



UNITED STATES DEPARTMENT OF DEFENSE  
**AGENCY FINANCIAL REPORT**

FISCAL YEAR 2014

**APPENDICES**



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## APPENDIX A: DEFENSE SECURITY COOPERATION AGENCY – SECURITY ASSISTANCE ACCOUNTS

The Defense Security Cooperation Agency (DSCA) is the Department of Defense (DoD) lead agency for the execution of security assistance functions, under [Executive Order 11958](#). The financial statements and explanatory notes in this appendix pertain to the following accounts, generally referred to as “security assistance” provided by the Department of State: Foreign Military Sales (FMS) Trust Fund; the International Military Education and Training Account; Foreign Military Financing Program Account; Foreign Military Loan Liquidating Account; Foreign Military Financing Direct Loan Financing Account; Military Debt Reduction Financing Account; and the [Special Defense Acquisition Fund](#), granted to the Executive Office of the President (EOP) pursuant to the [Arms Export Control Act](#) (AECA), as amended. The DSCA receives separate funding for the administration of the DoD Regional Centers for Security Studies reported in the DoD consolidated financial statements and separate from the security assistance functions, not reported in these financial statements.

<b>Balance Sheet</b>		
<b>Defense Security Cooperation Agency – Security Assistance Accounts</b>		
<i>Dollars in Thousands</i>		
<b>As of September 30, 2014 and 2013</b>	<b>2014</b>	<b>2013</b>
	<b>Consolidated</b>	<b>Consolidated</b>
<b>ASSETS (Note 2)</b>		
Intragovernmental		
Fund Balance with Treasury (Note 3)	\$ 27,250,677	\$ 24,420,154
<b>Total Intragovernmental Assets</b>	<b>\$ 27,250,677</b>	<b>\$ 24,420,154</b>
Cash and Other Monetary Assets (Note 6)	\$ 20,539,802	\$ 20,593,988
Accounts Receivable, Net (Note 4)	31,014	20,906
Loans Receivable (Note 7)	639,533	723,975
Other Assets (Note 5)	30,217,081	31,801,934
<b>TOTAL ASSETS</b>	<b>\$ 78,678,107</b>	<b>\$ 77,560,957</b>
<b>LIABILITIES (Note 8)</b>		
Intragovernmental		
Accounts Payable (Note 9)	\$ 329,951	\$ 266,922
Debt (Note 10)	37,469	116,604
Other Liabilities (Note 11 and 12)	647,550	652,851
<b>Total Intragovernmental Liabilities</b>	<b>\$ 1,014,970</b>	<b>\$ 1,036,377</b>
Accounts Payable (Note 9)	\$ 355,870	\$ 400,521
Federal Employment Benefits (Note 13)	648	595
Other Liabilities (Note 11 and 12)	68,078,173	67,102,699
<b>TOTAL LIABILITIES</b>	<b>\$ 69,449,661</b>	<b>\$ 68,540,192</b>
<b>Commitments &amp; Contingencies (Note 12)</b>		
<b>NET POSITION</b>		
Unexpended Appropriations – Other Funds	\$ 5,325,422	\$ 5,130,896
Cumulative Results of Operations – Other Funds	3,903,024	3,889,869
<b>TOTAL NET POSITION</b>	<b>\$ 9,228,446</b>	<b>\$ 9,020,765</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 78,678,107</b>	<b>\$ 77,560,957</b>

<b>Statement of Net Cost</b>		
<b>Defense Security Cooperation Agency – Security Assistance Accounts</b>		<i>Dollars in Thousands</i>
<b>For the Years Ended September 30, 2014 and 2013</b>	<b>2014 Consolidated</b>	<b>2013 Consolidated</b>
<b>Program Costs</b>		
Gross Costs	\$ 34,886,326	\$ 30,906,145
(Less: Earned Revenue)	(5,890)	(14,556)
Net Cost before Losses (Gains) from Actuarial Assumption Changes for Military Retirement Benefits	\$ 34,880,436	\$ 30,891,589
<b>Net Cost of Operations</b>	<b>\$ 34,880,436</b>	<b>\$ 30,891,589</b>

<b>Statement of Changes in Net Position</b>		
<b>Defense Security Cooperation Agency – Security Assistance Accounts</b>		<i>Dollars in Thousands</i>
<b>For the Years Ended September 30, 2014 and 2013</b>	<b>2014 Consolidated</b>	<b>2013 Consolidated</b>
<b>Cumulative Results Of Operations</b>		
<b>Beginning balances</b>	<b>\$ 3,889,869</b>	<b>\$ 3,528,023</b>
<b>Budgetary Financing Sources</b>		
Appropriations used	\$ 5,625,649	\$ 4,602,076
Nonexchange revenue	29,267,942	26,651,359
<b>Total Financing Sources</b>	<b>\$ 34,893,591</b>	<b>\$ 31,253,435</b>
Net Cost of Operations (+/-)	(34,880,436)	(30,891,589)
<b>Net Change</b>	<b>\$ 13,155</b>	<b>\$ 361,846</b>
<b>Cumulative Results of Operations</b>	<b>\$ 3,903,024</b>	<b>\$ 3,889,869</b>
<b>Unexpended Appropriations</b>		
<b>Beginning Balances</b>	<b>\$ 5,130,896</b>	<b>\$ 3,800,488</b>
<b>Budgetary Financing Sources</b>		
Appropriations received	\$ 6,024,853	\$ 6,418,005
Appropriations transferred (in/out)	(194,062)	(209,751)
Other adjustments (rescissions, etc.)	(10,616)	(275,770)
Appropriations used	(5,625,649)	(4,602,076)
<b>Total Budgetary Financing Sources</b>	<b>\$ 194,526</b>	<b>\$ 1,330,408</b>
<b>Unexpended Appropriations</b>	<b>\$ 5,325,422</b>	<b>\$ 5,130,896</b>
<b>Net Position</b>	<b>\$ 9,228,446</b>	<b>\$ 9,020,765</b>

The accompanying notes are an integral part of these financial statements.

U.S. Department of Defense Agency Financial Report for FY 2014

Statement of Budgetary Resources Defense Security Cooperation Agency – Security Assistance Accounts For the Years Ended September 30, 2014 and 2013	Budgetary Financing Accounts		Non-Budgetary Financing Accounts	
	2014 Combined	2013 Combined	2014 Combined	2013 Combined
<i>Dollars in Thousands</i>				
<b>Budgetary Resources</b>				
Unobligated balance, brought forward, October 1	\$ 141,901	\$ 143,180	\$ 27,139	\$ 27,139
Recoveries of prior year unpaid obligations	938,532	339,303	0	0
Other changes in unobligated balance	(915,438)	(308,257)	0	0
Unobligated balance from prior year budget authority, net	164,995	174,226	27,139	27,139
Appropriation (discretionary and mandatory)	6,735,612	6,240,741	0	0
Borrowing Authority (discretionary and mandatory)	0	0	1,793	1,709
Contract authority (discretionary and mandatory)	35,145,412	15,313,617	0	0
Spending authority from offsetting collections (discretionary and mandatory)	57,196	49,346	0	0
<b>Total Budgetary Resources</b>	<b>\$ 42,103,215</b>	<b>\$ 21,777,930</b>	<b>\$ 28,932</b>	<b>\$ 28,848</b>
<b>Status of Budgetary Resources</b>				
Obligations incurred	\$ 41,958,758	\$ 21,636,029	\$ 1,793	\$ 1,709
Unobligated balance, end of year:				
Apportioned	29,767	112,118	0	0
Unapportioned	114,690	29,783	27,139	27,139
<b>Total unobligated balance, end of year</b>	<b>\$ 144,457</b>	<b>\$ 141,901</b>	<b>\$ 27,139</b>	<b>\$ 27,139</b>
<b>Total Budgetary Resources</b>	<b>\$ 42,103,215</b>	<b>\$ 21,777,930</b>	<b>\$ 28,932</b>	<b>\$ 28,848</b>
<b>Change in Obligated Balance</b>				
Unpaid obligations, brought forward, October 1	\$ 129,002,355	\$ 138,729,747	\$ 2,462,224	\$ 2,462,224
Obligations incurred	41,958,758	21,636,029	1,793	1,709
Outlays (Gross)	(32,314,788)	(31,024,118)	(1,793)	(1,709)
Recoveries of prior year unpaid obligations	(938,532)	(339,303)	0	0
Unpaid Obligations, end of year	137,707,793	129,002,355	2,462,224	2,462,224
<b>Obligated balance, start of year</b>	<b>\$ 129,002,355</b>	<b>\$ 138,729,747</b>	<b>\$ 2,462,224</b>	<b>\$ 2,462,224</b>
<b>Obligated balance, end of year</b>	<b>\$ 137,707,793</b>	<b>\$ 129,002,355</b>	<b>\$ 2,462,224</b>	<b>\$ 2,462,224</b>
<b>Budgetary Authority and Outlays, Net</b>				
Budget Authority, gross (discretionary and mandatory)	\$ 41,938,220	\$ 21,603,704	\$ 1,793	\$ 1,709
Actual offsetting collections (discretionary and mandatory)	(57,197)	(49,346)	(112,509)	(141,320)
<b>Budget Authority, net (discretionary and mandatory)</b>	<b>\$ 41,881,023</b>	<b>\$ 21,554,358</b>	<b>\$ (110,716)</b>	<b>\$ (139,611)</b>
Outlays, gross (discretionary and mandatory)	32,314,788	31,024,118	1,793	1,709
Actual offsetting collections (discretionary and mandatory)	(57,197)	(49,346)	(112,509)	(141,320)
Outlays, net (discretionary and mandatory)	32,257,591	30,974,772	(110,716)	(139,611)
Distributed offsetting receipts	(29,267,942)	(26,651,359)	0	0
<b>Agency Outlays, net (discretionary and mandatory)</b>	<b>\$ 2,989,649</b>	<b>\$ 4,323,413</b>	<b>\$ (110,716)</b>	<b>\$ (139,611)</b>

The accompanying notes are an integral part of these financial statements.

