N/A	Explanation & Reference
13) If stewardship land is acquired along with existing structures and the structure is deemed a heritage asset that is significant, does the entity treat the acquisition cost as either the cost of stewardship land, heritage asset, or both based on its judgment? (SFFAS 29, par. 37a)		
14) 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, par. 37b)		
15) If stewardship land is acquired along with existing structures and the structure is significant and has an operating use (e.g., a constructed hotel or employee housing block), is the structure treated as general PP&E by identifying the cost attributable to general PP&E and segregated from the cost of the stewardship land acquired? (SFFAS 29, par. 37c)		

Clean-up Costs	Yes, No, or N/A	Explanation & Reference
<i>Clean-up costs are the costs of removing, containing, and/or disposing of (1) hazardous waste from property or (2) material and/or property that consists of hazardous waste upon permanent or temporary closure or shutdown of associated PP&amp;E. Clean-up costs may include, but are not limited to, decontamination, decommissioning, site restoration, site monitoring, closure, and postclosure costs. (SFFAS 6, par. 85 and 87)</i>		
1) When PP&E is placed into service, does the entity estimate the associated clean-up costs? (SFFAS 6, par. 94)		

Clean-up Costs	Yes, No, or N/A	Explanation & Reference
<p>2) In estimating clean-up costs and liability, has the entity evaluated</p> <ul style="list-style-type: none"> <li>a) the level of restoration to be performed,</li> <li>b) current legal and regulatory requirements,</li> <li>c) current technology, and</li> <li>d) current costs (i.e., amount that would be paid if all goods and services included in the clean-up estimate were acquired in the current period)?(SFFAS 6, par. 95)</li> </ul>		
<p>3) Are estimated clean-up costs periodically revised to account for material changes due to inflation or deflation and changes in regulations, plans, and/or technology? (SFFAS 6, par. 96)</p>		
<p>4) When PP&amp;E is placed into service, does the entity recognize cleanup costs during each period that general PP&amp;E is in operation, in a systematic and rational manner based on either</p> <ul style="list-style-type: none"> <li>a) physical capacity of the PP&amp;E (e.g., expected usable landfill area), or</li> <li>b) the estimated useful life of the associated PP&amp;E (if physical capacity is not applicable or estimable)? (SFFAS 6, par. 97)</li> </ul>		
<p>5) Do recognition of the cleanup costs and the accumulation of the related liability begin on the date that the associated PP&amp;E is placed into service, continue in each period that operation continues, and end when the PP&amp;E ceases operation? (SFFAS 6, par. 98)</p>		
<p>6) If clean-up costs are reestimated, are the cumulative effects of changes in total estimated cleanup costs related to current and past operations of PP&amp;E immediately recognized as an expense and is the corresponding liability adjusted? (SFFAS 6, par. 99)</p>		

Clean-up Costs	Yes, No, or N/A	Explanation & Reference
7) When stewardship PP&E is placed into service, does the entity expense the total estimated clean-up costs and establish a liability in the period the asset is placed into service? (SFFAS 6, par. 101)		
8) If clean-up costs for stewardship PP&E are reestimated, are any adjustments to the liability associated with clean-up costs expensed in the period of the change in estimate? (SFFAS 6, par. 102)		
9) Is a liability and related expense recognized for friable and non-friable asbestos clean-up costs when the costs are both probable and reasonably estimable? (A-136, section II.4.3.4; FASAB Technical Release 10, par. 1.a. as per Technical Bulletin 2006-1,)		

Interest Costs	Yes, No. or N/A	Explanation & Reference
<p><i>Interest incurred results from borrowing funds from Treasury, Federal Financing Bank, other federal entities, or the public. Interest also should be recorded on late payment of bills by the federal entity and on refunds. (SFFAS 1, par. 81)</i></p> <p><i>Interest costs are generally related to securities and other debt instruments issued by the U.S. Treasury or other federal agencies. (SFFAS 5, par. 47-48)</i></p>		
<p>1) Does the related interest cost of federal debt include</p> <ul style="list-style-type: none"> <li>a) the accrued (prorated) share of the interest incurred during the accounting period,</li> <li>b) the amortized discounts or premiums for each accounting period for fixed value securities, and</li> <li>c) the amount of change in the current value for the accounting period for variable value securities? (SFFAS 5, par. 53)</li> </ul>		
<p>2) If securities are retired before maturity, is the difference between the reacquisition price and net carrying value of the extinguished debt recognized in the period of extinguishment as a gain or loss? (SFFAS 5, par. 54)</p>		

Insurance and Subsidies Costs	Yes, No, or N/A	Explanation & Reference
<p><i>Federal insurance and guarantee programs are established to assume risks that private sector entities are unwilling or unable to assume or to subsidize the provision of insurance to achieve social objectives. For life insurance, a premium deficiency occurs if the liability for future policy benefits using current conditions exceeds the liability for future policy benefits using contract conditions. (SFFAS 5, par. 97 and 120)</i></p>		
<p>1) If an insured event has occurred as of the financial statement reporting date, has the federal entity recognized an expense for all claims incurred during the period, including, when appropriate, those incurred but not reported (IBNR) and contingencies that meet the criteria for recognition? (SFFAS 5, par. 104 and 109)</p>		
<p>2) Are changes in estimates of claim cost resulting from</p> <ul style="list-style-type: none"> <li>a) the present value calculations,</li> <li>b) the continuous review process, and</li> <li>c) differences between the estimates and actual payments for claims,</li> <li>d) recognized as charges against operations of the period in which the estimates are changed or payments are made? (SFFAS 5, par. 109)</li> </ul>		
<p>3) If the liability for future [life insurance] policy benefits using current conditions exceeds the liability for future policy benefits under contract conditions (resulting in a premium deficiency), is the difference recognized as a charge to operations in the current period? (SFFAS 5, par. 120)</p>		

<b>Insurance and Subsidies Costs</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
4) Does the entity recognize an expense for social insurance <sup>104</sup> benefits paid during the reporting period plus any increase (or less any decrease) in the liability for social insurance benefits due and payable to or on behalf of beneficiaries, from the end of the prior period to the end of the current period? (SFFAS 17, par. 22)		

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<sup>104</sup> Social insurance programs include Social Security, Medicare, Railroad Retirement, Black Lung Benefits, and Unemployment Insurance. (SFFAS 17, par. 14)

**Section VII – Budgetary Resources**

Questions in this section relate to accounting for budgetary resources in the Statement of Budgetary Resources (SBR).

Budgetary Resources	Yes, No, or N/A	Explanation & Reference
<p><i>Offsetting receipts are collections that are credited to general fund, special fund, or trust fund receipt accounts and that offset gross outlays. Unlike offsetting collections, which are credited to expenditure accounts and offset outlays at the account level, offsetting receipts may be distributed to the agencies or undistributed. (A-136, section II.4.6.8)</i></p> <p><i>Distributed offsetting receipts offset the outlays of the agency, while undistributed offsetting receipts offset government-wide outlays. Distributed offsetting receipts typically offset the outlays of the agency that conducts the activity generating the receipts and the subfunction to which the activity is assigned. Offsetting receipts are composed of proprietary receipts from the public, receipts from intra-governmental transactions, and offsetting governmental receipts. (A-136, section II.4.6.8)</i></p>		
1) Do offsetting receipts include all distributed offsetting receipts for the entity? <sup>105</sup> (A-136, section II.4.6.8)		
2) Do offsetting receipts include entity receipt accounts for a) Proprietary Receipts from the Public, b) Intrabudgetary Receipts Deducted by Agencies, and c) Offsetting Governmental Receipts? (A-136, section II.4.6.8)		
3) Is the amount of distributed offsetting receipts the aggregate of cash collected in these receipt accounts and reported to Treasury on a monthly basis? <sup>106</sup> (A-136, section II.4.6.8)		
4) Does the entity credit undistributed offsetting receipts to governmentwide outlay totals which results in an <u>exclusion</u> from the SBR? (A-136, section II.4.6.8)		
5) In order to have consistency between the information presented in the SBR and the		

<sup>105</sup> A list of distributed offsetting receipt accounts can be found in the Treasury Annual Report Appendix, Part 4, Other Information/Receipts by Department Listing

<sup>106</sup> Agencies use the SF 224, Statement of Transactions; SF 1220, Statement of Transactions; and SF 1221, Statement for Transactions According to Appropriation, Fund, and Receipt Accounts (Foreign Service Account)).

Budgetary Resources	Yes, No, or N/A	Explanation & Reference
<p><i>Budget of the United States Government</i>, does the entity</p> <ul style="list-style-type: none"> <li>a) post all subsequent changes, whether material or not, to OMB's MAX Circular No. A-11 budget preparation system during the time frames provided by OMB,</li> <li>b) post all subsequent changes, whether material or not, made to OMB's MAX Circular No A-11 budget preparation system to the Government wide Treasury Account Symbol Adjusted Trial Balance System (GTAS) during its revision window (November/December time frame) period specified for posting corrections to the budget information, and</li> <li>c) disclose any material differences? (A-136, section II.4.2, item 4)</li> </ul>		

**Section VIII – Custodial Activity**

Questions in this section relate to accounting for custodial activity in the financial statements.

<b>Caption</b>	<b>No. of Questions per Section</b>
<a href="#">General</a>	1
<a href="#">Sources of Collections</a>	1 – 8

General	Yes, No, or N/A	Explanation & Reference
<p><i>Collecting entities do not recognize as revenue those collections that have been or should be transferred to others as revenues.<sup>107</sup> Rather, they shall account for sources and disposition of the collections on the statement of custodial activity. (A-136, section II.4.7.1)</i></p> <p><i>Custodial collections are normally nonexchange revenues, such as taxes and duties collected by the Internal Revenue Service and the U.S. Customs and Border Protection. (A-136, section II.4.7.1)</i></p>		
<p>1) If the entity collects <i>exchange</i> revenue (e.g., rents and royalties) on behalf of other entities and recognizes virtually no costs in connection with earning that revenue, does the entity account for it as a custodial activity? (SFFAS 7, par. 45a.)</p>		

<sup>107</sup>Revenue collected is not revenue that the collecting entity can use in its operations and is thus not recognized. The sources of cash collection are reported by type as indicated in the illustrated statement of custodial activity. (A-136, section II.4.7.2)

Sources of Collections	Yes, No, or N/A	Explanation & Reference
<p>1) Are transactions recognized as taxes and other nonexchange revenues from the public for</p> <ul style="list-style-type: none"> <li>a) individual and corporate income taxes, social insurance taxes and contributions, excise taxes, estate and gift taxes, and customs duties,</li> <li>b) social insurance taxes and contributions paid by federal employees,</li> <li>c) deposits by states for unemployment trust funds,</li> <li>d) user fees and harbor maintenance trust fund payments,</li> <li>e) customs service fees,</li> <li>f) deposits of earnings from the Federal Reserve System,</li> <li>g) donations, except types of PP&amp;E that are expensed,</li> <li>h) fines and penalties,</li> <li>i) penalties due to delinquent taxes in connection with custodial activity, and</li> <li>j) forfeitures? (SFFAS 7, par. 49 and 61; Appendix B, par. 242 - 264)</li> </ul>		
<p>2) Does the collecting entity measure taxes and duties on a cash basis and then modify that with an accrual adjustment to determine the amount of revenue to be recognized? (SFFAS 7, par. 49 and 52)</p>		
<p>3) Except for deposits, are cash collections<sup>108</sup> based on amounts actually received during the fiscal period including withholdings, estimated payments, final payments, and collections of receivables? (SFFAS 7, par. 50 and 59)</p>		

<sup>108</sup> Cash collections include any amounts paid in advance of due dates unless they are deposits. Deposits are amounts voluntarily paid to reporting entities, such as those made to stop the accrual of interest or those made pending settlements and judgments. Such deposits are separately recognized as deposit liabilities. (SFFAS 7, par. 50 and 59)

Sources of Collections	Yes, No, or N/A	Explanation & Reference
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.4.7.3)		
5) Are cash refunds of nonexchange revenue based on refunds of taxes and duties during the period? (SFFAS 7, par. 51)		
6) Do cash refunds of nonexchange revenue for taxes and duties include refund offsets <sup>109</sup> and drawbacks? <sup>110</sup> (SFFAS 7, par. 51)		
7) If information on actual collections is not currently available from the collecting entity, do the trust funds that are legally entitled to receive only excise taxes that are actually collected by the collecting entity recognize revenue from excise taxes on the basis of assessments in lieu of excise taxes actually collected? (SFFAS 7, par. 60.1)		
8) Is the amount of revenue recognized by the social security trust fund based on the best available information (i.e., on the basis of the higher of the amount of Internal Revenue Service (IRS) assessments or the amounts actually reported by employers to Social Security Administration)? (SFFAS 7, par. 60.2)		

<sup>109</sup> Refund offsets are amounts withheld from refunds on behalf of other agencies and paid to such agencies. (SFFAS 7, par. 51)

<sup>110</sup> Drawbacks are refunds of duties paid on imported goods that are subsequently exported or destroyed. (SFFAS 7, par. 51)

**Section IX – Credit Reform**

Questions in this section relate to accounting for credit reform in the financial statements.

<b>Caption</b>	<b>No. of Questions per Section</b>
<a href="#">Credit Program Receivables</a>	1 – 29
<a href="#">Liabilities for Loan Guarantees</a>	1 – 8
<a href="#">Credit Program Costs</a>	1 – 38
<a href="#">Credit Reform - Other Financing Sources</a>	1 – 6

Credit Program Receivables	Yes, No, or N/A	Explanation & Reference
<p><i>The Federal Credit Reform Act (FCRA) of 1990, as amended, divides loans and loan guarantees into two groups: pre-1992 and post-1991. Pre-1992 refers to direct loan obligations or loan guarantee commitments made prior to fiscal year 1992. Post-1991 refers to direct loan obligations or loan guarantee commitments made after fiscal year 1991.<sup>111</sup> (A-136, section II.4.9.8, instructions item A)</i></p>		
<p>1) Are credit program receivables considered an entity asset if</p> <ul style="list-style-type: none"> <li>a) the entity has the authority to determine the use of the funds collected, or</li> <li>b) the entity is legally obligated to use the funds to meet entity obligations (e.g., loans payable to Treasury)? (A-136, section II.4.3.3)</li> </ul>		
<p>2) If a loan guarantee program, which guarantees a loan, is generating a negative subsidy and the lender has not disbursed the loan as of the balance sheet date, does the entity include this amount as part of the total undelivered orders?<sup>112</sup> (A-136, section II.4.3.3)</p>		
<p><i>For post-1991 direct loans and guarantees, a subsidy expense is recognized in the year they are disbursed. For pre-1992 direct loans and guarantees, a loss and liability need not be recognized until it is more likely than not that a loan (either direct or guaranteed) shall go into default. (SFFAS 2, par. 24 and 39)</i></p>		
<p>3) Are post-1991 direct loans disbursed and outstanding recognized as assets at the present value (discounted at a comparable Treasury rate) of their estimated net cash inflows? (SFFAS 2, par. 22 and app.B, part I.A)</p>		

<sup>111</sup> The Federal Credit Reform Act, as amended, exempts the credit activities of certain agencies, such as the Federal Deposit Insurance Corporation (FDIC) and the Tennessee Valley Authority (TVA). These agencies can report in accordance with other requirements. (Section 506 (a) of the Federal Credit Reform Act)

<sup>112</sup> Undelivered orders are the value of goods and services ordered and obligated but not yet received. (Treasury Financial Manual, Part 2 - Chapter 4200, section 4220)

Credit Program Receivables	Yes, No, or N/A	Explanation & Reference
4) Is the difference between the outstanding principal of post-1991 direct loans and the present value of their net cash inflows recognized as a subsidy cost allowance? (SFFAS 2, par. 22 and app.B, part I.A)		
5) When post-1991 direct loans are written off, is the unpaid principal removed from unpaid loans receivable and charged against the allowance for subsidy costs? (SFFAS 2, par. 61)		
6) Are losses of pre-1992 direct loans obligated recognized (and a corresponding allowance amount set up) when it is more likely than not that the direct loans shall not be totally collected? (SFFAS 2, par. 39 and app.B, part II.A)		
7) Are allowances for uncollectible pre-1992 loans reestimated each year? (SFFAS 2, par. 39)		
<p><i>A loan modification is a federal government action that directly or indirectly alters the estimated subsidy cost and the present value of outstanding direct loans or the liability of loan guarantees. A direct modification changes the subsidy cost by altering the terms of existing contracts or through the sale of direct loans. An indirect modification changes the subsidy costs by altering the way loans and loan guarantees are administered. A modification does not include subsidy cost reestimates, routine administrative workouts of troubled loans, and other actions permitted within existing contract terms. (SFFAS 2, par. 41-44)</i></p>		
8) When post-1991 loans are modified, is the existing book amount changed to an amount equal to the present value of the loans' net cash inflows that are projected under the modified terms from the time of the modification to the loans' maturity and discounted at the original rate? (SFFAS 2, par. 46 and app.B, part I.D(4))		

Credit Program Receivables	Yes, No, or N/A	Explanation & Reference
9) When pre-1992 loans are directly modified, are they a) transferred from the liquidating account to a financing account, and b) recorded at their post-modification value? (SFFAS 2, par. 47 and app.B, part II.B(4))		
10) Are subsequent (direct) modifications of pre-1992 loans treated as a modification of post-1991 loans? (SFFAS 2, par. 47)		
11) When pre-1992 loans are indirectly modified, are they a) kept in a liquidating account, and b) reassessed and adjusted to reflect amounts that would not be collected due to the modification? (SFFAS 2, par. 47)		
12) When post-1991 and pre-1992 loans are sold, is the sale treated as a direct modification if the agency did not assume sales proceeds in the cash flow estimates for the initial subsidy calculation? (SFFAS 2, par. 53 and App.B, Part I.F, note 23)		
<p><i>Foreclosed property is any asset, which is assumed to be held for sale, that is either received in satisfaction of a loan receivable or as a result of payment of a claim under a guaranteed or insured loan (excluding commodities acquired under price support programs). Pre-1992 foreclosed property refers to property associated with direct loans obligated or loan guarantees committed before October 1, 1991. Post-1991 foreclosed property refers to property associated with direct loans obligated or loan guarantees committed after September 30, 1991. (SFFAS 3, par. 79 and 80)</i></p>		
13) Is post-1991 foreclosed property valued at the net present value of the projected future cash flows associated with the property? (SFFAS 3, par. 81)		
14) Is pre-1992 foreclosed property recorded at cost and adjusted to the lower of cost or net realizable value with any difference between cost and net realizable value carried in a valuation allowance? (SFFAS 3, par. 81)		

Credit Program Receivables	Yes, No, or N/A	Explanation & Reference
<p>15) In determining net present value, does the entity project future cash flows to include estimates of</p> <ul style="list-style-type: none"> <li>a) sales proceeds,</li> <li>b) rent, management expense, and repair costs during the holding period, and</li> <li>c) selling expense (i.e., advertising and commissions)? (SFFAS No. 3, par. 82)</li> </ul>		
<p>16) In estimating sales proceeds for projecting the future cash flows associated with the property in determining net present value, has the entity considered its historical experience in selling property as well as the nature of the sale? (SFFAS 3, par. 82)</p>		
<p>17) Were the estimated future cash flows of post-1991 foreclosed property or acquired loans discounted at the original (or Treasury) discount rate in effect at the time the underlying loan or guarantee was granted? (SFFAS 2, par. 57 and 59; SFFAS 3, par. 83; SFFAS 19, par. 7(e))</p>		
<p>18) Is the net present value of post-1991 foreclosed property adjusted periodically to recognize both changes in the expected future cash flows and accrual of interest due to the passage of time? (SFFAS 3, par. 84)</p>		
<p>19) Are any adjustments in the carrying amounts of post-1991 foreclosed property included in the presentation of "interest income" and the reestimate of "subsidy expense?" (SFFAS 3, par. 84)</p>		

Credit Program Receivables	Yes, No, or N/A	Explanation & Reference
20) Is post-1991 foreclosed property accounted for by a) recording third party claims at their net present value at the time of the foreclosure, using the same discount rate that applies to related foreclosed property, and b) including any periodic changes in net present value of the claim in "interest income" and "subsidy expense"? (SFFAS 3, par. 87)		
21) Are receipts or disbursements associated with acquiring and holding post-1991 foreclosed property charged or credited to foreclosed property? (SFFAS 3, par. 88)		
22) When foreclosed assets are acquired in full or partial settlement of post-1991 direct loans or guarantees is the present value of the government's claim against the borrowers reduced by the amount settled as a result of the foreclosure? (SFFAS 2, par. 60)		
23) If a lender, debtor, or other third party has a legitimate claim to a post-1991 foreclosed asset, is the net present value of the estimated claim recognized as a special contra-valuation allowance? (SFFAS 2, par. 58; SFFAS 3, par. 87)		
24) Is pre-1992 foreclosed property recorded at cost and adjusted, if necessary, to the lower of cost or net realizable value? (SFFAS 3, par. 81 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, par. 85 and 86)		

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

Liabilities for Loan Guarantees	Yes, No, or N/A	Explanation & Reference
<p><i>A loan guarantee is any guarantee, insurance (but not deposit insurance), or other pledge with respect to the payment of all or part of the principal or interest on any debt obligation of a nonfederal borrower to a nonfederal lender. (SFFAS 2, app. C)</i></p> <p><i>The Federal Credit Reform Act of 1990 requires federal entities to estimate and budget for the costs arising from default of guaranteed loans made after fiscal year (FY) 1991 (i.e., post 1991). (SFFAS 2, par. 7)</i></p>		
<p>1) Is the present value of estimated net cash outflows from post-1991 (i.e., committed after September 30, 1991) loan guarantees recognized as a liability? (SFFAS 2, par. 23)</p>		
<p>2) Is a liability for a pre-1992 (i.e., committed before October 1, 1991) loan guarantee recognized when it is more likely than not that the loan guarantee will require a future cash outflow to pay a default claim? (SFFAS 2, par. 39 and app.B, part IV.A)</p>		
<p>3) Are the liabilities for the pre-1992 loan guarantees reestimated each year as of the date of the financial statements? (SFFAS 2, par. 39)</p>		
<p>4) When post-1991 loan guarantees are modified, is the existing book amount of the related liability changed to an amount equal to the present value of net cash outflows that are projected under the modified terms from the time of the modification to the loan's maturity, and discounted at the original discount rate?<sup>113</sup> (SFFAS 2, par. 50 and app.B, part III D(4); SFFAS 19, par. 7(d))</p>		

<sup>113</sup> The original discount rate is the rate that was originally used to calculate the present value of the liability when the guaranteed loans were disbursed, after adjusting for the interest rate reestimate. (SFFAS 2, par. 50)

Liabilities for Loan Guarantees	Yes, No, or N/A	Explanation & Reference
5) When pre-1992 loan guarantees are directly modified, are <ul style="list-style-type: none"> <li>a) the loan guarantees transferred from the liquidating account to a financing account, and</li> <li>b) the existing book value of the liability of the modified loan guarantees changed to an amount equal to its post modification liability (i.e., the present value of the net cash outflows under post modification terms discounted at the current Treasury rate)? (SFFAS 2, par. 51 and app. B, part IV B (2) and (4))</li> </ul>		
6) When pre-1992 loan guarantees are indirectly modified, are <ul style="list-style-type: none"> <li>a) the loan guarantees kept in a liquidating account, and</li> <li>b) the related liability reassessed and adjusted to reflect any change in the liability resulting from the modification? (SFFAS 2, par. 51)</li> </ul>		
7) Are subsequent modifications of pre-1992 loan guarantees treated as modifications of post-1991 loan guarantees? (SFFAS 2, par. 51)		
8) If a post-1991 or pre-1992 loan is sold with a recourse provision, is the present value (discounted at the Treasury rate in effect at the time of the sale) of the estimated losses recognized as a subsidy expense and a loan guarantee liability? (SFFAS 2, par. 54 and app.B, part I.F(3))		

Credit Programs Costs	Yes, No, or N/A	Explanation & Reference
<p><i>In accordance with the Federal Credit Reform Act of 1990, as amended, a subsidy expense is recognized for direct or guaranteed loans disbursed during the fiscal year. The amount of the subsidy expense equals the present value of estimated cash outflows over the life of the loans minus the present value of the estimated cash inflows. The discount rate used to calculate the present value is the average interest rate on marketable Treasury securities of similar maturity to the cash flows of the direct loan or loan guarantee for which the estimate is being made. (SFFAS 2, par. 6, 7, 24, 30, and 31; SFFAS 19, par. 6 and 7)</i></p>		
<p>1) For post-1991 direct or loan guarantee programs, is the present value of estimated cash outflows over the life of the loans minus the present value of estimated cash inflows discounted at the interest rate of marketable Treasury securities with similar maturity to the cash flows? (SFFAS 2, par. 24; SFFAS 19, par. 6)</p>		
<p>2) For post-1991 direct or loan guarantee programs, are the net present values recognized as subsidy expense in the year the loan is disbursed? (SFFAS 2, par. 24; SFFAS 19, par. 6)</p>		
<p>3) Are the components of estimated subsidy costs (and offsetting receipts) of post-1991 loans and guarantees separately recognized for</p> <ul style="list-style-type: none"> <li>a) interest subsidy costs,<sup>114</sup></li> <li>b) default costs,<sup>115</sup></li> <li>c) present value of fees and other collections, and</li> <li>d) other subsidy costs? (SFFAS 2, par. 25-29)</li> </ul>		

<sup>114</sup> The interest subsidy cost of direct loans is the excess of the amount of the loans disbursed over the present value of the interest and principal payments required by loan contracts discounted at the applicable Treasury rate; for loan guarantees it is the present value of estimated interest supplement payments. (SFFAS 2, par. 26)

<sup>115</sup> The default cost of direct loans or loan guarantees is measured at the present value of projected payment delinquencies and omissions minus projected net recoveries. (SFFAS 2, par. 27 and 27A)

Credit Programs Costs	Yes, No, or N/A	Explanation & Reference
4) Is the subsidy cost allowance for post-1991 direct loans amortized using the interest method? <sup>116</sup> (SFFAS 2, par. 30, 31, and app. B, part I B (2); SFFAS 19, par. 7(a))		
5) If the effective interest for post-1991 direct loans is less than the nominal interest, is the subsidy cost allowance increased by the difference and recognized as a reduction in interest income? (SFFAS 2, par. 30 and app. B, part I B (2); SFFAS 19, par. 7(a))		
6) If the effective interest for post-1991 direct loans is greater than the nominal interest, is the subsidy cost allowance decreased by the difference and recognized as an increase in interest income? (SFFAS 2, par. 30 and app. B, part I B (2); SFFAS 19, par. 7(a))		
7) Is interest accrued and compounded on the liabilities of post-1991 loan guarantees at the interest rate that was originally used to calculate the present value of the loan guarantee liabilities when the guaranteed loans were disbursed, after adjusting for the interest reestimate? (SFFAS 2, par. 31 and app. B, part III B (2); SFFAS 19, par. 7(b))		
8) Is the interest accrued and compounded on the liabilities of post-1991 loan guarantees recognized as an interest expense? (SFFAS 2, par. 31 and app. B, part III B (2))		

<sup>116</sup> Under the interest method, the amortized amount is the difference between the nominal interest (face amount of loan times stated interest) and effective interest (present value of loan 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, par. 71 and app. B and SFFAS 2, app. B, Part I (B) (2))

Credit Programs Costs	Yes, No, or N/A	Explanation & Reference
<p><i>Two kinds of reestimates for the subsidy cost allowance for outstanding direct loans and the liability for outstanding loan guarantees are (1) interest rate reestimates and (2) technical/default reestimates. An interest rate reestimate is due to a change in the interest rates from those that were assumed in budget preparation and used in calculating the subsidy expense to the interest rates that are prevailing during the periods in which the direct or guaranteed loans are disbursed. A technical/default reestimate is due to changes in projected cash flows of outstanding direct loans and loan guarantees after reevaluating the underlying assumptions and other factors (except for interest rate reestimates) that affect cash flow projections as of the financial statement date. (SFFAS 18, par. 9)</i></p>		
<p>9) Does the entity measure reestimates of allowances for subsidy costs of post-1991 loans and liabilities for guarantees in two components separately, specifically: the interest rate reestimate and the technical/default reestimate? (SFFAS 18, par. 9)</p>		
<p>10) Is any increase (or decrease) in the subsidy cost allowance of post-1991 direct loans or loan guarantee liabilities resulting from the interest rate and technical /default reestimates recognized as a subsidy expense (or a reduction in subsidy expense)? (SFFAS 2, par. 32; SFFAS 18, par. 9)</p>		
<p>11) If the assumed interest rates used in calculating the subsidy expenses for cohorts<sup>117</sup> from which direct or guaranteed loans are disbursed differ from the rates prevailing at the time of the loan disbursement, is an interest rate reestimate for those cohorts made as of the date of the financial statements? (SFFAS 2, par. 32 (A); SFFAS 18, par. 9 (A))</p>		
<p>12) Do technical/default reestimates take into consideration all factors that may have affected various components of projected cash flows, including defaults, delinquencies, recoveries, and prepayments? (SFFAS 2, par. 32 (B); SFFAS 18, par. 9 (B))</p>		

<sup>117</sup> Cohort is a budget term that refers to all direct loans or loan guarantees of a program for which a subsidy appropriation is provided for a given fiscal year, even if disbursements occur in subsequent years. (SFFAS 2, par.32 (A))

Credit Programs Costs	Yes, No, or N/A	Explanation & Reference
13) Are technical/default reestimates made each year as of the date of the financial statements? (SFFAS 18, par. 9 (B))		
14) For direct loans, do other adjustments include loan modifications, fees received, loans written off, foreclosed property or other recoveries acquired, and subsidy allowance amortization? (SFFAS 18, par. 10)		
15) For loan guarantees, do other adjustments include loan guarantee modifications, fees received, interest supplements paid, claim payments made to lenders, foreclosed property or other recoveries acquired, and interest accumulated on the loan guarantee liability? (SFFAS 18, par. 10)		
16) Are default costs estimated and periodically reestimated for each post-1991 loan and loan guarantee program on the basis of separate cohorts and risk categories? (SFFAS 2, par. 33)		
17) In estimating default costs, did the entity evaluate <ul style="list-style-type: none"> <li>a) loan performance experience,</li> <li>b) the current and forecasted international, national, or regional economic conditions that may affect the performance of the loans,</li> <li>c) financial and other relevant characteristics of borrowers,</li> <li>d) the value of collateral to loan balance,</li> <li>e) changes in recoverable value of collateral,</li> <li>f) newly developed events that could affect the loans' performance, and</li> <li>g) improvements in methods to reestimate defaults? (SFFAS 2, par. 34)</li> </ul>		

Credit Programs Costs	Yes, No, or N/A	Explanation & Reference
18) In estimating and reestimating future default costs for each group, cohort, and risk category of loan and guarantee, has the agency used a systematic methodology based on experience? (SFFAS 2, par. 35 and 36)		
19) Is interest (at the discount rate in effect when the loans were first disbursed) accrued on post-1991 direct loans, including amortized interest, recognized as interest income? (SFFAS 2, par. 37 and app.B, part I.B (2) and (C))		
20) Is interest (at the original discount rate) accrued on debt to the Treasury arising from post-1991 direct loans recognized as interest expense? (SFFAS 2, par. 37 and app.B, part I.B (2) and (C))		
21) Is interest (at the discount rate in effect when the loans were first disbursed) accrued on liability of post-1991 loan guarantees recognized as interest expense? (SFFAS 2, par. 37 and app.B, part III B (2) and (C))		
22) Is interest (at the original discount rate) due from the Treasury on uninvested funds associated with post-1991 loan guarantee liabilities recognized as interest income? (SFFAS 2, par. 37 and app.B, part III B (2) and (C))		
23) Are costs for administering credit activities (such as salaries, legal fees, and servicing) that are incurred in support of direct loan and guaranteed loan programs recognized as administrative expenses and not included in direct loan and loan guarantee subsidy costs? (SFFAS 2, par. 38)		

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

Credit Programs Costs	Yes, No, or N/A	Explanation & Reference
29) 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, par. 89)		
30) For pre-1992 foreclosed property, is the difference between the adjusted carrying amount and net sales proceeds recognized as a gain or a loss on the sale of foreclosed property? (SFFAS 3, par. 89)		
<p><i>The term modification, as it applies to direct loans and loan guarantees, means a federal government action, including new legislation or administrative action that directly or indirectly alters the estimated subsidy cost and the present value of outstanding direct loans, or the liability of loan guarantees. The cost of the modification is the excess of the premodification value of a direct loan (or post modification liability of loan guarantees) over the post modification value of a direct loan (or premodification liability of loan guarantees), both of which have been discounted at the Treasury rate in effect when the modification occurred. (SFFAS 2, par. 41; SFFAS 2, par. 45, fns 3 and 4, and par. 49, fns 6 and 7; SFFAS 19, par. 6)</i></p> <p><i>The book value of the loan or guarantee is discounted at the Treasury rate originally used to calculate the present value of the direct loan or loan guarantee liability when the loan was originally disbursed. (SFFAS 2, par. 48 , 50, app. B parts I D (4 and 5), II B (4), III B (4), and IV B (4))</i></p> <p><i>The sale of post-1991 and pre-1992 direct loans is treated as a direct modification of the loans sold if the sale proceeds were not included in the cash flows estimates for the initial subsidy calculation. The cost of modification is determined on the basis of the premodification value of the loans sold. However, if sale proceeds were included in the cash flow estimates for the initial subsidy calculation, the effect of the loan sale on the cost of the program is recognized in the reestimates. (SFFAS 2, par. 53, App. B. par. 1F)</i></p>		
31) If pre-1992 or post-1991 direct loans are modified, is the excess of the premodification value <sup>118</sup> over the post modification value <sup>119</sup> recognized as a modification expense? (SFFAS 2, par. 45 and app. B, parts I D (1-3) and II B (1-3))		

<sup>118</sup> This is the present value of the net cash inflows estimated under *premodification* terms discounted at the *current* Treasury rate. (SFFAS 2, par. 45, fn 3)

<sup>119</sup> This is the present value of the net cash inflows estimated under *postmodification* terms discounted at the *current* Treasury rate. (SFFAS 2, par. 45, fn 43)

Credit Programs Costs	Yes, No, or N/A	Explanation & Reference
32) If the cost of modifying pre-1992 or post-1991 loans is either greater or less than the decrease in the loans' book value, is the difference recognized as either a gain or loss? (SFFAS 2, par. 48 and app. B, parts I D (4 and 5) and II B (4 and 5))		
33) If pre-1992 or post-1991 loan guarantees are modified, is the excess of the post modification liability <sup>120</sup> over the premodification liability <sup>121</sup> recognized as a modification expense? (SFFAS 2, par. 49 and app. B, parts III D (1-3), and IV B (1-3))		
34) If the cost of modifying pre-1992 or post-1991 loan guarantees is either greater or less than the increase in the book value of the related loan guarantee liabilities, is the difference recognized as a either a gain or loss? (SFFAS 2, par. 52 and app. B, parts III D (4 and 5), and IV B (5))		
35) If the premodification value of post-1991 and pre-1992 loans sold <sup>122</sup> exceeds the net proceeds from the sale, is the excess treated as the cost of modification and recognized as a modification expense? (SFFAS 2, par. 45 and 53 and app. B, part I F (1))		
36) If a loan is sold with recourse, is the present value of estimated losses under the recourse or guarantee obligations recognized as a subsidy expense and as a loan guarantee liability? (SFFAS 2, par. 54)		

<sup>120</sup> This is the present value of the net cash flows under *postmodification* terms discounted at the *current* Treasury rate. (SFFAS 2, par. 49, fn 6)

<sup>121</sup> This is the present value of the net cash flows under *premodification* terms discounted at the *current* Treasury rate. (SFFAS 2, par. 49, fn 7)

<sup>122</sup> This is the present value of the loans' net cash inflows discounted at the *current* discount rate. (SFFAS 2, par. 45, fn 3 and 4)

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

<b>Credit Reform - Other Financing Sources</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
1) Is a gain <sup>123</sup> from the modification <sup>124</sup> of post-1991 loans reported as a reduction in financing source and paid to the Treasury as a "modification adjustment transfer?" (SFFAS 2, par. 48, and app. B, part I D (5))		
2) Is a loss <sup>125</sup> from the modification of post-1991 loans reported as a financing source when the reporting entity receives from the Treasury a "modification adjustment transfer?" (SFFAS 2, par. 48 and app. B, part I D (5))		
3) Is a gain <sup>126</sup> resulting from a modification of post-1991 loan guarantees reported as a reduction in financing source and paid to the Treasury as a "modification adjustment transfer?" (SFFAS 2, par. 52 and app. B, part III D (5))		

<sup>123</sup> 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))

<sup>124</sup> A modification means a federal government action, including new legislation or administration action, which directly or indirectly alters the estimated subsidy cost and present value of outstanding loans or the liability of loan guarantees. (SFFAS 2, par. 41)

<sup>125</sup> 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))

<sup>126</sup> 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))

Credit Reform - Other Financing Sources	Yes, No, or N/A	Explanation & Reference
4) Is a loss <sup>127</sup> resulting from a modification of post-1991 loan guarantees reported as a financing source when the reporting entity receives from the Treasury a "modification adjustment transfer" to offset the difference? (SFFAS 2, par. 52 and app. B, part III D (5))		
5) Is a gain on the sale of a post-1991 loan reported as a reduction in financing source and paid to the Treasury as a "modification adjustment transfer?" (SFFAS 2, par. 55 and app. B, part I F (2))		
6) Is a loss on the sale of a post-1991 loan reported as a financing source when the reporting entity receives from the Treasury a "modification adjustment transfer?" (SFFAS 2, par. 55 and app. B, part I F (2))		

<sup>127</sup> 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))

**Section X – Social Insurance**

Questions in this section relate to accounting for social insurance programs in the Statement of Social Insurance (SOSI).

