

DEPARTMENT OF THE ARMY
U.S. Army Corps of Engineers
Washington, DC 20314-1000

*ER 37-1-30

CERM-F

Regulation
No. 37-1-30

12 December 2019

Financial Administration
ACCOUNTING AND REPORTING

1-1. Purpose. This regulation sets forth the principles and standards governing the design and operation of the financial/cost accounting and reporting systems for U.S. Army Corps of Engineers (USACE). This prescribes the statutory and regulatory requirements concerning management and accounting for USACE.


1-2. Applicability. This regulation applies to Headquarters United States Army Corps of Engineer (HQUSACE) Commands.

1-3. Distribution Statement. Approved for public release; distribution is unlimited.

1-4. Records Management (Record Keeping) requirements. Records management requirements for all record numbers, forms, and reports associated with this pamphlet are included in the Army's Records Retention Schedule – Army (RRS-A). Detailed information for all record numbers, forms, and reports associated with this pamphlet are located in the RRS-A at <https://www.arims.army.mil>.

FOR THE COMMANDER:

(#) appendices
(See Table of Contents)


KIRK E. GIBBS
COL, EN
Chief of Staff

* This regulation supersedes Change 1 through 14 to ER 37-1-30, Financial Administration, Accounting and Reporting dated 30 September 2002

TABLE OF CONTENTS

Chapter 1: Accounting Principles	Paragraph	Page
Purpose.....	1-1.....	1
Applicability.....	1-2.....	1
Distribution Statement.....	1-3.....	1
Reference	1-4.....	1
USACE Policy.....	1-5.....	11
Background.....	1-6.....	11
The Accounting Organization and Functions.....	1-7.....	12
Corps Financial Management.....	1-8.....	14
Internal Control.....	1-9.....	16
Revisions.....	1-10.....	18
Chapter 2: Revolving Fund Concepts		
Purpose.....	2-1.....	19
Applicability.....	2-2.....	19
Distribution Statement.....	2-3.....	19
References.....	2-4.....	19
Public Law Establishing the Revolving Fund.....	2-5.....	20
Financial Management.....	2-6.....	24
Accounting Policy.....	2-7.....	25
Principles of Functional Grouping.....	2-8.....	26
Concepts of Expense and Income.....	2-9.....	26
Regional Revolving Fund Cash Balance.....	2-10.....	27
Revolving Fund Internal Management Control.....	2-11.....	27
Chapter 3: Fund Accounting and Control		
Purpose.....	3-1.....	28
Applicability.....	3-2.....	28
Distribution Statement.....	3-3.....	28
References.....	3-4.....	28
Definitions, Terminology and Concepts.....	3-5.....	29
Fund Control Responsibilities.....	3-6.....	32
Accounting Support for Fund Control Systems.....	3-7.....	35
Anti-Deficiency Act (ADA) Violations.....	3-8.....	35
ADA Reporting Procedures.....	3-9.....	36
Accounting Procedures	3-10.....	38

Chapter 4: Accounts Payable

Purpose.....	4-1.....	39
Applicability.....	4-2.....	39
Distribution.....	4-3.....	39
References.....	4-4.....	39
Policy for Accounts Payable.....	4-5.....	40
Policy for Recording Estimated Accounts Payable (Accruals).....	4-6.....	44
Accounts Payable Procedures.....	4-7.....	46

Chapter 5: Accounts Receivable and Collections

Purpose.....	5-1.....	47
Applicability.....	5-2.....	47
Distribution Statement.....	5-3.....	47
References.....	5-4.....	47
Policy for Accounts Receivable (A/R).....	5-5.....	52
Billings.....	5-6.....	54
Long Term Receivables.....	5-7.....	56
Claims Receivable.....	5-8.....	57
Allowance for Bad Debt.....	5-9.....	57
Debt Management.....	5-10.....	57
Collections Policy.....	5-11.....	60
Categories of Collection.....	5-12.....	63
General Fund Receipt Accounts.....	5-13.....	64
Special Fund Receipt Accounts.....	5-14.....	66
Trust Fund Receipt Accounts.....	5-15.....	69
Deposit Fund and Clearing Accounts.....	5-16.....	70
Reimbursements.....	5-17.....	71
Refunds.....	5-18.....	74
Accounts Receivable and Collection Procedures.....	5-19.....	76

Chapter 6: Labor Costs and Corrections

Purpose.....	6-1.....	77
Applicability.....	6-2.....	77
Distribution Statement.....	6-3.....	77
References.....	6-4.....	77
Policy.....	6-5.....	77
Labor and Labor Cost Corrections Procedures.....	6-6.....	79
Accounting Procedures.....	6-7.....	81

Chapter 7: Project Cost Accounts

General.....	7-1.....	82
Applicability.....	7-2.....	82
Distribution Statement.....	7-3.....	82
Appropriation Definitions.....	7-4.....	82
Cost Account Requirements.....	7-5.....	84
Cost Accounting Procedures.....	7-6.....	85

Chapter 8: Pay and Allowances of Military Personnel

General.....	8-1.....	86
Policy.....	8-2.....	86
Pay and Allowances of Military Personnel Procedures.....	8-3.....	86

Chapter 9: Civilian Payroll and Leave Accounting

Purpose.....	9-1.....	87
Applicability.....	9-2.....	87
Distribution Statement.....	9-3.....	87
Policy.....	9-4.....	87
Civilian Payroll and Leave Accounting Procedures.....	9-5.....	92

Chapter 10: Washington Aqueduct

General.....	10-1.....	94
Policy.....	10-2.....	94
Washington Aqueduct Accounting Procedures.....	10-3.....	94

Chapter 11: Revolving Fund Accounting for Military
Supervision and Administration

Purpose.....	11-1.....	95
Applicability.....	11-2.....	95
Distribution Statement.....	11-3.....	95
Policy for Supervision and Administration (S&A) Costs.....	11-4.....	95
S&A Flat Rate Accounts.....	11-5.....	96
Accounting for S&A Flat Rate Costs.....	11-6.....	98
At Cost S&A.....	11-7.....	100

Internal Management Control Review	
Checklist.....	11-8.....100
Finance and Accounting Procedures.....	11-9.....100

Chapter 12: Revolving Fund Reports and Analysis

General.....	12-1.....102
Policy.....	12-2.....102
Responsibilities.....	12-3.....103
3017 Trial Balance of General Ledgers, 66L.....	12-4.....103
Revolving Fund Statement of Results from	
Operations, 66M.....	12-5.....103
Revolving Fund Budget Authority.....	12-6.....104
Accounts Receivable Report, AREC.....	12-7.....104
Warehouse Stock Accounts, WH_STOCK.....	12-8.....104
3017C Schedule of Plant, Properties and	
Equipment, 3017CLGL.....	12-9.....105
ENG 1978A, Plant Replacement and	
Improvement Program, PRIPRPT.....	12-10.....105
Depreciation and Increment, SDIPR.....	12-11.....105
Supervision and Administration (S&A) Report,	
SA95RPT.....	12-12.....105
Unpaid Leave Liability Report.....	12-13.....105
Cash Reconciliation, RFCR.....	12-14.....105
Accounting Procedures.....	12-15.....105

Chapter 13: Accounting for Cost Share Projects

Purpose.....	13-1.....107
Applicability.....	13-2.....107
Distribution Statement.....	13-3.....107
References.....	13-4.....107
General.....	13-5.....108
Policy.....	13-6.....109
Final Accounting Report.....	13-7.....119

Chapter 14: Accounting Treatment for Multiple Purpose
Projects

General.....	14-1.....120
Policy.....	14-2.....120
Accounting Procedures.....	14-3.....124

Chapter 15: Accounting for Property, Plant and Equipment

Purpose.....	15-1.....	125
Applicability.....	15-2.....	125
Distribution Statement.....	15-3.....	125
References.....	15-4.....	125
Asset Criteria.....	15-5.....	125
Supporting Documentation.....	15-6.....	128
Accounting Policy for General Property Plant And Equipment (PP&E).....		
Transfers to Plant In Service.....	15-7.....	132
Depreciation.....	15-8.....	137
Establishment of Service Lives.....	15-9.....	137
Placed in Service Dates.....	15-10.....	137
Salvage Value.....	15-11.....	138
Mothball Status.....	15-12.....	138
Physical Inventories.....	15-13.....	138
Impairment.....	15-14.....	139
Transfer to or From Other USACE		
Appropriations or Activities.....	15-15.....	139
Transfers To or From Other Department of Defense (DoD) Components or Federal		
Agencies.....	15-16.....	140
Disposal.....	15-17.....	141
Proceeds from Sales of Assets.....	15-18.....	141
Scrap.....	15-19.....	141
Reconciliation and Analysis Requirements.....	15-20.....	141
Accounting Procedures.....	15-21.....	141
	15-22.....	143

Chapter 16: Revolving Fund Asset Accounting

General.....	16-1.....	144
Policy.....	16-2.....	144
Accounting Procedures.....	16-3.....	148

Chapter 17: Accounting for Revolving Fund Inventory

General.....	17-1.....	149
Definition.....	17-2.....	149
Policy.....	17-3.....	149
Responsibilities for Inventory.....	17-4.....	150
Accounting for Inventory and Warehouse Operations.....		
	17-5.....	151

Fabrication of Finished Goods.....	17-6.....	152
Accounting for Stock Returns.....	17-7.....	152
Disposal of Excess Stock.....	17-8.....	152
Management and Analysis of Warehouse Operating Accounts and Burden Rates.....	17-9.....	153
Accounting Procedures.....	17-10.....	153
Chapter 18: Revolving Fund Accounting for Shop and Facility Services		
General.....	18-1.....	154
Organizational Assignment.....	18-2.....	154
Reimbursement Policies.....	18-3.....	155
Fiscal Year Budget and Quarterly Reviews.....	18-4.....	156
Shop and Facility Accounting Procedures.....	18-5.....	157
Chapter 19: Revolving Fund for General and Administrative Overhead		
General.....	19-1.....	158
Policy for General and Administrative Overhead... General and Administrative (G&A) Overhead Distributions (Income).....	19-2..... 19-3.....	158 159
Requirement for Single or Multiple G&A Overhead Rates.....	19-4.....	160
Regional G&A Overhead Rates.....	19-5.....	160
Management and Analysis of G&A Overhead Accounts.....	19-6.....	161
General and Administrative Overhead Accounting Procedures.....	19-7.....	162
Chapter 20: Revolving Fund Accounting for Departmental Overhead		
General.....	20-1.....	163
Policy for Departmental Overhead.....	20-2.....	163
Consolidated Departmental Overhead (CDO).....	20-3.....	166
Departmental Overhead Distributions (Income).....	20-4.....	166
Regional Departmental Overhead Rates.....	20-5.....	167
Management and Analysis of Departmental Overhead Accounts.....	20-6.....	168
Departmental Overhead Accounting Procedures.....	20-7.....	169

Appendix A. Internal Management Control Review Checklist - Revolving Fund Operations.....	170
Appendix B. Internal Management Control Review Checklist – Military Construction S&A.....	181
Appendix C. Military Appropriations and Symbols.....	183
Appendix D. Appropriation Life Cycle.....	185
Appendix E. Required Format for Flash Report.....	186
Appendix F. Apportionment Procedures.....	187
Appendix G-1. Historical S&A Rates by Type of Appropriation.....	189
Appendix G-2. Post Award Construction Activities Chargeable to S&A.....	190
Appendix G-3. Consistent Charging Practices for S&A and Design During Construction (DDC) Costs for DB Projects Subject to Flat Rate Procedures	194
Appendix G-4. Pre-Award Construction Activities.....	197
Appendix G-5. Post-Award Activities <u>NOT</u> Chargeable to Flat Rate S&A Accounts.....	199
Appendix G-6. Consolidated Departmental Overhead (CDO) Costs and Activities.....	201
Appendix G-7. Construction Subject to Military Construction (MILCON), Operation and Maintenance (O&M) and Defense Environmental Restoration Program (DERP) Flat Rates.....	203
Appendix G-8. Work or Appropriations <u>NOT</u> Subject to Flat Rate S&A.....	206

Appendix H. Samples of In Kind Credit (IKC) Documents and Timelines.....	208
Appendix I-1. List of Authorized Purposes, Plant Items and Retirement Units of Property with Service Lives for Corps of Engineers Multiple-Service Projects.....	219
Appendix I-2. Specimen Financial Statements.....	240
Appendix J-1. Capitalization Thresholds for New Acquisition.....	245
Appendix J-2. Capitalization Thresholds for Additions and Betterments.....	246
Appendix J-3. Standard Recovery Table for USACE Unique Assets.....	248
Appendix J-4. Examples of Repair and Maintenance Expenses.....	250
Appendix J-5. Examples of Capitalized Additions and Betterments.....	251
Appendix K. Standard Recovery Periods for Revolving Fund Assets.....	252

THIS PAGE INTENTIONALLY LEFT BLANK

Chapter 1

Accounting Principles

1-1. Purpose. This chapter sets forth the principles and standards governing the design and operation of the financial/cost accounting and reporting systems for U.S. Army Corps of Engineers (USACE).

1-2. Applicability. This regulation applies to Headquarters United States Army Corps of Engineer (HQUSACE) Commands.

1-3. Distribution Statement. Approved for public release; distribution is unlimited.

1-4. References.

(1) Establishment and Maintenance of Accounting System and Financial Reporting. The Budget and Accounting Procedures Act of 1950, as amended (31 USC 3511), provides the Congressional policy on the purpose and need for adequate accounting systems and financial reporting in the Federal departments and agencies. This Act places the responsibility upon the head of each executive agency to establish and maintain adequate systems of accounting and mutual control in conformance with principles, standards, and related requirements prescribed by the Federal Accounting Standards Advisory Board (FASAB). The Budget and Accounting Procedures Act of 1950 can be found at <https://budgetcounsel.com/%c2%a7030-pub-1-081-784-budget-and-accounting-procedures-act-of-1950/>.

(2) General military accounting policy and procedures are provided in the Department of Defense Financial Management Regulation (DoD FMR). This chapter is not intended to replace or duplicate the policy contained in DoD FMR, rather, it provides additional supplemental guidance which is unique to the Corps business practices and not found in either of the DOD/Army regulations. DoD FMR can be found at: <https://comptroller.defense.gov/fmr/>.

(3) The standards on accrual accounting contained in Government Accountability Office (GAO) Title II are prescribed by 31 U.S.C 3512(e) and allow obligation accounting where required for budgetary purposes. That law states that the head of each executive agency will cause the accounts of that agency to be maintained on an accrual accounting basis. Thus, the accrual basis is the prescribed basis of accounting to be used by federal agencies. Accrual accounting is also the preferred method of accounting of the American Institute of Certified Public Accountants, the Securities and Exchange Commission, the Internal Revenue Service, and FASAB. The US Army Corps of Engineers (USACE) has adopted this method as the basis for accounting for all appropriations (Civil Works, Military, and Revolving Fund). 31 U.S.C. 3512€ can be found at :

<https://uscode.house.gov/view.xhtml?req=31+USC+3512&f=treesort&num=32&edition=prelim>

(4) Cost-based Budgets. Section 216 of the Budget and Accounting Act of 1921, as

amended (31 USC 1108) was further amended by PL 84-863, to require development and use of cost-based budgets. The term cost-based budgets is interpreted to mean a budget based upon functions, activities, and projects adequately supported by information on program costs and accomplishment, and by a review of performance by organizational units where these do not coincide with performance budget classifications. The statute requires that "(a) The requests of the Departments and establishments for appropriations will in such manner and at such times as may be determined by the President, be developed from cost-based budgets, and (b) for the purposes of administration and operations, such cost-based budgets will be used by all Departments and establishments and their subordinate units. Administrative subdivisions of appropriations or funds will be made on the basis of such cost-based budgets." Section 216 of the Budget and Accounting Act of 1921 can be found at: <https://budgetcounsel.com/public-law-67-13-budget-and-accounting-act-of-1921/>.

(5) Anti-Deficiency Act. Title 31, United States Code, sections 1341 and 1517 provide that obligations will not exceed amounts appropriated or apportioned, or amounts allotted for administrative control. Public Law 84-863 amended the Anti-Deficiency Act by adding the following: "In order to have a simplified system for the subdivision of appropriations of funds, each agency will work toward the objective of financing each operating unit, at the highest practical level, from not more than one administrative subdivision for each appropriation or fund affecting such unit." 31 U.S.C sections 1341 and 1517 can be found at <https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title31-section1341&num=0&edition=prelim> and <https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title31-section1517&num=0&edition=prelim>, respectively.

(6) Documentary Evidence of Obligations. Section 1311, Supplemental Appropriation Act of 1955 (31 USC 1501) sets forth the criteria that govern the reporting of financial transactions as obligations. 31 USC 1501 can be found at: [https://uscode.house.gov/view.xhtml?req=\(title:31%20section:1501%20edition:prelim\)](https://uscode.house.gov/view.xhtml?req=(title:31%20section:1501%20edition:prelim)).

(7) Objects for which Appropriations Made. Section 3678, Revised Statutes (31 USC 1301). This section states that except as otherwise provided by law, sums appropriated will be applied solely to the objects for which they are respectively made. The objective of this statute is to assure that the agencies carry out the programs according to the purposes and intent of the Congress. 31 USC 1301 can be found at: <https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title31-section1301&num=0&edition=prelim>.

(8) Liquidation of Obligated Balances of Expired Appropriations. Public Law 84-798, as amended (31 USC 1551-1557); provides for the system of payment of obligated balances of expired appropriations, and for the withdrawal and restriction of unobligated balances. 31 USC 1551-1557 can be found at: [https://uscode.house.gov/view.xhtml?req=\(title:31%20section:1551%20edition:prelim\)](https://uscode.house.gov/view.xhtml?req=(title:31%20section:1551%20edition:prelim)).

(9) Inventory Controls. The Federal Property and Administrative Services Act of 1949 (40 USC 483) requires agencies to maintain adequate inventory controls and accountability systems for property under their control. The Federal Property and Administrative Services Act of 1949 can be found at:

<https://uscode.house.gov/view.xhtml?path=/prelim@title40/subtitle1&edition=prelim>.

(10) Federal Claims Collection Act of 1966. This Act, PL 89-508 (31 USC 3701-3711) authorizes an agency to settle claims for amounts owed to the Government by reason of the activities of such agency. 31 USC sections 3701-3711 can be found at: <https://uscode.house.gov/view.xhtml?req=granuleid%3AUSC-prelim-title31-chapter37-subchapter1&edition=prelim>.

(11) Employment and Travel Expenses of Consultants and Experts. The Administrative Expenses Act of 1946, as amended, includes provisions relating to the employment of consultants and experts, and to the payment of the travel expenses (5 USC 3109). 5 USC 3109 can be found at: <https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title5-section3109&num=0&edition=prelim>.

(12) Revolving Fund. The Civil Functions Appropriation Act of 1954, PL 83-153, 1st Session, approved 27 July 1953, established the Civil Works Revolving Fund. The fund is available without fiscal year limitation, for expenses necessary for the maintenance and operation of the plant and equipment of the Corps of Engineers used in civil works functions. The fund will be credited with reimbursements or advances for the cost of equipment, facilities, and services furnished, at rates which will include charges for overhead and related expenses, depreciation of plant and equipment, and accrued leave. The Civil Functions Appropriation Act of 1954 can be found at: [https://www.govinfo.gov/app/search/%7B%22offset%22%3A0%2C%22query%22%3A%22publishdate%3Arange\(%2C2019-10-10\)%20AND%20content%3A\(P.L.%2083-153\)%22%2C%22historical%22%3Atrue%7D](https://www.govinfo.gov/app/search/%7B%22offset%22%3A0%2C%22query%22%3A%22publishdate%3Arange(%2C2019-10-10)%20AND%20content%3A(P.L.%2083-153)%22%2C%22historical%22%3Atrue%7D).

(13) Advance Payments.

(a) 31 USC 3324 provides that no advance of public money will be made except as provided by law. 31 USC 3324 can be found at: <https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title5-section3109&num=0&edition=prelim>.

(b) Advance payments are authorized for:

-Tuition (10 USC 2396), <https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title10-section2396&num=0&edition=prelim>.

-Authorized subscriptions to newspapers, magazines, or other publications.

-Flood control work, payments to cooperating public agencies for services (33 USC 701b-2). However, guidance in connection with current Treasury Department requirements should be requested from HQUSACE, Corps of Engineers Resource Management, Finance and Accounting Policy Division (CERM-F), Washington, DC 20314, prior to making such advances. 33 USC 701b-2 can be found at: <https://uscode.house.gov/view.xhtml?hl=false&edition=prelim&req=granuleid%3AUSC-prelim-title33-section701b-2&num=0&saved=%7CZ3JhbnVsZWlkOIVTQy1wcmVsaW0tdGl0bGUzMy1zZWNoaW9uNz>

[AxYi0xMg%3D%3D%7C%7C%7C0%7Cfalse%7Cprelim.](https://uscode.house.gov/view.xhtml?hl=false&edition=prelim&req=granuleid%3AUSC-prelim-title33-section701b-2&num=0&saved=%7CZ3JhbnVsZWlkOIVTQy1wcmVsaW0tdGl0bGUzMy1zZWNoaW9uNzAxYi0xMg%3D%3D%7C%7C%7C0%7Cfalse%7Cprelim.)

-Post office box rental is authorized on an annual basis (25 Comp Gen 834 (1946)). GAO decision can be found at: <https://uscode.house.gov/view.xhtml?hl=false&edition=prelim&req=granuleid%3AUSC-prelim-title33-section701b-2&num=0&saved=%7CZ3JhbnVsZWlkOIVTQy1wcmVsaW0tdGl0bGUzMy1zZWNoaW9uNzAxYi0xMg%3D%3D%7C%7C%7C0%7Cfalse%7Cprelim.>

-Membership in professional societies or associations acquired in the name of the DoD component may be paid in advance. The purpose of the membership must be to acquire services for that component, not an individual.

(14) Receipt Disbursement, and Application of Funds.

(a) Authority of the Comptroller General. The Budget and Accounting Act, 1921 (42 Stat. 20; 31 USC ss 711-720) vested in the Comptroller General of the United States the authority to decide any questions involving a payment to be made by any agency and to investigate all matters relating to the receipt, disbursement, and application of public funds, and to make regular and special reports. It also made final and conclusive on the Executive Branch the decision of the Comptroller General and the balances certified by GAO in the settlement of public accounts. A disallowance by GAO may be only removed by the Comptroller General. 31 USC ss 711-720 can be found at: <https://uscode.house.gov/view.xhtml?req=granuleid%3AUSC-prelim-title31-chapter7&saved=%7CKHRpdGxlOjMxIHNIY3Rpb246NzIwIGVkaXRpb246cHJlbGltKQ%3D%3D%7C%7C%7C0%7Cfalse%7Cprelim&edition=prelim.>

(b) Requests for Decision and Review by the Comptroller General. Section 8 of the Act of 31 July 1894 (Stat 208; 31 USC 3529; and ML 1949, section 1653) provides that disbursing officers or the head of any executive department may apply for and the Comptroller General will render his decision upon any question involving a payment to be made by them or under them, which decision, when rendered will govern GAO in passing upon the account containing said disbursement. Also, section 8 of the Act of 31 July 1894 (28 Stat 207; 31 USC 3526; ML 1949, section 1656); and section 304 of the Act of 10 June 1921 (42 Stat 24; 31 USC 3526; ML 1949, section 1646) provide that any person whose accounts may have been settled by GAO, or the head of the department, may request a review of the said account by the Comptroller General, whose decision upon such review will be final and conclusive upon the Executive Branch of the Government. 31 USC 3529 and 31 USC 3526 can be found at: <https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title31-section3529&num=0&edition=prelim> and <https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title31-section3529&num=0&edition=prelim> respectively.

(c) Indebtedness. The Department will collect indebtedness due the United States promptly according to the Debt Collection Improvement Act of 1966, section 31001 of P.L. 104-134, the Debt Collection Act of 1982, P.L. 365, as amended, the Federal Claims Collection Standards, 4 C.F.R. Parts 101-105, 5 C.F.R. Parts 179 and 550 (Subpart K) and Department of Defense Financial Management Regulation, Volume 8, Chapter 8. CFRs can be found at: <https://www.ecfr.gov/cgi-bin/text-idx?SID=17dc7e89fd641b0068e4c447aec40575&mc=true&tpl=/ecfrbrowse/Title05/5cfrv1>

02.tpl#0 and DoD FMR can be found at: <https://comptroller.defense.gov/fmr/>.

(d) Final Judgment Recovered Against the United States. The Acts of 3 March 1875 and 3 March 1933 (31 USC 3728) provide that when any final judgment recovered against the United States duly allowed by legal authority will be presented to the Comptroller General for payment, and the plaintiff therein will be indebted to the United States in any manner, whether as principal or surety, payment will be withheld of an amount of such judgment or claim equal to the debt thus due to the United States. If the plaintiff denies his indebtedness to the United States, or refuses to consent to the set-off, payment will be withheld of such further amount of such judgment, as will be sufficient to cover all legal charges and costs in prosecuting the debt of the United States to final judgment. If such debt is not already in suit, legal proceedings will be immediately commenced to enforce the same, and will be prosecuted to final judgment. If in such action judgment is rendered against the United States, or the amount recovered for debt and costs is less than the amount so withheld, as before provided, the balance will then be paid over to such plaintiff with interest thereon for the time it had been withheld from the plaintiff. 31 USC 3728 can be found at:

<https://uscode.house.gov/view.xhtml?req=31+usc+3728&f=treesort&fq=true&num=12&hl=true&edition=prelim&granuleId=USC-prelim-title31-section3728>.

(15) Adjustment or Reimbursement between Appropriations. Public Law 89-473 (31 USC 1534) authorizes the charging of any appropriation available to an agency for the benefit of any other appropriation of the same agency for the procurement of materials and services, for which funds are available in both appropriations, with the provision that appropriate adjustment or reimbursement be made between the financing and benefiting appropriations during or as of the close of each fiscal year. 31 USC 1534 can be found at:

<https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title31-section1534&num=0&edition=prelim>.

(16) Disposition of Receipts - General Authorities.

(a) The Act of 9 July 1918 provides that all moneys arising from disposition of material supplied to the Army by the Corps of Engineers will remain available for the purpose of the appropriation from which such materials were authorized to be supplied at the time of the disposition.

(b) Sales of Old Material, Condemned Stores, etc. 40 USC 485a provides that from the proceeds of sales of old material, condemned stores, supplies or other public property of any kind, before being deposited into the Treasury, either as general fund receipts or to the credit of the appropriations to which such proceeds are by law authorized to be made, there may be paid the expenses of such sales, so as to require only the net proceeds of such sales to be deposited into the Treasury, either as General Fund receipts or to the credit of such appropriations, as the case may be. (Where proceeds are for deposit to the credit of an appropriation available for payment of the expenses of the sale, there is no advantage or benefit to be derived by paying the expenses from the proceeds and depositing the net amount. In such cases, the gross amount of the sale should be deposited and the expenses paid in the usual manner.) 40 USC 485a can be found at: <https://www.govinfo.gov/content/pkg/USCODE-2017-title40/html/USCODE-2017-title40-subtitleI-chap5-subchapIV-sec571.htm>.

(17) Authority to Disburse. The Chief of Engineers is charged with the disbursement of funds appropriated for Civil Works and Military funds by a recurrent appropriation act provision, which, for the fiscal year concerned, constitutes a congressional directive to that end.

(18) Deputy Disbursing Officer. The Act of 31 July 1953 (67 Stat 296; 10 USC 2773) provides that in the event of the death, incapacity, or separation from office of a disbursing officer, the accounts of such disbursing officer may be continued and payments made in his name by his deputy disbursing officer for a period of time not to extend beyond the last day of the second month following the month in which such death, incapacity or separation will occur. The deputy will be legally liable and responsible for all payments and official acts during such period until a new disbursing officer is appointed. If there is more than one deputy, the Director, USACE Finance Center, will designate a deputy to disburse as principal in the name of the disbursing officer. Such accounts and payments will be allowed, audited and settled in the manner prescribed by law; and the checks signed in the name of the former disbursing officer will be honored by the Treasurer of the United States, in the same manner as if the former disbursing officer had continued in office. 10 USC 2773 can be found at: <https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title10-section2773&num=0&edition=prelim>.

(19) Payments in Excess of Appropriations Prohibited. The Act of 30 June 1906 (31 USC 1301) provides that no Act of Congress will be construed to make appropriations from the Treasury of the United States or to authorize the payment of money in excess of appropriations made by law, unless such Act does in specific terms so declare. 31 USC 1301 can be found at: <https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title10-section2773&num=0&edition=prelim>.

(20) Sale or Other Disposition of Funds. 31 USC 3341 provides that "A disbursing official of the United States Government may sell a Government warrant, check, draft, or obligation not the property of the official at a premium, or dispose of the proceeds of the warrant, check, draft, or obligation, only if the official deposits the premium and the proceeds in the Treasury or with a depository for the credit of the Government." A disbursing official violating this will be dismissed immediately. 31 USC 3341 can be found at: <https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title10-section2773&num=0&edition=prelim>.

(21) Responsibility for Rendering Money Accounts. The Act of 25 June 1948 (62 Stat 683; 18 USC 643) as amended 11 October 1966, P.L. 104-294 provides that "Whoever being an officer, employee or agent of the United States or of any department or agency thereof, having received public money which he is not authorized to retain a salary, pay, or emolument, fails to render his accounts for the same as provided by law is guilty of embezzlement, and will be fined under this title or in a sum equal to the amount of the money embezzled, whichever is greater, or imprisoned not more than ten years, or both; but if the amount embezzled does not exceed \$1,000, he will be fined under this title or imprisoned not more than one year, or both." 18 USC 643 can be found at: <https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title18-section643&num=0&edition=prelim>.

(22) Chief Financial Officers Act of 1990, P.L. 101-576. This act was intended to bring more effective general and financial management practices to the Federal Government. It provides for improvement, in each agency of the Federal Government, of systems of accounting,

financial management, and internal controls to assure the issuance of reliable financial information and to deter fraud, waste, and abuse of government resources. The act also provides for the production of complete, reliable, timely, and consistent financial information for use by the executive branch of the Government and the Congress in the financing, management, and evaluation of Federal programs. P.L. 101-56 can be found at: <https://www.congress.gov/bill/101st-congress/house-bill/5687>.

(23) Government Performance and Results Act of 1993 (GPRA), P.L. 103-62. GPRA was intended to improve the confidence of the American people in the capability of the Federal Government by systematically holding Federal agencies accountable for achieving program results. The act initiated program performance reform with a series of pilot projects in setting program goals, measuring program performance against those goals, and reporting publicly on their progress. The act also improved Federal program effectiveness and public accountability by promoting a new focus on results, service quality, and customer satisfaction. It helped Federal managers improve service delivery, by requiring that they plan for meeting program objectives and by providing them with information about program results and service quality. This Act was intended to improve internal management of the Federal Government. P.L. 103-62 can be found at: <https://www.congress.gov/bill/101st-congress/house-bill/5687>.

(24) Government Management Reform Act of 1994, P.L. 103-356, Title IV, Financial Management. The act was designed to improve the efficiency of Executive Branch performance in implementing statutory requirements for financial management reporting to the Congress and its committees. P.L. 103-356, Title IV, Financial Management can be found at: <https://www.congress.gov/bill/101st-congress/house-bill/5687>.

(25) Federal Financial Management Improvement Act of 1996, P.L. 104-208, Title VIII, 31 USC 3512. The purpose of this act is to provide for consistency of accounting by an agency from one fiscal year to the next and uniform accounting standards throughout the Federal Government. It requires Federal financial management systems to support full disclosure of Federal financial data, including the full costs of Federal programs and activities, to the citizens, the Congress, the President, and agency management. The act was intended to increase the accountability and credibility of federal financial management; improve performance, productivity and efficiency of Federal Government financial management; establish financial management systems to support controlling the costs of the Federal Government; and increase the capability of agencies to monitor execution of the budget by more readily permitting reports that compare spending of resources to results of activities. The Corps of Engineers will implement and maintain financial management systems that comply substantially with Federal financial management systems requirements, applicable Federal accounting standards, and the United States Government Standard General Ledger at the transaction level. 31 USC 3512 can be found at: <https://www.congress.gov/bill/101st-congress/house-bill/5687>.

(26) Related Statutes. Following is a list of other statutes bearing on the Corps of Engineers accounting system for which synopses are not included. USC and P.L. can be found at: <https://uscode.house.gov/browse/prelim@title10&edition=prelim> and <https://www.congress.gov/> respectively.

- (a) 10 U.S.C. 3036(d), The Chief's Economy Act
<https://www.govinfo.gov/content/pkg/USCODE-2017-title10/html/USCODE-2017-title10-subtitleB-partI-chap305-sec3036.htm>).
- (b) 31 U.S.C. 6505, Intergovernmental Cooperation Act
<https://www.govinfo.gov/content/pkg/USCODE-2017-title31/html/USCODE-2017-title31-subtitleV-chap65-sec6505.htm>).
- (c) PL 86-767; 74 Stat 906, Federal Employees Compensation Act
<https://www.govinfo.gov/content/pkg/STATUTE-74/pdf/STATUTE-74-Pg906.pdf>).
- (d) PL 91-606, Disaster Relief Act of 1970
<https://www.govinfo.gov/content/pkg/STATUTE-84/pdf/STATUTE-84-Pg1744.pdf>).
- (e) Miller Act, 24 August 1935, 49 Stat 794 as amended (40 USC 3131 to 3133)
<https://uscode.house.gov/view.xhtml?path=/prelim@title40/subtitle2/partA/chapter31/subchapter3&edition=prelim>).
- (f) Act of 3 March 1875, 18 Stat 481, Debts Due United States, as amended (31 USC 3728
<https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title31-section3728&num=0&edition=prelim>).
- (g) Act of 3 March 1933, 47 Stat 1516, Buy American Act
<https://uscode.house.gov/view.xhtml?path=/prelim@title41/subtitle4/chapter83&edition=prelim>).
- (h) Section 305 of the Budget and Accounting Act of 10 June 1921, 42 Stat 20
<https://budgetcounsel.com/public-law-67-13-budget-and-accounting-act-of-1921/>).
- (i) 31 USC 3727, Assignment of Claims
<https://uscode.house.gov/view.xhtml?req=31+usc+3727&f=treesort&fq=true&num=13&hl=true&edition=prelim&granuleId=USC-prelim-title31-section3727>).
- (j) PL 85-480, approved 2 July 1918 to authorize the Chief of Engineers to publish information, pamphlets, maps, brochures and other material
<https://uscode.house.gov/statutes/pl/85/480.pdf>).
- (k) Davis-Bacon Act or the Work Hours Act of 1962, PL 87-581
<https://uscode.house.gov/statutes/pl/87/581.pdf>).
- (l) Flood Control Act of 28 June 1938, 52 Stat 1215, as amended

<https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title33-chapter15-front&num=0&edition=prelim>).

(m) PL 90-616; 82 Stat 1212, Federal Employees, U.S. Claims for overpayment (<https://uscode.house.gov/statutes/pl/90/616.pdf>).

(n) Section 601 of the Economy Act, 31 USC 1535 (<https://uscode.house.gov/view.xhtml?req=31+usc+1535+section+601&f=treesort&fq=true&num=26&hl=true&edition=prelim&granuleId=USC-prelim-title31-section1535#hl5>).

(o) Section 14, River and Harbor Act, 3 March 1899, 30 Stat 1152, as amended (33 USC 480) (<https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title33-section408&num=0&edition=prelim>.)

(p) Section 205 of 1948 Flood Control Act, as amended by PL 84-685 (<https://www.congress.gov/106/plaws/publ53/PLAW-106publ53.htm>).

(q) Section 107, 1960 River and Harbor Act (<https://uscode.house.gov/statutes/pl/85/500.pdf>).

(r) Section 2, Flood Control Act, 28 August 1937, 50 Stat 876, as amended (33 USC 701g) (<https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title33-section701g&num=0&edition=prelim>.)

(s) Section 14, Flood Control Act, 24 July 1946, 60 Stat 641, as amended (33 USC 701r) (<https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title33-section701r&num=0&edition=prelim>).

(t) PL 88-578, Land and Water Conservation Fund Act (<https://home.nps.gov/subjects/lwcf/upload/Public-Law-88-578.pdf>).

(u) Water Supply Act of 1958 (<https://www.congress.gov/114/plaws/publ322/PLAW-114publ322.htm>).

(v) 55 Stat 375, 31 USC 3325, Act approved 29 December 1941 (<https://uscode.house.gov/view.xhtml?req=31+usc+3325&f=treesort&fq=true&num=14&hl=true&edition=prelim&granuleId=USC-prelim-title31-section3325>).

(w) 31 USC 3526, Settlement of Accounts (<https://uscode.house.gov/view.xhtml?req=31+usc+3526&f=treesort&fq=true&num=18&hl=true&edition=prelim&granuleId=USC-prelim-title31-section3526>).

(x) RS 3646, as amended 31 USC 3331, Substitute checks
<https://uscode.house.gov/view.xhtml?req=31+usc+3331&f=treesort&fq=true&num=37&hl=true&edition=prelim&granuleId=USC-prelim-title31-section3331>).

(y) Section 1, Act of August 11, 1955, 69 Stat 687, as amended (31 USC 3527)
<https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title31-section3527&num=0&edition=prelim>).

(z) Watershed Protection and Flood Prevention Act, 4 August 1954, 68 Stat 666, as amended
<https://uscode.house.gov/view.xhtml?path=/prelim@title16/chapter18&edition=prelim>).

(aa) PL 84-984, Small Reclamation Project Act, 6 August 1956, 70 Stat 1044, as amended
<https://uscode.house.gov/view.xhtml?path=/prelim@title43/chapter12/subchapter4&edition=prelim>).

(bb) PL 89-298, Section 214, Public Works Project, Construction and Repair
<https://uscode.house.gov/statutes/pl/89/298.pdf>).

(cc) Section 4, Flood Control Act, 22 December 1944, 58 Stat 887, as amended (16 USC 460d)
<https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title16-section460d&num=0&edition=prelim>).

(dd) Section 7, Flood Control Act, 22 December 1944, 58 Stat 887, as amended (33 USC 709)
<https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title33-section709&num=0&edition=prelim>).

(ee) Wild and Scenic Rivers Act, 2 October 1968, PL 90-542, 82 Stat 906, as amended
<https://uscode.house.gov/view.xhtml?path=/prelim@title16/chapter28&edition=prelim>).

(ff) PL 93-288, Disaster Relief Act of 1974
<https://uscode.house.gov/statutes/pl/93/288.pdf>).

(gg) Section 5, Flood Control Act, 18 August 1941, 55 Stat 650, as amended (33 USC 701n)
<https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title33-section701n&num=0&edition=prelim>).

(hh) PL 104-106, Information Technology Management Act
(<https://www.congress.gov/104/plaws/publ106/PLAW-104publ106.pdf>).