**Table of Contents for Notes to the Financial Statements  
DSCA-Security Assistance Accounts (SAA) Financial Statements**

	Page
Note 1 Significant Accounting Policies .....	A-5
 <b>Note Disclosures Related to the DSCA-SAA Balance Sheets</b>	
Note 2 Nonentity Assets.....	A-13
Note 3 Fund Balance with Treasury .....	A-13
Note 4 Accounts Receivable.....	A-14
Note 5 Other Assets .....	A-15
Note 6 Cash and Other Monetary Assets .....	A-16
Note 7 Direct Loan and Loan Guarantee Programs.....	A-16
Note 8 Liabilities Not Covered by Budgetary Resources .....	A-19
Note 9 Accounts Payable.....	A-19
Note 10 Debt .....	A-20
Note 11 Other Liabilities .....	A-22
Note 12 Commitments and Contingencies .....	A-23
Note 13 Military Retirement and Other Federal Employment Benefits.....	A-23
 <b>Note 14 General Disclosures Related to the Statement of Net Cost.....</b>	 A-25
<b>Note 15 Disclosures Related to the Statement of Changes in Net Position .....</b>	<b>A-26</b>
<b>Note 16 Disclosures Related to the Statement of Budgetary Resources .....</b>	<b>A-26</b>
 <b>Note Disclosures Not Pertaining to a Specific Statement</b>	
Note 17 Reconciliation of Net Cost of Operations to Budget .....	A-27

## **NOTE 1. SIGNIFICANT ACCOUNTING POLICIES**

### **1.A. Basis of Presentation**

These financial statements have been prepared to report the financial position and results of operations of the Defense Security Cooperation Agency (DSCA), consisting of the Foreign Military Sales (FMS) Trust Fund and several other accounts, identified in the President's Budget Request, as the Foreign Operations (International Affairs) appropriated accounts. The FMS Trust Fund includes accounts for U.S. government funds appropriated for security assistance and funds deposited by foreign countries and international organizations, or by others for their use. Refer to paragraph 1.C, Appropriations and Funds, for a list of these accounts.

The FMS Trust Fund and other accounts for funds appropriated for security assistance are managed by DSCA on behalf of the Department of Defense (DoD), in accordance with the authority of the Executive Office of the President (EOP), the requirements of the [\*Chief Financial Officers Act of 1990\*](#) (CFO Act), as expanded by the [\*Government Management Reform Act of 1994\*](#), and other applicable laws and regulations. The FMS Trust Fund and the accounts for funds appropriated for security assistance hereafter will be referred to as the DSCA Security Assistance Accounts.

The financial statements were prepared from accounting records that are maintained by the Military Departments (MILDEPs), Other Defense Organizations (ODO), and the Defense Finance and Accounting Service (DFAS) in accordance with, and to the extent possible, U.S. generally accepted accounting principles (USGAAP) promulgated by the Federal Accounting Standards Advisory Board; the Office of Management and Budget ([\*OMB Circular No. A-136\*](#)), Financial Reporting Requirements; and the [\*DoD Financial Management Regulation \(FMR\)\*](#).

The accompanying financial statement information accounts for all DSCA Security Assistance Accounts unless otherwise noted. Information relative to classified assets, programs, and operations is excluded from the statements or otherwise aggregated and reported in such a manner to not be discernible.

The accounting systems used by DSCA Security Assistance Accounts are unable to fully implement all elements of USGAAP and [\*OMB Circular No. A-136\*](#), due to limitations of financial management processes, financial systems, and nonfinancial systems and processes supporting the financial statements. Many of the accounts derive their reported values and other information for major asset and liability categories largely from nonfinancial systems, such as the MILDEPs' inventory and logistic systems. Such legacy systems were designed to support reporting requirements for maintaining asset accountability and reporting the status of federal appropriations rather than preparing financial statements consistent with USGAAP. There are ongoing efforts to implement process and system improvements addressing these limitations.

The Department currently has 13 auditor-identified material weaknesses related to the above limitations. Of these, DSCA Security Assistance Accounts contributes to: (1) Financial Management Systems, (2) Intergovernmental Eliminations, (3) Fund Balance with Treasury, (4) Statement of Net Cost, (5) Other Accounting Entries, (6) Reconciliation of Net Cost of Operations to Budget, (7) Accounts Payable, and (8) Accounts Receivable.

### **1.B. Mission of the Reporting Entity**

The DSCA mission is to lead, direct, and manage security cooperation programs and resources to support the U.S. national security objectives. Such programs build relationships with foreign countries and international organizations promoting the U.S. interests, develop allied and partner capacities for self-defense and coalition participation in overseas contingency operations, and promote peacetime and contingency access for U.S. forces. The DSCA accomplishes its responsibilities for security cooperation in concert with the Department of State (DOS), MILDEPs, other U.S. Government organizations, U.S. industry, and non-governmental organizations. Together we provide financial and technical assistance, Foreign Military Financing (FMF) for defense articles and services, including training, provided through the FMS program, as well as training provided and funded under International Military Education and Training (IMET) authorities.

### **1.C. Appropriations and Funds**

The FMS Trust Fund is a U.S. Treasury account (Treasury Account Symbol (TAS) 8242) containing deposits from FMS foreign country and international organization customers, as well as funds transferred into the account from U.S. Government appropriations, for use in carrying out specific purposes or programs in accordance with the [Arms Export and Control Act](#), as amended (AECA) (22 U.S.C. § 2751 et seq.), the [Foreign Assistance Act of 1961](#), as amended (FAA), (22 U.S.C. § 2151 et seq.), and other legal authorities. The monies in the FMS Trust Fund are subject to U.S. Treasury account system controls from the date of receipt to the date of expenditure or refund. At the country or customer level there are separate subsidiary accounts used by the Department through DSCA and DFAS to separately and individually account for each FMS customer's deposits, other collections or deposits, payments of bills, refunds, and adjustments. At the U.S. Treasury level, the corpus of the FMS Trust Fund represents the total aggregations of balances (receipts minus disbursements) for all activities and programs.

The Department uses separate U.S. Treasury Accounts for the general fund Foreign Operations (International Affairs) appropriations. These accounts are:

- International Military Education and Training (TAS 1081)
- Foreign Military Financing Program Account (TAS 1082)
- Foreign Military Loan Liquidating Account (TAS 4121)
- Foreign Military Financing Direct Loan Financing Account (TAS 4122)
- Military Debt Reduction Financing Account (TAS 4174)
- Special Defense Acquisition Fund (TAS 4116)

The DSCA receives funds for the FMS Trust Fund and the accounts for funds appropriated



for security assistance as general, special, and trust funds. The DSCA uses these appropriations and funds to execute its missions and subsequently reports on resource usage.

General and special appropriations transferred into the FMS Trust Fund are used for financial transactions, including personnel, operations and maintenance of security assistance functions, and financing of FMS, which may include sales of defense articles and services from stock or through procurement, and the sale of foreign military construction.

The FMS Trust Fund accounts for receipts and expenditures of funds held in trust by the U.S. government for use in carrying out specific purposes or programs in accordance with applicable laws, regulations, and agreements.

The DSCA is a party to allocation transfers with other federal agencies as a receiving (child) entity. An allocation transfer is an entity's legal delegation of authority to obligate budget authority and outlay funds on its behalf. Generally, all financial activity related to allocation transfers are reported in the financial statements of the parent entity. Exceptions to this general rule will apply to specific funds for which OMB has directed that all activity will be reported in the financial statements of the child entity. Exceptions include all U.S. Treasury-Managed Trust Funds, EOP, and all other funds specifically designated by OMB. The DSCA's appropriations related to security assistance are allocation transfers from the EOP meeting the OMB exception and all related activity is reported separately from the consolidated DoD financial statements.

### **1.D. Basis of Accounting**

The legacy financial management systems used by DSCA Security Assistance Accounts are unable to meet full accrual accounting requirements. Many of the DSCA, MILDEP, and ODO financial and nonfinancial feeder systems and processes were designed and implemented prior to the issuance of USGAAP guidance. These legacy systems were not designed to collect and record financial information on a full accrual accounting basis as required by USGAAP. Most of DSCA, MILDEP, and ODO financial and nonfinancial legacy systems were designed to record information on a budgetary basis.

The DSCA Security Assistance Accounts financial statements and supporting trial balances are compiled from the underlying financial data and trial balances of the MILDEPs, ODOs, and their sub-entities. The underlying data is largely derived from budgetary transactions (obligations, disbursements, and collections), from nonfinancial feeder systems, and accruals made for major items such as payroll expenses, and accounts payable. Some of the sub-entity level trial balances may reflect known abnormal balances resulting largely from business and system processes. At the consolidated DSCA level these abnormal balances may not be evident. Disclosures of abnormal balances are made in the applicable footnotes, but only to the extent the abnormal balances are evident at the consolidated level.

The DSCA, with MILDEPs and ODOs, is determining the actions required to bring its financial and nonfinancial feeder systems and processes into compliance with USGAAP. One such action is the current revision of accounting systems to record transactions based on the U.S. Standard General Ledger (USSGL). Until all DSCA, MILDEP, and ODO systems and related processes have been updated to collect and report financial information as required by USGAAP, reported financial data is based on budgetary transactions, data from

nonfinancial feeder systems, and accruals.

### **1.E. Revenues and Other Financing Sources**

As authorized by legislation, payments for the sales of defense articles and services are deposited into the FMS Trust Fund. Appropriations provided on an annual or multiyear basis for security assistance are a financing source and are transferred into the FMS Trust Fund, or deposited into the accounts for funds appropriated for security assistance. Pricing for defense articles and services, including training, is established to recover costs as required by the [AECA](#), the [FAA](#), and [OMB Circular A-25](#), User Charges. The DSCA Security Assistance Accounts recognize revenue when earned within the constraints of current system capabilities.

The DSCA does not include nonmonetary support provided by friendly foreign countries and international organizations in amounts reported in the Statement of Net Cost and Note 17, Reconciliation of Net Cost of Operations to Budget.

The DSCA participates in assistance-in-kind agreements in its overseas presence. The assistance in kind provided in support of security cooperation programs includes the use of facilities and personnel (guards and drivers) at a small number of Security Cooperation Offices worldwide.

The DSCA collects payments from foreign customers in advance of delivery of goods or services and records unearned revenue accordingly. All FMS Trust Fund revenue is reclassified as nonexchange once customers confirm the receipt of goods and services, since the FMS Trust Fund does not provide any of the goods or services directly, but serves as an intermediary for the U.S. military services and contractors.