Statement of Social Insurance	Yes, No, or N/A	Explanation & Reference
<p><i>Reporting on stewardship responsibilities aids in assessing the federal government’s financial condition and the sufficiency of future budgetary resources to sustain public services and meet obligations as they become due. Information for social insurance programs is to be reported to address fundamental questions about the current and future financial condition of these programs. These fundamental questions include whether scheduled expenditures are sustainable with current scheduled income. Information required to be disclosed for social insurance programs is intended to facilitate an assessment of the long-term sustainability of the program as well as the ability of the program to raise resources from future program participants to pay for benefits to present participants. (SFFAS 17, par. 1; A-136, section II.4.8.1)</i></p> <p><i>A statement of social insurance 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. (A-136, section II.4.1 Check OMB Reference and SFFAS 17, par 27 (3) and 32(3)). SFFAS 37, par. 31 requires a basic financial statement (a statement of changes in social insurance amounts) to present significant components of the changes during the reporting period in the open group measure reported on the statement of social insurance.</i></p> <p><i>Additional questions on related liabilities are in the “Other Liabilities” section of this checklist including questions on unemployment insurance liabilities.</i></p> <p><i>Note: Definitions of terms related to social insurance are in SFFAS 37, par. 15-22.</i></p>		
<p>1) Are the projections and estimates used based on the entity’s reasonable estimates of demographic and economic assumptions taking each factor individually? (SFFAS 17, par. 25, as amended by SFFAS 33, par. 39)</p>		
<p>2) Are future changes mandated by current law incorporated into the entity’s demographic and economic assumptions and are significant assumptions disclosed? (SFFAS 17, par. 25, as amended by SFFAS 33, par. 39)</p>		
<p>3) 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 one year prior to the end of the current year? (SFFAS 17, par. 26, as amended by SFFAS 37, par. 40 )</p>		

Statement of Social Insurance	Yes, No, or N/A	Explanation & Reference
4) Is the valuation date consistently followed from year to year? (SFFAS 17, par. 26, as amended by SFFAS 37, par. 40)		
5) 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, par. 26 as amended by SFFAS 37, par. 40)		
6) 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 of the magnitude of the effect of the policy change on the projections, if possible? (SFFAS 17, par. 26 as amended by and SFFAS 37, par. 40)		

**Section XI – Fiduciary Activities**

Questions in this section relate to accounting for fiduciary activities included in the financial statements.

Fiduciary Activities	Yes, No, or N/A	Explanation & Reference
<p><i>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 must uphold. 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. (SFFAS 31, par. 10)</i></p> <p><i>Fiduciary activities may involve a variety of fiduciary assets, liabilities and transactions, including, but not limited to cash, investments, other assets, liabilities, inflows (for example, collections of fiduciary assets and investment revenue, and outflows (for example, expenses and distributions of assets to beneficiaries). (SFFAS 31, par. 12)</i></p> <p><i>Note: The previous requirements related to dedicated collections in SFFAS 7, par 83-87 were rescinded by SFFAS 31, par. 34. SFFAS 31 contains accounting and disclosure requirements for fiduciary activities. Fiduciary assets and liabilities should not be recognized on the balance sheet. Federal entities should disclose fiduciary assets, liabilities and flows in a note disclosure. (SFFAS 31, par. 17 and 31; A-136, section II.4.9.40). See the Fiduciary Activities section of this checklist.</i></p>		
<p>1) Are fiduciary activities measured using the standards provided in generally accepted accounting principles? (SFFAS 31, par. 16)</p>		
<p>2) Are the following <u>excluded</u> from fiduciary activities<sup>128</sup> and recognized in the financial statements rather than included in a fiduciary note disclosure:</p> <ul style="list-style-type: none"> <li>a) unpaid payroll withholdings and garnishments,</li> <li>b) unearned revenue,</li> <li>c) seized property, including seized monetary assets? (SFFAS 31, par. 13, 14, and 15)</li> </ul>		

<sup>128</sup> Amounts related to operating revenues and expenses in ways that are consistent with the above exclusions also may be excluded. (SFFAS 31, par. 14)

**Section XII – Oil and Gas Resources**

Questions in this section relate to accounting for oil and gas resources included in required supplementary information in the financial statements.

Oil and Gas Resources	Yes, No, or N/A	Explanation & Reference
<p><i>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, par. 13)</i></p> <p><i>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, par. 11)</i></p>		
<p>1) Does the entity develop and use a detailed estimation methodology to value federal oil and gas resources?<sup>129</sup> (SFFAS 38, par. 16)</p>		
<p>2) 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?<sup>130</sup> (SFFAS 38, par. 17)</p>		
<p>3) 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, par. 17)</p>		
<p>4) 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?</p>		

<sup>101</sup> In 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, par. 16)

<sup>102</sup> Alternative 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, par. 17-19. (SFFAS 38, par. 22)

Oil and Gas Resources	Yes, No, or N/A	Explanation & Reference
(SFFAS 38, par. 18)		
5) Do the entity’s estimates reflect <ul style="list-style-type: none"> <li>a) its judgment about the outcome of events based on past experience and expectations about the future, and</li> <li>b) what is reasonable to assume under the circumstances? (SFFAS 38, par. 19)</li> </ul>		
6) 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, par. 19)		
7) 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, par. 20)		
8) 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, par. 20)		
9) 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, par. 20)		
10) Are the estimates of future federal royalty receipts on proved reserves known to exist as of the reporting date		

Oil and Gas Resources	Yes, No, or N/A	Explanation & Reference
a) divided by commodity and type (e.g. wet gas, dry gas, oil and lease condensate, onshore, offshore, etc.) and b) calculated separately if material differences would otherwise result? (SFFAS 38, par. 21)		
11) Is the estimation methodology consistently followed? (SFFAS 38, par. 23)		
12) 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, par. 26)		
13) 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, par. 27)		

**Section XIII – Deferred Maintenance and Repairs**

Questions in this section relate to accounting for deferred repairs included in required supplementary information in the financial statements.

Deferred Maintenance and Repairs	Yes, No, or N/A	Explanation & Reference
<p><i>Deferred maintenance and repairs (DM&amp;R) are maintenance and repairs that were not performed when they should have been or were scheduled to be and which are put off or delayed for a future period.</i></p> <p><i>Amounts reported for Deferred Maintenance and Repairs (DM&amp;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.</i></p> <p><i>Condition assessment surveys are periodic visual inspections of PP&amp;E, based on generally accepted and consistently applied methods, to determine PP&amp;E's current condition and the estimated cost to correct any deficiencies.</i></p> <p><i>Life-cycle costing is an acquisition or procurement technique that considers operating, maintenance, and other costs in addition to the acquisition cost of assets. (SFFAS 6, par. 81&amp;82, as amended by SFFAS 42, par. 9, 10, &amp; 11)</i></p>		
<p>1) Did the entity determine which methods to apply, what service level and condition standards are acceptable<sup>131</sup>? (SFFAS 42, par. 12; A-136, section II.4.11.4)</p>		
<p>2) Once determined, were all the condition standards, related assessment methods<sup>132</sup>, and reporting formats consistently applied unless management determined a change necessary? (SFFAS 42, par. 12)</p>		

<sup>131</sup> Determination of acceptable conditions affects the amount of DM&R and management may determine that the based upon level of service expectations and acceptable condition levels, no significant amounts of deferred maintenance and repairs exist. In such cases, DM&R would not be reported

<sup>132</sup> Assessment methods are techniques or procedures used in a process of systematically evaluating an entity's PP&E in order to project M&R, renewal, or replacement needs that will maintain or preserve its ability to support the entity's mission or activities it is assigned to serve.

Deferred Maintenance and Repairs	Yes, No, or N/A	Explanation & Reference
3) Were changes to the methods or formats that management determined necessary accompanied by an explanation documenting the rational for the change and any related impact on DM&R estimates? (SFFAS 42, par. 12)		
4) Does the entity measure and report DM&R for capitalized <sup>133</sup> general PP&E and stewardship PP&E? (SFFAS 42, par. 13)		
5) Does the DM&R include funded maintenance and repairs (M&R) that have been delayed for a future period as well as unfunded M&R? (SFFAS 42, par. 13)		
6) 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, par. 13)		
7) 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, par.14)		

<sup>133</sup> DM&R also may be measured and reported for non-capitalized or fully depreciated general PP&E.

**Section XIV – Required Supplementary Stewardship Information**

Questions in this section relate to accounting for stewardship investments as required supplementary stewardship information in the financial statements.

Stewardship Investments	Yes, No, or N/A	Explanation & Reference
<p><i>Stewardship investments are substantial investments made by the federal government for the benefit of the nation. When incurred, they are treated as expenses in calculating net cost, but they are also separately reported as RSSI to highlight the extent of investments that are made for long-term benefit. (SFFAS 8, par. 12)</i></p> <p><i>Stewardship investments include:</i></p> <ul style="list-style-type: none"> <li>• <b>nonfederal physical property:</b> <i>federally financed (but not federally owned) purchases, construction, or major renovation of physical property owned by state and local governments, including major additions, alterations, and replacements, the purchase of major equipment; and the purchase or improvement of other physical assets.</i><sup>134</sup></li> <li>• <b>human capital:</b> <i>expenses incurred for programs for education and training of the public</i><sup>135</sup> <i>that are intended to increase or maintain national productive capacity and that produce outputs and outcomes that provide evidence of maintaining or increasing national productive capacity.</i></li> <li>• <b>research and development:</b> <i>expenses incurred to support the search for new or refined knowledge and ideas and for the application or use of such knowledge and ideas for the development of new or improved products and processes with the expectation of maintaining or increasing national productive capacity or yielding other future benefits. (SFFAS 8, par. 12, 83, 89, 90, and 96)</i></li> </ul>		
<p>1) Are nonfederal physical property investments reported in nominal dollars on the basis of "expenses incurred" and measured on the same basis of accounting used for financial statement purposes, including appropriate accrual adjustments, general and administrative overhead, and costs of facilities? (SFFAS 8, par. 84)</p>		
<p>2) Are investments in nonfederal physical property and related cash grants reported as expenses in arriving at the net cost of operations? (SFFAS 8, par. 85)</p>		

<sup>134</sup> Grants for maintenance and operations are not investments in nonfederal physical property. (SFFAS 8, par. 83)

<sup>135</sup> The definition excludes education and training expensed for federal civilian and military personnel. (SFFAS 8, par. 90)

Stewardship Investments	Yes, No, or N/A	Explanation & Reference
3) Are expenses incurred for nonfederal physical property program costs, contracts, or grants with split purposes <sup>136</sup> reported in RSSI on the basis of a logical allocation? (SFFAS 8, par. 86)		
4) If an allocation of nonfederal physical property program costs, contracts, or grants with split purposes is not feasible, is the investment reported on the basis of the predominant application of the expenses incurred? (SFFAS 8, par. 86)		
5) Are investments in human capital reported in nominal dollars on the basis of "expenses incurred" and measured on the same basis of accounting as financial statements, including appropriate accrual adjustments, general and administrative overhead, and costs of facilities? (SFFAS 8, par. 91)		
6) Are expenses incurred for human capital program costs, contracts, or grants with split purposes <sup>137</sup> reported in RSSI on the basis of a logical allocation? (SFFAS 8, par. 92)		
7) If an allocation of human capital program costs, contracts, or grants with split purposes is not feasible, is the investment reported on the basis of the predominant application of the expenses incurred? (SFFAS 8, par. 92)		
8) Does the entity link its investments in human capital to outcomes that can be described in financial, economic, or quantitative terms? (SFFAS 8, par. 93)		

<sup>136</sup> An example of an investment with a split purpose is a grant issued to a state to construct segments of the National Highway System and to conduct highway research. (SFFAS 8, par. 86, fn 12)

<sup>137</sup> An example of an investment with a split purpose is a grant issued to a teaching hospital for both medical education and medical research. (SFFAS 8, par. 92, fn 15)

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

Stewardship Investments	Yes, No, or N/A	Explanation & Reference
13) Does the entity link its investments in research and development to program outcome data via a narrative discussion of the major results achieved by the program during the year for <ul style="list-style-type: none"> <li>a) <b>basic research</b>, which refers to an identification of any major new discoveries that were made during the year,</li> <li>b) <b>applied research</b>, which refers to an identification of any major new applications that were developed during the year, and</li> <li>c) <b>development</b>, which refers to the progress of major developmental projects including the results with respect to projects completed or otherwise terminated during the year and the status of projects that will continue? (SFFAS 8, par. 99)</li> </ul>		
14) If outcome data are not available, does the reporting entity use output data <sup>138</sup> that best provide indications of the intended program outcomes? (SFFAS 8, par. 99)		

<sup>138</sup> In research and development programs, output data might consist of a number of new projects initiated, or the number of projects continued, completed, or terminated. It also might consist of quantitative measures such as publication counts, citation counts, patent counts, or scientific and engineering personnel funded. (SFFAS 8, par. 99)

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# SECTION 2020

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## Checklist for Federal Reporting and Disclosures

United States Government Accountability Office

**FINANCIAL AUDIT MANUAL**  
**Volume 3**

2020 - Checklist for Federal  
Reporting and Disclosures

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**2020 – Checklist for Federal Reporting and Disclosures**  
**Abbreviations**

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**Abbreviations**

A-136	OMB Circular No. A-136
AFR	Annual Financial Report
AICPA	American Institute of Certified Public Accountants
APR	Annual Performance Report
ATA	Allocation Transfer Account
CFO	Chief Financial Officer
CFO Act	Chief Financial Officers Act of 1990
CFOC	Chief Financial Officers Council
CSRS	Civil Service Retirement System
CY	Current Year
DATA Act	Digital Accountability and Transparency Act (Pub. L. 113-101)
DCIA	Debt Collection Improvement Act (Pub. L. 104-134)
DM&R	Deferred Maintenance and Repairs
FASAB	Federal Accounting Standards Advisory Board
FASB	Financial Accounting Standards Board
FBWT	Fund Balance with Treasury
FERS	Federal Employees Retirement System
FFMIA	Federal Financial Management Improvement Act of 1996
FHA	Federal Housing Administration
FIFO	First-In, First-Out (method of inventory valuation)
FMFIA	Federal Managers' Financial Integrity Act of 1982
FR	Financial Report of the US Government
FY	Fiscal Year
G-PP&E	General Property, Plant, and Equipment
GAAP	(U.S.) Generally Accepted Accounting Principles
GAGAS	(U.S.) Generally Accepted Government Auditing Standards
GMRA	Government Management and Results Act of 1994
GPRA	Government Performance and Results Act of 1993
GSE	Government Sponsored Enterprise
GTAS	Government-wide Treasury Account Symbol Adjusted Trial Balance
HI	Hospital Insurance (Medicare Part A)
IMF	International Monetary Fund
IP	Improper Payment
IPERA	Improper Payments Elimination and Recovery Act
IPERIA	Improper Payments Elimination and Recovery Improvement Act
IPIA	Improper Payments Information Act
MD&A	Management's Discussion and Analysis
MRS	Military Retirement System
OI	Other Information
OASDI	Old Age, Survivors, and Disability Insurance
OIG	Office of Inspector General
OMB	Office of Management and Budget

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**2020 – Checklist for Federal Reporting and Disclosures**  
**Abbreviations**

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OPEB	Other Post-Employment Benefits
OPM	US Office of Personnel Management
ORB	Other Retirement Benefits
PAR	Performance and Accountability Report
PP&E	Property, Plant, and Equipment
PY	Prior Year
RRB	Railroad Retirement Benefits
RSI	Required Supplementary Information
RSSI	Required Supplementary Stewardship Information
SBR	Statement of Budgetary Resources
SCA	Statement of Custodial Activity
SCNP	Statement of Change in Net Position
SCSIA	Statement of Changes in Social Insurance Amounts
SFFAC	Statements of Federal Financial Accounting Concepts
SFFAS	Statements of Federal Financial Accounting Standards
SMI	Supplementary Medical Insurance ( <i>Medicare Part B &amp; D</i> )
SNC	Statement of Net Cost
SOSI	Statement of Social Insurance
TFM	Treasury Financial Manual
TR	Technical Release
UI	Unemployment insurance
USSGL	US Standard General Ledger

## 2020 – Checklist for Federal Reporting and Disclosures

### Section I – Overview

#### I.1 Introduction

The Government Management Reform Act (GMRA) of 1994 requires annual financial statement audits covering the executive branch of government, beginning with financial statements prepared for fiscal year 1997. The Department of the Treasury and the Office of Management and Budget (OMB) have elected to include certain financial information on the legislative and judicial branches in the U.S. consolidated financial statements as well. Executive branch agencies must generally prepare and submit audited financial statements to OMB.

The Chief Financial Officers Act of 1990 (CFO Act), as amended by GMRA, requires the 24 major agencies of the federal government to annually prepare and submit audited financial statements. For those federal entities not covered by the CFO Act, the Accountability of Tax Dollars Act of 2002 requires most other executive branch entities to annually prepare and submit audited financial statements to OMB and the Congress. The financial statements are to be presented in conformity with U. S. generally accepted accounting principles (U.S. GAAP).<sup>1</sup>

FAM 2010, *Checklist for Federal Accounting*, provides guidance for federal accounting that entities may complete during the year and auditors may review the completed checklist during interim audit work. FAM 2020, *Checklist for Federal Reporting and Disclosures*, provides guidance for yearend reporting and disclosure that entities may complete when they prepare their annual financial statements and auditors may review the completed checklist during the reporting phase of the audit. This version of FAM 2020 is to be used for the FY 2017 year-end financial statements and thereafter.

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

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

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

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## 2020 – Checklist for Federal Reporting and Disclosures

### Section I – Overview

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***This checklist is an internal GAO document that has not been subjected to public comment. While the document is available for users outside of GAO, users are to exercise their judgment when using the document and in evaluating an entity's compliance with U.S. GAAP, including consideration and application of other relevant materials, such as the FASAB Handbook, and OMB and Treasury guidance.***

#### Checklist Organization

In order to facilitate the completion of the checklist, an index of relevant reporting and disclosure requirements is included in the following section. The preparer uses the index to determine those areas that apply to the entity. The checklist is divided into 8 sections as follows:

- Section I – Overview
- Section II.2 – Management's Discussion and Analysis (MD&A)
- Section II.3 – Performance Reporting
- Sections II.4.1 - II.4.8 – Financial Statements
- Section II.4.9 – Note Disclosures
- Section II.4.10 – Required Supplementary Stewardship Information (RSSI)
- Section II.4.11 – Required Supplementary Information (RSI)
- Section II.5 – Other Information

#### I.2 Authoritative Guidance

**This checklist is updated through August 15, 2017.** For relevant standards or guidance issued subsequent to August 15, 2017, preparers and auditors must document how they met the standards and guidance in a supplemental memo that must accompany this checklist.

Each question in this guide is referenced to a source. The sources cited are

- Federal Accounting Standards Advisory Board (FASAB) Statements of Federal Financial Accounting Standards (SFFAS) SFFAS 1 – 52;
- Statements of Federal Financial Accounting Concepts (SFFAC) SFFAC 1 – 7;
- OMB Circular No. A-136 (A-136), Financial Reporting Requirements (August 15, 2017);
- OMB Circular No. A-11 (A-11) Preparation, Submission, And Execution Of The Budget; and
- Technical Bulletin 2011-1, Accounting for Federal Natural Resources Other than Oil and Gas.

Because this checklist is for the federal entity reporting level, and is not for the financial report of the U.S. government, certain sources are excluded.

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

- [SFFAC 1](#) Objectives of Federal Financial Reporting (1993)
- [SFFAC 2](#) Entity and Display (1995)
- [SFFAC 3](#) Management's Discussion and Analysis (1999)

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## 2020 – Checklist for Federal Reporting and Disclosures

### Section I – Overview

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- [SFFAC 4](#) Intended Audience and Qualitative Characteristics for the Consolidated Financial Report of the United States Government (2003)<sup>2</sup>
- [SFFAC 5](#) Definitions of Elements and Basic Recognition Criteria for Accrual-Basis Financial Statements (2007)
- [SFFAC 6](#) Distinguishing Basic Information, Required Supplementary Information, and Other Accompanying Information (2009)
- [SFFAC 7](#) Measurement of the Elements of Accrual-Basis Financial Statements in Periods after Initial Recording (2011)

The SFFAS and year of issuance:

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

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<sup>2</sup> The CFR is not covered by this checklist.

<sup>3</sup> SFFAS 11 was rescinded in its entirety by SFFAS 23 (par. 9).

<sup>4</sup> SFFAS 14 was rescinded in its entirety by SFFAS 42 (par. 6).

<sup>5</sup> SFFAS 16 was rescinded in its entirety by SFFAS 29 (par. 14).

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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 Report of the United States Government (2003)<sup>6</sup>
- [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](#) CFR of the U.S. Government Requirements (2006)<sup>7</sup>
- [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)<sup>8</sup>
- [SFFAS 36](#) Comprehensive Long-Term Projections for the U.S. Government (2009)<sup>9</sup>
- [SFFAS 37](#) Social Insurance: Additional Requirements for Management’s Discussion and Analysis and Basic Financial Statements (2010)
- [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)

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<sup>6</sup> The CFR is not covered by this checklist.

<sup>7</sup> The CFR is not covered by this checklist.

<sup>8</sup> SFFAS 35 was rescinded in its entirety by SFFAS 50 (par. 19).

<sup>9</sup> The CFR is not covered by this checklist.

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- [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 (Not covered by this checklist) (2013)
- [SFFAS 46](#) Deferral of the Transition to Basic Information for Long-Term Projections (2014)
- [SFFAS 47](#) Reporting Entity (2014)<sup>10</sup>
- [SFFAS 48](#) Opening Balances for Inventory, Operating Materials & Supplies, and Stockpile Materials (2016)
- [SFFAS 49](#) Public-Private Partnerships: Disclosures Requirements (2016)<sup>11</sup>
- [SFFAS 50](#) Establishing Opening Balances for General Property, Plan, and Equipment: Amending SFFAS 6, SFFAS 10, SFFAS 23, and Rescinding SFFAS 35 (2016)
- [SFFAS 51](#) Insurance Programs (2017)<sup>12</sup>
- [SFFAS 52](#) Tax Expenditures (2017)<sup>13</sup>

Also included in this checklist is FASAB's *Implementation Guide to Accounting for Revenue and Other Financing Sources*, (2002). FASAB interpretations and technical bulletins are not covered in this checklist; consult this material as necessary for guidance on specific situations.

Furthermore, preparers and auditors should document how the entity complied with any new standards issued *after* SFFAS 50; to the extent these standards are effective and applicable.

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<sup>10</sup> SFFAS 47 is effective for periods beginning after September 30, 2017. This checklist does not include questions for SFFAS 47 as it is not effective for fiscal year 2017.

<sup>11</sup> SFFAS 49 is effective for periods beginning after September 30, 2018 with early adoption permitted.

<sup>12</sup> SFFAS 51 is effective for periods beginning after September 30, 2018. This checklist does not include questions for SFFAS 51 as it is not effective for periods beginning prior to September 30, 2018.

<sup>13</sup> The CFR is not covered by this checklist.

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**I.3 Summary of Significant Changes from Prior Version**

Financial Audit Manual Volume 3 2020 – Checklist for Federal Reporting and Disclosures dated August 15, 2017 replaces all prior versions of this checklist and incorporates guidance from OMB Circular A-136, *Financial Reporting Requirements*, dated August 15, 2017, and authoritative guidance from FASAB. The following table summarizes significant changes made to OMB Circular A-136 and FASAB guidance issued in the past year.

Section Number	Section Title	Change
II.1.2	What Must an Agency’s Par or AFR contain?	Agency head letter is required for the PAR, but not for the AFR. CFO letter is optional for both.
II.4.9.9	Note 9: Inventory	Added questions related to alternative methods for establishing opening balances pursuant to newly effective SFFAS 48.
II.4.9.10	Note 10: General PP&E, Net	Added questions related to alternative methods for establishing opening balances pursuant to newly effective SFFAS 50.
Former II.4.9.27	Note 27: Cleanup Cost Adjustments	Note removed from A-136.
II.4.9.42	Note 42: Public-Private Partnerships	New note related to public-private partnership disclosure requirements from SFFAS 49.
Former II.5.1	Combined Schedule of Spending	Schedule removed from A-136.
II.5.5	Payment Integrity (Formerly: IPIA Reporting Details)	Streamlined reporting requirements.
II.5.6	Fraud Reduction Report	New section reflecting new reporting requirements under the Fraud Reduction and Data Analytics Act of 2015, P.L. 114-186
II.5.8	Reduce the Footprint (Formerly: Freeze the Footprint)	Updated for new real property reduction goals guidance under new section header.
II.5.9	Civil Monetary Penalty Adjustment for Inflation	Streamlined reporting requirements.
II.5.10	Grants Oversight & New Efficiency (GONE) Act Requirements	New section reflecting new reporting requirements under the GONE Act, P.L. 114-117
II.5.11	Biennial Review of User Fees	New section reflecting optional new reporting requirements mandated by CFO Act.

**I.4 How to Use the Index to the Checklist**

The preparer completes the following index to FAM 2020, *Checklist for Federal Reporting and Disclosures* before completing the detailed checklist. For each category of reporting and disclosure listed in the index on the next two pages, the preparer indicates whether it is applicable (**Y**) to the entity’s financial statements, or is not applicable (**NA**). Complete only those sections of the detailed checklist that are applicable to the entity’s financial statements. If the entity has an insignificant amount of transactions or balances for a section, it may decide not to complete that section. It may document that decision by indicating “not significant” (**NS**). Those areas that are not applicable or not significant are not considered further, thus eliminating the need to read and evaluate each individual question. For example, many federal agencies do not

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administer loan, loan guarantee, or loan insurance programs and, therefore, do not have credit program receivables and related property. Consequently, the questions on these receivables, property, and subsidies would not apply.

#### I.5 How to Use the Detailed Checklist

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

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

A “no” answer indicates that required information asked for in the question is not included in the financial statements, notes, or supplementary information, respectively. If applicable, describe the deviation from U.S. GAAP in the explanation column.

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

An “N/A-IMM” (not applicable because it’s immaterial) answer indicates that the question does not apply because the item is considered to be immaterial. Indicate N/A-IMM in the explanation column when such conditions apply.

#### I.6 Completion and Review of the Checklists

Preparers of entity financial statements may complete the checklists to document that applicable accounting, reporting, and disclosure items have been addressed. Auditors generally should then review the checklists for completeness and accuracy.

**Index to the Checklist**

Disclosure Considerations	Applicable (Y), Not Applicable (NA), or Not Applicable - Immaterial (NA- IMM)
<b>Section II.1 – General: What Must an Agency’s PAR or AFR Contain?</b>	
<b>Section II.2 – Management’s Discussion and Analysis</b>	
II.2.2 Purpose	
II.2.4 Scope	
II.2.5 Mission and Organizational Structure	
II.2.6 Performance Goals, Objectives, and Results	
II.2.7 Analysis of Financial Statements and Stewardship Information	
II.2.8 Analysis of Entity’s Systems, Controls and Legal Compliance	
II.2.10 Limitations of the Financial Statements	
<b>Section II.3 – Performance Reporting</b>	
<b>Section II.4 – Financial Section</b>	
II.4 General	
II.4.3 Balance Sheet	
II.4.4 Statement of Net Cost	
II.4.5 Statement of Changes in Net Position	
II.4.6 Statement of Budgetary Resources	
II.4.7 Statement of Custodial Activity	
II.4.7.3 Sources of Collections	
II.4.7.4 Disposition of Collections	
II.4.7.5 Net Custodial Activity	
II.4.8 Statement of Social Insurance & Statement of Changes in Social Insurance Amounts	
<b>Section II.4.9 – Note Disclosures</b>	
II.4.9.1 Significant Accounting Policies	
II.4.9.2 Non-entity Assets	
II.4.9.3 Fund Balance with Treasury	
II.4.9.4 Cash and Other Monetary Assets	
II.4.9.5 Investments	

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Index to the Checklist**

<b>Disclosure Considerations</b>	<b>Applicable (Y), Not Applicable (NA), or Not Applicable - Immaterial (NA- IMM)</b>
II.4.9.6-II.4.9.7 Receivables	
II.4.9.6 Accounts Receivable, Net	
II.4.9.6.1 Interest Receivable	
II.4.9.7 Taxes Receivable, Net	
II.4.9.8 Direct Loans and Loan Guarantees (Receivable)	
II.4.9.9 Inventory and Related Property, Net	
II.4.9.9.1 Inventory (primarily held for sale)	
II.4.9.9.2 Operating Materials and Supplies	
II.4.9.9.3 Stockpile Materials	
II.4.9.9.4 Seized Property	
II.4.9.9.5 Forfeited Property	
II.4.9.9.6 Goods Held Under Price Support and Stabilization Programs	
II.4.9.10 General Property, Plant, & Equipment, Net	
II.4.9.11 Stewardship PP&E	
II.4.9.12 Other Assets	
II.4.9.13 Liabilities Not Covered by Budgetary Resources	
II.4.9.14 Debt	
II.4.9.15 Federal Employee and Veteran’s Benefits	
II.4.9.16 Environment & Disposal Liabilities	
II.4.9.17 Other Liabilities	
II.4.9.18 Leases	
II.4.9.19 Life Insurance Liabilities	
II.4.9.20 Commitments and Contingencies	
II.4.9.21 Funds from Dedicated Collections	
II.4.9.22 Costs and Exchange Revenue	
II.4.9.23 Suborganization Program Costs/Program Costs by Segment	
II.4.9.24 Cost of Stewardship PP&E	
II.4.9.25 Stewardship PP&E Acquired Through Transfer, Donation, or Devise	
II.4.9.26 Exchange Revenues	
II.4.9.27-II.4.9.35 Budgetary Resources Statement	

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<b>Disclosure Considerations</b>	<b>Applicable (Y), Not Applicable (NA), or Not Applicable - Immaterial (NA- IMM)</b>
Disclosures	
II.4.9.36-II.9.37 Custodial Activity Statement Disclosures	
II.4.9.38 Social Insurance Statement Disclosures and Statement of Changes in Social Insurance Amounts	
II.4.9.39 Fiduciary Activities	
II.4.9.40 Restatements	
II.4.9.41 Reconciliation of Net Cost of Operations to Budget	
II.4.9.42 Public-Private Partnerships	
<b>Section II.4.10 – Required Supplementary Stewardship Information</b>	
II.4.10.1 General	
II.4.10.2 Non-federal Physical Property	
II.4.10.3 Human Capital	
II.4.10.4 Research and Development	
<b>Section II.4.11 – Required Supplementary Information</b>	
II.4.11.2 Federal Oil and Gas Resources	
II.4.11.3 Other Federal Natural Resources	
II.4.11.4 Deferred Maintenance and Repairs	
II.4.11.5 Social Insurance	
II.4.11.6 Combining Statement of Budgetary Resources	
II.4.11.7 Statement of Custodial Activity	
II.4.11.8 Risk Assumed Information	
<b>Section II.5 – Other Information</b>	
II.5.1 Revenue Foregone	
II.5.2 Tax Burden/Tax Gap	
II.5.3 Management Challenges	
II.5.4 Summary of Financial Statement Audit and Management Assurances	
II.5.5 Payment Integrity	
II.5.6 Fraud Reduction Report	
II.5.7 Other Agency-specific Statutorily Required Reports	
II.5.8 Reduce the Footprint	
II.5.9 Civil Monetary Penalties Adjustment for Inflation	

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<b>Disclosure Considerations</b>	<b>Applicable (Y), Not Applicable (NA), or Not Applicable - Immaterial (NA- IMM)</b>
II.5.10 Grants Oversight & New Efficiency (GONE) Act Requirements	
II.5.11 Biennial Review of User Fees	

**Section II – Performance and Accountability Report or Agency Financial Report**

**Section II.1 – General: What Must an Agency’s PAR or AFR Contain?**

II.1 General	Yes, No, or N/A	Explanation & Reference
<b>II.1.2 What Must an Agency’s PAR or AFR Contain?</b>		
1) Does the PAR consist of <ul style="list-style-type: none"> <li>a) an Agency Head Message</li> <li>b) a Management’s Discussion &amp; Analysis (MD&amp;A) (section 1);</li> <li>c) a Performance Section (PAR section 2);</li> <li>d) a Financial Section (PAR section 3), including:               <ul style="list-style-type: none"> <li>i. a signed Auditor’s Report consistent with guidance from OMB’s audit bulletin, "<i>Audit Requirements for Federal Financial Statements</i>";</li> <li>ii. Financial Statements and Notes including Required Supplementary Information (RSI), and Required Supplementary Stewardship Information (RSSI), as indicated in Section II.4; and</li> </ul> </li> <li>e) other information (OI) (PAR Section 4)? (A-136, sections II.1.2 &amp; II.4.2, item 2)</li> </ul>		

**2020 – Checklist for Federal Reporting and Disclosures**  
**Section II.2 – Management’s Discussion and Analysis**

II.1 General	Yes, No, or N/A	Explanation & Reference
<p>2) Does the AFR<sup>14</sup> consist of</p> <ul style="list-style-type: none"> <li>a) a Management’s Discussion &amp; Analysis (MD&amp;A) (section 1);</li> <li>b) a Financial Section (AFR section 2), including: <ul style="list-style-type: none"> <li>i. a signed Auditor’s Report consistent with guidance from OMB’s audit bulletin, "<i>Audit Requirements for Federal Financial Statements</i>";</li> <li>ii. Financial Statements and Notes including Required Supplementary Information (RSI), and Required Supplementary Stewardship Information (RSSI), as indicated in Section II.4; and</li> </ul> </li> <li>c) other information (OI) (AFR Section 4)? (A-136, sections II.1.2 &amp; II.4.2, item 2)</li> </ul>		
<p>3) <b>Agency Head Message.</b> In the PAR, is there a transmittal letter from the agency head</p> <ul style="list-style-type: none"> <li>a) containing an assessment of the reliability and completeness of financial and performance data in the report; and</li> <li>b) describing any material internal control weaknesses and actions the agency is taking to resolve the weaknesses? (A-136, section II.1.2)</li> </ul>		

<sup>14</sup> If the agency submits an AFR, please note that the Performance Section is not applicable.

