<u>**APPENDIX AI**</u>

<u>**NOTE 29: INTRAFUND ELIMINATIONS**</u>

<u>NOTE 29. Intrafund Eliminations</u>. Report intrafund transactions relating to the reporting entity which will provide a further understanding of the entity's financial position and results.

On July 22, 1997, the Department of the Treasury and the Department of Defense agreed that the submission of Federal Agencies' Centralized Trial-Balance System (FACTS) data at the CFO reporting entity level provides for consistency and comparability between FACTS transmissions and CFO financial statements by requiring the DFAS to: (1) establish procedures to ensure that FACTS reporting and CFO financial statements are derived from a single data base; and (2) where data elements are used to derive general ledger account balances, establish documented crosswalks to provide a consistent audit trail. The Department of Defense reporting entities for FY 1997 are the Departments of the Army, Navy and the Air Force; the Army, Navy, Air Force and Defense Agency Working Capital Funds; the DoD Military Retirement Trust Fund; the National Defense Stockpile Transaction Fund; the U.S. Army Corps of Engineers; and a remaining entity composed of Defense Agencies entitled "Other Defense Organizations."

The Department will work towards the preparation and submission of FACTS transmissions at the appropriation level and will review this agreement on an annual basis to determine its progress in submitting FACTS at the appropriation level.

Eliminating entries reported in CFO financial statements will be determined and set forth in the following schedules which must be reconciled with equivalent figures reported on the "Federal Agencies' Centralized Trial Balance System (FACTS)" and the "Report on Reimbursements," Acctg Rpt (M) 725, prior to the release of FACTS information or the finalization of CFO financial statements.

A critical check (for the Department of the Army, Department of the Navy, Department of the Air Force, Army WCF, Navy WCF, Air Force WCF, DLA WCF, DISA WCF, DFAS WCF, DeCA WCF, JLSC WCF, U.S. TRANSACOM WCF, DoD Military Retirement Trust Fund, National Defense Stockpile, U.S. Army Corps of Engineers, and the Other Defense Organizations) to validate the reporting of eliminating entries is to confirm that the total of line 2.b., Intergovernmental Revenue from Sales of Goods or Services on the Statement of Operations and Changes in Net Position is equivalent to the total amount of revenue reported in note 29, Intrafund Eliminations, schedule D plus schedule E.

The Defense Agencies must report reimbursements received by reimbursable source code as shown in Schedule A through E, below.

Schedules A through D: The selling activity will identify sales or services rendered and enter the general ledger amounts for Accounts Receivable, Revenues, Unearned Revenues, and Collections. An equal amount of Accounts Payable, Expenses, Advances and Disbursements will be presumed to have been entered on the accounting records of the purchasing activity. Following is a listing of general ledger accounts and their use in the schedules.

	Column A	Column B	Column C	Column D
	Accts Rec/ Accts Pay	Revenue/ Expenses	Unearned Revenue/ Advances	Collections/ Disbursements
Various stub entries	$xxxx.xx	$xxxx.xx	$xxxx.xx	$xxxx.xx
Unearned Revenue/Advances	$xxxx.xx	$xxxx.xx	$xxxx.xx	$xxxx.xx
Total	$xxxx.xx	$xxxx.xx	$xxxx.xx	$xxxx.xx

(Note: Many current systems do not provide for the capture of detail information at appropriation levels. The Department is working to develop procedures for identifying and capturing data on a Department-wide basis.)