### **1.F. Recognition of Expenses**

Department policy requires the recognition of operating expenses in the period incurred. Current financial and nonfinancial feeder systems used by DSCA Security Assistance Accounts were not designed to collect and record transactions on an accrual accounting basis. Estimates are made for major items such as payroll expenses, accounts payable, and unbilled revenue. The DSCA continues to implement process and system improvements to address these limitations.

### **1.G. Accounting for Intragovernmental Activities**

Accounting standards require an entity eliminates intra-entity activity and balances from consolidated financial statements in order to prevent overstatement for business with itself. However, DSCA cannot accurately identify most of its intragovernmental transactions because MILDEP systems do not track buyer and seller data needed to match related transactions. In most cases, the buyer-side records are adjusted to agree with DoD seller-side balances and are then eliminated. The Department is implementing replacement systems and a standard financial information structure incorporating the necessary elements to enable the Department to correctly report, reconcile, and eliminate intragovernmental balances.

The [Treasury Financial Manual Part 2 – Chapter 4700](#), Agency Reporting Requirements for the Financial Report of the United States Government, provides guidance for reporting and reconciling intragovernmental balances. The FMS Trust Fund and the accounts for funds appropriated for security assistance are unable to fully reconcile intragovernmental transactions with all federal agencies; however, the FMS Trust Fund is able to reconcile balances pertaining to borrowing from the U.S. Treasury and the Federal Financing Bank, [Federal Employees’ Compensation Act](#) (FECA) transactions with the Department of Labor, and benefit program transactions with the Office of Personnel Management.

Imputed Financing represents the costs paid on behalf of the FMS Trust Fund by the Office of Personnel Management for employee pension, post-retirement health, and life insurance benefits; and the Department of Labor post-employment benefits for terminated and inactive employees to include unemployment and workers compensation under the Federal Employees’ Compensation Act.

The Department’s proportionate share of public debt and related expenses to the Federal Government is not included. The Federal Government does not apportion debt and its related costs to federal agencies. The Department’s financial statements do not report any public debt, interest, or source of public financing whether from issuance of debt or tax revenues.

## **1.H. Transactions with Foreign Governments and International Organizations**

Each year, DSCA Security Assistance Accounts administers the sale of defense articles and services to foreign governments and international organizations under the provisions of the [AECA](#). Under the provisions of the Act, the Department has authority to sell defense articles and services to foreign countries and international organizations generally at no profit or loss to the Federal Government. Payment in U.S. dollars is required in advance.

### **1.I. Funds with the U.S. Treasury**

The FMS Trust Fund monies are held in U.S. Treasury accounts and the Federal Reserve Bank in individual accounts established by the U.S. for foreign countries. Funds held in the Federal Reserve Bank are transferred to the FMS Trust Fund account to be disbursed for FMS purposes.

For monetary financial resources maintained in U.S. Treasury accounts, the disbursing offices of DFAS, the Military Departments, the U.S. Army Corps of Engineers (USACE), and the DOS’s financial service centers process the majority of DSCA Security Assistance Accounts cash collections, disbursements, and adjustments worldwide. Each disbursing station prepares monthly reports providing information to the U.S. Treasury on checks issued, electronic fund transfers, interagency transfers, and deposits.

In addition, DFAS sites and USACE Finance Center submit reports to the U.S. Treasury, by appropriation, on interagency transfers, collections received, and disbursements issued. The U.S. Treasury records this information to the applicable Fund Balance with Treasury (FBWT) account. On a monthly basis, the FBWT for the DSCA Security Assistance Accounts is adjusted to agree with the U.S. Treasury accounts.

## **1.J. Cash and Other Monetary Assets**

Cash is the total of cash resources under the control of the Department including coin, paper currency, negotiable instruments held for deposit in banks or other financial institutions and is classified as “nonentity” and is restricted.

The FMS Trust Fund only accepts U.S. dollars for payment of defense articles and services per DSCA Manual 5105.38-M, Security Assistance Management Manual, [Chapter 5; Foreign Military Sales Case Development](#). All payments and collections are in U.S. dollars.

## **1.K. Accounts Receivable**

The DSCA Security Assistance Accounts’ accounts receivable from other federal entities or the public include: accounts receivable, claims receivable, and refunds receivable. Allowances for uncollectible accounts due from the public are based upon analysis of collection experience by fund type. The Department does not recognize an allowance for estimated uncollectible amounts from other federal agencies. Claims against other federal agencies are to be resolved between the agencies in accordance with dispute resolution procedures defined in the Intragovernmental Business Rules published in the [Treasury Financial Manual](#).

## **1.L. Direct Loans and Loan Guarantees**

The DSCA administers the FMF program on behalf of the EOP. Direct loans and loan guarantees are authorized by sections 23 and 24 of the [AECA of 1976](#), as amended, P.L. 90-269, as amended, and section 503(a) and other specific legislation. These loans and guarantees assist friendly foreign countries and international organizations in purchasing U.S. defense articles and services.

## **1.M. Inventories and Related Property**

The DSCA Security Assistance Accounts do not maintain inventory. The defense articles are provided to FMS customers from the U.S. Government or the contractor pursuant to a contract with the U.S. Government. Defense articles sold from the Department or the U.S. Coast Guard are assets of the providing component until title is transferred to foreign customer.

## **1.P. Advances and Prepayments**

When advances are permitted by law, legislative action, or presidential authorization, the Department’s policy is to record advances and prepayments in accordance with USGAAP. As such, payments made in advance of the receipt of goods and services are reported as an asset on the Balance Sheet. The Department’s policy is to expense and/or properly classify assets when the related goods and services are received. Not all military services executing on behalf of DSCA have implemented this policy primarily due to system limitations.

## **1.Q. Leases**

The FMS Trust Fund and the accounts for funds appropriated for security assistance do not have capital leases and currently is not able to reliably estimate the value of operating leases.

## **1.R. Other Assets**

Other assets include civil service employee pay advances, travel advances, and certain contract financing payments not reported elsewhere on the DSCA Security Assistance Accounts Balance Sheet.

The DSCA Security Assistance Accounts conduct business with commercial contractors using two primary types of contracts: fixed price and cost reimbursable. Contract financing payments are defined in the [Federal Acquisition Regulations, Part 32](#), as authorized disbursements to a contractor prior to acceptance of supplies or services by the Government. These payments are designed to alleviate the potential financial burden on contractors performing on certain long-term contracts and facilitate competition for defense contracts. Contract financing payment clauses are incorporated in the contract terms and conditions and may include advance payments, performance-based payments, commercial advance and interim payments, progress payments based on cost, and interim payments under certain cost-reimbursement contracts. It is DoD policy to record certain contract financing payments as other assets.

Contract financing payments do not include invoice payments, payments for partial deliveries, lease and rental payments, or progress payments based on a percentage or stage of completion. The [Defense Federal Acquisitions Regulation Supplement](#) authorizes progress payments based on a percentage or stage of completion only for construction of real property, shipbuilding, and ship conversion, alteration, or repair. Progress payments based on percentage or stage of completion are reported as Construction in Progress.

## **1.S. Contingencies and Other Liabilities**

Statement of Federal Financial Accounting Standard (SFFAS) No. 5, [Accounting for Liabilities of the Federal Government](#), as amended by SFFAS No. 12, [Recognition of Contingent Liabilities Arising from Litigation](#), defines a contingency as an existing condition, situation, or set of circumstances involving an uncertainty as to possible gain or loss. The uncertainty will be resolved when one or more future events occur or fail to occur. The DSCA Security Assistance Accounts recognize contingent liabilities when past events or exchange transactions occur, a future loss is probable, and the loss amount can be reasonably estimated.

Financial statement reporting is limited to disclosure when conditions for liability recognition do not exist but there is at least a reasonable possibility of incurring a loss or additional losses. The DSCA Security Assistance Accounts' risk of loss due to contingencies arise as a result of pending or threatened litigation or claims and assessments due to events such as aircraft, ship, and vehicle accidents; medical malpractice; property or environmental damages; and contract disputes.

## **1.T. Accrued Leave**

The FMS Trust Fund reports liabilities for military leave and accrued compensatory and annual leave for civilians. Sick leave for civilians is expensed as taken. The liabilities are based on current pay rates.

## **1.U. Net Position**

Net position consists of unexpended appropriations and cumulative results of operations. Unexpended appropriations represent the amounts of budget authority that are unobligated and have not been rescinded or withdrawn. Unexpended appropriations also represent amounts obligated for which legal liabilities for payments have not been incurred. Cumulative results of operations represent the net difference between expenses and losses and financing sources (including appropriations, revenue, and gains) since inception. The cumulative results of operations also include donations and transfer in and out of assets that were not reimbursed.

## **1.W. Undistributed Disbursements and Collections**

Undistributed disbursements and collections represent the difference between disbursements and collections matched at the transaction level to specific obligations, payables, or receivables in the source systems and those reported by the U.S. Treasury. Supported disbursements and collections may be evidenced by the availability of corroborating documentation generally support the summary level adjustments made to accounts payable and receivable. Unsupported disbursements and collections do not have supporting documentation for the transactions and most likely would not meet audit scrutiny. However, both supported and unsupported adjustments may have been made to the DSCA Accounts Payable and Receivable trial balances prior to validating underlying transactions. As a result, misstatements of reported Accounts Payable and Receivables are likely included in the DSCA financial statements.

Due to noted material weaknesses in current accounting and financial feeder systems, the Department is generally unable to determine whether undistributed disbursements and collections should be applied to federal or nonfederal accounts payables/receivable at the time accounting reports are prepared. Accordingly, the FMS Trust Fund and accounts for funds appropriated for security assistance follow the DoD policy to allocate supported undistributed disbursements and collections between federal and nonfederal categories based on the percentage of distributed federal and nonfederal accounts payable and accounts receivable. Unsupported undistributed disbursements and collections are also applied to reduce accounts payable and receivable accordingly.