**Section II.2 – Management’s Discussion and Analysis**

II.2 Management’s Discussion and Analysis	Yes, No, or N/A	Explanation & Reference
<p><i>A PAR or an AFR must contain a Management’s Discussion and Analysis (MD&amp;A) section in accordance with SFFAS 15. The MD&amp;A should be Section 1 of the entity’s Performance and Accountability Report (PAR) or Agency Financial Report (AFR) and should summarize the reporting entity’s mission, activities, program and financial performance, systems, controls, legal compliance, financial position, and financial condition. (A-136, section II.2.1)</i></p>		
<p><b>II.2.2 Purpose</b></p>		
<p>1) Does the MD&amp;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"> <li>a) lead to significant actions or proposals by top management of the reporting entity,</li> <li>b) be significant to the managing, budgeting, and oversight functions of Congress and the Administration, and</li> <li>c) significantly affect the judgment of citizens about the efficiency and effectiveness of the Government? (SFFAS 15, par. 5 &amp; 6; A-136, section II.2.2)</li> </ul>		

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**Section II.2 – Management’s Discussion and Analysis**

<b>II.2 Management’s Discussion and Analysis</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<b>II.2.4 Scope</b>		
<p>2) Does the MD&amp;A summarize information on the entity’s</p> <ul style="list-style-type: none"> <li>a) mission and organizational structure;</li> <li>b) performance goals, objectives and results;</li> <li>c) analysis of financial statements and stewardship information;</li> <li>d) analysis of systems, controls and legal compliance;</li> <li>e) forward-looking information by concisely reviewing the possible effects of the important existing, currently-known demands, risks, uncertainties, events, conditions and trends; and</li> <li>f) important problems that need to be addressed and corrective actions planned to address those problems? (SFFAS 15, par. 2-4; A-136, sections II.2.1 &amp; II.2.4)</li> </ul>		
<p>3) Does the MD&amp;A provide information on when and where the APR and the Summary of Performance and Financial Information (if produced) will be available to the public, if the agency produces an AFR and APR? (A-136, section II.2.4)</p>		
<b>II.2.5 Mission and Organizational Structure</b>		
<p>4) Does the MD&amp;A contain a brief description of the entity’s mission and describe its organizational structure consistent with the entity’s strategic plan? (A-136, section II.2.5)</p>		

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**Section II.2 – Management’s Discussion and Analysis**

II.2 Management’s Discussion and Analysis	Yes, No, or N/A	Explanation & Reference
<b>II.2.6 Performance Goals, Objectives, and Results</b>		
<p><i>The MD&amp;A should include a section providing high-level discussion of performance information. AFRs do not contain a performance section after the MD&amp;A providing detailed performance reporting. Agencies producing an AFR and APR should refer to A-136 section II.2.2 and II.2.4 and SFFAS 15 for required performance-related information.</i></p>		

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**Section II.2 – Management’s Discussion and Analysis**

<b>II.2 Management’s Discussion and Analysis</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>5) For PARs, does the MD&amp;A performance goals, objectives, and results section present a high-level discussion with</p> <ul style="list-style-type: none"> <li>a) results of services performed through allocation transfers, if material to the mission<sup>15</sup></li> <li>b) a clear, objective picture of the entity’s progress toward achieving performance goals and objectives;</li> <li>c) the extent to which it is achieving the intended goals;</li> <li>d) an explanation of historical performance trends, including actual results for the five prior fiscal years;</li> <li>e) a discussion of the strategies and resources the entity uses to achieve its performance goals;</li> <li>f) an evaluation of underlying factors that may have affected the reported performance, including factors that are substantially outside the entity’s control and factors over which the entity has significant control;</li> <li>g) an explanation of plans, timelines, and strategies to improve performance where targets were not met;</li> <li>h) summary procedures management has designed and followed to provide reasonable assurance that reported performance information is relevant and reliable; and</li> <li>i) a discussion of important limitations and difficulties associated with performance measurement and reporting, including the completeness, reliability, and quality of performance data? (SFFAC 3, par. 11 &amp; 13; A-136, section II.2.6)</li> </ul>		

<sup>15</sup> See A-136 section II.4.2, Q&A 5 for further information on reporting requirements for allocation transfers.

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**Section II.2 – Management’s Discussion and Analysis**

<b>II.2 Management’s Discussion and Analysis</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
6) For PARs, has the entity related major goals and objectives in their strategic plan to cost categories (i.e., responsibility segments) presented in the entity’s Statement of Net Cost or related note disclosures? (A-136, section II.2.6)		
<b>II.2.7 Analysis of Financial Statements and Stewardship Information</b>		
7) Does the MD&A analysis of financial statements and stewardship information section concisely convey and analyze the entity’s financial results, position, and condition, including through comparisons of the current year to prior year and an assessment of whether the financial position has improved or deteriorated as a result of the year’s activities? (A-136, sections II.2.7 & II.4.2, item 3)		
8) Does the MD&A analysis of the financial statements and stewardship information section explain <ul style="list-style-type: none"> <li>a) the relevance of particular balances and amounts shown in the principal financial statements, particularly if relevant to important financial management issues; and</li> <li>b) major changes in types or amounts of assets, liabilities, costs, revenues, obligations, and outlays (explaining underlying causes of the changes)? (A-136, section II.2.7)</li> </ul>		

**2020 – Checklist for Federal Reporting and Disclosures**  
**Section II.2 – Management’s Discussion and Analysis**

<b>II.2 Management’s Discussion and Analysis</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>9) Does the entity disclose relevant measures<sup>16</sup>, as well as an illustrative table of key measures for the:</p> <ul style="list-style-type: none"> <li>a) Statement of Net Cost and Statement of Changes in Net Position; <ul style="list-style-type: none"> <li>i. Net costs; and</li> <li>ii. Total financing sources and net change of cumulative results of operations;</li> </ul> </li> <li>b) Balance Sheet; and <ul style="list-style-type: none"> <li>i. Total Assets;</li> <li>ii. Total liabilities; and</li> <li>iii. Net Position</li> </ul> </li> <li>c) SOSI and the SCSIA <ul style="list-style-type: none"> <li>i. The open group measure<sup>17</sup>; and</li> <li>ii. The change in the open group measure during the reporting period(s)? (A-136, section II.2.7)</li> </ul> </li> </ul>		

<sup>16</sup> These key measures may be disaggregated (i.e., liabilities may be disaggregated into Federal debt held by the public, employee pension liabilities, and other liabilities).

<sup>17</sup> Open group population are 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 dedicated collection taxes or premiums.(SFFAS 37, par.20) 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, e.g., 75 years.(SFFAS 37, par.21)

**2020 – Checklist for Federal Reporting and Disclosures**  
**Section II.2 – Management’s Discussion and Analysis**

<b>II.2 Management’s Discussion and Analysis</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>10) If the entity presents a Statement of Social Insurance (SOSI), does the MD&amp;A:</p> <ul style="list-style-type: none"> <li>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, budget flows, and long-term fiscal projections;</li> <li>b) explain the significance of key amounts, the major changes in those amounts during the reporting period, and the causes thereof;</li> <li>c) explain how costs and commitments incurred during the period were or will be financed;</li> <li>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;</li> <li>e) describe possible future effects of both existing and anticipated factors, including quantitative forecasts or projections; and</li> <li>f) explain the open and closed<sup>18</sup> group measures, how they differ, and the significance of the difference? (SFFAS 37, par. 2, 23, 24; A-136, section II.2.7 )</li> </ul>		

<sup>18</sup> Closed group population are 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. (SFFAS 37, par.15)  
 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, par.16)

**2020 – Checklist for Federal Reporting and Disclosures**  
**Section II.2 – Management’s Discussion and Analysis**

<b>II.2 Management’s Discussion and Analysis</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
11) 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: closed group measure is not required to be presented in the table or other singular presentation)? ( SFFAS 37, par. 2, 25, Appendix B; A-136, section II.2.7)		
12) If the entity presents a SOSI, are the amounts discussed in the MD&A for the open group measure the same as the amount in the summary section of the SOSI and the SCSIA? (SFFAS 37, par. 27, Appendices C-D; A-136, section II.2.7)		
13) If the entity presents a SOSI, does the MD&A explain the most significant changes in the open group measure from the end of the previous reporting period as presented in the SCSIA? (A-136, section II.2.7)		
<b>II.2.8 Analysis of Entity’s Systems, Controls and Legal Compliance</b>		
14) Does the MD&A include a separate section entitled “Management Assurances” to provide assurances required under the Federal Managers’ Financial Integrity Act (FMFIA); OMB Circular A-123, <i>Management’s Responsibility for Enterprise Risk Management and Internal Control</i> ; and the Federal Financial Management Improvement Act (FFMIA)? (A-136, section II.1.2 & II.2.8)		

**2020 – Checklist for Federal Reporting and Disclosures**  
**Section II.2 – Management’s Discussion and Analysis**

<b>II.2 Management’s Discussion and Analysis</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>15) Does the agency include in the FMFIA assurance statement information such as<sup>19</sup>:</p> <ul style="list-style-type: none"> <li>a) an assessment of the effectiveness of the organization’s internal controls to support effective and efficient programmatic operations, reliable financial reporting, and compliance with applicable laws and regulations (FMFIA § 2);</li> <li>b) an assessment of whether financial management systems comply with federal financial management systems requirements (FMFIA § 4)<sup>20</sup>;</li> <li>c) a summary of material weaknesses (FMFIA § 2), of instances of non-compliance (FMFIA § 4), and of the unmodified, modified, or no assurance FMFIA opinion<sup>21</sup>; and</li> <li>d) a summary of corrective actions to resolve the material weaknesses and non-conformances? (A-136, section II.2.8)</li> </ul>		

<sup>19</sup> Illustrative assurance statements and further guidance on corrective action plans can be found in the CFOC Implementation Guide, Management’s Responsibility for Internal Control, Appendix A, Internal Control over Financial Reporting.

<sup>20</sup> A particular finding should not be listed as both FMFIA § 2 and § 4 findings.

<sup>21</sup> The summary should include a rationale for any deviations from an unmodified opinion.

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**Section II.2 – Management’s Discussion and Analysis**

<b>II.2 Management’s Discussion and Analysis</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>16) Does the agency under the Management Assurance section’s analysis of legal compliance include a brief discussion of the following laws, as applicable:</p> <ul style="list-style-type: none"> <li>a) Anti-Deficiency Act;</li> <li>b) Federal Credit Reform Act of 1990;</li> <li>c) Pay and Allowance System for Civilian Employees as provided in Chapters 51-59 of title 5, USC;</li> <li>d) Prompt Payment Act;</li> <li>e) Provisions Governing Claims of the US Government as provided in 31 USC §§ 3711-3720E;</li> <li>f) Federal Civil Penalties Inflation Adjustment Act of 1990 (P.L. 104-410, as amended by the DCIA)<sup>22</sup>;</li> <li>g) Government Charge Card Abuse Prevention Act of 2012 (P.L. 112-194);</li> <li>h) Federal Information Security Management Act of 2002 (as amended by the Federal Information Security Modernization Act of 2014);</li> <li>i) Single Audit Act of 1984, Pub L. 98-502, and the Single Audit Act Amendments of 1996, P.L. 104-156; and</li> <li>j) Digital Accountability and Transparency Act of 2014 (DATA Act<sup>23</sup>) (31 USC § 6101 note)? (A-136, section II.2.8)</li> </ul>		
<p>17) Did management review its FMFIA<sup>24</sup> assurance statements for consistency with the findings specified in the annual financial statement audit report(s)? (A-136, section II.2.8)</p>		

<sup>22</sup> See section II.5.9, Civil Monetary Penalty Adjustment for Inflation in OI for reporting requirements.

<sup>23</sup> The DATA Act amended the Federal Funding Accountability And Transparency Act of 2006 (31 U.S.C. § 6101 note).

<sup>24</sup> The Office of Inspector General or auditor must compare material weaknesses disclosed during the audit with those material weaknesses reported in the agency’s FMFIA report and report any material weaknesses disclosed by audit that were not reported in the agency’s FMFIA report.

**2020 – Checklist for Federal Reporting and Disclosures**  
**Section II.2 – Management’s Discussion and Analysis**

<b>II.2 Management’s Discussion and Analysis</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
18) If management did not agree with the auditor’s report on material weaknesses disclosed during the audit with those reported in the agency’s FMFIA report, did management explain why it does not agree and what will be done to address the problem that gave rise to the disagreement? (A-136, section II.2.8)		
19) For material weaknesses related to an error requiring a restatement, if the agency asserted in its MD&A that it received an unmodified opinion on any previously issued financial statement; did management include a high-level discussion <sup>25</sup> of the event that gave the rise to the restatement including the nature of error? (A-136, section II.2.8)		
20) Does the agencies management include its FFMIA compliance assessment in the ‘Analysis of Entity’s Systems, Controls, and Legal Compliance’ section? (A-136, section II.2.8)		
21) Did management review its compliance determination (under FFMIA) for consistency with the findings specified in the annual financial statement audit report(s)? (A-136, section II.2.8)		

<sup>25</sup> The discussion may include the amount(s) of the material misstatement(s), the related effect(s) on the previously issued financial statement(s) and actions the agency’s management took after discovering the misstatements.

**2020 – Checklist for Federal Reporting and Disclosures**  
**Section II.2 – Management’s Discussion and Analysis**

II.2 Management’s Discussion and Analysis	Yes, No, or N/A	Explanation & Reference
<p>22) Does the agency’s PAR or AFR information<sup>26</sup> related to ‘Goals and the supporting financial system strategies’ include:</p> <ul style="list-style-type: none"> <li>a) a brief discussion of the agency’s financial management systems strategy and how it will achieve the goals of improving financial and budget management agency-wide;</li> <li>b) an overview of the agency’s current and future financial management systems framework and describe financial management systems critical to effective agency-wide financial management, financial reporting, or financial control; and</li> <li>c) in the overview (see b above) a synopsis of critical projects currently underway, or planned to achieve the target framework per M-10-26, <i>Immediate Review of Financial Systems IT Projects</i>; OMB Circular A-123, Appendix D, <i>Compliance with the Federal Financial Management Improvement Act of 1996</i>; and M-5-12, <i>Increasing Transparency of Federal Spending by Making Federal Spending Data Accessible, Searchable, and Reliable?</i> (A-136, section II.2.8)</li> </ul>		

<sup>26</sup> The following information should be derived from an agency’s detailed plan as discussed in OMB Circular A-11, Section 52.4.

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**Section II.2 – Management’s Discussion and Analysis**

<b>II.2 Management’s Discussion and Analysis</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>23) If the agency is required to report under FFMIA, does the agency’s PAR or AFR information include an assurance statement signed by the agency head providing assurance that the agency’s financial management systems<sup>27</sup> comply with:</p> <ul style="list-style-type: none"> <li>a) Federal financial management system requirements;</li> <li>b) Applicable Federal accounting standards; and</li> <li>c) The USSGL at the transaction level? (A-136, section II.2.8)</li> </ul>		
<p>24) If the agency is required to report under FFMIA, for areas of FFMIA noncompliance, does the agency’s PAR or AFR information identify remediation activities that are planned and underway, describing target dates and offices responsible for bring systems into compliance with FFMIA? (A-136, section II.2.8)</p>		
<b>II.2.10 Limitations of the Financial Statements</b>		
<p>25) Does the MD&amp;A state the limitations of the principle financial statements as follows:</p> <p>The principal financial statements are prepared to report the financial position and results of operations of the reporting entity, pursuant to the requirements of 31 U.S.C. 3515(b). The statements are prepared from the books and records of the 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. The financial statements should be read with the realization that they are for a component of the U.S. Government? (A-136, sections II.2.10)</p>		

<sup>27</sup> Financial management systems include both financial and financially related (or mixed) systems. Further guidance on the financial systems requirements is in OMB Circular A-123 Appendix D, “Compliance with the Federal Financial Management Improvement Act of 1996,” which can be found in OMB Memorandum 13-23.

### Section II.3 – Performance Reporting

II.3 Performance Reporting	Yes, No, or N/A	Explanation & Reference
<i>Note: Reporting entities that prepare a Performance and Accountability Report (PAR) should refer to OMB Circular A-11, Part 6, Section 260 for related reporting requirements. The performance section provides information on the agency's progress in achieving the goals and objectives described in the agency's Strategic Plan and Annual Performance Plan including progress on the strategic objectives, and Agency Priority Goals. The term 'performance section' means the same as the Annual Performance Report (APR) published by agencies in February. (A-136, section II.3))</i>		

**Section II.4 – Financial Section**

<b>Section II.4 – Financial Section</b>	<b>No. of Questions per Section</b>
II.4 General	1 - 14
II.4.3 Balance Sheet	1 - 35
II.4.4 Statement of Net Cost	1 - 17
II.4.5 Statement of Changes in Net Position	1 - 22
II.4.6 Statement of Budgetary Resources	1 - 15
II.4.7 Statement of Custodial Activity	1 - 2
II.4.7.3 Sources of Collections	1 - 2
II.4.7.4 Disposition of Collections	1 - 4
II.4.7.5 Net Custodial Activity	1
II.4.8 Statement of Social Insurance & Statement of Changes in Social Insurance Amounts	1 - 8

**2020 – Checklist for Federal Reporting and Disclosures**  
**Section II.4 – Financial Section**

II.4 General	Yes, No, or N/A	Explanation & Reference
<p><i>Reporting entities should ensure that information is presented in accordance with U.S. 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 <a href="http://www.fasab.gov">http://www.fasab.gov</a>. Where the FASAB standards or instructions in Circular No. A-136 do not provide guidance, agencies must follow the hierarchy of accounting principles described in SFFAS 34. (A-136, section II.4.1)</i></p>		
<p>1) Are the annual financial statements presented in accordance with U.S. GAAP? (A-136, section II.4.1)</p>		
<p>2) 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<sup>28</sup>? (A-136, sections II.4.1 &amp; II.4.2, item 3)</p>		
<p>3) 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, sections II.4.1)</p>		
<p>4) If the entity presents disaggregated information for component organizations in a multi-column format on the face of the statements, except for the Statement of Budgetary Resources which is presented on a combined basis, and for dedicated collections when presented on a combined basis<sup>29</sup>:</p> <ul style="list-style-type: none"> <li>a) does the total column for the entity as a whole show consolidated totals net of intra-entity transactions; and</li> <li>b) is there a column for the eliminations of intra-entity transactions to arrive at the consolidated amounts? (A-136, section II.4.1)</li> </ul>		

<sup>28</sup> The statement of social insurance has separate requirements for comparative data discussed in the section of this checklist specific to that statement.

<sup>29</sup> Dedicated collections can be presented on a combined or consolidated basis.

**2020 – Checklist for Federal Reporting and Disclosures**  
**Section II.4 – Financial Section**

<b>II.4 General</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
5) 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.4.1)		
6) When presenting dollar amounts in the statements and the notes, does the entity a) round amounts to the nearest whole, thousand, million, or billion dollar based upon informative value; b) maintain the chosen rounding level throughout the financial statements and notes; and c) adjust line items for differences created by rounding rather than adjusting column totals? (A-136, section II.4.1)		
7) Are line numbers (i.e. 1.) used for reference purposes on illustrative statement formats omitted on the statements? (A-136, section II.4.1)		
8) Are notes sequentially numbered? (A-136, section II.4.1)		

**2020 – Checklist for Federal Reporting and Disclosures**  
**Section II.4 – Financial Section**

<b>II.4 General</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>9) Does the entity use the following hierarchy, in descending order of authority, as the source of guidance in preparing its financial statements:</p> <ul style="list-style-type: none"> <li>• A. Officially established accounting principles consist of FASAB Statements of Federal Financial Accounting Standards (Standards) and Interpretations.</li> <li>• B. FASAB Technical Bulletins and, if specifically made applicable to federal reporting entities by the AICPA and cleared by the FASAB, AICPA Industry Audit and Accounting Guides.</li> <li>• C. Technical Releases of the Accounting and Auditing Policy Committee of the FASAB.</li> <li>• D. Implementation guides published by the FASAB staff, as well as practices that are widely recognized and prevalent in the federal government.<sup>30</sup> (SFFAS 34 par. 5; A-136 sections II.4.1 &amp; II.4.2, item 1)</li> </ul>		

<sup>30</sup> For instance, requirements of OMB Circular A-136 that are not specified by a pronouncement described in SFFAS 34 levels A-C, above, are considered “practices that are widely recognized and prevalent in the federal government” within level D of the federal GAAP hierarchy.

**2020 – Checklist for Federal Reporting and Disclosures**  
**Section II.4 – Financial Section**

<b>II.4 General</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>10) Do the basic statements include</p> <ul style="list-style-type: none"> <li>a) Balance Sheet;</li> <li>b) Statement of Net Cost;</li> <li>c) Statement of Changes in Net Position;</li> <li>d) Statement of Budgetary Resources;</li> <li>e) Statement of Custodial Activity (when applicable);</li> <li>f) Statement of Social Insurance (when applicable);</li> <li>g) Statement of Changes in Social Insurance Amounts (when applicable); and</li> <li>h) related note disclosures? (A-136, section II.4.2, item 2)</li> </ul>		
<p>11) Is comparative information presented in the RSSI and RSI when meaningful? (A-136, section II.4.2, item 3)</p>		
<p>12) Does the agency ensure that the budgetary information<sup>31</sup> used to prepare the SBR is consistent with the budgetary information reported to the Government-wide Treasury Account Symbol Adjusted Trial Balance System (GTAS) during the 4<sup>th</sup> quarter window? (A-136, section II.4.2, item 4)</p>		
<p>13) Are material differences between comparable information contained in the SBR and the prior-year information in the Budget of the United States Government disclosed in the notes to the SBR? (A-136, section II.4.2, item 4)</p>		

<sup>31</sup> The information submitted through GTAS will be used to produce the 4<sup>th</sup> quarter SF 133, Report on Budget Execution and Budgetary Resources, the Fiscal Service 2108, Year-end Closing Statement, and much of the initial data that will appear in the prior year column of the Program and Financing Schedule of the Budget.

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**Section II.4 – Financial Section**

II.4 General	Yes, No, or N/A	Explanation & Reference
<p><i>Some laws require entities to allocate budget authority to another Federal entity. The entity receiving the budget authority that it is required to transfer is referred to as the “parent” and the entity receiving the budget authority is referred to as the “child.” When a parent makes such an allocation, Fiscal Service establishes a subsidiary account called an Allocation Transfer Account (ATA). The ATA is referred to as a child account and the transfer itself is often referred to as an allocation transfer. In the child account, the receiving Federal entity receives the budget authority and then obligates and outlays amounts up to the total of the allocation. (A-136, section II.4.2, item 5)</i></p>		
<p>14) Is all budgetary and proprietary activity for transfer appropriations reported by the parent, and not the child, in its financial statements, whether material to the child or not? (A-136, section II.4.2, item 5)</p>		

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**Section II.4 – Financial Section**

II.4.3 Balance Sheet	Yes, No, or N/A	Explanation & Reference
<p><i>The Balance Sheet show at a specific point in time, amounts of economic benefits owned or managed by the reporting entity (assets), amounts owed by the entity (liabilities), and amounts that comprise the difference (net position). (SFFAC 2, par. 57; FASAB Handbook, as amended, Appendix E; A-136, section II.4.3.1)</i></p> <p><i>Assets are tangible or intangible items owned by the Government that have probable economic benefits that can be obtained or controlled by a Federal entity. 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.4.3.3)</i></p>		
<p>1) Did the entity combine the entity and non-entity assets, except for non-entity assets meeting the definition of fiduciary assets, on the face of the Balance Sheet? (A-136, sections II.4.3.1 &amp; II.4.3.3)</p>		
<p>2) Did the entity disclose non-entity assets and assets meeting the definition of fiduciary assets in the notes? (A-136, sections II.4.3.1 &amp; II.4.3.3)</p>		
<p>3) Are non-fiduciary deposit funds that are held by the Government on behalf of non-Federal entities or individuals offset by a liability? (A-136, section II.4.3.3)</p>		
<p>4) Are deposits made in a Treasury General Account bank 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.4.3.3)</p>		
<p>5) Are disbursements which 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.4.3.3)</p>		
<p>6) Are investments in Federal securities reported separately from investments in non-Federal securities? (A-136, section II.4.3.3)</p>		

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**Section II.4 – Financial Section**

<b>II.4.3 Balance Sheet</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
7) Are gross accounts receivables reduced to net realizable value by an allowance for doubtful accounts? (A-136, section II.4.3.3)		
8) Are gross taxes receivables reduced to net realizable value by all allowance for uncollectible taxes receivable? (A-136, section II.4.3.3)		
9) Is interest receivable reported as a component of the appropriate asset account? <sup>32</sup> (A-136, section II.4.3.3)		
10) Is interest receivable from federal entities reported separately from interest receivable from the public? (SFFAS 1, par. 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 receivables and related foreclosed property? (A-136, section II.4.3.3)		
12) Direct Loan and Loan Guarantees, Non-Federal Borrowers: 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.4.3.3)		
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.4.3.3)		

<sup>32</sup> No interest will be recognized as revenue on accounts receivable and investments deemed uncollectible until the interest is actually collected.

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**Section II.4 – Financial Section**

<b>II.4.3 Balance Sheet</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
14) Regarding credit reform, are any assets in these special fund receipt accounts shown as non-entity assets and offset by intragovernmental liabilities covered by budgetary resources? (A-136, section II.4.3.3)		
15) Is inventory and related property reported net? (A-136, section II.4.3.3)		
16) 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 reported as either  a) included in the operating materials and supplies line item on the face of the financial statements with separate disclosure in the notes, or  b) shown as a separate line item on the face of the financial statements? (SFFAS 3, par. 45)		
17) Are operating materials and supplies identified as excess, obsolete, or unserviceable reported as either  a) included in the operating materials and supplies line item on the face of the financial statements with separate disclosure in the notes, or  b) shown as a separate line item on the face of the financial statements? (SFFAS 3, par. 47)		
18) Is any difference between the carrying amount of the stockpile materials held for sale and their estimated selling price disclosed? (SFFAS 3, par. 55)		

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**Section II.4 – Financial Section**

<b>II.4.3 Balance Sheet</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
19) Are General Property, Plant and Equipment recorded at historical cost and net of accumulated depreciation? (A-136, section II.4.3.3)		
20) 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 <sup>33</sup> ? (SFFAS 29, par. 25 & 40; A-136, section II.4.3.3)		
21) Are assets not reported in a separate asset category and which are immaterial to the agency and do not warrant separate reporting on the face of the balance sheet, included as “other” assets? (A-136, section II.4.3.3)		
<p><i>A liability is a probable future outflow or other sacrifice of resources as a result of past transactions or events. Liabilities must be recognized when they are incurred regardless of whether they are covered by available budgetary resources. Liabilities are classified as liabilities covered or not covered by budgetary resources. Liabilities covered by budgetary resources include liabilities incurred that are covered by realized budgetary resources as of the balance sheet date. Budgetary resources include (1) new budget authority, (2) unobligated balances of budgetary resources at the beginning of the year or net transfers of prior year balances during the year, (3) spending authority from offsetting collections (credited to an appropriation or fund account), and (4) recoveries of unexpired budget authority through downward adjustments of prior year obligations. Liabilities are covered by budgetary resources if they are to be funded by permanent indefinite appropriations provided that the resources may be apportioned by OMB without further action by the Congress and without a contingency having to be met first. (A-136, section II.4.3.4)</i></p>		
22) Are all types of liabilities covered by budgetary resources and liabilities not covered by budgetary resources of the same type combined on the face of the Balance Sheet? (A-136, sections II.4.3.1 & II.4.3.4)		

<sup>33</sup> No 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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**Section II.4 – Financial Section**

<b>II.4.3 Balance Sheet</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<i>Intragovernmental assets arise from transactions among federal entities and are claims of a federal entity against other federal entities. Intragovernmental liabilities arise from transaction among federal entities and are claims against a federal entity by other federal entities. (A-136, sections II.4.3.3 &amp; II.4.3.4)</i>		
23) Are intragovernmental assets and liabilities reported separately from assets and liabilities from non-federal entities on the face of the balance sheet? (The Federal Reserve and government-sponsored enterprises are also considered non-federal entities for this purpose.) <sup>34</sup> (A-136, sections II.4.3.3 & II.4.3.4)		
24) Is interest payable incurred but unpaid on liabilities reported as a component of the appropriate liability accounts? (A-136, section II.4.3.4)		
25) 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 4.3.4)		
26) Do liabilities for loan guarantees for pre-1992 guarantees reflect the amount of known and estimated losses payable? (A-136, section II.4.3.4)		
27) If the total loan guarantee liability for all credit programs of a reporting entity is negative, is the amount reported as an asset? (A-136, section II.4.3.4)		
28) 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 salary and accrued annual leave which are reported in the Other Liabilities line item? (A-136, section II.4.3.4)		

<sup>34</sup> Government sponsored enterprises (GSE) are federally chartered but privately owned and operated entities.

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**Section II.4 – Financial Section**

<b>II.4.3 Balance Sheet</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
29) Are liabilities not reported in a separate liability which are immaterial to the agency and do not warrant separate reporting on the face of the balance sheet included as “other” liabilities? (A-136, section II.4.3.4)		
30) Are the amounts for Lease Liabilities included as a component of the other liabilities line item? (A-136, section II.4.3.4)		
31) Are the amounts for Insurance Guarantees Program Liabilities, except social insurance and loan guarantees programs, reported as a component of other liabilities? (A-136, section II.4.3.4)		
32) 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.4.3.4)		
33) For the calculation of net position, 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 <sup>35</sup> ? (SFFAS 27, par. 29; A-136, section II.4.3.1 & II.4.3.5)		
34) 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.4.3.5)		
35) 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.4.3.5)		

<sup>35</sup> Entities have the option to use separate lines to display information on Funds from Dedicated Collections on the face of the balance sheet or to use alternative format, parenthetical amounts within line item totals.

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**Section II.4 – Financial Section**

II.4.4 Statement of Net Cost	Yes, No, or N/A	Explanation & Reference
<i>The Statement of Net Cost (SNC) shows the reporting entity's net cost of operations as a whole and by major program. (A-136, section II.4.4.1)</i>		
1) Does the SNC report net costs for the entity as a whole and for its major programs <sup>36</sup> ? (A-136, section II.4.4.1)		
2) In the Statement of Net Cost, does the entity present responsibility segments <sup>37</sup> consistent with the major goals and outputs described in the entity's strategic and performance plans required by the Government Performance and Results Act of 1993 (GPRA)? (SFFAS 4, par. 69)		
3) Does the Statement of Net Cost report by: a) program 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, par. 43 & 44; A-136, section II.4.4.1)		
4) Is the Statement of Net Costs inclusive of costs and exchange revenues of both intragovernmental and public natures? (A-136, section II.4.4.1)		

<sup>36</sup> "Major program" may describe an agency's mission, strategic goals, functions, activities, services, projects, processes, or other meaningful grouping. These are related to "responsibility segments," which collect cost information. Responsibility segments can have more than one major program. (A-136, section II.4.4.1; SFFAS 4, par. 87 & 88)

<sup>37</sup> Cost information should be collected by responsibility segments which have been identified by management and outputs should be defined for each responsibility segment.

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<b>II.4.3 Balance Sheet</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>5) Are the “full costs”<sup>38</sup> of goods and services received from other federal entities, whether or not the providing entity is fully reimbursed, recognized in the Statement of Net Cost, but limited to material items that:</p> <ul style="list-style-type: none"> <li>a) are significant to the receiving entity’s output;</li> <li>b) form an integral or necessary part of the receiving entity’s output; and</li> <li>c) can be identified or matched to the receiving entity with reasonable precision? (SFFAS 4, par. 105; A-136, section II.4.4.1)</li> </ul>		
<p>6) Does the entity report the full cost of each program’s output that consists of:</p> <ul style="list-style-type: none"> <li>a) direct and indirect costs of the output; and</li> <li>b) the costs of identifiable supporting services provided by other segments within the entity and by other entities? (SFFAS 4, par. 89; A-136, section II.4.4.3)</li> </ul>		
<p>7) Does the entity report costs related to the production of outputs separately from costs not related to the production of outputs (e.g., non-production<sup>39</sup> costs)? (A-136, section II.4.4.3)</p>		

<sup>38</sup> Reporting entities should measure and report the full costs of their outputs in general purpose financial reports, including inter-entity costs whether or not the providing entity is fully reimbursed. The entity providing the goods or services has the responsibility to provide the receiving entity with information on the full cost of such goods or services either through billing or other advice. The full cost of an output produced by a responsibility segment is the sum of (1) the costs of resources consumed by the segment that directly or indirectly contribute to the output, and (2) the costs of identifiable supporting services provided by other responsibility segments within the reporting entity, and by other reporting entities. Broad and general support services provided by an entity to all or most other entities should not be recognized unless such services form a vital and integral part of the operations or output of the receiving entity.