Amounts for columns A through C from selling activities are derived from the following proprietary general ledger accounts which must be equivalent to budgetary general ledger accounts which are presented on the Report on Reimbursements, RCS DD Comp(M)725 of the budget execution reports as shown below:

Schedules   Report on Reimbursements

Column A: Accounts Receivable   Column (I): Reimbursements Receivable
1311 Accounts Receivable - Gov't Current   4251 Reimbursements Earned - Uncollected - Automatic Apportionment
1312 Accounts Receivable - Gov't Noncurrent   4252 Reimbursements Earned - Uncollected - Specific Apportionment

Column B: Revenue   Column (E): Reimbursements Earned
5100 Revenue from Goods Sold   4251 Reimbursements Earned - Uncollected - Automatic Apportionment
5200 Revenue from Services Provided   4252 Reimbursements Earned - Uncollected - Specific Apportionment
                                                           4253 Reimbursements Earned - Collected - Automatic Apportionment
                                                           4254 Reimbursements Earned - Collected - Specific Apportionment
                                                           4255 Reimbursements Earned - Collected - Undistributed

Schedules

Column C: Unearned Revenue

2311 Unearned Revenue - Advances from Gov't
          Agencies and Funds

Report on Reimbursements

Stub description: Unearned Revenue

4233 Unfilled Customer Orders - With Advance - Automatic Appn
4234 Unfilled Customer Orders - With Advance - Specific Appn

Column D: Collections

1011 Funds Collected

Column (H): Reimbursements Collected

4233 Unfilled Customer Orders - With Advance - Automatic Appn
4234 Unfilled Customer Orders - With Advance - Specific Appn
4253 Reimbursements Earned - Collected - Automatic Apportionment
4254 Reimbursements Earned - Collected - Specific Apportionment

Columns A plus D of the schedules equal column B at the stub entry line item level.

Columns A plus D minus C of the schedules equal column B at the total level.

Required action. This section, following each schedule, addresses the accounting activity, which is responsible for inclusion of eliminating entries in financial statements and whether a consolidating financial statement is required.

Reimbursable Source Codes

A   Non-Federal Sources
B   Foreign Military Sales (FMS) Trust Fund
C   Other Trust Funds
D   Off-Budget Federal Agencies
E   Other Defense Accounts
F   Other Non-Defense Accounts
G   Intrafund

Schedule A. The selling General Fund activity will identify sales within the reporting entity by transactions (sales or services rendered) relative to the DoD Component.

Selling Activity:

		Column A	Column B	Column C	Column D
	Reimb Source Code	Accounts Receivable	Revenue	Unearned Revenue	Collections
Operation and Maintenance	Gxx/Exx	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Procurement	Gxx/Exx	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Research and Development	Gxx/Exx	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Military Construction	Gxx/Exx	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Other funds and accounts	Gxx/Exx	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Unearned Revenue		$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Total		$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx

Customer Activity:

	Column A	Column B	Column C	Column D
	Accounts Payable	Expenses	Advances	Disbursements
Operation and Maintenance	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Procurement	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Research and Development	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Military Construction	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Other funds and accounts	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Advances	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Total	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx

Required action: The amounts in Columns A through D will be used to offset general ledger accounts in the preparation of general fund, trust fund, and revolving fund (not Defense Working Capital Funds (WCFs)) CFO financial statements. In addition, those amounts will be included in the footnotes to the financial statements for reconciliation with FACTS reporting. A consolidating financial statement is not required for inclusion in the Component's financial statements.

Schedule B. The selling Working Capital Fund (WCF) Component will report intrafund transactions (sales or services) within the WCF Component (e.g., sales from Navy Supply Management to Navy Depot Maintenance)

Selling Activity:

	Column A Accounts Receivable	Column B Revenue	Column C Unearned Revenue	Column D Collections
Supply Management	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Distribution Depot	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Depot Maintenance	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Transportation Services	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Base Support	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Research and Development	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Information Services	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Communication Services	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Financial Services	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Commissary Operations	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Commissary Resale Stock	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Total	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx

Customer Activity:

	Column A Accts Pay	Column B Expenses	Column C Advances	Column D Disbursements
Supply Management	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Distribution Depot	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Depot Maintenance	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Transportation Services	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Base Support	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Research and Development	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Information Services	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Communication Services	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Financial Services	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Commissary Operations	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Commissary Resale Stock	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Total	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx

Required action: The amounts in Columns A through D will be used to offset general ledger accounts in the preparation of DoD Component CFO financial statements. In addition, those amounts will be included in the footnotes to the financial statements for

reconciliation with FACTS reporting. A consolidating financial statement is not required for inclusion in the Component's financial statements.