1-5. USACE Policy

a. The statements of policy, principles and standards include the objectives and characteristics of the system that are essential to effective financial management; outline the functions of the various phases of the accounting and reporting processes to meet those requirements; and furnish guidelines for the performance of those functions. The principles and standards provide a basis for interpretation and development of the financial accounting system as required. The accounting system complies with the Budget and Accounting Procedures Act of 1950, as amended (31 USC 3511), the Accounting Principles and Standards for Federal Agencies prescribed by the Federal Accounting Standards Advisory Board, and where applicable, the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC) following the provisions of the Federal Power Act (16 USC 825b).

b. Requirements of the Accounting System. The Corps of Engineers Civil, Revolving Fund and Military activities financial management accounting system has been designed to meet both statutory and internal management requirements. The Budget and Accounting Procedures Act of 1950 requires the maintenance of an integrated accounting system that meets the requirements of Congress, the General Accounting Office, the U.S. Treasury Department, the Office of Management and Budget (OMB), and Office, Secretary of Defense (OSD). Also, since the Corps is a producer of electric power, it is required to record financial data in a manner that meets the needs of the Federal Energy Regulatory Commission so far as may be practicable, consistent with applicable statutes. This system has also been designed to facilitate the Corps managerial accounting function. Moreover, the DOD Financial Management Regulation, Volume 1, Chapter 3 also addresses the requirements of an adequate accounting system.

c. Project Delivery Team Concept. Once a project is authorized for USACE, a Project Delivery Team will be formed consisting of employees from technical elements as well as support elements. As key members of the Project Delivery Team, managerial accountants, budget analysts, program analysts, and other resource management personnel will provide financial advice/opinions concerning interpretation of financial information and the function of the Corps' financial management system. Specific duties include ensure the integrity of data in the official accounting system; the analysis and verification of commitments, obligations, expense income and customer order data; research and reconciliation of data between general ledgers, subsidiary ledgers and accounting reports; and reviews and validations of financial information/data required by law. HQUSACE CERM-F is responsible for providing managerial accounting training to Divisions, Districts, Centers and Laboratory accountants.

d. Accounting Periods. The accounting period for recording actual accounting transactions and accruals is the calendar month. The fiscal year cycle for reporting purposes is from 1 October through 30 September as established by law.

1-6. Background. The organization, objectives, and functions of the Corps of Engineers are contained in the following publications:

a. ER 10-1-1, Organization and Functions - Mission and Command Organization of the Chief of Engineers.

b. ER 10-1-2, Organization and Functions - Division and District offices.

1-7. The Accounting Organization and Functions.

a. Policy.

(1) All officers and civilians of the Corps who order services or materials, or who supervise operations will ensure that the United States receives value commensurate with amounts expended.

(2) Oversight of the Corps accounting system is the responsibility of the USACE Finance and Accounting Officer. Major Subordinate Commands and District Finance and Accounting Officers are responsible for finance and accounting at their level.

(3) All financial transactions involving Corps funds will be recorded in the Corps financial management system.

(4) USACE financial information is owned by HQUSACE and the Director, Resource Management, is the proponent.

b. Director of Resource Management. USACE's Director of Resource Management and Finance and Accounting Officer are responsible for managing the total internal accounting function of the Corps of Engineers. These responsibilities include the awareness of statutory requirements (para 1-4), the requirements of other higher authorities; and liaison and coordination with GAO, OMB, Treasury Department, and OSD.

c. Finance and Accounting Policy Division. The Corps of Engineers Finance and Accounting Officer directs and coordinates the finance and accounting activities conducted within USACE and serves as chief of the Finance and Accounting Policy Division. As such this position:

(1) Exercises staff supervision over the financial and cost accounting functions and upward reporting, and holds decision-making authority for key/significant Finance and Accounting (F&A) issues. Upward reports will flow through CERM-F prior to release outside of the Corps of Engineers.

(2) Recommends the establishment of finance and accounting policies by the Director of Resource Management or the Chief of Engineers.

(3) Monitors and provides staff supervision over finance, cost and budgetary accounting and upward reporting in the Corps. Oversees compilation of consolidated Corps financial statements and reports reflecting the status of finance and budgetary accounts. Approves final reports and financial statements prior to release outside the Corps.

(4) Monitors property acquisition and disposal functions.

(5) Processes general claims requiring adjudication which involve fiscal records or procedures.

(6) Overseeing career program development for Corps accountants and accounting technicians, to include proponency for: (a) Corps Accountant Career Guide; (b) Advanced Managerial Accounting Symposium for managerial accountants; and (c) "Nuts and Bolts" of Accounting seminars.

(7) Responsible for the oversight of future Corps financial system(s). This responsibility also includes conceptual development of business intelligence solutions for decision support.

d. Director, USACE Finance Center. The Director of the Finance Center serves as the head of the USACE Finance Center (UFC), a field operating activity of the USACE under the staff direction of the Director of Resource Management. As Director of the UFC, leads, directs, supervises, and manages the execution of the operational finance and accounting day-to-day support for USACE. Develops and maintains capability to mobilize F&A support services in response to national security and domestic emergencies, and to support other Federal initiatives as required. As Chief operational Finance and Accounting Program Manager, incumbent is responsible for analyzing, reconciling, recording and reporting the details of the USACE military, civil and revolving fund activities; continuing review, analysis, development, maintenance and deployment of cost effective accounting processes and systems within the USACE.

e. Director, Resource Management, Major Subordinate Commands (MSC). The Director, Resource Management, MSC, is the primary advisor to the Division Commander and MSC operating officials on all financial and resource issues. The Director working with and through the MSC Finance and Accounting Officer is responsible for overseeing all financial management and managerial accounting activities of the division. The MSC Director of Resource Management and Finance and Accounting Officer also provide staff guidance and assistance to USACE Districts on finance and accounting matters.

f. Resource Management Officer (RMO), District Office. The District RMO is the primary financial advisor for the District Commander and Staff. Working with and through the District Finance and Accounting Officer, the RM directs and coordinates all managerial accounting functions within the District.

g. Finance and Accounting Officer/Staff Accountant MSC. The Division Finance and Accounting Officer/Staff Accountant is the principal staff assistant to the Director of Resource Management on all finance and accounting records. This individual is the senior accountant for the division and is responsible for the interpretation and dissemination of accounting policies, procedures and regulations for the division office and subordinate districts. The Division Finance & Accounting Office Staff Accountant is also responsible for maintaining the official accounting records and reports for the division headquarters, providing the MSC Commander with analysis and advice regarding financial reports, and oversees the managerial accounting functions of the Division. The Division F&A Officer is also the principal staff assistant on accounting matters to the Regional Business Center. In addition, the Division F&AO is responsible for the formulation, interpretation and dissemination of accounting policies for the division office, subordinate districts, and the Regional Business Center.

h. Finance and Accounting Officer, District. The District Finance and Accounting Officer is the senior accountant for the district and is responsible for maintaining, reconciling, analyzing and interpreting the official finance and accounting records for the district and oversees the managerial accounting functions. As such, the F&AO is responsible for reviewing and analyzing accounts, account balances, trends and conditions to provide the District Commander and operating officials with accurate and timely financial information. The F&AO also interprets accounting regulations and gives financial advice and recommendations based on law, regulations, and professional knowledge of generally accepted accounting practices.

i. Managerial Accountant. USACE managerial accounting functions are assigned to the Divisions, Districts, Centers, Field Operating Activities and Laboratories, Field level managerial accountant's primary functions are to perform analysis and validation of commitments, obligations and expenditures (cost) of all types of funds. Additionally, they actively participate in supporting the Project Delivery Team efforts. This involves the review and analysis of budgetary rates, operating budget and execution, program management, solvency of the Revolving Fund, internal controls, cost of doing business and reconciliation and interpretation of local/upward financial statements as required by the Chief Financial Officers Act and amendments.

1-8. Corps Financial Management. The Corps will establish and maintain a system of financial management that ensures prudent utilization of funds, a system of cost accounting that complies with Generally Accepted Accounting Principles (GAAP), FASAB statements, and Department of Defense financial regulations.

a. Objectives of the Corps automated financial management system. Corps activities involve a wide range of functions and present diverse financial management requirements. Following are objectives and characteristics of the overall automated financial system.

(1) To provide for an efficient accumulation, recording and reporting of all financial transactions.

(2) To comply with the Federal Accounting Standards Advisory Board statements and Generally Accepted Accounting Principles and related requirements.

(3) To provide effective control over and accountability for all funds, property, and other assets for which the Corps is responsible and appropriate internal controls to prevent errors and fraud.

(4) To comply with the basic functions and internal controls. The internal control review must be completed according to the USACE management control plan and will be verified during HQUSACE Command Inspections.

(5) To ensure data integrity that produces reliable results that serve as the basis for the annual Chief Financial Officers audit preparation and support of Corps budget requests, control and execution of budgets, and for providing financial data required by OSD, OMB, GAO, the Congress, and the public.

(6) To integrate accounting and reporting that achieves the requirements of the Treasury Department.

(7) To provide for the separation of duties for financial transactions and proper assignment of authority and responsibility.

b. Characteristics of the accounting system as implemented in the Corps automated financial management system.

(1) Accounts are maintained on an accrual basis of accounting (Ch. 4).

(2) The system is aligned with the basic principle of delegation of authority and responsibility. The responsibility for preparing source documents is assigned to the same organizational element as that which has delegated authority to obligate funds, administer activities, and enter transactions into the system.

(3) The Corps has one authorized system of Accounting. It is the system of original entry and financial record. Accounts are maintained in the Corps automated financial management system, or as otherwise authorized by this regulation. The ability to generate reports is made available to the individuals responsible for the programs within the financial system.

(4) Accounts are kept on the double-entry basis. The United States Standard General Ledger is maintained as the system of general and subsidiary ledgers within the Corps financial management system. All financial transactions are recorded in detail and/or summary, as appropriate within USACE.

(5) The accounting system is designed to prevent the over- obligation of funds, which would lead to potential violations of the Anti-Deficiency Act.

(6) Cost accounts for the power production function of multiple purpose projects are maintained in a manner to be readily convertible to accounts required for reporting to the Power Marketing Agencies.

(7) Provides for the needs of Corps management, and is structured to meet the upward reporting requirements of OSD, OMB, Treasury Department, and the Congress. The system also supports the requirements of the Planning, Programming, and Budgeting System.

(8) Distinguishes between capital and revenue expenditures, charging the latter to current operations and the former to asset accounts. Both types of expenditures reduce the balance of available funds. Under this procedure, expenditures made for capital assets that are used in connection with the activities of the Revolving Fund or in connection with project revenue producing activities are eventually included in project operating costs in the form of depreciation.

c. Common Classifications. Common classifications are initiated at the planning stage of the management cycle with an objective of providing consistent financial data for long-range programs. They provide a capability for annual budget presentation for review and decision by the Chief of Engineers and the Assistant Secretary of the Army for Civil Works; and for the use of the operating managers. Common classifications associated with costs and related units of output permit the evaluation of performance against plans at all levels of management, and assist in the formulation and execution of budgets. Common classifications are designed to enhance the safeguarding of funds, property, and other resources for which a primary

operating unit is responsible.

d. Financial Management Controls. The Corps financial management system is based upon a series of internal and external control mechanisms. Control mechanisms include automated financial system and programmatic controls that are supplemented with prudent judgment from management. Some examples of financial controls are funds control, management reviews, internal reviews, and external reviews.

e. Standard Forms. The Corps financial management system is integrated with multiple tables containing government standard forms required for generating financial information as listed below. Forms not provided in the financial management system must be published in Dodd 7750. 7-L, AR 25-30 or at <http://www.usace.army.mil/inet/usace-docs/forms/ep253-1.htm>

f. Document Transmittal. Document transmittals will accompany hard copy documentation submitted for payment processing to USACE Finance Center.

g. Charts of General Ledger Accounts.

(1) The general ledger is designed so that any and all types of appropriations and funds are accounted for and separate trial balances are taken for each appropriation. The account structure represents an integrated system of budgetary and proprietary accounts. Subsidiary ledgers are maintained and reconciled to general ledger accounts. By use of data recorded in the general ledger accounts and supporting records, the requirements for regular reports prescribed by OSD, OMB, Treasury, and the Federal Energy Regulatory Commission are readily met.

(2) United States Government Standard General Ledger. The following site contains a listing of the US Government Standard General Ledger accounts and definitions: <http://www.fms.treas.gov/ussgl/index.html>

(3) The General Ledger may be found in the Corps financial management system (GLCNVML)

1-9. Internal Control.

a. Policy. The Corps will maintain adequate systems of internal controls that achieve the intent of management, safeguard government assets, and prevent fraud, waste and abuse.

b. Corps systems of internal control will:

(1) Ensure proper authorization of transactions and activities and provide appropriate segregation of duties. An example is to assign different people the responsibility of authorizing transactions, recording transactions, and maintaining custody of assets.

(2) Restrict obligations and costs to a minimum, consistent with efficiently and effectively carrying out the purposes for which the agency exists, within the limits of congressional appropriations and other authorizations and restrictions.

(3) Provide adequate safeguards from access to and use of assets to prevent waste, loss, or improper or unwarranted use.

(4) Assure that all revenues applicable to agency assets or operations are collected and properly accounted for.

(5) Assure the accuracy and reliability of financial, statistical, and other reports (both financial and non-financial)

c. Internal Control Objectives. The objectives of internal control in the Corps are achieved by:

(1) Carefully planning the organizational structure that provides for the proper assignment of responsibility among organizational units and between individuals so as to establish the necessary delegation of authority and definition of duties.

(2) Segregating responsibility for duties and functions between the authorization of the transaction, performance, recordkeeping, custody of resources, and review. This provides internal checks on performance and minimizes opportunities for carrying out unauthorized or fraudulent or other irregular acts.

(3) Advance planning designed to determine and justify requirements for financial, property, and personnel resources and to carry out operations efficiently and economically.

(4) Establishing procedures that provide for the safeguarding of funds, property and other resources and prevent misuse, unwarranted waste or deterioration, destruction, or misappropriation.

(5) Proper execution of procedures prescribed by management after careful consideration of the objective to be accomplished.

(6) Assigning responsibility and ensuring that each employee is held accountable for their actions. Additionally, fostering a proper awareness on the part of each employee of the importance of faithful, honest, and efficient performance of individually assigned responsibilities.

(7) Making provision for monitoring the effectiveness of prescribed procedures by those responsible for protecting the Government's interests, and review and examination by independent internal review reporting through the Department of the Army.

d. Segregation of Duties. Responsibility for assigned duties and functions will be segregated between the authorization of the transaction, performance, recordkeeping, custody of resources, and review to provide a system of checks and balances on performance and minimize unauthorized or improper acts. Particular emphasis will be accorded the following:

(1) Employees collecting revenues will not maintain or be in a position to adjust the related accounting records.

(2) Employees responsible for the maintenance of accounting records do not have authority to make entries to write off accounts receivable, property, or other assets unless so directed in writing by those holding such authority.

(3) Employees responsible for purchasing property will not keep related financial records or have sole authority to approve the transfers, sale, or other disposition of property.

(4) Employees responsible for custody or accountability of property will not be relied upon exclusively to take physical inventories.

(5) Employees responsible for purchases will not receive invoices directly from vendors, or the accounting copy of receiving reports directly from consignees. The only exception to this policy is the credit card holders.

1-10. Revisions. The Finance and Accounting Policy Division, Directorate of Resource Management, is responsible for maintaining this regulation. Revisions may become necessary because of changed, unusual, or special conditions. Proposed changes will be submitted for consideration to HQUSACE, ATTN: CERM-F, 441 G. Street N.W., Washington, DC 20314-1000.

Chapter 2

Revolving Fund Concepts

2-1. Purpose. This chapter prescribes the statutory and regulatory requirements concerning management and accounting for the Civil Works Revolving Fund.

2-2. Applicability. This regulation applies to all HQUSACE Commands.

2-3. Distribution Statement. Approved for public release; distribution is unlimited.

2-4. References.

a. 33 USC 576, Revolving Fund; Establishment; Availability; Reimbursement; Transfer of funds; Limitation

<https://uscode.house.gov/view.xhtml?req=33+usc+576&f=treesort&fq=true&num=37&hl=true&edition=prelim&granuleId=USC-prelim-title33-section576>.

b. 31 USC 1517, Prohibited Obligations and Expenditures

<https://uscode.house.gov/view.xhtml?req=31+usc+1517&f=treesort&fq=true&num=43&hl=true&edition=prelim&granuleId=USC-prelim-title31-section1517>).

c. 31 USC 1534, Adjustments between Appropriations

<https://uscode.house.gov/view.xhtml?req=31+usc+1534&f=treesort&fq=true&num=33&hl=true&edition=prelim&granuleId=USC-prelim-title31-section1534>).

d. ER 37-1-29, Financial Management of Capital Investments

<https://www.publications.usace.army.mil/USACE-Publications/Engineer-Regulations/u43546q/65722033372D312D3239/>).

e. Office of Management and Budget (OMB) Circular A-11, Section 20 – Terms and Concepts

https://obamawhitehouse.archives.gov/omb/circulars_a11_current_year_a11_toc/).

f. ER 37-1-30, Chapter 3, Fund Accounting and Control

<https://www.publications.usace.army.mil/USACE-Publications/Engineer-Regulations/u43546q/65722033372D312D3330/>).

g. ER 37-1-30, Chapter 4, Accounts Payable

<https://www.publications.usace.army.mil/USACE-Publications/Engineer-Regulations/u43546q/65722033372D312D3330/>).

- h. ER 37-1-30, Chapter 5, Accounts Receivable and Collections
(<https://www.publications.usace.army.mil/USACE-Publications/Engineer-Regulations/u43546q/65722033372D312D3330/>).
- i. ER 37-1-30, Chapter 6, Labor Costs and Corrections
(<https://www.publications.usace.army.mil/USACE-Publications/Engineer-Regulations/u43546q/65722033372D312D3330/>).
- j. ER 37-1-30, Chapter 9, Civilian Payroll and Leave Accounting
(<https://www.publications.usace.army.mil/USACE-Publications/Engineer-Regulations/u43546q/65722033372D312D3330/>).
- k. ER 37-1-30, Chapter 12, Revolving Fund Reports and Analysis
(<https://www.publications.usace.army.mil/USACE-Publications/Engineer-Regulations/u43546q/65722033372D312D3330/>).
- l. ER 37-1-30, Chapter 16, Revolving Fund Asset Accounting
(<https://www.publications.usace.army.mil/USACE-Publications/Engineer-Regulations/u43546q/65722033372D312D3330/>).
- m. ER 37-1-30, Chapter 17, Accounting for Revolving Fund Inventory
(<https://www.publications.usace.army.mil/USACE-Publications/Engineer-Regulations/u43546q/65722033372D312D3330/>).
- n. ER 37-1-30, Chapter 18, Revolving Fund Accounting for Shops and Facility Services
(<https://www.publications.usace.army.mil/USACE-Publications/Engineer-Regulations/u43546q/65722033372D312D3330/>).
- o. ER 37-1-30, Chapter 19, Revolving Fund Accounting for General and Administrative Overhead
(<https://www.publications.usace.army.mil/USACE-Publications/Engineer-Regulations/u43546q/65722033372D312D3330/>).
- p. ER 37-1-30, Chapter 20, Revolving Fund Accounting for Departmental Overhead
(<https://www.publications.usace.army.mil/USACE-Publications/Engineer-Regulations/u43546q/65722033372D312D3330/>).

2-5. Public Law Establishing the Revolving Fund.

- a. The authority for establishment and operation of the Revolving Fund is contained in the Civil Functions Appropriation Act of 1954, Public Law 153, 83d Congress, 1st session, approved 27 July 1953, viz, "For establishment of a revolving fund, to be available without

fiscal year limitation, for expenses necessary for the maintenance and operation of the plant and equipment of the Corps of Engineers used in civil works functions, including acquisition of plant and equipment, maintenance, repair, and purchase, operation and maintenance of not to exceed four aircraft at any one time, temporary financing of services finally chargeable to appropriations for civil works functions and the furnishing of facilities and services for military functions of the Department of the Army and other Government agencies and private persons, as authorized by law, \$100: and in addition, the Secretary of the Army is authorized to provide capital for the fund by capitalizing the present inventories, plant, and equipment of the civil works functions of the Corps of Engineers. The fund will be credited with reimbursements or advances for the cost of equipment, facilities, and services furnished, at rates which will include charges for overhead and related expenses, depreciation of plant and equipment, and accrued leave: Provided, that on July 1, 1953: (1) the fund will assume the assets, liabilities, and obligations of the Plant accounts, as carried on the records of the Corps of Engineers as of June 30, 1953, under appropriations for 'Maintenance and Improvement of Existing River and Harbor Works,' Flood Control, General and Flood Control, Mississippi River and Tributaries', and (2) there will be transferred from said appropriations to the fund amounts equivalent to the unexpended cash balances of the Plant accounts on June 30, 1953. Provided further, that the total capital of said fund will not exceed \$140,000,000. "(33 USC 576)

NOTE: This corpus limitation no longer applies. From the establishment of the Revolving Fund in 1953 until 1965, the authorized corpus was adequate to conduct the management of the Fund in a business-like manner. From 1966 until 1978 increases to the corpus were requested. Elimination of the corpus ceiling was requested and approved, by Congress, since the corpus ceiling was no longer functioning as the mechanism of primary control over operations of the Revolving Fund.

b. The Congressional intent of the law was to allow certain transactions to be initially financed by the Revolving Fund. The Hearing before the Subcommittee of Senate Committee on Appropriations, Eighty Third Congress is quoted below exactly as it appears in the record of hearings,

(1) "Transactions which will be reflected as expenditures of the Revolving Fund to be billed at cost to the other agencies, projects and appropriations, and which will be reflected as income of the Revolving Fund.

(a) Financing of common inventories for civil works such as bulk materials and supplies.

(b) Operation of common storehouses which serve more than one civil works project or appropriation.

(c) Acquisition of construction and operating facilities and which are to serve more than one civil works project or appropriation, such as dredges, concrete mixing plants, shops and transportation equipment.

(d) Operation and maintenance of such construction and operating facilities used for more than one civil works project or appropriation

(e) Financing of work or services performed for other governmental agencies, including military functions of the Corps, states, municipalities and individuals or corporations outside the Federal Government on a reimbursable basis, such as engineering and design work, and non-government dredging inspections.

(f) Financing common services of the district office, such as transportation, utility operations, supervision, and general expenses."

(2) "Transactions which are paid initially from the fund for only accounting expediency and which will be transferred as direct charges to applicable appropriations under the related object classes. The billings for these charges will not be reflected as revolving-fund income but will be recorded as offsets to the expenditures in the accounts of the revolving fund, the net result being zero. These include primarily the initial payment of labor charges for personnel employed at civil works project locations, which will be transferred to the applicable appropriation and will appear as '01/personnel services ' under the appropriations of the project at which the employees work. "

(3) "The Revolving Fund will not be used to finance the cost of the following classes of expenditures:

(a) Temporary construction facilities built or acquired for the use of a single civil works project, or for military activities.

(b) Equipment and facilities acquired for the use of a single project - that is, equipment which is to become a part of the project operating equipment.

(c) Contractors' payments and the purchase of equipment and supplies under specifications for a particular project, such as generators, turbines, to be installed in the project.

(d) Labor charges relating to personnel employed at military projects, or engaged exclusively in military- procurement activities.

(e) Financing of inventories exclusively for military activities.

(f) Acquisition, operation, and maintenance of construction and operating facilities exclusively for military activities." That last part is mentioned here to show specifically that the revolving fund is for the civil works functions and might incidentally furnish services to military activities under section 601 of the Economy Act.

c. Considering the above, it is apparent that Congress intended for the Revolving Fund to provide only common services. Contracts for Engineering and Design, or for construction on projects (whether civil, military, or reimbursable work) will not be initially funded by the Revolving Fund.

d. As used in paragraphs 2-2.b. (l) above, a project may be either an entire project authorization or any major subdivision within for which a separate group or separate operational records are maintained.

e. All plant, property and equipment purchased to serve more than one civil works project or multiple appropriations required for civil works activities will be acquired through the Revolving Fund. Assets which meet or exceed the investment threshold are financed through the Plant Replacement and Improvement Program (PRIP). PRIP funds will not be used to finance PP&E solely for the benefit of military projects or appropriations; any such property will be funded by military appropriations. PRIP assets acquired for civil works functions may incidentally benefit military functions with reimbursement by military appropriations.

f. The Revolving Fund serves as a permanent appropriation and does not authorize a particular acquisition, construction or expansion of USACE facilities, but the Revolving Fund may be used to finance such facilities when authorized. USACE is unable to construct, operate, maintain or repair a specific project without statutory authority to do so. When Congress authorizes a typical water resources project, that authority impliedly (and often explicitly) authorizes USACE to construct, operate and maintain the facilities necessary for the project. However, headquarters buildings and operational and facility requirements, such as laboratory headquarters and district offices, are generally not authorized in this manner and in the past have usually required specific legislation for construction, including improvements and replacement. Proposals for using the Revolving Fund for construction, including improvements, to headquarters and operational and facility requirements shall be reviewed on a case by case basis to determine whether sufficient existing authority is present. For assets already within PRIP, design does not require specific authority, but construction may.

g. Revolving fund assets below the PRIP threshold are acquired by all USACE activities using appropriate operating funds (departmental overhead, general and administrative

overhead, shop and facility accounts). Operating funds may be used to acquire personal property below the PRIP threshold when the property will be used to provide services to military appropriations with reimbursement.

2-6. Financial Management.

a. The Anti-Deficiency Act, 31 USC 1517, applies to the Revolving Fund when obligations exceed available budget authority. Obligations, expenditures and disbursements in excess of the amount available in an appropriation, apportionments, allotments, sub-allotments, allocations and other formal administrative subdivision of funds are subject to the provisions of the ADA.

b. The Revolving Fund may be charged at any time during the fiscal year for the benefit of another appropriation available to the Corps of Engineers to pay costs when amounts are available in the Revolving Fund AND funds are reserved in the appropriation to be benefited (31 USC 1534). HQUSACE (CERM) approval is required for field activities to use this authority. Amounts charged to the Revolving Fund in excess of funds available in the benefiting appropriation may result in a potential Anti-Deficiency Act violation.

c. The Revolving Fund is operated entirely within its own resources rather than from annual appropriations, which makes it necessary that prompt reimbursement be obtained from the benefiting appropriations or projects for services rendered in order that sufficient funds are available for continued operation. This self-sustaining nature requires that revolving fund accounts and operations be frequently reviewed to ensure that costs are equitably distributed to customers in the current fiscal year and that a sufficient cash balance is maintained in each USACE command to permit prompt liquidation of obligations as they mature. The actions listed below will help ensure maximum utilization of limited Revolving Fund resources.

(1) Analyze accounts receivable and ensure aggressive follow-up actions on delinquent accounts. Appropriate actions should be taken to ensure costs are distributed to the receiving activity or function for which the account receivable was established.

(2) Process monthly distributions of cost for all Revolving Fund accounts. Customers of plant accounts and shop and facility services must provide a certified purchase request prior to performance of Revolving Fund services. Partial billings are required monthly for work performed using the Job order method.

(3) Ensure Plant Replacement and Improvement (PRIP) assets are placed in service promptly, initiating depreciation, insurance and plant increment income to the PRIP.

(4) Continually review and revise revolving fund overhead rates when necessary to maintain balances within the allowable nominal balance ranges.

(5) Ensure that plant operating rates are sufficient to recover operating expenses and build reasonable amounts necessary to make cash payment for scheduled repairs or maintenance costs when incurred. The nominal balance for the plant operating account includes the plant reserve. The reserve is reduced to zero upon completion of the repair or maintenance activities.

(6) Review effective labor rates to ensure sufficient labor distribution to pay the payroll and to maintain a reserve for accrued leave which fully funds the annual leave liability at all times.

(7) When work is performed for customers outside the Federal Government, cash advances are required. This requirement in OMB Circular A-11, section 20, results in not having to use Federal resources to provide the service, which reduces Federal borrowing. At the same time, this action increases the Revolving Fund current assets to meet the requirements of the work.

2-7. Accounting Policy.

a. Accounts established for the Revolving Fund provide for the recording and control of assets, liabilities, income, expenses, and the proprietary interest of the U. S. Government therein. Financial records are maintained on an accrual basis whereby the receipt of assets and income are recorded concurrently with the actual or constructive receipt thereof and liabilities and expenses are recorded as of the date goods or services are received. This results in proper accounting at the end of an accounting period and ensures financial statements are prepared to reflect financial condition, income and expense, and sources of funds. Since the Revolving Fund operates wholly from its own receipts, it is incumbent upon Commanders to ensure that costs financed by the Revolving Fund are promptly and equitably reimbursed and a sufficient liquid working capital level is maintained at all times to meet current requirements.

b. The account numbers, titles and descriptions prescribed within the Revolving Fund are to be strictly enforced at each level of command. Costs associated with functions must be captured as described in this regulation. Costs must be incurred for only the specific purposes allowed for the Revolving Fund. Reports will be prepared and submitted as prescribed in this regulation. It is considered a breach of accounting and reporting principles to accumulate or transfer costs outside these descriptions. If a command encounters functions outside the parameters provided, contact HQUSACE (CERM-F) prior to making a decision to record costs in the Revolving Fund.

c. No Revolving Fund account or procedure can be used to avoid other limitations or prohibitions. If a function or procedure is inappropriate for the source appropriation then it is also inappropriate to be handled through the Revolving Fund. Examples would include fiscal year end funds expiration cannot be avoided by advancing funds into the Revolving Fund and funds cannot be merged or mixed within the Revolving Fund to augment appropriations.

2-8. Principles of Functional Grouping.

a. Purpose of Functional Grouping. Functional groupings are established for the various activities of Revolving Fund operations. The activities of the Revolving Fund are divided into four functional areas designated as Plant and Equipment Services, Warehousing Activities, Shop and Facility Services, and General Administrative Services. The account structure of the Revolving Fund provides for recording expenses and income applicable to each department (RF21 through RF69 series of cost accounts) and for developing data disclosing operating results for management purposes.

b. Plant and Equipment Services (RF21) render services involving principally the use of plant.

c. Warehousing Activities (RF80) receive, store, and issue common inventory items required for the Revolving Fund.

d. Shop and Facility Services (RF30-RF59) include the operation of shops and yards, garages, laboratories, reproduction and printing facilities, operating expenses of division offices and the furnishing of services not provided for elsewhere.

e. General Administrative Services (RF60-RF69) furnish common services of an administrative nature. These accounts include both General and Departmental Overheads, as well as the military flat rate Supervision and Administration (S&A) accounts.

2-9. Concepts of Expense and Income.

a. Operating Expenses of the Revolving Fund are expenses incurred in the performance of work within the operating accounts of the Fund and represent the value of assets consumed or services rendered to the Fund. The net operating expenses of the Revolving Fund represent the difference between gross charges made to the accounts and transfers of cost to other accounts within the Revolving Fund (joint cost credits). The term "Joint Cost Credit" refers to the transfer of expenses from an operating account to other accounts within the Revolving Fund, as distinguished from income of the Revolving Fund in the form of sales to others. Joint cost credits may involve the transfer of operating expenses between Revolving Fund activities as well as capitalization of expenses, e.g., transfer of expense to asset accounts.

b. Cost of Goods Sold is the book value of warehouse stocks sold.

c. Income from Sales is the sales value of services and commodities sold.

(1) Services include plant usage; shop and yard, garage, laboratory, printing and reproduction services; other facilities and services; and general administrative services.

(2) Commodities represent warehouse stock sold to projects and others, including in the case of sales to projects, book cost and applied warehouse burden, and the total receipts in the case of other sales.

2-10. Regional Revolving Fund Cash Balances. Regional Business Centers (RBC) utilize a regional cost pool for development of regional rates. Using one regional rate for either an overhead or labor account may leave one district with too much cash and another with too little. This is acceptable as long as the region as a whole has a positive cash balance. RBCs must establish processes and internal controls to ensure that the regional cash balance is operated according to this requirement. Although not required, regional Revolving Fund income/cash transfers within the same account may be made in Corps of Engineers Financial Management System (CEFMS) II before the end of the fiscal year to bring Revolving Fund cash balances in line with expenses.

2-11. Revolving Fund Internal Management Control. Revolving Fund internal management control review checklist required by the Army Management Control Plan is shown at Appendix A. For activities operating in a regional rate setting, certain portions of the checklist will be completed at the regional level.

Chapter 3 Fund Accounting and Control

3-1. Purpose. The United States (U.S.) Government requires Federal agencies to establish an effective funds control system to prevent over-obligation and to ensure compliance with various laws and regulations that are enacted to control and guide the formulation and implementation of Federal fiscal policy. This chapter contains the administrative control of funds system for the U.S. Army Corps of Engineers (USACE). This structure ensures that we follow basic funds control principles and concepts as set forth by Congress. It also describes the penalties for violating these policy directives and procedures and the requirements for reporting violations. At a minimum, the following requirements must be met:

- a. Funds are used solely for the purposes they are appropriated, except as otherwise provided by law.
- b. Funds are certified as available and committed before obligation.
- c. Obligations or expenditures are not authorized or incurred in excess of available funds or in excess of any legal or administrative limitations.
- d. Only valid obligations are recorded in CEFMS II and all obligations incurred are recorded accurately and timely. Outstanding obligations are validated according to the Joint Reconciliation Program (JRP).
- e. A system for administrative control of funds is established to restrict obligations and expenditures to the lower of the amount available in each appropriation or fund account.
- f. A system for the administrative control of funds must allow the USACE Commander to identify the persons responsible for any obligation or expenditure exceeding the amount available in the appropriation or fund account.
- g. The system for the administrative control of funds must establish procedures for violations of the ADA.

3-2. Applicability. This chapter applies to all USACE Commands and applies to all appropriated funds, revolving funds, trust funds, and any other funds subject to fiscal limitations to include funds transferred as a result of transactions identical to those detailed in title 31 section 1531 of the United States Code (USC).

3-3. Distribution Statement. Approved for public release; distribution is unlimited.

3-4. References:

- a. Title 31, United States Code (USC), Money and Finance
(<https://uscode.house.gov/view.xhtml?path=/prelim@title31&edition=prelim>).
- b. Office of Management and Budget (OMB) Circular A-11, Part 4 Instructions on Budget Execution
(<https://www.whitehouse.gov/wp-content/uploads/2018/06/a11.pdf>).
- c. Department of Defense (DoD) Financial Management Regulation (FMR) 7000.14-R, Volume 14, chapters 1-9, Administrative Control of Funds
(https://comptroller.defense.gov/Portals/45/documents/fmr/Volume_14.pdf).
- d. Government Accountability Office (GAO) Principles of Federal Appropriations Law (Red Book)
(<https://www.gao.gov/legal/appropriations-law-decisions/red-book>).
- e. 2019 Fiscal Law Deskbook
(<https://tjaglespublic.army.mil/publications>).
- f. CEFMS II Users Manual
(<https://intranet.usace.army.mil/centers/FC/CEFMS/Pages/home.aspx>).
- g. Title 10 of P.L. 93-344 (2 USC 681-688)
(<https://uscode.house.gov/view.xhtml?path=/prelim@title2/chapter17B&edition=prelim>).

3-5. Definitions, Terminology and Concepts. In compliance with the Comptroller General, the Secretary of the Treasury, the Director of the Office of Management and Budget and Comptroller, Department of Defense Policy and Regulations, this chapter will establish the standard terms and classifications for all fiscal, budgetary, and program information required under title 31 USC section 1112.

a. Appropriations. Acts of Congress signed into law by the President that provide budget authority and permit an Agency to incur obligations and to spend public funds. Congressional restrictions contained in appropriations acts will be enforced unless otherwise specified by Congress. Appendix C provides the common military appropriations used in USACE. Common Civil Works appropriations are in Chapter 7 of this regulation. Appendix D is an example of the obligation life of current, expired and cancelled appropriations. The annual Appropriations Acts provide budget authority on the following basis: (1) Annual Authority or authority that is available for new obligations for only one specific fiscal year or less; (2) Multi-Year Authority or authority that is available for new obligations for two or more fiscal years; or (3) No-Year Authority or authority that is available for new obligations for an indefinite period of time, usually until the objectives for which the authority was made available are attained.

(1) Expired Accounts. Appropriations or fund accounts in which the balances are no longer available for incurring new obligations. In certain circumstances, these accounts are available for recording, adjusting and liquidating obligations. Obligated balances for these expired appropriations are retained by the activity and remain available for an additional five years only for valid upward adjustments; that is, to liquidate obligations properly incurred during the period of obligation availability as outlined in title 31 USC section 1502.

(2) Cancelled Accounts. Appropriation or fund accounts at the end of the fifth year for valid upward adjustment period, any unobligated budget authority remaining in that year's account reverts to the General Fund in the Treasury.

b. Apportionment. Distribution of amounts made by OMB of amounts available for obligation in an appropriation or fund account into amounts available for specified time periods, programs, activities, projects, objects, or any combinations of these. The apportioned amount limits the obligations that may be incurred. An apportionment may be further subdivided by an agency into allotments, sub-allotments, and allocations. The OMB apportions funds from the Energy and Water Development and related agencies Appropriations Act to USACE making appropriated funds available for obligation and expenditure. The process of apportionment of funds for military appropriations, such as Operation and Maintenance, Army, can be found in Volume 14, Chapter 1 of the DoD Financial Management Regulation (FMR). Apportionment restricts, by appropriation, the quarterly amounts available for obligation to ensure an orderly distribution of funds throughout the fiscal year. Included in the apportionment are newly appropriated funds, anticipated reimbursable activity, and unobligated balances carried over from prior year appropriations. The OMB may use apportionment to restrict the use of funds when the work intended by Congress is contrary to Administration policy or not legislatively authorized. The apportioned amount limits the obligations that may be incurred. An apportionment may be further subdivided into allotments, sub-allotments, and allocations all of which are subject to the provisions of the ADA. OMB may use apportionment to restrict the use of funds when the work intended by Congress is contrary to Administration policy or not legislatively authorized. Apportionments are subject to adjustment in the event of substantially increased allotments or major revocations, a Supplemental Appropriations Act, or if appropriations are deferred or rescinded according to the Congressional Budget and Impoundment Control Act of 1974 (PL 93-344). The head of an executive agency may request an apportionment under title 31 USC section 1512. This chapter serves as the governing directive on apportionments. Appendix F details the procedures for requesting the apportionment of funds in USACE. Congressional Budget and Impoundment Control Act of 1974 (PL 93-344).

c. Allotment. Subdivisions of apportionments that are made by the head of an agency. An allotment is an authority delegated by the head of the agency or other authorized employee to incur obligations within the specified amount consistent with the requirements in OMB Circular A-11. The amount allotted by an agency cannot exceed the amount apportioned by OMB. In USACE, the Director of Resource Management (DRM) or authorized designee is

responsible for issuing, reducing, or changing the structure of allotments for Civil Works appropriations. The sum of a sub-allotment, a subdivision of an allotment, or amount issued cannot exceed the allotment amount. The amount of an allotment is fixed and cannot be changed except as otherwise authorized by the head of the agency or the DRM.

d. Sub-allotments. Subdivisions of allotments.

e. Allowances and Allocations. Subdivisions of sub-allotments.

f. Work Allowances. Provide instructions for the distribution among programs, projects and activities of the budget authority provided to a USACE activity on a Funding Authorization Document (FAD) for Civil Works appropriations only. For military appropriations, the instruction document is referred to as a draft directive. Draft Directives serve the same function for military appropriations.

g. Funding Authorization Documents (FAD). HQUSACE allots budget authority via FAD at the appropriation level to each USACE Field Operating Activity (FOA). For Civil Works appropriations, work allowances are issued by HQUSACE program managers for individual programs, projects, and activities in that FOA. For Military appropriations, draft directives are issued by HQUSACE program managers, in the Military Programs Directorate, for individual programs, projects and activities in a FOA. Historically, the appropriations acts for the eight Civil Works accounts have provided that the budget authority is “to be available until expended.” Accordingly, all funds remaining unobligated at the end of one fiscal year have automatically resulted in carryover of budget authority to the next fiscal year without issuance of fund advice. This carry over budget authority does not apply to the regulatory program and expense Civil Works appropriations; Congress has limited these appropriations to only two years of availability. FADs must include information on the amount available, funding source, the period of availability, the position and title of the responsible official, as well as any justifications for changes in allotments as applicable.

h. Commitment. Administrative reservation of funds based upon firm procurement requests, orders, directives, and equivalent instruments. Commitments reduce the uncommitted and available balance. A commitment document will be signed by a person authorized to reserve funds; that is, the official responsible for administrative control of funds for the affected subdivision of the appropriation. This ensures that the subsequent entry of an undelivered order or accrued expenditure will not exceed available funds. The amount of the obligation will not exceed the amount of the commitment.

i. Obligation. Amounts of orders placed, contracts awarded, services received, and similar transactions during an accounting period that will require payment during the same or future period. Title 31 section 1501 of the United States Code (USC) defines what constitutes an obligation.

j. Undelivered Order. Contract or order issued for goods and services for which the liability has not yet accrued. The orders may be for any goods or services that are required to meet a bona fide need of the issuing entity.

k. Disbursement. Actual payment by the U.S. Treasury by cash, check, or electronic funds transfer based on certification by a department, agency, or certifying officer.

l. Revolving Fund (RF). The USACE RF is operated entirely within its own resources rather than from annual appropriations, which requires that prompt reimbursement be obtained from the benefiting appropriations or projects for services rendered in order that sufficient funds are available for continued operation. This self-sustaining nature requires that RF accounts and operations be frequently reviewed to ensure that costs are equitably distributed to customers in the current fiscal year and that a sufficient cash balance is maintained in each USACE command to permit prompt liquidation of obligations as they mature.