<sup>39</sup> Non-production costs are costs that are linked to events other than the production of goods and services. (SFFAS 4, par. 104)

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<b>II.4.3 Balance Sheet</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>8) Does the entity report the following costs of stewardship PP&amp;E separately from other non-productive costs on the face of the SNC (or in the notes depending on materiality) to distinguish such amounts from other costs related to measures of outputs or outcomes of the entity:</p> <ul style="list-style-type: none"> <li>a) the cost of acquiring, constructing, improving, reconstructing, or renovating heritage assets, other than multi-use heritage assets; and</li> <li>b) the cost of acquiring stewardship land? (A-136, section II.4.4.3 &amp; II.4.9.24)</li> </ul>		
<p>9) Is earned revenue (or exchange revenues) reported on the Statement of Net Cost regardless of whether the entity is permitted to retain the revenue in whole or in part? (SFFAS 7, par. 43; A-136, section II.4.4.4)</p>		
<p>10) Are earned revenues deducted from the full cost of outputs or outcomes to determine their net program costs? (SFFAS 7, par. 43; A-136, sections II.4.4.4 &amp; II.4.4.5)</p>		
<p>11) 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 veteran’s compensation, reported as a separate line(s) on the SNC? (SFFAS 33, par. 19; A-136, section II.4.4.1 &amp; section II.4.4.6)</p>		

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<b>II.4.3 Balance Sheet</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
12) Are general management and administrative support costs that cannot be directly traced, assigned on a cause-and-effect basis, or reasonably allocated to segments and their outputs reported as “costs not assigned to programs” on the Statement of Net Cost? (SFFAS 4, par. 92; A-136, section II.4.4.7)		
13) Are non-production costs that cannot be assigned to a particular program reported as “costs not assigned to programs” on the Statement of Net Cost? (A-136, section II.4.4.7)		
14) 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, par. 44; A-136, section II.4.4.8)		
15) Are inter-entity expenses and financing sources eliminated for any consolidated financial statements covering both entities? (SFFAS 4, par. 109)		
16) Is the net amount of gains (or losses) from exchange transactions subtracted from (or added to) the gross cost to determine the net cost of operations and programs? (SFFAS 7, par. 44)		

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<b>II.4.3 Balance Sheet</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
17) Are nonexchange revenues and other financing sources excluded from calculating net cost of operations for the reporting entity? (SFFAS 7, par. 44)		

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<b>II.4.5 Statement of Changes in Net Position</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p><i>The Statement of Changes in Net Position (SCNP) reports the change in net position during the reporting period which results from changes to Cumulative Results of Operations and Unexpended Appropriations. (A-136, section II.4.5.1)</i></p>		
<p>1) 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 SCNP if the Funds from Dedicated Collections are:</p> <ul style="list-style-type: none"> <li>a) the predominant source of revenue and other financial sources; or</li> <li>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 (e.g. Social security and Medicare programs)? (A-136, section II.4.5.1 &amp; II.4.5.3)</li> </ul>		
<p>2) Does the entity use a columnar presentation for its SCNP which shows the current year and the prior year amounts? (A-136, sections II.4.5.2 and II.4.5.3)</p>		

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<b>II.4.5 Statement of Changes in Net Position</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>3) The columnar presentation of the SCNPN can be either combined or consolidated within fund type<sup>40</sup>. Does the entity:</p> <p>a) specify which presentation is used; and</p> <p>b) 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 other funds; or</p> <p>c) if the entity chose to combine within the columns by fund type, does the elimination column display all SCNPN eliminations?            ( A-136, section II.4.5.3)</p>		
<p>4) If the entity chose to use a linear presentation, did the entity display</p> <p>a) elimination amount for each affected statement line, and</p> <p>b) the SCNPN in a columnar format in the note?            (A-136, section II.4.5.3)</p>		
<p>5) Are the net position balances attributable to Funds from Dedicated Collections reported separately from all other funds, if material?            (A-136, section II.4.5.4)</p>		
<p>6) 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? (A-136, section II.4.5.4)</p>		

<sup>40</sup> The reporting entity must report changes in net position for Funds from Dedicated Collections separately from all other funds in columnar presentation on either the face of the SCNPN 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 SCNPN that is consolidated overall.

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<b>II.4.5 Statement of Changes in Net Position</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>7) Are adjustments to the beginning balances for Cumulative Results of Operations and Unexpended Appropriations reported for</p> <ul style="list-style-type: none"> <li>a) correction of errors; and</li> <li>b) changes in accounting principles? (A-136, section II.4.5.4)</li> </ul>		
<p>8) If errors<sup>41</sup> were discovered after the issuance of the prior year financial statements, and if those financial statements or the current financial statements would be materially misstated absent correction of the errors, were corrections made in the SCNPs as follows:</p> <ul style="list-style-type: none"> <li>a) If only the current period statement is presented, is the cumulative effect of correcting the error reported as a prior period adjustment to the beginning balance of the cumulative results of operations?</li> <li>b) If comparative financial statements are presented, are individual amounts on the financial statements corrected in the earliest affected period presented?</li> <li>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, par. 10 &amp; 11; A-136, section II.4.5.4)</li> </ul>		

<sup>41</sup> Errors 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.

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<b>II.4.5 Statement of Changes in Net Position</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
9) Do the SCNPs current year unadjusted beginning balances for Cumulative Results of Operations and Unexpended Appropriates agree with the restated ending balances on the entity’s prior year SCNPs resulting from correction of errors? (A-136, section II.4.5.4)		
10) Is the nature of an error in previously issued financial statements <sup>42</sup> and the effect of its correction on relevant balances disclosed? (SFFAS 21, par. 10 (c) and A-136, section II.4.5.4)		
11) 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.4.5.4)		

<sup>42</sup> Prior period financial statements should only be restated for corrections of errors that have caused any statements to be materially misstated.

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<b>II.4.5 Statement of Changes in Net Position</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>12) If changes in accounting principles<sup>43</sup> would have resulted in a change to prior period financial statements, are they handled in the following manner:</p> <ul style="list-style-type: none"> <li>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;</li> <li>b) if comparative financial statements, prior period amounts are presented as previously reported; and</li> <li>c) the nature of the changes in accounting principle and its effect on relevant balances are disclosed in the current period?<sup>44</sup> (SFFAS 21, par. 12 &amp; 13 and A-136, section II.4.5.4)</li> </ul>		
<p>13) 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.4.5.4)</p>		
<p>14) If the entity is a collecting entity, does the entity use the “other adjustments” line within the budgetary financing sources section to report appropriations used to provide refunds of monies deposited to Treasury and trust funds? (A-136, section II.4.5.5)</p>		

<sup>43</sup> A change in accounting principle is a change from one generally accepted accounting principle to another one that can be justified as preferable. Changes in accounting principles include those resulting from the adoption of new federal accounting standards.

<sup>44</sup> Financial statements of subsequent periods need not repeat the disclosure.

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<b>II.4.5 Statement of Changes in Net Position</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
15) Does the entity categorize exchange revenue required to be transferred to the Treasury or another federal entity as a transfer-out on the “transfers-in/out without reimbursement” line within the budgetary financing sources section? (A-136, sections II.4.4.4 & II.4.5.5)		
16) Does the entity recognize as “other budgetary financing sources” amounts that affect budgetary resources and are not otherwise classified? (A-136, section II.4.5.5)		
17) Does imputed financing <sup>45</sup> reported on the Statement of Changes in Net Position equal the amount of imputed costs on the Statement of Net Cost? (A-136, section II.4.5.6)		
18) Does the entity recognize the “other” amounts that do not represent budgetary resources and are not otherwise classified? (A-136, section II.4.5.6)		
19) Does “net cost of operations” agree with the net cost of operations on the statement of net costs? (A-136, section II.4.5.7)		

<sup>45</sup> This 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 OPM for employees of other Federal agencies)

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<b>II.4.5 Statement of Changes in Net Position</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
20) Does subtracting the net cost of operations from the sum of total financing sources (i.e., budgetary and other) and beginning balance, as adjusted, of cumulative results from operations equal the ending balance of cumulative results of operations? (A-136, section II.4.5.7)		
21) Do the ending balances of the cumulative results of operations and unexpended appropriations agree with the amounts reported as net position on the current year's Balance Sheet? (A-136, section II.4.5.9)		
22) If the entity retains collected exchange revenue (which is normally reported on the Statement of Net Cost) for which it incurs virtually no cost in connection with earning the revenue, is such revenue shown as a financing source on the Statement of Changes in Net Position and not the Statement of Net Cost? (SFFAS 7, par. 45)		

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<b>II.4.6 Statement of Budgetary Resources</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p><i>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. (SFFAS 7, par. 77; A-136, section II.4.6.1)</i></p>		
<p>1) Is information on the SBR reconcilable with budget execution information reported on the Report on Budget Execution and Budgetary Resources (SF 133) and the <i>Budget of the United States Government</i>? (A-136, section II.4.6.1)</p>		
<p>2) 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 (August 1, 2017)? (SFFAS 7, par. 78; A-136, section II.4.6.1)</p>		
<p>3) 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 133s? (A-136, section II.4.6.2)</p>		
<p>4) Does the entity use the SBR format prescribed in OMB Circular A-11, Appendix F which aggregates major categories from the SF-133 deemed most significant for board government-wide purposes? (A-136, section II.4.6.3)</p>		

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<b>II.4.6 Statement of Budgetary Resources</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>5) If the SF-133 includes additional lines that are material to the SBR:</p> <ul style="list-style-type: none"> <li>a) does the entity report this disaggregated information on the SBR or in a note; and</li> <li>b) is this disaggregated information subtotaled using the prescribed major categories? (A-136, section II.4.6.3)</li> </ul>		
<p>6) 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.4.6.3)</p>		
<p>7) In its SBR under “Budgetary Resources,” does the entity include</p> <ul style="list-style-type: none"> <li>a) unobligated balances, brought forward</li> <li>b) adjustment to unobligated balance brought forward;</li> <li>c) recoveries of prior year unpaid obligations;</li> <li>d) other changes in unobligated balance;</li> <li>e) unobligated balance from prior year budget authority;</li> <li>f) appropriations;</li> <li>g) borrowing authority;</li> <li>h) contract authority; and</li> <li>i) spending authority from offsetting collections? (SFFAS 7, par. 77; A-136, sections II.4.6.4 &amp; II.4.6.5)</li> </ul>		

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<b>II.4.6 Statement of Budgetary Resources</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>8) In its SBR under “Status of Budgetary Resources,” does the entity include</p> <ul style="list-style-type: none"> <li>a) new obligations and upward adjustments</li> <li>b) unobligated balance(s), end of year that are: <ul style="list-style-type: none"> <li>i. apportioned, unexpired accounts;</li> <li>ii. exempt from apportionment, unexpired accounts;</li> <li>iii. unapportioned, unexpired accounts;</li> <li>iv. unexpired unobligated balance, end of year; and/or,</li> <li>v. Expired unobligated balance, end of year (SFFAS 7, par. 77; A-136, sections II.4.6.4 &amp; II.4.6.6)</li> </ul> </li> </ul>		
<p>9) 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.4.6.6)</p>		

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<b>II.4.6 Statement of Budgetary Resources</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>10) In its SBR under “Change in Obligated Balance” does the entity include</p> <ul style="list-style-type: none"> <li>a) unpaid obligations, that are: <ul style="list-style-type: none"> <li>i. unpaid obligations, brought forward;</li> <li>ii. adjustments to unpaid obligations, start of year;</li> <li>iii. new obligations and upward adjustments;</li> <li>iv. outlays (gross);</li> <li>v. actual transfers, unpaid obligations (net);</li> <li>vi. recoveries of prior year unpaid obligations; and</li> <li>vii. unpaid obligations, end of year;</li> </ul> </li> <li>b) uncollected payments, that are: <ul style="list-style-type: none"> <li>i. uncollected payments , Fed sources, brought forward;</li> <li>ii. adjustments to uncollected payments, Fed sources, start of year;</li> <li>iii. change in uncollected payments, Fed sources;</li> <li>iv. actual transfers, uncollected payments, Fed sources (net); and</li> <li>v. uncollected payments, Fed sources, end of year; and</li> </ul> </li> <li>c) memorandum (non-add) entries that are: <ul style="list-style-type: none"> <li>i. obligated balance, start of year;</li> <li>ii. obligated balance, end of year? (A-136, sections II.4.6.4 &amp; II.4.6.7)</li> </ul> </li> </ul>		

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<b>II.4.6 Statement of Budgetary Resources</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>11) In its SBR under “Budget Authority and Outlays, Net,” does the entity include</p> <ul style="list-style-type: none"> <li>a) budget authority, gross;</li> <li>b) actual offsetting collections;</li> <li>c) change in uncollected customer payments from Fed sources;</li> <li>d) recoveries of prior year paid obligations;</li> <li>e) anticipated offsetting collections;</li> <li>f) budget authority, net;</li> <li>g) outlays, gross;</li> <li>h) actual offsetting collections;</li> <li>i) outlays, net;</li> <li>j) distributed offsetting receipts; and</li> <li>k) agency outlays, net? (A-136, sections II.4.6.4 &amp; II.4.6.8)</li> </ul>		
<p>12) Do the outlays (gross and net)<sup>46</sup> reported in “Budget Authority &amp; Outlays, net” section agree with the agency’s disbursements and collections reported to Treasury for the fiscal year to date? (A-136, section II.4.6.8)</p>		

<sup>46</sup> Outlays consist of disbursements that are reduced by actual offsetting collections.

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<b>II.4.6 Statement of Budgetary Resources</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p><i>Distributed offsetting receipts are collections that offset gross outlays of an agency and are credited to general fund, special fund, or trust fund receipt accounts. Offsetting collections are credited to expenditure accounts (not receipt accounts) and reduce outlays at the account level. Undistributed offsetting receipts offset government wide outlays. 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. (A-136, section II.4.6.8)</i></p>		
<p>13) Does the SBR include receipt accounts in the Quarterly Distributed Offsetting Receipts by Department Report classified as:</p> <ul style="list-style-type: none"> <li>a) Proprietary Receipts from the Public;</li> <li>b) Intra-budgetary Receipts Deducted by Agencies; and</li> <li>c) Offsetting Governmental Receipts?</li> </ul> <p>(A-136, section II.4.6.8)</p>		
<p>14) Does the amount of distributed offsetting receipts reported on the SBR agree with the aggregate of cash collected in the receipt accounts and reported to Treasury on a monthly basis? (A-136, section II.4.6.8)</p>		
<p>15) Are undistributed offsetting receipts excluded from the SBR? (A-136, section II.4.6.8)</p>		

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<b>II.4.7 Statement of Custodial Activity</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p><i>The 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.</i></p> <p><i>When collecting entities have custodial collections that are immaterial and incidental to their primary mission, the sources and disposition of the collections may be disclosed in the notes (rather than preparing an SCA). (A-136, section II.4.7.1)</i></p> <p><i>Custodial collections are normally nonexchange revenues, such as taxes and duties collected by the IRS and US Customs and Border Protection. Entities that collect nonexchange revenue for the General Fund of the Treasury, a trust fund, or other recipient entities account for the sources and disposition of these collections in a Statement of Custodial Activity (SCA). The collecting entities do not recognize as revenue those collections that have been or should be transferred to others as revenues.</i></p> <p><i>An entity need not prepare a Statement of Custodial Activity when custodial collections are immaterial and incidental to their primary mission. In these cases, the sources and disposition of the collections may be disclosed in accompanying notes.</i></p>		
<p>1) Is collected nonexchange revenue that has or will be transferred to others reported on the SCA? (A-136, section II.4.7.1)</p>		
<p>2) If the entity collected exchange revenue (which is normally reported on the Statement of Net Cost) 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 Statement of Net Cost? (SFFAS 7, par. 45; A-136, section II.4.7.1)</p>		

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<b>II.4.7 Statement of Custodial Activity</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<b>II.4.7.3 Sources of Collections</b>		
3) 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.4.7.3)		
4) Are nonexchange revenue accrual adjustments shown separately in the “sources of collections” section and added or subtracted from the net collections to determine the total custodial nonexchange revenue? <sup>47</sup> (A-136, section II.4.7.3)		
<b>II.4.7.4 Disposition of Collections</b>		
5) Do the amounts transferred to others, reported in the “disposition of collections” section, identify the specific agencies to which collections were transferred and the amounts transferred? (A-136, section II.4.7.4)		
6) Is the change in liability for revenue yet to be transferred reported separately in the “disposition of collections” section of the SCA? (A-136, section II.4.7.4)		

<sup>47</sup> The accrual adjustment is not applicable to exchange revenues because exchange revenues are reported on an accrual basis.

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<b>II.4.7 Statement of Custodial Activity</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
7) Are refunds and other payments made reported separately in the “disposition of collections” section of the SCA? (A-136, section II.4.7.4)		
8) Are collections retained by the entity separately reported as a disposition of collections revenue in the SCA? (A-136, section II.4.7.4)		
<b>II.4.7.5 Net Custodial Activity</b>		
9) 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.4.7.5)		

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**Section II.4 – Financial Section**

<b>II.4.8 Statement of Social Insurance &amp; Statement of Changes in Social Insurance Amounts</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p><i>A Statement of Social Insurance is required for the following programs: Old-Age, Survivors, and Disability Insurance (OASDI or Social Security); Hospital Insurance (HI); and Supplementary Medical Insurance (SMI), collectively known as Medicare; Railroad Retirement Benefits, and Black Lung benefits.</i></p> <p><i>For the projection period, the Statement of Social Insurance (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, par. 14 &amp; 27(3); SFFAS 26, par. 5; A-136, section II.4.8.1)</i></p>		
<p>1) For all social insurance programs except Unemployment Insurance (UI),<sup>48</sup> does the responsible entity's SOSI present</p> <p>a) the actuarial present value of all future expenditures during the projection period related to benefit payments:</p> <p>i. to or on behalf of current participants who have not yet attained retirement/eligibility age;</p> <p>ii. to or on behalf of current participants who have attained retirement/eligibility age; and</p> <p>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, par. 27 (3) (a) - (c))</p>		

<sup>48</sup> Although SFFAS 17 lists UI for general public as social insurance, the requirements for the SOSI in paragraphs 27(3) of SFFAS 17 specifically exclude UI. Therefore, a SOSI is not required for UI.

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<b>II.4.8 Statement of Social Insurance &amp; Statement of Changes in Social Insurance Amounts</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<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"> <li>i. from or on behalf of current participants who have not yet attained retirement/eligibility age;</li> <li>ii. from or on behalf of current participants who have attained retirement/eligibility age; and</li> <li>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, par. 27 (3) (d) – (f))</li> </ul> <p>c) the net present value of cash flow during the projection period? (SFFAS 17, par. 27 (3) (g))</p>		
<p>2) Is the information detailed in the preceding question for the current year and for each of the preceding four years? (SFFAS 17, par. 27 (3) (j); A-136, section II.4.8.1)</p>		
<p>3) Is there a section within the SOSI that summarizes the closed and open group measures? (SFFAS 37, par. 2, 28, Appendix C; A-136, section II.4.8.1)</p>		

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**Section II.4 – Financial Section**

<b>II.4.8 Statement of Social Insurance &amp; Statement of Changes in Social Insurance Amounts</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>4) 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, par. 29, Appendix C; A-136, section II.4.8.1)</p>		
<p><i>Entities that prepare a SOSI should also present a Statement of Changes to Social Insurance Amounts (SCSIA) that will reconcile beginning and ending open group measures and present the components of the changes in the open group measure for two years. (A-136, section II.4.8.1)</i></p> <p><i>Open group population are 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.</i></p> <p><i>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, e.g., 75 years.</i></p> <p><i>Closed group population are 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.</i></p> <p><i>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, par. 29)</i></p>		
<p>5) 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 4.8.1)</p>		

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<b>II.4.8 Statement of Social Insurance &amp; Statement of Changes in Social Insurance Amounts</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>6) 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"> <li>a) the change due to the change in valuation period;</li> <li>b) the interest on the obligation due to present valuation;</li> <li>c) the changes in demographic, economic, and health care assumptions;</li> <li>d) the changes in law, regulation, and policy; and</li> <li>e) the amounts associated with each type of change? (SFFAS 37, par. 31; A-136, section II.4.8.1)</li> </ul>		
<p>7) 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, par. 2, 32, Appendix D; A-136, section II.4.8.1)</p>		
<p>8) 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 one year prior to the end of the current year? (SFFAS 17, par. 26; A-136, section II.4.8.1)</p>		

**Section II.4.9 – Note Disclosures**

The question numbers related to each caption are identified below.

<b>II.4.9 – Note Disclosure</b>	<b>No. of Questions per Section</b>
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<b>II.4.9.1 Significant Accounting Policies</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p><i>Disclosure of accounting policies identifies and describes the accounting principles followed by the reporting entity and the methods of applying those principles. In general, the disclosure encompasses important judgments as to the valuation, recognition, and allocation of assets, liabilities, expenses, revenues and other financing sources. (A-136, section II.4.9.1)</i></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.4.9.1)</p>		
<p>2) Has entity management summarized all appropriate accounting principles and their application to fairly present the entity's assets, liabilities, net cost of operations, changes in net position and budgetary resources in the disclosure of significant accounting policies? (A-136, section II.4.9.1)</p>		
<p>3) Does the disclosure of accounting policies encompass important judgments as to the valuation, recognition, and allocation of assets, liabilities, expenses, revenues and other financing sources? (A-136, section II.4.9.1)</p>		
<p>4) Does the disclosure of accounting policies <u>not</u> duplicate details in other notes to the financial statements? (A-136, section II.4.9.1)</p>		

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<b>II.4.9.1 Significant Accounting Policies</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
5) 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.4.9.1)		
6) 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.4.9.1)		
7) If there were significant changes in the composition of the reporting entity or manner in which the reporting entity aggregates information for financial reporting purposes, has the entity restated financial statements for prior periods presented to correspond to the changes? (A-136, section II.4.9.1)		
8) Does the entity disclose information concerning fiduciary activities <sup>49</sup> and related fiduciary cash and other assets that are not assets of the Federal Government? (A-136, section II.4.9.1)		

<sup>49</sup> Fiduciary activities are the collection or receipt, and the management, protection, accounting, investment, and disposition by the Government of cash or other assets in which non-Federal individuals or entities have an ownership interest.

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**Section II.4.9 – Note Disclosures**

<b>II.4.9.1 Significant Accounting Policies</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
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.4.9.1)		
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.4.9.1)		
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.4.9.1)		
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 of historical Treasury rates from one reporting period to the next? (A-136, section II.4.9.1)		
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 greatly, from estimates? (A-136, section II.4.9.1)		

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II.4.9.2 Non-entity Assets	Yes, No, or N/A	Explanation & Reference
<p><i>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 for the U.S. Government but has no authority to spend). (A-136, section II.4.3.3)</i></p>		
<p>1) Are the amounts and types of non-entity assets disclosed in a note to the financial statements? (A-136, section II.4.3.3)</p>		
<p>2) Are intragovernmental non-entity assets separated from other non-entity assets in a note to the financial statements? (A-136, section II.4.9.2)</p>		
<p>3) Is sufficient information provided to understand the nature of non-entity assets in a note? (A-136, section II.4.9.2)</p>		
<p>4) Are non-fiduciary deposit funds that are held by the Government on behalf of non-Federal entities or individuals classified as non-entity assets in Note 2? (A-136, section II.4.3.3)</p>		

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II.4.9.3 Fund Balance with Treasury	Yes, No, or N/A	Explanation & Reference
<p><i>A federal entity's Fund Balance with Treasury (FBWT) is the aggregate amount of funds in the entity's accounts with Treasury for which the entity is authorized to make expenditures and pay liabilities. FBWT includes clearing account balances and the dollar equivalent of foreign currency account balances. From the reporting entity's perspective, FBWT is an (intragovernmental) asset (although it is an intragovernmental liability to Treasury). From the perspective of the federal government as a whole, FBWT is neither an asset nor a liability and is eliminated in the federal consolidated financial statements. FBWT represents a commitment to make resources available to federal departments, agencies, programs, and other entities. (SFFAS 1, par. 31 &amp; 32 with parenthesis provided for clarification.)</i></p> <p><i>Reporting of non-fiduciary deposit funds depends on ownership and control. In most instances, non-fiduciary deposit funds are controlled by the Government and the FBWT for 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 upon the results of research or legal or agency judgment. (A-136, section II.4.3.3)</i></p>		
<p>1) Are amounts of FBWT meeting the definition of fiduciary FBWT disclosed in the notes? (A-136, section II.4.3.3)</p>		
<p>2) Does the entity disclose all undisbursed fund balances by fund type (e.g., trust funds, special funds, revolving funds, general funds, and other fund types)? (A-136, section II.4.3.3 &amp; II.4.9.3)</p>		
<p>3) If any of the balances under "other fund types"<sup>50</sup> are material, are they listed separately? (A-136, section II.4.9.3)</p>		

<sup>50</sup> Other Fund types include deposit account balances such as collections pending litigation, awaiting determination of the proper accounting disposition (i.e., clearing and suspense accounts), or being held in the capacity of a banker or agent for others (including miscellaneous receipt accounts)

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<b>II.4.9.3 Fund Balance with Treasury</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>4) Does the entity distinguish the unobligated balance<sup>51</sup>, the obligated balance not yet disbursed<sup>52</sup>, and non-budgetary FBWT<sup>53</sup> categories of funds within FBWT in a note to the financial statements? (SFFAS 1, par. 37; A-136, section II.4.9.3, item A)</p>		
<p>5) Does the disclosure separate the unobligated portion of the FBWT balance into available and unavailable amounts? (A-136, section II.4.9.3, item A)</p>		
<p>6) Are restrictions on unobligated balances related to future use disclosed and explained? (SFFAS 1, par. 38; A-136, section II.4.9.3, item A)</p>		
<p>7) Does the entity disclose any:</p> <ul style="list-style-type: none"> <li>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,<sup>54</sup> and</li> <li>b) other information necessary for understanding the nature of fund balances? (SFFAS 1, par. 39; A-136, section II.4.9.3, item B)</li> </ul>		

<sup>51</sup> The unobligated balance is the amount of funds available to the entity against which no claims have been recorded. (SFFAS 1, par. 38)

<sup>52</sup> The 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, par. 37)

<sup>53</sup> Non-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, par. 38)

<sup>54</sup> The entity should reconcile differences and correct errors when preparing financial reports. Although both SFFAS 1 and OMB Circular No. A-136 state “any differences”, for audit purposes materiality would apply. FASAB standards generally state that they need not be applied to immaterial items; however, the determination of immateriality requires considerable judgment based upon specific facts and circumstances.

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**Section II.4.9 – Note Disclosures**

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<b>II.4.9.3 Fund Balance with Treasury</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
8) Does the entity disclose information on unused funds in expired appropriations that are returned to Treasury at the end of a fiscal year? (SFFAS 1, par. 39)		

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<b>II.4.9.4 Cash and Other Monetary Assets</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p><i>Cash (including imprest funds) consists of: coins, paper currency, readily negotiable instruments (such as checks, money orders, and bank drafts), demand deposits, and foreign currencies stated in U.S. dollars at the Treasury exchange rate on the financial statement date.</i></p> <p><i>Other monetary assets consist of other items such as gold, special drawing rights, and U.S. reserves in the International Monetary Fund (IMF). (SFFAS 1, par. 27; A-136, sections II.4.3.3 &amp; II.4.9.4)</i></p>		
<p>1) Are the components of cash and other monetary assets disclosed and described in a note to the financial statements? (A-136, sections II.4.3.3 &amp; II.4.9.4)</p>		
<p><i>Entity cash is the amount of cash that the reporting entity holds and is authorized by law to spend. Nonentity cash is the cash that a federal entity collects and holds on behalf of the U.S. government or other entities. In some instances the entity deposits cash in its accounts in a fiduciary capacity for the U.S. Treasury or other entities. (SFFAS 1, par. 28 &amp; 29)</i></p>		
<p>2) Is nonentity cash disclosed in the notes to the financial statements, separately from entity cash? (SFFAS 1, par. 29; A-136, section II.4.3.3)</p>		
<p>3) If cash is restricted,<sup>55</sup> is the nature and reason disclosed as additional information? (SFFAS 1, par. 30; A-136, section II.4.9.4)</p>		

<sup>55</sup> Nonentity cash is always restricted. Other examples of restricted cash includes cash held in escrow to pay property taxes and insurance related to property associated with defaulted loans, seized cash (recognized as an asset per SFFAS No. 3), bid deposits held in a commercial bank, and cash held in Funds from Dedicated Collections.

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<b>II.4.9.4 Cash and Other Monetary Assets</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
4) Does the entity disclose restrictions on the use or conversion of cash denominated in foreign currencies and the significant effects of changes in the exchange rate on the entity's financial position that occur after the end of the reporting period but before the issuance of financial statements? (A-136, section II.4.9.4)		
5) Is other information on cash and other monetary assets disclosed, as appropriate, such as the valuation rate of gold? (A-136, section II.4.9.4)		

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<b>II.4.9.5 Investments</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p><i>Investments in federal (i.e., Treasury) securities include (1) nonmarketable par value Treasury securities, (2) market-based Treasury securities expected to be held to maturity, (3) marketable Treasury securities expected to be held to maturity, and (4) securities issued by other federal entities. Nonfederal securities include those issued by state and local governments, private corporations, and government-sponsored enterprises. (SFFAS 1, par. 62; A-136, section II.4.3.3)</i></p>		
<p>1) Are the components of investments (e.g., cost, amortization, and other adjustments) disclosed in the notes to the financial statements? (A-136, section II.4.9.5)</p>		
<p>2) Is the market value of all marketable securities and all non-marketable market-based securities disclosed? (SFFAS 1, par. 72; A-136, section II.4.9.5)</p>		
<p>3) For purposes of determining a market value, are investments grouped<sup>56</sup> by type of security, such as marketable or market-based Treasury securities? (SFFAS 1, par. 72; A-136, section II.4.9.5)</p>		
<p>4) If the entity has investments in Treasury Securities for Funds from Dedicated Collections, does the entity disclosed these investments in a note to the financial statements in line with information required by SFFAS 27, par. 27-28 as amended by SFFAS 43<sup>57</sup>? (A-136, section II.4.3.3 &amp; II.4.9.5, item A)</p>		

<sup>56</sup> The 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.

<sup>57</sup> The note should explain the following issues: (1) The US 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 US 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 US Treasury for future authorized

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<b>II.4.9.5 Investments</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
5) If the reporting entity has non fiduciary deposits funds with investment authority which report intragovernmental FBWT, do they also report investments in Treasury securities as intragovernmental? (A-136, section II.4.3.3)		
6) Does the entity disclose any other information necessary to understand the nature of reported investments, such as permanent impairments? (A-136, section II.4.9.5, item B)		
7) Are securities that have been reclassified as securities available for sale or early redemption disclosed? (SFFAS 1, par. 73; A-136, section II.4.9.5, item B)		
8) If applicable, does the entity consult with FASB Accounting Standards Codification 320, <i>Debt and Equity Securities</i> , and 820 <sup>58</sup> , <i>Fair Value Measurement</i> , to appropriately disclose investments in non-Federal securities <sup>59</sup> , including investments in money market and mutual funds, even if the money market or mutual fund's assets consist entity of Federal securities? (A-136, section II.4.9.5, item C)		

expenditures, (3) Treasury securities held by a fund from dedicated collections are an asset of the funds and a liability of the US Treasury, so they are eliminated in consolidation for the US government-wide financial statements, and (4) When the fund from dedicated collections redeems its Treasury securities to make expenditures, the US Treasury will finance those expenditures in the same manner that it finances all other expenditures. (SFFAS 27, par. 27-28)

<sup>58</sup> The guidance should not be applied to non-federal securities that are accounted for in a manner comparable to the accounting treatment of SFFAS 2.

<sup>59</sup> Non-federal securities are issued by a non-federal entity, including State and local governments, private corporations, and Government-sponsored enterprises, regardless of whether the securities are federally guaranteed.

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II.4.9.6-II.4.9.7 Receivables	Yes, No, or N/A	Explanation & Reference
<p><i>Receivables are amounts that the entity claims for payment from others. Receivables can result from such activities as the sales of goods or services, the non-payment of taxes, the making of loans or loans assumed from defaults on previously made loan guarantees, the earning of interest, the advance or prepayment of monies, etc. (SFFAC 2, par. 84)</i></p>		
<p><b>II.4.9.6 Accounts Receivable, Net</b></p>		
<p><i>Entity receivables are amounts due from other federal or nonfederal entities that the federal entity is authorized by law to include in its obligational authority or to offset its expenditures and liabilities upon collection. Nonentity receivables are amounts that the entity is to collect on behalf of the federal government or other entities, and the entity is not authorized to spend. (SFFAS 1, par. 43)</i></p>		
<p>1) Are receivables not available to the entity disclosed in a note to the financial statements as non-entity assets, separate from receivables available to the entity? (SFFAS 1, par. 43)</p>		
<p>2) Does the reporting entity disclose:</p> <ul style="list-style-type: none"> <li>a) major categories of accounts receivable by amount (gross<sup>60</sup> and net) and type,</li> <li>b) methodology used to estimate the allowance for uncollectible amounts, and</li> <li>c) total dollar amount of the allowance for uncollectible accounts? (SFFAS 1, par. 52; A-136, sections II.4.3.3 &amp; II.4.9.6)</li> </ul>		
<p><b>II.4.9.6.1 Interest Receivable</b></p>		
<p>3) Is interest accrued on uncollectible accounts receivable disclosed until (1) the interest payment requirement has been waived by the federal government or (2) the related debt has been written off? (SFFAS 1, par. 55; A-136, section II.4.3.3)</p>		

<sup>60</sup> Gross receivables will be reduced to net realizable value by an allowance for doubtful accounts.

