

VOLUME 4, CHAPTER 16, APPENDIX A: “TABLE OF TRANSACTIONS”

SUMMARY OF MAJOR CHANGES

Changes are identified in this table and also denoted by [blue font](#).

Substantive revisions are denoted by an asterisk (*) symbol preceding the section, Paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by [***bold, italic, blue, and underlined font***](#).

The previous version dated [April 2016](#) is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
1.3	Added relevant authoritative guidance.	Addition
3.2, 3.4.1, 3.4.4	Added the provisions of Federal Accounting Standards Advisory Board Technical Bulletin 2017-1: “Intragovernmental Exchange Transactions.”	Addition
5.0	Added revaluation determination factors	Addition
7.0	Added reference to the Department of Defense Transaction Library and Standard Reporting Chart of Accounts.	Addition

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CHAPTER 16, APPENDIX A

TABLE OF TRANSACTIONS

1.0 GENERAL

1.1 Overview

The United States (U.S.) Government finances its cost of operations through exchange transactions; nonexchange transactions; other financing sources; revaluations; or transactions not recognized as revenues, gains, or other financing sources. Transactions may be between a government reporting entity and the public or between two government reporting entities (i.e., intragovernmental transactions).

1.2 Purpose

This appendix provides accounting standards used for classifying transactions that finance the Department of Defense's (DoD) cost of operations and a significant number of lesser transactions. This appendix is divided into the following groups: nonexchange transactions; exchange transactions that produce revenue; other financing sources; revaluation gains and losses; and transactions not recognized as revenues, gains, or other financing sources.

*1.3 Authoritative Guidance

The accounting policy and related requirements in this appendix are in accordance with the applicable provisions of:

1.3.1. Federal Accounting Standards Advisory Board (FASAB) Statement of Federal Financial Accounting Standards (SFFAS) 7, "Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting" established the standards for the classification of specific revenue transactions. Consult SFFAS 7, Appendix B when a transaction is not included in this appendix. SFFAS 7 paragraph numbers are provided for the classifications included in this appendix.

1.3.2. FASAB Technical Bulletin (TB) 2017-1: "Intragovernmental Exchange Transactions."

1.3.3. Office of Management and Budget (OMB) Circular A-11, "Preparation, Submission, and Execution of the Budget."

2.0 NONEXCHANGE TRANSACTIONS

2.1 Nonexchange Transactions

A non-exchange transaction arises when one party to a transaction receives value without directly giving or promising value in return. Nonexchange revenues must be classified and

recognized in determining the overall financial results of operations for the period. Refer to SFFAS 7, Paragraph 240.

2.2 Nonexchange Transactions with the Public

The Harbor Maintenance Trust Fund is a “user fee” tax classified in the budget as a governmental receipt. It is imposed on commercial cargo loaded and unloaded at specified U.S. ports open to public navigation. The collection is dedicated to the Harbor Maintenance Trust Fund administered by the U.S. Army Corps of Engineers (USACE). USACE recognizes nonexchange revenue for the Harbor Maintenance Trust Fund. Refer to SFFAS 7, Paragraph 249.

2.3 Nonexchange Transactions - Intragovernmental

Trust and special funds earn interest from the U.S. Department of Treasury (Treasury) securities. SFFAS 7, Appendix B Paragraphs 306-310 contain nonexchange revenue and Paragraphs 311-313 contain nonexchange gains and losses.

3.0 EXCHANGE TRANSACTIONS

3.1 Revenue from Exchange Transactions

When a government entity provides goods and services to the public or to another Government entity for a price, the Government entity earns exchange revenues. Subtract exchange revenue from gross cost to determine the net cost of operations and the change in net position. Refer to SFFAS 7, Paragraph 240.

*3.2 Exchange Transactions with the Public - Sales of Goods and Services

The sale of goods and services is an exchange transaction. The selling entity recognizes exchange revenue. Each party receives and sacrifices something of value. (Refer to FASAB TB 2017-1, Paragraphs 12-14 for more information about sacrificing value). Revenue defrays production costs, wholly or partially. Revolving funds (such as the Defense Working Capital Fund (DWCF)) and general funds (such as a Military Departments appropriated fund) sell goods and services. Customers include private parties and businesses when authorized by law, foreign governments, state and local governments, and others not officially representing the Federal Government. Nonfederal entities’ orders are budgetary resources when collected. Additionally, interest and rents collected from DoD-owned homes in the Homeowners Assistance Program are exchange revenue. Refer to SFFAS 7, Paragraph 270.