3-6. Fund Control Responsibilities.

a. HQUSACE, Resource Management Office. This office, through the DRM, CFO for USACE, is responsible for:

(1) Establishing and maintaining a system of administrative control of funds according to Title 31 USC sections 3511 and 3512, Federal law and OMB guidance.

(2) Developing and prescribing an accounting system that provides prompt and accurate recording in the official accounts of all financial transactions that have an effect on apportionment or other subdivision of funds.

(3) Oversight of investigations and reporting of any alleged statutory and/or administrative control of funds violation. Depending on the results of necessary investigations, the Resource Manager (RM) may be required to recommend disciplinary actions against the cited individuals, modify procedures, or take other actions as warranted.

b. HQUSACE Chief, Budget & Programs Division (CERM-B) is responsible for:

(1) Establishing USACE budgetary policies and procedures and providing implementing guidance to staff and operating officials.

(2) Consolidating and submitting Civil Works and military budgets to OMB and HQDA in congruence with Title 31 USC sections 1101, 1104-1108 and 3324.

(3) Obtaining civil and military funds from OMB/Headquarter, Department of Army, and issuing funds to Divisions, Districts and separate FOAs.

(4) Monitoring proper execution of USACE's budget.

(5) Reporting to OMB on the use of apportionments.

c. HQUSACE Chief, Finance and Accounting Policy Division (CERM-F), is responsible for:

(1) Establishing USACE finance and accounting policy.

(2) Fiscal law and ADA violation management. The Finance and Accounting Policy Division advises USACE activities on the procedures for reporting potential violations to Assistant Secretary of the Army (Financial Management and Comptroller), including the coordination, submission and management of flash, preliminary, and final investigation reports.

(3) Managing and monitoring the USACE Civil Works (RF).

(4) Implementing CFO Act requirements. CERM-F develops strategies and recommendations to management on the implementation of the CFO Act, preparation of financial statements, and the associated annual financial audits.

d. Disbursing Officer. The USACE Disbursing Officer is located in the UFC in Millington, Tennessee. District and Division offices do not have the disbursing role. DO responsibilities include:

(1) Ensuring that accounts are in agreement with laws and regulations that govern disbursement of public funds.

(2) Having physical possession or control of the funds. All payments are made centrally by USACE UFC.

e. FOA Commanders/Directors. Commanders/Directors are designated with primary responsibility for the administrative control of funds. Commanders/Directors may re-delegate responsibility for execution of funds to Departmental Accountable Official (DAO) and certifying officials through appointment letters.

(1) DAOs provide information, data, or service to a Certifying Officer or DO to support the payment process. The DAO carries out many approving official roles in CEFMS II, such as ensuring that required funds are available before obligating funds and that obligating documents reflect the applicable appropriation account and CEFMS II budget fund code. This official has financial liability in the certifying process and works with Government Purchase Cards, RMs, fund holders, Contracting Officers, Administrative Contracting Officers, Contracting Officer Technical Representatives and others who have distinct roles essential to

funds control. These appointments will be signed electronically and maintained in CEFMS II in addition to the DD Form 577.

(2) Certifying Officers do not have physical custody of funds but are responsible for the certification of vouchers and documents for payment. Appointments for certifying officials are signed electronically and maintained in CEFMS II. All fund certifiers with the CEFMS II role 'PRC_CERT' must be in the 0500-0599 Accounting and Budget Occupational Series. Additional responsibilities include:

- (a) Certifying that proposed payment is legal regarding purpose, time and amount.
- (b) Verifying facts stated in the certificate, voucher or supporting documents.
- (c) Correcting illegal, improper, or incorrect payments.
- (d) Seeking advice or advance decisions from local RM and legal counsel.

f. FOA Resource Management.

(1) Resource Management Officers (RMOs) ensure adequate internal controls for funds management. The RMO participates in the quarterly Directorate Management Review (DMR)/Command Management Review (CMR) and is responsible for all aspects of the JRP. The RM is responsible for certifying completion of tri-annual reviews of commitments and unliquidated obligations (ULOs) and attesting to the accuracy and completeness of the review. The ULOs are monitored closely and RMOs are required to explain the status during quarterly DMR reviews.

(2) The Resource Management Office grants CEFMS II roles upon receipt of the standard appointment letters. An automated appointment letter with electronic signature capability is generated in CEFMS II based on the appointment roles granted and maintained electronically. CEFMS II will automatically generate a DD Form 577 based on the appointment letter.

g. Finance and Accounting Officers (FAOs). FAOs will provide fund holders with a listing(s) of ULO Reports, which identifies outstanding commitments, unliquidated obligations, open accounts payable and open customer orders, recorded for the fund holder. Reviews are conducted a minimum of three times per year in compliance with JRP. Accounting offices will coordinate tri-annual reviews of commitments and obligations to ensure timely compliance with the DoD FMR.

h. Fund Holders (Responsible Employee in CEFMS II) are responsible for conducting reviews of items identified on the ULO report to confirm that all open commitments and obligations are valid, accurate and complete. Unliquidated balances that are nominal in amount and dormant are usually a red flag that deobligation action is needed. Special attention is

required for items citing expiring funds. It is imperative that funds holders return unused funds to customers as soon as possible for re-use prior to expiration. The return of funds should take place well before 30 September of each fiscal year.

i. Directorate/Office Chiefs ensure that mandatory fiscal law training requirements are fulfilled according to USACE guidance described in appointment letters for all its employees. The DoD FMR requires annual refresher fiscal law training. Directorate/Office Chiefs are also responsible for establishing and maintaining internal controls necessary to meet statutory requirements for time, purpose and amount.

3-7. Accounting Support for Fund Control Systems. CEFMS II is a fully operational, integrated financial management system supporting agency fund control. This field-level financial management tool integrates USACE work management functions with accounting requirements prescribed under U.S. Government Standard General Ledger policies. All transactions which affect dollars (commitments, obligations, expenditures, disbursements) for all USACE missions and programs are entered into CEFMS II. CEFMS II records all transactions, stores records electronically for easy access and retrieval, and updates United States Standard General Ledgers based on each transaction. CEFMS II provides for:

a. Recording all financial transactions affecting apportionments, reapportionments, allotments, agency restrictions, financial plans, program operating plans, obligations and expenditures as well as anticipated, earned, and collected reimbursements.

b. Preparing and reconciling financial reports that display cumulative obligations and the remaining unobligated balance by appropriation and allotment and cumulative obligations by budget activity and object class.

3-8. ADA Violations. The three ADA statutes most frequently cited are title 31 USC sections 1341, 1342, and 1517. Section 1341 prohibits a federal employee from making or authorizing an expenditure or obligation exceeding an amount available in an appropriation or fund. Section 1342 prohibits a federal employee from accepting voluntary services except for emergencies involving the safety of human life or the protection of property. Similar to section 1341, section 1517 prohibits federal employees from making or authorizing an expenditure or obligation exceeding an apportionment or formal administrative subdivision of funds. Not all alleged violations unfold as actual violations of the ADA statutes; the alleged violations however represent trouble areas or pitfalls to be avoided.

Any officer or employee of the United States is prohibited from:

a. Making or authorizing an expenditure from, or creating or authorizing an obligation under, any appropriation or fund in excess of the amount available in the appropriation or fund unless authorized by law.

b. Involving the government in any obligation to pay money before funds have been appropriated for that purpose, unless otherwise allowed by law.

c. Accepting voluntary services for the U.S., or employing personal services not authorized by law except in cases of emergency involving the safety of human life or the protection of property.

d. Making obligations or expenditures in excess of an apportionment or reapportionment or in excess of the amount permitted by agency regulations. A violation will also result from the over-expenditure of an appropriation, allotment, statutory limitation or earmark, or an obligation in advance of an appropriation.

e. A violation of the ADA will occur from any of the actions above. Congress enacted the ADA to prevent the obligation of Government funds that are not available.

3-9. ADA Reporting Procedures. The purpose of a potential ADA violation investigation is to determine if a violation has occurred. An ADA investigation is initiated by the applicable assigned individual or team and must be reported to the Army as required. One of the most important outcomes of an ADA investigation is preparing necessary reports.

a. Initial Discovery (Flash Report). When an alleged ADA violation is discovered, the local Resource Management Office and or Finance and Accounting Officer will immediately contact CERM-F. The local Resource Management Office will coordinate the issue with the local Office of Counsel and submit a flash report to CERM-F. The local activity must submit the Flash Report to CERM-F within 10 days of discovering the potential violation. The Flash Report will be duly signed by the Commander where the potential violation occurred. Upon receipt of the Flash Report, CERM-F coordinates with HQ Legal for a legal sufficiency letter and prepares a CERM transmittal letter. CERM submits these letters along with the Flash Report, to the Deputy Assistant Secretary of the Army for Financial Operations (DASA-FO) within two weeks of discovery of the potential violation. The format of the flash report is at Appendix E.

b. Preliminary Review. Army reviews the potential ADA flash report and determines whether a preliminary investigation is warranted after coordinating with Army General Counsel. If warranted, DASA-FO will direct CERM-F to initiate a preliminary investigation and a case number is assigned. To help assure independence and impartiality during the review, CERM-F selects an investigator from an organization external to the USACE activity being reviewed. Investigating Officer is appointed by the USACE Deputy Commanding General. DASA-FO memorandum will assign a date to complete preliminary review. Per DoD FMR, preliminary review should be completed within 14 weeks from the date of initial discovery. The USACE activity that reported the alleged violation is responsible for all the costs for the investigating officer. CERM-F coordinates with HQ Legal Counsel to obtain a Legal Sufficiency letter that is submitted to DASA-FO along with the preliminary report. The

preliminary review must focus on the potential violation not the corrective actions. Applicable corrective actions will be developed during the formal investigation, if formal investigation is warranted. The preliminary investigator or the review team lead must be capable of conducting a complete, impartial, and unbiased review.

c. Interpretation and Legal Issues. The existence of a violation may depend on an interpretation of statutory or regulatory constraints imposed on the use of a particular appropriation or account, the proper fiscal year to be charged, or similar issues. HQUSACE Office of the Chief Counsel will assign an attorney to advise the investigating officer.

d. Review Results. The results of the preliminary review will be documented in a preliminary review report and forwarded to CERM-F for approval and coordination with the HQUSACE Office of the Chief Counsel. If the Army determines that there is no ADA violation, then the preliminary report completes the action upon Army's closure of the case.

e. Formal Reviews. Generally, the existence of a potential violation will be established during the preliminary review and before a formal investigation begins. If Army determines that there is a need for formal investigation then it directs USACE to initiate a formal review within two weeks from the notification from Army.

f. Research Effort. An investigating officer may be required to perform extensive research. This effort may include researching accounting directives and regulations, directives and regulations related to the functional area involved, legal directives, public law, and legal opinions. An investigating officer will review all specific documentation in the functional area involved that relates to the violation such as purchase requests, contracts, work orders, vouchers, and supporting materials, etc. All appointing officials will stipulate in the investigating office appointment memorandum a due date for the ADA Report. Such due date must conform to the timeframes stipulated in DoD FMR, regardless of the scope of the event or amount of the potential violation.

g. Identifying Circumstances and Responsibility. The investigating officer in a formal investigation will carefully consider the facts and circumstances surrounding the violation before affixing responsibility for the violation. Commanding officers, budget officers, or fiscal officers may be named because of their overall responsibility or position, or because they are designated as the holder of a subdivision of funds, if they failed to properly exercise their responsibilities. The investigating officer will attempt to discover the specific act or the failure to take action that resulted in the violation and the individual(s) responsible.

h. Administrative Penalties. The law provides that any officer or employee of the United States who violates the prohibitions of Title 31 USC 1341(a), 1342, 1349-1351, 1511-1516, 1517(a)-1519 will be subject to administrative discipline. The DoD FMR contains additional

guidance regarding recommended disciplinary actions. Administrative discipline for a civilian employee may include written admonishment or reprimand, reduction in grade, suspension from duty without pay, or removal from office. Military personnel may be subject to appropriate administrative discipline or may be subject to action under the Uniform Code of Military Justice (UCMJ). If a violation is determined to have been knowingly and willfully committed, there are statutory provisions applying criminal penalties. An officer or employee found responsible for committing a violation knowingly and willfully may be subject to criminal penalties. The investigating officer should consult with legal counsel to determine if the investigation should be referred to the appropriate criminal investigation organization for action.

Criminal penalties may include the following:

(a) An employee who knowingly and willfully violates the statute will be fined not more than \$5,000, imprisoned for not more than 2 years, or both.

(b) Criminal penalties for military personnel may include punishment under Article 15 of the UCMJ or trial by Court Martial.

3-10. Accounting Procedures. Proper procedures for recording financial transactions and conducting JRP reviews are available in the CEFMS II User Manual.

Chapter 4 Accounts Payable

4-1. Purpose.

a. Accounts payable are amounts owed by the U.S. Army Corps of Engineers (USACE) for goods and services received, progress in contract performance, and rents. This chapter provides accounting policy for recognizing accounts payable, including accruals.

b. The U.S. GAO prescribes the accrual basis of accounting for all appropriations and funds. The FASAB establishes GAAP and reporting requirements for Federal entities.

c. The accrual basis of accounting recognizes revenues when earned and expenses when incurred. Accrual accounting requires full disclosure of all changes in liabilities and expenses resulting from transactions or events that affect these items. Accrual accounting ensures that the accounting records portray an accurate and complete picture of revenues and expenses for a given accounting period and of the financial condition at the end of the period.

4-2. Applicability. The guidance applies to all USACE commands and accounts payable funded by civil or military appropriations, USACE Revolving Fund and other reimbursable funds.

4-3. Distribution Statement. Approved for public release; distribution is unlimited.

4-4. References.

a. Statement of Federal Financial Accounting Standards (SFFAS) No. 1, Accounting for Selected Assets and Liabilities
(http://files.fasab.gov/pdffiles/2018_fasab_handbook.pdf).

b. Statement of Federal Financial Accounting Concepts 1 (SFFAC): Objectives of Federal Financial Reporting
(http://files.fasab.gov/pdffiles/2018_fasab_handbook.pdf).

c. Department of Defense Financial Management Regulation (DoD FMR) 7000.14-R
(https://comptroller.defense.gov/Portals/45/documents/fmr/Combined_Volume1-16.pdf).

d. CERM-F 2017-09, Recurring Payment Utilization in the Corps of Engineers Financial Management System (CEFMS II)
(<https://cops.usace.army.mil/sites/RM/FAPolicy/Shared%20Documents/Forms/AllItems.aspx?RootFolder=%2fsites%2fRM%2fFAPolicy%2fShared%20Documents%2fPolicy%20Archive&FolderCTID=0x012000A9CB7434377B324F9A09EE016629C623>).

e. CERM-F 2016-13, Implementation of Fast Pay Procedures for Real Estate Recruiting Facility Utility Bills
<https://cops.usace.army.mil/sites/RM/FAPolicy/Shared%20Documents/Forms/AllItems.aspx?RootFolder=%2fsites%2fRM%2fFAPolicy%2fShared%20Documents%2fPolicy%20Archive&FolderCTID=0x012000A9CB7434377B324F9A09EE016629C623>).

4-5. Policy for Accounts Payable.

a. Recording Accounts Payable. Record accounts payable upon receipt of services or acceptance of title to goods, whether delivered or in-transit. Support accounts payable with adequate evidence of the existence of the liability (e.g. purchase order or contract and proof of receipt). Enter receipt and acceptance of the goods or services in the Corps of Engineers Financial Management System (CEFMS II II) within five workdays of receipt of the goods or services.

b. Pre-validation. Pre-validation is the process of matching the planned disbursement with a recorded obligation before disbursing the invoice payment. It ensures that the undisbursed balance of the obligation is sufficient to cover the amount of the planned disbursement. This process minimizes the occurrence of problem disbursements and Anti-Deficiency Act violations. All invoices are pre-validated, but the following threshold applies to the Mechanization of Contract Administration Services (MOCAS) payments:

(1) Pre-validate all MOCAS payments on contracts awarded after FY2004.

c. Unfunded Liabilities.

(1) Record accounts payable regardless of funds availability. Accrue accounts payable not covered by budgetary resources as an unfunded liability in the USACE Revolving Fund until the actual source of funding is determined. USACE reports unfunded liabilities in the footnotes to the Consolidated Balance Sheet.

(2) Report unfunded contractor earnings performed according to the Civil Works Continuing Contracts clauses as unfunded liabilities. The amount accrued includes the interest on unfunded earnings as determined by the contracting officer.

d. Judgment Fund. The U.S. Treasury uses the Judgment Fund for payment of certain judicially and administratively ordered monetary awards against the U.S. Government, including Department of Justice compromise settlements. Federal agencies must reimburse the Treasury for payments made on their behalf from the Judgment Fund.

(1) Claims for Contract Disputes (Treasury Symbol 020X1743). As directed by Title 31 USC 1304 and Title 41 USC 7108, the U.S. Treasury uses the Judgment Fund to pay for

monetary judgments awarded under the Contracts Disputes Act of 1978 as amended, by the Armed Services Board of Contract Appeals or the Court of Federal Claims. The affected DoD component will reimburse the Judgment Fund for any payment made on its behalf. Judgment Fund debt should be reimbursed using funds current at the time of the judgment and from the same appropriation cited on the original contract.

(a) Military claims or settlements. USACE activities will bill the customer for the Judgment Fund bill amount plus S&A. DoD FMR Volume 10, Chapter 12, and DoD FMR Volume 3, Chapter 8, provide DoD guidance concerning Judgment Fund payments.

(b) Civil Works claims. Forward claims to CERM-F.

(2) Notification and Federal Employee Antidiscrimination Retaliation (NO FEAR) Act, Public Law 107-174. Agencies must reimburse the Judgment Fund for payments made on their behalf for violations or alleged violations of Federal anti-discrimination laws, whistleblower protection laws, and/or retaliation claims arising from the assertion of rights under those laws. Agencies must reimburse Treasury within 45 days of notification.

(a) Military Activities. Military activities must reimburse the Judgment Fund for No Fear Act claims using the direct appropriation that funded the claimant's position. If funds are not available, submit an unfunded requirement to HQUSACE and record an unfunded liability in the financial management system.

(b) Civil Works Activities. Reimburse the Judgment Fund for No Fear Act claims from the appropriate overhead account for the claimant's assigned organization.

(c) Headquarters USACE and Major Subordinate Commands (MSC). Use the appropriate Executive Direction and Management account for claimants assigned to HQUSACE or a MSC.

(d) Out of Court Settlements. USACE activities pay settlements reached between the two parties directly to the claimant. Guidance concerning timeframes and funding sources are as specified above.

e. Intra-governmental Transactions. Report amounts owed for goods and services received from Federal agencies separately from amounts owed to the public. DoD FMR, Volume 6B, Chapter 13, requires all DoD components to reconcile intra-governmental transactions when compiling the Chief Financial Officer (CFO) financial statements. USACE is a waived entity, which means that DoD grants USACE the authority to provide accounts payable and expense information to other DoD entities. As a waived entity, trading partners must automatically accept USACE accounts payable and expenditure data as accounts receivables and revenues in their financial statements. All activities must place emphasis on the validity of expenditure

data to ensure proper financial reporting by USACE and other DoD agencies.

f. Prompt Payment Act Interest Payments.

(1) Federal agencies, including non-appropriated activities, will:

-pay their bills on time,

-pay interest penalties when payments are late,

-take discounts only when payments are within the discount period.

(2) Agencies will make payments thirty calendar days after receipt of a proper invoice or thirty calendar days from acceptance of the goods or services, whichever is later, if the contract does not specify a date.

(3) Fund interest penalties with the same program, project, activity, or revolving fund account cited on the contractual document.

(4) Charge prompt payment act interest penalties resulting from late payments citing non-Corps reimbursable funds to the responsible activity's overhead account when all of the following conditions apply:

-there are insufficient funds on the reimbursable order to pay the interest penalty,

-the late payment will be the final charge against the reimbursable order, and

-the interest penalty does not exceed \$100.

(5) Charge interest expense related to procurement of civil or military assets citing expense-type work items to project funds. Charge interest expense related to procurement of Revolving Fund assets to the appropriate departmental, G&A, or shop & facility work item.

g. Prompt Payment Act Discounts. Record accounts payable amounts net of their vendor discounts.

(1) When a cash discount is offered for prompt payment, process invoice payments within the discount period when economically justified. A discount offer documented on the vendor's invoice is the authorization for a discount deduction if earned. The discount most advantageous to the Government is taken if the terms of the contract or purchase order are not in agreement with the discount offered on the vendor's invoice.

(2) The discount period used for computing the allowable discount amount is based on the receipt of a proper invoice when an invoice is required by the contract. The discount period begins on the invoice date placed on a proper invoice by the vendor. The discount period start date used when the vendor does not date the invoice is the receipt date annotated on a proper invoice by the designated billing office.

(3) Use normal payment terms on invoices that cannot be paid within the discount period.

(4) DoD FMR Volume 10, Chapter 2, provides additional guidance on Prompt Payment Act Discounts.

h. Fast Pay (or Pay and Confirm) Payment Process. Fast Pay procedures allow the UFC to pay a vendor before a USACE Activity certifies the receipt and acceptance of the goods/services received. The UFC will make payment upon receipt of an invoice/statement from a vendor. Each USACE Activity will process a receiving report to complete the transaction, but it is not required for payment to be made. A payable will be created in CEFMS II upon entry of the invoice. Vendors will submit invoices/statements directly to UFC. USACE activities are required to utilize Fast Pay procedures when paying government purchase card statements and utility invoices related to military recruiting facility leases.

(1) Activities are required to enter a receiving report in CEFMS II in support of the payment but, under Fast Pay procedure, it may be entered after payment is made but within 15 days of payment being made. The District can run the “Fast Pay Obligation Line Items Disbursed Amount > Received” (fpobli) report in CEFMS II to determine what payments need a receiving report entered. Invoices will be available for viewing in Tracker.

(2) DoD FMR Volume 10, Chapter 2, provides additional guidance on the Fast Pay Payment Process.

i. Recurring Payment. Recurring payment is a payment method in CEFMS II that allows payment for services of a continuing nature with definite amounts at fixed periodic intervals without the requirement that vendors submit invoices or bills. Only rent payments pertaining to lease agreements will be processed through the recurring payment module in CEFMS II.

j. Reviewing Accounts Payable Balances.

(1) The supporting accounting office must conduct a Tri-annual Joint Review (JRP) of dormant and active commitments, unliquidated obligations, and accounts payable for civil and military appropriations. The Funds Holder, with assistance from supporting Financial Managers, must review items identified in the review for validity, accuracy, and completeness not later than 30 calendar days after each of the four month periods ending on January 31st, May 31st, and

September 30th of each fiscal year. All required decommitments, deobligations, adjustments or corrections identified must be executed within 10 calendar days of their identification by the Funds Holders. The supporting accounting office certifies the review is complete by the established due date and the Finance Center prepares the final USACE confirmation statement submitted to Department of Army (DA). Supporting documentation must be maintained by the accounting office or Funds Holder, as appropriate, for the standard 6 year and 3 month retention period.

(2) DoD FMR Volume 3, Chapter 8 and DoD FMR Volume 4, Chapter 9 provide additional guidance on JRP requirements.

(3) DA and USACE publish annual goals and requirements for the JRP.

4-6. Policy for Recording Estimated Accounts Payable (Accruals)

a. General. Enter estimated accounts payable to the end of an accounting period when goods or services are received but exact amounts are not known. Record accruals only when the event in question has actually occurred (or is projected to occur) by the end of the accounting period. Maintain appropriate source documentation for each accrual entered for audit purposes. Do not enter an accrual when a receiving report is more appropriate.

b. Amount. The amount accrued is a reflection of the actual work performed and the liability incurred. Best estimates may be used but avoid arbitrary pro-rations. An estimated amount should fall within a 10 percent variance of the actual cost and be based on inspections, evaluations or a reasonable basis of calculation (i.e., number of days worked times daily rate, number of units serviced, etc.). Do not use accruals to misrepresent program execution.

c. Documentation. Reasonable documentation is all documentation that would allow another reasonably knowledgeable individual to come to the same logical conclusion. Individuals who enter accruals must maintain audit documentation for all accruals for one year after disbursement or one year after accrual reversal. An accrual support form must be completed and maintained for accruals greater than \$3,000. In addition, the Resource Management Office must review and approve the supporting documentation for all accruals of \$100,000 and greater. The CEFMS II generated Accrual Support Form for accruals over \$3,000 must be printed and included in the supporting documentation package. Acceptable documentation includes:

(1) Executed bills of lading, issue and turn-in slips, job sheets, or other documents that prove constructive delivery, work performed, services rendered, or material received;

(2) Progress payment requests from a vendor or contractor that will not be disbursed prior to

the end of the month. Email and other correspondence from contractors are acceptable;

(3) Obligation documents for services performed where the accrued expenditure and obligation are recorded simultaneously (examples: in-house labor, facility services, etc.);

(4) Advance bill, cost report, or similar documentation from the performing activity for reimbursable work;

(5) Contractor work schedule or time records that show estimated labor hours of work completed;

(6) Employee timesheets.

d. Timing. Record accruals monthly for contractor earnings, intra-governmental activities, and hired labor.

e. Contract Earnings. Record accrued expenditures for performance (including retained earnings) to the end of each calendar month for construction contracts, major supply contracts (e.g., turbines, generators, transformers, fabricated steel), equipment rental contracts, and Architect-Engineer (AE) contracts for design services. Use engineering estimates and management evaluation of actual performance to determine amounts for accrued contract earnings.

f. Intra-governmental activities. Record accrued expenditures for government orders placed with other Corps of Engineers activities and all other Federal activities monthly.

g. Hired Labor. Accrue labor costs (including overtime) to the end of every calendar month using early labor cost cutoff procedures.

h. Reversal. Reverse accruals when the receiving report or invoice is recorded or when the accrual is determined to be invalid. The accrual originator must add an explanation to the support form if the actual amount billed and disbursed is less than 70% of the original amount accrued.

(1) Receiving offices are responsible for reversing accruals at the time the receiving report or contract pay estimate is entered for all payments involving contractual obligations.

(2) The originating office/activity is responsible for reversing any accrual if it is subsequently determined to be invalid.

(3) The UFC automatically reverses accruals in order to record intra-governmental invoices

received. This process facilitates timely payment and collection of government billings. Supported activities will accept the requests from the UFC for the required permissions CEFMS II.

i. Review of Accrual Documents. The Resource Management Office will perform a monthly review to ensure that each accrual over 90 days old is valid and properly supported by appropriate documentation. The accrual originator must provide justification as to why the accrual remains open for more than 90 days. Normally, accruals are reversed and actual costs recorded in the month following the initial recording of the accrual. The Resource Management Office must maintain all documentation supplied by the originator for audit purposes.

4-7. Accounts Payable Procedures. Proper procedures for accounts payable and accruals are available on the Finance and Accounting Policy Division webpage and in the CEFMS II User Manual for Expenditures and Accounts Payable.

Chapter 5 Accounts Receivable and Collections

5-1. Purpose. This chapter defines accounting policies for accounts receivable and collections in all U.S. Army Corps of Engineers (USACE) activities. The references below prescribe general policy and procedures for recording, reporting, aging, and crediting funds due the United States. USACE activities must follow these procedures except where Federal laws provide specific statutory authority for disposition of certain civil works and Revolving Fund (RF) collections.

5-2. Applicability. This chapter applies to all USACE commands.

5-3. Distribution Statement. Approved for public release; distribution is unlimited.

5-4. References.

a. 5 United States Code (USC) 5514, Installment Deduction for Indebtedness to the United States, August 2013

<https://uscode.house.gov/view.xhtml?req=5514&f=treesort&fq=true&num=5&hl=true&edition=prelim&granuleId=USC-prelim-title5-section5514>.

b. 5 USC 5515, Crediting Amounts Received for Jury or Witness Service, January 2007

<https://uscode.house.gov/view.xhtml?req=5515&f=treesort&fq=true&num=4&hl=true&edition=prelim&granuleId=USC-prelim-title5-section5515>).

c. 5 USC 5911, Quarters and Facilities, August 2013

<https://uscode.house.gov/view.xhtml?req=5911&f=treesort&fq=true&num=3&hl=true&edition=prelim&granuleId=USC-prelim-title5-section5911>).

d. 10 USC 2208, Working Capital Funds, January 2012

<https://uscode.house.gov/view.xhtml?req=2208&f=treesort&fq=true&num=18&hl=true&edition=prelim&granuleId=USC-prelim-title10-section2208>).

e. 10 USC 2665, Sale of Certain Interests in Land; Logs, August 2013

<https://uscode.house.gov/view.xhtml?req=2665&f=treesort&fq=true&num=7&hl=true&edition=prelim&granuleId=USC-prelim-title10-section2665>).

f. 10 USC 2695, Acceptance of Funds to Cover Administrative Expenses Relating to Certain Real Property Transactions, August 2013

<https://uscode.house.gov/view.xhtml?req=2695&f=treesort&fq=true&num=12&hl=true&edition=prelim&granuleId=USC-prelim-title10-section2695>).

- g. 16 USC 810, Disposition of Charges Arising from Licenses, June 2014
(<https://uscode.house.gov/view.xhtml?req=810&f=treesort&fq=true&num=73&hl=true&edition=prelim&granuleId=USC-prelim-title16-section810>).
- h. 16 USC 4601, Established of Take Pride in America Program, August 2013
(<https://uscode.house.gov/view.xhtml?req=4601&f=treesort&fq=true&num=60&hl=true&edition=prelim&granuleId=USC-prelim-title16-section4601>).
- i. 31 USC 1321, Trust Funds, August 2013
(<https://uscode.house.gov/view.xhtml?req=31+USC+1321&f=treesort&fq=true&num=180&hl=true&edition=prelim&granuleId=USC-prelim-title31-section1321>).
- j. 31 USC 1534-1536, Agency Agreements (Economy Act), August 2013
(<https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title31-section1535&num=0&edition=prelim>).
- k. 31 USC 3302, Custodians of Money, August 2013
(<https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title31-section3302&num=0&edition=prelim>).
- l. 31 USC 3711- 3717, Debt Collection Act of 1982 as amended, August 2013. 31 USC 3711 can be found at: <https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title31-section3711&num=0&edition=prelim> 31 USC 3712 can be found at: <https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title31-section3712&num=0&edition=prelim> 31 USC 3713 can be found at: <https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title31-section3713&num=0&edition=prelim> 31 USC 3714 can be found at: <https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title31-section3714&num=0&edition=prelim> 31 USC 3715 can be found at: <https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title31-section3715&num=0&edition=prelim> 31 USC 3716 can be found at: <https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title31-section3716&num=0&edition=prelim> 31 USC 3717 can be found at: <https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title31-section3717&num=0&edition=prelim>
- m. 33 USC 401- 403, Construction of Bridges, Causeways, Dams or Dikes Generally; Exemptions, August 2013
(<https://uscode.house.gov/view.xhtml?req=33+USC+401&f=treesort&fq=true&num=325&hl=true&edition=prelim&granuleId=USC-prelim-title33-section401>).
- n. 33 USC 412, Liability of Masters, Pilots, and of Vessels Engaged in Violations, January

2012

<https://uscode.house.gov/view.xhtml?req=33+USC+401&f=treesort&fq=true&num=334&hl=true&edition=prelim&granuleId=USC-prelim-title33-section412>).

o. 33 USC 557, Payment of Costs of Printing, August 2013

<https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title33-section557&num=0&edition=prelim>).

p. 33 USC 558b, Exchange of Land or Property, January 2012

<https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title33-section558b&num=0&edition=prelim>).

q. 33 USC 559, Disposition of Rentals for Government Plans, June 2014

<https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title33-section559&num=0&edition=prelim>).

r. 33 USC 571, Crediting Reimbursements for Lost, Stolen, or Damaged Property, January 2012

<https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title33-section571&num=0&edition=prelim>).

s. 33 USC 683, Tax on Operation of Hydraulic Mines; Debris Fund; Advances by Mine Owners; Storage for Water and Use of Outlet Facilities, June 2014

<https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title33-section683&num=0&edition=prelim>).

t. 33 USC 701-703, Flood Control Generally, August 2013

<https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title33-section701&num=0&edition=prelim>).

u. 33 USC 1319, Clean Water Act, August 2013

<https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title33-section1319&num=0&edition=prelim>).

v. 33 USC 1344, Permits for Dredged or Fill Material, August 2013

<https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title33-section1344&num=0&edition=prelim>).

w. 33 USC 2326, Regional Sediment Management, August 2013

<https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title33-section2326&num=0&edition=prelim>).

- x. 37 USC 1007, Deductions from Pay, August 2013
(<https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title37-section1007&num=0&edition=prelim>).
- y. 40 USC 3141, 3142, 3143 and 3144. The Davis Bacon Act as amended, March 1931. 40 USC 3141 can be found at: <https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title40-section3141&num=0&edition=prelim>. 40 USC 3142 can be found at: <https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title40-section3142&num=0&edition=prelim>. 40 USC 3143 can be found at: <https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title40-section3143&num=0&edition=prelim>. 40 USC 3144 can be found at: <https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title40-section3144&num=0&edition=prelim>
- z. 40 USC 3701, Contract Work Hours, August 2013
(<https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title40-section3701&num=0&edition=prelim>).
- aa. 41 USC 23, Orders or Contracts for Material Placed with Government Owned Establishments Deemed Obligations, February 2010
(<https://uscode.house.gov/view.xhtml?req=granuleid:USC-1999-title41-section23&num=0&edition=1999>).
- bb. 42 USC 103, Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), August 2013
(<https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title42-section99&num=0&edition=prelim>).
- cc. 43 USC 390, Utilization of Dams and Reservoir Projects for Irrigation, August 2013
(<https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title43-section390&num=0&edition=prelim>).
- dd. 33 Code of Federal Regulations (CFR) 320, General Regulatory Policies, July 2013
(<https://www.govinfo.gov/content/pkg/CFR-2011-title33-vol3/pdf/CFR-2011-title33-vol3-part320.pdf>).
- ee. 33 CFR 237, Rules and Regulations Governing Public Use of Water Resource Development Projects, July 2013
(<https://www.mvr.usace.army.mil/Portals/48/docs/Recreation/ODS/Regulations/RulesandRegulations.pdf>).
- ff. Public Law (PL) 85-500, Water Supply Act of 1958 as amended, July 1958

<https://www.congress.gov/114/plaws/publ322/PLAW-114publ322.htm>).

gg. PL 87-581, Contract Work Hours Standard Act as amended, August 1962
<https://www.govinfo.gov/content/pkg/STATUTE-76/pdf/STATUTE-76-Pg357.pdf>).

hh. PL 99-502, The Federal Technology Transfer Act (FTTA) of 1986 as amended, October 1986
<https://history.nih.gov/research/downloads/PL99-502.pdf>).

ii. Public Law (PL) 99-662 Water Resources Development Acts (WRDA) 1986, as amended, July 2007
<https://www.congress.gov/bill/99th-congress/house-bill/6>).

jj. Flood Control Act of 1944, as amended, Section 205, June 1948
<https://www.congress.gov/106/plaws/publ53/PLAW-106publ53.htm>).

kk. Treasury Financial Manual, Volume 1, Federal Agencies, August 2013
<https://tfm.fiscal.treasury.gov/>).

ll. Department of the Army Regulation (AR) 27-20, Legal Services Claims, February 2008
https://armypubs.army.mil/epubs/DR_pubs/DR_a/pdf/web/r27_20.pdf).

mm. AR 25-55, Information Management: Records Management, November 1997
https://www.asamra.army.mil/docs/R25_55.pdf).

nn. Department of Defense Financial Management Regulation (DoD FMR) 7000.14-R, April 2014
https://comptroller.defense.gov/Portals/45/documents/fmr/Combined_Volume1-16.pdf).

oo. Statement of Federal Financial Accounting Standards (SFFAS) 33 No. 7: Accounting for Revenue and Other Financing Sources, October 2008
http://files.fasab.gov/pdf/2018_fasab_handbook.pdf).

pp. Engineer Regulation (ER) 27-1-1, Claims, Litigation, and Procurement Fraud, September 1996
https://www.publications.usace.army.mil/Portals/76/Publications/EngineerRegulations/ER_27-1-1.pdf?ver=2013-09-08-233215-457).

qq. ER 1105-2-100, Planning Guidance Notebook, April 2000
https://www.publications.usace.army.mil/Portals/76/Publications/EngineerRegulations/ER_1105-2-100.pdf).

rr. ER 1125-2-307, Subsistence, Quarters, and Allowances, February 2011
(https://www.publications.usace.army.mil/Portals/76/Publications/EngineerRegulations/ER_1125-2-307.pdf?ver=2013-09-08-233433-760).

ss. ER 1130-2-550, Recreation Operations and Maintenance Policies, November 1996
(https://www.publications.usace.army.mil/Portals/76/Publications/EngineerRegulations/ER_1130-2-550.pdf).

tt. Enterprise Standards (ES) 11044, Resource Management Guide for Emergency Management Programs (Civil), August 2013
(<https://cops.usace.army.mil/sites/RM/PRT/default.aspx>).

uu. Standard Form (SF) 215, Deposit Ticket, July 1976
(https://comptroller.defense.gov/Portals/45/documents/fmr/Volume_05.pdf).

vv. SF 1080, DA Form 4445-R, Voucher for Transfer between Appropriations and/or Funds, 1982
(<https://www.esd.whs.mil/portals/54/documents/dd/forms/sf/sf1080.pdf>).

ww. SF 1093, Schedule of Withholdings under the Davis Bacon Act and/or the Contract Work Hours and Safety Standards Act, February 2013
(<https://uscode.house.gov/view.xhtml?req=granuleid%3AUSC-prelim-title40-chapter31-subchapter4&edition=prelim>).

xx. SF 1164, Claim for Reimbursement for Expenditures on Official Business, April 2002
(https://www.publications.usace.army.mil/Portals/76/Publications/EngineerRegulations/ER_55-1-2.pdf?ver=2013-09-08-233258-280).

yy. Department of Defense (DD) Form 1131, Cash Collection Voucher, December 2003
(https://comptroller.defense.gov/Portals/45/documents/fmr/Volume_05.pdf).