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II.4.9.6-II.4.9.7 Receivables	Yes, No, or N/A	Explanation & Reference
<b>II.4.9.7 Taxes Receivable, Net</b>		
4) Does the reporting entity disclose: <ul style="list-style-type: none"> <li>a) gross taxes receivable,</li> <li>b) allowance for uncollectible taxes receivable,</li> <li>c) net taxes receivable, and</li> <li>d) methodology used to estimate the allowance for uncollectible taxes? (SFFAS 1, par. 52; A-136, sections II.4.3.3 &amp; II.4.9.7)</li> </ul>		

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<b>II.4.9.8 Direct Loans and Loan Guarantees (Receivable)</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p><i>The Federal Credit Reform Act of 1990 divides direct loans and loan guarantees into two groups: (a) Pre-1992 refers to the direct loan obligations or loan guarantees committed before October 1, 1991, and (b) Post-1991 refers to the direct loan obligations or loan-guarantee committed after September 30, 1991 and the resulting direct loans or guarantees.</i></p>		
<p>1) If the loan guarantee liability is the result of both positive and negative amounts of the various components:</p> <p>a) is the total shown as a liability?</p> <p>b) are the negative components (of the loan guarantee liability) disclosed? (A-136, section II.4.3.4)</p>		
<p>2) Does the entity list the direct loan and loan guarantee programs operated by the reporting entity? (A-136, section II.4.9.8, instruction A)</p>		
<p>3) Did the entity disclose that direct loan<sup>61</sup> obligations and loan guarantee commitments made after fiscal year 1991, and the resulting direct loans or loan guarantees, are governed by the Federal Credit Reform Act of 1990, as amended? (A-136, section II.4.9.8, instruction A)</p>		
<p>4) Does the entity disclose whether pre-1992 direct loans and loan guarantees are reported on a present value basis or are reported under the allowance-for-loss method? (A-136, section II.4.9.8, instruction A)</p>		

<sup>61</sup> Direct 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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**Section II.4.9 – Note Disclosures**

<b>II.4.9.8 Direct Loans and Loan Guarantees (Receivable)</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>5) Is the expectation that proceeds from the sale of its loans will differ from the reported face value of the loans or the value of their related assets disclosed? (A-136, section II.4.9.8, instruction A)</p>		
<p>6) 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 receivables for either direct loans (section B) or defaulted guaranteed loans (section H)? (A-136, section II.4.9.8, instruction A)</p>		
<p>7) Do the notes disclose other relevant and appropriate information related to direct loans and loan guarantees including:</p> <ul style="list-style-type: none"> <li>a) a description of the characteristics of the loan programs,</li> <li>b) commitments to guarantee,</li> <li>c) management's method for accruing interest revenue and recording interest receivable, and</li> <li>d) management's policy for accruing interest on nonperforming loans? (A-136, section II.4.9.8, instruction A)</li> </ul>		
<p>8) Does the reporting entity disclose events and changes in economic conditions, other risk factors, legislation, credit policies,<sup>62</sup> 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.4.9.8, instruction A)</p>		

<sup>62</sup> Changes in legislation or credit policies include, for example, changes in borrowers' eligibility, the levels of fees or interest rates charged to borrowers, the maturity terms of loans, and the percentage of private loans that are guaranteed.

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<b>II.4.9.8 Direct Loans and Loan Guarantees (Receivable)</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>9) 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, par. 11 (C); A-136, section II.4.9.8, instruction A)</p>		
<p>10) Are loan modifications by program disclosed in the notes to the financial statements for:</p> <ul style="list-style-type: none"> <li>a) the nature of the modification of direct loans or loan guarantees,</li> <li>b) the discount rate used in calculating the modification expense, and</li> <li>c) the basis for recognizing a gain or loss related to the modification? (SFFAS 2, par. 56 ; A-136, section II.4.9.8, instruction A)</li> </ul>		
<p>11) 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.4.9.8, instruction A)</p>		

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II.4.9.8 Direct Loans and Loan Guarantees (Receivable)	Yes, No, or N/A	Explanation & Reference
<p><i>Foreclosed property is any asset, which is assumed to be held for sale, that is either received in satisfaction of a loan receivable or as a result of payment of a claim under a guaranteed or insured loan (excluding commodities acquired under price support programs). Pre-1992 foreclosed property refers to property associated with direct loans obligated or loan guarantees committed before October 1, 1991. Post-1991 foreclosed property refers to property associated with direct loans obligated or loan guarantees committed after September 30, 1991. (SFFAS 3, par. 79 &amp; 80)</i></p>		
<p>12) When the government acquires foreclosed assets in full or partial settlement of a direct or guaranteed loan (pre-1992 and post-1991), is information disclosed for:</p> <ul style="list-style-type: none"> <li>a) valuation basis for foreclosed property;</li> <li>b) changes from prior-year's accounting methods;</li> <li>c) restrictions on the use/disposal of property;</li> <li>d) balances by categories (i.e., pre-1992 and post-1991 foreclosed property);</li> <li>e) number of properties held and average holding period by type or category; and</li> <li>f) number of properties for which foreclosure proceedings are in process at the end of the period? (SFFAS 3, par. 91; A-136, section II.4.9.8, instruction A)</li> </ul>		

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<b>II.4.9.8 Direct Loans and Loan Guarantees (Receivable)</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>13) Are components of assets related to pre-1992 direct loans receivable disclosed by loan program for</p> <ul style="list-style-type: none"> <li>a) loans receivable, gross;</li> <li>b) interest receivable;</li> <li>c) estimated net realizable value of related foreclosed property ;</li> <li>d) present value allowance<sup>63</sup> (if the present value method is used);</li> <li>e) allowance for loan losses<sup>64</sup> (if the allowance-for-loss method is used); and</li> <li>f) value of assets related to direct loans receivable, net? (A-136, section II.4.9.8, instruction B and section II.4.3.3)</li> </ul>		
<p>14) Do the values of assets related to programs in the following categories account for defaults<sup>65</sup> (with the sum of these values equaling the amount reported on the Balance Sheet as loans receivables and related foreclosed property, net):</p> <ul style="list-style-type: none"> <li>a) pre-1992 direct loans;</li> <li>b) post-1991 direct loans;</li> <li>c) pre-1992 guarantee loans; and</li> <li>d) post-1991 guaranteed loans? (A-136, section II.4.9.8, instructions B, C, H, &amp; I)</li> </ul>		

<sup>63</sup> Under the present value method, the nominal amount of the direct loans is reduced by an allowance equal to the difference between the nominal amount and the present value of the expected net cash flows from the loans.(A-136, section II.4.9.8, instruction A, 6th par.)

<sup>64</sup> Under the allowance-for-loss method, the nominal amount of the direct loans is reduced by an allowance for uncollectible amounts. (A-136, section II.4.9.8, Instruction A, 5th par.)

<sup>65</sup> That is, the sum of (1) defaulted guaranteed loans receivable gross, (2) interest receivable, and (3) foreclosed property, less the allowance for subsidy cost at present value.

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**Section II.4.9 – Note Disclosures**

<b>II.4.9.8 Direct Loans and Loan Guarantees (Receivable)</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>15) Are components of assets related to post-1991 direct loans receivable disclosed by loan program for</p> <ul style="list-style-type: none"> <li>a) loans receivable, gross;</li> <li>b) interest receivable;</li> <li>c) estimated net realizable value of foreclosed property;</li> <li>d) allowance for subsidy costs (present value); and</li> <li>e) value of assets related to direct loans receivable, net? (A-136, section II.4.9.8, instruction C and section II.4.3.3)</li> </ul>		
<p>16) Is the total amount of new direct loans and guaranteed loans disbursed for the current and prior year reported by program? (SFFAS 2, par. 11 (A); A-136, section II.4.9.8, instructions D &amp; J)</p>		
<p>17) For each loan program, does the entity disclose the present value of these components of subsidy expense for new direct loans disbursed:</p> <ul style="list-style-type: none"> <li>a) interest rate differential costs,</li> <li>b) default costs (net of recoveries),</li> <li>c) fees and other collections,</li> <li>d) other costs, and</li> <li>e) total subsidy expense for new direct loans? (SFFAS 18, par. 11 (A); A-136, section II.4.9.8, instruction E1)</li> </ul>		

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<b>II.4.9.8 Direct Loans and Loan Guarantees (Receivable)</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>18) For each loan program, does the entity disclose subsidy expense for:</p> <ul style="list-style-type: none"> <li>a) modifications of direct loans previously disbursed; and</li> <li>b) reestimates of the subsidy expense for direct loans, previously disbursed, by component : <ul style="list-style-type: none"> <li>i. interest rate; and</li> <li>ii. technical/default? (SFFAS 18, par. 11 (A); A-136, section II.4.9.8, instruction E2)</li> </ul> </li> </ul>		
<p>19) Is the total subsidy expense for current and prior year’s direct loans, modifications, and reestimates disclosed? (SFFAS 18, par. 11 (A); A-136, section II.4.9.8, instruction E3)</p>		
<p>20) For each program, does the entity disclose the estimated subsidy rates<sup>66</sup> for direct loans and loan guarantees in the current year’s budget for the current year’s cohorts for total subsidy cost and its components:</p> <ul style="list-style-type: none"> <li>a) interest subsidy costs,</li> <li>b) default costs (net of recoveries),</li> <li>c) fees and other collections, and</li> <li>d) other costs? (SFFAS 18, par. 11(B); A-136, section II.4.9.8, instructions F &amp; M)</li> </ul>		

<sup>66</sup> The subsidy rate is the dollar amount of the subsidy component as a percentage of the direct loans or loan guarantees obligated in the cohort.

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**Section II.4.9 – Note Disclosures**

<b>II.4.9.8 Direct Loans and Loan Guarantees (Receivable)</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>21) If the entity uses trend data in the notes to display significant fluctuations in subsidy rates, are these data accompanied by an analysis that explains the underlying causes for the fluctuations? (SFFAS 18, par. 11(B))</p>		
<p>22) Do the subsidy rates for direct loans and loan guarantees by program and component disclosures state the following:</p> <p>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.4.9.8, instructions F &amp; M)</p>		
<p>23) Does the entity present reconciliations of beginning and ending balances of (1) subsidy cost allowances for outstanding direct loans<sup>67</sup> and (2) the liability for outstanding loan guarantees<sup>68</sup> include changes for:</p> <ul style="list-style-type: none"> <li>a) interest subsidy costs, default costs, fees and other collections, and other subsidy costs;</li> <li>b) interest rate and technical/default reestimates; and</li> <li>c) other adjustments?  (SFFAS 18, par. 10; A-136, section II.4.9.8, instructions G &amp; N)</li> </ul>		

<sup>67</sup> Required for post-1991 direct loans and encouraged for pre-1992 direct loans.

<sup>68</sup> Required for post-1991 loan guarantees and encouraged for pre-1992 loan guarantees.

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<b>II.4.9.8 Direct Loans and Loan Guarantees (Receivable)</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>24) Are components of defaulted guaranteed loans receivable from pre-1992 guarantees disclosed by loan program for:</p> <ul style="list-style-type: none"> <li>a) defaulted guaranteed loans receivable, gross;</li> <li>b) interest receivable;</li> <li>c) the estimated net realizable value of related foreclosed property,</li> <li>d) the present value allowance (if the present value method is used);</li> <li>e) the allowance for loan losses (if the allowance for loss method is used); and</li> <li>f) value of assets related to defaulted guaranteed loans receivable, net? (A-136, section II.4.9.8, instruction H and section II.4.3.3)</li> </ul>		
<p>25) Are components of defaulted guaranteed loans receivable from post-1991 guarantees disclosed by loan program for:</p> <ul style="list-style-type: none"> <li>a) defaulted guaranteed loans receivable, gross;</li> <li>b) interest receivable;</li> <li>c) estimated net realizable value of foreclosed property;</li> <li>d) allowance for subsidy costs (present value); and</li> <li>e) value of assets related to defaulted guaranteed loans receivable, net? (A-136, section II.4.9.8, instruction I and section II.4.3.3)</li> </ul>		
<p>26) Does each loan guarantee program disclose:</p> <ul style="list-style-type: none"> <li>a) face value of outstanding principal of guaranteed loans disbursed by a third party; and</li> <li>b) amount of outstanding principal that is guaranteed? (SFFAS 2, para. 23; A-136, section II.4.9.8, instruction J)</li> </ul>		

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<b>II.4.9.8 Direct Loans and Loan Guarantees (Receivable)</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>27) Does the liability for loan guarantees disclose:</p> <ul style="list-style-type: none"> <li>a) present value of liabilities for losses on pre-1992 loan guarantees (if the present value method is used);</li> <li>b) estimated future default claims on pre-1992 loan guarantees (if the estimated future default claims method is used);</li> <li>c) present value of the estimated net cash flows (outflows less inflows) to be paid as a result of post-1991 loan guarantees; and</li> <li>d) total liabilities for loan guarantees? (A-136, sections II.4.3.4 &amp; II.4.9.8, instruction K)</li> </ul>		
<p><i>For post-1991 direct loans and guarantees, a subsidy expense is recognized in the year they are disbursed. For pre-1992 direct loans and guarantees, disclosure of a loss and liability is not recognized until it is more likely than not that a loan (either direct or guaranteed) will go into default. (SFFAS 2, par. 24 &amp; 39)</i></p>		
<p>28) For each program, does the entity disclose the present value of these components of subsidy expense for new loan guarantees:</p> <ul style="list-style-type: none"> <li>a) interest supplement costs;</li> <li>b) default costs (net of recoveries);</li> <li>c) fees and other collections;</li> <li>d) other costs; and</li> <li>e) total subsidy expense for new loan guarantees? (SFFAS 18, par. 11 (A); A-136, section II.4.9.8, instruction L1)</li> </ul>		

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II.4.9.8 Direct Loans and Loan Guarantees (Receivable)	Yes, No, or N/A	Explanation & Reference
<p><i>A loan modification is a federal government action that directly or indirectly alters the estimated subsidy cost and the present value of outstanding direct loans or the liability of loan guarantees. A direct modification changes the subsidy cost by altering the terms of existing contracts or through the sale of direct loans. An indirect modification changes the subsidy costs by altering the way loans and loan guarantees are administered. A modification does not include subsidy cost reestimates, routine administrative workouts of troubled loans, and other actions permitted within existing contract terms. (SFFAS 2, par. 41-44)</i></p>		
<p>29) For each loan program, does the entity disclose subsidy expense for:</p> <ul style="list-style-type: none"> <li>a) modifications of loan guarantees on guaranteed loans previously disbursed by a third party; and</li> <li>b) reestimates of the subsidy expense for loan guarantees, previously committed, by component: <ul style="list-style-type: none"> <li>i. interest rate; and</li> <li>ii. technical/default)? (SFFAS 18, par. 11 (A); A-136, section II.4.9.8, instruction L2)</li> </ul> </li> </ul>		
<p>30) Is the total subsidy expense for current and prior year’s loan guarantees, modifications, and reestimates disclosed? (SFFAS 18, par. 11 (A); A-136, section II.4.9.8, instruction L3)</p>		
<p>31) 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.4.9.8, instruction O)</p>		

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II.4.9.9 Inventory and Related Property, Net	Yes, No, or N/A	Explanation & Reference
<b>II.4.9.9.1 Inventory (primarily held for sale)</b>		
<p><i>Inventory is tangible personal property that is (1) held for sale including raw materials and work in process, (2) in process of production for sale, or (3) to be consumed in the production of goods for sale or in the provision of services for a fee. Inventory does not include other assets held for sale such as (1) stockpile materials, (2) seized and forfeited property, (3) foreclosed property, and (4) goods held under price support and stabilization programs. (SFFAS 3, par. 1; A-136, sections II.4.3.3 &amp; II.4.9.9)</i></p>		
<p>1) Inventory Held in Reserve for Future Sale: 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 reported as either:</p> <ul style="list-style-type: none"> <li>a) included in the inventory line item on the face of the financial statements with separate disclosure in the notes; or</li> <li>b) shown as a separate line item on the face of the financial statements? (SFFAS 3, par. 27)</li> </ul>		
<p>2) Excess, Obsolete, and Unserviceable Inventory: Is inventory stock that (1) exceeds the amount that can 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"> <li>a) included in the inventory line item on the face of the financial statements with separate disclosures in the notes; or</li> <li>b) shown as a separate line item on the face of the financial statements? (SFFAS 3, par. 29; A-136)</li> </ul>		

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<b>II.4.9.9 Inventory and Related Property, Net</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>3) Does entity disclosure of inventory include:</p> <ul style="list-style-type: none"> <li>a) general composition;</li> <li>b) basis for determining inventory values (including the valuation method and any cost flow assumptions);</li> <li>c) changes from prior years' accounting methods, if any;</li> <li>d) balances for each of the following categories of inventory (unless otherwise presented on the financial statements): <ul style="list-style-type: none"> <li>i. inventory held for current sale</li> <li>ii. inventory held in reserve for future sale</li> <li>iii. excess, obsolete, and unserviceable inventory</li> <li>iv. inventory held for repair</li> </ul> </li> <li>e) difference between the carrying amount of the inventory before identification as excess, obsolete, or unserviceable, and its expected net realizable value;</li> <li>f) restriction on the sale of inventory;</li> <li>g) decision criteria for categorizing inventory; and</li> <li>h) changes in the criteria for categorizing inventory? (SFFAS 3, par. 18, 28, 30, 31, 32 &amp; 35; A-136, section II.4.9.9)</li> </ul>		

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**Section II.4.9 – Note Disclosures**

<b>II.4.9.9 Inventory and Related Property, Net</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>4) If the entity elected to apply an alternative valuation method (i.e. 'deemed cost') in establishing opening balances for inventory, did the entity:</p> <ul style="list-style-type: none"> <li>a) disclose that it elected to apply deemed cost in establishing opening balances for inventory;</li> <li>b) describe the method used in the first reporting period in which it makes an unreserved assertion that its financial statements, or one or more line items, are presently fairly in accordance with GAAP;</li> <li>c) repeat disclosures (a) and (b) in a subsequent period if the financial statements or line items for which deemed cost was applied are presented for comparative purposes; and</li> <li>d) treat the election as a change in accounting principle by reporting the change in accordance with SFFAS 21, par. 13 [see question II.4.5, Q. 12]? (SFFAS 48, par. 6 &amp; 13, amending SFFAS 3, par. 26(a)(iii) and 26(a)(v))</li> </ul>		

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II.4.9.9 Inventory and Related Property, Net	Yes, No, or N/A	Explanation & Reference
<b>II.4.9.9.2 Operating Materials and Supplies</b>		
<p><i>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, par. 36 &amp; A-136, section II.4.3.3)</i></p>		
<p>1) Operating Materials Held in Reserve for Future Use: 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 reported as either</p> <ul style="list-style-type: none"> <li>a) included in the operating materials and supplies line item on the face of the financial statements with separate disclosure in the notes, or</li> <li>b) shown as a separate line item on the face of the financial statements? (SFFAS 3, par. 45)</li> </ul>		
<p>2) Excess, Obsolete, and Unserviceable Operating Materials and Supplies: Are operating materials and supplies identified as excess, obsolete, or unserviceable reported as either</p> <ul style="list-style-type: none"> <li>a) included in the operating materials and supplies line item on the face of the financial statements with separate disclosure in the notes, or</li> <li>b) shown as a separate line item on the face of the financial statements? (SFFAS 3, par. 47)</li> </ul>		

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<b>II.4.9.9 Inventory and Related Property, Net</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>3) Does entity disclosure of operating materials and supplies include:</p> <ul style="list-style-type: none"> <li>a) general composition;</li> <li>b) basis for valuation (including valuation method and any cost flow assumptions);</li> <li>c) change from prior years' accounting methods;</li> <li>d) balances in each operating material and supply category<sup>69</sup>: <ul style="list-style-type: none"> <li>i. operating materials and supplies held for use</li> <li>ii. operating materials and supplies held in reserve for future use</li> <li>iii. excess, obsolete, and unserviceable operating materials and supplies</li> </ul> </li> <li>e) difference between the carrying amount of the operating materials and supplies before identification as excess, obsolete, or unserviceable and estimated net realizable value;</li> <li>f) restrictions on the use of materials and supplies, if any;</li> <li>g) decision criteria for identifying each category to which material and supplies are assigned<sup>70</sup>; and</li> <li>h) changes in the criteria for identifying the category to which the operating materials and supplies are assigned? (SFFAS 3, par. 37, 46, 48, 49, 50; A-136, section II.4.9.9)</li> </ul>		

<sup>69</sup> Major categories of operating materials and supplies include (1) items held for use; (2) items held in reserve for future uses; and (3) excess, obsolete, and unserviceable items.

<sup>70</sup> Examples 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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<b>II.4.9.9 Inventory and Related Property, Net</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>4) If the entity elected to apply an alternative valuation method (i.e. ‘deemed cost’) in establishing opening balances for operating materials and supplies, did the entity:</p> <ul style="list-style-type: none"> <li>a) disclose that it elected to apply deem cost in establishing opening balance for operating materials and supplies;</li> <li>b) describe the method used in the first reporting period in which it makes an unreserved assertion that its financial statements, or one or more line items, are presently fairly in accordance with GAAP;</li> <li>c) repeat disclosures (a) and (b) in a subsequent period if the financial statements or line items for which deemed cost was applied are presented for comparative purposes; and</li> <li>d) treat the election as a change in accounting principle by reporting the change in accordance with SFFAS 21, par. 13 [see question II.4.5, Q. 12]? (SFFAS 48, par. 6 &amp; 13, amending SFFAS 3, par. 26(a)(iii) and 26(a)(v))</li> </ul>		
<b>II.4.9.9.3 Stockpile Materials</b>		
<p><i>Stockpile materials are strategic and critical materials held due to statutory requirements for use in national defense, conservation, or national emergencies. Not included under this category are (1) items held for sale or use in normal operations, (2) items held for use in the event of an agency’s operating emergency or contingency, and (3) materials acquired to support market prices. (SFFAS 3, par. 51; A-136, section II.4.3.3)</i></p>		
<p>1) When stockpile materials are authorized to be sold, does the entity disclose:</p> <ul style="list-style-type: none"> <li>a) the carrying value of the materials; and</li> <li>b) any difference between the carrying amount of the stockpile materials held for sale and their estimated selling price? (SFFAS 3, par. 55)</li> </ul>		

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<b>II.4.9.9 Inventory and Related Property, Net</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>2) Does entity disclosure of stockpile materials include:</p> <ul style="list-style-type: none"> <li>a) general composition;</li> <li>b) basis for valuing stockpile materials, including valuation method and any cost flow assumptions;</li> <li>c) changes from prior year’s accounting methods;</li> <li>d) restrictions on the use of the material;</li> <li>e) balances in each category of stockpile material (i.e., stockpile materials and stockpile materials held for sale);</li> <li>f) decision criteria for categorizing stockpile material as held for sale; and</li> <li>g) changes in criteria for categorizing stockpile materials as held for sale? (SFFAS 3, par. 56; A-136, section II.4.9.9)</li> </ul>		

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<b>II.4.9.9 Inventory and Related Property, Net</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>3) If the entity elected to apply an alternative valuation method (i.e. 'deemed cost') in establishing opening balances for stockpile materials, did the entity:</p> <ul style="list-style-type: none"> <li>a) disclose that it elected to apply deem cost in establishing opening balance for stockpile materials;</li> <li>b) describe the method used in the first reporting period in which it makes an unreserved assertion that its financial statements, or one or more line items, are presently fairly in accordance with GAAP;</li> <li>c) repeat disclosures (a) and (b) in a subsequent period if the financial statements or line items for which deemed cost was applied are presented for comparative purposes; and</li> <li>d) treat the election as a change in accounting principle by reporting the change in accordance with SFFAS 21, par. 13 [see question II.4.5, Q. 12]? (SFFAS 48, par. 6 &amp; 13, amending SFFAS 3, par. 26(a)(iii) and 26(a)(v))</li> </ul>		
<b>II.4.9.9.4 Seized Property</b>		
<p><i>Seized property includes monetary instruments, real property, and tangible personal property belonging to others in actual or constructive possession of the custodial agency. There are two categories of seized property: (1) property of value, and (2) non-valued property. (SFFAS 3, par. 59; A-136, section II.4.3.3)</i></p> <p><i>There may be as many as three government entities involved with seized property: (1) the seizing agency, (2) the custodial agency, and (3) another agency with a "central fund" set up for financial recordkeeping of seizure activities. (SFFAS 3, par. 57)</i></p>		
<p>1) Is seized property disclosed in a note to the financial statements? (SFFAS 3, par. 62; A-136, section II.4.3.3)</p>		

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<b>II.4.9.9 Inventory and Related Property, Net</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>2) Does entity disclosure of seized property by type in its custody include:</p> <ul style="list-style-type: none"> <li>a) explanation of what constitutes a seizure and a general description of the composition of seized property;</li> <li>b) valuation method(s);</li> <li>c) changes from prior years' accounting methods;</li> <li>d) analysis by type of seized property (e.g., monetary instruments, real property, tangible personal property) of change in seized property, including dollar value and number of seized properties, that are: <ul style="list-style-type: none"> <li>i. on hand at the start of the year</li> <li>ii. seized during the year</li> <li>iii. disposed of during the year</li> <li>iv. on hand at the end of the year</li> <li>v. known liens or other claims against the property</li> </ul> </li> <li>e) information on non-valued seized property that cannot be sold due to legal restrictions, but which may be either donated or destroyed, in accordance with (a) – (d), above?  (SFFAS 3, par. 66; A-136, sections II.4.3.3 &amp; II.4.9.9)</li> </ul>		
<p>3) Does the entity also disclose the method of disposal of seized property? (SFFAS 3, par. 66; A-136, section II.4.9.9)</p>		

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<b>II.4.9.9 Inventory and Related Property, Net</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
4) 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, par. 61; A-136, sections II.4.3.3 & II.4.9.9)		

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II.4.9.9 Inventory and Related Property, Net	Yes, No, or N/A	Explanation & Reference
<b>II.4.9.9.5 Forfeited Property</b>		
<p><i>Forfeited property consists of (a) property (i.e., monetary instruments, intangible property, real property, and tangible personal property) acquired through forfeiture proceedings, (b) property acquired to satisfy a tax liability, and (c) unclaimed and abandoned merchandise. (SFFAS 3, par. 67 &amp; 68; A-136, section II.4.3.3)</i></p>		
<p>1) Does entity disclosure of forfeited property include:</p> <ul style="list-style-type: none"> <li>a) composition of the property;</li> <li>b) valuation method(s);</li> <li>c) restrictions on the use or disposition of forfeited property;</li> <li>d) changes from prior year’s accounting methods;</li> <li>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"> <li>i. on hand at the beginning of the year</li> <li>ii. made during the year</li> <li>iii. disposed of during the year by method of disposition</li> <li>iv. on hand at the end of the year</li> </ul> </li> <li>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</li> <li>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) – (e), above? (SFFAS 3, par. 71 &amp; 78; A-136, section II.4.9.9)</li> </ul>		

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II.4.9.9 Inventory and Related Property, Net	Yes, No, or N/A	Explanation & Reference
<b>II.4.9.9.6 Goods Held Under Price Support and Stabilization Programs</b>		
<p><i>Goods acquired under price support and stabilization programs (i.e., commodities) are items of commerce or trade (usually farm commodities) having an exchange value. They are acquired, held, sold, or otherwise disposed of to satisfy or help satisfy economic goals. Producers of the goods (1) are either given nonrecourse loans under which they can, at their option, repay the loan with interest or surrender their commodity pledged as collateral for the loan or (2) may enter into purchase agreements that allow the producer the option to sell commodities to the government (the Commodity Credit Corporation) at the price support rate. (SFFAS 3, par. 92, 93, &amp; 94; A-136, section II.4.3.3)</i></p>		
<p>1) If a loss contingency arising from a purchase agreement is not recognized because it is less than probable or is not reasonably measurable, is the loss contingency disclosed if it is at least “reasonably possible that a loss may occur?” (SFFAS 3, par. 98)</p>		

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<b>II.4.9.9 Inventory and Related Property, Net</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>2) Does entity disclosure of goods held under price support and stabilization programs include</p> <ul style="list-style-type: none"> <li>a) basis for valuing commodities including valuation method and cost flow assumptions (e.g., FIFO, weighted average, moving average, specific identification);</li> <li>b) changes from prior years' accounting methods;</li> <li>c) restrictions on the use, disposal, or sale of commodities; and</li> <li>d) analysis of the changes in dollar amount and volume of commodities, including those: <ul style="list-style-type: none"> <li>i. on hand at the beginning of the year</li> <li>ii. acquired during the year</li> <li>iii. disposed of during the year by method of disposition</li> <li>iv. on hand at the end of the year</li> <li>v. on hand at year's end and estimated to be donated or transferred during the coming period</li> <li>vi. that may be received as a result of surrender of collateral related to nonrecourse loans outstanding</li> </ul> </li> <li>e) analysis of the dollar value and volume of purchase agreement commitments? (SFFAS 3, par. 109; A-136, II.4.9.9)</li> </ul>		

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<b>II.4.9.10 General Property, Plant, &amp; Equipment, Net</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p><i>General property, plant, and equipment (G-PP&amp;E) consists of tangible assets that (1) have an estimated useful life of 2 or more years, (2) are not intended for sale in the ordinary course of business, and (3) are intended to be used or available for use by the entity. General property, plant, and equipment (G-PP&amp;E) are any property, plant, and equipment used in providing goods or services. The major classes of G-PP&amp;E should be determined by the reporting entity. Examples of major classes of G-PP&amp;E may include buildings and structures, furniture and fixtures, equipment, vehicles, internal use software, and land. (SFFAS 6, par. 23; A-136, section II.4.9.10)</i></p>		
<p>1) Does entity disclosure of its G-PP&amp;E include</p> <ul style="list-style-type: none"> <li>a) the cost, associated accumulated depreciation, and book value by major class;</li> <li>b) the use and general basis of any estimates used;</li> <li>c) the estimated useful lives for each major class;</li> <li>d) the method(s) of depreciation for each major class;</li> <li>e) capitalization threshold(s) including any changes in thresholds(s) during the period; and</li> <li>f) restrictions on the use or convertibility of G-PP&amp;E? (SFFAS 6, par. 45; A-136, section II.4.9.10)</li> </ul>		
<p>2) To record G-PP&amp;E that was already in existence before the start of the year:</p> <ul style="list-style-type: none"> <li>a) is the difference in amounts added to asset and contra-accounts credited (or charged) to the net position of the entity; and</li> <li>b) is this amount disclosed as a “prior period adjustment” in the Statement of Changes in Net Position? (SFFAS 6, par. 43)</li> </ul>		

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<b>II.4.9.10 General Property, Plant, &amp; Equipment, Net</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>3) Does the entity include note disclosure explaining that “physical quantity” information for the multiuse heritage assets is included in the Stewardship PP&amp;E note? (A-136, section II.4.3.3)</p>		
<p>4) If the entity elected to apply an alternative valuation method (i.e. ‘deemed cost’) in establishing opening balances for general PP&amp;E, did the entity:</p> <ul style="list-style-type: none"> <li>a) disclose that it elected to apply an alternative valuation method;</li> <li>b) describe the method used in the first reporting period in which it makes an unreserved assertion that its financial statements, or one or more lines for general PP&amp;E<sup>71</sup> valuation, are presently fairly in accordance with GAAP</li> <li>c) repeat disclosures (a) and (b) in a subsequent period if the financial statements or line items for which deemed cost was applied are presented for comparative purposes; and</li> <li>d) treat the election as a change in accounting principle by reporting the change in accordance with SFFAS 21, par. 13 [see question II.4.5, Q. 12]? (SFFAS 50, par. 13, amending SFFAS 6, par. 40(h)(i) and 40(c))</li> </ul>		

<sup>71</sup> SFFAS 6, par. 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, par. A38). Therefore, the alternative valuation method election remains available to classes of general PP&E not covered by previous elections.

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**Section II.4.9 – Note Disclosures**

<b>II.4.9.10 General Property, Plant, &amp; Equipment, Net</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>5) If the entity elected to apply an alternative valuation method by excluding land and land rights from the opening balance of general PP&amp;E, did the entity:</p> <ul style="list-style-type: none"> <li>a) disclose that it elected to apply an alternative valuation method;</li> <li>b) describe the method used in the first reporting period in which it makes an unreserved assertion that its financial statements, or one or more lines for land and land rights<sup>72</sup>, are presently fairly in accordance with GAAP; and</li> <li>c) treat the election as a change in accounting principle by reporting the change in accordance with SFFAS 21, par. 13 [see question II.4.5, Q. 12]? (SFFAS 50, par. 13, amending SFFAS 6, par. 40(h)(ii) and 40(c))</li> </ul>		
<p>6) If the entity elected to apply an alternative valuation method by excluding land and land rights from the opening balance of general PP&amp;E, did the entity:</p> <ul style="list-style-type: none"> <li>a) reference a related disclosure on the face of the balance sheet; and</li> <li>b) disclose for each reporting period: <ul style="list-style-type: none"> <li>i. the number of acres held at the beginning of the period</li> <li>ii. the number of acres added during the period</li> <li>iii. the number of acres disposed during the period</li> <li>iv. the number of acres held at the end of the period? (SFFAS 50, par. 13, amending SFFAS 6, par. 40(h)(ii))</li> </ul> </li> </ul>		

<sup>72</sup> See immediately preceding footnote for clarifying guidance.

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<b>II.4.9.10 General Property, Plant, &amp; Equipment, Net</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>7) 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, par. 13, amending SFFAS 6, par. 40(h)(ii))</p>		
<p><i>Internal use software includes software<sup>73</sup> that is purchased from commercial vendors “off the shelf,” internally developed, or contractor-developed solely to meet the entity’s internal or operational needs.</i></p> <p><i>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.</i></p> <p><i>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.</i></p> <p><i>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, par. 8-9)</i></p>		
<p>8) Does entity disclosure of capitalized software include</p> <ul style="list-style-type: none"> <li>a) the cost, associated amortization, and book value;</li> <li>b) the estimated useful life for each major class of software; and</li> <li>c) the method(s) of amortization? (SFFAS 10, par. 35; SFFAS 6, par. 45)</li> </ul>		

<sup>73</sup> Software 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 between software, hardware, personnel, procedures, controls, and data.

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<b>II.4.9.10 General Property, Plant, &amp; Equipment, Net</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>9) If the entity elected to apply an alternative valuation method (i.e. ‘deemed cost’) in establishing opening balances for internal use software, did the entity:</p> <ul style="list-style-type: none"> <li>a) disclose that it elected to apply an alternative valuation method;</li> <li>b) describe the method used in the first reporting period in which it makes an unreserved assertion that its financial statements, or one or more lines for internal use software<sup>74</sup> valuation, are presently fairly in accordance with GAAP;</li> <li>c) repeat disclosures (a) and (b) in a subsequent period if the financial statements or line items for which deemed cost was applied are presented for comparative purposes; and</li> <li>d) treat the election as a change in accounting principle by reporting the change in accordance with SFFAS 21, par. 13 [see question II.4.5, Q. 12]? (SFFAS 50, par. 15, amending SFFAS 10, par. 36(f)(i) and 36(c))</li> </ul>		

<sup>74</sup> SFFAS 50, par. 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. 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, par. A38). Therefore, the alternative valuation method election remains available to classes of general PP&E not covered by previous elections.

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<b>II.4.9.10 General Property, Plant, &amp; Equipment, Net</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>10) If the entity elected to prospective capitalization in establishing opening balances for internal use software, did the entity:</p> <ul style="list-style-type: none"> <li>a) disclose that it elected to apply an alternative valuation method;</li> <li>b) describe the method used in the first reporting period in which it makes an unreserved assertion that its financial statements, or one or more lines for internal use software valuation<sup>75</sup>, are presently fairly in accordance with GAAP; and</li> <li>c) treat the election as a change in accounting principle by reporting the change in accordance with SFFAS 21, par. 13 [see question II.4.5, Q. 12]? (SFFAS 50, par. 15, amending SFFAS 10, par. 36(f)(ii) and 36(c))</li> </ul>		
<p>11) 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, par. 15, amending SFFAS 10, par. 36(f)(ii))</p>		

<sup>75</sup> See immediately preceding footnote for clarifying guidance.