3.3 Exchange Transactions with the Public - Sales of Property, Plant, and Equipment

An exchange transaction occurs when the Reporting Entity has legal authority to retain the asset sale proceeds. Each party receives and sacrifices something of value. If the sales price equals book value, then there is no gain or loss. If the sales price is more or less than book value, a gain or loss, respectively, is recognized to the extent of the difference. A gain or loss is recognized rather than revenue or an expense because Property, Plant, and Equipment (PP&E)

sales are nonrecurring inflows of resources. The sales price is a gain when the asset book value is zero. The book value is zero (a) when the PP&E is fully depreciated or has been written off or (b) when the asset is stewardship PP&E, which is expensed when purchased. Refer to SFFAS 7, Paragraphs 295-296.

3.4 Exchange Transactions - Intragovernmental Revenue

* 3.4.1. Revolving Fund Intragovernmental Sales of Goods and Services. Each party receives and sacrifices something of value. The value could be direct, indirect, tangible, intangible, quantitative, or qualitative (such as immeasurable guidance or advice). The proceeds are exchange revenue. The revenue defrays the cost. DoD activities selling at cost include DWCF activities, Military Departments, Other Defense Organizations' revolving funds, and USACE. Customers include any DoD Component, organization, office, or other element; non-DoD Federal Government Agencies; and others officially representing the Federal Government. Refer to SFFAS 7, Paragraph 314, and FASAB TB 2017-1, Paragraphs 15-20 for clarification on value sacrificed or received in intragovernmental transactions.

3.4.2. Appropriated Fund or Trust Fund Activity (Other Than a Revolving Fund) Intragovernmental Sales of Goods and Services. Each party receives and sacrifices something of value. The proceeds are exchange revenue. The revenue defrays the cost. DoD activities selling at cost include the Military Departments, Defense Agencies, and USACE. See subparagraph 3.4.1 for customers. Refer to SFFAS 7, Paragraph 315.

3.4.3. Employer Entity Contributions to Pension and Other Retirement Benefit Plans for Federal Employees. Federal Government employees provide service for compensation, including salary received currently; and pensions, retirement health benefits, and other retirement benefits received upon retirement. Each party sacrifices value and receives value in return. The benefits of financing may include employer-paid contributions to the retirement fund. The employer contribution is an inflow of resources to the retirement fund and a payment for the future provision of a pension or other retirement benefit to its employees. Therefore, it is the retirement plan administrator's exchange revenue that offsets the gross cost of operations. Within the DoD, the DoD Military Retirement Trust Fund reports this revenue. The DoD Office of the Deputy Chief Financial Officer must first approve any DoD Component using this category of exchange revenue. Refer to SFFAS 7, Paragraphs 316-317.

* 3.4.4. Providing Entity Contracted Third Party Services for Receiving Entity. If the providing entity contracts with a third party to provide services for the receiving entity, the transaction is an exchange transaction. The providing entity records exchange revenue for the full amount earned, whether all costs are recovered or not. The receiving entity records expense or capitalized assets for the full amount paid. Refer to FASAB TB 2017-1, Paragraphs 5-11.

3.4.5. Interest on Treasury Securities Held by Trust Revolving Funds. A trust revolving fund is a revolving fund classified by law as a trust fund. It earns exchange revenue, which offsets its gross cost. Trust revolving funds' capital is predominantly earned revenue. When their capital is invested in Treasury securities, the interest is related to their cost of operations. The interest received is classified as exchange revenue. Refer to SFFAS 7, Paragraphs 324-325.

3.4.6. Interest on Treasury Securities Held by Trust Funds. A major source of revenue for many trust and special funds (such as the DoD Military Retirement Trust Fund, the DoD Education Benefits Fund, the National Security Education Trust Fund, and the Voluntary Separation Incentive Fund) consists of exchange **revenue** and other financing sources. Capital invested in Treasury securities **is** classified as exchange revenue. Refer to SFFAS 7, Paragraph 308.

3.4.7. Interest on Uninvested Funds Received by Loan and Guaranteed Loan-Financing Accounts. A guaranteed loan financing account holds uninvested balances as reserves against its loan guarantee liabilities and earns interest on these balances. A direct loan financing account may hold uninvested balances to bridge transactions that are integral to its operations, **earning** interest on these balances. The interest earned through exchange transactions with **the** Treasury is an offset to the financing account's related costs of operations. Within the DoD, the reporting of **this interest exchange revenue** applies specifically to the **Interest Revenue-Other-Distributed Offsetting Receipt (531000.05) or Interest Revenue – Investments-Distributed Offsetting Receipt (531100.05) accounts**. The Office of the Deputy Chief Financial Officer, DoD must first **approve** any DoD Component **using** this category of exchange revenue. Refer to SFFAS 7, Paragraph 326.