5-5. Policy for Accounts Receivable (A/R).

a. Accounts receivable arise from claims to cash or other assets of another entity. Receivables include, but are not limited to, amounts due for the sale of goods or services, sales of real and personal property, leases, royalties, claims, damages, audit disallowances, unrecouped travel advances, dishonored checks, fines, penalties, interest, overpayments, fees, rent, and any other event resulting in a determination that a debt is owed to the USACE.

b. The accrual basis of accounting requires that amounts due be recorded accurately in the accounting period during which the transaction or event giving rise to the receivable occurs. A receivable is recognized when a claim to cash or assets of another entity is established, either

based on legal provisions, such as a payment due date, or goods or services provided. If the exact amount is unknown, a reasonable estimate is used. For reimbursable work, revenue is recognized based upon performance of work estimated to the end of the accounting period.

c. Intra-governmental receivables are reported separately from receivables from public/non-federal entities. The term “public/nonfederal entities” includes domestic and foreign persons and organizations outside the U.S. Government, including Non-appropriated Fund Instrumentalities (NAFI) and Foreign Military Sales (FMS).

d. An advance payment is required for orders from the public, including private citizens and state and local governments, unless otherwise exempt by law. The amount of the advance is based upon the actual or estimated cost of goods and services, except for cross-servicing agreements with foreign governments or NAFI or any other exemptions authorized by law. An advance payment from foreign governments for FMS is held in the FMS Trust Fund.

e. Receivables are maintained until amounts due are collected or determined to be uncollectible, written-off, or waived. For Accounts Receivables that are aged, debt collection is aggressively pursued and uncollectible accounts are minimized.

f. Interest is automatically accrued in the financial management system when an amount due is not received by the established due date. Penalties and administrative fees are also assessed. The provisions of 31 USC 3717 generally require all agencies to charge interest, administrative costs, and penalties on delinquent debts with the public, which includes state and local governments. Before levying fees, penalties and interest on state and local governments, the FOA must review the Project Partnership Agreement (PPA) and consult with the Project Management Office and Local Counsel to assure the additional fees are allowable. The FOA must maintain proper documentation to justify all claims, including but not limited to the demand letter, and the calculation of interest, administrative fees and penalties accrued. Interest penalties and administrative fees for delinquent billings are deposited in the General Fund of the Treasury as miscellaneous receipts. When a debt is paid in partial or installment payments, amounts received are applied first to outstanding penalties, second to administrative charges, third to interest, and last to principal.

g. Commanders will ensure that events or agreements giving rise to receivables are coordinated with the Resource Management Office and recorded in the accounting system in the month the receivable occurs. USACE activities will maintain documentation to support the amounts and events recorded in the accounting system. Supported activities are required to partner with the UFC to resolve billing issues, reduce delinquencies, and effect timely collection from all debtors.

h. Procedures in references 1.c. and 1.d. will be followed to render billings, process collections and deposits, and manage debt, unless stated otherwise.

i. As the disbursing office for USACE and preparer of USACE financial statements and reports, the UFC publishes operational procedures for use by supported activities, accountable officials, employees and managers involved in processing financial transactions. In conjunction with policies and regulations published by HQUSACE, all USACE activities will comply with these procedures to ensure that all financial statements and reports submitted to the Treasury Financial Management Service, the Office of Management and Budget, and others are accurate and timely.

5-6. Billings.

a. Issuance of Billings. All billings are generated in CEFMS II. Responsibilities are as follows:

(1) All customer order billings are issued by the UFC;

(2) Billings for revenue generating agreements may be issued by the UFC or the supported activities, depending on the memorandum of understanding (MOU) between the activity and the UFC; and

(3) When issues involving travel debt and miscellaneous debt are identified by the supported site, the supported site will coordinate with the UFC to generate the bill to the debtor. This policy ensures that all billing requirements are met and debtors are provided due process.

b. Bills are issued on a monthly basis or more frequently if required. The due date for a receivable is normally 30 days from the date of the billing or notice of payment due; unless a specific due date is established by statute, contract provision, or notice of indebtedness.

c. All bills will advise debtors to submit payment to the order of the F&A Officer of the district or field operating activity performing the work (e.g., "Finance and Accounting Officer, Baltimore District"). However, any remittance payable to the Treasurer of the United States is accepted and processed, notwithstanding the inscription. USACE activities will not instruct remitters to make checks, money orders or other instruments payable to the F&A Officer by name.

d. All billings to public debtors must include a statement notifying the debtor of the requirement of the Debt Collection Act of 1982 (USC 3711- 3717). The statement includes the current Treasury interest rate for late payment, notice of the 6% penalty and an administrative (handling) fee of \$15. Example is as follows: "Payment of this bill is due and payable upon receipt. According to the Debt Collection Act of 1982, payment not received on or before (insert specified date) will be assessed an interest charge at the rate of 1% per annum, computed from the date of this bill. In addition, a \$15 administrative (handling) fee is

charged on all delinquent accounts. An additional 6% per annum penalty is assessed on accounts over 90 days delinquent. This penalty is computed retroactive to the date of the bill and will be assessed if payment is not received on or before (enter specified date)."

e. Treasury interest rates for delinquent accounts receivable are published annually. USACE activities will include a charge for late payment of amounts owed the U.S. Government in all contracts under which goods or services are sold outside the Federal government. The administrative (handling) fee is established by CERM-F based upon costs of performing collection actions and economies of scale. The fee is applied uniformly throughout USACE, regardless of the billing office.

f. The preferred method for issuing bills to other Federal agencies is through the Interagency Payment and Collections (IPAC) system. Bills issued to other Federal agencies reflect revenue earned. When advances are received from other Federal agencies, a statement of revenue earned during the period is provided to the debtor in lieu of a billing.

g. Transactions For/By Others (TFO/TBO). When billings to other DoD agencies cannot be processed by IPAC, other procedures are used for interagency disbursing and collection of military funds.

h. Intra-district Transfers. The financial management system provides electronic transactions for collections and disbursements between civil and Revolving Fund accounts in the same financial management database. Referred to as "no-check-drawn" or "pass back" procedures, a Treasury check or IPAC transaction is not required to settle accounts payable and receivable transactions between civil and Revolving Fund accounts. This procedure is not available between civil and military accounts; therefore, IPAC transactions are used to settle payables and receivables affecting military funds within the activity.

i. Bills Issued to Department of Homeland Security (DHS) Federal Emergency Management Agency (FEMA) for Disaster and Emergency Management Support. Enterprise Standards (ES) 11044 provides guidance on billing the Department of Homeland Security for disaster and emergency management support. The UFC processes DHS FEMA bills through IPAC and automatically pulls the payment. The UFC will email the initial disaster bill package, to include the supported and supporting debit/credit customer order bills, and customer order detail cost reports to FEMA Finance Center (FFC) within 5 business days before the IPAC transaction is processed. A copy of the initial package will be furnished to the supported MSC/Districts. All bills received from the UFC must be reviewed by the supported sites within five business days after receipt. After the review, the supported Districts are responsible for sending FFC the DA Form 4445-R (SF1080 bill) with the F&A Officer signature or their designate. It must be emailed to FEMA's designated e-mail box, FEMA-Disaster-Federal-Agencies-Payment@fema.dhs.gov. Payment is reversed if supporting documentation is not received by DHS FEMA in a timely manner.

j. Documentation to support all billings rendered will be maintained for audit purposes. Documentation varies depending on the type of agreement and other reimbursement requirements. Typical documentation includes, but is not limited to:

- (1) A copy of the bill generated by the financial management system;
- (2) A copy of the authorizing document or agreement between the parties (contract, agreement, lease, customer order and acceptance, legal memoranda, supplemental agreements, amendments);
- (3) Payment or amortization schedule, revenue calculation sheets;
- (4) Labor cost detail report to support hired labor effort;
- (5) Detail cost ledger;
- (6) Purchase requests, travel orders, invoices, SF 1164, etc. to support expenses billed;
- (7) For miscellaneous debt notices, jury duty wage receipt; request for travel advance, travel settlement, resignation letter, master pay history, leave availability report, transportation agreement, dishonored check, salary offset documentation;
- (8) A copy of all notices provided to the debtor and any follow-up letters.

5-7. Long Term Receivables.

a. Long term receivables or notes are accounts receivable with the following minimum conditions:

- (1) A promissory note or contract is made by one entity (or service provider) to another entity (customer);
- (2) A written agreement is signed by both parties;
- (3) The agreement contains an unconditional promise or order to pay a certain sum of money; and
- (4) The promissory note or contract is payable on demand or at a definite time which exceeds one year.

b. Contracts or agreements involving repayment of a principal amount with interest must contain an amortization schedule. The amortization schedule is the basis for establishing the

long-term receivable in the financial management system.

c. Long term receivables are recorded for the full term of the agreement. However, where a termination clause exists, the receivable is limited to the period of the termination clause. For example, a thirty-year water supply contract with a five year termination notice is recorded on a five-year interval. Agreements containing an indefinite time period with no termination clause are recorded at a maximum of ten years.

d. Civil works out-grants and concession leases are not classified as long term receivables, as these leases include a 30 to 90 day termination notice. In addition, current receivables are computed based on a percentage of gross receipts, using the Graduated Rental System rate process, or a special provision allowing credits for work-in-kind.

5-8. Claims Receivable.

a. Claims receivable are accounts receivable or balances due which may not be collectible because of pending or subsequent litigation or adjudication or other reasons. The balance of the accounts receivable is reclassified in the financial management system if and when the collection becomes doubtful, in whole or in part.

b. Collections for Damage Claims (Civil). Upon favorable conclusion of litigation for damage claims due USACE from the public and receipt of damage settlements, the Department of Justice forwards the settlement funds to the UFC. The UFC collects the funds as an appropriation reimbursement on the supported activity's financial management database. When the funds are received by the supported activity, the funds should be left uncommitted and unobligated. The resulting uncommitted balance is subsequently revoked by the Directorate of Civil Works (CECW). Under no circumstances are the funds collected in settlement of a damage claim available for local use. CECW publishes policy concerning allocation of funds collected as appropriation reimbursements.

5-9. Allowance for Bad Debt. The allowance for uncollectible accounts receivable due from the public is based on established percentages per aged category of the cumulative balance of delinquent public receivables. The calculation and financial transactions are performed automatically in the financial management system. USACE does not recognize an allowance for estimated uncollectible amounts from other Federal agencies. Claims against other Federal agencies are to be resolved between agencies.

5-10. Debt Management.

a. General. Debt is categorized on the basis of similarity of collection methods and the uniformity of subsequent actions upon delinquency. General provisions on indebtedness are contained in DoD FMR, Volume 5. Due process is provided to all debtors. Interest, penalties

and administrative fees are applied when payment is not received by the due date and may only be waived on a case-by-case basis, as warranted by the circumstances. Collection is aggressively pursued using all means authorized by law, such as salary, retirement and administrative offset, and referrals to the Department of Treasury Offset Program TOP. Debt is promptly referred to Treasury, or other collection agencies, as appropriate, in order to effect collection.

b. Government's Right to Offset.

(1) The disbursing officer may, in the course of settling ordinary accounts, offset one debt against another when a claimant is both debtor and creditor and that practice has been sustained by judicial determination as legal and proper. 31 USC 3716 does not bar administrative offset even when the six-year statute of limitation applicable to action for money damages brought by the United States has expired.

(2) Administrative offset procedures under 31 USC 3716 are used to the extent that specific procedures are not covered in other statutes. 5 USC 5514 provides general authority for salary offset of civilians and 37 USC 1007(c) provides general authority to offset the pay of members of the armed services.

(3) When collection is made by administrative offset, the statutes provide the debtor certain due process.

c. Responsibilities.

(1) USACE Finance Center. The UFC serves as the primary debt collection office for USACE. The UFC publishes and maintains standard operating procedures for debt management.

(2) Supported Activities. Supported activities are responsible for performing certain debt management functions as identified in the standard operating procedures published by the UFC. These functions include, but are not limited to, collecting and/or resolving accounts receivable that are over 150 days delinquent and initiating payroll deduction for delinquent debt. All debt (civil, Revolving Fund, and military) is aged and analyzed on a monthly basis. The local resource manager must forward the aging and analysis to the activity Commander on at least a quarterly basis. Commanders may delegate authority to the resource manager to review interim or monthly reports.

(3) Commanders. It is the direct responsibility of the activity commander or other officials under which the transaction arose to effect collections due. Commanders are required to review the quarterly aging of accounts receivable to ensure that local collection procedures are timely and effective.

d. Debt Compromise, Suspension, Termination, Remission and Waiver (Military). DoD FMR Volume 5, Chapter 31 is followed in connection with any delinquent and uncollectible receivable pertaining to military funds under the jurisdiction of the Corps of Engineers.

e. Debt Compromise, Suspension, Termination, Remission and Waiver (Civil and Revolving Fund).

(1) 31 USC 3711(a) authorizes Federal agencies to avoid unnecessary litigation by compromising, suspending or terminating collection actions under certain conditions when the claim is not more than \$100,000 (excluding interest) and has not been referred to another executive or legislative agency for further collection action.

(2) Debts owed the Federal Government following a (PPA) or similar agreement that includes a cost-share required by law may not be compromised, suspended, or terminated, except by the Assistant Secretary of the Army for Civil Works (ASA(CW)), as specified by law.

(3) The authority to compromise, suspend, or terminate claims under AR 27-20 (Claims) - such as a Federal Tort Claims Act claim - may be delegated to the designated claims attorney at each USACE command. The designated claims attorney may be appointed by the commander with approval by the HQUSACE, Chief Counsel (CECC). Appointment, duties and authority arising out of civil functions of the Corps of Engineers are further provided in ER 27-1-1 (Claims, Litigation, and Procurement Fraud).

Authorities to compromise, suspend, or terminate collections or claims are as follows:

(a) To Chief, Counsel HQUSACE (CECC) for claims of \$20,000 or less.

(b) To division counsel (claims officer) for claims of \$10,000 or less.

(c) To district counsel (claims officer) for \$5,000 or less.

(4) Delinquent accounts receivable are reclassified as claims receivable when forwarded to the claims attorney. Documentation of all follow-up actions and the approval by the claims attorney is maintained and required for audit. The related interest and administrative fees are written off.

f. 5 USC 5514 provides authority for collection of debts by offset from the current pay accounts of an employee when a judgment is rendered against the employee in favor of the United States.

g. USACE Commands may not contract with public (non-governmental) collection

agencies without prior written approval by the HQUSACE, Director of Resource Management.

h. Outstanding travel advances are considered pre-payments to the traveler and may not be waived. The Disbursing Officer is required to use all available collection options to collect the debt, such as, salary offset, retirement offset and Treasury offset.

i. Waiver of Erroneous Payment of Pay and Allowances. Requests for waiver are processed according to DoD FMR Volume 8, Chapter 8.

j. Federal debt may not be written off.

5-11. Collections Policy.

a. According to 31 USC 3302(a), "Except as provided by another law, an official or agent of the United States Government having custody or possession of public money will keep the money safe without:

- (1) Lending the money;
- (2) Using the money;
- (3) Depositing the money in a bank; and
- (4) Exchanging the money for other amounts."

b. Safeguarding Public Monies. It is the direct responsibility of the commander or other official under which the collection transaction arose to:

- (1) Place receipts under appropriate accounting control;
- (2) Promptly deposit the money in the Treasury as prescribed in DoD FMR, Volume 5, Chapter 5. Collectors will deposit or transmit collections to the disbursing officer when funds reach or exceed \$5,000. Deposits will be made by Thursday of each week, regardless of the amount accumulated;
- (3) Ensure that funds are properly safeguarded from the time of collection until deposited or transmitted to the disbursing officer. All collections including currency, coins, checks, money orders, drafts and other forms of negotiable instruments must be safeguarded in the same manner as cash. Collections will be used for the purpose for which collected and will not be intermingled with funds collected and held for other purposes. Cash remittances received will not be used for cashing checks, making change (other than to remitters), making refunds

for checks drawn in an amount greater than the amount due, or for making disbursements. Proper restrictive endorsement must be placed on checks immediately upon receipt;

- (4) Maintain accurate records and documentation;
- (5) Account for all receipts; and
- (6) Account for all deposits.

c. Segregation of Duties. Segregation of duties is an effective internal control in preventing the loss or misuse of cash receipts and concealment in the accounting records. In order to provide segregation of duties, officers and employees responsible for handling cash receipts must not participate in the accounting or operating functions relating to:

- (1) Shipping of goods and/or billing for goods and services;
- (2) Controlling accounts receivable and/or subsidiary ledgers;
- (3) Preparing and mailing statements of balance due;
- (4) Authorizing and approving credits for returns and allowances or for adjustments of amounts due; and
- (5) Making deposits to the Federal Reserve Bank (FRB) or a local depository.

d. Cashiers, Assistants to the F&A Officer and Authorized Collectors. Individuals authorized to collect monies and issue receipts on behalf of USACE are F&A Officers, authorized collectors, assistants to the F&A Officer and recreation fee cashiers. Activity commanders may appoint authorized individuals according to DoD FMR Volume 5. All appointments are in writing. Authorized individuals must comply with UFC standard operating procedures (SOPs) in collecting and depositing government funds.

(1) Authorized Collectors. Authorized collectors are those individuals (not mail clerks) whose official duties require them to receive collections on behalf of the government for transmittal to the disbursing officer. Each authorized collector must be provided training, copies of applicable regulatory guidance and standing operating procedures (SOPs).

(2) Recreational Fee Cashier (RFC). This term is used to denote employees designated to receive monies from rangers at recreation areas (see ER 1130-2-550, chapter 9). The RFCs are required to sign a receipt for user permits by serial number. RFCs are responsible for receiving the user fees and transmitting collections to the disbursing officer and function as authorized

collectors. When deemed necessary, the RFC or designated alternate will be made available on weekends and holidays to receive collections from the rangers.

(3) Alternate RFC. This term is used to denote employees designated to serve as RFCs in the absence of the regular cashier. The regular cashier may supply numbered permits to the alternate by means of a hand receipt showing the permits by serial numbers. Any turn-ins of cash to the disbursing officer by the alternate will show the name of the cashier to whom the permits were originally issued. Where the expected absence of a RFC is to be of long duration, the alternate cashier may obtain a quantity of permits issued in their own name from the source of supply.

(4) Rangers. User fees will be received from the public by uniformed ranger personnel or contract gate attendants. Where sales of user permits are conducted by rangers in the course of their general duties, the user permits are issued to the rangers on hand receipts by a designated RFC. Rangers so supplied with user permits will function as authorized collectors under (1) above, except all collections are turned in to the RFC instead of the disbursing officer. Rangers will account daily to the RFC for the number of unsold permits and turn-in cash received. Where it is not practical for a ranger to turn in monies collected at the end of an activity's normal business hours, a night depository at a nearby local bank, or other such comparable arrangement, may be used upon approval by HQUSACE (CERM-F).

(5) Contract Gate Attendants.

(a) The Comptroller General has approved the collection of receipts by contractors at recreation use areas on behalf of the Federal Government when:

- The contractor does not set the amount of the fees to be collected;
- The contractor assumes full responsibility by contract for payment in full of the receipts to the government; and
- The contractor is fully bonded and insured. USACE policy for determining the amount of the bond or other authorized instrument is the greatest amount held at risk.

(b) Contract gate attendants may make deposits directly to the FRB. All documentation for recreation use permits, Remittance Register or DD Forms 1131 and a copy of the SF 215 (Deposit Ticket) is transmitted to the disbursing officer. Local policy may authorize contract gate attendants to transmit recreation user fees directly to the disbursing officer rather than through the RFC. Internal controls must be established to provide reasonable assurance against the loss or misuse of funds, to include on-site unannounced reviews.

(c) Contractors responsible for collecting fees may not enter collection data in the financial management system.

e. Over-the-Counter Sales and Collections. Where over-the-counter sales and collections are made (i.e., plans and specifications, and maps), the following is required:

(1) A designated employee other than the assistant to the F&A Officer will issue books of pre-numbered receipts (SF 1165, Receipt for Cash) or other approved forms to authorized collectors who make over-the-counter sales and collections. At the time each sale or collection is made, a receipt and one copy are issued to the purchaser or remitter;

(2) A locked receptacle is required near the authorized collector for the remitter to deposit a copy of the receipt;

(3) A sign is displayed requiring remitters to obtain a pre-numbered receipt for all purchases and remittances. The sign must also inform remitters to place a copy of the receipt in the locked receptacle;

(4) The cash or negotiable instruments collected, supported by a copy of each receipt, will be turned over by each authorized collector to the assistant to F&A Officer; and

(5) The person designated by the F&A Officer empties the receptacle on a daily basis and verifies that each remittance is properly applied and deposited. This individual may not be the assistant to the F&A Officer who collected the money.

f. Collections by Mail. Although authorized to open mail, mail clerks are not authorized collectors whose official duties require them to receive collections on behalf of the government. Upon receipt of mail remittances when envelopes have not been opened, mail clerks may deliver checks to the F&A office through the routine mail flow. If the mail clerk opens the mail and finds a check, the mail clerk will either immediately hand deliver the check or inform the F&A Officer for pickup before close of the day's business. F&A personnel prepare the collection voucher for mail remittances.

5-12. Categories of Collections. Collections are classified as receipts, reimbursements or refunds. Receipts are further categorized as General Fund, Special Fund, or Trust Fund Receipt Accounts. The general rule with respect to collections from sources outside the Federal Government is that all monies received for the use of the United States will be credited to the Treasury as General Fund receipts unless special treatment is authorized by law (31 USC 3302(b)). Refunds and appropriation reimbursements are credited to the appropriation accounts. Other collections from outside sources are credited to appropriation accounts only when specifically authorized by law.

5-13. General Fund Receipt Accounts. General Fund receipt accounts are credited with all receipts not earmarked by law for a specific purpose. Receipts are not repayments to an appropriation and are unavailable for re-expenditure. General Fund account symbols are found in Treasury Financial Manual, Federal Account Symbols and Titles, Supplement to Volume 1. Receipts commonly collected in USACE are credited as follows:

a. Interest. Interest collected on delinquent accounts is credited to 096R1435, General Fund Proprietary Interest, Not Otherwise Classified (civil) or 021R3210.0013, General Fund Miscellaneous Income and Recoveries Not Otherwise Classified, Interest on Accounts Receivable (military);

b. Penalties. Penalties assessed on delinquent accounts are credited to 096R1099 (civil) or 021R1099 (military), Miscellaneous Fines, Penalties and Forfeitures;

c. Administrative Fees. Administrative fees assessed on delinquent accounts receivable are credited to 096R1099 (civil) and 021R1099 (military);

d. Freedom of Information Act (FOIA). FOIA collections related to civil works activities are credited to 096R3220, General Fund Proprietary Receipts, Not Otherwise Classified, All Other. FOIA collections related to military activities are credited to 021R3210, General Fund Proprietary Receipts, Defense Military, Not Otherwise Classified. See AR 25-55, section 5-210; and

e. Maps Sold to the Public. All activities that sell maps to the public must use a local order form listing all available types of maps and the base price for each map. Payment must be received prior to mailing maps. A shipping and handling fee of a minimum of \$3.00 per order is added when mailing maps. In cases where the postage exceeds \$3.00, the fee is increased to compensate for the additional postage. The handling fee is not charged for maps sold on the spot. Collections and handling fees are credited as follows:

(1) When the source of funds to print and mail the maps is civil works project funds, the proceeds are credited to 096R3220; and

(2) When the source of funds for printing and mailing the maps is the Revolving Fund, the proceeds are credited to the Revolving Fund.

f. Receipts from Sales of Government Publications (Civil). 33 USC 557(b) authorizes the Chief of Engineers to provide for the sale of publications related to civil works activities. The section further states that money received from sales of such publications will be deposited into the Treasury as miscellaneous receipts, except that in any case where the cost of reproduction has been paid from the Revolving Fund, proceeds will be deposited to the credit of the Revolving Fund. Therefore, as a general rule, all sales of publications and plans and

specifications related to civil works projects are credited to 096R3220. Reproduction costs may not be initially charged to the Revolving Fund for accounting convenience and then paid from civil or military funds just to bypass this requirement. Only in the event that the costs of publications and/or plans and specifications are properly chargeable to a Revolving Fund account may the proceeds of sale be credited to that account.

g. Cash Collections for Quarters (Civil). Cash collections for quarters or guest house furnished in connection with a civil works operations and maintenance project, including charges for utilities, are credited to 096R3220 (5 USC 5911(c)). Collections by payroll deduction are appropriation reimbursements.

h. Rentals of Land During Construction of Projects (Civil). Receipts derived specifically from rentals of land, including space for house trailers of government employees or contractors, and sale of land are credited to 096R3220 unless otherwise specified by law.

i. General Regulatory Functions (Civil). General regulatory permit or administrative penalty receipts are credited to 096R0891. USACE policy for surveillance and enforcement of navigable waters of the United States, Clean Water Act, 33 USC 1319(g), can be found in 33 CFR parts 320-330. 33 USC 1319(g).

USACE is authorized to issue permits or assess administrative penalties for violation of the following:

- (1) Dams, dikes or bridges (33 USC 401)
- (2) Structures of work affecting navigable waters (wharves or piers) (33 USC 403)
- (3) Discharge of dredge or fill material into water of the United States (33 USC 1344)
- (4) Ocean dumping of dredge material (33 USC 1344)
- (5) Shoreline Management (36 CFR 327.30).

j. Removing Wrecks (Civil). The owner, lessee, or operator of a vessel or craft causing an obstruction of navigable waters is liable for the cost of removal or destruction of the obstruction, including administrative costs. The cost of removing the wreck is initially charged to civil works appropriated funds. If the owner fails or refuses to reimburse the United States within 30 days after notification, the craft or cargo not destroyed in removal may be sold. Any amount recovered exceeding the actual costs of removal, destruction, and disposal is credited to 096R3220.

k. Collections from Contractors under the Work Hours Standard Act (Civil and Military).

According to the Contract Work Hours and Safety Standards Act (Public Law 87-581; 40 USC 3701, et seq.), laborers and mechanics must be paid for all hours in excess of 8 hours a day or 40 hours a week, whichever is the greater number, at not less than one and one-half times their basic hourly rate of pay. The act requires computation of liquidated damages for violation of the act. All amounts of liquidated damages assessed contractor under the Contract Work Hours and Safety Standards Act are retained as open accounts payable (A/P) in the project account until final determination is received from HQUSACE. If the determination is in favor of the contractor, the liquidated damages are released by disbursement to the contractor. If the violation is in favor of the government, the liquidated damages assessed are collected into receipt account 096R1030 (civil) or 021R1030 (military), Fines, Penalties, and Forfeitures, Immigration and Labor Laws.

l. Water Supply Act of 1958 (Civil). The Water Supply Act of 1958, PL 85-500 together with 43 USC 390 provide that local interests will bear the cost plus interest at a rate to be determined by the Secretary of Treasury for any construction, modification or replacement of project features allocated to water supply. In addition, the local interest is required to make annual payments for operations and maintenance cost for municipal and industrial water supply storage. Receipts are credited to 096R3220. Interest is credited to 096R1435.

m. Water Resources Development Act (WRDA) of 1986. WRDA 1986 requires non-Federal sponsors to contribute a statutorily defined percentage or share of the project costs during construction or by reimbursement over up to 30 years following completion of construction when approved by the ASA (CW). Amounts collected during construction are accounted for under a cost-share agreement. Amounts collected following construction are returned to the General Fund of the Treasury as miscellaneous receipts. Receipts are credited to 096R3220. Interest is credited to 096R1435.

n. Compensation received from airlines for overbooking is credited to 096R3220.

o. Collections overpaid or underpaid by \$10.00 or less are credited to 096R3220 (civil) or 021R3210 (military).

p. Surplus Water. Under Section 6 of the Flood Control Act of 1944, the Secretary of the Army is authorized to make agreements for surplus water with states, municipalities, private concerns, or individuals at such prices and on such terms as he may deem reasonable. This legislation gives USACE the authority to use its reservoirs for surplus water. See ER1105-2-100. The sales of surplus water are credited to 096R3220

5-14. Special Fund Receipt Accounts. Special fund receipt accounts are credited with receipts from specific sources and are earmarked by law for specific purposes. Unless otherwise stated, at the point of collection these receipts are either available immediately or unavailable for expenditure, depending upon statutory requirements.

a. Special Recreation Use Fees (Civil). USACE is authorized to charge and collect fair and equitable Special Recreation Use Fees (SRUF) at recreation facilities and campgrounds located at lakes or reservoirs under the jurisdiction of USACE. Types of allowable fees include daily use fees, admission fees, recreational fees, annual pass fees, and other permit type fees. The purpose of the fund is to maintain and operate the recreation and camping facilities. User fees are credited in 096R5007, Special Recreation Use Fees, Army, Corps of Engineers, Civil. USACE is authorized to offset the cost of Natural Resources Reservation Services (NRRS) contracts administered to collect fees at recreation sites against collections for SRUF. Receipts are otherwise unavailable for expenditure until CERM-B requests the OMB and Treasury make the funds available to USACE. The funds are subsequently allotted under appropriation 096X3123 (16 USC 4601-6a).

b. Non-federal Use of Dredge Disposal Facilities (Civil). HQUSACE initially provides funding for the operation and maintenance of dredge disposal facility in the annual Operations and Maintenance (096X3123) appropriation. The Secretary of the Army for Civil Works may permit the use of any dredged material disposal facility under USACE jurisdiction by a non-federal interest if such use will not reduce the availability of the facility for project purposes. Fees may be imposed to recover capital costs and operations and maintenance costs associated with such use. Receipts from the fees are credited to 096R5493.001, User Fees, Fund for Non-Federal Use of Disposal Facilities, Corps of Engineers (33 USC 2326a). These receipts are unavailable for expenditure at the time of collection. A non-expenditure transfer is processed on an annual basis by the HQUSACE Directorate of Resource Management (CERM-B), OMB, and Treasury to transfer the amounts collected into the O&M account at Treasury level. As outlined in 33 USC 2326a, the funds collected may only be used for the operation and maintenance of the disposal facility from which the fees were collected. After appropriation of the credited fees, CECW-IP will issue the funds to the District for uses pertaining to operation and maintenance of the facility.

c. Receipts from Leases of Land Acquired for Flood Control, Navigation and Allied Purposes (Civil).

(1) Proceeds including royalties from outlease of lands (grants) acquired by the United States for flood control, navigation, and allied purposes, including the development of hydroelectric power, (except lands taken from public domain or lands acquired by the U.S. for purposes other than water resources development), are credited to 096R5090, Receipts from Leases of Land Acquired for Flood Control, Navigation and Allied Purposes. USACE is responsible for returning 75 percent of these receipts to the states for the benefit of the counties in which such property is located (33 USC 701c-3). Funds are appropriated in the amount of 75 percent of the receipts in the following fiscal year and disbursed to the states. These funds may be expended by the states for the benefit of public schools and public roads of the county, or counties, in which such property is situated, or for defraying any of the expense of county government.

(2) Only the amount earned in the current fiscal year is credited to account 096R5090, except as provided in (3) below. As collections are received from out-leasing, the portion of the collection earned in the current fiscal year is credited to 096R5090. This action is taken whether or not the grant provides for refund of unearned amounts in the event of cancellation by the government. The remainder of the collected amounts, which will be earned in a future fiscal year, is retained in Deposit Fund Account 096X6501. At the beginning of the fiscal year, the current year amount is transferred to 096R5090 as earned income.

(3) Where the lease period covered by a collection extends beyond the current fiscal year, and the portion of the collection applicable to future fiscal years is \$500.00 or less, the total amount of the collection is credited to 096R5090 as current year income.

(4) When a grant is canceled which provides for a refund of unearned amounts in the event of cancellation, the unearned amount not previously credited to account 096R5090 is transferred to 096X6501. The refund of the unearned amount is charged to 096X6501. If the unearned amount was collected in 096R5090 in a prior month, the refund is offset against current month collections.

d. Lease Abatements (Civil and Military). In general, all agricultural and grazing leases receipts are immediately deposited into the lease rental accounts, 096R5090 (civil works) or 021F3875.3950 (military). An exception is required in cases involving abatements. When the grant provides for abatement of any payment contingent upon a particular event (maintenance, protection, repair or restoration of the leased property), the payment is held in clearing accounts (096X6501 or 021X6501) until the possibility of the abatement has passed.

e. Receipts from Hydraulic Mining in California, Tax, Debris Reservoirs (Civil). Hydraulic mines, through which debris flows in part or in whole to a body restrained by a dam or other work erected by the California Debris Commission, pay a tax as determined by FERC. The tax is paid annually on a date fixed by FERC. Taxes imposed under this authority are collected and expended under the supervision of USACE and the direction of Department of the Army. The purpose of the fund is for repayment of funds advanced by the Federal government or other agencies for construction, restraining works, settling reservoirs, and maintenance (33 USC 683). Collections are credited to 096R5066.

f. Maintenance and Operations of Dams (Civil). According to 16 USC 810, FERC levees fees for private licensees to construct, operate and maintain dams, conduits, and reservoirs. These fees are deposited into the General Fund of the Treasury of which 50 percent are warranted to the Corps of Engineers by the Treasury under appropriation 096X5125. The Federal Power Act also provides that the FERC will determine and collect fees from private licensees as a result of headwater improvements constructed by the Corps of Engineers. One hundred percent of these funds are warranted by the Treasury to the Corps under 096X5125.

g. Collections from Contractors for Underpayment of Wages. The Davis-Bacon Act (40 USC 3141 et seq.) stipulates that each laborer and mechanic employed on the contract work site must receive no less than the prevailing wage, including basic hourly rates and fringe benefits. The prevailing wage is determined by the Department of Labor and is included in each contract. Where violation of the Davis-Bacon Act is detected, sufficient funds are withheld from contract payments and retained in clearing accounts 096X6501 (civil) or 021X6501 (military), pending restitution to the employees by the contractor or subcontractor. Where the contractor or subcontractor fails to make restitution, or any of the employees involved cannot be located, SF 1093 (Schedule withholding Under Davis-Bacon Act and/or Contract Work Hours and Safety Standard Act) is prepared by the district. SF 1093 and payment are forwarded to Treasury with an information copy of the SF 1093 to HQUSACE (CECC-L).

h. Sale of Forest Products on Military Installations (Military). 10 USC 2665 provides for a state to share 40 percent of net proceeds from forest products sold from military installations or facilities located in the state and provides for 100 percent of the residual to be deposited in the forestry reserve account. The payment to states and deposit in forestry reserve account are performed by the Defense Finance and Accounting Service (DFAS).

(1) All proceeds from sale of forest products (i.e., timber and fire wood) on military installations are deposited to account 021F3875.3960 20-C S99999.

(2) Advances from contractors are deposited in suspense account 021X6501. Monthly, the amount of revenue earned is transferred from 021X6501 to 021F3875.3960 20-C S99999.

i. Additional guidance concerning military Special Fund receipt accounts is available in DFAS-IN Manual 37-100-FY.

5-15. Trust Fund Receipts.

a. Available Trust Fund Receipts. Available trust fund receipts, by law, are available as appropriations to a single agency for expenditure without further congressional action but must be released by a Treasury warrant prior to re-use. In some fund accounts, use is restricted to investment only or is precluded by a limitation or benefit formula.

(1) Rivers and Harbors Contributed and Advance Funds. This fund is credited with collections of required and voluntary contributions to construct, improve, or maintain water resource development projects (33 USC 701h, 702f, and 703; 31 U.S.C. 1321). This fund is classified as a trust fund and uses both receipt and expenditure accounts. Advances from states and local entities are deposited in 096R8862.

(2) Flood Plain Management Service (FPMS) Fees. FPMS fees are recorded in 096X8862.

See ER 1105-2-100, Appendix G.

(a) Advances are required for services provided to private persons or entities. A cost share advance account is required for collections based on the fee schedule or a negotiated amount. The advance account is linked to a cost share control record reflecting a Federal requirement of zero.

(b) FPMS services provided to other Federal agencies are recorded as a customer order in 096X8862.

(3) Voluntary Contributions for Environmental and Recreation Projects and Challenge Cost-Sharing (Partnership) Program for the Operation and Management of Natural Resources and Recreation. Statutes authorizing these programs require contributions to be recorded in 096X8862. Contributions are recorded using either of the following procedures:

(a) As a customer order with advance in 096X8862; and

(b) As a cost share agreement. The advance account must cite 096R8862; the cost share control record is to reflect a required Federal amount of zero. This method provides the ability to use the management structure code of the Federal project for tracking purposes, as well as the ability to record non-cash contributions.

b. Unavailable Trust Fund Receipts. Unavailable receipts are defined as special receipts which, at the time of collection, are not appropriated and are not immediately available for obligation or expenditure.

5-16. Deposit Funds and Clearing Accounts. Deposit funds are used to collect deposits from outside sources for payment of goods and services received, such as payroll deductions, custodian deposits, disputed claims, and unidentified remittances. Clearing accounts are used as a temporary suspense account until later paid by or refunded into another account, or when the Government acts as a banker or agent for others. As failure to classify revenues in the proper accounting period may result in reporting of erroneous information on the USACE financial statements, deposit funds and clearing accounts will be reviewed by supported activities on no less than (NLT) a monthly basis to determine whether proper disposition of funds can be made. Excluding amounts related to future year income on long-term and revenue generating agreements, amounts must be held in these accounts no longer than necessary to classify the amount to the proper receipt or expenditure account. Collections should normally be reclassified to the correct account in the same accounting month as received. All such amounts will be reclassified within 60 calendar days from the date of receipt.

a. Accounts 096X6501 (civil) and 021X6501 (military) are used to temporarily

credit unclassified transactions from the public when there is a reasonable presumption that the amounts belong to USACE.

b. Proceeds from leases for agricultural and grazing purposes are deposited into a centrally managed Army suspense account (021F3875.3950 08-C S99999). DFAS-IN transfers funds between the suspense account and the operating appropriations.

c. Undistributed intra-governmental payments account, 096F3885(civil) Undistributed Intra-governmental Payments or 021F3885.0070 (military) Undistributed Intra-governmental Payments, is used to temporarily credit unclassified transactions between Federal agencies, including IPAC transactions.

d. Federal Transfer Technology Act (FTTA). The FTTA of 1986, PL 99-502 provides for the transfer of federally developed technology to the private sector for commercial exploitation. It authorizes federal agencies to enter into Cooperative Research and Development Agreements (CRDAs) to collect royalty income generated from these agreements and to distribute the income to employee inventors and the laboratories. Normally contracts under the FTTA specify that royalties are forwarded directly to the Defense Finance and Accounting Service (DFAS).

e. For amounts less than \$100, if the supported activity and the UFC determine that further attempts to identify the proper account are not cost effective, then such amounts may be credited to 096R3220 (civil) or 021X3210 (military) on a case-by-case basis.