**NOTE 2. NONENTITY ASSETS**

<b>Nonentity Assets</b> <i>As of September 30</i>	<i>Dollars in Thousands</i>	
	<b>2014</b>	<b>2013</b>
<b>Intragovernmental Assets</b>		
Fund Balance with Treasury	\$ 11,010,018	\$ 7,799,844
<b>Total Intragovernmental Assets</b>	<b>\$ 11,010,018</b>	<b>\$ 7,799,844</b>
<b>Nonfederal Assets</b>		
Cash and Other Monetary Assets	\$ 20,539,802	\$ 20,593,988
Accounts Receivable	678,418	673,617
Other Assets	30,212,208	31,777,541
<b>Total Nonfederal Assets</b>	<b>\$ 51,430,428</b>	<b>\$ 53,045,146</b>
<b>Total Nonentity Assets</b>	<b>\$ 62,440,446</b>	<b>\$ 60,844,990</b>
<b>Total Entity Assets</b>	<b>\$ 16,237,661</b>	<b>\$ 16,715,967</b>
<b>Total Assets</b>	<b>\$ 78,678,107</b>	<b>\$ 77,560,957</b>

Nonentity Assets are assets for which the DSCA Security Assistance Accounts maintain stewardship accountability and reporting responsibility, but are not available for the agency's operations.

Fund Balance with Treasury and Cash and Other Monetary Assets consist of advance deposits from friendly countries and international organizations to facilitate the purchase of U.S. defense articles and services based on future requirement forecasts.

Accounts Receivable consist of amounts for interest, fines, and penalties due on debt from loans and nonfederal funds owed to the FMS Trust Fund country accounts in litigation at Department of Justice or collection status at Defense Finance and Accounting Service. Some portion of these uncollected funds may be payable to the FMS Administrative Surcharge account, but are not discernible prior to collection.

Nonfederal Other Assets consist primarily of advances paid for undelivered defense articles and services intended for future delivery to the FMS customer.

**NOTE 3. FUND BALANCE WITH TREASURY**

<b>Fund Balance with Treasury</b> <i>As of September 30</i>	<i>Dollars in Thousands</i>	
	<b>2014</b>	<b>2013</b>
<b>Fund Balance</b>		
Appropriated Funds	\$ 5,522,643	\$ 5,318,823
Trust Funds	21,728,034	19,101,331
<b>Total Fund Balance</b>	<b>\$ 27,250,677</b>	<b>\$ 24,420,154</b>
<b>Fund Balance Per Treasury Versus Agency</b>		
Fund Balance per Treasury	\$ 27,250,677	\$ 24,420,154
Fund Balance per Agency	27,250,677	24,420,154
<b>Reconciling Amount</b>	<b>\$ 0</b>	<b>\$ 0</b>

<b>Status of Fund Balance with Treasury</b> <i>As of September 30</i>	<i>Dollars in Thousands</i>	
	<b>2014</b>	<b>2013</b>
<b>Unobligated Balances</b>		
Available	\$ 29,767	\$ 112,117
Unavailable	141,829	56,921
<b>Total Unobligated Balance</b>	<b>171,596</b>	<b>169,038</b>
<b>Obligated Balance not yet Disbursed</b>	<b>140,170,016</b>	<b>131,464,580</b>
<b>Non-Budgetary FBWT</b>	<b>0</b>	<b>26,651,365</b>
<b>Non-FBWT Budgetary Accounts</b>	<b>(113,090,935)</b>	<b>(133,864,829)</b>
<b>Total Fund Balance</b>	<b>\$ 27,250,677</b>	<b>\$ 24,420,154</b>

The Status of FBWT reflects the budgetary resources to support FBWT and is a reconciliation between budgetary and proprietary accounts. It primarily consists of unobligated and obligated balances. The balances reflect the budgetary authority remaining for disbursement against current or future obligations.

Unobligated Balance is classified as available or unavailable and represents the cumulative amount of budgetary authority not set aside to cover outstanding obligations. The unavailable balance consists primarily of funds invested in U.S. Treasury securities temporarily precluded from obligations by law. Certain unobligated balances are restricted for future use and are not apportioned for current use. Unobligated balances for trust fund accounts are restricted for use by the public law established the funds.

Obligated Balance not yet Disbursed represents funds that have been obligated for goods and services not received and those received but not paid.

Non-budgetary FBWT includes accounts without budgetary authority, such as deposit funds, unavailable receipt accounts, clearing accounts and nonentity FBWT. The 2013 balance in Non-budgetary FBWT consisted of Contingency Operations provided to Department of Defense in supplemental appropriations, and Contingency Operations funding transferred from Department of State (DOS), which DOS received in supplemental appropriations. Obligations are incurred using contract authority and liquidated with these appropriations.

Non-FBWT Budgetary Accounts reduces the Status of FBWT. The Non-FBWT Budgetary Accounts primarily consists of nonentity cash deposited in the Federal Reserve Bank and contract authority.

#### **NOTE 4. ACCOUNTS RECEIVABLE**

<b>Accounts Receivable</b> <i>As of September 30</i>	<i>Dollars in Thousands</i>		
	<b>2014</b>		
	<b>Gross Amount Due</b>	<b>Allowance for Estimated Uncollectibles</b>	<b>Accounts Receivable, Net</b>
Intragovernmental Receivables	\$ 0	N/A	\$ 0
Nonfederal Receivables (From the Public)	31,082	(68)	31,014
<b>Total Accounts Receivable</b>	<b>\$ 31,082</b>	<b>\$ (68)</b>	<b>\$ 31,014</b>



<b>Accounts Receivable</b>		<i>Dollars in Thousands</i>	
<i>As of September 30</i>		<b>2013</b>	
		<b>Gross Amount Due</b>	<b>Allowance for Estimated Uncollectibles</b>
Intragovernmental Receivables	\$ 0	N/A	\$ 0
Nonfederal Receivables (From the Public)	20,913	(7)	20,906
<b>Total Accounts Receivable</b>	<b>\$ 20,913</b>	<b>\$ (7)</b>	<b>\$ 20,906</b>

## Other Disclosures

The accounts receivable represent the FMS Trust Fund claim for payment from contractors and individuals for refunds and overpayments. The FMS Trust Fund only recognizes an allowance for uncollectible amounts from the public. Claims with other federal agencies are resolved in accordance with the Intragovernmental Business Rules.

## Note 5. Other Assets

<b>Other Assets</b>		<i>Dollars in Thousands</i>	
<i>As of September 30</i>		<b>2014</b>	<b>2013</b>
<b>Nonfederal Other Assets</b>			
Outstanding Contract Financing Payments		\$ 3,595,335	\$ 3,497,621
Advances and Prepayments		26,621,746	28,304,313
Total Nonfederal Other Assets		\$ 30,217,081	\$ 31,801,934
<b>Total Other Assets</b>		<b>\$ 30,217,081</b>	<b>\$ 31,801,934</b>

Contract terms and conditions for certain types of contract financing payments convey certain rights to the FMS Trust Fund protecting the contract work from state or local taxation, liens or attachment by the contractor's creditors, transfer of property, or disposition in bankruptcy. However, these rights should not be misconstrued to mean ownership of the contractor's work has transferred to the Government. The Government does not have the right to take the work, except as provided in contract clauses related to termination or acceptance, and the FMS Trust Fund is not obligated to make payment to the contractor until delivery and acceptance of a satisfactory product.

The balance of Outstanding Contract Financing Payments includes \$2.1 billion in contract financing payments and an additional \$1.5 billion in estimated future payments to contractors upon delivery and government acceptance of a satisfactory product. See additional discussion in Note 11, Other Liabilities.

**NOTE 6. CASH AND OTHER MONETARY ASSETS**

Cash and Other Monetary Assets <i>As of September 30</i>	<i>Dollars in Thousands</i>	
	2014	2013
Cash	\$ 20,539,802	\$ 20,593,988
<b>Total Cash, Foreign Currency, and Other Monetary Assets</b>	<b>\$ 20,539,802</b>	<b>\$ 20,593,988</b>

Restricted cash of \$20.5 billion includes advance deposits from foreign nations in the Federal Reserve Bank which have not been transferred to the Foreign Military Sales Trust Fund and are not available for agency use (nonentity cash).

**NOTE 7. DIRECT LOAN AND LOAN GUARANTEE PROGRAMS****Direct Loan and Loan Guarantee Programs**

The Defense Security Cooperation Agency (DSCA) operates the following direct loans and/or loan guarantee programs:

The [Arms Export Control Act](#), as amended, authorizes funds to be appropriated to the President for financing the sales of defense articles and defense services to eligible foreign countries. Each loan is reviewed in the light of the purchasing country's financial condition, its need for credit, U.S. economic or military assistance programs in the country and region, and other proposed arms purchases by the country. The President delegates to the Secretary of Defense the authority to issue and guaranty loans through the designated administering agency, DSCA. The loans are issued to friendly, less economically developed countries. Pursuant to the authority contained in the Act, DSCA operates the four funds, known as:

- Foreign Military Loan Liquidating Account (FMLLA)), for pre-1992 loans
- Foreign Military Direct Loan Program, for post-1991 loans
- Financing Accounts for post-1991 loans, for post-1991 loans
- Military Debt Reduction Financing Account (MDRFA) for reducing loan receivables for eligible countries.

The FMLLA is a liquidating account including all assets, liabilities, and equities for loan balances recorded prior to FY 1992. No new loan disbursements are made from this account. Certain collections made into this account are made available for default claim payments. The Federal Credit Reform Act (FCRA) provides permanent indefinite authority to cover obligations for default payments in the event the funds in the liquidating account are otherwise insufficient.

Foreign Military Financing Direct Loan Program Account (FMFDLPA) is a program account established pursuant to the FCRA to provide the funds necessary for the subsidy element of loans. Expenditures from this account finance the subsidy element of direct loan disbursements and are transferred into the Foreign Military Financing Direct Loan Financing Account (FMFDLFA) to make required loan disbursements for approved Foreign Military Sales or commercial sales.

The Foreign Military Direct Loan Program is still active with one outstanding loan with

Poland. Poland's loan works as a line of credit but has not been used since 2010. The FMFDLFA is a financing account used to make disbursements of Foreign Military Loan funds for approved procurements and for subsequent collections for the loans after September 30, 1991. The account uses permanent borrowing authority from the U.S. Treasury combined with transfers of appropriated funds from FMFDLPA to make the required disbursements to loan recipient country borrowers for approved procurements. Receipts of debt service collections from borrowers are used to repay borrowings from U.S. Treasury.

MDRFA is a financing account established for the debt relief of certain countries as established by Public Law 103-87. The MDRFA buys the portfolio of loans from the FMLLA, thus transferring the loans from the FMLLA account to the MDRFA account. The Paris Club negotiates the debt forgiveness with Highly Indebted Poor Countries (HIPC).

