ACCOUNTING PRINCIPLES AND STANDARDS HANDBOOK

CHAPTER 10. NET POSITION

Section 1.0 General

Net Position of the U.S. Government is the residual difference between assets and liabilities of a Federal agency. This standard is based on accrual accounting concepts incorporating the expended/unexpended budget authority principle. It is intended to account for unexpended and applicable expended budget authority. Net Positon of the U.S. Government is generally composed of the following:

a. Cumulative results of operations;
b. Unexpended appropriations;

Section 2.0 Authority

The policies and procedures in this chapter are issued pursuant to the following:

a. Section 114 of the Budget and Accounting Procedures Act of 1950 (31 U.S.C. Sec. 3513 (a));

b. Generally Accepted Accounting Principles authorities, as set forth in Chapter 8 (Assets) and Chapter 9 (Liabilities) of the Accounting Principles and Standards Handbook, "Authority" sections.

c. OMB Circular A-136, "Financial Reporting Requirements—Revised."

Section 3.0 Cumulative Results of Operations

a. Cumulative results of operations are the net difference between the following:

   1. Expenses, losses, and transfers out from the inception of an agency or activity; and
   2. Financing sources (i.e., appropriations and revenues) and gains from the inception of an agency or activity (whether financed from appropriations, transfers in, revenues, reimbursements, or any combination of the four.)

   The cumulative results of operations are sometimes referred to as "retained earnings" or "loss" in revolving funds or business-like activities.

b. The cumulative results of operations are adjusted quarterly by the results of operations (reported in the Statement of Net Costs) and other items.

1. Increases occur with transfers in, donations, or when the results of operations show an excess of unexpended appropriations, financing sources, and gains over appropriations used, expenses, losses, and transfers out.

2. Decreases occur when an excess of expenses, losses, and transfers out exists. In revolving funds or business-like activities, the excess is sometimes referred to as "net income" or "loss."

3. Adjustments to cumulative results of operations may also arise from prior- period adjustments and distributions of the excess financing sources and gains. These adjustments should be in accordance with laws, regulations, or administrative designations. See SFFAS No. 21, Reporting Corrections of Errors and Changes in Accounting Principles; Amending SFFAS No. 7, Accounting for Revenue and Other Financing Sources.

Section 4.0 Unexpended Appropriations

a. Unexpended appropriations represent amounts of authority at the reporting date that are either:

1. Unobligated and have not lapsed, rescinded, or withdrawn; or

2. Obligated, but not yet expended (e.g., undelivered orders).

Unexpended appropriations include, but are not limited to, combinations of the unobligated allotment and unliquidated obligation accounts.

b. Decreases in unexpended appropriations occur in the following circumstances:

1. When unobligated amounts lapse, are withdrawn, or are rescinded;

2 When obligations representing undelivered orders are canceled (deobligated) after the related appropriation has lapsed, been withdrawn, or been rescinded; and

3. When undelivered orders are received and accepted.

Increases occur when funding (or obligation) authority is made available.

Section 5.0: Bureau Evaluations of Material or Significant Possible or Actual Unusual Accounting Transactions

Bureaus are required to evaluate material or significant possible or actual unusual accounting transactions (e.g. a possible or actual accrued receivable/revenue or accrued payable/expense or asset, a possible, anticipated, or actual transfer, a possible, anticipated, or actual budgetary resource or reduction of budgetary resources, a possible or actual contingency), regardless of whether the item has been apportioned or not apportioned on the SF 132, *Apportionment and Reapportionment Schedule*, and research if a) a proprietary accounting transaction(s) should be recorded; b) a budgetary accounting transaction should be recorded; and c) if yes to either a) or b), the appropriate accounting transactions that should be recorded and when (month/year) the accounting transactions should be recorded.

For these material or significant possible or actual unusual accounting transactions, the bureau's evaluation is required to include consultation with a) the bureau's CFO or equivalent, of both the underlying bureau and that bureau's accounting service provider, if applicable, or his or her designee(s); and b) the Department's Office of Financial Management. As appropriate, consultations should also include c) other bureau or Departmental offices; d) the U.S. Department of the Treasury, the Office of Management and Budget, and/or the Federal Accounting Standards Advisory Board; e) any other federal agencies; and f) any other relevant or applicable sources.