5-17. Reimbursements. Appropriation reimbursements are amounts earned and collected for goods and services furnished to the public, to another U.S. Government agency, or to the Revolving Fund. These receipts represent repayments to appropriations other than refunds and are authorized by law to be credited directly to specific appropriations or fund accounts. These repayments are available to the appropriation for obligation and re-expenditure, subject to apportionment by OMB. Appropriation reimbursement activity generally falls within the following classifications:

a. Reimbursable Work (Civil and Military Activities). Interagency or intra-agency reimbursable agreements generally fall under either the Economy Act (31 USC 1535) or 41 USC 23, which covers project orders. Under 31 USC 1535, the period of availability of funds transferred under an Economy Act agreement may not exceed the period of availability of the source appropriation. Where the agreement between agencies is based on some statutory authority other than the Economy Act, 31 USC 1535 does not apply. 31 USC 1534 authorizes payments to be charged against appropriations or funds, temporarily, with accounting adjustments to the appropriations or funds to be ultimately charged.

b. Other Appropriation Reimbursement Activity (Civil and Military). Real Estate

Administrative Fees (Civil and Military). 10 USC 2695 authorizes activities to accept funds to cover administrative expenses related to certain real property transactions with a non-federal person or entity. Fees may be assessed in relation to out-grant transactions involving leases, easements, and licenses, exchanges of civil and military real property, disposal actions where USACE is the disposal agent.

(1) Military real estate administrative fees are accounted for as a customer order with an advance citing 021*2020, Operations and Maintenance or 021*2050 Military Construction, Army. Funds not obligated by the end of the fiscal year(s) associated with the appropriation will expire on 30 September, accordingly.

(2) Real estate administrative fees (10 USC 2695) related to civil works projects are credited as appropriation reimbursements, referencing the original civil works project related to the collection. Collections will be credited to the applicable appropriation in ARMY Management Structure Code (AMSCO) "project" 099953, Unallotted Real Estate Collections. These funds are subsequently revoked and reissued with apportionment to the project by HQUSACE through work allowances and funding authorizations prior to reuse.

c. Other Appropriation Reimbursement Activity (Civil). USACE policy is that civil works appropriation reimbursements are credited to appropriation level accounts. CECW establishes policy for allocation of collected funds following apportionment by OMB.

(1) Proceeds from Sale or Transfer of Property Acquired for River and Harbor or Flood Control. When any property which has been purchased or acquired for the improvement of rivers and harbors as well as flood control projects is no longer needed, or is no longer serviceable, it may be transferred or sold; the proceeds thereof may be credited to the appropriation for the work for which it was purchased or acquired (33 USC 558). Examples include sales of buildings or structures on non-excess land, equipment, miscellaneous property, used oil products, crops, timber sold separately from land, pine straw, firewood, sand, gravel, and quarry. 10 USC 2208 further states that all monies arising from disposition of material supplied to the Army by the Corps of Engineers will remain available for the purpose of the appropriation from which such materials were authorized to be supplied at the time of the disposition.

(2) Collections for Lost, Stolen or Damaged Property. Any amount collected from any persons or corporations as a reimbursement for lost, stolen, or damaged property; purchased in connection with civil works prosecuted under the direction of the Secretary of the Army and the supervision of the Chief of Engineers; whether collected in cash, by offset from Civil Service retirement accounts, or by deduction from amounts otherwise due such person, persons or corporations; will be credited in each case to the appropriation that bore the cost of purchase, repair or replacement of the lost, stolen or damaged property (33 USC 412, 33 USC 571 and 33 USC 701k). Collections will be credited to the applicable appropriation in

AMSCO “project” 099951, Unallotted Damages Collections.

(3) Damages to Navigational Structures. Damages to navigational structures caused by a boat, vessel, scow, raft, or other craft are credited to the appropriation for the improvement or waterway in which the damage occurred (33 USC 412).

(4) Sale of Timber (Civil). Receipts from sale of timber sold separately from land are appropriation reimbursements. Proceeds are credited to the construction appropriation (096X3122 or 096X3112) if the related project is under construction. Proceeds are credited to the operation and maintenance appropriation (096X3123 or 096X3112) if the construction project is physically and financially complete.

(5) Sale of Utilities. Sales of utilities at civil works projects, excluding receipts from sale of electric energy to occupants of government quarters, are classified as appropriation reimbursements (5 USC 5911).

(6) Collections for Quarters. Collections by payroll deduction for government furnished quarters at civil works project sites and any associated utilities are appropriation reimbursements (5 USC 5911(c)). Collections will be credited to the applicable appropriation in AMSCO “project” 099954, Unallotted Project Cost Reimbursement Collections. Cash collections for government furnished quarters at project sites and associated utilities are miscellaneous receipts and are deposited in receipt account 096R3220. Other collections for utilities (those not related to government quarters) are accounted for as appropriation reimbursements.

(7) Cash Collections for Subsistence and Quarters on Floating Plant. Cash collection for subsistence furnished to occasional guests and transient military and civilian personnel on civil works floating plant under the provisions of ER 1125-2-307 are credited to the Revolving Fund account which bore the cost of the raw rations. Cash collections for quarters on Revolving Fund floating plant are also credited to the Revolving Fund.

(8) Receipts for Authorized Rental of Plant and Equipment (Civil). Receipts for the authorized rental of plant or equipment owned by the government in connection with river and harbor work will be deposited to the credit of the appropriation to which the plant belongs (33 USC 559).

(9) Collections from Liable Parties, Formerly Used Sites Remedial Action Program (FUSRAP). Any sums recovered under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) for response actions, or recovered from a contractor, insurer, surety, or other person to reimburse USACE for any expenditures for response actions are credited to the account used to fund response actions on eligible sites and are available for response action costs for any eligible site (42 USC 103). Collections are

credited to 096X3130.

d. Repayments to the Revolving Fund. These receipts represent repayments (income) to the Revolving Fund, which by law, are credited (offset) with reimbursements or advances and are available for use without apportionment by OMB:

(1) The cost of equipment, facilities, and services furnished at rates which include charges for overhead and related expenses, depreciation of plant and equipment, and accrued leave; and

(2) Working fund advances under authority of 31 USC 1535 and 1536 are excluded.

5-18. Refunds.

a. Refunds represent repayments to appropriations and are available for expenditure without apportionment by the OMB. These receipts are collections which include repayments of advances and recoveries of erroneous payments or overpayments. These receipts are usually identified to a specific obligation or contract charged with advances, erroneous payments or overpayments. These collections are not reimbursements to appropriations but are in effect reductions of previous payments.

b. Examples of appropriation refunds are:

(1) Collection of salary overpayments. Salary overpayments are credited to payroll account RF9310;

(2) Recoveries of jury fees and witness fees. These amounts are credited to payroll account RF9310;

(a) Juror and witness fees paid to government employees by state or municipal courts for serving on juries or as government witnesses while on court leave from their agencies are to be remitted to their agencies for deposit (5 USC 5515). Jury fees may be retained by government employees when the jury service occurs in a state or municipal court on a non-workday (normally a weekend or holiday) or when the employee is in a non-pay status.

(b) Employees may not elect to take annual leave in order to retain jury duty fees. No charge may be made to annual leave for the court leave;

(c) Government employees who serve as a juror in a state or municipal court are not required to remit to their agency that part of compensation received from the court to cover travel or meals expense when it is clear that a specific amount is received for those purposes;

(3) Collections of overpayments made to commercial concerns because of erroneous or incorrect computation of invoices;

(4) Amounts collected for items rejected and returned;

(5) Collections made on account of suspensions or disallowances by the Comptroller General;

(6) Collection of charges for transportation purchases (for both persons and things) where the whole or part is required to be paid by the traveler, such as amounts for baggage or property transported in excess of the established allowance;

(7) Recoveries of repayment for contractual services, such as rent and transportation purchased, where such contracts are canceled and adjustments are made for the unused portion;

(8) Allowances for articles retained but which were not satisfactory;

(9) Payments which have been recorded as disbursements but which are subsequently canceled;

(10) Repayments against advances made to contractors;

(11) Amounts recovered as a result of price re-determination agreement, forward pricing agreements, and other adjustments in price, when such agreements are a part of the original contract provisions;

(12) Voluntary refunds made by contractors under specific contract provisions for price re-determination;

(13) Recoveries of deposits on containers;

(14) Refunds of state gasoline taxes and government furnished equipment taxes;

(15) Collection for unofficial use of government facilities, such as use of telephone, cell phone, or government equipment. USACE policy is that phones and equipment are for official use only;

(16) Rebates received under the Government Travel Charge Card program are collected in the Revolving Fund by the UFC as appropriation refunds. These amounts are used to reduce billings for support services provided by the UFC; and

(17) Rebates received under the Government Purchase Card Program are processed as refunds to specific obligations on the cardholder's statement.

5-19. Accounts Receivable and Collection Procedures. Accounting procedures for accounts receivable and collection activities are available as follows:

- a. Finance and Accounting Policy Division webpage;
- b. USACE Finance Center webpage; and
- c. CEFMS II User Manual.

Chapter 6 Labor Costs and Labor Cost Corrections

6-1. Purpose. This chapter prescribes the accounting policy for recording labor costs and correcting labor errors. The objective is to ensure that each Corps of Engineers employee understands the importance of correctly recording labor costs in CEFMS II.

6-2. Applicability. This chapter applies to all Corps of Engineers employees.

6-3. Distribution Statement. Approved for public release; distribution is unlimited.

6-4. References.

a. 31 USC 3512(e), Executive agency accounting and other financial management reports and plans which requires the head of each executive agency to maintain the accounts of the agency on an accrual basis to show the resources, liabilities, and costs of operations of the agency including proper internal controls and accounting systems. 31 USC 3512(e) can be found at: <https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title31-section3512&num=0&edition=prelim>.

b. Statement of Federal Financial Accounting Standard #4, paragraph 49, which requires each agency to record, accumulate and allocate managerial costs on an accrual basis. Labor costs are recorded through the end of each month using the early labor cutoff procedures in CEFMS II. Statement of Federal Financial Accounting Standard #4, paragraph 49 can be found at: <https://www.gasb.org/st/summary/gstsm49.html>.

c. 31 USC 1301. Appropriations must be applied only to the objects for which the appropriations were made except as otherwise provided by law. 31 USC 1301 can be found at: <https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title31-section1301&num=0&edition=prelim>.

d. U.S. Government Accountability Office (GAO) Policy and Procedures Manual for Guidance of Federal Agencies, Title 6, Pay, Leave and Allowances and can be found at: <https://www.gao.gov/special.pubs/ai96001c.txt>.

6-5. Policy.

a. The Corps of Engineers is a project-oriented organization. Labor costs are appropriately charged, in 15 minute increments, to the benefitting project, customer, facility, overhead or leave account.

b. Labor costs are recorded, accumulated and allocated on an accrual basis. Labor costs

are recorded through the end of each month using the early labor cutoff procedures in CEFMS II.

c. Labor hours actually worked on a specific project or customer order are charged to that project or customer order. Accordingly, all employees must correct all legitimate labor costing errors or corrections to estimated labor must be processed promptly. Under no circumstances must labor hours actually worked on a specific project or customer order be charged or transferred to another project or customer order, a departmental overhead account, a general and administrative overhead account, or a shop and facility account to:

- (1) Compensate for funding shortfalls;
- (2) Liquidate or reduce balances in accounts with funds that will expire at the end of the current fiscal year;
- (3) Eliminate or avoid credit balances in accounts resulting from posting of labor actually worked;
- (4) Mask potential anti-deficiency act violations;
- (5) Mask cost overruns;
- (6) Facilitate performance of work in advance of receipt of funds;
- (7) Avoid reprogramming actions.

d. It is the policy of the Chief of Engineers to identify the recording of labor costs and other applications of fiscal performance measures as part of performance standards for all labor certifying supervisors or work leaders, program/project managers, and division/staff office chiefs.

e. Program, project or facility account managers must direct all team members to stop work on a project or other work order upon exhaustion of funds and notify customers that work is being stopped until the funding issue is resolved.

f. Methods of Determining Labor Cost Rates. Employees are initially paid from the USACE Revolving Fund. The labor and payroll account is charged with the gross earnings of these employees and credited with labor cost distributions. USACE uses the 'Effective Time Method.' Under this method, the labor cost rates for the regular tour of duty consist of actual pay rates increased to include the cost of government- provided benefits and a factor for all paid leave. The overtime cost rates consist of the employee's actual overtime rates increased to

include the cost of government-provided benefits. Labor costs for night differential and holiday pay are computed at the actual pay rate. The effective time method provides the means to:

(1) Charge projects or customer orders for time actually worked at a rate which will absorb the amount of pay for annual and shore leave accrued, sick or other leave taken, holidays, administrative leave granted, severance pay entitlement, and continuation pay for traumatic job-related injuries.

(2) Accumulate a balance in the labor and payroll account to approximate the monetary value of annual leave, shore leave, restored leave, compensatory time, travel compensatory time, and credit hours, to include the associated amounts for Medicare, Old Age/Survivors Disability Insurance (OASDI) due employees, Civil Service Retirement System (CSRS), Federal Employees Retirement System (FERS), Thrift Saving Plan matching contributions.

(3) When employees receive cost of living allowances (COLA), it is necessary to compute the COLA on the effective pay rate. This provides the reserve from which the labor cost is absorbed when the employee is on leave.

(4) Average Rates for Groups of Employees. Under this method, an average effective time hourly rate is established and used for costing labor of employees engaged in a common activity such as shops, floating plant, and executive, advisory and administrative functions. Equitable costing as well as economy are prerequisites for use of the average effective labor rate method.

g. Supervisors are required to maintain documentation of each employee's labor submission for audit purposes. See ER 37- 1-30, Chapter 9 Procedures.

h. Resource management officers are responsible for ensuring that policies outlined in this chapter are in place and working effectively. They are responsible for leading the effort to provide local training regarding project labor costing and fiscal responsibility.

6-6. Labor and Labor Costs Corrections Procedures.

a. Labor charges will automatically post to the cited work item regardless of funds availability. Labor charges made in excess of a labor purchase request available balance will reduce the appropriate funding account and can result in a negative fund account balance. When this occurs the responsible employee for each work item is notified via email from CEFMS II. Each responsible employee must take appropriate action immediately as, if not corrected in a timely manner, an Anti-Deficiency Act violation can occur.

b. Costs charged to programs, projects, facilities, or customer orders are based on actual

work performed. Departmental and General and Administrative overhead costs are allocated based on direct labor charges, ensuring an equitable distribution of overhead according to accounting standards. Overhead adjustments (cost transfers) are not processed for the purpose of decreasing or expending the balance on a completed work activity or customer order, or for the purpose of concealing a shortage of funds in a program, project, facility or customer order.

c. Labor cost transfer forms will be prepared by the form initiator and approved by the employee, and the employee's supervisor. The form initiator is an employee who resides within the office where the error exists who is also responsible for the funded work items on both sides of the transaction. This can be, but is not limited to the program manager, project manager, facility account manager, or program analyst. The following information is required on the form:

(1) Identification (i.e. name, and employee id number) and signature of the individuals who determined the need for the labor cost transfer;

(2) The timeframe for the transaction;

(3) Erroneous labor charge code and correct labor charge code;

(4) Cost hour type;

(5) Organization code;

(6) Number of hours to be adjusted;

(7) Explanation/justification for the transfer.

d. The form initiator, determined at the local level, submits the approved form to the RMO.

e. The CEFMS II originator enters the labor cost transfer into CEFMS II. This role can be held by the same employee who is also the form initiator, or can be an employee within the RMO. The CEFMS II originator is determined at the local level.

f. The CEFMS II approver approves the labor cost transfer in CEFMS II. The CEFMS II approver must be within the RMO. The CEFMS II approver will ensure that the data on the labor cost transfer form matches the data for the transaction in CEFMS II, that the transaction is properly supported, and the justification is appropriate prior to approving the transaction in CEFMS II. A labor cost transfer template is attached below.



Labor Cost Transfer
Form.pdf

g. Mass transfers of labor costs do not require signatures by each employee and each supervisor; however a memorandum for record (MFR) detailing appropriateness and rationale for the mass transfer must be signed by the CEFMS II originator and CEFMS II approver and must be retained for audit purposes. CEFMS II roles have been identified in section 6-6.e-f above.

6-7. Accounting Procedures. Accounting procedures for labor and labor cost corrections are available as follows:

- a. Finance and Accounting Policy Division webpage.
- b. CEFMS II User Manual.

Chapter 7
Cost Accounting for Civil Works Activities

7-1. General. This chapter provides cost accounting requirements for civil works projects, programs, and reimbursable work, excluding the functions of the Civil Works Revolving Fund. Cost accounts are maintained for the purpose of accumulating cost information needed to meet requirements for budgeting, programming, execution, and reporting.

7-2. Applicability. This chapter applies to all USACE Commands.

7-3. Distribution Statement. Approved for public release, distribution is unlimited.

7-4. Appropriation Definitions.

a. Investigations, Corps of Engineers, Civil 096X3121. For expenses necessary where authorized by law for the collection and study of basic information pertaining to river and harbor, flood and storm damage reduction, shore protection, aquatic ecosystem restoration and related needs, for surveys and detailed studies, plans and specifications of proposed river and harbor, flood and storm damage reduction, shore protection, and aquatic ecosystem restoration projects, and related efforts prior to construction; for restudy of authorized projects; for miscellaneous investigations; and, when authorized by law, surveys and detailed studies, and plans and specifications of projects prior to construction.

b. Construction, Corps of Engineers, Civil 096X3122. For expenses necessary for the construction of river and harbor, flood and storm damage reduction shore protection, aquatic ecosystem restoration, and related projects, authorized by law; for conducting detailed studies, and plans and specifications, of such projects (including those involving participation by States, local governments, or private groups) authorized or made eligible for selection by law (but such detailed studies, and plans and specifications will not constitute a commitment of the Government to construction).

c. Operation & Maintenance, Corps of Engineers, Civil 096X3123. For expenses necessary for the operation, maintenance, and care of existing river and harbor, flood and storm damage reduction, aquatic ecosystem restoration, and related projects authorized by law; for providing security for infrastructure owned and operated by the United States Army Corps of Engineers (USACE), including administrative buildings and laboratories; maintaining harbor channels provided by a State municipality, or other public agency that serve essential navigation needs of general commerce, where authorized by law; surveying and charting of northern and northwestern lakes and connecting waters, clearing and straightening channels, and removing obstructions to navigation.

d. Expenses, Corps of Engineers, Civil 096Y3124. For expenses necessary for the supervision and general administration of the civil works program in USACE headquarters, and the offices of the Division Engineers, and for the costs allocable to the civil works program for management and operation of the Humphreys Engineer Center Support Activity, the Institute

for Water Resources, the United States Army Engineer Research and Development Center, and the United States Army Corps of Engineers Finance Center.

e. Flood Control & Coastal Emergencies, Corps of Engineers, Civil 096X3125. For expenses necessary to prepare for flood, hurricane, and other natural disasters and support emergency operations, repairs, and other activities in response to such disasters as authorized by law.

f. Regulatory Program, Corps of Engineers, Civil 096Y3126. For expenses necessary for administration of laws pertaining to regulation of navigable waters and wetlands.

g. Mississippi River and Tributaries, Civil 096X3112. For expenses necessary for flood damage reduction projects and related efforts in the Mississippi River alluvial valley below Cape Girardeau, Missouri, as authorized by law.

h. Washington Aqueduct Capital Improvements, Corps of Engineers, 096X3128. This appropriation provides funding authority for capital improvements and repairs to the Washington Aqueduct.

i. Formerly Utilized Sites Remedial Action Program (FUSRAP), Corps of Engineers, 096X3130. For expenses necessary to clean up contamination from sites in the United States resulting from work performed as part of the Nation's early atomic energy program.

j. Maintenance & Operation of Dams and Other Improvements of Navigable Water, 096X5125. USACE uses its share of certain fees levied by the Federal Energy Regulatory Commission (on the private use of Federal property, including facilities and land; private construction and operation of water management and appurtenant facilities; and private benefit from headwater improvement by others) for maintenance and operation of dams and other navigation structures owned by the United States or in the construction, maintenance or operation of headwater or other improvements of navigable waters of the United States. (16 U.S.C. 810(a))

k. Hydraulic Mining in California, Debris, 096X5066. The Hydraulic Mining in California, Debris Removal account receives money paid to the United States as a tax on the operation of hydraulic mines. All sums of money paid into the Treasury under this section are credited to the 'debris fund', and expended under the supervision of the Chief of Engineers and direction of the Secretary of the Army, for repayment of any funds advanced by the Federal Government or other agency for the construction of restraining works and settling reservoirs and for maintenance. Currently, USACE use of amounts from this fund include fees collected from Pacific Gas and Electric Company to help maintain the Englebright Dam, Yuba River, California, mine debris restraining works and associated hydropower generation facilities. (33 U.S.C. 683)

l. Payments to States, Flood Control Act of 1954, 096X5090. The Payment to States account receives money paid to the United States under certain leases. The statute mandates that 75 percent of all moneys received and deposited in the Treasury of the United States during any fiscal year on account of the leasing of lands acquired by the United States for flood control, navigation, and allied purposes, including the development of hydroelectric

power, will be paid" to the appropriate states. (33 U.S.C. 701c-3)

m. Payment to the South Dakota Terrestrial Wildlife Habitat Restoration Trust Fund, 096X3129. Funds expended from the South Dakota Terrestrial Wildlife Habitat Restoration Trust Fund are derived from the interest paid on the underlying fully funded principal of the trust account. The Secretary of the Treasury warrants USACE \$10M annually which is transferred to the state of South Dakota to fund wildlife habitat restoration.

n. Office of Assistant Secretary of the Army (Civil Works), 096Y3132. For the Office of the Assistant Secretary of the Army for Civil Works as authorized by 10 U.S.C. 3016(b)(3).

o. Rivers & Harbors Contributed and Advance Funds, Corps of Engineers, Civil 096X8862. Funds contributed by local interests for expenditure in connection with funds appropriated by Congress for any authorized work of public improvements of rivers and harbors. This includes cash contributions required by terms prescribed in the agreement with non-federal interests for study, design, construction, maintenance, and associated work of authorized federal projects.

7-5. Cost Account Requirements. Cost accounts will be maintained by project, class, or category of work under each appropriation according to the uniform code of accounts. Cost accounts will be established within this structure on the basis of programming documents and/or approved Work Orders, ENG Forms 3013.

a. Category, Class, Sub-class (CCS). A three-digit code used to identify specific activities, purposes, and descriptions of work to be performed, as defined by CECW policy/National Account Manager. This code is used for civil appropriations only. See CEFMS II screen 10.22 for current listing.

b. Work Category Code (WCC). These codes are used to accumulate cost data to meet requirements for budgeting, programming, execution, and reporting, as defined by CECW policy/National Account Manager or CEMP policy/National Account Manager. See CEFMS II screen 10.116 for current listing.

c. Work Category Elements (WCE) The WCE is an extension of the WCC and provides a further breakdown for capturing costs, as defined by CECW policy/National Account Manager or CEMP policy/National Account Manager. See CEFMS II screen 10.120 for current listing.

d. Object Classes. The object class codes are categories assigned for the purposes of the President's annual budget to present obligations by the items or services purchased by the Federal Government, as defined by OMB Circular A-11, section 83 (MAX Schedule O), and required by law (31 U.S.C. 1104(b)). See CEFMS II screen 10.49 for current listing.

e. Element of Resource (EOR) Codes. A four-digit code which identifies the type of resource being employed or consumed (such as military personnel, civilian personnel, travel of personnel, utilities and rents, and communication). The EOR classifies the resource according to the nature of the usage rather than the purpose, as defined by DFAS-IN Manual 37-100-17,

Chapter 2b. The first and second digits identify the object class as defined by OMB (above). The third digit identifies category or type of pay or benefit. The fourth digit identifies the type of employee for pay-related EORs, or the purpose of the payment or benefit for non-pay EORs. See CEFMS II screen 10.49 for current listing.

f. Resource Codes. Resource codes are used to classify categories of obligations and expenditures. They are classified according to the initial purpose rather than the end product or service provided. The resource codes are rolled up at object class level for financial reporting purposes. From the CEFMS II data dictionary: The specific resources within manpower, equipment, service, material, facility and real property used to accomplish the Corps mission. The code may identify a standard resource type or any component in a breakdown thereof. Resource codes are also tied to object classes. Resource codes may only belong to one object class, with the exception of OTHCONSVIC, which maybe in 25% or 32%, due to the nature of this resource code and by HQ policy. EOR and resource code combinations must be of the same object class. See CEFMS II screen 10.90 for current listing.

7-6. Cost Accounting Procedures. A listing of valid cost accounting codes for each appropriation is available in CEFMS II on the screens identified above. For ease, dated listings of the codes referenced above will be included in an Excel file on the Finance and Accounting Policy Division webpage, but these listings are subject to change without notice.

Chapter 8 Pay and Allowances of Military Personnel

8-1. General. This chapter prescribes the accounting policy and procedures required for pay and allowances of military personnel assigned to the Corps of Engineers. This includes civil and military funded military personnel. The pay and allowances of military personnel of the Corps of Engineers will be processed in the manner prescribed by DoD Financial Management Regulation Vol. 7A, except as provided herein.

8-2. Policy.

a. Electronic Funds Transfer (EFT.) P.L. 104-134 requires all federal payments to be made via electronic funds transfer. Therefore, payments to military personnel will be processed via electronic funds transfer (EFT).

b. Military funded personnel are paid directly from the Military Personnel Army Appropriation.

c. Civil funded military personnel of the Corps of Engineers employed primarily on duty connected with non-military public works prosecuted under the direction of the Chief of Engineers, will, while so employed, be reimbursed their pay and allowances from the appropriation for the work or works upon which they are employed.

(1) If, during the period of an assignment to a civil works project, the soldier is detailed for duty on a military project, which is estimated to consume less than a significant portion of his time, the soldier will be considered as employed primarily on the civil works project. His full pay and allowances (including subsistence) for such time will be paid from civil funds. Significant is considered 25% or more. In situations where the work is greater than 25%, the costs will be distributed to the military supported project.

(2) Military personnel transferring from one duty station to another are paid by the losing activity up through the end of the month of the effective transfer date, as stated on their orders. Likewise, when a soldier transfers to a Civil function, payments will not be made from civil funds until after the end of the month of the effective transfer date on their orders.

(3) The pay and allowance cost of military reserve personnel assigned to the Army Corps of Engineers for a Civil Works activity will be paid directly by the applicable military reserve appropriation and reimbursed by the Civil Works appropriation. (The funding action creates an appropriation refund for the Reserve Personnel Army appropriation) The authority to use a civil works appropriation to fund a military Reserve Officer is according to 33 U.S.C. section 583a. The Corps of Engineers is not authorized to fund military Reserve Officers for military activities from USACE military appropriations.

8-3. Pay and Allowances of Military Personnel Procedures. Accounting procedures for pay and allowances of military personnel assigned to the Corps of Engineers can be found on the Finance and Accounting Policy Division webpage.

Chapter 9
Civilian Payroll and Leave Accounting

9-1. Purpose.

a. This chapter prescribes policy for payroll and leave accounting for Corps of Engineers civilian employees.

b. The Director, Defense Finance and Accounting Service (DFAS) is responsible for the payroll system, and overall planning and general direction of the pay, leave, and allowance functions for payroll administration. The Corps of Engineers civilian employees are paid by DFAS through the Defense Civilian Pay System (DCPS). The Corps utilizes a network of timekeepers and customer service representatives (CSR) for processing bi-weekly pay. All USACE employees will record attendance and leave into the CEFMS II Time and Attendance Module (ADF). The only exceptions to this requirement are employees who have not been issued a DoD Common Access Card (CAC), or employees temporarily or permanently without computer access due to mission requirements or being in a deployed status. Any employee not inputting time into CEFMS II under this exception for more than three consecutive pay periods (six weeks) will require written District Commander /Center Deputy Director approval to be maintained by the employee's timekeeper with associated time records. Any employee not inputting time into CEFMS II under this exception for more than six consecutive pay periods (12 weeks) will require written Division Commander/Center Director approval to be maintained by the employee's timekeeper with associated time records. Approval renewals must be completed annually. If an employee is exempt from having to use ADF, then the timekeepers are responsible for the data entry and accuracy of the employee's time and attendance. Employees are ultimately responsible for the accuracy of their time and attendance recorded, which is affirmed by their signature on their CETAL reports. Supervisors are responsible for certification of the accuracy of the time and attendance. The CSR serves as the liaison with DFAS, ensuring the receipt and processing of all transactions, and corrections of DCPS error reports.

9-2. Applicability. This chapter applies to all USACE Commands.

9-3. Distribution Statement. Approved for public release; distribution is unlimited.

9-4. Policy. The basic policies governing the processing and accounting for payments to civilian personnel contained in Department of Defense Financial Management Regulation, DOD FMR, 7000.14-R, Volume 8 will be followed. For actions required to be submitted to higher authority, normal Corps of Engineers command channels of communication will apply.

a. Electronic Funds Transfer. Public Law 104-134, the Debt Collection Improvement Act

of 1996, requires all Federal payments to be made by electronic funds transfer (EFT). Any request for waiver of this requirement must be formally submitted to DFAS. Department of the Treasury Financial Management Service issued final rule 31 CFR, Part 208, which implements the EFT requirements of the Act.

b. Regardless of the timing of recording Time & Attendance (T&A) data, management must have in place a system of control techniques that gives reasonable assurance that the recorded information reflects time worked, leave taken, or other absences. Supervisors will certify the accuracy of time and attendance at the end of the pay period.

c. Alternate Work Schedules. Title 5, United States Code, Chapter 61, subchapter II permits a variety of flexible and Alternate Work Schedule, ENG Form 4704, Alternate Work Schedule Time Record, is authorized to record time and attendance for those employees working on an alternate work schedule, and for employees who are exempt from ADF. Employees who enter their T&A into ADF are not required to use a manual timesheet. The ENG Form 4704 may be revised reproduced locally using a local form number to meet District needs. If an employee has a work schedule that varies from local regulation it is required that they must have a written work schedule.

1. T&A entered directly into ADF only requires one set of signatures.

(a) Employees will sign in ADF to attest that the data is true, correct and accurate. The timekeeper signs in CEFMS II through TOD edits to verify that recorded information is true, correct and accurate to the best of their knowledge. The supervisor, or other equivalent official, or higher level manager will sign in ADF to confirm to the best of their knowledge that the recorded information is true, correct and accurate, and consistent with applicable laws and regulations and is approved for payment.

(b) These signatures will also digitally sign the CEFMS II T&A Report (CETALHRS or CETALDETHR).

2. T&A entered into CEFMS II timekeeping screens by the timekeeper, for ADF exempt employees, requires two sets of signatures.

(a) ENG Form 4704 must be signed by the timekeeper and supervisor. The timekeeper signs to verify that recorded information is true, correct and accurate to the best of their knowledge. The supervisor or other equivalent official, or higher-level manager signs to confirm to the best of their knowledge that the recorded information is true, correct and accurate, and consistent with applicable laws and regulations and is approved for payment. The employee's signature on the CETAL attests that the data is true, correct and accurate.

(b) Signatures on ENG Form 4704 are in addition to the signatures required of the employee, timekeeper and supervisor on the CEFMS II T&A Report.

3. The CEFMS II T&A Report is required to be signed, electronically or physically, within 10 working days after the pay period end date. If an employee is unable to sign within the 10 day window due to illness, on leave, or some other valid circumstance that would not allow them to sign, then the supervisor is responsible for ensuring the employee signs the day they return, and that an annotation is made by the employee on the report explaining why they could not sign within the 10 working day window.

(a) All employees must sign the CETAL report for any prior period corrections. Employees should sign the CETAL report as close to the date that the correction entry is made, but no later than 10 working days after the end of the pay period the correction entries were made for.

(b) Power plant operators, floating plant and dredge employees are granted an extension of 10 additional working days to sign the CETAL report, for both the original entries and prior period corrections. This is 20 working days to sign the CETAL report from the pay period ending date.

d. Overtime/Compensatory Time Requests.

1. All overtime authorizations will be documented on an ENG 6032, "Request, Authorization, and Report of Overtime/Compensatory Time/Holiday" for unscheduled overtime, or a Tour of Duty (TOD) letter for scheduled overtime. An ENG 6032 is required on a biweekly basis for each pay period. Blanket requests are not authorized. Supervisors are required to complete the required form prior to any overtime being worked, or in the case of an emergency, immediately after completion of work. If overtime is approved after completion of work, the form must include an explanation detailing the nature of the emergency that required the employee to work overtime hours prior to approval.

2. Travel Comp Time (TCT). The approved travel order will serve as the authority to earn TCT. Actual hours of TCT earned will be approved after travel has ended using an ENG 6033.

3. The completed forms must be signed and dated by the supervisor. If the CEFMS II T&A Report is kept manually the forms must be attached to the report. If the CEFMS II T&A Report is kept electronically the forms are to be kept in the employees file, or scanned and kept electronically. The approved overtime hours must be equal to or greater than the overtime hours on the CEFMS II T&A Report.

4. All employees who work greater than 250 hours of combined overtime/compensatory time during a fiscal year, must gain a one-time approval for that fiscal year from their local Commander/Director before any additional hours are worked. In addition, all employees who exceed 1,000 hours of overtime within a fiscal year must obtain a one-time approval for that fiscal year from their Regional Commander or Deputy Commanding General before any additional hours are worked. This requirement does not apply to employees deployed to a

country in support of an Overseas Contingency Operation (OCO) or employees on a mission assignment with the Federal Emergency Management Agency (FEMA).

e. Leave Documentation to validate the entry of “Court Leave” or “Military Leave”.

Employees are required to submit documentation when they are called for court service or when they are ordered to report for Military Duty.

1. For court service, a copy of the court order, subpoena, or summons must be presented to the supervisor in advance and a copy of a certificate of attendance from the Clerk of Court must be submitted upon completion.

2. For Military Leave, a copy of the orders or substantiating documentation directing the employee to military duty and a certificate verification of attendance indicating completion of training duty upon return to duty.

3. These documents are to be forwarded to the CSR in a reasonable time, not to exceed 30 days. If documentation is not received within 30 days, the CSR needs to notify the supervisor and the employee that the leave entry will be converted to annual leave. If annual leave is not available, DCPS will go through the normal leave conversion, as defined in the DCPS Payroll User Manual, Insufficient Leave Conversion Hierarchy Table, and use any credit and comp time available before it reverts to leave without pay.

f. Withholding from the Pay of Civilian Employees.

1. The Act of 3 Aug 1950 (64 Stat 393) provides authority to withhold from the pay of employees without their consent to satisfy indebtedness arising from any erroneous payment made during previous employment by an agency of the Executive Branch of the Government where GAO has raised a charge for such erroneous payment against a disbursing or certifying officer.

2. The Act of 15 July 1954 (68 Stat 482, 5 USC 5514) provides authority for making deductions from the pay of civilian employees without their consent to satisfy indebtedness resulting from any erroneous payment made by an establishment of the Department of Defense to or on behalf of such employees. Collection for salary overpayments will be made according to DOD FMR Volume 8, Chapter 4.

3. Waivers of Erroneous Payments of Pay and Allowances. Authority is provided by 5 U.S.C. 5584 and 4 C.F.R. Parts 91 and 92 for the waiver of claims of the United States against a Corps civilian employee arising out of an erroneous payment of pay or allowances.

4. Judgment Offsets. When a court of the United States, in an action or suit brought against Corps employees by the United States, determines that the employee is indebted to the United States and enters a judgment against the employee, section 124 of P.L. 97-276 allows collection

of the debt by deduction from employee's current pay account.

5. Garnishments. 42 U.S.C. 659 provides consent by the United States to garnishment and similar proceedings for enforcement of child support and alimony obligations against Corps civilian employees. P.L. 103-94 authorizes the garnishment of Corps civilian employee's pay for commercial debts.

6. Travel Charge Card Delinquent Debts. All travel charge card accounts that are in the 90 plus days delinquent category are subject to salary offset unless the person is specifically exempted. Exemptions may apply to members of collective bargaining units, those within 30 days of retirement, and potentially other unique circumstances.

7. The Debt Collection Improvement Act of 1996.

(a) Civilian payroll debts that are \$50 or less may be immediately deducted from an employee's next biweekly paycheck in full. A simultaneous notice will be sent to the employee to advise the employee of this offset.

(b) The payroll office may begin a 15% offset of the employee's future biweekly paychecks when a debt greater than \$50 is discovered and corrected within 4 pay periods of the original transaction. A simultaneous notice will be sent to the employee to advise the employee of this 15% offset.

(c) All other civilian payroll debts require a full due process notification letter sent to the employee prior to any collection actions being initiated by DFAS.

8. Restored Leave, and Transfers of Annual and Shore Leave, Credit Hours and Compensatory Time.

(a) Restored Leave. 5 U.S. Code, Sec. 6304(d) authorizes agencies to restore annual leave that was forfeited at the end of a leave year because it was in excess of the maximum leave ceilings under the following conditions; leave was forfeited because of an administrative error, leave was forfeited because of an exigency of public business, leave was forfeited because of sickness of the employee. An agency may consider restoration of leave only if the annual leave was scheduled in writing before the start of the third biweekly pay period prior to the end of the leave year.

(b) Annual Leave Transfers. When an employee transfers between two USACE Commands the value of accrued annual and shore leave due the employee will be transferred within 30 days. The value will be computed by multiplying the hours of annual and shore leave transferred by the hourly salary rate in effect for the employee at the time of transfer. The F&A Officer of the losing USACE Command will obtain notices of such

employee transfers from the Customer Service Representative.

(c) Credit Hour Transfers. When an employee transfers between two Army Commands that are in the same Defense Civilian Pay System (DCPS) database the value of credit hours due the employee will be transferred. The value will be computed by multiplying the credit hours transferred by the hourly salary rate in effect for the employee at the time of transfer. The F&A Officer of the losing Command will obtain notices of such employee transfers from the Customer Service Representative. DCPS will automatically pay Credit hours if the Agency changes (i.e. transfer outside of Army), the employee does not remain on a Flexible Work Schedule, or is moved to a different DCPS database. Currently all USACE Activities operate on the OMA database in DCPS, except Japan and the Far East, who operate on the ZFA database. Transfer to or from those districts will cause credit hours to automatically pay out.

(d) Compensatory Time Transfers. When an employee transfers between two USACE Commands that are in the same Defense Civilian Pay System (DCPS) the value of compensatory time due the employee will be transferred. The value will be computed by multiplying the compensatory hours transferred by the hourly salary rate in effect for the employee at the time of transfer. The F&A Officer of the losing USACE Command will obtain notices of such employee transfers from the Customer Service representative. DCPS will automatically pay Compensatory time to the employee if the Agency changes i.e. the employee leaves Army or retires. If the agency does not change, the F&AO is responsible for paying the value of the Compensatory time to the gaining organization.

9. Permanent Change of Station (PCS) House Hunting Trips. The regular duty time of an employee while on an advance house hunting trip will be reported as duty time to the extent authorized by PCS orders. The gaining agency will pay the labor costs for the USACE employee's house hunting trip. Since the maximum period that may be authorized for a house-hunting trip, including travel time, is ten consecutive calendar days, charge to duty time will never exceed eight work days. Regular duty time in excess of that authorized will be charged to annual leave or leave without pay as appropriate. Additional guidance on how to code T&A entries for PCS travel and tasks related to the PCS travel is covered in DoD Instruction 1400.25 – Volume 630, Enclosure 3.