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<b>II.4.9.10 General Property, Plant, &amp; Equipment, Net</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p><i>Impairment is a significant and permanent decline in the service utility<sup>76</sup> of general PP&amp;E remaining in use<sup>77</sup>, 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, par. 7-8).</i></p>		
<p>12) Does the entity disclose in the notes to the financial statements a general description of:</p> <ul style="list-style-type: none"> <li>a) the G-PP&amp;E remaining in use for which an impairment loss is recognized;</li> <li>b) the nature (e.g., damage or obsolescence) and amount of impairment; and</li> <li>c) the financial statement classification of the impairment loss (SFFAS 44, par. 21)</li> </ul>		
<p>13) Are the note disclosures made in the period the impairment loss is recognized? (SFFAS 44, par.21)</p>		

<sup>76</sup>The 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, par. 9)

<sup>77</sup> The requirements of SFFAS 44 do not apply to internal use software (SFFAS 44, par.7).

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II.4.9.11 Stewardship PP&E	Yes, No, or N/A	Explanation & Reference
<p><i>Stewardship PP&amp;E includes heritage assets and stewardship land. PP&amp;E are classified as heritage assets if they have (1) historical or natural significance; (2) cultural, educational, or artistic importance; or (3) significant architectural characteristic. Multiuse heritage assets are heritage assets that are predominately used in general government operations (e.g., buildings such as the main Treasury building, which is used as an office building). (SFFAS 29, par. 15 &amp; 18; A-136, section II.4.3.3)</i></p> <p><i>Stewardship land is land and land rights owned by the federal government but not acquired for or in connection with items of G-PP&amp;E. (SFFAS 29, par. 33; A-136, section II.4.3.3)</i></p>		
<p>1) Does entity disclosure of stewardship PP&amp;E include:</p> <ul style="list-style-type: none"> <li>a) a statement explaining how they relate to the mission of the entity; and</li> <li>b) a description of the entity’s stewardship policies for heritage assets and stewardship land? (SFFAS 29, par. 25 and 40; A-136, section II.4.9.11)</li> </ul>		
<p>2) 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, par. 25 &amp; 40; A-136, section II.4.9.11)</p>		

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II.4.9.11 Stewardship PP&E	Yes, No, or N/A	Explanation & Reference
<p>3) Does the entity disclose physical unit information for heritage assets and stewardship land use for each major category of stewardship PP&amp;E inclusive of:</p> <ul style="list-style-type: none"> <li>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</li> <li>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, par. 25 &amp; 40; A-136, section II.4.9.11)</li> </ul>		
<p>4) 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 inclusive of:</p> <ul style="list-style-type: none"> <li>a) the number of physical units of transfers between Federal entities; and</li> <li>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, par. 25 &amp; 40; A-136, section II.4.9.11)</li> </ul>		
<p>5) Does the entity disclose that multi-use heritage assets are recognized and presented with G-PP&amp;E in the basic financial statements and that additional information for the multi-use heritage assets is included with the stewardship PP&amp;E information? (SFFAS 29, par. 27)</p>		

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<b>II.4.9.11 Stewardship PP&amp;E</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
6) Does the entity's disclosure include a reference to deferred maintenance and repairs information reported in the required supplementary information? (SFFAS 29, par. 41)		

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<b>II.4.9.12 Other Assets</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
1) Are other asset amounts listed and described by major homogenous components and intragovernmental versus other (nonfederal) entity assets)? (A-136, sections II.4.3.3 & II.4.9.12)		
2) Does the entity disclose information required to understand the nature of categories of “other” assets? (A-136, sections II.4.3.3 & II.4.9.12)		
<p><i>Advances are cash outlays made by a federal entity to its employees, contractors, grantees, or others to cover the recipient’s anticipated expenses or as advance payments for the costs of goods and services acquired by an entity. (SFFAS 1, par. 57; A-136, section II.4.3.3)</i></p> <p><i>Prepayments are payments made by a federal entity to cover certain periodic expenses before those expenses are incurred (SFFAS 1, par. 58; A-136, section II.4.3.3)</i></p> <p><i>Progress payments on work in process are not included in advances and prepayments (A-136, section II.4.3.3)</i></p>		
3) Are advances and prepayments shown as assets and disclosed in the notes to the financial statements? (SFFAS 1, par. 59; A-136, section II.4.3.3)		
4) Are advances and prepayments that are made to federal entities reported separately from those made to nonfederal entities? (SFFAS 1, par. 61; A-136, section II.4.9.12)		

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<b>II.4.9.13 Liabilities Not Covered by Budgetary Resources</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p><i>Liabilities of federal agencies are reported under two major categories: (1) liabilities covered by budgetary resources,<sup>78</sup> and (2) liabilities not covered by budgetary resources.<sup>79</sup> Within each of these two categories, 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, par. 18- 21; SFFAS 5, note 1 in summary; A-136, section II.4.3.4)</i></p>		
<p>1) Are the amounts and types of liabilities not covered by budgetary resources that were combined into a single line item on the face of the balance sheet separately disclosed in the notes? (SFFAS 1, par. 80 &amp; 86; A-136, sections II.4.3.1, II.4.3.4, &amp; II.4.9.13)</p>		
<p>2) Are amounts and types of intragovernmental liabilities not covered by budgetary resources separately disclosed? (A-136, section II.4.9.13)</p>		
<p>3) Is other information needed to understand the nature of liabilities not covered by budgetary resources provided? (A-136, section II.4.9.13)</p>		

<sup>78</sup> Liabilities covered by budgetary resources are liabilities covered by realized budgetary resources as of the balance sheet date. Budgetary resources include (1) new budget authority, (2) unobligated balances of budgetary resources at the beginning of the year or net transfers of prior year balances during the year, (3) spending authority from offsetting collections (credited to an appropriation or fund account), (4) recoveries of unexpired budget authority through downward adjustments of prior year obligations, and (5) permanent indefinite appropriations or borrowing authority, which have been enacted and signed into law as of the balance sheet date, provided that the resources may be apportioned by OMB without further action by the Congress and without a contingency having to be met.

<sup>79</sup> Liabilities not covered by budgetary resources are liabilities for which congressional action is needed before budgetary resources can be provided.

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<b>II.4.9.14 Debt</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p><i>Debts are amounts borrowed from the Treasury, the Federal Financing Bank, other federal agencies, or the public under general or special financing authority, such as Treasury bills, notes, bonds, and Federal Housing Administration (FHA) debentures. The components of debt are disclosed in the notes to the financial statements. (SFFAS 5, par. 47; A-136, section II.4.3.4)</i></p>		
<p>1) Does all intragovernmental debt owed to Treasury, the Federal Financing Bank, or other federal agencies reported in the disclosure equal the intragovernmental debt reported balance sheet? (A-136, section II.4.9.14)</p>		
<p>2) Does all debt owed to the public reported in the disclosure equal the debt held by public line on the balance sheet? (A-136, section II.4.9.14)</p>		
<p>3) Are prior and current year beginning balances, net borrowings, and ending balances of debt disclosed for:</p> <ul style="list-style-type: none"> <li>a) total Treasury debt (reported by the Treasury Department only) classified between intragovernmental and debt held by the public;</li> <li>b) total agency debt issued under special financing authority (e.g., FHA debentures and Tennessee Valley Authority bonds) classified between intragovernmental and debt held by the public; and</li> <li>c) other debt classified by debt owed to the Treasury (including direct loan and guaranteed loan financing account debt), debt owed to the Federal Financing Bank and debt owed to other federal agencies? (A-136, section II.4.9.14)</li> </ul>		

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<b>II.4.9.14 Debt</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
4) Does net borrowing and repayment exclude amounts that result from refinancing? (A-136, section II.4.9.14)		
5) Are the names of agencies disclosed, other than Treasury or the Federal Financing Bank, to which intragovernmental debt is owed and the corresponding amounts disclosed? (A-136, section II.4.9.14)		
6) Does the entity disclose other information relative to debt such as redemption or call of debt owed to the public before maturity date, or write-offs of debts owed to Treasury or the Federal Financing Bank? (A-136, section II.4.9.14)		

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<b>II.4.9.15 Federal Employee and Veteran’s Benefits</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
		<p><i>Entities responsible for accounting for pensions, other retirement benefits (ORB) (e.g., health benefits for retirees), and other post-employment benefits (OPEB) are to calculate and report these liabilities and related expenses in accordance with SFFAS 33 and SFFAS No. 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 salary 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 statement of net cost. (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 are to be disclosed in the notes to the financial statements. (SFFAS 1, par. 83 &amp; 84; SFFAS 5, par. 56; SFFAS 33, par. 19, 22, 23, and 25; A-136, section II.4.3.4). Additionally, SFFAS 33, par. 26 and 27 contain specific reporting requirements for the government-wide entity.</i></p> <p><i>In the context of accounting for pensions, ORB, and OPEB, the “administrative entity” manages and accounts for the pension or other employee plan, while the “employer entity” employs federal workers and generates employee costs, for which it would typically receive a salary and expense appropriation. (SFFAS 5, par. 57, note 30) In addition, the term “component entity” is used to distinguish between the U.S. Federal Government and its components. The U.S. Federal Government as a whole is composed of organizations that manage resources for operations (i.e., delivered services). These included major departments and independent agencies, which are generally divided into suborganizations (i.e. smaller organizational units with wide variety of titles) including bureaus, administrations, agencies, and corporations. (SFFAS 2, par. 11 -12)</i></p> <p><i>The “aggregate entry age normal” actuarial cost method is where expenses or liabilities arising from the actuarial present value of projected pension benefits are allocated on a level basis over the earnings or the service of the group between entry age and assumed exit ages. The portion of the actuarial present value allocated to a valuation year is called “normal cost.” (SFFAS 5, par. 64)</i></p>
<p>1) 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, par. 67 &amp; 83; A-136, sections II.4.3.4 &amp; II.4.9.15)</p>		

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<b>II.4.9.15 Federal Employee and Veteran’s Benefits</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>2) If the assumptions for a pension plan differ from the assumptions used by the three primary plans—Civil Service Retirement System (CSRS), Federal Employees Retirement System (FERS), and Military Retirement System (MRS)—does the administrative entity disclose how and why the assumptions differ from those of the primary plans? (SFFAS 5, par. 67 &amp; 157; A-136, section II.4.9.15)</p>		
<p>3) 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"> <li>a) normal cost;</li> <li>b) interest on the liability balance;</li> <li>c) prior (and past) service costs from plan amendments (or the initiation of a new plan);</li> <li>d) actuarial (gains)/losses;</li> <li>e) any (gains)/losses due to a change in the medical inflation rate assumption (for ORB); and</li> <li>f) other expenses? (SFFAS 5, par. 72 &amp; 88; A-136, sections II.4.3.4 &amp; II.4.9.15)</li> </ul>		

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<b>II.4.9.15 Federal Employee and Veteran’s Benefits</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>4) Does the component entity disclose a reconciliation of beginning and ending pension, ORB, and OPEB liability balances with the following components and format:</p> <p style="padding-left: 40px;">Beginning liability balance;  Expense:  Normal cost;  Interest on the liability balance;  Actuarial (gain)/loss:  From experience;  From assumption changes;  Prior service costs;  Other;  Total expense;  Less amounts paid; and  Ending liability balance.</p> <p>(SFFAS 33, par. 22 &amp; 23; A-136, section II.4.9.15)</p>		
<p>5) Does the entity break out the actuarial (gains) and losses into subcomponents from experience and from assumption changes? (SFFAS 33, par. 23; A-136, section II.4.9.15)</p>		
<p>6) In the reconciliation of the beginning and ending pension, ORB, and OPEB liability balances, does the component 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, par. 23; A-136, section II.4.9.15)</p>		
<p>7) Does the component entity provide disclosure relating to selecting discount rates and other assumptions? (A-136, section II.4.9.15)</p>		

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<b>II.4.9.15 Federal Employee and Veteran’s Benefits</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
8) Does the component entity disclose changes to or from multiple discount rates, from or to a single discount rate? (SFFAS 33, par. 28)		
9) Does the component entity disclose its policy regarding consistency in the number of average historical Treasury rates used to calculate the discount rates? (SFFAS 33, par. 31)		
10) Does the component 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 veteran’s compensation as a separate line item or line items on the statement of net cost? (SFFAS 33, par. 19 and 21)		
11) For non-Treasury securities held as assets to fund their pension, ORB, or OPEB programs, does the entity disclose the rates of return, specific maturities, and allocation by type (stocks, bonds, etc.) of such assets? (A-136, section II.4.9.15)		

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II.4.9.16 Environment & Disposal Liabilities	Yes, No, or N/A	Explanation & Reference
<p><i>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&amp;E.</i></p> <p><i>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&amp;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 (Note 16) for cleanup costs are described in SFFAS 6; TR 2, Determining Probable and Reasonably Estimable for Environmental Liabilities in the Federal Government; and A-136, section II.4.3.4.</i></p> <p><i>Technical Bulletin 2006-1, Recognition and Measurement of Asbestos-Related Cleanup Costs, affects all entities that own tangible PP&amp;E containing asbestos. The Bulletin requires recognition of a liability and expense for friable and non-friable 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.4.3.4)</i></p>		
<p>1) Does entity disclosure of cleanup costs include:</p> <ul style="list-style-type: none"> <li>a) sources (i.e., applicable laws and regulations) of cleanup requirements;</li> <li>b) method for assigning estimated total cleanup costs to current operating periods (e.g., physical capacity versus passage of time);</li> <li>c) unrecognized portion of estimated total cleanup costs associated with PP&amp;E;</li> <li>d) material changes in total estimated cleanup costs due to changes in laws, technology, or plans;</li> <li>e) portion of change in an estimate (noted in (d) ) that relates to prior-period operations;</li> <li>f) the nature of estimates; and</li> <li>g) information regarding possible changes due to inflation, deflation, technology, or applicable laws and regulations? (SFFAS 6, par. 110-111; A-136, section II.4.9.16)</li> </ul>		

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II.4.9.17 Other Liabilities	Yes, No, or N/A	Explanation & Reference
<p><i>Other liabilities include liabilities that are not recognized in specific categories. They include (but are not limited to) liabilities related to: capital leases, insurance, advances and prepayments, deposit fund amounts held in escrow, and accrued liabilities related to ongoing continuous expenses such as federal employee salaries and accrued employee annual leave. This item also covers adjudicated losses due to litigation, claims, and contingencies. Clean up costs are reported as “Other Liabilities” if they are not material to the balance sheet. Clean up costs that are material are reported separately as “Environmental and Disposal Liabilities.”</i></p> <p><i>Separate reporting of items normally characterized as “Other Liabilities” is appropriate if the amounts are significant to the balance sheet. Other current liabilities may include accrued expenses. Entities separately disclose the amount of other current liabilities. (SFFAS 1, par. 83-86; A-136, section II.4.3.4)</i></p>		
<p>1) Are significant other liabilities reported separately (rather than reported in ‘other’ liabilities)? (A-136, section II.4.3.4)</p>		
<p>2) Does the entity disclose and/or classify the portion of other liabilities:</p> <ul style="list-style-type: none"> <li>a) that are payable to federal entities (intragovernmental liabilities) and to non-federal entities; and</li> <li>b) that are current and noncurrent? (SFFAS 1, par. 83 &amp; 85; A-136, section II.4.9.17)</li> </ul>		
<p>3) Is other information necessary for understanding other liabilities disclosed?(A-136, sections II.4.3.4 &amp; II.4.9.17)</p>		

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II.4.9.18 Leases	Yes, No, or N/A	Explanation & Reference
<p><i>Capital leases are leases that transfer substantially all of the benefits and risks of ownership to the lessee. Leases not meeting the criteria of a capital lease are operating leases. (SFFAS 5, par.43)</i></p>		
<p><b>Capital Leases - Lessee</b></p>		
<p>1) As the lessee, does entity disclosure of its capital leases include:</p> <ul style="list-style-type: none"> <li>a) components of the capital lease liability;</li> <li>b) Summary of Assets Under Capital Lease: gross amounts of assets under capital lease by major asset category with the related total accumulated amortization;</li> <li>c) Description of Lease Arrangements: future funding commitments (including lease terms, renewal options, escalation clauses, restrictions, amortization periods);</li> <li>d) Future Payments Due: future lease payments by major asset category, and deductions for imputed interest and executory costs for all noncancellable leases with terms longer than 1 year;</li> <li>e) deductions for imputed interest and executory costs;</li> <li>f) a breakout of portions of the capital lease liability covered by budgetary resources and not covered by budgetary resources; and</li> <li>g) other information necessary for understanding lessee capital leases? (A-136, sections II.4.3.4 &amp; II.4.9.18, items A &amp; C)</li> </ul>		
<p><b>Operating Leases - Lessee</b></p>		

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<b>II.4.9.18 Leases</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>2) Description of Lease Arrangements: As the lessee, does the entity disclose the agency’s operating lease commitments including but not limited to:</p> <ul style="list-style-type: none"> <li>a) the major asset categories and associated lease terms;</li> <li>b) renewal options;</li> <li>c) escalation clauses;</li> <li>d) contingent rentals restrictions imposed by lease agreement; and</li> <li>e) the amortization period? (A-136, section II.4.9.18, item A)</li> </ul>		
<p>3) Future Payments Due: As the lessee, does entity disclosure of its operating leases include:</p> <ul style="list-style-type: none"> <li>a) future lease payments by major asset category for all noncancellable leases with terms longer than one year; and</li> <li>b) future payments for all cancellable lease<sup>80</sup>? (A-136, section II.4.9.18, item A)</li> </ul>		
<p>4) Does the lessee of an operating lease provide other information necessary for understanding the leases? (A-136, section II.4.9.18, item C)</p>		
<b>Capital and Operating Leases - Lessor</b>		

<sup>80</sup> Disclosure of future payments is mandatory for non-cancellable leases. Disclosure is optional for future payments for cancellable payments. Agencies opting to disclose future payments for cancellable leases should disclose them separately from future payments for noncancellable leases.

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<b>II.4.9.18 Leases</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>5) As the lessor, does entity disclosure of its capital and operating leases include:</p> <ul style="list-style-type: none"> <li>a) Description of Lease Arrangements: information regarding the commitment of the entity's assets, including major asset category and lease terms;</li> <li>b) Future Project Receipts: projected future lease revenue, by major asset category, for all capital and noncancellable operating leases with terms longer than one year; and</li> <li>c) other information necessary for understanding lessor capital leases? (A-136, section II.4.9.18, items B &amp; C)</li> </ul>		
<p>6) If, as a lessor, the entity elects to disclose projected future receipts for cancellable leases, are these future receipts disclosed separately from projected future receipts for noncancellable leases? (A-136, section II.4.9.18, item B)</p>		

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II.4.9.19 Life Insurance Liabilities	Yes, No, or N/A	Explanation & Reference
<p><i>Insurance and guarantee program liabilities, except social insurance and loan guarantee programs, are reported as a component of other liabilities on the balance sheet and the life insurance liability portion is disclosed in note 19.</i></p> <p><i>Entities with federal insurance and guarantee programs, except social insurance and loan guarantee programs, recognize a liability for unpaid claims incurred, resulting from insured events that have occurred as of the reporting date. The amount recognized is the liability known with certainty plus an accrual for a contingent liability recognized when an existing condition, situation, or set of circumstances involving uncertainty as to possible loss exists and the uncertainty is ultimately resolved when one or more future events occur or fail to occur, a future outflow or other sacrifice of resources is probable, and the future outflow or sacrifice of resources is measurable. Life insurance programs recognize a liability for future policy benefits in addition to the liability for unpaid claims incurred. (SFFAS 5, par. 104 &amp; 105; A-136, section II.4.3.4)</i></p>		
<p>1) Are liabilities for future benefits of whole life insurance policies reported and disclosed in accordance with private sector accounting standards? (SFFAS 5, par. 117; A-136, section II.4.9.19)</p>		
<p>2) Does the entity separately disclose the components<sup>81</sup> of the liability for future policy benefits of whole life insurance contracts along with a description of each amount and explanation of its projected use and any other potential uses (e.g., reducing premiums, determining and declaring dividends available, and/or reducing Federal support in the form of appropriations related to administrative costs or subsidies)? (SFFAS 5, par. 121; A-136, section II.4.9.19)</p>		

<sup>81</sup> For example, the net level premium reserve for a death and endowment policy and the liability for terminal dividends.

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II.4.9.20 Commitments and Contingencies	Yes, No, or N/A	Explanation & Reference
<p><i>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.</i></p> <p><i>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 note 20. Examples of claims or other contingencies include: (1) indemnity agreements (reimbursements due to licensees or contractors for losses incurred in support of federal activities), (2) claims against the federal government that are in judicial proceedings, (3) the unfunded portion of total liabilities to international organizations, (4) litigation addressing claims for equity relief or non-monetary judgments (lawsuits whereby claimants are seeking specific actions by a federal agency), and (5) other claims that may derive from treaties or international agreements. (SFFAS 5, par. 35 &amp; 36, as amended by SFFAS 12, SFFAS 6, par. 85-111, TR 2; A-136, section II.4.3.4 &amp; II.4.9.20)</i></p>		
<p>1) Does the entity disclose 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? (SFFAS 5, par. 40; A-136, section II.4.9.20)</p>		
<p>2) When determining an estimated contingent liability, if no amount within a range of amounts is a better estimate than any other amount, does the entity disclose a <u>minimum</u> amount in the range with a description of the nature of the contingency? (SFFAS 5, par. 39)</p>		

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<b>II.4.9.20 Commitments and Contingencies</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>3) If any one of the conditions for recognizing a contingent liability is not met and there is at least a “reasonable possibility”<sup>82</sup> that a loss or additional loss may be incurred, does the entity disclose the nature of the contingency<sup>83</sup> and one of the following:</p> <ul style="list-style-type: none"> <li>a) an estimate of the possible liability; or</li> <li>b) an estimate of the range of the possible liability; or</li> <li>c) a statement that such an estimate cannot be made? (SFFAS 5, par. 36, 38, 40, &amp; 41, as amended by SFFAS 12)</li> </ul>		
<p>4) If information about remote contingencies, or related to remote contingencies, is included in general purpose federal financial reports,<sup>84</sup> is the information labeled to avoid the misleading implication that there is more than a remote chance of a loss of that amount? (SFFAS 5, par. 42)</p>		
<p>5) Are the following commitments and contingencies disclosed:</p> <ul style="list-style-type: none"> <li>a) an estimate of obligations related to canceled appropriations for which the reporting entity has a contractual commitment for payment; and</li> <li>b) amounts for contractual arrangements that may require future financial obligations? (A-136, section II.4.9.20)</li> </ul>		

<sup>82</sup> The chance of a future event occurring is less than “probable” but more than “remote.”

<sup>83</sup> Examples of claims or other contingencies include (1) indemnity agreements-reimbursements due to licenses or contractors for losses incurred in support of federal activities; (2) adjudicated claims (i.e., claims against the federal government that are in the process of judicial proceedings); and (3) commitments to international institutions-payment due to international institutions.

<sup>84</sup> An 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.4.9.21 Funds from Dedicated Collections	Yes, No, or N/A	Explanation & Reference
<p><i>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 governments' general revenues. (SFFAS 27, par. 11, as amended by SFFAS 43, par.7; A-136, section II.4.9.21)</i></p>		
<p>1) 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)?<sup>85</sup> (SFFAS 27, as amended by SFFAS 43, par. 21)</p>		
<p>2) 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?<sup>86</sup> (SFFAS 27, par. 20, as amended by SFFAS 43, par. 12; A-136, section II.4.9.21)</p>		
<p>3) Does the entity disclosure for each selected individual fund from dedicated collections and in the aggregate for all remaining funds from dedicated collections include:</p> <ul style="list-style-type: none"> <li>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;</li> <li>b) condensed information providing gross cost, exchange revenue, net cost,</li> </ul>		

<sup>85</sup> A 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 the fund’s official title.)

<sup>86</sup> Separate portion reporting may include accounts receivable recognition by the reporting entity if the entity is appropriated to spend collections made by the collecting entity, which would need to recognize an accounts payable, if the reporting entity. If separate portions cannot be identified, the component entity with program management responsibility should report the fund.

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<b>II.4.9.21 Funds from Dedicated Collections</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>nonexchange revenues by major type and all other, and other financing sources by major type and all other, and change in net position;</p> <p>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;</p> <p>d) the sources of revenue or other financing for the period and an explanation of the extent to which they are inflows of resources to the entity or the result of intragovernmental flows; and</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, par. 22-23 as amended by SFFAS 43, par. 12; A-136, section II.4.9.21)</p>		
<p>4) Does the entity's note disclosure show current and prior year information? (A-136, section II.4.9.21)</p>		
<p>5) 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, par. 25, as amended by SFFAS 43, par. 12; A-136, section II.4.9.21)</p>		

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<b>II.4.9.21 Funds from Dedicated Collections</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
6) 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 (see II.4.9.21)? (A-136, section II.4.3.5)		
7) 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 (see II.4.9.21)? (A-136, section II.4.3.5)		

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**Section II.4.9 – Note Disclosures**

<b>II.4.9.22 Costs and Exchange Revenue</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<i>Intragovernmental gross costs and earned revenues, and public costs and earned revenues are included and disclosed in the supporting schedules. (A-136, section II.4.4.1)</i>		
1) Are intragovernmental costs (exchange transactions made between two reporting entities within the federal government) disclosed separately from costs associated with the public (exchange transactions made between the reporting entity and a non-federal entity)? (A-136, sections II.4.4.1 & II.4.9.22)		
2) Are intragovernmental exchanges revenue (exchange transactions made between two reporting entities within the federal government) disclosed separately from exchange revenue with the public (exchange transactions made between the reporting entity and a non-federal entity) for each program? (A-136, sections II.4.4.1 & II.4.9.22)		
3) Is the definition criteria used to classify costs and/or revenues between intragovernmental and public disclosed? (A-136, section II.4.9.22)		
4) Did the entity explain that intragovernmental expenses relate to the source of goods and services purchased by the reporting entity and not to the classification of related revenue? (A-136, section II.4.9.22)		

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**Section II.4.9 – Note Disclosures**

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<b>II.4.9.22 Costs and Exchange Revenue</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
5) Does the entity report intragovernmental full costs and related exchange revenue for each entity program? (A-136, section II.4.4.1)		

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**Section II.4.9 – Note Disclosures**

<b>II.4.9.23 Suborganization Program Costs/Program Costs by Segment</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p><i>A responsibility segment is a component of a reporting entity that is responsible for carrying out a mission, conducting a major line of activity, or producing one or a group of related products or services. (SFFAS 4, par. 78)</i></p>		
<p>1) Are supporting schedules of costs, revenues, and intra-entity eliminations disclosed by suborganizations<sup>87</sup> and corresponding major program and activity in support of information reported on the SNC? (A-136, sections II.4.4.1 &amp; II.4.9.23)</p>		

<sup>87</sup> Suborganizations are considered to be generally equivalent to responsibility segments.

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**Section II.4.9 – Note Disclosures**

II.4.9.24 Cost of Stewardship PP&E	Yes, No, or N/A	Explanation & Reference
<p><i>The cost of acquiring, constructing, improving, reconstructing, or renovating heritage assets (other than multi-use heritage assets), and the cost of acquiring stewardship land and any costs to prepare stewardship land for its intended use are recognized as a cost in the SNC in the period when it is incurred. (A-136, section II.4.9.24)</i></p>		
<p>1) Are the costs of stewardship PP&amp;E disclosed in the notes if not separately reported on the Statement of Net Cost? (A-136, section II.4.9.24)</p>		

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**Section II.4.9 – Note Disclosures**

<b>II.4.9.25 Stewardship PP&amp;E Acquired Through Transfer, Donation, or Devise</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p><i>Heritage assets and stewardship land acquired through transfer, donation, or devise are not recognized as a cost in calculating net cost, but the fair value of the property is disclosed, if known and material. In addition, the number of physical units by major category should be disclosed. (A-136, section II.4.9.25)</i></p>		
<p>1) For heritage assets and stewardship land acquired from another federal entity through transfer, does the entity disclose the number of physical units by major category? (A-136, section II.4.9.25)</p>		
<p>2) For heritage assets and stewardship land acquired through donation or devise, does the entity disclose:</p> <ul style="list-style-type: none"> <li>a) if the cost is known and material, the fair value; and</li> <li>b) the number of physical units by major category? (A-136, section II.4.9.25)</li> </ul>		

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**Section II.4.9 – Note Disclosures**

II.4.9.26 Exchange Revenues	Yes, No, or N/A	Explanation & Reference
<p><i>Exchange (or earned) revenues arise when a government entity provides goods or services to the public or to another government entity for a price. Reporting entities that provide goods and services to the public or another government entity should disclose specific information related to their pricing policies and any expected losses under goods made to order. (SFFAS 7, par. 30; A-136, sections II.4.4.4 &amp; II.4.9.26)</i></p>		
<p>1) Does a reporting entity that provides goods or services to the public or other government entity disclose:</p> <ul style="list-style-type: none"> <li>a) a pricing policy that differs from the full cost or market pricing guidance set forth in OMB Circular No. A-25 and the possible effect on demand and revenue if prices were raised to reflect the market or full cost;</li> <li>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;</li> <li>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</li> <li>d) the full amount of any expected loss when specific goods or services are provided or made to order under a contract and a loss is both probable and measurable? (SFFAS 7, par. 46 &amp; 47)</li> </ul>		

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**Section II.4.9 – Note Disclosures**

<b>II.4.9.27-II.4.9.35 Budgetary Resources Statement Disclosures</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<b>Adjustments to Unobligated Bal. Brought Forward, Oct 1 and Obligated Bal. Start of Year</b>		
1) Does the entity disclose and explain material adjustments <sup>88</sup> to correct: <ul style="list-style-type: none"> <li>a) Unobligated balance brought forward, October 1; and</li> <li>b) Obligated balance, start of year (net)? (A-136, section II.4.9.27)</li> </ul>		
2) If the earliest period presented is not the period in which the error occurred and the cumulative effect is attributable to prior periods, does the entity report the cumulative effect as a prior period adjustment on this adjustment line? (A-136, section II.4.9.27)		
3) If the period is presented on the financial statements, does the entity correct the error in the earliest affected period by correcting any individual amounts on the statements? (A-136, section II.4.9.27)		
<b>Terms of Borrowing Authority Used</b>		
4) Are the repayment requirements, financing sources for repayment, and other terms of borrowing authority used disclosed? (A-136, section II.4.9.28)		
<b>Available Borrowing/Contract Authority, End of Period</b>		
5) Is the amount of available borrowing and contracting authority at the end of the period disclosed? (A-136, section II.4.9.29)		

<sup>88</sup> These adjustment lines are only used for error corrections leading to a restatement of the SBR.

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**Section II.4.9 – Note Disclosures**

II.4.9.27-II.4.9.35 Budgetary Resources Statement Disclosures	Yes, No, or N/A	Explanation & Reference
<b>Apportionment Categories<sup>89</sup> of New Obligations and Upward Adjustments: Direct vs. Reimbursable Obligations</b>		
6) Does the disclosure of the amount of direct and reimbursable new obligations and upward adjustments against amounts apportioned under category “A,” “B,” and “AB” “exempt from apportionment” agree with total new obligations and upward adjustments (line 2190), reported on the SBR? (A-136, section II.4.9.30)		
<b>Undelivered Orders at the End of the Period</b>		
7) Is the amount of budgetary resources obligated for undelivered orders at the end of the period disclosed? (A-136, section II.4.9.31)		
<b>Permanent Indefinite Appropriations</b>		
8) Does the entity disclose the existence, purpose, and availability of permanent indefinite appropriations? (A-136, section II.4.9.32)		
<b>Legal Arrangements Affecting the Use of Unobligated Balances</b>		
9) 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? (A-136, section II.4.9.33)		

<sup>89</sup> For additional guidance on determining Apportionment Categories, refer to Circular A-11, section 120.13.