3.5 Exchange Transactions - Intragovernmental-Gains and Losses

Revolving fund, trust, and trust revolving fund (e.g., Military Retirement Trust Fund) **held** Treasury securities may be callable or redeemable on demand. If the Treasury securities are retired before maturity, any difference between the **retirement** price and the net carrying value must be recognized as a gain or loss. For the **nonexchange** interest, the gain or loss is nonexchange. For **usual and recurring** revenues, **the interest received is classified as exchange revenue**. Refer to SFFAS 7, Paragraph 329.

4.0 OTHER FINANCING SOURCES – INTRAGOVERNMENTAL

4.1 Cost Subsidies: Difference Between Internal Sales Price and Full Cost

Entities may receive goods or services without paying **partial or** full cost **for** the goods or services. The difference between full cost and the reimbursement **or** “transfer price” is imputed **as a financing** cost to the receiving entity. The imputed financing is recognized as **a** financing source. Examples include military personnel costs not reimbursed by Defense Agencies to the military personnel appropriations and environmental cleanup costs not reimbursed to the **non-DoD fund** administering entity. Refer to SFFAS 7, Paragraphs 333-334.

4.2 Transfer of General PP&E and Stewardship Assets without Reimbursement

4.2.1. **General PP&E (GPP&E)** and Stewardship Assets (Heritage Assets and Stewardship Land) may be transferred from one government entity to another. **If the asset** is classified as **stewardship PP&E** in its entirety by both the transferring entity and the recipient entity, the transfer does not affect the net cost of operations or net position of either entity, and therefore in such a case it is not a revenue, a gain or loss, or other financing source.

4.2.2. If GPP&E is transferred, the transferring entity recognizes it as a negative other financing source (transfer out) of capitalized assets and the recipient entity recognizes it as another financing source (transfer in) of capitalized assets at the asset book value.

4.2.3. If GPP&E is transferred out, but the recipient entity classifies the asset as stewardship PP&E, the transferring entity recognizes it as a transfer-out of capitalized assets and the recipient entity recognizes no amount. Refer to SFFAS 7, Paragraph 346. Similarly, if the transferring entity transfers multi-use heritage assets and the cost remains on the books, the cost is recognized as a transfer-out of capitalized assets. The receiving entity must not recognize any amount. The receiving entity must enter the stewardship PP&E in their APSR, report the asset within financial statement notes, as appropriate (within heritage PP&E), and maintain supporting documentation of ownership.

4.2.4. If the transferred asset was classified as stewardship PP&E but GPP&E for the recipient entity, the recipient entity recognizes it as a financing source. The transferring entity recognizes no amount.

4.2.5. Stewardship assets transferred do not affect the net cost of operations or net position of either entity. It is not revenue, a gain, a loss, or other financing source. Donated stewardship PP&E is not recognized as a cost or revenue. Refer to SFFAS 7, Paragraph 345.

*5.0 REVALUATIONS

Revaluation is a reassessment of the estimated future value of an asset. Capitalized PP&E is revalued when it no longer serves its intended purpose due to damage, obsolescence, or being identified as excess. Inventory and related property are revalued due to excess inventory, obsolescence, damage, anticipated losses on purchase agreements, or changes in the net realizable value of commodities. Revaluation is recognized as a loss or gain in the net cost of operations. Refer to SFFAS 7, Appendix B, Paragraphs 347-350 for these classifications. Foreign currency revaluations are discussed in Volume 6A, Chapter 7 "Foreign Currency Reports."

6.0 TRANSACTIONS NOT RECOGNIZED AS REVENUES, GAINS, OR OTHER FINANCING SOURCES

6.1 Disposition of Revenue to Other Entities - Custodial Transfers

An entity may collect primarily non-exchange revenue on behalf of the General Fund or another entity within the government. The collecting entity debits a "nonentity" liability account and credits its "nonentity" Fund Balance with Treasury account. Custodial transfers do not affect the collecting entity's net cost of operations or operating results. The receiving entity recognizes the revenue according to the applicable standards. Refer to SFFAS 7, Paragraph 353.

6.2 Sales of Different Types of Government Assets

The sale of government assets (other than forfeited property) is an exchange transaction because each party receives and sacrifices something of value. Any difference between the sales

proceeds and book value is recognized as a gain or loss when the asset is sold. If the sales proceeds equal book value, there is no gain or loss. This general rule applies to PP&E, receivables (other than direct loans), foreclosed property associated with pre-1992 direct loans and loan guarantees, and miscellaneous assets. It does not apply to inventory, forfeited property, the sale of direct loans, the sale of foreclosed property associated with post-1991 direct loans and loan guarantees. Refer to SFFAS 7, Paragraphs 354-355.