10. Emergency Time Requirements. When processing T&A in the Corps of Engineers certain conditions may exist that prohibit processing a T&A file in order to meet the Defense Civilian Payroll System (DCPS) established cutoff date. The conditions that could cause this problem are: a national disaster, or a systems failure. If conditions preclude creating a T&A file, the organization should immediately contact the USACE Payroll Program Manager, Michael Brandon (CEFC-ZP) to initiate the Emergency Time Process. Please reference the CERM-F Emergency Payroll Procedures Memo for additional guidance on other procedures that need to be completed to process Emergency Time.

9-5. Civilian Payroll and Leave Accounting Procedures. Proper procedures for payroll and

leave of civilian personnel are available on the Finance and Accounting Policy Division webpage.

Chapter 10 Washington Aqueduct

10-1. General. This chapter prescribes accounting policy for Baltimore District, Washington Aqueduct Division and their wholesale customers. The construction, maintenance and operation of facilities associated with the collection, purification, and transmission to the wholesale customers of the water supply are civil functions of the Corps of Engineers. The Washington Aqueduct provides potable water to wholesale customers, the District of Columbia, Arlington County and the City of Falls Church. Water distribution and sales in these areas are the responsibility of the wholesale customers. Washington Aqueduct funds are primarily derived from water sales, which are made according to water sales agreements between each wholesale customer and the Secretary of the Army. The Washington Aqueduct works with a wholesale customer board as defined in a Memorandum of Understanding (MOU) between the customers and the Chief of Engineers.

10-2. Policy. The Washington Aqueduct is responsible for rate setting and revenue collection to cover all costs of operation, maintenance, debt service and capital improvement. Washington Aqueduct will set customer rates to ensure all costs incurred are recovered. All work authorized and funded by the capital outlay appropriation will ultimately be a part of the Washington Aqueduct and authorized appurtenances and as such will normally represent a capital item. Capital Outlays will include permanent project features, including land improvements and relocations, as well as Engineering, Design and Supervision and Administrative Costs. This account will include all costs incurred for Work in Progress financed by Capital Outlay, Water Fund. Operation and Maintenance account will include all costs incurred for additions, improvements and replacements, financed with operating expense funds. Washington Aqueduct operating and capital improvement budgets are submitted to the Wholesale Customer Board annually.

10-3. Procedures. Accounting procedures specific to Washington Aqueduct Division may be found on the Finance and Accounting Policy Division webpage.

Chapter 11

Accounting for Military and Civil Construction Supervision and Administration

11-1. Purpose. This chapter focuses on accounting requirements for S&A activities. ER 415-1-16, Construction Fiscal Management, is the primary guidance on effective management and fiscal stewardship of S&A resources. All projects are executed according to the principles of the Project Management Business Process (PMBP). S&A costs are costs pertinent to construction management, project management during construction, construction contract administration and construction quality assurance (QA). S&A activities apply to military, civil works (CW), and for Interagency and International Services (IIS) construction projects. Military S&A costs are charged either on a flat rate or actual cost basis. CW and ISS S&A costs are charged on an actual cost basis.

11-2. Applicability. This chapter applies to all USACE Commands.

11-3. Distribution Statement. Approved for public release, distribution is unlimited.

11-4. Policy for S&A Costs.

a. Section 2802 of Title 10, United States Code, the annual MILCON appropriation acts, and the Department of Defense (DoD) Financial Management Regulation (FMR), 7000.14-R, Volume 3, paragraph 170203 require the S&A costs for MILCON projects to be funded from applicable military construction appropriations.

b. Consistent with Congressional and DoD direction, the U.S. Army Corps of Engineers (USACE) established a flat rate schedule for charging all customers for major MILCON projects. Separate S&A rates are used for military projects funded by other than MILCON appropriations (e.g. Operations and Maintenance, Army (OMA); Other Procurement, Army (OPA); Research, Development, Test and Evaluation (RDT&E); various appropriations for environmental work, and others). Historical S&A rates are shown in Appendix G-1.

c. S&A costs, like in-house labor, are funded by appropriations current for obligation, unless one of the following authorities applies:

(1) Public Law, 108-287, section 8070. This authority, described in ER 37-3-22 Financial Administration - Carryover S&A, allows reimbursable O&M funds to be obligated for in-house costs and used to complete projects even after these funds have expired for obligations.

(2) Section 116 is a recurring feature of MILCON Appropriations Bills and is specified as follows: "For military construction or family housing projects that are being completed with funds otherwise expired or lapsed for obligation, expired or lapsed funds may be used to pay the cost of associated supervision, inspection, overhead, engineering and design on those projects

and on subsequent claims, if any.” This allows expired MILCON funds to be used to fund S&A and DDC to complete the project. It applies to normal five-year MILCON funds and the two-year supplemental funds.

d. S &A consists of activities performed and costs incurred during the execution phase of projects for construction. S&A costs include supervision and inspection (S&I) and general and administrative (G&A) overhead. S&A activities include contract administration, inspection and quality assurance (QA) activities, contract enforcement, review of required contractor submittals (except for shop drawings considered to be an extension of design), and project and technical management directly related to projects. Allowable charges to the S&A accounts and S&A functions and responsibilities are listed in Appendix G-2, Post-Award Construction Activities Chargeable to S&A. Appendix G-3 is Consistent Charging Practices for S&A and DDC Costs for Design-Build (D-B) Projects Subject to Flat Rate Procedures. Activities not chargeable to S&A are shown in Appendix G-4, Pre-Award Construction Activities and Appendix G-5, Post-Award Activities Not Chargeable to Flat Rate S&A Accounts.

e. The source appropriation(s) that funds a contract determines the S&A rate(s) to be charged. Several different appropriations may be included in a particular contract. Each appropriation is accounted for separately as different S&A rates may apply.

f. G&A costs are defined in Chapter 19 of this regulation and departmental overhead (DOH) costs are defined in Chapter 20. These costs are never charged directly to Planning and Design (P&D) or S&A funds. Appendix G-6, CDO Costs and Activities, provides a list of common CDO costs.

11-5. S&A Flat Rate Accounts.

a. S&A flat rate accounts are Revolving Fund (RF) accounts that receive S&A income as a percentage of construction contract expenses (including accrued expenses) or contract “placement.” S&A flat rate accounts incur expenses as flat rate S&A costs are recorded. The RF S&A account structure is as follows:

(1) RF6500 - MILCON S&A. This work item is used to record S&A costs of projects funded by the MILCON Appropriations Act.

(2) RF6600 - O&M, Except Defense Environmental Restoration Program (DERP) S&A. This work item is used to record S&A costs of projects funded by OMA, Defense Environmental Restorations Program (see RF6601) and DoD projects funded by the Defense Appropriations Act.

(3) RF6601 - O&M DERP S&A. This is a legacy work item used to record S&A costs of DERP and Base Realignment and Closure (BRAC) environmental projects. Unless there is

management value justifying the additional effort for using RF6601, the activity may charge costs to RF6600, as the rates for O&M and DERP are the same.

(4) RF68XX - Special S&A accounts for Overseas Contingency Operations (OCO), formerly known as Global War on Terrorism (GWOT), are used for Transatlantic Division mission operations. Per DoD agreement, work is performed on an at-cost basis but S&A is obligated and earned using the flat rate process. Work is subject to all required procedures for flat rate S&A management and accounting. Rates are analyzed and periodically adjusted, as required, to cover the actual cost of USACE S&A services charged to the related RF68XX accounts and to maintain positive account balances. Security and life support protection are not included in the S&A rate and are provided by Army or the customer.

b. S&A costs are costs incurred by personnel in USACE districts and centers who perform construction phase functions that are properly chargeable to S&A according to Appendix G-2. S&A costs for hired labor services include labor costed at the effective rate, CDO and G&A Overhead. S&A costs are normally charged to either the flat rate S&A accounts or, if performed on an at-cost basis, directly to the project. Appendix G-1 provides S&A rates by type of appropriation. The S&A flat rates are reviewed periodically by the Director of Resource Management and revised, as needed, according to the status of the overall account(s). Appendix G-7 provides lists of appropriations subject to MILCON, O&M and DERP flat rates. Rates for these appropriations are published annually in the USACE Command Guidance. A complete list of all S&A rates for various programs and related appropriations are maintained in CEFMS II table 10.96. Contact CERM-F to request updates to the master table.

c. Major Subordinate Commands and districts are not authorized to negotiate S&A rates or the at-cost method with customers. HQUSACE will approve all deviations from prescribed rates or at-cost basis. The request must include a full statement of facts. Forward requests for waiver through the MSC to CERM-F for approval. CERM-F will coordinate the request with U.S. Corps of Engineers Military Program (CEMP) to determine the appropriate action.

d. For military construction S&A performed at flat rate, S&A costs are not charged directly to projects, but rather to the applicable work items in the RF65, RF66, or RF68 series. S&A costs are distributed at the current S&A rates and charged to applicable military projects as appropriate. The charge is assessed as a percentage of contract expenditures whenever an expenditure occurs, using the prevailing S&A rate as the percentage value. This process results in what is referred to as "S&A income" to the applicable RF account. The difference between monthly S&A charges and S&A income activity (either a net loss or gain to that account) is transferred monthly to the UFC from the RF65 and RF66 accounts. The RF68 S&A accounts are managed by Transatlantic Division for use in contingency operations and are not transferred to the UFC.

e. The USACE-wide S&A flat rates are charged on all contract costs with the exception of prompt pay interest. Work subject to application of flat rate S&A includes design cost for

design-build contracts and the costs of materials and equipment. For items obtained through central procurement and permanently installed by the construction contractor, the standard S&A flat rate is assessed to the associated net construction contract cost for installation of such equipment, etc. Furniture and free standing equipment (personal property) that is separately procured (not a part of the construction contract) is normally managed on an at-cost basis.

f. The flat rate S&A account is not intended to cover extraordinary costs for post-award activities. Extraordinary costs are funded by the project/sponsor and include, but are not limited to, life support and force protection outside the contiguous U.S. (OCONUS), normally required by the appropriate Embassy, Safety Office involvement in ordnance and explosive waste (OEW) work, and enhanced commissioning efforts.

11-6. Accounting for S&A Flat Rate Costs.

a. RF6500 (MILCON), RF6600 (O&M and DERP), and RF68XX (Special S&A accounts for OCO) work items are used to capture the actual costs to provide S&A services. See paragraph 11-5.

b. Project-funded work items are established to account for placement (contractor earnings) and the flat rate S&A charge to the construction project.

c. As discussed in 11-5.d. above, income to RF S&A work items is generated by applying the flat rate charge to the direct construction costs as captured by the project-funded work item structure. Income does not post to the RF work item unless there are sufficient funds on the project-funded work item to accept the flat rate S&A charge. All activities must comply with Army and UFC end-of-month cutoff dates to ensure the flat rate charge to the project is posted in the same month as the direct construction costs are incurred. Inability or other failure to post the flat rate expense at the time of contract (project) expenditure results in S&A leakage. S&A leakage is defined as the amount of expected income (placement times the current S&A rate) minus the income accumulated in the RF S&A work item. When creating purchase requests subject to flat rate S&A, the activity must ensure that S&A line items are properly linked to contract line items in CEFMS II, and that the S&A line item obligations are fully funded for the required amount based on appropriate S&A rate and contract obligation amount. Refer to the CEFMS II User Manual, S&A for Flat Rate MILCON for additional information.

d. Liquidated damages are amounts retained in an open accounts payable (with the exception of amounts for Architect Engineer ((A/E)) liability) on the project-funded work item to cover expenses incurred due to delayed contractor performance or, in some instances, contractor default. The following guidance applies to the disposition of liquidated damages on a flat rate contract, (including those amounts disbursed from the project-funded work item and collected into the suspense account), amounts returned by the contractor, or amounts received from the Department of Justice);

(1) Increased engineering and design costs. Liquidated damages may be used to credit the appropriation(s) that initially funded the increased engineering and design costs. These damaged appropriations can be charged up to the total specific amount of financial damage sustained. The resource code DAMASSCONT is used to record the collection of liquidated damages on the project-funded work item.

(2) Increased direct construction costs. Liquidated damages may be used to credit the damaged appropriation(s) that initially funded the increased direct construction costs up to the total specific amount of financial damage sustained. The resource code DAMASSCONT is used to record the collection of liquidated damages on the project-funded work item to prevent distortion of direct construction costs.

(3) Increased S&A costs. Liquidated damages may be used to credit the damaged appropriation (at-cost) or RF account (flat rate) that initially funded the increased S&A cost up to the total amount of financial damage sustained. The increased S&A expenses are credited to the appropriate S&A clearing account maintained by the UFC. Make checks payable to the Finance and Accounting Officer, UFC.

(4) Liquidated damages attributable to other expenses incurred by USACE activities are credited to the appropriation that funded the expenses. Use resource code DAMASSCONT to record the collection against the project-funded work item.

(5) Increased expenses of the customer may also be offset by the liquidated damages. For example, if the customer incurs additional lease expenses due to delay of completion, those expenses can be offset by the liquidated damages. Record the collection of liquidated damages under the project-funded work item in which contractor earnings were incurred using resource code DAMASSCONT.

(6) The balance of liquidated damages in excess of actual increased expenses must be deposited into the General Fund of the U.S. Treasury as Miscellaneous Receipts. Failure to deposit the balance of liquidated damages in excess of actual increased expenses into Miscellaneous Receipts results in multiple statutory violations. Refer to ER-415-1-16 for further guidance.

e. Unfunded costs are effort, materials and supplies used in support of MILCON work that are financed by appropriations other than MILCON and not reimbursed by the other appropriations available for MILCON. However, these costs are capitalized as part of the value of the real property investment. When USACE incurs S&A costs related to unfunded costs, the installation or project customer/sponsor is charged, typically using appropriations such as O&M, RDT&E, military procurement funds or the Defense Business Operations Fund (DBOF). For S&A purposes, unfunded costs are subject to the flat rate if included in the construction contract. When unfunded costs are not a part of the contract, S&A is charged on an at-cost basis (exempt

from flat rate) and costs are funded from the same source appropriation used for the unfunded costs.

f. All activities must intensively manage flat rate S&A activities according to guidance and metrics published in the HQUSACE Command Guidance (CG), Chapter 2. CG guidance is posted on the HQUSACE Directorate of Resource Management (CERM) webpage. S&A is managed on a regional basis using the “S&A checkbook” concept which allows the MSC to carry gains and losses forward for future use in leveling the workforce while effectively meeting changing requirements.

11-7. At-Cost S&A.

a. This paragraph provides guidance for the management of S&A costs for those military-funded projects where actual S&A costs are charged using the at-cost method, as well as the management of CW and IIS activities. Additional guidance is found in ER 1140-2-211. Each appropriation has different fiscal constraints (rules) for “time” and “purpose” requirements. For non-traditional CW appropriations, these rules should be documented in the PMP so the Project Delivery Team (PDT) is aware of these constraints.

b. S&A activities for CW and IIS projects are performed on an actual cost basis (at-cost). Some military work is also performed at-cost. Examples of military work or appropriations for which S&A is charged using the at-cost method are listed in Appendix G-8. The most common examples of military appropriations not subject to the flat rate S&A are Non-Appropriated Funds and Foreign Military Sales. For military appropriations subject to flat rate S&A, performance of construction using actual cost S&A requires written approval from the Director of Resource Management (HQUSACE/CERM-Z) and/or inclusion in a national Memorandum of Understanding (MOU) or Memorandum of Agreement (MOA) coordinated with CERM. Examples are Chemical Demilitarization Facilities, Missile Defense Program, other facilities constructed with innovative technologies, and facilities in locations presenting unusual physical and/or logistical requirements.

c. Management of S&A and construction contract placement for CW projects is a budget based process. It consists of preparing a project specific budget for S&A and construction placement and executing according to that budget. S&A rates are used as guidelines during budget preparation; however, they should not be used to measure performance at the project level. Project level performance is measured by comparing actual costs to budgeted costs. ER 415-2-100 establishes policies and procedures for staffing of CW construction projects.

11-8. Internal Management Control Review Checklist. The checklist for S&A is included in Appendix B, of this regulation. The checklist is completed by MSCs at the MSC level on even-numbered years and by districts at the district level on odd-numbered years.

11-9. Finance and Accounting Procedures. Proper accounting procedures for S&A activities are

available on the Finance and Accounting Policy Division webpage and in CEFMS II User Manual.

Chapter 12 Revolving Fund Reports and Analysis

12-1. General. Revolving Fund reports are used by the Headquarters, U.S. Army Corps of Engineers (USACE), to analyze the financial health of the Revolving Fund at the corporate level and the operational efficiency of all USACE activities. Revolving Fund reports are also used to prepare consolidated statements for the Office of Management and Budget and the United States Treasury. This chapter describes key Revolving Fund reports and requirements for review and analysis by F&A personnel in all USACE activities.

12-2. Policy. The Revolving Fund operates entirely within its own resources. All activities must aggressively manage Revolving Fund accounts to ensure that cash is replenished promptly and budget authority is available to meet other Revolving Fund requirements. The basic principles for managing the Revolving Fund are listed below. All activities must:

- a. Establish and manage Revolving Fund rates which recoup the full cost to provide Revolving Fund services;
- b. Obtain funding from Revolving Fund customers prior to performing services;
- c. Ensure that work received on customer orders meets all requirements for financing by the Revolving Fund;
- d. Commit or obligate annual severable Revolving Fund requirements on a quarterly basis;
- e. Conduct reviews of Revolving Fund commitments, obligations, payables and customer orders according to requirements for the Joint Reconciliation Program;
- f. Ensure that orders for goods, services or inventory under specification for a single project or asset cite appropriate project or operating funds;
- g. Ensure that all Revolving Fund inventory is common in nature and maintained at the minimum level necessary to meet mission requirements;
- h. Enter receiving reports when goods or services are received and accruals when required;
- i. Issue billings or process distributions in all accounts on a monthly basis;
- j. Aggressively pursue collection of delinquent accounts receivable;
- k. Place Revolving Fund assets in service in the month the asset is complete and available for use;
- l. Reduce the remaining recovery period (service life) of a Revolving Fund asset or asset component when it is determined that the asset will not remain in service for its established life;
- m. Ensure that plant and equipment rates include a provision for anticipated and cyclical

maintenance and repairs;

- n. Transfer depreciation and plant increment income to HQUSACE prior to the end of every quarter;
- o. Credit all proceeds from disposal of Revolving Fund property to the Revolving Fund;
- p. Ensure that the accrued leave liability is fully funded.

12-3. Responsibilities.

a. Managerial accountants at each field operating activity (FOA) must review and analyze Revolving Fund reports submitted to HQUSACE on a monthly basis. The reports and focus of each review are identified in this regulation. Accountants analyze these reports to ensure that the Revolving Fund is effectively managed and achieves the objectives described in paragraph 12-2. Accountants will initiate corrective actions for any issues identified in the analysis (abnormal balances, trends of loss or excessive income, or other accounting issues).

b. The F&A Officer at each FOA must ensure that all Revolving Fund accounts are operated in an effective manner and in compliance with ER 37-1-30. The F&A Officer will ensure that costs are promptly distributed to programs, projects and customers in order to replenish Revolving Fund cash for further use.

c. The Resource Manager at each FOA is responsible for notifying the Commander and the regional Resource Manager of significant issues and corrective action plans to address the issues.

d. Regional F&A Officers provide oversight of Revolving Fund activities operated on a district level and also analyze all accounts operated on a regional basis. At a minimum, Regional F&A Officers must review the consolidated Results of Operations report, the Revolving Fund Budget Authority report, and the Accrued Leave Analysis and ensure that timely action is taken to resolve any issues identified in the analysis.

12-4. 3017 Trial Balance of General Ledgers, 66L. This report provides the trial balance of the Revolving Fund based upon information in the general ledger detail table. Accountants must review any abnormal balances to determine if corrective actions are needed.

12-5. Revolving Fund Statement of Results from Operations, 66M. This report displays the operating expenses, revenue and balances of Revolving Fund accounts at the summary level. The 66m det report provides similar data for individual accounts. Losses-are reflected as a minus in the operating balance column. Losses generally indicate that rates are too low or that billings are not processed monthly, as required. In some cases, the work performed is seasonal. For example, assets used primarily for construction may generate income only during the construction season. Guidance for specific accounts is below.

- a. Plant Operating Accounts (RF211 - RF213) – The account should reflect a positive balance. Plant operating rates are established to recoup any prior year loss, current year

operating expenses and a reserve for anticipated repairs and maintenance. Activities may not operate assets at a repeated loss. Likewise, excessive gains indicate that rates are too high and are not acceptable.

b. Plant Operating Accounts for Vehicles (RF214) , Shop and Facility Services Accounts (RF30-RF59) and Inventory Operating Accounts (RF80). Accounts should reflect a nominal balance according to performance metrics established in the Consolidated Command Guidance (CCG). The balance may be positive or negative provided it meets the nominal balance criteria. Each shop and facility account operates on a break-even basis.

c. General and Administrative (G&A) Overhead, Departmental Overhead (RF61), and Area Office Overhead (RF64) Accounts. Each account should reflect a nominal balance according to performance metrics established in the CCG. The balance may be positive or negative provided it meets the nominal balance criteria.

d. Supervision and Administration (S&A) Accounts (RF65 - RF66). The S&A report provides a summary of the expenses and income associated with performing construction activities for military organizations or foreign governments on a flat-rate basis. The goal of the flat rate process is to manage the S&A accounts on a corporate break-even basis. Expenses are deducted from income for the month and the net gain or loss is transferred to the regional S&A check book.

12-6. Revolving Fund Budget Authority. This report provides the balance of available budget authority calculated from the general ledgers. Accountants review the report to determine if sufficient budget authority is available for the purpose of incurring new obligations in the Revolving Fund. Accountants also review the report to determine whether customer work is properly financed by the Revolving Fund and whether obligations and commitments are recorded in quarterly amounts for annual severable requirements.

12-7. Accounts Receivable Report, AREC. This report provides the number and amount of Revolving Fund accounts receivable by aging category (under 30 days, 31 to 60 days, 61 to 120 days, 121 to 180 days, 181 days and over). The USACE Finance Center takes follow-up action on all debt of 150 days or less. Accountants at the FOA level review delinquent accounts 151 days and older, take action to effect collection of the receivable and maintain documentation of actions taken. Actions typically include coordinating with the USACE Finance Center to collect employee debt through payroll deduction and following up with other USACE activities or customers to collect delinquent receivables. The F&A Officer must review all debt more than 150 days old.

12-8. Warehouse Stock Accounts, WH_STOCK. This report provides a summary of inventory accounts for the district, including acquisitions, sales or consumption, gains and losses. Accountants review the report to ensure that the value of stock is the minimum required to meet the mission, that inventory is promptly sold to customers and the value of the stock is turning over repeatedly. Accountants also ensure that found on works (FOW) transactions are not used incorrectly, which results in misclassification of stock and operating expenses.

12-9. 3017C, Schedule of Plant, Properties and Equipment, 3017CLGL. This report provides the original cost, depreciation, acquisition or retirement activity, and remaining book value of Revolving Fund assets. Amounts are displayed by category of plant, such as buildings, floating plant and software. Accountants review the report to ensure that assets are placed in service timely and disposal actions are processed timely. Accountants must research any abnormal balances to determine if corrective action is required.

12-10. ENG 1978A, Plant Replacement and Improvement Program, PRIPRPT. This report provides the current fiscal year allocation and execution for the Plant Replacement and Improvement Program as well as cumulative amounts for continuing (multi-year) items. Amounts are displayed by category of plant. Accountants monitor the report to ensure that assets are placed in service when complete and available for use, initiating depreciation and plant increment charges (income) for the PRIP.

12-11. Depreciation and Increment, SDIPR. This report provides schedules of depreciation for PRIP and non-PRIP assets and plant increment charges for PRIP assets. Assets are displayed by category of plant. Accountants review the report to ensure that the property category and standard recovery period are correctly assigned for each asset and that plant increment is assessed on PRIP assets.

12-12. Supervision and Administration (S&A) Report, SA95RPT. This report provides information on Revolving Fund expenses and income recouped using the flat rate process, as well as placement for various construction programs (direct, reimbursable, Base Realignment and Closure, Defense Environmental and Restoration Program). Accountants review this report to ensure that leakage does not occur (income is not lost) due to errors in linking the S&A line item on a purchase request to the contract line item.

12-13. Unpaid Leave Liability Report. This report is used to view the unpaid leave liability as reported by the Defense Finance and Accounting Service. Accountants must ensure that leave funding is sufficient to cover the leave liability at the end of the leave year, as required by law. In order to accomplish this goal, funding targets are established in the Consolidated Command Guidance for each quarter. Accountants compare the total unpaid leave liability on this report to the sum of RF9310, RF9320, and RF9330 to determine the percent funded. Accountants analyze the funding, liability and cyclical nature of the account and recommend changes to the effective rate, as needed. Accountants provide the quarterly liability and funding amounts to the USACE Finance Center for the quarterly Directorate or Command Management Review. Accountants also prepare explanations for the region or HQUSACE concerning variances from the target and the status of corrective action plans.

12-14. Cash Reconciliation, RFCR. This report provides a reconciliation of Revolving Fund receipts and disbursements, including transactions with others for payroll processing, cross-charge transactions and the PRIP. Accountants use this report to reconcile any differences between the general ledger and the amount reported as Fund Balance with Treasury. Accountants must ensure that cash is sufficient for upcoming requirements, such as accounts payable, PRIP expenditures and other programs which are seasonal in nature.

12-15. Accounting Procedures. Proper accounting procedures for generating and reviewing Revolving Fund reports are available in the CEFMS II User Manual and on the Finance and

Accounting Policy Division webpage.

Chapter 13

Accounting for Civil Works Cost Shared Projects

13-1. Purpose. The purpose of this chapter is to provide accounting guidance and procedures for applying non-Federal contributions toward the cost of project planning, engineering, design, construction, and operations and maintenance of Civil Works cost shared projects. Civil Works cost shared projects are funded by a direct Federal appropriation and a non-Federal proportionate share contribution.

13-2. Applicability. This chapter applies to all USACE commands.

13-3. Distribution Statement. Approved for public release; distribution statement is unlimited.

13-4. References.

a. 33 USC 2325 as amended, Voluntary Contributions for Environmental and Recreation Projects, October 1996

<https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title33-section2325&num=0&edition=prelim>.

b. 33 USC 2328 as amended, Challenge Cost-Sharing Program for Management of Recreation Facilities, October 1996

<https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title33-section2328&num=0&edition=prelim>.

c. Flood Control Act of 1944, as amended, Section 205, June 1948

<https://uscode.house.gov/view.xhtml?path=/prelim@title33/chapter15&edition=prelim>.

d. Public Law (PL) 90-483, Rivers and Harbors Act of 1968 as amended, August 1970

<https://www.govinfo.gov/content/pkg/STATUTE-100/pdf/STATUTE-100-Pg4082.pdf>.

e. PL 99-662, Water Resources Development Acts (WRDA) 1986 as amended, July 2007

<https://planning.erc.dren.mil/toolbox/library/PL/WRDA1986.pdf>.

f. Office of Management and Budget (OMB) Circular A-87, Cost Principles for State & Local Governments (Revised), May 2004

https://obamawhitehouse.archives.gov/omb/circulars_a087_2004.

g. Engineer Regulation (ER) 405-1-12, Real Estate Handbook, November 1985

<https://www.publications.usace.army.mil/USACE-Publications/Engineer-Regulations/u43546q/3430352D31/>.

- h. ER 500-1-1, Natural Disaster Handbook, September 2001
(https://www.publications.usace.army.mil/Portals/76/Publications/EngineerRegulations/ER_500-1-1.pdf?ver=2013-09-08-233252-360).
- i. ER 1105-2-100, Guidance for Conducting Civil Works Planning Studies, April 2000
(https://www.publications.usace.army.mil/Portals/76/Publications/EngineerRegulations/ER_1105-2-100.pdf?ver=2013-09-08-233404-497).
- j. ER 1165-2-30, Acceptance and Return of Required, Contributed or Advanced Funds for Construction or Operation, December 1997
(https://www.publications.usace.army.mil/Portals/76/Publications/EngineerRegulations/ER_1165-2-30.pdf?ver=2013-09-08-233443-040).
- k. ER 1165-2-211, Operation and Maintenance of Improvements Carried Out by Non-Federal Interests to Authorized Harbor or Inland Harbor Projects, February 2016
(https://www.publications.usace.army.mil/Portals/76/Publications/EngineerRegulations/ER_1165-2-211.pdf?ver=2017-04-27-143845-447).
- l. ER 1165-2-131, Project Cooperation Agreements for New Start Construction Projects, April 1989
(<https://www.publications.usace.army.mil/LinkClick.aspx?fileticket=R4BaH-12QhY%3d&tabid=16441&portalid=76&mid=43546>).
- m. ER 1165-2-208, In Kind Contribution Credit Provisions, February 2012
(https://www.publications.usace.army.mil/LinkClick.aspx?fileticket=5dlea-8_EBY%3d&tabid=16441&portalid=76&mid=43546).

13-5. General.

a. Authority. The Water Resources Development Act of 1986 (WRDA 86), Public Law 99-662, as amended, entered the US Army Corps of Engineers (USACE) into a new era of project financing through cost sharing with various non-Federal sponsors or public entities. Although the acceptance of funds from private parties is allowed under 33 USC 2325, navigation authority and other authorities, it is USACE policy that funds will be accepted only from duly appointed public entities that have the legal and financial authority to provide the cash and/or real estate requirements needed for a project.

b. WRDA 86 specifies that the cost sharing provisions set forth therein apply to any studies for a water resources project commenced after November 17, 1986, or any water resources project, or any separable element thereof (as defined in WRDA 86), for which a contract for physical construction had not been awarded before November 17, 1986. WRDA 86 further provides that, unless otherwise specified, the cost sharing provisions of Title I of the act will apply to all projects authorized therein. Further guidance regarding cost sharing

requirements may be found in ER 1105-2-100 and ER 1165-2-131 as well as in other engineering regulations, circulars and pamphlets, and Planning, Policy, and Project Management Guidance Letters.

c. Pre WRDA 86 Projects. Many pre-WRDA 86 projects are still active, and these projects may be subject to different cost share obligations and existing assurance agreements or local cooperation agreements. These agreements contain the contractual agreement between the Federal government and a non-Federal sponsor concerning the project cost share obligations and the method of payment according to specific project authority. Unless these pre-WRDA 86 projects, or a separable element thereof, have been expressly made subject by Congress to the cost sharing requirements of WRDA 86, as amended, the Government cannot unilaterally alter the contractual obligations of the non-Federal sponsor beyond those obligations set forth in the pre-existing cost sharing agreement executed by the sponsor.

d. Project Delivery Teams led by the Project Manager (PM) are recommended by USACE for development, negotiation and execution of cost sharing and escrow agreements. It is recommended that the team include a Resource Management (RM) representative who must be familiar with the accounting procedures for all agreements and cost sharing procedures.

e. Cost Share Control Managers (CSCM) will be designated from the RM Community of Practice in each USACE district. These individuals will be responsible for the monitoring and updating of all cost share control records (CSCR) in CEFMS II.

13-6. Policy.

a. Agreement. WRDA 86 states that prior to initiating work on a cost share project or an acceptable element thereof, other than hydropower, a legally binding partnership agreement must be executed between the Department of the Army and the non-Federal sponsor. This agreement documents the responsibilities of the Government and the non-Federal sponsors for the project including, but not limited to, paying the non-Federal share of the costs of construction, paying 100 percent of the costs of the operation, maintenance, replacement, and rehabilitation costs, and holding and saving the Government free from damages. Similar requirements are included in WRDA 86 regarding planning and engineering of an authorized project. Amendments of the cost estimate in the Feasibility Cost Sharing Agreement (FCSA) may be made by the Secretary and the non-Federal interest. Model cost sharing agreements for feasibility studies, for preconstruction, engineering and design (Design Agreement - DA), and for construction, operation and maintenance Project Partnership Agreement-PPA of water resources projects have been approved by HQUSACE and by the Assistant Secretary of the Army (Civil Works) (ASA (CW)) for many of the Corps missions and authorities. The approved model agreements are maintained on the USACE Civil Works website.

b. The CEFMS II cost share control record and associated programming reflects the

financial requirements specified in law, regulation, and study or project specific cooperative agreements between the Government and non-Federal sponsors for each cost share project. For Congressional Add cost shared studies and projects, the PM will provide RM with copies of the authorizing language supporting the project cost share allowance. When a purchase request is certified, the Federal Government and all non-Federal sponsors must have their respective proportionate shares (e.g., Federal cash, sponsor cash, or authorized and estimated sponsor credit) available.

c. Waiver. Only the Secretary of the Army or the ASA (CW) can waive the non-Federal sponsor's proportionate share requirements. Before reaching the ASA, the waiver has to be approved by HQUSACE. If there is no such waiver and the Government's and/or any non-Federal sponsor's proportionate share (net of any authorized and approved creditable work not treated as cash) is not available when a purchase request is processed, then the purchase request cannot be certified. The secretary may also delegate it's authority to approve and sign partnership agreements under guidelines outlined in WRDA 2007, section 2003(e).

d. Phases. Most projects have multiple phases before completion which are listed below. In-Kind Credit (IKC) provisions for these phases are listed in a separate section.

(1) Feasibility Phase. Section 105(a) of WRDA 86 specifies the cost sharing requirements for feasibility studies initiated after 17 November 1986. Feasibility studies are cost shared 50 percent Federal and 50 percent non-Federal. The non-Federal portion will equal 50 percent of the sum of the cost estimate in the agreement, in-kind services, and any excess over the estimated amount that resulted from a change in Federal law or a change in the scope of the study requested by the non-Federal interest. This section, (d.(1)), will not apply to any water resources study primarily designed for the purposes of navigational improvements in the nature of dams, locks, and channels on the Nation's system of inland waterways.

(a) The Project Manager assigned to the feasibility study will distribute study activity costs to Federal and non-Federal accounts by developing proper P2 resourcing and utilizing the appropriate work breakdown structure. The PM should provide a courtesy copy of the CEFMS II PM.PROJV report to the RM representative.

(b) The Project Manager should coordinate the draft FCSA with RM to ensure that procedures for receipt and accounting of non-Federal sponsor cash are approved and escrow accounts (if used) are established and maintained for the duration of the study. A plan for recording approved IKC contributions will be established. A copy of the signed FCSA will be provided to RM. If the study cost increases, the PM may need to amend the FCSA or Project Management Plan (PMP). The PM will provide a completed CSCR Change Request to the CSCM to include a copy of the PMP and amendment, if applicable. Federal and non-Federal accounts will be reconciled throughout the life of the study, to comply with F&A quarterly and end of fiscal year requirements, and be available for inspection and audit by Federal or non-

Federal sponsor representatives. Accounts should be reconciled and closed (in P2 and CEFMS II) at the end of the study.

(2) Preconstruction and Engineering. Section 105(b) of WRDA 86 specifies the cost sharing requirements for projects authorized in WRDA 86 for Planning and Engineering. Non-federal sponsors must contribute 50 percent of the planning and engineering costs necessary to produce a feasibility report. The cost will be treated as cost of construction. Once the period of planning and engineering is complete, the Government and non-Federal sponsor must execute a DA to cost share the costs of design.

(3) Design. Section 105(c) of WRDA 86 specifies that the cost sharing for design of projects will be shared in the same percentages as the project purpose. CECW-AG Memorandum, 3 August 1998, Subject: Model Design Agreement, requires that the Government and the non-Federal sponsor execute a design agreement for all Preconstruction Engineering and Design activities funded by Investigations, and all engineering and design activities funded by either Construction or Operations and Maintenance appropriations, with certain limited exceptions set forth therein. Most project purposes have different cost sharing formulas, so HQUSACE and ASA (CW) developed the model DA using 75 percent Federal and 25 percent non-Federal cost sharing. To ensure costs of design are ultimately shared in the same percentages as the project purpose, once design is complete total design costs are included in total project costs in the PPA for the project. Any adjustments required to ensure that the non-Federal sponsor has contributed the correct percentage of total design costs are accomplished by adjusting the cash requirement from the non-Federal sponsor in the first year of construction.

(4) All Other Pre-construction Engineering and Design (PED). All PED costs incurred subsequent to the feasibility study, other than costs incurred during the period of planning and engineering discussed above, are considered a part of, and included in, the total project cost to be shared and included in the PPA. The PED costs are to be treated as a component of the first year construction costs and included in the non-Federal sponsor's first year cash requirements.

(5) Construction. The draft PPA is sent through RM for comment to ensure the cost sharing provisions will track and comply with P2/CEFMS II requirements. Coordination and accounting mechanisms are established for: developing work breakdown structure (WBS); allocating and tracking non-Federal sponsor cash contributions; crediting for the value of authorized IKC; crediting for the value of authorized and approved Lands, Easements, Rights-of -Way, and initial and final Relocations, and Disposal Areas (except for general navigation projects/features); recording reimbursements authorized in Section 104 of WRDA 86 and Section 215 of the Rivers and Harbors Act of 1968 and other authorized credits to the non-Federal sponsor's cost share; and distributing charges against Federal and non-Federal sponsor accounts. Project cost estimates reflecting the detailed current schedule and cost share requirements are prepared annually by the project manager/programmer. The CSCM creates and updates the CSCR in

CEFMS II, reviews the information with the PM quarterly, and establishes the cost share advance account for each project sponsor. Section 215 of the Rivers and Harbors Act of 1968 can be found at: Section 215 of the Rivers and Harbors Act of 1968.

e. Federal Government Funding. Federal funds are allocated or allotted to specific projects by Funding Allocation Documents and Work Allowance Documents. These Federal funds are registered to the direct appropriation funding register and linked to the CSCR by the CSCM.

f. Non-Federal Sponsor Funding. The non-Federal sponsor's payment may be made by check, escrow account, letter of credit, and/or electronic funds transfer as specified in the executed partnership agreement. In some cases, sponsor estimated IKC, which is treated as cash, and/or Lands, Easements, Rights-of Way, Relocation and Disposal Areas (LERRD) may be used to meet sponsor funding requirements; see section g and h respectively. Purchase requests cannot be certified until the Government and each non-Federal sponsor's proportionate share requirements are met. For projects that will be completed in one fiscal year or involving a single or lump sum contract to be completed in one fiscal year, the non-Federal sponsor will provide its full cash requirement on or before the scheduled date of issuance of the solicitation of the first construction contract. For projects that will take more than one fiscal year to complete, after providing funds for any contracts, the non-Federal sponsor may provide its remaining share in periodic payments. The timing of these payments may be based on a Federal fiscal year, quarterly, or fiscal year of the non-Federal sponsor according to the cost share project agreement. As a general rule, non-Federal shares of project cost are to be satisfied through the use of non-Federal funds. There are occasions when non-Federal sponsors may wish to meet their cost sharing responsibilities at least in part with funds they have received from the Government; however Federal funds may not be used to meet the non-Federal sponsor's share of project costs unless the expenditure of such funds is expressly authorized by statute as verified in writing by the granting agency.

(1) Check. The non-Federal sponsor may issue a check for payment that will be deposited with the U.S. Treasury.