The Paris Club has nineteen member countries that negotiate rescheduling or refinancing of debt for HIPC. The Paris Club provides debt reduction initially on payments coming due over a specific period corresponding to the length of an International Monetary Fund (IMF) supported economic reform program. Reduction then is staged, with each successive stage contingent upon debtor country compliance with its IMF-support program. Under Naples Terms, stock of debt reduction is provided after three years of good performance with respect to IMF reform programs and payments to Paris Club creditors. The United States incurs the budget cost of the eventual stock of debt reduction when it agrees to the initial "maturities" reduction of payments coming due, since bilateral agreements commit us to stock reduction once the Paris Club agrees to provide them.

The FCRA governs all amended direct loan obligations and loan guarantee commitments made after FY 1991 resulting in direct loans or loan guarantees.

Direct loans are reported at the net present value of the following projected cash flows: (1) loan disbursements, (2) repayments of principal, and (3) payments of interest and other payments over the life of the loan after adjusting for estimated defaults, prepayments, fees, penalties, and other recoveries.

<b>Summary of Direct Loans and Loan Guarantees</b>		<i>Dollars in Thousands</i>	
<i>As of September 30</i>	<b>2014</b>	<b>2013</b>	
<b>Loans Receivable</b>			
<b>Direct Loans</b>			
Foreign Military Loan Liquidating Account	\$ 647,404	\$ 733,641	
Foreign Military Financing Account	0	(27,111)	
Military Debt Reduction Financing Account	(7,871)	17,445	
<b>Total Loans Receivable</b>	<b>\$ 639,533</b>	<b>\$ 723,975</b>	

<b>Direct Loans Obligated</b>		<i>Dollars in Thousands</i>	
<i>As of September 30</i>		<b>2014</b>	<b>2013</b>
<b>Direct Loans Obligated After FY 1992 (Allowance for Loss Method)</b>			
Foreign Military Loan Liquidating Account			
Loans Receivable Gross		\$ 377,627	\$ 480,672
Interest Receivable		1,835,074	1,744,628
Allowance for Loan Losses		(1,565,297)	(1,491,659)
<b>Value of Assets Related to Direct Loans, Net</b>		<b>\$ 647,404</b>	<b>\$ 733,641</b>
<b>Direct Loans Obligated After FY 1991 (Present Value Method)</b>			
Foreign Military Financing Account			
Allowance for Subsidy Cost (Present Value)		\$ 0	\$ (27,111)
<b>Value of Assets Related to Direct Loans</b>		<b>\$ 0</b>	<b>\$ (27,111)</b>
Military Debt Reduction Financing Account			
Allowance for Subsidy Cost (Present Value)		\$ (7,871)	17,445
<b>Value of Assets Related to Direct Loans, Net</b>		<b>\$ (7,871)</b>	<b>\$ 17,445</b>
<b>Total Direct Loans Receivable</b>		<b>\$ 639,533</b>	<b>\$ 723,975</b>

The DSCA bills the countries every six months for loan repayments. Applying terms of the loans with the countries, accrued interest receivable is calculated using the simple interest method. Interest accrued on unpaid balances use the same interest rate plus 4 percent for loans owed to the Federal Financing Bank.

The allowance for credit subsidy account for the FMFDLFA account is calculated taking into consideration three transactions: (1) transfers of subsidy from the program account to the financing account; (the subsidy is the difference between the expected cash outlays from the U.S. Government and the present value of the expected collections); (2) interest payments from the U.S. Treasury to the financing fund; and (3) upward adjustments due to reestimates as U.S. Treasury borrowing rates change over time from the loan repayment rate and an increase in estimated defaults on the loan.

<b>Schedule for Reconciling Subsidy Cost Allowance Balances For Post-FY 1991 Direct Loans</b>		<i>Dollars in Thousands</i>	
<i>As of September 30</i>		<b>2014</b>	<b>2013</b>
<b>Beginning Balance, Changes, and Ending Balance</b>			
<b>Beginning Balance of the Subsidy Cost Allowance</b>		<b>\$ 9,666</b>	<b>\$ 11,374</b>
Adjustments			
Subsidy Allowance Amortization		(1,795)	(1,708)
<b>Total of the above Adjustment Components</b>		<b>\$ (1,795)</b>	<b>\$ (1,708)</b>
<b>Ending Balance of the Subsidy Cost Allowance before Reestimate</b>		<b>\$ 7,871</b>	<b>\$ 9,666</b>
<b>Ending Balance of the Subsidy Cost Allowance</b>		<b>\$ 7,871</b>	<b>\$ 9,666</b>

## Administrative Expenses

Administrative expenses for loans are not funded in the loan program account. The Office of Management and Budget directed the administration of loans be funded by the Foreign Military Financing Program (11\*1082).

## Note 8. Liabilities Not Covered by Budgetary Resources

Liabilities Not Covered by Budgetary Resources <i>As of September 30</i>	<i>Dollars in Thousands</i>	
	2014	2013
<b>Intragovernmental Liabilities</b>		
Other	\$ 145	\$ 139
<b>Total Intragovernmental Liabilities</b>	<b>\$ 145</b>	<b>\$ 139</b>
<b>Nonfederal Liabilities</b>		
Military Retirement and Other Federal Employment Benefits	648	595
<b>Total Nonfederal Liabilities</b>	<b>648</b>	<b>595</b>
<b>Total Liabilities Not Covered by Budgetary Resources</b>	<b>793</b>	<b>734</b>
<b>Total Liabilities Covered by Budgetary Resources</b>	<b>\$ 69,448,868</b>	<b>\$ 68,539,458</b>
<b>Total Liabilities</b>	<b>\$ 69,449,661</b>	<b>\$ 68,540,192</b>

The Liabilities Not Covered by Budgetary Resources includes liabilities for which congressional action is needed before budgetary resources can be provided. These liabilities are categorized as not covered because there is no current or immediate appropriation available to pay them.

Military Retirement and Other Federal Employment Benefits consists of Federal Employee Compensation Act (FECA) actuarial liabilities of \$647.7 thousand not due and payable during the current fiscal year. Refer to Note 13, Federal Employment Benefits, for additional details and disclosures.

Intragovernmental Liabilities Other represents the amount payable to Department of Labor for FECA liabilities.

## NOTE 9. ACCOUNTS PAYABLE

Accounts Payable <i>As of September 30</i>	<i>Dollars in Thousands</i>		
	2014		
	Accounts Payable	Interest, Penalties, and Administrative Fees	Total
Intragovernmental Payables	\$ 329,951	N/A	\$ 329,950
Nonfederal Payables (To the Public)	355,870	0	355,870
<b>Total Accounts Payable</b>	<b>\$ 685,821</b>	<b>\$ 0</b>	<b>\$ 685,820</b>

Accounts Payable <i>As of September 30</i>	2013		
	Accounts Payable	Interest, Penalties, and Administrative Fees	Total
	Intragovernmental Payables	\$ 266,922	N/A
Nonfederal Payables (To the Public)	400,521	0	400,521
<b>Total Accounts Payable</b>	<b>\$ 667,443</b>	<b>\$ 0</b>	<b>\$ 667,443</b>

Accounts Payable includes amounts owed to federal and nonfederal entities for goods and services received by DSCA Security Assistance Accounts.

The systems used by the DSCA Security Assistance Accounts do not track intragovernmental transactions by customer at the transaction level. The DSCA therefore cannot reconcile accounts payable with other federal entities. Buyer-side accounts payable are adjusted to agree with interagency seller-side accounts receivable.

## NOTE 10. DEBT

Debt <i>As of September 30</i>	2014		
	Beginning Balance	Net Borrowing	Ending Balance
	<b>Agency Debt (Intragovernmental)</b>		
Debt to the Treasury	\$ 35,674	\$ 1,795	\$ 37,469
Debt to the Federal Financing Bank	80,930	(80,930)	0
<b>Total Debt</b>	<b>\$ 116,604</b>	<b>\$ (79,135)</b>	<b>\$ 37,469</b>

Debt <i>As of September 30</i>	2013		
	Beginning Balance	Net Borrowing	Ending Balance
	<b>Agency Debt (Intragovernmental)</b>		
Debt to the Treasury	\$ 33,967	\$ 1,708	\$ 35,675
Debt to the Federal Financing Bank	190,191	(109,262)	80,929
<b>Total Debt</b>	<b>\$ 224,158</b>	<b>\$ (107,554)</b>	<b>\$ 116,604</b>

The [Federal Credit Reform Act \(FCRA\) of 1990](#) provides financing accounts with indefinite authority to borrow from the U.S. Treasury to fund disbursements of loans made to sovereign nations for security assistance. This debt to the U.S. Treasury is reflected in the Foreign Military Financing Direct Loan Financing Account and the Military Debt Reduction Account.

Beginning in January 1975, the DSCA and the Federal Financing Bank (FFB), acting under section 24 of the Arms Export Control Act, as amended, entered into an agreement whereby the FFB would make loan agreements with friendly nations and acquire promissory notes

guaranteed by DSCA. The promissory notes with FFB were liquidated during 2014.

The majority of the debt represents direct and guaranteed loans to foreign countries for pre-1992 and post-1991 loans. The [FCRA](#) governs all direct loan obligations and loan guarantee commitments made after FY 1991. Before 1992, funds were borrowed from the FFB to either directly loan the funds to foreign countries or to reimburse guaranteed loans defaulted. Beginning in 1992, based on the [FCRA](#), the security assistance program began borrowing the funds from the U.S. Treasury.

The DSCA must pay the debt if the foreign country borrower defaults. For loan defaults DSCA must pay the outstanding principal amounts guaranteed.