Schedule C. The selling DoD reporting entity will identify sales or services between the reporting entity and other DoD reporting entities by transactions and enter the general ledger amounts for Accounts Receivable, Revenues, Unearned Revenues, and Collections. It is presumed that an equal amount of Accounts Payable, Expenses, Advances and Disbursements have been entered on the accounting records of the purchasing activity.

Selling Activity:

	Column A Accounts Receivable	Column B Revenue	Column C Unearned Revenue	Column D Collections
Department of the Army	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Department of the Navy	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Department of the Air Force	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Army WCF	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Navy WCF	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Air Force WCF	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
DLA WCF	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
DISA WCF	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
DFAS WCF	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
DeCA WCF	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
JLSC WCF	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
U.S. TRANSCOM WCF	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
National Defense Stockpile	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
U.S. Army Corps of Engineers	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Other Defense Organizations	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Unearned Revenue	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Total	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx

Customer Activity:

	Column A Accts Pay	Column B Expenses	Column C Advances	Column D Disbursements
Department of the Army	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Department of the Navy	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Department of the Air Force	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Army WCF	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Navy WCF	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Air Force WCF	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
DLA WCF	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
DISA WCF	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
DFAS WCF	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
DeCA WCF	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
JLSC WCF	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
U.S. TRANSCOM WCF	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
DoD Military Retirement Trust Fund	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
National Defense Stockpile	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
U.S. Army Corps of Engineers	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Other Defense Organizations	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Advances	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Total	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx

Required action: The amounts in Columns A through D will be used to offset general ledger accounts by DFAS-IN in the preparation of the Consolidated DoD-wide financial statements. In addition, those amounts will be included in the footnotes to the financial statements for reconciliation with FACTS reporting. A consolidating financial statement is required for inclusion in the Department-wide financial statements.

Schedule D. The selling DoD reporting entity will identify sales or services between the Department and other U.S. Government reporting entities by transactions and enter the general ledger amounts for Accounts Receivable, Revenues, Unearned Revenues, and Collections. It is presumed that an equal amount of Accounts Payable, Expenses, Advances and Disbursements have been entered on the accounting records of the purchasing activity.

Selling Activity:

	Column A Accounts Receivable	Column B Revenue	Column C Unearned Revenue	Column D Collections
Department of the Army	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Department of the Navy	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Department of the Air Force	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Army WCF	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Navy WCF	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Air Force WCF	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
DLA WCF	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
DISA WCF	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
DFAS WCF	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
DeCA WCF	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
JLSC WCF	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
U.S. TRANSCOM WCF	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
DoD Military Retirement Trust Fund	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
National Defense Stockpile	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
U.S. Army Corps of Engineers	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Other Defense Organizations	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Unearned Revenue	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Total	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx

Customer Activity:

	Treasury Index	Column A Accts Pay	Column B Expenses	Column C Advances	Column D Disbursements
Defense Security Assistance Agency	xx	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
General Services Administration	xx	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Agriculture	xx	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Interior	xx	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
NASA	xx	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
State	xx	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Transportation	xx	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Treasury	xx	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Veterans Affairs	xx	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Advances	xx	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx
Total	xx	$xxxx.xx	$xxxx.xx	n/a	$xxxx.xx

Required action: The amounts in Columns A through D will be used to offset general ledger accounts by the Department of the Treasury in the preparation of the Consolidated governmentwide financial statements. In addition, those amounts will be included in the footnotes to the financial statements for reconciliation with FACTS reporting. Schedule E information is required in detail for FY 1997 and thereafter.