**2020 – Checklist for Federal Reporting and Disclosures**  
**Section II.4.9 – Note Disclosures**

<b>II.4.9.27-II.4.9.35 Budgetary Resources Statement Disclosures</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<b>Explanation of Differences Between SBR and Budget of the US Government</b>		
10) Does the entity disclosure identify and explain material differences between the amounts reported in the SBR and the Budget of the USG? (A-136, section II.4.9.34)		
11) Does the note disclosure state that the President’s Budget with actual numbers for the current fiscal year has not yet been published, explain when it is expected to be published, and indicate where it will be available? (A-136, section II.4.9.34)		
12) Does the entity disclose a schedule to display material differences between the SBR and Budget which at a minimum should include material differences for comparable line items related to budgetary resources, obligations, distributed offsetting receipts and outlays and has a narrative explaining why these differences exist? (A-136, section II.4.9.34)		
<b>Contributed Capital</b>		
13) Does the entity disclose the amount of any contributed capital (e.g., donation) received during the reporting period? (A-136, section II.4.9.35)		

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**Section II.4.9 – Note Disclosures**

<b>II.4.9.36-II.9.37 Custodial Activity Statement Disclosures</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<b>Incidental Custodial Collections</b>		
1) If custodial revenues are immaterial and incidental to the entity’s primary mission and are not reported separately on the Statement of Custodial Activity, the sources and amounts of the collections and amounts to be distributed to others may be disclosed in a note. Does the entity disclose such collections? (A-136, section II.4.9.36)		
<b>Custodial Revenues</b>		
2) Do entities that collect taxes and duties disclose in a note or narrative the: <ul style="list-style-type: none"> <li>a) basis of accounting;</li> <li>b) factors affecting the collectability and timing of taxes and other nonexchange revenues; and</li> <li>c) cash collections and refunds by tax year and type of tax for the reporting period? (SFFAS 7, par. 64, 65.1 &amp; 65.3; A-136, section II.4.9.37)</li> </ul>		
3) Does the collecting entity disclose and explain the: <ul style="list-style-type: none"> <li>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;</li> <li>b) specific potential accruals that are not made as a result of using the modified cash basis accounting;</li> <li>c) practical and inherent limitations affecting the accrual of taxes and duties; and</li> <li>d) use of accrual-based accounting, if applicable? (SFFAS 7, par. 5, 6, 48 &amp; 64)</li> </ul>		

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**Section II.4.9 – Note Disclosures**

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<b>II.4.9.36-II.9.37 Custodial Activity Statement Disclosures</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
4) If trust fund revenues are not recorded in accordance with applicable law, do the collecting and recipient entities disclose the reasons? (SFFAS 7, par. 66)		

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**Section II.4.9 – Note Disclosures**

<b>II.4.9.38 Social Insurance Statement Disclosures and Statement of Changes in Social Insurance Amounts</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
1) Are significant assumptions used in making estimates and projections disclosed? (SFFAS 17, par. 25, SFFAS 26, par. 5, 8; A-136, section II.4.9.38)		
2) 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, par. 27(3)(h); A-136, section II.4.9.38)		
3) Is there disclosure 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, par. 27(3)(i); A-136, section II.4.9.38)		
4) Does the disclosed information cover the current year and each of the four preceding years? (SFFAS 17, par. 27(3)(j); A-136, section II.4.9.38)		
5) Are the underlying significant assumptions included in the notes? (SFFAS 26, par. 5, A-136, section II.4.9.38)		

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**Section II.4.9 – Note Disclosures**

<b>II.4.9.38 Social Insurance Statement Disclosures and Statement of Changes in Social Insurance Amounts</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>6) Did the entity provide a brief statement explaining that:</p> <ul style="list-style-type: none"> <li>a) the SOSI amounts are estimates based on current conditions;</li> <li>b) such conditions may change in the future; and</li> <li>c) actual cost may vary, sometimes greatly, from the estimated cost? (SFFAS 37, par. 35, 36)</li> </ul>		
<p>7) If the entity is required to prepare a SOSI, did they disclose in the notes a statement of changes in the social insurance (SCSIA):</p> <ul style="list-style-type: none"> <li>a) the changes in the open group measure for the two year period; and</li> <li>b) explain as briefly and simple as possible the reasons for the changes as well as explaining the most significant changes in the SCSIA notes associated directly with the SCSIA? (A-136, section II.4.9.38)</li> </ul>		

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**Section II.4.9 – Note Disclosures**

II.4.9.39 Fiduciary Activities	Yes, No, or N/A	Explanation & Reference
<p><i>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. Fiduciary assets and liabilities should not be recognized on the balance sheet of Federal entities. Federal entities should disclose fiduciary assets, liabilities and flows in a note disclosure. (SFFAS 31, par. 5 &amp; 10; A-136, section II.4.9.39)</i></p>		
<p>1) Is a statement included to indicate that fiduciary assets are not assets of the entity and are not recognized on the balance sheet? (SFFAS 31, par. 17)</p>		
<p>2) Does the disclosure for fiduciary activities describe:</p> <ul style="list-style-type: none"> <li>a) the fiduciary relationship (e.g., the applicable legal authority);</li> <li>b) the objectives of the fiduciary activity; and</li> <li>c) a general description of the beneficial owners or class of owners? (SFFAS 31, par. 18a)</li> </ul>		
<p>3) Is a Schedule of Fiduciary Activity for all periods included that discloses:</p> <ul style="list-style-type: none"> <li>a) beginning balance of Fiduciary net assets;</li> <li>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);</li> <li>c) change in net assets; and</li> <li>d) ending balance of net assets? (SFFAS 31, par. 18b; A-136, section II.4.9.39)</li> </ul>		

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**Section II.4.9 – Note Disclosures**

<b>II.4.9.39 Fiduciary Activities</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>4) Does a Schedule of Fiduciary Net Assets disclose the current and prior period ending balances for:</p> <ul style="list-style-type: none"> <li>a) cash and any other assets by category (e.g., receivables, investments);</li> <li>b) liabilities by category; and</li> <li>c) significant changes from the prior period? (SFFAS 31, par. 18c; A-136, section II.4.9.39)</li> </ul>		
<p>5) Does entity disclosure for non-monetary fiduciary assets describe:</p> <ul style="list-style-type: none"> <li>a) composition of the assets;</li> <li>b) the method(s) of valuation; and</li> <li>c) changes from prior period accounting methods? (SFFAS 31, par. 18c; A-136, section II.4.9.39)</li> </ul>		
<p>6) Are non-valued fiduciary assets,<sup>90</sup> disclosed in a Schedule of Changes in Non-Valued Fiduciary Assets, which includes:</p> <ul style="list-style-type: none"> <li>a) a description of non-valued fiduciary assets;</li> <li>b) beginning quantity;</li> <li>c) quantity received;</li> <li>d) quantity disposed of;</li> <li>e) net increase/decrease in non-valued, fiduciary assets; and</li> <li>f) ending total quantity? (SFFAS 31, par. 18d; A-136, section II.4.9.39)</li> </ul>		

<sup>90</sup> Nonvalued fiduciary assets are fiduciary assets for which required disclosure does not include dollar values. Non-valued fiduciary assets may include land held in trust.

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**Section II.4.9 – Note Disclosures**

<b>II.4.9.39 Fiduciary Activities</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>7) If separate audited financial statements are issued for an individual fiduciary activity that is presented individually in accordance with the acceptable criteria,<sup>91</sup> does disclosure include:</p> <ul style="list-style-type: none"> <li>a) the basis of accounting used and auditor’s opinion on the current or most recent financial statements;</li> <li>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</li> <li>c) how the reader can obtain a copy of the financial statements and the audit opinion thereon? (SFFAS 31, par. 18e &amp; 22)</li> </ul>		
<p>8) If the separate audited financial statements for an individual fiduciary activity are prepared with a fiscal year-end other than September 30, is information provided for the fiduciary activity’s most recent fiscal year? (SFFAS 31, par. 18e)</p>		
<p>9) If more than one entity administers a fiduciary activity, and the separate portions of the activity can be clearly identified with a responsible entity, does each entity disclose its portion, including the identification of the other entities that administer the activity? (SFFAS 31, par. 19)</p>		

<sup>91</sup> Acceptable criteria include: quantitative factors such as the percentage of the reporting entity’s fiduciary net assets or inflows; and qualitative factors such as whether a fiduciary activity is of immediate concern to beneficiaries, whether it is politically sensitive or controversial, whether it is accumulating large balances, or whether the information provided in the fiduciary note disclosure would be the primary source of financial information for the public.

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**Section II.4.9 – Note Disclosures**

<b>II.4.9.39 Fiduciary Activities</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
10) If separate portions of the activity cannot be identified, does the entity with program management responsibility disclose the fiduciary activity? (SFFAS 31, par. 19)		
11) For entities with several distinct fiduciary activities, is a summary of financial information provided for each fiduciary activity presented individually? (SFFAS 31, par. 18 & 20)		
12) Does the entity consider both quantitative and qualitative criteria <sup>92</sup> when selecting fiduciary activities to be presented individually? (SFFAS 31, par. 21)		
13) Is prior year information not displayed in the initial year of implementation? (SFFAS 31, par. 23)		
14) In the reporting periods following the initial year of implementation, are prior period amounts disclosed? (SFFAS 31, par. 23)		

<sup>92</sup> Acceptable criteria include: quantitative factors such as the percentage of the reporting entity's fiduciary net assets or inflows; and qualitative factors such as whether a fiduciary activity is of immediate concern to beneficiaries, whether it is politically sensitive or controversial, whether it is accumulating large balances, or whether the information provided in the fiduciary note disclosure would be the primary source of financial information for the public.

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**Section II.4.9 – Note Disclosures**

II.4.9.40 Restatements	Yes, No, or N/A	Explanation & Reference
<p><i>Errors in financial statements result from mathematical mistakes, mistakes in the application of accounting principles, or oversight or misuse of facts that existed at the time the financial statements were prepared. When errors are discovered after the issuance of financial statements, and if the financial statements would be <b>materially misstated</b> absent correction of the errors, corrections are made as follows:</i></p> <p><i>(a) If only the current period statements are presented, then the cumulative effect of correcting the error is reported as a prior period adjustment.</i></p> <p><i>(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.</i>  <i>(SFFAS 21, par. 10)</i></p>		
<p>1) Does entity disclosure for restatement of financial statements due to material errors for <b>known</b> amount(s) of the misstatement include:</p> <ul style="list-style-type: none"> <li>a) the nature of the error (e.g., a description of the action or non-action(s) causing or leading to the error) and the reason for the restatement;</li> <li>b) the year(s) being restated;</li> <li>c) the specific financial statements that are affected and line items restated;</li> <li>d) specific amount(s) of the material amounts misstatement(s) and related effect(s) on the previously issued financial statements;</li> <li>e) effect of the restatement on the financial statements as a whole (e.g., change in overall net position and change in audit opinion); and</li> <li>f) the actions management took after discovering the error?  (SFFAS 21, par. 10(c); A-136, section II.4.9.40)</li> </ul>		

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**Section II.4.9 – Note Disclosures**

<b>II.4.9.40 Restatements</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>2) If the specific amount of the misstatement is <b>unknown</b>, does the entity disclosure include:</p> <ul style="list-style-type: none"> <li>a) a statement that the specific amount of misstatement(s) and the related effects is unknown;</li> <li>b) the nature and cause(s) of the misstatement(s) or potential misstatement(s);</li> <li>c) an estimate of the magnitude and related effect on previous issued financial statements; and</li> <li>d) a statement that a restatement to a previously issued financial statement will or may occur? (A-136, section II.4.9.40)</li> </ul>		
<p>3) 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, par 5 &amp; 11)</p>		
<p>4) Although immaterial to the entity's consolidated financial statements, the entity may disclose the restatement of a component entity's financial statement in a note to its consolidated financial statements. Did the entity disclose a component restatement? (SFFAS 21, par. 11)</p>		

**2020 – Checklist for Federal Reporting and Disclosures**  
**Section II.4 – Financial Section**

<b>II.4.9.41 Reconciliation of Net Cost of Operations to Budget</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
		<p><i>On June 29, 2007, revised OMB Circular A-136 eliminated the Statement of Financing and moved the reconciliation of net cost of operations to budget to a note, effective for fiscal year 2007. However, the revised circular did not prescribe an illustrative format for the reconciliation, and preparers of financial statements should refer to the July 24, 2006, version of OMB Circular A-136. The reconciliation must meet the requirements of paragraphs 80 to 82 of SFFAS 7, and comparative displays for the current and prior years are required. SFFAC 2 “Entity and Display” provides concepts for reconciling budgetary and financial accounting (SFFAS 7, par. 80 to 82, 88; SFFAC 2, par. 64 &amp; 105; A-136 section II. 4.9.41).</i></p> <p><i>The reconciliation of net cost of operations to budget provides a bridge between an entity’s financial (i.e., proprietary) accounting and budgetary accounting. It articulates the relationship between net cost of operations derived from the entity’s proprietary accounts and net obligations derived from an entity’s budgetary accounts by identifying and explaining key differences between the two numbers (SFFAS 7, par. 9, 15, 80, 91 to 92, &amp; 95; A-136, July 24, 2006, section II.4.7.1).</i></p> <p><i>Most entity transactions are recorded in both budgetary and proprietary accounts. However, because different accounting bases are used for budgetary and proprietary accounting, some transactions may appear in only one set of accounts (e.g., accrual of environmental and disposal liabilities, which is recorded only in the proprietary records). Furthermore, not all obligations or offsetting collections may result in expenses or exchange revenue (e.g., purchase of a building is capitalized on the balance sheet in the proprietary accounts but obligated and outlayed in the budgetary accounts) (SFFAS 7, par. 7 &amp; 25; A-136, July 24, 2006, section II.4.7.1).</i></p> <p><i>The reconciliation is structured to first identify total resources used by an entity during the period (budgetary and other) and then make adjustments to the resources based upon how they were used to finance net obligations or net cost. Budgetary resources reported in this statement are those resources as defined in OMB Circular A-11 and are also reported on the Statement of Budgetary Resources. Other resources reported in this reconciliation are also reflected in the Statement of Changes in Net Position. (SFFAS 7, par. 78, 80 to 82, &amp; 95; A-136, July 24, 2006, section II.4.7.1)</i></p> <p><i>The section “Resources Used to Finance Activities” reflects the budgetary resources obligated and other resources that are used to finance the activities of the agency. The obligations of budgetary resources are net of offsetting collections, recoveries, and offsetting receipts. The other resources are financing sources that increase net position but are not budgetary resources. (A-136, July 24, 2006, section II.4.7.3)</i></p>

**Resources Used to Finance Activities**

**2020 – Checklist for Federal Reporting and Disclosures**  
**Section II.4 – Financial Section**

<b>II.4.9.41 Reconciliation of Net Cost of Operations to Budget</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
1) Is the budgetary information used to calculate net obligations <sup>93</sup> presented on a combined basis <sup>94</sup> and in agreement with similar amounts reported on the SBR? (SFFAS 7 par. 80; A-136, July 24, 2006, II.4.7.1)		
2) Does the amount disclosed as “obligations incurred” equal the obligations incurred line item as reported on the SBR? (SFFAS 7 par. 80; A-136, July 24, 2006, section II.4.7.3)		
3) Does the amount from 2) include all budget accounts, including nonbudgetary financing accounts? (SFFAS 7 par. 80; A-136, July 24, 2006, section II.4.7.3)		
4) Does the amount disclosed as “less: spending authority from offsetting <sup>95</sup> collections and recoveries <sup>96</sup> ” agree with the spending authority from offsetting collections and recoveries as reported on the SBR? (SFFAS 7 par. 80; A-136, July 24, 2006, section II.4.7.3)		

<sup>93</sup> The budgetary information includes the line items (1) “obligations incurred,” (2) “less: spending authority from offsetting collections and recoveries,” (3) “obligations net of offsetting collections and recoveries,” and 4) “less: offsetting receipts.”

<sup>94</sup> A combined basis means the aggregation of account-level information as opposed to a consolidation that implies the elimination of inter-account transactions.

<sup>95</sup> Offsetting collections are collections from government accounts (intragovernmental transactions) or from the public that are offset against budget authority and outlays rather than reflected as receipts in computing the budget and off-budget totals. They are classified as (a) offsetting receipts (i.e., amounts deposited to receipt accounts), and (b) collections credited to appropriation or fund accounts. The distinction between these two major categories is that collections credited to appropriation or fund accounts are offset within the account that contains the associated disbursements (outlays), whereas offsetting receipts are in accounts separate from the associated disbursements. Offsetting collections are deducted from gross disbursements in calculating net outlays.

<sup>96</sup> Recoveries are budgetary resources that offset obligations on the Statement of Budgetary Resources, but are not a proprietary financing source used to offset costs on the Statement of Net Cost. (A-136, July 24, 2006, section II.4.7.4)

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<b>II.4.9.41 Reconciliation of Net Cost of Operations to Budget</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
5) Does the amount from 4) include all budget accounts, including nonbudgetary financing accounts? (SFFAS 7 par. 80; A-136, July 24, 2006, section II.4.7.3)		
6) Is “Obligations net of offsetting collections and recoveries” equal to the difference between “obligations incurred” and “spending authority from offsetting collections and recoveries”? (SFFAS 7 par. 80; A-136, July 24, 2006, section II.4.7.3)		
7) Does the amount disclosed as “less: offsetting receipts” equal the offsetting receipts line item as reported on the SBR? (SFFAS 7 par. 80; A-136, July 24, 2006, section II.4.7.3)		
8) Do “net obligations” <sup>97</sup> equal the difference between “obligations net of offsetting collections and recoveries” and “offsetting receipts”? (SFFAS 7 par. 80; A-136, July 24, 2006, section II.4.7.3)		
9) Does the reconciliation include other nonbudgetary resources used to finance activities? (SFFAS 7 par. 80; A-136, July 24, 2006, section II.4.7.3)		

<sup>97</sup> Net obligations reflect obligations incurred net of offsetting collections, recoveries, and offsetting receipts.

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<b>II.4.9.41 Reconciliation of Net Cost of Operations to Budget</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
10) Do the line item amounts as reported on the reconciliation equal the amounts reported as “other financing sources” on the SCNP for: <ul style="list-style-type: none"> <li>a) donations and forfeitures of property;</li> <li>b) transfers in or out without reimbursement;</li> <li>c) imputed financing from costs absorbed by others; and</li> <li>d) other? (SFFAS 7 par. 80; A-136, July 24, 2006, section II.4.7.3)</li> </ul>		
11) Is “total resources used to finance activities” equal to the sum of net obligations and net other (nonbudgetary) resources used to finance activities? (SFFAS 7 par. 80; A-136, section II.4.7.2)		
<p><i>The “Resources Used to Finance Items Not Part of the Net Cost of Operations” section adjusts total resources used to finance the activities of the entity to account for items that were included in net obligations and other resources, but which were not part of the net cost of operations. This section would include items in which the expense was recognized in a prior period but the budgetary resource and obligation are recognized in the current period (e.g., upward/downward reestimates of subsidy expense accrued in the prior period but obligated in the current period). It would also include budgetary resources and obligations recognized in the current period that do not affect the net cost of operations (e.g., the acquisition of assets reflected in net obligations but not in net cost of operations for the period). (A-136, July 24, 2006, section II.4.7.4)</i></p>		
<p><b>Resources Used to Finance Items Not Part of the Net Cost of Operations</b></p>		
12) Does “change in budgetary resources obligated for goods, services, and benefits ordered but not yet provided (+/-) <sup>98</sup> ,” reflect undelivered orders, or adjustments thereof, that are included in net obligations, but which are not part of the net cost of operations? (SFFAS 7 par. 81(a); A-136, July 24, 2006, section II.4.7.4)		

<sup>98</sup> This disclosure is used to explain the difference between the total resources used to finance activities and the net cost of operations because of the change in “budgetary resources obligated for goods, services, and benefits ordered but not yet provided,” i.e., “undelivered orders.” Undelivered orders are part of “obligations incurred,” but they do not

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<b>II.4.9.41 Reconciliation of Net Cost of Operations to Budget</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
13) Does the disclosure “resources that fund expenses recognized in prior periods,” <sup>99</sup> reflect the obligation of resources that were part of the net cost of operations in a prior period? (SFFAS 7 par. 81(a); A-136, July 24, 2006, section II.4.7.4)		
14) Do the amounts disclosed included under “budgetary offsetting collections and receipts that do not affect net cost of operations” reflect offsetting collections and receipts <sup>100</sup> that are not reported as exchange revenue in the Statement of Net Cost? (SFFAS 7 par. 81(a); A-136, July 24, 2006, section II.4.7.4)		
15) Does the disclosure “resources that finance the acquisition of assets,” reflect budgetary resources obligated <sup>101</sup> that are not expenses as reported on the Statement of Net Cost? (SFFAS 7 par. 81(a); A-136, July 24, 2006, section II.4.7.4)		

affect the net cost of operations. Thus, for a transaction involving the placing a \$100 undelivered order, obligations incurred would increase by \$100 but would be shown as a negative or a reduction to total resources used to finance activities. (SFFAS 7 Implementation Guide (April 2002), par. 53-55)

<sup>99</sup> This disclosure is used to explain differences in resources and net cost of operations caused by expenses, which were accrued in previous periods but paid in the current period. If, for example, the amount of annual leave taken or obligated was worth \$250 but the amount of annual leave earned (i.e., expensed) for the period was \$200, the difference of \$50 between obligation and expense would be shown as a negative. (SFFAS 7 Implementation Guide (April 2002), par. 56-57)

<sup>100</sup> Examples of offsetting collections and receipts that are not exchange revenue are (1) collections of subsidy expenses for post –1991 credit programs, (2) collections of exchange revenue receivable from the public, and (3) advances (i.e., unfilled customer orders) for work not performed, with the caveat that in most cases, orders from the public without advances cannot be accepted. This disclosure is usually shown as a positive, the opposite (i.e., negative) of what is included under the disclosure “less: spending authority from offsetting collections and recoveries,” unless there is a net decrease in unfilled customer orders. (SFFAS 7 Implementation Guide (April 2002), par. 59-61)

<sup>101</sup> An example of this activity is the purchase of capital assets.

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<b>II.4.9.41 Reconciliation of Net Cost of Operations to Budget</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
16) Does the entity include under the disclosure “other resources or adjustments to net obligated resources that do not affect net cost of operations,” activities <sup>102</sup> not otherwise classified under the other line items in this section of the reconciliation? (SFFAS 7 par. 81(a); A-136, July 24, 2006, section II.4.7.4)		
17) Does the disclosure “total resources used to finance the net cost of operations,” consist of the difference between the “total resources used to finance activities” and “total resources used to finance items not part of the net cost of operations?” (SFFAS 7 par. 81(a); A-136, July 24, 2006, section II.4.7.2)		
<p><i>The “Components of the Net Cost of Operations that will not Require or Generate Resources in the Current Period” section identifies (1) items that are recognized as a component of the net cost of operations (i.e., current period expenses and exchange revenues) for which budgetary resources (and related obligations) will not be provided (or incurred) until a subsequent period and (2) items (i.e., current period expenses) that are recognized as a part of the net cost of operations for the period but will not generate or require the use of resources in the current period. (A-136, July 24, 2006, sections II.4.7.5 &amp; II.4.7.6)</i></p>		
<p align="center"><b>Components of the Net Cost of Operations that Will Not Require or Generate Resources in the Current Period</b></p>		
18) Does the disclosure “increase in annual leave liability,” include the expense related to the increase <sup>103</sup> in annual leave liability for which the budgetary resources will be provided in a subsequent period? (SFFAS 7 par. 81(c); A-136, July 24, 2006, section II.4.7.5)		

<sup>102</sup> This activity may include noncash recoveries of prior year obligations. Recoveries are budgetary resources that offset obligations on the Statement of Budgetary Resources, but which are not a proprietary financing source used to offset costs on the Statement of Net Cost.

<sup>103</sup> An increase in annual leave liability has no effect on budgetary accounts, because it is not funded on an accrual basis. It is financed when it is taken and the amounts are paid to employees who took the leave. Thus, budgetary resources are zero, but the net cost of operations includes the amount of accrued leave. (SFFAS 7 Implementation Guide (April 2002), par. 40)

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<b>II.4.9.41 Reconciliation of Net Cost of Operations to Budget</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
19) Does the disclosure “increase in environmental and disposal liability,” include the expense related to the increase for which the budgetary resources will be provided in a subsequent period? (SFFAS 7 par. 81(c); A-136, July 24, 2006, section II.4.7.5)		
20) Does the disclosure “upward/downward reestimates of credit subsidy expense (+/-),” include the expense recognized as a result of an upward (+) or downward (-) reestimate of credit program subsidy cost for which budgetary resources (or obligations) will be provided (or incurred) in a subsequent period? <sup>104</sup> (SFFAS 7 par. 81(c); A-136, July 24, 2006, section II.4.7.5)		
21) Are credit subsidy reestimates reflected as liabilities covered by budgetary resources? <sup>105</sup> (SFFAS 7 par. 81(c); A-136, July 24, 2006, section II.4.7.5)		
22) Does the disclosure “increase in exchange revenue receivable from the public,” include exchange revenue recognized as a component <sup>106</sup> of the net cost of operations for the period? (SFFAS 7 par. 81(c); A-136, July 24, 2006, section II.4.7.5)		

<sup>104</sup> The Credit Reform Act of 1990, as amended, provides that agencies will receive subsidies to cover defaults and other situations for direct loans and loan guarantees obligated after September 30, 1991. (SFFAS 7 Implementation Guide (April 2002), par. 66)

<sup>105</sup> Budget authority to fund reestimates is permanent and indefinite and no further congressional action is needed to provide the resources.

<sup>106</sup> Absent specific legislation to the contrary, public receivables do not count as budgetary resources until they are collected. Hence, the revenue related to accruals of those resources is not reflected in offsetting collection activity at the time they are accrued. (SFFAS 7 Implementation Guide (April 2002) par. 70)

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<b>II.4.9.41 Reconciliation of Net Cost of Operations to Budget</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
23) Does the entity disclose as “other” under the section “Components Requiring or Generating Resources in Future Periods,” all other expenses and exchange revenue not specifically mentioned in the preceding questions that do not require or generate resources in the current period but will do so in a subsequent period? (SFFAS 7 par. 81(c); A-136, July 24, 2006, section II.4.7.5)		
24) Does the “depreciation and amortization,” reflect the current period usage of assets <sup>107</sup> or amortization of liabilities <sup>108</sup> for which budgetary resources were obligated in a prior period? (SFFAS 7 par. 81(b); A-136, July 24, 2006, section II.4.7.6)		
25) Does “revaluation of assets and liabilities,” include gains and losses recognized <sup>109</sup> during the revaluation of assets or liabilities? (SFFAS 7 par. 81(b); A-136, July 24, 2006, section II.4.7.6)		
26) Does the entity disclose as “other” under the section “components not requiring or generating resources,” all other expenses <sup>110</sup> and exchange revenue not specifically mentioned in the preceding questions that will not require or generate resources in the current period? (SFFAS 7 par. 81(b); A-136, July 24, 2006, section II.4.7.6)		

<sup>107</sup> Budgetary resources are obligated when the asset is acquired, not when it is depreciated or used up. No budgetary resources are used when an asset is depreciated. (SFFAS Implementation Guide, par. 44)

<sup>108</sup> Budgetary resources are obligated when an allowance (i.e., liability or contra-asset) for a subsidy is set up, and as the estimated expenses are realized the allowance account is amortized. The budgetary accounts, which have already recognized the obligation and offsetting collection for subsidy expense, are not affected by the transaction. (SFFAS 7 Implementation Guide (April 2002), par. 92)

<sup>109</sup> Gains are shown as a negative; losses are shown as a positive.

<sup>110</sup> An example of this would be default expenses of pre-credit reform (or pre-1992) loans.

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<b>II.4.9.41 Reconciliation of Net Cost of Operations to Budget</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
27) Does the sum of “total resources used to finance net cost of operations” and “total components of net cost of operations that will not require or generate resources in the current period” agree with the net cost of operations as reported in the Statement of Net Cost as well as the Statement of Net Cost? (SFFAS 7 par. 80 to 82; A-136, July 24, 2006, section II.4.7.7)		

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<b>II.4.9.42 Public-Private Partnerships</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p><i>SFFAS 49 defines Public-Private Partnerships (P3s) as risk-sharing arrangements or transactions with expected lives greater than five 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.</i></p> <p><i>SFFAS 49 excludes certain types of arrangements and transactions (e.g., non-lease acquisitions of PP&amp;E; acquisition of supplies and services pursuant to FAR simplified acquisition procedures; grants to state, local, and Indian tribal governments) (SFFAS 49, par. 15 to 17). SFFAS 49 is effective for periods beginning after September 30, 2018. Early adoption is permitted.</i></p>		
<p>1) Did the entity early implement SFFAS 49? If the entity did not early implement SFFAS 49, answer N/A for this question and the remaining questions in II.4.9.42.</p>		
<p>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, par. 14 &amp; 20; A-136 section II.4.9.42)</p>		
<p>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, par. 14 &amp; 21; A-136 section II.4.9.42)</p>		

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<b>II.4.9.42 Public-Private Partnerships</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>4) If disclosure is required, based upon the assessment of conclusive risk characteristics and/or suggestive risk characteristics, did the note disclosures:</p> <ul style="list-style-type: none"> <li>a) generally accompany the related asset and /or liability contained in the financial statements; and</li> <li>b) present information in an integrated manner so that they are concise, meaningful, transparent, and not repetitive? (SFFAS 49, par. 23; A-136 section II.4.9.42)</li> </ul>		
<p>5) Did the note disclosure include the initial period and all annual periods thereafter where an entity is a party to P3 arrangement/transaction? (SFFAS 49, par. 24; A-136 section II.4.9.42)</p>		
<p>6) Did the note disclosure include:</p> <ul style="list-style-type: none"> <li>a) the purpose, objective, and rationale for the P3 arrangement or transaction;</li> <li>b) the relative benefits/revenues being received in exchange for the government’s consideration—monetary and non-monetary; and</li> <li>c) the entity’s statutory authority for entering into the P3? (SFFAS 49, par. 24(a); A-136 section II.4.9.42)</li> </ul>		
<p>7) 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, the disclosures should indicate such. (SFFAS 49, par. 24(b); A-136 section II.4.9.42)</p>		

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<b>II.4.9.42 Public-Private Partnerships</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>8) Did the note disclosure include the operational and financial structure of the P3, including the entity's rights and responsibilities, including:</p> <ul style="list-style-type: none"> <li>a) a description of the contractual terms governing payments to and from the government over the expected life of the P3 arrangement or transaction to include: <ul style="list-style-type: none"> <li>i. explanation of how the expected life was determined;</li> <li>i. the time periods payments are expected to occur;</li> <li>ii. whether payments are made directly to each partner or indirectly through a their-party, such as, military housing allowances; and</li> <li>iii. in-kind contributions/services and donations;</li> </ul> </li> <li>b) the amounts received and paid by the government during the reporting period(s); and</li> <li>c) the amounts estimated to be received and paid in aggregate over the expected life of the P3? (SFFAS 49, par. 24(c); A-136 section II.4.9.42)</li> </ul>		
<p>9) Did the note disclosure include:</p> <ul style="list-style-type: none"> <li>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</li> <li>b) remote risks of loss limited to those included in the terms of the contractual P3 arrangements or transactions? If disclosed, an explanation should be included that avoids the misleading inference that there is more than a remote chance of loss? (SFFAS 49, par. 24(d); A-136 section</li> </ul>		

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<b>II.4.9.42 Public-Private Partnerships</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
II.4.9.42)		
<p>10) As applicable, did the note disclosure include:</p> <ul style="list-style-type: none"> <li>a) associated amounts recognized in the financial statements such as gains or losses and capitalized items;</li> <li>b) significant instances of non-compliance with legal and contractual provisions governing the P3 arrangement/transaction;</li> <li>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</li> <li>d) description of events of termination or default? (SFFAS 49, par. 24(e); A-136 section II.4.9.42)</li> </ul>		

### **Section II.4.10 – Required Supplementary Stewardship Information**

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

<b>II.4.10 – Required Supplementary Stewardship Information</b>	<b>No. of Questions per Section</b>
II.4.10.1 General	1
II.4.10.2 Non-federal Physical Property	1 - 5
II.4.10.3 Human Capital	1 - 6
II.4.10.4 Research and Development	1 - 7

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<b>II.4.10.1 General</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p><i>The stewardship objective of Federal financial reporting requires the Federal Government to report on its stewardship over certain resources entrusted to it and certain responsibilities assumed by it that cannot be measured in traditional financial reports. (A-136, section II.4.10.1)</i></p>		
<p>1) Does the RSSI measure stewardship in terms of expenses incurred for:</p> <ul style="list-style-type: none"> <li>a) Federal-financed but not Federally-owned physical property (Non-Federal Physical Property);</li> <li>b) certain education and training programs (Human Capital); and</li> <li>c) Federally-financed research and development (Research and Development) (A-136, section II.4.10.1)</li> </ul>		

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<b>II.4.10.2 Non-federal Physical Property</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<i>Non-federal physical property investments are expenses included in the calculation of net cost for the purchase, construction, or major renovation of physical property owned by state and local governments. (A-136, section II.4.10.2)</i>		
1) Does RSSI include the full cost of the investment, a narrative description, of the federal property transferred to state and local governments for the year being reported on, as well as at least the preceding 4 years? (SFFAS 8, par. 87; A-136, sections II.4.10.2 & II.4.10.5)		
2) Does the description of major programs involving federal investments include a description of programs or policies under which non-cash assets are transferred to state and local governments? (SFFAS 8, par. 87; A-136, section II.4.10.5)		
3) Is expense or outlay data for investments in nonfederal physical property reported at a meaningful category or level (e.g., by major program/department)? (SFFAS 8, par. 87)		
4) If expense data for the purchase of PP&E for state and local governments for the year being reported on and for the preceding 4 years is not available, does the entity report outlay data for these periods? (SFFAS 8, par. 87; A-136, section II.4.10.5)		
5) If neither historical expense nor outlay data is available on stewardship investments for the year being reported on and the preceding 4 years, does the entity report expense data for the current reporting year and such other years, as available? (SFFAS 8, par. 87; A-136, section II.4.10.5)		

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<b>II.4.10.3 Human Capital</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>1) Does the RSSI include the full cost and a narrative description of the investment made in human capital for the year being reported on, as well as the preceding 4 years? (SFFAS 8, par. 94; A-136, sections II.4.10.3)</p>		
<p>2) Are the outcome and output measures used to justify continued treatment of expenses as stewardship investment:</p> <p>a) clearly identified in the agency's financial statement; and</p> <p>b) readily apparent? (A-136, section II.4.10.3)</p>		
<p>3) Is a narrative description of the major education and training programs considered to be federal investments included? (SFFAS 8, par. 94; A-136, section II.4.10.5)</p>		
<p>4) If expense data for the investments in human capital for the year being reported and for the preceding 4 years is not available, does the entity report outlay data? (SFFAS 8, par. 94; A-136, section II.4.10.3)</p>		
<p>5) If neither historical expense nor outlay data for the investments in human capital is available for the year being reported on and the preceding 4 years, does the entity report expense data for the current reporting year and such other years? (SFFAS 8, par. 94; A-136, section II.4.10.3)</p>		

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<b>II.4.10.3 Human Capital</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
6) Is expense or outlay data for investments in human capital reported at a meaningful category or level (e.g., by major program or department)? (SFFAS 8, par. 94)		

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<b>II.4.10.4 Research and Development</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
1) Does the RSSI include the full cost, including a narrative description, of the investment made in major research and development programs for the year being reported on, as well as the preceding 4 years? (SFFAS 8, par. 100; A-136, section II.4.10.4)		
2) Is a narrative description of the major research and development programs included? (SFFAS 8, par. 100; A-136, section II.4.10.4)		
3) If expense data for the investments in research and development for the year being reported and for the preceding 4 years are not available, does the entity report outlay data, if available? (SFFAS 8, par. 100; A-136, section II.4.10.4)		
4) If neither historical expense nor outlay data are available for the year being reported on and the preceding 4 years, does the entity report expense data for the current year and such other years as available? (SFFAS 8, par. 100; A-136, section II.4.10.4)		
5) Is expense or outlay data for investments in research and development reported at a meaningful category or level (e.g., by major program/department)? (SFFAS 8, par. 100)		

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<b>II.4.10.4 Research and Development</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
6) Does the RSSI include the amounts of significant contributions from state, local, private, and other sources to its investments in nonfederal physical property, human capital, and research and development? <sup>111</sup> (SFFAS 8, par. 88, 95, & 101)		
7) Are the outcome and output measures used to justify continued treatment of expenses as stewardship investment: <ul style="list-style-type: none"> <li>a) clearly identified in the agency’s financial statement; and</li> <li>b) readily apparent? (A-136, section II.4.10.4)</li> </ul>		

<sup>111</sup>This reporting is encouraged, but is not required.

### **Section II.4.11 – Required Supplementary Information**

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

<b>II.4.11 – Required Supplementary Information</b>	<b>No. of Questions per Section</b>
II.4.11.2 Federal Oil and Gas Resources	1 - 12
II.4.11.3 Other Federal Natural Resources	1 - 10
II.4.11.4 Deferred Maintenance and Repairs	1 - 3
II.4.11.5 Social Insurance	1 - 19
II.4.11.6 Combining Statement of Budgetary Resources	1 - 2
II.4.11.7 Statement of Custodial Activity	1 - 2
II.4.11.8 Risk Assumed Information	1 - 3

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II.4.11.2 Federal Oil and Gas Resources	Yes, No, or N/A	Explanation & Reference
<p><i>SFFAS 38 Accounting for Federal Oil and Gas Resources is effective and 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, par. 11)<sup>112</sup></i></p> <p><i>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, par.12)</i></p> <p><i>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, par. 13)</i></p>		
<p>1) 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<sup>113</sup> of estimated Federal oil and gas petroleum royalties? (A-136, section II.4.11.2)</p>		
<p>2) Is the value of estimated petroleum royalty revenue designated for others on another schedule of estimated Federal oil and gas petroleum to be distributed to others disclosed? (A-136, section II.4.11.2)</p>		
<p>3) Does the entity include under the RSI as part of a discussion a schedule of estimated petroleum royalties by component entity that is responsible for collecting royalties? (SFFAS 38, par. 25)</p>		

<sup>112</sup> It is FASAB's intent that SFFAS 38 transition to basic information after being reported as RSI until the Board plans to make a determination as to whether the information required by SFFAS 38 will transition to basic information.