6.3 Repayment of Post-1991 Direct Loans

The estimated loan repayments present value is included in the direct loan's subsidy cost, and a recognized expense when the loans are disbursed. When cash is received, decrease the loans receivable by an equal amount. Therefore, the repayment is not recognized as a revenue, a gain, or other financing source. If the actual repayment is different from the previous estimate, the subsidy is re-estimated and recognized as an [increase or reduction](#) in subsidy expense. Refer to SFFAS 7, Paragraph 365.

6.4 Repayment of Pre-1992 Direct Loans [or Receivables](#)

When pre-1992 direct loans or receivables are repaid, [wholly or partially](#), the entity exchanges one asset (loans receivable) for another (cash) with equal value. Therefore, cash inflow equal to book value is not recognized as a revenue, a gain, or other financing source. Any unpaid amount is recognized as an adjustment to the bad debt allowance. Refer to SFFAS 7, Paragraphs [366-367](#).

6.5 Repayment of Receivables – Except Direct Loans

When receivables other than direct loans are paid, the entity exchanges one asset (loans receivable) for another (cash) with equal value. The amount of cash inflow equal to book value is not recognized as revenue, gain, or other financing source. If the receivable is not repaid, the unpaid amount is recognized as an adjustment to the bad debt allowance and does not affect revenue, gains, or other financing sources. Refer to SFFAS 7, Paragraph 367.

6.6 Sales of Direct Loans

A direct loan sale is a modification according to the Federal Credit Reform Act of 1990. The direct loan sale loss (or gain) equals the book value of the loans sold (prior to sale) minus the net proceeds of the sale. [Modification costs are expenses due to interest rate changes](#). If the sale is with recourse, the estimated recourse loss present value is also recognized as an expense. Any difference between the book value loss (or gain) and the cost of modification is recognized as a gain or loss. The amount of cash inflow equal to [the](#) book value is not recognized as revenue, gain, or other financing source. Refer to SFFAS 7, Paragraph 368.

6.7 Acquisition of PP&E through Exchange

The cost of PP&E acquired through an exchange of assets with the public is the fair value [when](#) the PP&E is surrendered. If the [acquired PP&E](#) fair value is more readily determinable than that of the PP&E surrendered, the cost is the [acquired PP&E](#) fair value. If neither fair value

is determinable, the cost of the PP&E acquired is the cost recorded for the PP&E surrendered net of any accumulated depreciation or amortization. If cash consideration is included, the cost of PP&E acquired is increased (or decreased) by the cash surrendered (or received). Refer to SFFAS 7, Paragraph 356.

6.8 Sales of Foreclosed Property Associated with Post-1991 Direct Loans and Loan Guarantees

When property is foreclosed, the property is recognized as an asset at the net present value of its estimated net cash flows. The subsidy cost of post-1991 direct loans and loan guarantees is included as an expense when the loans are disbursed. When the foreclosed property is sold, any difference between the sales proceeds and the net present value requires a reestimate of the subsidy expense. The amount of cash flow equal to book value is not recognized as a gain, revenue, or other financing source. Refer to SFFAS 7, Paragraph 369.

6.9 Negative Subsidies on Post-1991 Direct Loans and Loan Guarantees

If the direct loans or loan guarantees are estimated to make a profit, a negative subsidy results, apart from administrative costs (which are excluded from the subsidy calculation by law). The subsidy cost is an expense when the direct loan or guaranteed loan is disbursed. A negative subsidy is a direct reduction in expense. Refer to SFFAS 7, Paragraph 362.

6.10 Downward Subsidy Reestimates for Post-1991 Direct Loans and Loan Guarantees

A downward subsidy reestimate means that the subsidy cost is less than previously estimated. A downward subsidy reestimate is a direct reduction in expense. Refer to SFFAS 7, Paragraph 363.

6.11 Fees on Post-1991 Direct Loans and Loan Guarantees

The estimated fee present value is a subsidy cost offset of the direct loans and loan guarantees. The estimated fee present value is one component in calculating the value of loans receivable or loan guarantee liabilities. When cash is received for fees, the loans receivable decrease (or the loan guarantee liabilities increase) by an equal amount. The increase in one asset is offset by an equal decrease in another asset (or by an equal increase in liabilities). Therefore, fees are not recognized as revenue, a gain, or other financing source. Refer to SFFAS 7, Paragraph 364.

*7.0 TRANSACTION LIBRARY

Use the [DoD Standard Financial Information Structure Transaction Library](#) for recording revenue and other financing sources within the DoD. Specific account definitions for all U.S. Standard General Ledger accounts and subaccounts are included in the DoD Standard Chart of Accounts.