**NOTE 11. OTHER LIABILITIES**

<b>Other Liabilities</b>		<i>Dollars in Thousands</i>		
		<b>2014</b>		
<i>As of September 30</i>	<b>Current Liability</b>	<b>Noncurrent Liability</b>	<b>Total</b>	
<b>Intragovernmental</b>				
FECA Reimbursement to the Department of Labor	\$ 68	\$ 78	\$ 146	
Custodial Liabilities	0	647,404	647,404	
<b>Total Intragovernmental Other Liabilities</b>	<b>\$ 68</b>	<b>\$ 647,482</b>	<b>\$ 647,550</b>	
<b>Nonfederal</b>				
Accrued Funded Payroll and Benefits	\$ 7	\$ 0	\$ 7	
Advances from Others	64,151,890	3,594,897	67,746,787	
Contract Holdbacks	331,379	0	331,379	
<b>Total Nonfederal Other Liabilities</b>	<b>\$ 64,483,276</b>	<b>\$ 3,594,897</b>	<b>\$ 68,078,173</b>	
<b>Total Other Liabilities</b>	<b>\$ 64,483,344</b>	<b>\$ 4,242,379</b>	<b>\$ 68,725,723</b>	

<b>Other Liabilities</b>		<i>Dollars in Thousands</i>		
		<b>2013</b>		
<i>As of September 30</i>	<b>Current Liability</b>	<b>Noncurrent Liability</b>	<b>Total</b>	
<b>Intragovernmental</b>				
FECA Reimbursement to the Department of Labor	\$ 59	\$ 81	\$ 140	
Custodial Liabilities	0	652,711	652,711	
<b>Total Intragovernmental Other Liabilities</b>	<b>\$ 59</b>	<b>\$ 652,792</b>	<b>\$ 652,851</b>	
<b>Nonfederal</b>				
Accrued Funded Payroll and Benefits	\$ 44	\$ 0	\$ 44	
Advances from Others	63,474,620	3,477,539	66,952,159	
Contract Holdbacks	150,496	0	150,496	
<b>Total Nonfederal Other Liabilities</b>	<b>\$ 63,625,160</b>	<b>\$ 3,477,539</b>	<b>\$ 67,102,699</b>	
<b>Total Other Liabilities</b>	<b>\$ 63,625,219</b>	<b>\$ 4,130,331</b>	<b>\$ 67,755,550</b>	

Advances from Others represent liabilities for collections received to cover future expenses or acquisition of assets.

Custodial Liabilities represents liabilities for collections reported as non-exchange revenues where the Department is acting on behalf of another Federal entity.

Contract Holdbacks are amounts earned by contractors or suppliers during the production period but not yet paid to the contractor/supplier to ensure future performance.



## Other Liabilities

Nonfederal Advances from Others, Noncurrent includes \$3.6 billion related to contracts authorizing progress payments based on cost as defined in the [Federal Acquisition Regulation \(FAR\)](#). In accordance with contract terms, specific rights to the contractors' work vest with the Federal Government when a specific type of contract financing payment is made. This action protects taxpayer funds in the event of contract nonperformance. These rights should not be misconstrued as rights of ownership. The Department is under no obligation to pay contractors for amounts greater than the amounts authorized in contracts until delivery and government acceptance. Due to the probability the contractors will complete their efforts and deliver satisfactory products, and because the amount of potential future payments are estimable, the Department has recognized a contingent liability for estimated future payments which are conditional pending delivery and government acceptance.

Total Contingent Liabilities for progress payments based on cost represent the difference between the estimated costs incurred to date by contractors and amounts authorized to be paid under progress payments based on cost provisions within the FAR. Estimated contractor-incurred costs are calculated by dividing the cumulative unliquidated progress payments based on cost by the contract-authorized progress payment rate. The balance of unliquidated progress payments based on cost is deducted from the estimated total contractor-incurred costs to determine the contingency amount.

## NOTE 12. COMMITMENTS AND CONTINGENCIES

The U.S. Government may be a party in various administrative proceedings or court litigations, but it is highly unlikely any will implicate the FMS Trust Fund. The U.S. funds appropriated for security assistance generally are not legally available for paying claims.

## NOTE 13. FEDERAL EMPLOYMENT BENEFITS

Federal Employment Benefits	Dollars in Thousands		
	2014		
As of September 30	Liabilities	(Less: Assets Available to Pay Benefits)	Unfunded Liabilities
<b>Pension and Health Actuarial Benefits</b>			
FECA	\$ 648	\$ 0	\$ 648
<b>Total Military Retirement and Other Federal Employment Benefits</b>	<b>\$ 648</b>	<b>\$ 0</b>	<b>\$ 648</b>

Federal Employment Benefits	Dollars in Thousands		
	2013		
As of September 30	Liabilities	(Less: Assets Available to Pay Benefits)	Unfunded Liabilities
<b>Pension and Health Actuarial Benefits</b>			
FECA	\$ 595	\$ 0	\$ 595
<b>Total Military Retirement and Other Federal Employment Benefits</b>	<b>\$ 595</b>	<b>\$ 0</b>	<b>\$ 595</b>

## FEDERAL EMPLOYEES' COMPENSATION ACT (FECA)

### Actuarial Cost Method Used and Assumptions

The Defense Security Cooperation Agency FMS Trust Fund actuarial liability for workers' compensation benefits is developed by the Department of Labor and provided to the FMS Trust Fund at the end of each fiscal year. The liability for future workers' compensation benefits includes the expected liability for death, disability, medical, and miscellaneous costs for approved compensation cases, plus a component for incurred but not reported claims. The liability is determined using a method utilizing historical benefit payment patterns related to a specific incurred period to predict the ultimate payments related to that period. Consistent with past practice, these projected annual benefit payments have been discounted to present value using the Office of Management and Budget's economic assumptions for 10-year Treasury notes and bonds. Interest rate assumptions utilized for discounting were as follows:

#### Discount Rates

3.455% in Year 1

3.455% in Year 2 and thereafter

To provide more specifically for the effects of inflation on the liability for future workers' compensation benefits, wage inflation factors (cost of living adjustments or COLAs) and medical inflation factors (consumer price index medical or CPIMs) were applied to the calculation of projected future benefits. The actual rates for these factors for the charge back year (CBY) 2014 were also used to adjust the methodology's historical payments to current year constant dollars.

The compensation COLAs and CPIMs used in the projections for various CBYs were as follows:

Federal Employees Compensation Act (FECA)		
CBY	COLA	CPIM
2015	1.73%	2.93%
2016	2.17%	3.76%
2017	2.13%	3.86%
2018	2.23%	3.90%
2019+	2.30%	3.90%

The model’s resulting projections were analyzed to ensure that the estimates were reliable. The analysis was based on four tests: (1) a sensitive analysis of the model to economic assumptions, (2) a comparison of the percentage change in the liability amount by agency to the percentage change in the actual incremental payments, (3) a comparison of the incremental paid losses per case (a measure of case-severity) in CBY 2014 to the average pattern observed during the most current three CBYs, and (4) a comparison of the estimated liability per case in the CBY 2014 projection to the average pattern for the projections of the most recent three years.

**NOTE 14. GENERAL DISCLOSURES RELATED TO THE STATEMENT OF NET COST**

<b>Costs and Exchange Revenue</b>		<i>Dollars in Thousands</i>	
<i>As of September 30</i>		<b>2014</b>	<b>2013</b>
<b>Operations, Readiness &amp; Support</b>			
Gross Cost			
Intragovernmental Cost		\$ 8,555,546	\$ 7,424,481
Nonfederal Cost		\$ 26,330,780	\$ 23,481,664
<b>Total Cost</b>		<b>\$ 34,886,326</b>	<b>\$ 30,906,145</b>
Earned Revenue			
Intragovernmental Revenue		\$ (32)	\$ 0
Nonfederal Revenue		\$ (5,858)	\$ (14,556)
<b>Total Revenue</b>		<b>\$ (5,890)</b>	<b>\$ (14,556)</b>
<b>Total Net Cost</b>		<b>\$ 34,880,436</b>	<b>\$ 30,891,589</b>

The Statement of Net Cost (SNC) represents the net cost of programs and organizations of the Department as supported by appropriations or other means. The intent of the SNC is to provide gross and net cost information related to the amount of output or outcome for a given program or organization administered by a responsible reporting entity. Intragovernmental costs and revenue represent transactions between two reporting entities within the Federal Government. Public costs and exchange revenues are transactions made between the reporting entity and a nonfederal entity.

The systems utilized by Defense Security Cooperation Agency for the FMS Trust Fund and the accounts for funds appropriated for security assistance do not fully meet accounting standards. Information presented is based on budgetary obligations, disbursements, and collection transactions, as well as nonfinancial feeder systems adjusted to record known accruals for major items, such as payroll expenses and accounts payable. The Department’s current processes and systems do not capture and report accumulated costs for major programs based upon the performance measures as required by the [Government Performance and Results Act](#). The Department is in the process of reviewing available data and developing a cost reporting methodology as required by the Statement of Federal Financial Accounting Standards (SFFAS) No. 4, [Managerial Cost Accounting Concepts and Standards for the Federal Government](#), as amended by SFFAS No. 30, [Inter-entity Cost Implementation](#).

Additionally, these systems do not track intragovernmental transactions by a customer at the transaction level. The FMS Trust Fund adjusts expenses by reclassifying amounts

between federal and nonfederal expenses and accruing additional payables and expenses. Intradepartmental revenues and expenses are then eliminated.

## NOTE 15. DISCLOSURES RELATED TO THE STATEMENT OF CHANGES IN NET POSITION

The Appropriations on the SBR does not agree with the Appropriations Received on the Statement of Changes in Net Position. The difference of \$710.8 million is primarily attributable to the period of availability extension within the Foreign Military Financing Program account.

<b>Year Ended September 30, 2014</b>		<i>Dollars in Thousands</i>
<b>Reconciliation of Appropriations on the Statement of Budgetary Resources to Appropriations Received on the Statement of Changes in Net Position</b>		<b>Total</b>
Appropriations, Statement of Budgetary Resources	\$	6,735,612
Less: Appropriations Received, Statement of Changes in Net Position		(6,024,853)
<b>Total Reconciling Amount</b>	<b>\$</b>	<b>710,759</b>
<b>Items Reported as Increases to Appropriations, Statement of Budgetary Resources</b>		
Allocation Transfers	\$	710,759
<b>Items Reported in Net Cost of Operations, Statement of Changes in Net Position</b>		
<b>Total Reconciling Items</b>	<b>\$</b>	<b>710,759</b>

## NOTE 16. DISCLOSURES RELATED TO THE STATEMENT OF BUDGETARY RESOURCES

<b>Disclosures Related to the Statement of Budgetary Resources</b>		<i>Dollars in Thousands</i>	
<i>As of September 30</i>		<b>2014</b>	<b>2013</b>
Net Amount of Budgetary Resources Obligated for Undelivered Orders at the End of the Period.	\$	159,932,064	\$ 153,849,411

On the Statement of Budgetary Resources (SBR), obligations incurred of \$41.9 billion are direct and exempt from apportionment.