(2) Escrow Accounts. Non-Federal sponsors, especially those with projects that will be constructed over a period of years, may provide their required contributions in an interest bearing escrow account. The escrow account provides a means for the non-Federal sponsor to earn interest on its funds and ensures that funds are available for use immediately by the Government when needed. Funds are used in the proportionate share contribution calculation but are not available for obligation purposes until withdrawn from the sponsor's escrow account and deposited into the U.S. Treasury. All escrow accounts must meet certain criteria. The financial institution that holds the account must be financially secure and possess a national charter (i.e., be a member of the Federal Reserve) or at least be insured by the Federal Deposit Insurance Corporation. In addition, the deposit of funds must be irrevocable. The non-Federal sponsor must not be able to withdraw the funds until the Government has certified that no additional

funds will be needed. The funds will not be used for speculative investment. Any investment by the financial institution must be a direct obligation of the Federal Government (e.g., Treasury bills) or obligations of Federal agencies guaranteed by the Federal Government (e.g., certificates issued by the Government National Mortgage Association), or in a money market mutual fund consisting solely of such obligations. Approval from HQUSACE (CECC-G) is required only when escrow agreements differ from the model escrow agreement. The model escrow agreement is located on the Civil Works website.

(3) Letter of Credit. The non-Federal sponsor may provide an irrevocable letter of credit for its share of project costs. A letter of credit is treated similar to an escrow account in CEFMS II. With a letter of credit, a financial institution guarantees to the Federal Government that funds are available upon request from the non-Federal sponsor to meet the required cash outlays. HQUSACE (CECC-G) must approve the letter of credit. An example of a letter of credit has been placed on the HQUSACE Civil Works website.

(4) Wire Transfer/Electronic Funds Transfer. Payments by funds transfer may be made by wire or electronic transfer. Standard Operating Procedures for both methods are located on the USACE Finance Center website.

(5) Deferred Payments. Deferred payments by non-Federal sponsors are covered in ER 1165-2-131 and the mechanism would need to be specifically provided in the PPA. The non-Federal sponsor cost sharing and project financing responsibilities must be determined for each project based upon the statutory authority as stated for the project. Except as discussed in the next paragraph, the non-Federal sponsor must provide its share of total project costs during the period of construction, with sufficient funds contributed prior to the award of a contract. The specific policy is outlined in ER 1165-2-131 and updated by Policy and Project Management Guidance Letters listed on the Planning and Policy Website.

(a) Section 101(a) (2) of WRDA 86 requires that at the conclusion of the construction period, an additional 10 percent of the cost of general navigation features be paid by the non-Federal sponsor over a period not to exceed 30 years at an interest rate determined under section 106 of WRDA 86.

(b) In special circumstances (reference ER 1165-2-131) at the non-Federal sponsor's request, non-Federal sponsor financing may be deferred under sections 101(d) and 103(a) if approved by the ASA (CW). In such rare instances, the Government will finance the construction costs from Federal appropriations and the non-Federal sponsor will repay its share over time, plus interest at a stated rate. When this approach is taken, interest during construction (IDC) will be assessed, as well as interest during the repayment phase if the funds are not repaid until after the end of construction, since the Government is incurring an interest cost in financing the non-Federal share. All interest will be recorded in the Federal project account as miscellaneous receipts and returned to the U.S. Treasury. Interest methodology is

defined in ER 1165-2-131. This methodology will be followed for all projects subject to the provisions of WRDA 86, but will not be retroactively applied to projects when construction was begun under previous legislative authorities.

g. In-Kind Credit (IKC). IKC represents reasonable costs that are properly allowable and allocable to work relevant to completing the project or study that is performed by the non-Federal sponsor for which credit may be given and counted towards the required non-Federal contribution. The amount of IKC is based on the sponsor's actual direct and indirect cost, but cannot exceed the amount the government would pay for the service performed or item purchased. The value of contributions made by the non-Federal interest include the cost of planning (including data collection), design, management, mitigation, construction and construction services for implementation of the project if it is determined they are integral to project completion as stated in WRDA 2007. The value of materials and services provided after execution of the partnership agreement may be used as IKC. WRDA 2007 (section 2003), states that IKC proposed and carried out before November 2007 can be granted for the value of materials and services if completed before the execution of an agreement. The PMP will include specifications for IKC to include the percentage allowed and acceptance of the service or item. The PMP is the basis for assigning tasks between the Government and the non-Federal sponsor and for establishing the estimated value of credit for in-kind services and project delivery team participation. The determination of the estimated dollar value of in-kind products or services will be based on negotiation of a detailed Government and sponsor proposal. The value of in-kind services will be determined by applying applicable Federal regulations, including OMB Circular A-87.

(1) Feasibility. IKC cannot exceed the non-Federal share of feasibility phase study costs. All feasibility activities that are proposed to be performed by the non-Federal sponsor must be documented in both the FCSA and PMP. The non-Federal sponsor may provide up to 100 percent of its share in IKC. Below are examples of certain work that could be performed by the non-Federal sponsor and receive IKC:

(a) Preparation of required compliance documentation for National Environment Policy Act (NEPA) and other applicable Federal and State laws;

(b) Preparation of portions of feasibility reports;

(c) Environmental assessments and related documentation;

(d) Activities including, but not limited to, adaptive assessment, monitoring, development, refinement and review of system level analytical model tools, and continuing refinement;

(e) Gathering technical data used for surveys, economic analysis, design, real estate, and environmental assessment; and

(f) Interim and final accounting costs, maintenance of records and audits, labor, direct costs, overhead expenses, supervision and administrative costs, third party contract costs including contract disputes, suspensions and terminations associated with planning activities.

(2) Design. IKC proposed prior to a DA or PPA, will require execution of a IKC Memorandum of Understanding (MOU) prior to start of in-kind work by the non-Federal sponsor, as specified in ER 1165-2-208. Work performed by the non-Federal sponsor must be of an acceptable quality to meet project needs and safety standards. Design activities must be described and estimated costs provided in the Design Agreement and PMP.

Below are examples of work that the non-Federal sponsor could perform for IKC:

- (a) PED Coordination Team activities involving the oversight of issues related to PED;
- (b) Scheduling of report and work products;
- (c) Reviewing government prepared documents, reports, and plans and specifications;
- (d) Defining anticipated real property and relocation requirements;
- (e) Providing input to and reviewing the Project Management Plan preparation;
- (f) Cost associated with activities required to comply with permit conditions during construction;
- (g) Cost associated with identification, survey and evaluation of historic properties;
- (h) Cost associated with PED reports including reviews and coordination meetings;
- (i) Project control costs;
- (j) Public involvement and outreach;
- (k) Environmental or economic data collection, management and/or modeling; and
- (l) Interim and final accounting costs, maintenance of records and audit, labor, direct costs, overhead expenses, supervision and administrative costs, third party contract costs including contract disputes, suspensions and terminations associated with design activities.

(3) Construction. Construction activities must be described and estimated costs provided in the PPA and PMP. Below are examples of work that the non-Federal sponsor could

perform for IKC:

(a) Preparation and processing of applications for Federal, State or local permits required for design of the project through the period of construction as defined in the model agreements and applicable PPA;

(b) Activities discussed above for design;

(c) Engineering and design for construction program elements contained in the applicable PPA;

(4) Work not Eligible for IKC;

(a) Betterments as defined as changes in the design and construction of an element of a project that exceed the basic standards needed for the project;

(b) Any lobbying efforts;

(c) Financing costs for project activities;

(d) Activities cost shared for other Federal studies or projects;

(e) Activities that are considered to be inherently Government responsibilities, such as quality review, agency technical review, independent external peer review, policy review and the process of determining if Value Engineering evaluations are acceptable;

(f) Determining the required LERRD and its value for crediting (LERRDs are creditable as part of RE plan);

(g) LERRDs provided on previous projects;

(h) Determining compliance with environmental laws;

(i) Activities that will create a hazard;

(j) Activities that are determined to be environmentally unacceptable; and

(k) Activities that are not in compliance with Federal laws, regulations and policies.

h. LERRD. A value is given to LERRD to determine the credit to be applied toward the non-Federal share of project cost. Specific project statutory authority may provide different cost share responsibilities.

(1) In addition to cash requirements, the non-Federal sponsors are required, under many project authorities, to provide all lands, easements, rights-of-way, and to perform or assure performance of relocations or bear the costs of such work if performed by the Government on behalf of the non-Federal sponsor. Except for commercial navigation projects, non-Federal sponsors also are generally required to provide all dredged or excavated material disposal areas. For commercial navigation projects, the non-Federal sponsor does not generally provide dredged material disposal areas but circumstances are based on authorization and tenets of existing cost share agreements. The non-Federal sponsor must provide the underlying lands, but the disposal area features will be treated as cost shared general navigation features. However, in order to determine the responsibility for a specific project, the statutory authority for the project must be examined. (Reference ER 1165-2-131 and chapter 12 of ER 405-1-12 (Real Estate Handbook)).

(2) The non-Federal sponsor will receive credit toward its share of total project costs for the fair market value of required lands owned prior to the award of the first Government construction contract. For the lands, easements, and rights-of-way that it provides for the project within the five year period prior to the date the PPA is signed, or any time after the PPA is signed, the value of the credit will also include the incidental costs of acquiring such interests. Fair market value and the credit amount to be afforded will be determined according to the requirements of the cost share agreement executed by the Government and the non-Federal sponsor.

(3) The general policy for the responsibility of relocations, removal or alteration of highway bridges, railroad bridges, utilities and certain structures has been addressed in legislation and in a series of policy guidance letters (PGL Nos.1,2, 2R 44 and 45).

i. Flood Control and Coastal Emergencies.

(1) Cost share provisions under natural disaster procedures specified in ER 500-1-1 (Natural Disaster Procedures) require that 20 percent of the cost to rehabilitate a non-Federal levee be provided by non-Federal sponsors. This contribution may be cash or in-kind services provided during the period of construction.

(2) In certain circumstances, notably for construction of wells to provide emergency drinking water, any construction of wells by USACE will be paid by the applicant. USACE may construct wells only when commercial or other sources cannot construct them within a reasonable time. The purpose of the well will be for human and livestock consumption only. Reference ER 500-1-1.

j. Inland Waterways Transportation. Projects authorized under Section 102 of WRDA 86 are to be financed in part through transfer appropriation 096-20X8861 (Inland Waterways Trust Fund). The Inland Waterways Trust Fund will be used to pay 50 percent of total construction

cost. The term "construction" as used in Section 102 of WRDA 86 includes planning, designing, engineering, surveying, and the acquisition of all lands, easements, and rights-of-way necessary for the project, including lands for disposal of dredged material, and relocations necessary for the project.

k. Operation, Maintenance, Repair, Replacement and Rehabilitation (OMRR&R). The non-Federal cost of OMRR&R of projects will be according to the statutory authority for the project.

l. Reimbursement for Advance Non-Federal Construction of Authorized Federal Harbors and Inland Harbor Improvement.

(1) Section 204(e) of WRDA 86 provides authority to reimburse a non-Federal sponsor for construction of an authorized Federal harbor or inland improvement or separable element thereof provided that certain statutory requirements are met.

(2) According to the statutory authority, after project authorization and before initiation of construction of the project or separable element, the Secretary of the Army must approve the plans of construction of the project by the non-Federal interest, the non-Federal interest must execute an agreement to pay the non-Federal share, if any, of the cost of operation and maintenance of the project, and the Secretary must determine before plan approval that the project or separable element of the project is economically justified and environmentally acceptable. Reimbursement cannot be made until appropriated funds are available and the Secretary has certified that the work has been performed according to applicable permits and approved plans.

m. Voluntary contributions for recreation and natural resource activities, Sec 203 of WRDA 92 (33 USC 2325).

(1) Acceptance. USACE is authorized to accept contributions of cash, funds, materials, and services from persons, including governmental entities but excluding the project sponsor in connection with management of recreation and natural resources activities at water resources development projects.

(2) Deposit. Any cash or funds received will be deposited into the U. S. Treasury account Contributions and Advances, Rivers and Harbors, Corps of Engineers (096X8862) and will be available until expended.

n. Challenge Partnership Agreements program for the management of recreation and natural resources activities.

(1) General. USACE is authorized to develop and implement a program to share the cost of managing recreation and natural resources activities at water resources development

projects.

(2) Cooperative agreements. To implement this program, USACE is authorized to enter into cooperative agreements with non-Federal public and private entities to provide for operation and management of natural resources activities at Civil Works projects.

(3) Contributions. USACE may accept contributions of funds, materials, and services from non-Federal public and private entities for the Challenge Partnership Agreements program. Any funds received will be deposited in the U. S. Treasury account Contributions and Advances, Rivers and Harbors, Corps of Engineers (096X8862) and will be available until expended.

13-7. Final Accounting Report. The terms of the FCSA, PPA, and DA require that USACE provide the non-Federal sponsor with a final accounting report of the total study and/or project cost. USACE must provide the final accounting report to the non-Federal sponsor within 90 days of the study and/or project completion. The final accounting report will disclose if a balance is due on the part of USACE or the non-Federal sponsor. If a balance is due by USACE, USACE, subject to the availability of funds, will refund or reimburse the required amount within 90 days of the final accounting report. If a balance is due by the non-Federal sponsor, the non-Federal sponsor will make a payment no later than 90 days of the bill date in the final accounting report. In cases where the non-Federal sponsor does not pay the amount owed within the specified time, see debt collection procedures in the attached procedural document. Specific final accounting report details required for the different agreements are outlined in the model agreements provided on the USACE Civil Works website as well as in the procedural document on the Finance and Accounting Policy Division webpage.

Chapter 14
Financial Reporting and Accounting Treatment for Multiple-Purpose
Projects with Power

14-1. General.

a. This chapter applies to all field operating activities that operate multiple-purpose hydroelectric projects, which furnish electricity for resale to the public. It provides procedures for reporting financial and technical data for the hydroelectric power generating projects, cost and asset accounting and reporting policy; operational instructions; general guidance and instruction for preparation of the EIA-412, Annual Report of Public Electric Utilities and examples of project financial statements.

b. One of the nation's most promising energy alternatives is hydroelectric power - electricity produced by flowing water. Many Corps projects, which were built primarily for navigation improvement, flood control and other purposes, are also used to create hydroelectric power. The Corps of Engineers has been actively involved in building and operating hydroelectric projects since the 1930s.

c. Annually, the financial activity and financial position of hydroelectric projects are provided in financial statements prepared by Corps District Offices according to GAAP. USACE prepares financial statements that include financial information prepared according to accounting standards provided by FERC. The American Institute of Certified Public Accountants has designated FASAB as the source of GAAP for Federal entities.

14-2. Policy.

a. When a multiple-purpose power project is authorized and funded by Congress, the authorization includes the purposes for which the project is to be constructed. A multiple-purpose power project is one that serves more than one function and is authorized by congress.

b. A purpose is defined as the type of function that the project provides. See authorized purposes at Appendix I-1. Costs incurred at multiple-purpose power projects are either reimbursable or non- reimbursable. Generally, construction, operations and maintenance costs at projects for power, irrigation and/or water supply purposes are reimbursable. Costs for generating hydroelectric power are recovered through the marketing and selling of power to commercial activities. Power Marketing Agencies (PMA) under the Department of Energy performs this function. These agencies also bill and collect funds for the electricity that is sold and deposit funds on behalf of the USACE. Non-reimbursable costs are borne entirely by the Federal Government.

c. Project Costs. Generally, projects incur costs that are for both specific and joint purposes.

(1) Joint purpose costs. Joint purpose costs are costs that are to be shared by various authorized purposes of the project and cannot be attributable to a single project purpose. Joint purpose costs always include the power purpose. These costs are distributed to project purposes based on joint cost allocation percentages. A determination of these percentages are made by a Cost Allocation Study, which is prepared according to "Planning -Planning Guidance Notebook". There is one set of joint allocation percentages for construction costs and another for O&M costs.

(2) Specific purpose costs. Specific purpose costs are those costs that can be attributable to a single purpose. A project can have more than one specific purpose, such as power or recreation.

(3) Both joint and specific costs include: repayment of construction costs; interest during construction; interest to operations, which is calculated and booked by the PMAs; and annual operation and maintenance expenses. USACE maintains cost and income accounting records for multiple-purpose power projects, regardless of budgetary classification, that distinguishes between annual specific and joint O&M costs and construction costs. The Corps' accounting system makes this distinction through the use of purpose codes and work category codes. Costs incurred for only one purpose under any work category code should be separately identified and allocated to only that purpose. Purposes not included in initial project authorization do not share joint costs unless there is a post-authorization change to the project.

d. Provisions for asset accounting by the Corps is provided in the CEFMS II Asset Management User's Manual

<https://intranet.usace.army.mil/centers/FC/CEFMS/CEFMS%20User%20Manuals/AssetMgmtVolumeI.pdf>.

e. Additions and Replacements. The policy on additions and replacements, signed by the Department of Energy and the Acting Assistant Secretary of the Army (Civil Works) in 1984, provides that each addition and replacement will be repaid by the Power Marketing Agency at the rate of interest applicable to the fiscal year in which construction is initiated or the addition or replacement is purchased.

(1) If the addition or replacement requires more than one year to complete, the item will accrue Interest During Construction (IDC) from the time construction begins, and will be charged until such facility is transferred to Plant In Service (PIS). At the end of the fiscal year prior to completion, the interest obligation will be added to the cost of the facility to be charged interest for subsequent periods. Upon completion, IDC and the construction costs will be transferred to PIS.

(2) If the addition or replacement is completed within one fiscal year, no IDC will be

computed.

f. Depreciation. All multiple purpose project assets, other than fee-simple land payments, will be subject to depreciation. Depreciation will be based on book cost of the capitalized asset, plus IDC and any contributions in aid of construction. Effective 1 Oct 1989, the straight-line method of depreciation is used. Monthly rates will be applied to PIS accounts and such rates will be based on the estimated service lives of the depreciable assets. All depreciation will be recorded under the owning appropriation of the assets and will be classified by project purpose.

g. Interest During Construction (IDC). During the period of constructing a project or additions and betterments, interest on the costs of construction, including land costs, and other project costs related to construction for each month, will be computed as simple interest from the middle of that month until the end of the current fiscal year. Interest on previously accounted costs including accumulated interest will be compounded annually on the last day of each fiscal year and on the date of transfer to Plant In Service (PIS). IDC is computed for all purposes at the authorized rate except water supply. The construction phase is initiated when land is purchased or a construction contract is awarded, whichever occurs first. Interest will be based on all accumulated costs including previous interest costs and excluding costs incurred under contributions in aid of construction from other than Federal Agencies. IDC will be recorded in the accounts not later than the end of each current fiscal year. IDC costs will be held in Construction in Progress, general ledger account 1720.10, work category code 71000, Undistributed Interest, until the asset is transferred to PIS. At that time, the applicable portion of the interest, together with the other costs representing the completed asset, will be transferred to the appropriate PIS accounts. The contra credit for IDC will be reflected in work category code 92000, Interest on Government Investment, general ledger account 7190.50, Interest on Government Investment. The interest rate will be the authorized rate at the time construction begins.

h. Revenues Forgone. Revenues forgone to hydropower are the reduction in revenues accruing to the Treasury as a result of the reduction in hydropower outputs based on the existing rates charges by the power marketing agency. If hydropower projects are being reduced as a result of a reallocation, the hydropower account will be credited for the amount of revenues to the Treasury forgone as a result of the reallocation. The amount of revenues forgone credit should be presented in the reallocation report that supported the water supply contract.

i. Water Supply.

(1) Where storage space for water supply in Corps of Engineers projects is provided under

the authority of the Water Supply Act of 1958, as amended, the interest rate for the portion of the project applicable to water supply will be determined as prescribed by that Act.

(2) The Water Supply Act of 1958, as amended by the Water Resources Development Act of 1986, requires that before construction or modification of any project (including water supply provisions for present demand) is initiated, state or local interests will agree to pay for the cost of such provisions. For Corps of Engineers projects, the Secretary of the Army may permit the full non-Federal contribution to be made, without interest, during construction of the project, or, with interest, over a period of not more than 30 years from the date of completion, with repayment contracts providing for recalculation of the interest rate at five-year intervals. Interest to construction will be recorded at the rate specified in the water supply contract.

j. Irrigation. For projects that have irrigation as a purpose, IDC computed on construction costs does not have to be repaid. Only the Federal construction costs are required to be repaid. Irrigation costs above the water users' ability to pay are to be repaid by revenues from surplus hydroelectric power sales and other miscellaneous project revenues without an interest charge.

k. Income. Income for the sale of hydroelectric power is collected by the PMAs and deposited into the federal treasury on behalf of the USACE. The PMAs report this income on their annual financial statements. It is not reported on the Corps' Revenue and Expense Statement to avoid double reporting.

1. EIA Form 412 Submission Requirements.

(1) Section 937 of the Water Resources Development Act of 1986, (Public Law 99-662) requires USACE to submit a report for each hydropower project to Congress by 15 January of each year.

(2) EIA Form Availability. EIA Form 412 is available at the following WEB Site:
<https://www.eia.gov/electricity/data/eia412>

(3) The Federal Energy Regulatory Commission Uniform System of Accounts prescribed for Public Utilities and Licensees subject to the Federal Power Act applies to agencies of the United States engaged in the generation and sale of electric energy for ultimate distribution to the public. USACE will utilize these accounts for report preparation.

(4) Districts will submit Schedule 1 and 9 for each multiple purpose project including power to the e-mail address provided in the General Information section of the instructions. The report must be submitted within 4 months following the financial reporting year. All reports for the given calendar year must be submitted on or before 30 April.

(a) One copy of the report may be furnished to the Power Marketing Agency, as desired, concurrently with submission of the report to the Commander, U.S. Army Corps of Engineers, ATTN: CERM-F, Washington, DC 20314-1000

(b) One copy furnished to appropriate division office.

m. Project Financial Statements.

(1) For each multiple-purpose project for which a Form EIA-412 is required, each district will prepare a Statement of Assets and Liabilities and a Statement of Revenues and Expenses for use by the Commander, U.S. Army Corps of Engineers. These supplemental statements will be prepared in substantially the same format used in Appendix I-2 and according to the system of accounts prescribed by FERC. Amounts chargeable to each project purposes will be shown separately. Whenever possible, the size of the supplemental statements will be limited to 8 1/2 X 11. Amounts reported on the Forms EIA-412 should be in agreement with selected amounts shown in the power production columns of these statements.

(2) Financial Statements will be provided to the PMAs by 15 November of each year for the fiscal year ending 30 September XX. Further, one copy of each financial statement will be submitted to Commander, U.S. Army Corps of Engineers, ATTN: CERM-F, Washington, DC 20314-1000, not later than 15 December.

14-3. Accounting Procedures. Procedures for maintaining multipurpose hydroelectric power accounting records and producing financial statements can be found at:
https://intranet.usace.army.mil/centers/FC/CEFMS/CEFMS%20User%20Manuals/multi-pur_prep_doc.pdf

Chapter 15

Accounting for Property, Plant and Equipment

15-1. Purpose. This chapter defines USACE accounting policies and requirements for PP&E funded by civil works or military appropriations.

15-2. Applicability. This ER applies to all USACE Commands.

15-3. Distribution Statement. Approved for public release; distribution is unlimited.

15-4. References.

a. Statement of Federal Financial Accounting Standards (SFFAS) No. 6: Accounting for Property, Plant and Equipment

(<https://files.fasab.gov/pdffiles/sffas-6.pdf>).

b. DoD Financial Management Regulation 7000.14-R, Volume 4, Chapter 24, Real Property, and Chapter 25, General Equipment

(https://comptroller.defense.gov/Portals/45/documents/fmr/Volume_04.pdf).

c. ER 37-1-29, Financial Management of Capital Investments

(https://www.publications.usace.army.mil/Portals/76/Publications/EngineerRegulations/ER_37-1-29.pdf?ver=2013-09-08-233223-533).

d. ER 37-1-30, Chapter 14, Accounting Treatment for Multiple-Purpose Projects

(https://www.publications.usace.army.mil/Portals/76/Publications/EngineerRegulations/ER_37-1-30%20Portfolio.pdf?ver=2017-11-27-141144-423).

e. ER 37-1-30, Chapter 16, Revolving Fund Asset Accounting

(https://www.publications.usace.army.mil/Portals/76/Publications/EngineerRegulations/ER_37-1-30%20Portfolio.pdf?ver=2017-11-27-141144-423).

15-5. Asset Criteria.

a. Capital assets are tangible and intangible resources used directly or indirectly in the execution of USACE mission requirements. Assets must have an expected useful life of two or more years and an acquisition cost that meets or exceeds the capitalization thresholds in Appendix J-1. Assets are acquired or constructed with the intention of being used or available for use in executing USACE missions and are not intended for sale in the ordinary course of operations.

b. Two categories of PP&E are defined for accounting and reporting purposes in USACE:

(1) Stewardship PP&E. Stewardship PP&E consists of heritage assets and stewardship land.

(a) Heritage Assets. Heritage assets are unique PP&E of historical, natural, cultural, educational, artistic or architectural significance and are expected to be preserved indefinitely. The cost of acquiring heritage assets is typically expensed in the period incurred. However, when a heritage asset serves both a heritage function and a government operations function, the asset will be classified as a multi-use heritage asset. The cost to acquire, renovate, improve or reconstruct multi-use assets to facilitate government operations is included in general PP&E.

(b) Stewardship Land. Land and land rights not acquired for, or in connection with, general PP&E is classified as stewardship land and expensed in the period incurred.

(2) General PP&E. This category includes land (other than stewardship land), land rights, buildings and other structures, leasehold improvements, equipment, internal use software, assets under capital lease, property in possession of others, and construction in progress (CIP).

a. Bulk purchases of assets are capitalized when the cost of an individual item meets the capitalization threshold. If the per item cost does not meet the capitalization threshold, the cost is expensed in the period incurred, unless the items are components of a larger asset.

b. Classifying Cost as Capital or Expense in Nature. The criteria used to classify work activities as repair and maintenance expense or as a capitalized addition and betterment (A&B) are shown below and examples are provided in Appendix C. HQUSACE (CERM-F) approval is required to capitalize an A&B not meeting these requirements.

(1) Additions and betterments (A&B) are improvements or upgrades that significantly increase the size, capacity, capability or operating efficiency of an asset or allow the asset to serve needs different from or significantly greater than those originally intended. To qualify as a capitalized A&B, the work must meet both of the following criteria:

(a) The cost of the work is equal to or greater than the capitalization threshold, AND

(b) The work is performed for the purpose of improving or upgrading an asset that is in good working order and consistent with its intended purpose. For example, a capitalized A&B to a vessel must increase the capacity or efficiency of the vessel (such as horsepower or significant reductions in fuel consumption). Enhanced lighting on the vessel is a general improvement to work and safety but does not increase the capacity or efficiency of the vessel and is, therefore, not an A&B.

(2) Maintenance and repair costs are not capital improvements and are expensed in the period incurred, regardless of whether the cost equals or exceeds the capitalization threshold. Maintenance is the act of keeping the asset in an acceptable condition. Maintenance includes preventive maintenance, normal repairs, replacement of parts or components and other activities needed to preserve the asset so that it continues to provide acceptable service and achieves its expected life. It includes costs incurred to maintain certifications, such as safety or emission requirements, building or electrical codes and Coast Guard standards. Repair activities are actions to correct failure or incipient failure of the asset or parts of the asset.

(3) Work to replace components of an asset may be classified as repairs and maintenance expense or as an A&B depending on the purpose of the replacement. A component is defined as a major feature or unit of the asset, such as the roof on a building or major mechanical or electrical systems.

(a) When maintaining or repairing an asset, components of the asset may be repaired by replacement. The replacement may involve upgrades to current standards or codes and may provide incidental efficiencies, such as reduced fuel consumption. The replacement is an expense if the component has failed, is in stages of failure or is no longer performing its function at an acceptable level. The replacement of roofs and heating and air conditioning systems are generally repair and maintenance expenses. However, maintenance and repair activities do not include rebuilding entire structures within the same physical footprint.

(b) The replacement of components undertaken to improve or expand an asset that is in good working order is an improvement and is capitalized as an A&B according to 15-5.b(2)b(1) above.

(4) USACE will capitalize the rehabilitation of major floating plant owned by the Plant Replacement and Improvement Program as an A&B. Rehabilitation of major floating plant requires substantial amounts of work at specified intervals in the asset's life. The purpose of the work is to refurbish or replace major mechanical, electrical or structural components or systems because the life of the asset is significantly greater than the operable life of its electrical, mechanical or structural components.

c. Costs incurred that do not contribute to the creation of an asset are expensed. The following activities are always expensed:

(1) Late payment interest penalties;

(2) Operation and maintenance costs;

(3) Research and development costs, reconnaissance studies, and feasibility studies that do not result in creation of an asset;

(4) Construction activities that do not result in the creation of an asset, including excavation and dredging of channels, harbors or ports in existing waterways; removal of trees, brush, snags, drift, debris, and aquatic growth; engineering and design, supervision and administration and other support costs related to expense type activities; Section 202 nonstructural projects and special project reports;

(5) Construction projects financed partially by a local entity are expensed when USACE will not ultimately hold title to the asset;

(6) Bank stabilization structures, including revetments, linings, training dikes and bulkheads for stabilization of banks and watercourse to prevent erosion, sloughing, or meandering which are not considered part of the initial costs of a larger asset;

(7) Periodic payments for land rights;

(8) Beach nourishment costs;

(9) Fish and wildlife mitigation studies; however, capitalization guidance issued by the Bonneville Power Administration (BPA) will be followed for projects under BPA authority;

(10) Cultural resource costs not associated with creation of a new asset.

(11) Military construction activities that do not result in creation of an asset owned by the United States government are expensed, to include related costs for Planning and Design (P&D), and S&A.

(12) For PRIP assets, costs of concept exploration and definition, basic research or study, exploratory development, and establishment of feasibility and practicality of proposed solutions are expensed.

15-6. Supporting Documentation. Asset general ledger accounts will be supported by source documents that reflect all transactions related to the activity's investment in PP&E. This requirement applies to all assets, regardless of funding source. A file containing documentation to support the placed-in-service date, the useful life, ownership rights, and the acquisition cost, to include installation and other related costs and improvements, must be maintained for each capital asset. A sheet will be placed in the front of each file that summarizes the book costs of the asset in a way that allows a reviewer to trace the costs of individual components or asset unique identifiers to source documents in the file.

a. Files containing original documents and/or hard and electronic copies of original documentation must be maintained centrally in a readily available location during the retention period to permit validation of asset information. Alternative forms of supporting documentation for costs prior to implementation of CEFMS II may be used only as described

in reference 15-4.f.

b. Documentation supporting personal property assets will be maintained for a minimum of six years and three months after retirement or disposal of the asset. Records disposal guidance is available at the following website: <https://www.arims.army.mil>

c. Real property asset managers will maintain all applicable documentation for ten years after disposal. Records disposal guidance is found at the link shown above.

d. Marine Design Center (MDC) will maintain supporting documentation for assets constructed or acquired by MDC. Owning activities will request copies of the documentation, as needed, to support audit requirements; documentation must be provided in a timely manner.

e. For any asset not fully supported, a memorandum identifying missing documentation and explaining the reason the documentation is not available must be signed by Resource Management personnel and maintained in the asset file. The information presented must reconcile to the total acquisition cost recorded in the financial management system and asset history information included in the file.

f. When required to use the fair value of an asset in an accounting transaction, a copy of the fair value assessment and description of the methodology used, signed by the determining activity, will be placed in the asset file.

g. Documentation Required for Land.

(1) Land placed in service prior to 1 Oct 1998 must be supported by the COEMIS/CEFMS II conversion spreadsheet, which reconciles to the COEMIS general ledgers or actual real estate records.

(2) Land placed in service on or after 1 Oct 1998 must be supported by the following:

(a) A copy of the contract with invoices or final ENG Form 93 signed by the contractor, project manager and contracting officer representative (COR);

(b) Credit card statements with highlighted cost or actual vendor receipts;

(c) Detail cost ledger for in-house costs and travel costs;

(d) Labor cost detail report;

(e) A copy of each government order and acceptance and a copy of all billings, a list of billings, or Intra-Governmental Payment and Collection (IPAC) transactions.

h. Documentation Required for Buildings and Structures.

(1) Buildings, structures and facilities placed in service after 1 Oct 1998 will be supported by the following documentation:

(a) A copy of the contract with invoices or final ENG Form 93 signed by the contractor, project manager and COR;

(b) Credit card statements with highlighted cost or actual vendor receipts;

(c) Detail cost ledger for in-house costs and travel costs;

(d) Labor cost detail report;

(e) A copy of each government order and the acceptance and a copy of all billings, a list of billings, or IPAC transactions;

(f) If any of the above is not available, the asset will be supported by a CEFMS II cost ledger and an internal engineer attestation and explanation as to why the support is unavailable.

(2) Assets placed in service prior to implementation of CEFMS II will be supported by a COEMIS/CEFMS II conversion spreadsheet that reconciles to the COEMIS general ledger.

(3) Assets placed in service after CEFMS II conversion but prior to 1 Oct 1998 will be supported by documentation in paragraph (2) above for the pre-CEFMS II portion of the asset value and documentation in paragraph (1) for the post-CEFMS II portion.

(4) The date of completion shown on either the formerly-used manual ENG Form 3013 or the currently-used CEFMS II-generated ENG Form 3013 must correspond with the placed-in-service date in the financial management system; the date may be supported by any of the following:

(a) Invoices, shipping documents, and receiving reports;

(b) Date of COEMIS/CEFMS II conversion spreadsheet.

i. Documentation Required for Equipment/Personal Property.

(1) For equipment (also known as personal property) placed in service after 30 September 2002, the asset file must include the following:

- (a) Copy of each procurement contract and invoices or ENG Form 93;
- (b) Detailed cost ledger for in-house costs and travel costs;
- (c) Labor cost detail report;
- (d) Government orders and a copy of all billings, a list of billings or IPAC transactions.

(2) For personal property placed in service on or prior to 30 September 2002, the asset file must include the documentation specified above or an internal equipment valuation form. The valuation form must identify the rationale or method used to support the value of the asset and must be maintained. Suggested methods include:

- (a) Comparison to cost of like assets;
- (b) Comparison to industry price lists;
- (c) Documentation in budgetary guidance or Plant Replacement and Improvement Program requests;
- (d) Internal engineering cost estimates, with rationale;
- (e) COEMIS/CEFMS II conversion spreadsheet, supported by COEMIS general ledgers.

(3) The placed-in-service date entered in the financial management system may be supported using any of the following:

- (a) The receiving report for the asset;
- (b) An internal memorandum supporting the actual date the asset was available for its intended use;
- (c) For assets placed in service on or prior to 30 September 2002 for which either of the above documents is not available, the internal valuation form may be used to support the placed-in-service date.

j. The following documentation will be added to the asset file upon disposal, as appropriate:

- (1) Declaration of excess or report of survey documentation and approvals;
- (2) Document showing the disposal start date;

- (3) Legal instruments, such as the transfer of deed or sales contract;
- (4) Physical transfer documents for the asset;
- (5) Completed ENG Form 3013 authorizing retirement and disposal of the asset.

15-7. Accounting Policy for General Property Plant and Equipment (PP&E).

a. Capitalization Basis.

(1) Assets are recorded at full cost. Full cost includes all costs incurred to bring the asset to a form and location suitable for its intended use. Full cost includes amounts paid to vendors, contractors, and/or former landowners, transportation charges to the point of initial use; shipping and/or delivery charges; handling and storage costs; labor and other direct or indirect costs; engineering, architectural, and other outside services for designs, plans, specifications, and surveys; acquisition and preparation costs of buildings and other facilities; equipment and facilities used in construction; fixed equipment and related installation costs required for activities in a building or facility; direct costs of inspection, supervision, and administration of construction contracts and construction work; legal and recording fees and damage claims; fair value of land, facilities and equipment donated to the government.

(2) Assets are recognized for accounting and reporting in USACE financial statements when the asset is delivered to the entity or an agent of the entity. For tangible assets, delivery or constructive delivery is based on the terms of the contract regarding shipping and/or delivery. Assets acquired under the terms of “Free On Board (FOB) Destination” are recognized upon delivery to the ordering entity. Assets acquired under the terms of “FOB Shipping Point” are recognized upon constructive delivery to the shipping agent.

(3) If documentation to support the asset’s cost is not available, an engineering estimate must be made based on the cost of similar assets at the time of acquisition or the current cost of similar assets discounted for inflation since the time of acquisition. Documentation of the estimate and the rationale used will be maintained in the asset file.

b. Land.

(1) All land is capitalized regardless of cost. The capitalized cost of land includes the purchase price, broker’s commissions, fees for examining and recording the title and surveying, and any razing or removal costs (less salvage proceeds) of structures on the land. The cost of land also includes leveling or otherwise permanently changing the contour of the land. Land is regarded for accounting purposes as a non-wasting asset and is not subject to depreciation.

(2) Donated land tracts are recorded at fair market value.

(3) The cost to construct reservoirs and relocate roads, railroads, bridges and utilities is classified and accounted for as land.

(4) The cost of cultural resource surveys associated with site preparation for construction of buildings or structures is capitalized and accounted for as land for non-hydropower projects, and as a land improvement for hydropower projects.

c. Land Rights.

(1) Land rights of unlimited duration acquired for or in connection with general PP&E are recorded in the Land account.

(2) Land rights of limited duration associated with general operations are recorded as Improvements to Land and amortized over the useful life of the asset. Limited term land rights are removed from the asset account upon expiration.

d. Buildings, Other Structures, and Facilities.

(1) The capitalized cost of buildings includes all costs to purchase or construct the building and the cost of placing the asset in the form intended for use. Structures and facilities are defined as improvements to land not otherwise classified as buildings. Examples include, but are not limited to, fences, roads, bridges, utilities, rail lines, and fuel storage facilities.

(2) Improvements to buildings, structures, and facilities are capitalized when such costs meet or exceed the applicable capitalization threshold and other addition and betterment capitalization criteria are met.

(3) The cost of channels and canals related to a lock or dam is capitalized as part of the lock or dam structures. Stand-alone (concrete laden) channels and canals are capitalized separately.

(4) Buildings and other structures provided to non-Federal entities under non-monetary or nominal lease agreements must be appropriately valued and accounted for as either an operating outlease or donation. Typically, these assets are leased for use as a public park, recreation area, and/or fish and wildlife management area. Lease agreements will include a listing of transferred assets and terms of transfer. Resource Management personnel must review the terms of such agreements in order to determine the appropriate accounting treatment for the assets. Each asset is tested on an individual basis:

(a) An asset leased for 75% or more of its estimated economic life is accounted for as a donation and removed from the asset account; this requirement does not apply if the beginning

of the lease term falls within the last 25% of the total estimated economic life of the property;

(b) An asset leased for less than 75% of its useful life is classified as an operating lease and remains in the asset accounts until fully depreciated;

(c) Land provided under lease agreements does not require an adjusting entry as described above, as land is not depreciated.

e. **Assets Acquired Under Capital Lease.** The cost of an asset acquired under a capital lease agreement is the present value of the rental property or lease payments over the lease term, excluding payments for insurance, maintenance and taxes paid to the lessor. If the present value exceeds the fair value of the leased property at the inception of the lease, the amount recorded must be the fair value.

f. **Leasehold Improvements.** Leasehold improvements are improvements to leased property which exceed the applicable capitalization threshold. Leasehold improvements are capitalized and amortized for the remainder of the lease period or 20 years, whichever is less.

g. **Internal Use Software.** ER 37-1-29, Appendix G, contains USACE policy on investments in internal use software.

(1) Internal use software includes software purchased from commercial off-the-shelf (COTS) vendors for use with little or no change; software developed or modified for use by USACE employees; software developed by contractors paid to design, program, install, and implement new or existing software; and software to support business related systems, such as acquisition, finance, logistics, or human resource applications.

(2) Internal use software is capitalized if it has a useful life of two years or more and meets or exceeds the applicable capitalization thresholds for general PP&E.