<sup>113</sup> These schedules, with accompanying narratives, will be reported as RSI until the FASAB makes a determination as to whether the information will transition to basic information.

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<b>II.4.11.2 Federal Oil and Gas Resources</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>4) 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, par. 28(a))</p>		
<p>5) Are the estimated petroleum royalties' asset value and petroleum royalties to be distributed valued at the end of the fiscal year? (SFFAS 38, par. 27)</p>		
<p>6) Do the narratives of the schedules to be presented in the RSI include:</p> <ul style="list-style-type: none"> <li>a) A brief description of the entity's stewardship policies describing the guiding principles established to: <ul style="list-style-type: none"> <li>ii. assess the oil and gas resource areas;</li> <li>iii. offer those resources to interested developers; sell and assign leases to winning bidders;</li> <li>iv. administer the leases; collect bonuses, rents, royalties, and royalty-in-kind; and</li> <li>v. distribute the collections consistent with statutory requirements, prohibitions, and limitations governing the entity? (SFFAS 38, par. 28(b))</li> </ul> </li> </ul>		
<p>7) 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, par. 28(c))</p>		

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<b>II.4.11.2 Federal Oil and Gas Resources</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>8) Do the narratives of the schedules to be presented in the RSI include:</p> <ul style="list-style-type: none"> <li>a) a description and a display showing revenue reported by category for the reporting period for offshore and onshore revenues for: <ul style="list-style-type: none"> <li>i. royalty revenue for oil and gas;</li> <li>ii. rent revenue bonus bid revenue for leases; and</li> <li>iii. total revenue from all the above categories;</li> </ul> </li> <li>b) a description and a display showing: <ul style="list-style-type: none"> <li>i. the quantity of oil and gas proved reserves at the end of the reporting period;</li> <li>ii. the average of the Regional Average First Purchase Prices for oil;</li> <li>iii. the average of the Regional Average Wellhead Prices for gas; and</li> <li>iv. the average royalty rate for oil and gas? (SFFAS 38, par. 28 ((d)-(e)))</li> </ul> </li> </ul>		

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<b>II.4.11.2 Federal Oil and Gas Resources</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>9) Do the narratives of the schedules to be presented in the RSI include a description of the estimated methodology used to calculate the value of the federal government’s estimated petroleum royalties include:</p> <ul style="list-style-type: none"> <li>a) a ‘plain English’ explanation of the measurement method (e.g., present value)</li> <li>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.);</li> <li>c) any significant changes in the estimation methodology including the underlying assumptions from the prior year; and</li> <li>d) the nature and reason for any changes, as well as the effect of the changes? (SFFAS 38, par. 28 (f))</li> </ul>		
<p>10) 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, par. 28 (g))</p>		
<p>11) Do the narratives of the schedules to be presented in the RSI include a description and display showing:</p> <ul style="list-style-type: none"> <li>a) the sales volume;</li> <li>b) the sales value;</li> <li>c) the royalty revenue; and</li> <li>d) estimated value for royalty relief produced from the federal oil and gas resources? (SFFAS 38, par. 28 (h))</li> </ul>		

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<b>II.4.11.2 Federal Oil and Gas Resources</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
12) Do the narratives of the schedules presented in the RSI include a description of other significant federal oil and gas resources under management by the entity that are not addressed by this Statement because they are not currently under lease? (SFFAS 38, par. 28 (i))		

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II.4.11.3 Other Federal Natural Resources	Yes, No, or N/A	Explanation & Reference
<p><i>Technical Bulletin 2011-1: Accounting for Federal Natural Resources other than Oil and Gas clarifies that entities should report as RSI the value of the Government’s estimated royalties and other revenue for other federal natural resources that are: (1) under long-term lease, long-term contract or other long-term agreement and (2) reasonably estimable as of the reporting date in RSI, consistent with the guidance in SFFAS 38.</i></p> <p><i>Resources may be divided by subtype of commodity and calculated separately if material differences would result. Each of the individual calculations should be reported separately and then aggregated to derive the reporting entity’s total estimated natural resources under lease, contract, or other long-term agreement. If a majority of the reporting entity’s estimated revenue from natural resources under lease, contract, or other long-term agreement is to be distributed to others, the value of the revenue to be distributed should be estimated and reported in a schedule of estimated revenue to be distributed to others. (A-136, section II.4.11.3; TB 2011-1, par. 2) <sup>114</sup></i></p>		
<p>1) 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, par. 15, when:</p> <ul style="list-style-type: none"> <li>a) under lease, contract or other long-term agreement for non-oil and gas federal natural resources; and,</li> <li>b) reasonably estimable as of the reporting date? (TB 2011-1, par. 17)</li> </ul>		
<p>2) 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?<sup>115</sup> (TB 2011-1, par. 18)</p>		

<sup>114</sup> Technical Bulletin 2011-1 is effective for periods beginning after September 30, 2013.

<sup>115</sup> Resources may be further divided by subtype of commodity and calculated separately if material differences would otherwise result.

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<b>II.4.11.3 Other Federal Natural Resources</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
3) 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, par. 18)		
4) 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, does 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, par. 19)		
5) 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, par. 27(a))		
6) Do the narratives of the schedules to be presented in the RSI include a brief description of the entity’s stewardship policies <sup>116</sup> for federal natural resources? (TB 2011-1, par. 27(b))		
7) Do the narratives of the schedules presented in the RSI include a description of the estimated methodology used to calculate the value of the federal reporting entity’s natural resources under lease, contract, or other long-term agreements include:  a) a ‘plain English’ explanation of the measurement attribute or method (e.g.,		

<sup>116</sup>The guiding principles established to: assess the areas, offer those resources to interested developers; sell and assign leases to winning bidders, administer the leases; collect bonuses, rents, royalties, and royalties, and distribute the collections consistent with statutory requirements, prohibitions, and limitations governing the entity.

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<b>II.4.11.3 Other Federal Natural Resources</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>present value);</p> <p>b) the significant assumptions incorporated into the estimate; and</p> <p>c) any significant changes in the estimation methodology including the underlying assumptions from the prior year?            (TB 2011-1, par. 27(c))</p>		
<p>8) 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, par. 27(d))</p>		
<p>9) Do the narratives of the schedules to be presented in the RSI include a description and display showing:</p> <p>a) the sales volume;</p> <p>b) the sales value;</p> <p>c) the royalty or other revenue; and</p> <p>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, par. 27 (e))</p>		
<p>10) 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, par. 27 (f))</p>		

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<b>II.4.11.4 Deferred Maintenance and Repairs</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
		<p><i>Maintenance and repairs (M&amp;R) is the act of keeping fixed assets in acceptable condition<sup>117</sup>. Maintenance and repairs includes preventive maintenance, replacement of parts, systems<sup>118</sup> or components, and other activities needed to preserve or maintain the asset so that it continues to provide acceptable services and achieves its expected life. (SFFAS 6, par. 77 &amp; 78, as amended by SFFAS 42, par. 8)</i></p> <p><i>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 6, par. 77 &amp; 78, as amended by SFFAS 42, par. 8)</i></p> <p><i>Deferred maintenance and repairs (DM&amp;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 6, par. 77 &amp; 78, as amended by SFFAS 42, par. 7; A-136, section II.4.11.6)</i></p> <p><i>Amounts reported for DM&amp;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.</i></p> <p><i>Condition assessment surveys are periodic visual inspections of PP&amp;E, based on generally accepted and consistently applied methods, to determine PP&amp;E's current condition and the estimated cost to correct any deficiencies.</i></p> <p><i>Life cycle costing is an acquisition or procurement technique that considers operating, maintenance, and other costs in addition to the acquisition cost of assets. (SFFAS 6, par. 81 &amp; 82, as amended by SFFAS 42, par. 9, 10, &amp; 11))</i></p> <p><i>SFFAS No. 42 (1) requires that condition standards, related assessment methods, and reporting formats be consistently applied unless management determines that changes are necessary, (2) eliminates the requirement to report condition information, and (3) eliminates the (i) optional reporting of low-high deferred maintenance and repair estimates as well as (ii) the option to report critical and non-critical deferred maintenance and repairs. (A-136, section II.4.11.4)</i></p>

<sup>117</sup> The 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.

<sup>118</sup> The 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, footnote 5)

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<b>II.4.11.4 Deferred Maintenance and Repairs</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>1) Does the entity report the following qualitative information as RSI for each major category of its PP&amp;E (i.e., general PP&amp;E, heritage assets, stewardship land):</p> <ul style="list-style-type: none"> <li>a) a summary of the entity’s M&amp;R policies and brief description of how they are applied;</li> <li>b) policies for ranking and prioritizing M&amp;R activities;</li> <li>c) factors the entity considers in determining acceptable conditions;</li> <li>d) whether DM&amp;R relates solely to capitalized general PP&amp;E and non-capitalized stewardship or also to amounts relating to non-capitalized or fully depreciated general PP&amp;E;</li> <li>e) capitalized general PP&amp;E and non-capitalized heritage assets and stewardship land for which management does not measure and/or report DM&amp;R and the rationale for the exclusion;</li> <li>f) if applicable, explanation of an significant changes to: <ul style="list-style-type: none"> <li>i. the policies and factors subject to the reporting requirements established in a-e above; and</li> <li>ii. DM&amp;R amounts from the prior year? (SFFAS 6, par. 83, as amended by SFFAS 42, par.15 (a-f); A-136, section II.4.11.4)</li> </ul> </li> </ul>		
<p>2) Does the entity report as RSI estimates of the beginning and ending balances of DM&amp;R for each major category of PP&amp;E for which maintenance and repairs have been deferred (i.e., general PP&amp;E, heritage assets, and stewardship land)? (SFFAS 42, par.15(g))</p>		

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<b>II.4.11.4 Deferred Maintenance and Repairs</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
3) If management elects to break out deferred maintenance by critical and noncritical amounts needed to bring each class of asset to its acceptable operating condition, does it also include its definition of these categories? (SFFAS 6, par. 84)		

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<b>II.4.11.5 Social Insurance</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p><i>Supplementary information for social insurance programs is reported to address the long-term sustainability of the program as well as the effect these programs have on the Government's financial condition. (A-136, section II.4.11.5)</i></p>		
<p>1) Is a clear and concise description of the program, including how it's financed, how benefits are calculated, an analysis of trends, and its financial and actuarial status included in RSI? (SFFAS 17, par. 24; A-136, section II.4.11.5)</p>		
<p>2) Does the description in 1) include:  a) discussion of the long-term sustainability and financial condition of the program; and  b) an illustration and explanation of the long-term trends revealed in the data? (SFFAS 17, par. 24)</p>		
<p>3) Are statutory or other material changes, and implications thereof, affecting the program after the current fiscal year described? (SFFAS 17, par. 24)</p>		
<p>4) 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, par. 27 (1), as amended by SFFAS 37, par. 40)</p>		
<p>5) Are the actuarial projections of cash flow amounts reported for at least every fifth year in the projection period? (SFFAS 17, par. 27 (1), as amended by SFFAS 37, par. 40)</p>		

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<b>II.4.11.5 Social Insurance</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>6) Does the cash flow information show:</p> <p>a) total cash inflow from all sources (i.e., by and on behalf of participants) less net interest on intragovernmental borrowing and lending; and</p> <p>b) total cash outflow? (SFFAS 17, par. 27 (1), as amended by SFFAS 37, par. 40)</p>		
<p>7) 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, par. 27 (1), as amended by SFFAS 37, par. 40)</p>		
<p>8) Does the narrative provide an explanation of the significance of the cash flow “cross-over points” where cash outflows begin exceeding cash inflows? (SFFAS 17, par. 27 (1), as amended by SFFAS 37, par. 40)</p>		
<p>9) 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, par. 27 (1), as amended by SFFAS 37, par. 40)</p>		
<p>10) Do the cash flow projections (net of interest on intragovernmental borrowing/lending) for OASDI, HI, and Medicare Parts B and D (SMI) include an estimate of cash flows as a percentage of gross domestic product? (SFFAS 17, par. 27 (1), as amended by SFFAS 37, par. 40)</p>		

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<b>II.4.11.5 Social Insurance</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
11) Are the actuarial projections for the Black Lung and Unemployment Insurance (UI) programs expressed in constant (or inflation-adjusted) dollars? (SFFAS 17, par. 27 (1), as amended by SFFAS 37, par. 40)		
12) For OASDI and HI programs, does the entity’s cash flow information show its estimate of the ratio of the number of contributors to the number of beneficiaries during the same projection period as for cash flow projections (commonly called the “dependency ratio”)? (SFFAS 17, par. 27 (2); A-136, section II.4.11.5)		
13) Is the ratio of contributors to beneficiaries for OASDI and HI reported for the beginning and end of the projection period? (SFFAS 17, par. 27 (2))		
14) Does the entity’s RSI include a sensitivity analysis of the closed and open group measures? (SFFAS 17, par. 27, as amended by SFFAS 37, par. 40; A-136, section II.4.11.5)		
15) 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, par. 27 (4), as amended by SFFAS 37, par. 40, SFFAS 26, par. 5; A-136, section II.4.11.5)		

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<b>II.4.11.5 Social Insurance</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>16) 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:</p> <ul style="list-style-type: none"> <li>a) future trends;</li> <li>b) the utility of the information to the users and policymakers; and</li> <li>c) the relative burden on the component entity resources? (SFFAS 17, par. 27 (4) as amended by SFFAS 37, par. 36 &amp; par. 40)</li> </ul>		
<p>17) If the entity discontinues a particular sensitivity analysis, does it explain the reasons in the annual report? (SFFAS 17, par. 27 (4), as amended by SFFAS 37, par. 40)</p>		
<p>18) 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, par. 27 (4), as amended by SFFAS 37, par. 40; A-136, section II.4.11.5)</p>		
<p>19) Does information on the UI program provide a state-by-state analysis illustrating the relative solvency of individual state programs, including the ratio of each state's current accumulated fund balance to a year's projected benefit payments based on the highest level of annual benefit payments experienced by that state over the last 20 years? (SFFAS 17, par. 27 (5); A-136, section II.4.11.5)</p>		

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<b>II.4.11.6 Combining Statement of Budgetary Resources</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<i>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.4.11.6)</i>		
1) Is budgetary information disaggregated for each of the reporting entity's major budget accounts and presented as RSI? (SFFAS 7, par. 78; A-136, section II.4.11.6)		
2) Do the major accounts and the aggregate of small budget accounts, in total, agree with the amounts reported on the face of the SBR? (A-136, section II.4.11.6)		

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II.4.11.7 Statement of Custodial Activity	Yes, No, or N/A	Explanation & Reference
<i>Entities that collect taxes and duties provide information on potential collections and custodial responsibilities as RSI. (A-136, section II.4.11.7)</i>		
<p>1) Do entities that collect taxes and duties provide RSI relating to their potential revenue and custodial responsibilities that includes:</p> <ul style="list-style-type: none"> <li>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);</li> <li>b) a discussion of the factors affecting the collectability of compliance assessment recognized as taxes receivable;</li> <li>c) the change in the total(s) of compliance assessments and of pre-assessment work in process during the reporting period,</li> <li>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;</li> <li>e) if estimated, unasserted claims for refunds separate from claims filed (these may be expressed as a range of amounts);</li> <li>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;</li> </ul>		

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<b>II.4.11.7 Statement of Custodial Activity</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>g) amount of assessments written-off (i.e., no further collection potential) that continues to be statutorily collectable; 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, par. 67, as amended by SFFAS 33; A-136, section II.4.11.7)</p>		
<p>2) If the entity receiving funds from the collecting entity is itself a trust fund, does it provide as supplementary information amounts by which related trust funds may be overfunded or underfunded in comparison with the requirements of the law? (SFFAS 7, par. 68; A-136, section II.4.11.7)</p>		

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<b>II.4.11.8 Risk Assumed Information</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p><i>Risk-assumed information is generally measured by the present value of unpaid expected losses net of associated premiums based on the risk inherent in the insurance or guarantee coverage in force. (SFFAS 5, par. 105 &amp; 106; A-136, section II.4.11.8)</i></p>		
<p>1) Does the entity include as RSI the current amount and periodic changes of "risk assumed" arising from insurance and guarantee programs? (SFFAS 5, par. 105, 106, &amp; 110; SFFAS 25, par. 2; A-136, section II.4.11.8)</p>		
<p>2) Does the entity also report under RSI the indicators of the range of uncertainty around insurance-related estimates and sensitivity of the estimates to changes in major assumptions? (SFFAS 5, par. 114; SFFAS 25, par. 4)</p>		
<p>3) Does the entity report under RSI the major assumptions and "risks assumed" (i.e., the present value of unpaid expected losses net of associated premiums based on risk inherent in the insurance or guarantee coverage) for all sponsored insurance programs (except for social insurance, life insurance, and loan guarantee programs)? (SFFAS 5, par. 105 &amp; 106; SFFAS 25, par. 4)</p>		

## Section II.5 – Other Information

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

<b>II.5 – Other Information</b>	<b>No. of Questions per Section</b>
II.5.1 Revenue Foregone	1
II.5.2 Tax Burden/Tax Gap	1
II.5.3 Management Challenges	1
II.5.4 Summary of Financial Statement Audit and Management Assurances	1 - 3
II.5.5 Payment Integrity	1 - 11
II.5.6 Fraud Reduction Report	1 - 2
II.5.7 Other Agency-specific Statutorily Required Reports	1
II.5.8 Reduce the Footprint	1 - 4
II.5.9 Civil Monetary Penalties Adjustment for Inflation	1 - 2
II.5.10 Grants Oversight & New Efficiency (GONE) Act Requirements	1
II.5.11 Biennial Review of User Fees	1

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**Section II.5 – Other Information**

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<b>II.5.1 Revenue Foregone</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
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 whether, and to what extent, the quantity demanded was assumed to change as a result of a difference in price? (A-136, section II.5.1)		

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<b>II.5.2 Tax Burden/Tax Gap</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>1) If readily available and if preparers believe that such information will enhance the usefulness of the statements, does the tax collecting entity present:</p> <ul style="list-style-type: none"> <li>a) a perspective on the income tax burden such as a summary of the latest available information on the income tax and on related income, deductions, exemptions, and credits for individuals by income level and for corporations by value of assets; and</li> <li>b) available information on the size of the tax gap, including any relevant estimates of the annual tax gap that become available as a result of federal surveys or studies? (SFFAS 7, par. 69.1 &amp; 69.2; A-136, section II.5.2)</li> </ul>		

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<b>II.5.3 Management Challenges</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
1) Does the PAR or AFR include: <ul style="list-style-type: none"> <li>a) a statement<sup>119</sup> prepared by the entity's Inspector General (IG) summarizing what the IG considers to be the most serious management and performance challenges facing the entity and briefly assesses the entity's progress in addressing those challenges; and</li> <li>b) the entity head's response to IG's management challenges statement<sup>120</sup>? (A-136, section II.5.3)</li> </ul>		

<sup>119</sup> This statement must be provided to the agency head at least 30 days before the PAR or AFR due date.

<sup>120</sup> The agency head may not modify the IG statement.

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<b>II.5.4 Summary of Financial Statement Audit and Management Assurances</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>1) Does the entity present tables that summarize the financial statement audit (Table 1) and management assurances (Table 2) containing:</p> <ul style="list-style-type: none"> <li>a) each material weakness listed using a unique, short and easily understood name<sup>121</sup>;</li> <li>b) beginning balances in the table when the draft PAR or AFR is submitted to OMB; and</li> <li>c) a number in the appropriate category with the numeric total listed on the individual material weakness category? (A-136, section II.5.4)</li> </ul>		
<p>2) Does the entity present the information in the tables consistent with the management assurance statement and also the independent auditors report? (A-136, section II.5.4)</p>		
<p>3) Does management explain, when not in agreement with the auditor, why and what will be done to address the problem that gave rise to the disagreement? (A-136, section II.5.4)</p>		

<sup>121</sup> These names should be kept constant so that a weakness reported in FMFIA sections or by the auditor has the same name throughout the two tables and, to the extent possible, names should be kept constant from year to year.

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<b>II.5.5 Payment Integrity</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p><i>The Improper Payments Information Act of 2002 (IPIA; Pub. L. 107-300), as amended by the Improper Payments Elimination and Recovery Act of 2010 (IPERA; Pub. L. 111-204), and the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA; Pub. L. 112-248), requires agencies to annually report information on improper payments (IPs) to the President and Congress (through their annual PARs or AFRs). Accordingly, entities must report information on payment integrity, disclosing payments that were processed correctly and those that were improper.</i></p> <p><i>Entities should use the format for IPIA reporting described in the following questions and should consult OMB Bulletin M-15-02 Audit Requirements for Federal Financial Statements and OMB Circular A-123, Appendix C, Part I.A.9 for more detailed reporting guidelines. Entities are required to include a link to <a href="https://paymentaccuracy.gov/">https://paymentaccuracy.gov/</a> in their PAR or AFR. In addition, entities must inform readers that the link contains more detailed information on IPs, and all previously reported information that is not included in the CY PAR or AFR. (A-136, section II.5.5)</i></p>		
<b>Item I. Payment Reporting</b>		
<p>1) For all programs and activities as determined under OMB Circular A-123, Appendix C Part I.A.9.Step 2, does the entity identify the:</p> <ul style="list-style-type: none"> <li>a) estimated amount of payments that were properly paid, improperly paid, and corresponding percent for each by program/activity for the current fiscal year;</li> <li>b) estimated amount of improper payments (IPs) that resulted in an overpayment, underpayment, and the corresponding percent for each by program/activity for the current fiscal year;</li> <li>c) estimated amount of IPs made directly by the Government and the amount of IPs made by recipients of Federal money by program/activity for the current fiscal year;</li> <li>d) root cause for overpayments and underpayments by amount and by program/activity for the current fiscal year. Root cause categories include:</li> </ul>		

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<b>II.5.5 Payment Integrity</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<ul style="list-style-type: none"> <li>i. Program design or structural issue;</li> <li>ii. Inability to authenticate eligibility;</li> <li>iii. Failure to verify:               <ul style="list-style-type: none"> <li>(1) Death data;</li> <li>(2) Financial data;</li> <li>(3) Excluded data;</li> <li>(4) Prisoner data;</li> <li>(5) Other eligibility data (explain);</li> </ul> </li> <li>iv. Administrative or process error made by:               <ul style="list-style-type: none"> <li>(1) Federal agency;</li> <li>(2) State or local agency;</li> <li>(3) Other party (explain);</li> </ul> </li> <li>vi. Medical necessity;</li> <li>vii. Insufficient documentation to determine;</li> <li>viii. Other (explain);</li> <li>e) corrective action plans for reducing the estimated IP rate and amount for programs/activities exceeding the statutory thresholds listed in OMB Circular A-123, Appendix C, Part I.A.9 Step 1, as follows:               <ul style="list-style-type: none"> <li>i. each corrective action should be clearly linked to the root cause it addresses;</li> <li>ii. the results of actions taken to address root causes should be described and have a planned or actual completion date; and</li> <li>iii. if a corrective action has not been identified for a root cause, the entity must provide a justification for not having a corrective action; and</li> </ul> </li> <li>f) reduction targets by program/activity for the next fiscal year. (A-136, section II.5.5 item I)</li> </ul>		

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II.5.5 Payment Integrity	Yes, No, or N/A	Explanation & Reference
<b>Item II. Recapture of Improper Payments Reporting</b>		
2) For all programs/activities that expend \$1 million or more annually, does the entity, when applicable, describe any actions taken or plans to take to: <ul style="list-style-type: none"> <li>a) recover improper payments; and</li> <li>b) prevent future improper payments? (A-136, section II.5.5 item II(a))</li> </ul>		
3) For all programs/activities that expend \$1 million or more annually, does the entity discuss payment recapture audit (or recovery auditing) efforts, if applicable, that describe: <ul style="list-style-type: none"> <li>a) the agency’s payment recapture audit program;</li> <li>b) the actions and methods used by the agency to recoup overpayments;</li> <li>c) a justification of any overpayments that have been determined not to be collectable;</li> <li>d) any conditions giving rise to improper payments and how those conditions are being resolved (e.g.; the business process changes and internal controls instituted and /or strengthened to prevent further occurrences)? (A-136, section II.5.5, item II(b))</li> </ul>		
4) Does the entity provide the justification and a summary of the analysis that is used to determine that conducting a payment recapture audit program for the program or activity was not cost effective (i.e., a discussion of the analysis conducted to determine that a payment recapture audit program would not be cost effective)? (A-136, section II.5.5, item II(c))		

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<b>II.5.5 Payment Integrity</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>5) For each program/activity that expends \$1 million or more annually, and either conducts a payment recapture audit or recaptures payments outside of a payment recapture program, does the entity report:</p> <ul style="list-style-type: none"> <li>a) amounts recovered through payment recapture audits;</li> <li>b) amounts recovered through sources other than payment recapture audits; and</li> <li>c) the percent such amounts represent of the total overpayments of the entity? (A-136, section II.5.5, item II (d))</li> </ul>		
<p>6) Did the entity report a summary of how their Overpayments Recaptured through Payment Recapture Audits were used including:</p> <ul style="list-style-type: none"> <li>a) the disposition of amounts recaptured through payment recapture audits in CY;</li> <li>b) an aging schedule for the amount of overpayments identified through the payment recapture audit program that are outstanding, including the percent such amounts represent the total overpayments of the entity. The amount outstanding should be grouped by: 0 to 6 months, 6 months to 1 year, and over 1 year;</li> <li>c) the amount determined to be not collectable, including the percent such amounts represent the total overpayments of the entity? (A-136, section II.5.5, item II(e))</li> </ul>		

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II.5.5 Payment Integrity	Yes, No, or N/A	Explanation & Reference
<b>Item III. Agency Improvement of Payment Accuracy with the Do Not Pay Initiative</b>		
<p><i>IPERIA requires pre-payment and pre-award reviews by each agency to determine program or award eligibility and to prevent improper payments before the release of any Federal funds. The procedures must ensure that a thorough review of eligibility occurs with relevant information of available databases.</i></p> <p><i>The Do Not Pay Initiative encompasses multiple resources to support agencies in checking eligibility for awards and payments, including both central portals housed at agencies, such as the Treasury Working System, and also agency-specific initiatives that serve particular program needs.(A-136, section II.5.5, item III)</i></p>		
<p>7) Annually, agencies may provide a brief narrative of the reduction in improper payments attributable to the Do Not Pay Initiative. If the agency provides such a narrative, does the narrative include an evaluation of whether the Do Not Pay Initiative has reduced improper payments or improper awards? (A-136, section II.5.5, item III)</p>		
<b>Item IV. Barriers</b>		
<p>8) For all programs and activities reported under OMB Circular A-123, Appendix C Part I.A.9.Step 2 with IPs exceeding the statutory threshold, does the entity describe any statutory or regulatory barriers, which may limit the agencies' corrective actions in reducing improper payments and actions taken by the agency to mitigate the barriers' effects? (A-136, section II.5.5, item IV)</p>		

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II.5.5 Payment Integrity	Yes, No, or N/A	Explanation & Reference
<b>Item V. Accountability</b>		
<p>9) For all programs and activities reported under OMB Circular A-123, Appendix C Part I.A.9.Step 2 with IPs exceeding the statutory threshold:</p> <ul style="list-style-type: none"> <li>a) does the entity describe the steps it has taken or plans to take to hold agency managers (including the agency head), accountable officers, program official/owner, and States and localities accountable for reducing and recapturing IPs through annual performance appraisal criteria; and</li> <li>b) are these parties held accountable for meeting applicable IP reduction targets and establishing and maintaining sufficient internal controls that effectively prevent IPs from being made and promptly detects and captures any IPs that are made? (A-136, section II.5.5, item V)</li> </ul>		

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II.5.5 Payment Integrity	Yes, No, or N/A	Explanation & Reference
<b>Item VI. Agency Information Systems and Other Infrastructure</b>		
<p>10) For all programs and activities reported under OMB Circular A-123, Appendix C Part I.A.9.Step 2 with IPs exceeding the statutory threshold, does the entity describe:</p> <ul style="list-style-type: none"> <li>a) whether the agency has the internal controls, human capital, and information systems and other infrastructure it needs to reduce improper payments to the levels the agency has targeted; and</li> <li>b) if the entity does not have such internal controls, human capital, and information systems and other infrastructure, the resources the agency requested in its most recent budget submissions to Congress to establish and maintain the necessary internal controls, human capital, information systems and other infrastructure? (A-136, section II.5.5, item VI)</li> </ul>		
<b>Item VII. Sampling and Estimation</b>		
<p>11) Does the entity that has programs or activities that are susceptible to significant improper payments based on statutory thresholds listed in OMB-A-123, Appendix C, Part I.A.9 Step 1 and are reporting an IP rate under Improper Payment Reporting disclose for IPIA reporting in their annual PARs or AFRs, provide a brief description of the statistical sampling<sup>122</sup> process conducted to estimate the improper payment rate for each program identified as being susceptible to significant improper payments? (A-136, section II.5.5, item VII)</p>		

<sup>122</sup> Agencies that were granted OMB approval to use an alternative sampling and estimation methodology must also include the justification for using the alternative methodology.

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II.5.6 Fraud Reduction Report	Yes, No, or N/A	Explanation & Reference
<p><i>Under the Fraud Reduction and Data Analytics Act of 2015 (P.L. 114-186, 31 USC 3321), each entity must include in its AFR or PAR a report on its fraud reduction efforts undertaken in FY 2017 and the final quarter of FY 2016. (A-136, section II.5.6).</i></p>		
<p>1) Does the report include information on the entity's progress in implementing:</p> <ul style="list-style-type: none"> <li>a) financial and administrative controls pursuant to the Act;</li> <li>b) the fraud risk principle in the Standards for Internal Control in the Federal Government; and</li> <li>c) OMB Circular A-123 with respect to leading practices for managing fraud risk. (A-136, section II.5.6).</li> </ul>		
<p>2) Does the report include information on the entity's progress in:</p> <ul style="list-style-type: none"> <li>a) identifying risks and vulnerabilities to fraud (e.g., payroll, beneficiary payments, grants, large contracts, purchase and travel cards); and</li> <li>b) establishing strategies, procedures, and other steps to curb fraud? (A-136, section II.5.6).</li> </ul>		

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<b>II.5.7 Other Agency-specific Statutorily Required Reports</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
1) Does the entity disclose other agency-specific statutorily required reports pertaining to financial or performance management based on consultation with OMB and the Congress? (A-136, section II.5.7)		

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<b>II.5.8 Reduce the Footprint</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p><i>Consistent with Section 3 of the OMB Memorandum-12-12, Promoting Efficient Spending to Support Agency Operations and OMB Management Procedures Memorandum 2013-02, the “Reduce the Footprint” policy implementing guidance, all CFO Act entities must set annual targets to reduce the total square footage of their domestic office and warehouse inventory compared to the FY 2015 baseline. (A-136, section II.5.8)</i></p>		
<p>1) Does the entity, in table form:</p> <ul style="list-style-type: none"> <li>a) report the total square office and warehouse footage associated with the agency’s assets subject to the “Reduce the Footprint” policy<sup>123</sup>; and</li> <li>b) compare it to their FY 2015 “Freeze the Footprint” baseline (as assigned by GSA)?<sup>124</sup></li> </ul> <p>(A-136, section II.5.8)</p>		
<p>2) Do the square footage totals reported in the agency’s PAR or AFR:</p> <ul style="list-style-type: none"> <li>a) align with agency totals confirmed by GSA; and</li> <li>b) are the totals based on data from the Federal Real Property Profile and GSA’s Occupancy Agreement Database?</li> </ul> <p>(A-136, section II.5.8)</p>		
<p>3) Does the entity report, in table form, the annual operating costs<sup>125</sup> incurred as reported in the most recent Federal Real Property Profile submittal for owned and directly leased facilities that are subject to the “Reduce the Footprint” policy?<sup>126</sup> (A-136, section II.5.8)</p>		

<sup>123</sup> As identified by Data Element #3 from Federal Real Property Council’s “Guidance for Real Property Inventory Reporting” from the latest available reporting year.

<sup>124</sup> See GSA, Office of Government-wide Policy, Federal Real Property Council 2016 Guidance for Real Property Inventory Reporting (May 16, 2016), page 9. The baseline comparison table should include CY, PY, and change in square footage.

<sup>125</sup> The cost data reported by agencies will be based directly on data reported into the latest available Federal Real Property Profile database.

<sup>126</sup> for all owned non-office and non-warehouse property), as identified by Data Element #4 from Federal Real Property Council’s “Guidance for Real Property Profile Submittal. The O&M Costs table should include the CY, PY, and change in costs.

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<b>II.5.8 Reduce the Footprint</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
4) Does the entity provide a brief narrative highlighting actions the agency is taking to: a) reduce its FY 2015 Freeze the Footprint office and warehouse baseline; b) the cost of its lease portfolio; and c) operation and maintenance costs of unneeded property? (A-136, section II.5.8)		

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<b>II.5.9 Civil Monetary Penalties Adjustment for Inflation</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p><i>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 AFR or PAR. (A-136, section II.5.9)</i></p>		
<p>1) Does the entity include, as OI, information about civil monetary penalties within their jurisdiction and the adjustments made under the Act? (A-136, section II.5.9)</p>		
<p>2) Although not required, does the entity report information in a table and include in the Other Information:</p> <ul style="list-style-type: none"> <li>a) name of penalty;</li> <li>b) authority (statute);</li> <li>c) year enacted;</li> <li>d) latest year of adjustment;</li> <li>e) current penalty level;</li> <li>f) sub-agency/bureau/unit; and</li> <li>g) location for penalty update details? (A-136, section II.5.9)</li> </ul>		

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<b>II.5.10 Grants Oversight &amp; New Efficiency (GONE) Act Requirements</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
<p>1) Does the entity include, as OI, a brief high-level discussion of GONE Act information including:</p> <ul style="list-style-type: none"> <li>a) a summary table of the total number of Federal grant and cooperative agreement awards and balances for which closeout has not yet occurred but the period of performance elapsed by more than two years. The table, categorized for 2-3 years, 3-5 years, and greater than 5 years, should include the following: <ul style="list-style-type: none"> <li>i. Number of grants/cooperative agreements with zero dollar balances;</li> <li>ii. Number of grants/cooperative agreements with undisbursed balances; and</li> <li>iii. Total amount of i. and ii., above;</li> </ul> </li> <li>b) a brief narrative of challenges leading to delays in grant and cooperative agreement award closeout and planned corrective actions;</li> <li>c) if an entity is unable to submit the information required by 1) above;</li> <li>d) did it explain why the information was not available or practical to collect; and</li> <li>e) did it state any shortcomings with and plans to improve existing grant systems, including financial management and payment data systems? (A-136, section II.5.10)</li> </ul>		

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<b>II.5.11 Biennial Review of User Fees</b>	<b>Yes, No, or N/A</b>	<b>Explanation &amp; Reference</b>
1) If applicable, were recommendations reported on the revision of entity charges for fees, royalties, rents, and other charges? (A-136, section II.5.11)		