The SBR includes intra-entity transactions because the statements are presented combined.

Borrowings from the U.S. Treasury are required to be repaid once a year at the end of the fiscal year. The financing sources for the repayments on borrowings are loan repayments from the countries or permanent indefinite appropriations through subsidy reestimates.

The portions of the FMS Trust Fund receipts collected in the current fiscal year that exceed current outlays are temporarily precluded from obligation by law. These receipts, however, are available for obligation as needed in the future.

The [Federal Credit Reform Act of 1990](#) (FCRA) provides permanent indefinite appropriations to fund upward subsidy reestimates that fund repayments of principal and interest of U.S. Treasury borrowings with the Foreign Military Financing Direct Loan Program and the Military Debt Reduction Financing Account. The [FCRA](#) also provides permanent indefinite appropriations to fund loan defaults with the Federal Financing Bank in the Foreign Military

Loan Liquidating Account.

The Appropriations on the SBR does not agree with the Appropriations Received on the Statement of Changes in Net Position. Refer to Note 15, Disclosures Related to the Statement of Changes in Net Position for additional details.

Legal limitations and time restriction on the use of unobligated appropriation balances are provided under Public Law.

## NOTE 17. RECONCILIATION OF NET COST OF OPERATIONS TO BUDGET

Reconciliation of Net Cost of Operations to Budget		<i>Dollars in Thousands</i>	
<i>As of September 30</i>	2014	2013	
<b>Resources Used to Finance Activities</b>			
<b>Budgetary Resources Obligated</b>			
Obligations incurred	\$ 41,960,551	\$	21,637,738
Less: Spending authority from offsetting collections and recoveries	(1,108,237)		(529,970)
<b>Obligations net of offsetting collections and recoveries</b>	<b>\$ 40,852,314</b>	<b>\$</b>	<b>21,107,768</b>
Less: Offsetting receipts	(29,267,942)		(26,651,359)
<b>Net Budgetary Resources Obligated</b>	<b>\$ 11,584,372</b>	<b>\$</b>	<b>(5,543,591)</b>
<b>Total resources used to finance activities</b>	<b>\$ 11,584,372</b>	<b>\$</b>	<b>(5,543,591)</b>
<b>Resources Used to Finance Items not Part of the Net Cost of Operations</b>			
<b>Change in budgetary resources obligated for goods, services and benefits ordered but not yet provided</b>			
Undelivered Orders	\$ (6,082,652)	\$	9,644,116
Budgetary offsetting collections and receipts that do not affect Net Cost of Operations	29,380,451		26,792,680
Resources that finance the acquisition of assets	(1,794)		(1,709)
<b>Total resources used to finance items not part of the Net Cost of Operations</b>	<b>\$ 23,296,005</b>	<b>\$</b>	<b>36,435,087</b>
<b>Total resources used to finance the Net Cost of Operations</b>	<b>\$ 34,880,377</b>	<b>\$</b>	<b>30,891,496</b>
<b>Components of the Net Cost of Operations that will not Require or Generate Resources in the Current Period</b>			
<b>Components Requiring or Generating Resources in Future Period</b>			
Other	\$ 59	\$	93
<b>Total components of Net Cost of Operations that will Require or Generate Resources in future periods</b>	<b>\$ 59</b>	<b>\$</b>	<b>93</b>
<b>Components not Requiring or Generating Resources</b>			
<b>Total components of Net Cost of Operations that will not Require or Generate Resources in the current period</b>	<b>\$ 59</b>	<b>\$</b>	<b>93</b>
<b>Net Cost of Operations</b>	<b>\$ 34,880,436</b>	<b>\$</b>	<b>30,891,589</b>

The Reconciliation of Net Cost of Operations to Budget reconciles the cost reflected on the Statement of Net Cost to the budgetary information reflected on the Statement of Budgetary Resources. This is accomplished by means of a reconciliation of budgetary obligations and non-budgetary resources available to the reporting entity with its net cost of operations.

The following Reconciliation of Net Cost of Operations to Budget lines are presented as combined instead of consolidated due to intraagency budgetary transactions not being eliminated:

Obligations Incurred

Less: Spending Authority from Offsetting Collections and Recoveries

Obligations Net of Offsetting Collections and Recoveries

Less: Offsetting Receipts

Net Obligations

Undelivered Orders

Unfilled Customer Orders

Due to the Foreign Military Sales Trust Fund system limitations, budgetary data is not in agreement with proprietary expenses and assets capitalized. The difference between budgetary and proprietary data is a previously identified deficiency.

Components Requiring or Generating Resources in Future Period, Other is attributable to Federal Employee Compensation Act actuarial expense.

## APPENDIX B: LIST OF ACRONYMS AND ABBREVIATIONS

Acronym	Definition
AF-IPPS	Air Force Integrated Personnel and Pay System ERP
AFR	Agency Financial Report
AFRICOM	Africa Combatant Command
ANSF	Afghan National Security Force
APP	Annual Performance Plan
APR	Annual Performance Report
ASD	Assistant Secretary of Defense
BAM	Business Activity Monitoring tool
BBP	Better Buying Power
BCA	Budget Control Act 2011
CEFMS	Corps of Engineers Financial Management System
CFO	Chief Financial Officer
CIO	Chief Information Officer
CMO	Chief Management Officer
COCOM	Combatant Command
COLA	Cost of Living Adjustment
COR	Contracting Officer Representative
COTS	Commercial off-the-shelf
CPIM	Consumer Price Index, Medical
CRS	Career Readiness Standards
DAI	Defense Agency Initiative ERP
DAU	Defense Acquisition University
DAWIA	Defense Acquisition Workforce Improvement Act
DBC	Defense Business Council
DCAA	Defense Contract Audit Agency
DCMA	Defense Contract Management Agency
DCMO	Deputy Chief Management Officer
DCPS	Defense Civilian Pay System
DEAMS	Defense Enterprise Accounting and Management System
DFAS	Defense Finance and Accounting Service
DHA	Defense Health Agency
DHP	Defense Health Program
DJMS	Defense Joint Military Pay System
DLA	Defense Logistics Agency
DMDC	Defense Manpower Data Center
DoD	Department of Defense
DoDI	Department of Defense Instruction
DSCA	Defense Security Cooperation Agency
DTMO	Defense Travel Management Office

<b>Acronym</b>	<b>Definition</b>
DTS	Defense Travel System
EBS	Enterprise Business System ERP
EIC	External Independent Contractor
ERP	Enterprise Resource Planning
FBWT	Fund Balance With Treasury
FFMIA	Federal Financial Management Improvement Act of 1996
FIAR	Financial Improvement and Audit Readiness
FM	Financial Management
FMFIA	Federal Managers' Financial Integrity Act of 1982
FMR	Financial Management Regulation
FMS	Foreign Military Sales
FPSR	FIAR Plan Status Report
FY	Fiscal Year
GAO	Government Accountability Office
GCSS-A	Global Combat Support System - Army
GCSS-MC	Global Combat Support System - MC
GFEB	General Fund Enterprise Business System
GPF	General Purpose Force
HUMINT	Human intelligence
ICBM	Intercontinental Ballistic Missile
IDES	Integrated Disability Evaluation System
IG	Inspector General
IPERA	Improper Payments Elimination and Recovery Act of 2010
IPERIA	Improper Payments Elimination and Recovery Improvement Act of 2012
IPIA	Improper Payment Information Act of 2002
IPPS-A	Integrated Personnel Pay System - Army
IRB	Investment Review Board
ISAF	International Security Assistance Force
ISR	Intelligence, Surveillance and Reconnaissance
ISIL	Islamic State of Iraq and the Levant
IT	Information Technology
LMP	Logistics Modernization Program
MDA	Missile Defense Agency
MDAP	Major Defense Acquisition Programs
MERHCF	Medicare-Eligible Retiree Health Care Fund
MHS	Military Health System
MICP	Managers' Internal Control Program
MILDEP	Military Department
MOCAS	Mechanization of Contract Administrative Services
MRF	Military Retirement Fund



<b>Acronym</b>	<b>Definition</b>
MRHB	Military Retirement Health Benefits
NATO	North Atlantic Treaty Organization
NDAA	National Defense Authorization Act
NDS	National Defense Stockpile
O&M	Operations and Maintenance
OCO	Overseas Contingency Operations
ODO	Other Defense organizations
OEF	Operation Enduring Freedom
OIF	Operation Iraqi Freedom
OIG	Office of the Inspector General
OM&S	Operating Material and Supplies
OMB	Office of Management and Budget
OPSEC	Operations Security
OSD	Office of the Secretary of Defense
OUSD	Office of the Under Secretary of Defense
OUSD(C)	Office of the Under Secretary of Defense (Comptroller)
PBL	Performance Based Logistics
PCS	Permanent Change of Station
PFPA	Pentagon Force Protection Agency
PP&E	Property, Plant, and Equipment
PSA	Principal Staff Assistants
QDR	Quadrennial Defense Review
R&D	Research and Development
RAA	Rapid Acquisition Authority
RDT&E	Research, Development, Test, and Evaluation
SBA	Schedule of Budgetary Activity
SBR	Statement of Budgetary Resources
SCMR	Strategic Choices and Management Review
SCNP	Statement of Changes in Net Position
SFA	Security force assistance
SFFAS	Statement of Federal Financial Accounting Standards
SFIS	Standard Financial Information Structure
SIG	Senior Integration Group
SLOA	Standard Line of Accounting
SNC	Statement of Net Cost
SSAE	Statement on Standards for Attestation Engagement
TAP	Transition Assistance Program
TDY	Temporary Duty
UFC	USACE Finance Center
U.S.	United States
USACE	United States Army Corps of Engineers

<b>Acronym</b>	<b>Definition</b>
USD	Under Secretary of Defense
USD(AT&L)	Under Secretary of Defense for Acquisition, Technology and Logistics
USGAAP	United States Generally Accepted Accounting Principles
USMC	United States Marine Corps
USSGL	United States Standard General Ledger
USSOCOM	United States Special Operations Command
USSTRATCOM	United States Strategic Command
USTRANSCOM	United States Transportation Command
VA	Department of Veterans Affairs
WCF	Working Capital Fund
WII	Wounded, Ill, or Injured

## APPENDIX C: USEFUL WEBSITES

Link	URL
Budget Control Act of 2011	<a href="http://www.gpo.gov/fdsys/pkg/PLAW-112publ25/pdf/PLAW-112publ25.pdf">http://www.gpo.gov/fdsys/pkg/PLAW-112publ25/pdf/PLAW-112publ25.pdf</a>
Defense Advanced Research Projects Agency	<a href="http://www.darpa.mil">http://www.darpa.mil</a>
Defense Business Council	<a href="http://dcmo.defense.gov/governance/dbc-irb.html">http://dcmo.defense.gov/governance/dbc-irb.html</a>
Defense Commissary Agency	<a href="http://www.commissaries.com">http://www.commissaries.com</a>
Defense Contract Audit Agency	<a href="http://www.dcaa.mil">http://www.dcaa.mil</a>
Defense Contract Management Agency	<a href="http://www.dcma.mil">http://www.dcma.mil</a>
Defense Finance & Accounting Service	<a href="http://www.dfas.mil">http://www.dfas.mil</a>
Defense Health Agency	<a href="http://tricare.mil/tma/">http://tricare.mil/tma/</a>
Defense Intelligence Agency	<a href="http://www.dia.mil">http://www.dia.mil</a>
Defense Information Systems Agency	<a href="http://www.disa.mil">http://www.disa.mil</a>
Defense Logistics Agency	<a href="http://www.dla.mil">http://www.dla.mil</a>
Defense Media Activity	<a href="http://www.dma.mil">http://www.dma.mil</a>
Defense POW/Missing Personnel Office	<a href="http://www.dtic.mil/dpmo/">http://www.dtic.mil/dpmo/</a>
Defense Security Cooperation Agency	<a href="http://www.dsca.mil">http://www.dsca.mil</a>
Defense Security Service	<a href="http://www.dss.mil">http://www.dss.mil</a>
Defense Strategic Guidance 2012	<a href="http://www.defense.gov/news/Defense_Strategic_Guidance.pdf">http://www.defense.gov/news/Defense_Strategic_Guidance.pdf</a>
Defense Technical Information Center	<a href="http://www.dtic.mil">http://www.dtic.mil</a>
Defense Technology Security Administration	<a href="http://www.dtsa.mil">http://www.dtsa.mil</a>
Defense Threat Reduction Agency	<a href="http://www.dtra.mil">http://www.dtra.mil</a>
Department of the Air Force	<a href="http://www.af.mil">http://www.af.mil</a>
Department of the Army	<a href="http://www.army.mil">http://www.army.mil</a>
Department of Defense (DoD)	<a href="http://www.defense.gov/">http://www.defense.gov/</a>
Department of the Navy	<a href="http://www.navy.mil">http://www.navy.mil</a>
DoD Education Activity	<a href="http://www.dodea.edu/">http://www.dodea.edu/</a>
DoD Enterprise Transition Plan	<a href="http://dcmo.defense.gov/publications/enterprise-transition-plan.html">http://dcmo.defense.gov/publications/enterprise-transition-plan.html</a>
DoD Financial Improvement and Audit Readiness	<a href="http://comptroller.defense.gov/fiar">http://comptroller.defense.gov/fiar</a>
DoD Financial Management Certification Program	<a href="http://comptroller.defense.gov/externalLinks/FMCert.aspx">http://comptroller.defense.gov/externalLinks/FMCert.aspx</a>
DoD Financial Management Regulation	<a href="http://comptroller.defense.gov/fmr">http://comptroller.defense.gov/fmr</a>
DoD Human Resources Activity	<a href="http://www.dhra.mil">http://www.dhra.mil</a>
DoD Joint Chiefs of Staff	<a href="http://www.jcs.mil/">http://www.jcs.mil/</a>
DoD Managers' Internal Control Program	<a href="http://comptroller.defense.gov/fiar/micp.aspx">http://comptroller.defense.gov/fiar/micp.aspx</a>
DoD, Office of the Inspector General	<a href="http://www.dodig.mil/">http://www.dodig.mil/</a>

## U.S. Department of Defense Agency Financial Report for FY 2014

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Link	URL
DoD Strategic Management Plan	<a href="http://dcmo.defense.gov/publications/strategic-management-plan.html">http://dcmo.defense.gov/publications/strategic-management-plan.html</a>
Federal Accounting Standards Advisory Board	<a href="http://fasab.gov/accounting-standards/authoritative-source-of-gaap/">http://fasab.gov/accounting-standards/authoritative-source-of-gaap/</a>
Federal Financial Management Improvement Act	<a href="http://www.gpo.gov/fdsys/pkg/PLAW-104publ208/pdf/PLAW-104publ208.pdf">http://www.gpo.gov/fdsys/pkg/PLAW-104publ208/pdf/PLAW-104publ208.pdf</a>
Federal Managers' Financial Integrity Act	<a href="http://www.gpo.gov/fdsys/pkg/STATUTE-96/pdf/STATUTE-96-Pg814.pdf">http://www.gpo.gov/fdsys/pkg/STATUTE-96/pdf/STATUTE-96-Pg814.pdf</a>
Missile Defense Agency	<a href="http://www.mda.mil">http://www.mda.mil</a>
National Geospatial-Intelligence Agency	<a href="https://www.nga.mil/Pages/default.aspx">https://www.nga.mil/Pages/default.aspx</a>
National Guard	<a href="http://www.nationalguard.mil">http://www.nationalguard.mil</a>
National Reconnaissance Office	<a href="http://www.nro.gov">http://www.nro.gov</a>
National Security Agency/Central Security Service	<a href="https://www.nsa.gov/">https://www.nsa.gov/</a>
Office of Economic Adjustment	<a href="http://www.oea.gov">http://www.oea.gov</a>
Office of Management and Budget Circulars	<a href="http://www.whitehouse.gov/omb/circulars_default/">http://www.whitehouse.gov/omb/circulars_default/</a>
Pentagon Force Protection Agency	<a href="http://www.pfpa.mil">http://www.pfpa.mil</a>
Quadrennial Defense Review 2014	<a href="http://www.defense.gov/qdr">http://www.defense.gov/qdr</a>
U.S. Africa Command	<a href="http://www.africom.mil">http://www.africom.mil</a>
U.S. Central Command	<a href="http://www.centcom.mil">http://www.centcom.mil</a>
U.S. European Command	<a href="http://www.eucom.mil">http://www.eucom.mil</a>
U.S. Marine Corps	<a href="http://www.marines.mil">http://www.marines.mil</a>
U.S. Northern Command	<a href="http://www.northcom.mil">http://www.northcom.mil</a>
U.S. Pacific Command	<a href="http://www.pacom.mil">http://www.pacom.mil</a>
U.S. Southern Command	<a href="http://www.southcom.mil">http://www.southcom.mil</a>
U.S. Special Operations Command	<a href="http://www.socom.mil">http://www.socom.mil</a>
U.S. Strategic Command	<a href="http://www.stratcom.mil">http://www.stratcom.mil</a>
U.S. Transportation Command	<a href="http://www.transcom.mil">http://www.transcom.mil</a>
Washington Headquarters Services	<a href="http://www.whs.mil">http://www.whs.mil</a>

## APPENDIX D: INDEX OF FIGURES AND TABLES

### FIGURES

Figure 1.	Department of Defense FY 2014 Budget Authority .....	4
Figure 2.	Department of Defense Organization Structure .....	8
Figure 3.	Office of the Secretary of Defense Principal Staff Assistants .....	9
Figure 4.	Reserve Forces and National Guard .....	10
Figure 5.	Defense Agencies and DoD Field Activities .....	11
Figure 6.	Combatant Commands .....	12
Figure 7.	Summary of Performance Results, Third Quarter FY 2014 .....	14
Figure 8.	DFAS Statistics FY 2014 .....	21
Figure 9.	Trend in DoD Budget Authority .....	22
Figure 10.	Composition of DoD Total Budgetary Resources .....	22
Figure 11.	Summary of Total Assets .....	23
Figure 12.	Summary of Total Liabilities .....	24
Figure 13.	Unfunded Liabilities .....	25
Figure 14.	Summary of Net Cost of Operations .....	26
Figure 15.	Financial Performance Summary .....	27
Figure 16.	General Funds Under Audit in FY 2015 .....	29
Figure 17.	The Department’s Integrated Business Framework .....	35
Figure 18.	DoD Financial Management Improvement Initiatives .....	36
Figure 19.	Improper Payment Rate – Military Pay .....	150
Figure 20.	Improper Payment Rate – Civilian Pay .....	151
Figure 21.	Improper Payment Rate – USACE Commercial Pay .....	154
Figure 22.	Improper Payment Rate – Military Retirement .....	155
Figure 23.	Improper Payment Rate – USACE Travel Pay .....	157

### TABLES

Table 1.	DoD IG-Identified Material Weaknesses in Internal Controls Over Financial Reporting .....	131
Table 2a.	Summary of DoD-Identified Material Weaknesses in Internal Controls Over Financial Reporting .....	132
Table 2a-1.	Brief Description of Material Weaknesses in Internal Controls Over Financial Reporting .....	133
Table 2b.	Summary of DoD-Identified Material Weaknesses in Internal Controls Over Non-Financial Operations .....	139
Table 2b-1.	Brief Description of Material Weaknesses in Internal Controls Over Non-Financial Operations .....	140
Table 2c.	Conformance with Financial Management System Requirements (FMFIA Section 4) .....	143
Table 2c-1.	Brief Description, Material Weaknesses in Internal Controls over Financial Systems .....	144
Table 2d.	Compliance with Section 803(a) of FFMIA .....	144
Table 3.	Improper Payment Reduction Outlook .....	159
Table 4.	Payment Recapture Audit Reporting .....	163
Table 5.	Payment Recapture Audit Targets .....	164
Table 6.	Aging of Outstanding Overpayments .....	164
Table 7.	Disposition of Recaptured Funds .....	164
Table 8.	Overpayments Recaptured Outside of Payment Recapture Audits .....	165
Table 9.	Implementation of the Do Not Pay Initiative .....	169
Table 10.	Freeze the Footprint Baseline Comparison .....	170
Table 11.	Reporting of O&M Costs – Owned and Direct Lease Buildings .....	170

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