(3) The cost basis for capitalized internal use software is determined as follows:

(a) **COTS Software.** The capitalized cost of COTS software must be the actual purchase price plus any costs incurred for implementation.

(b) **Contractor Developed Software.** The capitalized basis of contractor-developed software includes the amount paid to the contractor to design, program, install, and implement new software or to modify existing or COTS software, plus any costs incurred for implementation.

(c) **Internally Developed Software.** The capitalized basis includes all direct and indirect costs incurred during the software development phase, including preparation of technical

documentation and manuals and training development. Costs incurred during the preliminary design phase and the post-implementation or operational phases are expensed. Costs of the program management office incurred during each phase of software development or acquisition are expensed or capitalized depending on (1) their materiality to the overall cost of individual software development projects and (2) the phase in which the costs were incurred.

(d) Software Developed By One Activity and Used by Others. Such costs will be capitalized by the developing activity, provided it meets capitalization criteria. The cost of the software will not be allocated to using activities.

(4) Data Conversion Costs. All data conversion costs incurred for internally developed, contractor developed, or COTS software will be expensed as incurred, including the cost to develop or obtain software that allows for access or conversion of existing data to the new software. Conversion costs include the purging or cleansing of existing data, reconciliation or balancing of data, and the creation of new or additional data.

(5) Costs Incurred After Final Acceptance Testing. Costs incurred after final acceptance testing has been successfully completed are expensed. Acceptance testing is testing conducted to verify that the software meets specifications.

(6) Integrated (Embedded) Software. Software that is embedded and necessary to operate equipment rather than perform an application will be considered part of the equipment. The aggregate cost of the hardware and software is used to determine whether to capitalize the asset.

(7) Enhancements. An enhancement is capitalized when both the useful life and capitalization threshold criteria are met and the enhancement provides a significant increase in functionality that is visible to the user. Enhancements normally require new software specifications and may require a change of all or part of the existing software specifications as well. An upgrade is not necessarily a capital improvement. If the upgrade modernizes an operating system, it is normally expensed as the user does not see a significant increase in functionality. Costs for routine or minor changes or modernization are expensed in the period incurred, as well as costs to repair a design flaw or perform minor upgrades that may extend the useful life of the software without adding new capabilities. The cost to acquire enhanced versions of software for a nominal charge is also expensed.

h. Construction in Progress (CIP).

(1) The cost to construct or acquire an asset will be recorded in the Construction in Progress (CIP) general ledger until the asset is completed and available for use, whether or not actually placed in use at that time. When complete and available for use, as signified by the completion date on the approved ENG Form 3013, balances in the CIP account are transferred

to the appropriate PP&E general ledger. Transfers of constructed assets from CIP to other DoD components or Federal agencies are addressed in paragraph 15-14.

(2) If during the acquisition/construction phase it is determined that the cost will not exceed the capitalization threshold and the item is not a separable element of a larger asset, the costs will be expensed in the period the determination is made.

(3) Project Management personnel are responsible for verifying the cost in the CIP account and are required to process ENG Form 3013 promptly upon physical completion in order to initiate transfers to asset general ledger accounts. All assets must be placed in service within 90 days of the completion date on the approved ENG Form 3013.

(4) CIP files will be maintained to document and support the value of every CIP project. Each file must be reviewed and updated on no less than a bi-annual basis to ensure readiness for audit.

(5) Project Level CIP Review.

(a) Project Management and Resource Management personnel will jointly review the balance of each CIP project to verify that the cost is part of an active, on-going project and is not a part of any asset previously placed in service. The purpose of the review is also to verify that the work item hierarchy is properly established and that expense type costs are not incorrectly classified as CIP. Issues involving impairment of assets will also be identified. Corrections or adjustments required as a result of the review will be processed in the current accounting period.

(b) Projects with a scheduled completion date in the current fiscal year or next fiscal year will be reviewed on a quarterly basis. Projects with a scheduled completion date beyond this timeframe will be reviewed on an annual basis. A Memorandum for Record (MFR) must be maintained to document the review; requirements are shown in paragraph 15-18.

i. Found on Works. Assets found on works will be recorded based upon an engineering determination of the estimated value in the present condition. Found on works assets will be placed in service only if the estimated value meets or exceeds the applicable capitalization threshold. The placed-in-service date will be the date found and the service life will be established based upon the estimated remaining useful life. Depreciation charges will begin in the next accounting month.

j. Trade-Ins/Exchanged PP&E. The cost to be recorded for a General PP&E asset acquired from a nonfederal entity when trading in another General PP&E asset will be equal to the sum of the fair value of the asset traded plus any cash paid or liabilities incurred for the new asset. Any difference between the net recorded amount of the PP&E surrendered and the PP&E

acquired will be recognized as a gain or loss. Assets exchanged with another DoD Component or federal agency will be accounted for as a transfer.

k. **Donated Property.** The cost to be recorded for General PP&E acquired through donation, execution of a will or judicial process, excluding forfeitures, will be its estimated fair value at the time acquired.

15-8. Transfers to Plant-in-Service.

a. A completed asset must be transferred from the CIP general ledger to the asset general ledger within 90 days of the completion date on the approved ENG Form 3013. Assets will be placed in service regardless of whether all contracts associated with the asset/project have been closed out or final payment processed.

b. For construction projects completed in multiple phases, the cost of each phase is transferred from the CIP account to the real property asset at the time the phase is placed in service if the phase is fully operational and meeting its intended purpose.

c. Additional cost incurred after the placed-in-service date must be transferred from CIP to the asset account within 90 days of completion. The acquisition cost of the asset will be adjusted and the revised amount depreciated or amortized over the remaining useful life of the asset.

15-9. Depreciation. Depreciation is the systematic and rational allocation of the cost of a physical asset, less any salvage value, over its useful life.

a. PP&E is depreciated using the straight-line method of depreciation, with the exception of land and land rights of unlimited duration which are not depreciated. Land rights acquired for a specified period of time will be amortized over that time period.

b. Depreciation is charged on a monthly basis. Depreciation will begin to accrue from the first day of the month nearest the date of acquisition or completion of construction of structures or operating equipment.

c. Costs which either extend the useful life of an existing asset or enlarge or improve its capacity will be capitalized and depreciated over the remaining useful life of the asset.

d. Changes in estimated useful life or salvage value will be treated prospectively. No adjustments will be made to previously recorded depreciation or amortization.

15-10. Establishment of Service Lives.

a. Specific recovery periods are prescribed for purposes of computing depreciation on General PP&E assets. Maximum recovery periods for Corps-unique assets are shown in Appendix J-2. All remaining assets will use the standard DoD recovery periods in DoD FMR Volume 4, Chapter 24 and 25.

b. The service life of an asset may be reduced based upon a determination that the asset will not be serviceable for the maximum recovery period. Conditions supporting a change in the useful life include, but are not limited to, obsolescence, technological advances, or replacement prior to full utilization of current useful life. An assessment of the conditions and rationale for reducing the service life will be included in the asset file.

c. If the asset remains in use longer than its estimated useful life, it must be retained in the property accountability and the accounting records, reflecting both its recorded cost and accumulated depreciation until disposal of the asset.

15-11. Placed-in-Service Dates. The event that triggers the calculation of depreciation is the completion date on the approved ENG Form 3013.

a. Personal property assets must be placed in service within 90 days of actual or constructive receipt.

b. Real property assets must be placed in service within 90 days after a determination is made that the asset meets its intended purpose.

c. ENG Form 3013 (Work Order/Completion Report) is used to support the date an asset is complete and available for use and for transferring costs from CIP to the asset general ledger account. The completion date on ENG Form 3013 will represent the date an asset is available for use and will correspond with the official placed-in-service date recorded in the financial management system.

15-12. Salvage Value. Salvage value is the residual or scrap value expected to be obtained from selling the asset at the end of its useful life. For purposes of computing depreciation, real property assets (buildings, structures, and facilities) will use a salvage value of zero. Salvage values for other types of assets may be established when such proceeds are permitted to be retained by USACE and the salvage value is expected to exceed ten percent of the cost of the asset. Salvage values will not be established for assets owned by the Revolving Fund (ER 37-1-29).

15-13. Mothball Status. Assets temporarily removed from service, with the expectation that such assets will eventually be returned to service, will continue to be depreciated during the period of non-use. USACE policy regarding discontinuance of depreciation and plant increment for mothballed plant acquired under the PRIP program is in ER 37-1-30, Chapter 16; HQUSACE approval is required.

15-14. Physical Inventories. Physical inventories of assets will be conducted to ensure that PP&E is at the location identified in the property accountability system, is as described and in the condition described in the property records. Physical inventories will be performed by individuals who are not custodians of the assets. Results of the physical inventories will be reconciled to asset financial records. Adjustments will be processed for any unrecorded physical changes such as removals, additions, or modification of the PP&E not previously recorded. Adjustments will also be recorded based upon a determination that the asset is impaired, unused, abandoned or replaced. All adjustments will be processed within 30 days following the date of physical inventory.

a. General PP&E personal property must be inventoried at least annually.

b. General PP&E real property, to include land, must be inventoried at least every three years.

15-15. Impairment. Impairment is the condition that exists when the net book value of a long-lived asset (or asset group) exceeds its fair value. An impairment loss is only recognized when the carrying amount of the impaired asset (or asset group) is not recoverable. Impairment results in an adjustment to the book value of the asset, rather than to the useful life of the asset; however, the asset life should be evaluated in the process of determining an impairment loss and may be changed for future periods if appropriate. An impairment loss is recognized in the period that the asset is determined to be impaired. Requests for authority to recognize an impairment loss should be forwarded to CERM-F for approval. Documentation to support the fair value assessment will be maintained in the asset file. Examples of impairment are as follows:

a. Assets located at a recreation park or similar facility that is closed with no anticipated timetable for re-opening will be retired from general PP&E.

b. Adjustments to buildings, structures, or other assets may be required if physical inventories or inspections result in a determination that the value of the asset is significantly overstated.

c. Conditions exist which indicate that a long-lived asset or asset group will be sold or otherwise disposed of significantly before the end of the previously estimated useful life.

d. Internal use software is no longer expected to provide substantive service and will be removed from service, or a significant reduction will occur in the capabilities, function, or uses of the software or a module thereof.

15-16. Transfers To or From Other USACE Appropriations or Activities.

a. Transfers of assets with reimbursement will be accounted for as sales. USACE policy on sales is contained in paragraph 15-19.

b. Revolving fund assets that are fully depreciated may be transferred to a civil works project or a military appropriation without reimbursement if the asset will benefit only that project/appropriation in the future.

c. Revolving fund assets that are not fully depreciated may be transferred to the Revolving Fund at another USACE activity without reimbursement or may be sold at book value to other civil works or military appropriations or other Federal agencies.

d. Civil works assets may be sold to the Revolving Fund when usage indicates that the asset provides service to multiple civil works projects or appropriations. PRIP funding is required if the book value of the asset meets or exceeds the PRIP investment threshold.

e. Military assets owned by USACE are retired in the financial management system and transferred to the Defense Reutilization and Marketing Service (DRMS) without reimbursement. DRMS is part of the Defense Logistics Agency and disposes of property received from the military services.

15-17. Transfers To or From Other DoD Components or Federal Agencies.

a. To establish proper PP&E accountability when acquiring general PP&E from another DoD Component or federal agency, the acquiring activity will request the necessary source documentation to establish the location; original acquisition cost; cost of improvements; the date the asset was purchased, constructed, or acquired; the estimated useful life; the amount of accumulated depreciation; and the condition. If this information is not available, estimates may be documented.

b. Transfers of constructed assets from CIP to military customers will be supported by DD Forms 1354 (Transfer and Acceptance of Military Real Property). The asset file supporting the balance in the CIP account, as stated in paragraph 15-3, will be provided to the customer. A hard copy or electronic copy of the file will be retained locally to support the amount transferred from the CIP account. Project managers are responsible for ensuring that all costs are captured in the CIP account and reflected on the DD Form 1354 provided to the customer. Interim transfers will be processed based upon the beneficial occupancy date; a final CIP transfer is processed when the project is fiscally complete. The project manager will provide the accounting office signed and accepted copies of all interim and final DD Forms 1354 to support the credit to the CIP account. Transfers from the CIP account must be recorded within 90 days of the customer's acceptance of DD Form 1354. However, if the customer fails to sign DD Form 1354 within the time allowed, CIP will be transferred without the customer's signature.

15-18. Disposal.

a. Assets will be removed from the general PP&E account if prior to disposal, retirement, or removal from service, the asset is no longer serving its intended purpose. ENG Form 3013 is used for all disposals.

b. The cost of the asset and the associated accumulated depreciation/amortization will be transferred from the asset account to the disposal account within 90 days of the determination that the asset no longer serves its intended purpose. The start date of disposal is the date the asset no longer serves its intended purpose. Depreciation charges cease on the disposal start date.

c. Only the 'cost to sell' expenses will be charged to the disposal work item, including broker commissions, legal and title transfer fees, and closing costs that must be incurred before title can be transferred. All other expenses, such as costs to maintain the asset, utilities and similar costs, and costs to demolish the asset are accounted for as a current operating expense.

d. The difference between the net book value of the asset and any proceeds from sale or scrap is recognized as a gain or loss on disposal. The gain or loss must be recorded in the financial management system within 90 days of the sale or final disposition of the asset.

15-19. Proceeds from Sales of Assets.

a. Receipts from sales of Revolving Fund assets, including land, are recorded as appropriation reimbursements to the Revolving Fund.

b. Receipts from the sale of land acquired for or in connection with a civil works project are credited to the Land and Water Conservation Fund, unless otherwise directed by Congress.

c. Property purchased or acquired for civil works projects, which is no longer needed or no longer serviceable, may be sold and the proceeds credited to the appropriation for the work for which it was purchased or acquired.

d. Military funded assets are transferred to DRMS without reimbursement.

15-20. Scrap. Assets which are no longer useful and have no market value may be discarded or sold for scrap; sales of scrap are accounted for as disposals. Proceeds from the sale of civil works or Revolving Fund assets will be credited according to paragraph 15-16.

15-21. Reconciliation and Analysis Requirements.

a. Project Level CIP Reviews. Reviews will be conducted on a quarterly or annual basis as required in paragraph 15-7.h.

(1) A Memorandum for Record will be maintained to indicate the date of the review, a list of attendees/reviewers, a list of completed assets ready to be placed in service, a list of required adjustments and their estimated completion dates, a list of any work items incorrectly classified as capital or expense cost, a list of any overdue items from the previous quarter's review and the rationale for why the items were not completed, other pertinent information discussed during the review, and signature of the Project Manager and Resource Management representative.

(2) Reports used during the review to analyze project activity will be attached to the MFR, as follows:

- (a) Construction in Progress Project Status Report;
- (b) Project management CIP Status Report;
- (c) Project management Project Closeout Report.

(3) The MFR will be reviewed at the next quarterly meeting to verify that corrective actions are complete. Any actions not completed will be annotated on the current quarter's MFR and presented to the Commander for resolution. A copy of the MFR will be retained until the audit report for that fiscal year is issued.

b. Asset History Review. No later than the 15th day of the month, the Finance and Accounting Officer or a designated individual will perform an independent review of adjustment transactions affecting the history of an asset. A minimum of the twenty highest dollar value transactions will be selected for review. The purpose of the review is to ensure that transactions are properly documented and properly recorded in the financial management system. The review will include an assessment of assets placed in service or retired, as well as ENG Forms 1302 and similar transactions affecting the accounting history of the asset (i.e. transfers in/out, depreciation adjustments, changes in useful life, valuation, placed-in-service dates, or asset classification). A copy of the asset history report will be signed and dated as proof of the review. Issues or comments will be annotated for further action. The signed report will be retained until the audit report for that fiscal year is issued.

c. Managerial Accounting Analysis. Within ten business days after the end of each fiscal quarter, managerial accountants will review asset management reports and reconciliations in order to identify errors or inconsistencies in asset accounting records. Documentation of the reviewer's research and actions taken to resolve each identified issue will be annotated on the reconciliation. Each report will be signed and dated by the reviewer. The Finance and

Accounting Officer or a senior managerial accountant will review each report or reconciliation and sign and date the report as indication of their review. Documentation of each review will be retained until the audit report for that fiscal year is issued. Examples of reports and reconciliations to be reviewed are as follows:

- (1) Reconciliation of CIP subsidiary costs to general ledger accounts;
- (2) Reconciliation of personal property asset records in the financial management system to the property system;
- (3) Reconciliation of PP&E records to asset subsidiary costs records;
- (4) Recorded and scheduled depreciation.

d. Real Estate Review. Within ten business days after the end of a fiscal quarter, the Real Property Officer or designated individual in the Real Estate office will analyze reports which reconcile the asset records in the financial management system to the real property management system. Each report will be reviewed and approved in the manner described above.

15-22. Accounting Procedures. Accounting procedures for property, plant and equipment are available in the CEFMS II Asset Management User Manual.

Chapter 16
Revolving Fund Asset Accounting

16-1. General.

a. The general policy and procedures in Chapter 15, Accounting for PP&E, apply to assets owned by the USACE Revolving Fund. This chapter prescribes additional accounting policy and procedures for Revolving Fund assets.

b. ER 37-1-29, Financial Management of Capital Investments, contains policy for Revolving Fund assets purchased through PRIP.

16-2. Policy.

a. Acquisition of Revolving Fund Assets.

(1) Assets acquired to serve more than one civil works project or multiple appropriations will be acquired in the USACE Revolving Fund. Assets are capitalized for accounting purposes based on the asset criteria in ER 37-1-30, Chapter 15.

(2) Revolving Fund assets below the investment threshold are acquired by all USACE activities using appropriate operating funds (departmental overhead, G&A overhead, area office overhead, or shop and facility operating accounts). Operating funds may be used to acquire personal property below the capital investment threshold when the property will be used to provide services to military appropriations with reimbursement.

(3) Revolving Fund assets which meet or exceed the investment threshold are financed through the PRIP program. The Revolving Fund recoups the cost for financing PRIP assets through the application of depreciation expense and plant increment surcharge. PRIP funds will not be used to finance PP&E solely for the benefit of military projects or appropriations; any such property will be funded by military appropriations. PRIP assets acquired for civil works functions may incidentally benefit military functions with reimbursement by military appropriations.

c. Establishment of Service Lives.

(1) Standard recovery periods (service lives) are used for all Revolving Fund assets. Recovery periods are shown in Appendix K. The asset manager must reduce the prescribed recovery period based upon a determination that the asset will not remain in service for the current life.

(2) Activities must request HQUSACE approval to use a recovery period which exceeds the period shown in Appendix K. Submit all requests to CERM-F. If approved, a copy of the waiver will be placed in the asset file.

c. A salvage value of zero is used for all Revolving Fund assets. An exception to this

policy may be authorized for PRIP assets, if the estimated salvage value exceeds ten percent of the asset's cost; approval of CECW-OM-B and CERM-F is required.

d. Depreciation. Straight line depreciation is charged on all Revolving Fund assets except assets in the process of acquisition or disposal. Component depreciation is used for additions and betterments (A&Bs) placed in service after 1 October 2010. Component accounting allows depreciation on the A&B portion of an asset to be computed over its own separate recovery period. The recovery period of the A&B may not exceed one-half of the life of the original asset or the remaining useful life of the asset, whichever is less.

e. Plant Increment. Plant increment is the surcharge to fund the increased cost of replacement over the original life of a PRIP-funded asset. CERM-F publishes plant increment rates on an annual basis.

(1) All assets acquired under the PRIP program are subject to plant increment, excluding assets in the process of acquisition or disposal, land and capital leases.

(2) An exception to this policy may be authorized for a fully depreciated PRIP asset when there is documented evidence that the asset will not be replaced under PRIP authority or a replacement will cost less than the asset currently in use. When these conditions are met, Commanders of MSCs may submit a request for waiver of plant increment to CERM-F.

(3) The component method is used to calculate plant increment for additions and betterments (A&Bs) placed in service after 1 October 2010. The plant increment computation on the A&B cost uses the annual factor for the year the A&B is placed in service.

f. Insurance. As a self-insured entity of the Federal Government, USACE ensures that risks incurred by virtue of owning and operating Revolving Fund assets are mitigated. Insurance premiums are charged on all PRIP-funded assets on a monthly basis to fund a reserve for loss or damage to these assets. HQUSACE may temporarily suspend insurance premiums based upon an analysis of funds held in the insurance reserve at the USACE level and the anticipated liability for insurance claims. Amounts collected for insurance are transferred to HQUSACE on a quarterly basis.

(1) Insurance is charged on all PRIP-funded assets. Only PRIP funded assets are covered by insurance.

(2) Land and capital leases are not subject to insurance and are not covered by insurance.

(3) Requests to use insurance funds for loss or damage of PRIP assets must be approved by CERM-F. Requests for approval must include a report of survey, the property identification number, and other documentation needed to prove the nature, cause, monetary value of the loss, and book value of the lost or damaged asset. Requests will be considered for the following:

- (a) Costs to economically repair a damaged asset;
- (b) Remaining book value for an asset lost or damaged beyond economical repair;
- (c) Incremental costs of the activity resulting from loss, damage, or unavailability of the asset during repairs.
- (4) Replacement of a structure or item of equipment damaged beyond economical repair will be accounted for as a new procurement. The requirements for capitalization and PRIP authorization apply.
- (5) Insurance funds may not be used for maritime and tort claim payments.

g. Plant Operating Accounts.

(1) Plant operating accounts are established to record the expenses associated with operation of Revolving Fund plant and equipment, along with income received from rental of those assets.

(a) A group operating account is established to accumulate expenses and income for operation of multiple assets of a similar nature. A single plant rental rate is established for all assets in the group. The single rate provides an equitable method of distribution to all customers for rental of the same type of plant.

(b) A non-group plant operating account is required for all remaining plant items. A separate rate is established each item of non-group plant. A non-group plant operating account and rate are required for each of the following:

-aircraft;

-major floating or land plant item;

-structure having estimated replacement cost of \$500,000 or more;

-other plant item having estimated replacement cost of \$500,000 or more;

-any remaining assets not in a group.

(2) Asset managers are responsible for establishing and managing rates to recover the cost of operating Revolving Fund plant. In conjunction with Resource Management personnel, operating accounts will be reviewed on at least a quarterly basis to ensure that balances are sufficient to recover operating expenses and reasonable amounts for anticipated repair or

overhaul. Reviews will be documented and plant rates will be adjusted to maintain proper account balances and ensure equitable distributions to customers.

(3) Upon disposal of non-group PP&E, the plant operating account balance is transferred to a non-operating income or loss account. A group plant operating account balance is transferred to a non-operating income or loss account when all items included in the group are disposed. When not all items in a group are disposed, the plant rental rate must be reviewed and revised as necessary.

(4) Revolving Fund assets purchased with departmental or G&A overhead funds do not use plant operating accounts. Any expenses related to operation of the asset are charged to the owning organization's overhead account.

h. Loan of Plant

(1) The usage rate for plant loaned between USACE commands is charged from the time the plant leaves the owning command until it is returned. Chargeable time for plant borrowed by subsequent commands before it is returned is charged to each command from the time it leaves the previous command until it departs to another command or is returned to the previous borrowing command or the owning command.

(2) Revolving Fund-owned plant is not loaned to states, their political subdivisions, or private parties. An exception is allowed for emergency use to save life or property where an urgent and essential need exists and all efforts to obtain such plant from private sources have failed. The rental rate for such use is the current rate plus a 25% surcharge to protect public interests.

i. Revolving Fund Plant in Mothball Status. Assets temporarily removed from service with the expectation that the assets will be eventually returned to service may be placed in mothball status. Approval of CECW-O in coordination with CERM-F is required to place a PRIP asset in mothball status and will rarely be granted. Depreciation will continue to be charged on assets in mothball status. Plant increment will continue to be charged unless specifically waived by CECW-O and CERM-F. Mothball status will not be used to circumvent plant increment charges.

(1) As soon as mothball status is anticipated, the plant rental rate will be adjusted to include estimated mothball costs for remaining work.

(2) Mothball expenses to store the plant with minimal deterioration are charged to the plant operating account.

(3) Insurance premiums continue to be charged to the plant operating account. In the event of accidental damage to or loss of the plant, the insurance account will bear the cost to repair the damage or the remaining book value of the plant for total loss.

(4) The plant operating account for plant in a mothball account remains active until final disposition of the asset.

j. Conversion or Reclassification.

(1) A plant item converted or reclassified from one type to another is processed as a new plant item acquisition.

(2) The book value of the converted or reclassified plant, plus conversion or reclassification cost, less credit for salvaged materials is the new book value.

(3) PRIP authority is required if the cash outlay exceeds the investment threshold in Appendix J-1.

(4) The net remaining plant operating account balance is recouped through the converted or reclassified item's use rate for a non-group plant account item or the rate for remaining items of a group account.

k. Trade-in. Revolving Fund assets may only be traded in for value towards another Revolving Fund asset.

l. Donation and Disposal. Proceeds from the disposal of Revolving Fund assets are credited to the Revolving Fund. PRIP assets are not donated, sold or transferred at nominal value, or converted for other beneficial use by others if such action will result in a loss of revenue to the Revolving Fund. MSCs must submit all requests for exception to this policy to CERM-F for approval. The request must include the property identification number and the book value of the asset.

16-3. Accounting Procedures. Accounting procedures for Revolving Fund assets are available on the Finance and Accounting Policy Division webpage and CEFMS II Asset Management User Manual.

Chapter 17 Revolving Fund Inventory

17-1. General. This chapter prescribes the accounting policy and procedures for the operation of warehouse activities financed by the Revolving Fund. This chapter does not apply to inventory acquired or maintained for a specific civil works project. This chapter is used in conjunction with the following references:

a. Department of Defense (DoD) Instruction 5000.64, Accountability and Management of DoD Equipment and Other Accountable Property

(<https://www.esd.whs.mil/Portals/54/Documents/DD/issuances/dodi/500064p.pdf?ver=2019-06-10-100933-460>).

b. DoD 7000.14-R, Financial Management Regulation

(https://comptroller.defense.gov/Portals/45/documents/fmr/Combined_Volume1-16.pdf).

c. ER 700-1-1, USACE Supply Policies and Procedures

(https://www.publications.usace.army.mil/Portals/76/Publications/EngineerRegulations/ER_700-1-1.pdf?ver=2015-10-08-090316-683).

17-2. Definition. Revolving Fund inventory is tangible personal property or materials held for sale to multiple civil works projects or other Revolving Fund customers. Inventory also includes materials in the process of production or fabrication for sale to projects, as well as common goods used to provide Revolving Fund services for a fee.

17-3. Policy.

a. CERM-F may authorize Revolving Fund inventory accounts when it is more economical and/or efficient to purchase and maintain common goods or materials for sale to multiple civil works projects or other Revolving Fund customers. Requests to establish a Revolving Fund inventory account are submitted to CERM-F for approval.

b. Revolving Fund inventory accounts are not used to maintain items readily available on the open market or through the Government Purchase Card Program. Activities may not maintain office supplies in a Revolving Fund inventory account.

c. Revolving Fund inventory items are common in nature and are held for sale to multiple customers. Property accountability for Revolving Fund inventory is maintained in CEFMS II.

d. Revolving Fund inventory accounts are not used to finance property, spare parts, or repair items under specification or unique to a single civil works project or asset, a military project or asset, or a single Revolving Fund asset or activity, including dredges

and floating plant. Project is defined as a unique project work item as shown on a Work Allowance Document or as reported on ENG Form 3011a. Items that are not common in nature are acquired by the project, the plant operating account, or other appropriate funds. See Chapter 2 of this regulation.

e. Prompt reimbursement is required from all customers. USACE Logistics Activity (ULA) personnel and other Accountable Officers must process billings in CEFMS II for all inventory issues on no less than a monthly basis.

f. As the Revolving Fund operates entirely within its own receipts, every effort is required to preclude losses in the inventory accounts caused by obsolete, excess, or unusable inventory items. Activities may not donate Revolving Fund stock to others. Every effort will be made to dispose of excess or obsolete stock at book cost.

17-4. Responsibilities for Inventory.

a. The ULA is responsible for purchasing, receiving, storing, and issuing inventory according to this regulation and the CEFMS II Inventory Management User Manual.

b. The ULA may appoint other Accountable Officers when the ULA is not responsible for maintaining specific inventory, such as revetment materials under the control of Operations Division personnel. Accountable Officers will perform all functions otherwise required of the ULA. The ULA will provide oversight of inventories maintained by non-ULA personnel.

c. The stock control specialist is required to update the CEFMS II Inventory Module for all incoming and outgoing inventory items. The stock control specialist will validate all purchase requests citing inventory resource codes against the stock on-hand before the purchase request is approved.

d. The ULA will perform a periodic, independent verification of the accounting and accountable property records through physical counts of all inventory items. Inventory items are often stored both inside and outside of a warehouse facility. A physical count of all inventory items is required at least every three years; classified or sensitive items are inventoried at least annually. The periodic verification will include reconciling the subsidiary property accountability records and/or systems with the physical count. Self-validations do not meet the requirement for independent verification of physical inventory. Responsible employees will record adjustments in CEFMS II for any overages or shortages identified by the physical count. This process ensures that amounts shown in the general ledger and financial statements are correct. Accountable officers will maintain written documentation supporting the physical count and reconciliation for audit purposes.

e. Although the ULA is the principal proponent for inventory management, managerial

accountants will participate in the financial analysis of inventory accounts, establishment of burden rates and cash management. Managerial accounts will monitor account balances and ensure that sales transactions are recorded promptly to reimburse the Revolving Fund. Resource Managers will report any issues of non-compliance with accounting requirements to the local Commander and to the Chief of the ULA.

17-5. Accounting for Inventory and Warehouse Operations. The RFBO account is used to record the costs to operate a warehouse facility and to maintain the cost of the inventory held for sale or consumption. When more than one warehouse is maintained, a separate child work item is required for each warehouse. Within each child work item, costs are categorized to distinguish between warehouse operating costs and the cost of the inventory items. Individuals who enter transactions in CEFMS II must ensure that the proper work breakdown structure is used. Purchase requests and transactions must cite the proper cost types, work categories and resource codes. Improper procedures will result in an overstatement of operating costs on ENG 3021, Revolving Fund Results From Operations. Costs are categorized as follows:

a. Warehouse operating costs. Use cost type EXP and CEFMS II work category STOCK; various resource codes apply. This category includes all costs incurred for receipt, storage, and issuance of warehouse stock, excluding the stock items. Operating costs include space costs or rent, utilities, and other costs to house the inventory items. The stock control specialist and assigned staff charge to the operating account work item for labor, travel, and other miscellaneous costs to maintain the inventory using appropriate resource codes. This category also includes expendable tools and equipment, depreciation, insurance, plant increment charges for equipment financed by PRIP and plant rental charges. A warehouse burden is established to recoup the operating costs. The burden is applied to every sale of inventory to reimburse the warehouse operating costs.

b. Inventory Items. Use cost type INV, work category STOCK, and inventory resource codes. Revolving Fund inventory is recognized in CEFMS II when goods are delivered and a receiving report is entered. Warehouse inventory is generally subdivided as new acquisitions or inventory adjustments (gains and losses). Costs are recorded using the following CEFMS II work category elements:

(1) CEFMS II Work Category Element NACE - New Acquisitions. This work category element accumulates the cost of stock received by the stock control specialist. Acquisitions include the costs of items purchased, stock acquired by donation, stock transferred from other districts, and stock found on works. Inward freight fees are included as part of the acquisition costs per unit, where feasible. Otherwise, the freight fees are charged to the warehouse operating account. Costs are recorded net of a purchase discount taken. CEFMS II uses resource codes (ex: 12GAGEWIRE) and national stock numbers (NSN) to identify the stock items. A perpetual inventory is maintained to allow re-computation of the average unit cost.

(2) CEFMS II Work Category Element INVGN and INVLS - Inventory Adjustments for Gains and Losses. These work category elements are used to recognize gains (overages) or losses (shortages) disclosed by physical count, as well as discrepancies between the ULA stock control records and the quantities in CEFMS II. DD Form 200, Financial Liability Investigation of Property Loss (FLIPL) is required if the amount of the loss is \$100 or more. Transfers between activities with more than one warehouse are also included. Inventory pricing of the stock items is recorded at the current fair market value or the latest acquisition cost.

c. Salvage Operations. Use cost type INV and work category SALVAG; various resource codes apply. This category is used to record the cost of salvage for inventory items identified as surplus, obsolete or non-serviceable. The cost of the items is transferred from cost type INV to cost type SAL. The cost account record created to support the salvage transaction includes work category code 'STOCK', work category element 'VALSM, and cost type 'SAL'. Salvage costs include costs to mobilize and prepare the items for sale, advertising and equipment costs. Labor costs are not charged to salvage account. Receipts from the sale of salvage are also credited to this work category.

d. Cost of Goods Sold (COGS). Income transactions use cost type INV, work category COGS, and a distributable resource code. The COGS work category reflects the net income from sales of stock, including the warehouse burden added to each sale or issuance. The COGS work category is debited with the cost of the stock items at average unit cost in effect at the time of issue and credited with the income from the sale of stock and the applied burden. A distinction is maintained between stock consumed by Revolving Fund activities and stock sold to projects.

17-6. Fabrication of Finished Goods. A separate RF80 child work item is established to record the cost of raw materials used in the manufacture of finished goods, such as revetment mat. When fabrication is completed, the costs recorded as inventory in progress are transferred to finished goods and recorded as inventory available for consumption. Stock is sold from the fabrication work item using the average cost method. Credits reflect the total value of the manufactured items.

17-7. Accounting for Stock Returns. Stock returns are refunded to the customer at book cost. CEFMS II work category element Asset Disposal is used to credit returned items as a reduction to issues. The burden is only refunded when the stock issued was in excess of the amount requisitioned or with unacceptable substitutes.

17-8. Disposal of Inventory.

a. When excess inventory is identified, the stock control specialist will seek to dispose of or return the stock items to the vendor for a full refund.

b. The Revolving Fund is credited with the proceeds from the sale of Revolving Fund property or inventory. Local activities must ensure that the proceeds from disposal of Revolving Fund property by the General Services Administration (GSA) or the DRMO are returned to USACE for credit to the Revolving Fund. Activities may not donate Revolving Fund property to others.

17-9. Management and Analysis of Warehouse Operating Accounts and Burden Rates.

a. Every Revolving Fund warehouse activity must establish a burden rate through the operating budget process. The burden rate must recoup the full cost to operate the warehouse (cost type EXP). The burden is applied at the point of sale or issue of inventory to generate income which offsets the costs to operate the warehouse.

b. Burden rates are constructed to achieve a fiscal year- end balance of zero in the warehouse operating account, but a balance within plus or minus one percent of expenses is considered to be within the nominal balance range and meets the statutory requirement. Quarterly targets are established to facilitate accomplishment of year-end goals.

c. Activities will conduct expense and income reviews no less than quarterly to determine whether budget projections are on track and the existing rate is properly established.

d. CEFMS II report ENG 3021, Results From Operations, is used to analyze expenses incurred in operating Revolving Fund warehouses and the associated income from applying the burden rate. This report reflects operating costs and does not include the cost of the inventory items. The warehouse manager must review this report on a monthly basis and ensure that a nominal balance is achieved at the end of every fiscal year.

e. Any balance falling outside the nominal balance range at the end of the fiscal year represents a possible statutory violation and is subject to censure by the Commander. Each region or center will establish a corrective action plan if the regional balance falls outside the nominal balance range.

17-10. Accounting Procedures. Proper accounting procedures for Revolving Fund inventory accounts are available in the CEFMS II User Manual and on the Finance and Accounting Policy Division webpage.

Chapter 18
Revolving Fund Accounting for Shop and Facility Service

18-1. General.

a. Shop and facility accounts are used to record operations of shops and yards, laboratories, garages, motor pools, survey parties, automation activities, centralized support centers, and other such facilities. The individual accounts provide a means for managing operational effectiveness and efficiency of each facility. Expenses charged to work items in these accounts typically include labor, materials and supplies, depreciation, equipment usage, insurance, acquisition of tools and equipment below the investment threshold, and applicable centrally billed support costs.

b. Shop and facility services of a unique nature not specifically provided for in the RF21-RF58 series of work items will be accounted for in the RF59 series. Advance HQUSACE (CERM-F approval is required prior to establishing child work items in the RF59 series. Requests for approval must contain a description of the child work item to be established, justification for use, the expected duration of the activity and the proposed method for distributing costs. Each request will be evaluated on individual need and merit and will not constitute a precedent for creation of similar child work items. As a general rule, approvals are indefinite in nature and remain in effect until withdrawn by HQUSACE. Approvals limited to a specific period of time automatically expire at the end of the specified period. Failure to achieve a zero balance in an individual RF59 work item will result in revocation of approval to operate the account.

18-2. Organizational Assignment. Shop and facility accounts may be operated using two distinct scenarios depending on the organizational assignment of employees.

a. When the mission of the organization (as defined by the organization code) is solely to provide facility services, a shop and facility account may be designated as the home work item for the organization. The facility account functions as an indirect cost pool. Operating costs of the facility may be distributed to customers using any of the methods described below. When labor costs for an employee assigned to the facility are charged directly to projects or other work items, a shop and facility burden (overhead) is applied to recoup the indirect costs of the organization.

b. A facility account must always be used to record and distribute only the incremental cost of providing a facility service. In this case, the employees are assigned to departmental organizations and incremental costs (such as specialized equipment, supplies, and materials, contracts, etc.) are charged to the facility account. As labor costs are charged direct to projects or other work items, departmental overhead is applied to the labor of the employee. The incremental costs captured in the facility account are distributed using any of the methods below, excluding the direct charge method. An example is a facility account for Geographical

Information System operations where employees are assigned to a Consolidated Departmental Overhead organization.

18-3. Reimbursement Policies. Income derived from shop and facility activities must recoup all costs incurred in operation of the activity. Except where otherwise mandated in ER 37-1-30, activities may apply any of the methods listed below to distribute shop and facility service costs. However, once a distribution method for a shop or facility is selected, it must be uniformly applied to all customers. Activities may not vary distribution methods for the same shop or facility service to accommodate customer desires or the customer's ability or willingness to pay for the service based on the established distribution method.

a. **Direct Charge Method.** The direct charge method provides for automatic distribution of the indirect costs using a predetermined overhead or burden rate. The indirect codes are distributed when the labor of an employee assigned to the shop/facility organization is charged direct to a civil, military, or other revolving fund work item. In this case, any job records are accumulated only in the work item ultimately charged.

b. **Standard Rate Method.** The standard rate method is a procedure whereby all operating expenses of a facility work item are distributed (charged) to projects or other customers on a standard (predetermined) rate basis. This method requires the establishment of work units (mileage, hours, days, etc.) and a standard unit rate. The standard rate is calculated by dividing total estimated operating costs for the period for which the rate is to be effective by the total number of work units to be billed for the period. Application of that rate to the usage or units reported allows for recoupment of costs associated with operation of the shop/facility account. Rates are determined on an estimated basis and require frequent reviews of usage data, rates, and account balances to ensure a near zero or nominal balance by year end.

c. **Job Order Method.** Certain revolving fund shop and facility activities, such as Shops and Yards Operations (RF40), use the job order costing method, whereby costs are assigned to and accumulated for each job. Direct material and direct labor costs associated with each job are identified and accumulated, along with shop/facility overhead applied on direct labor dollars. Job order costing should be used by shops and facilities if the service is being performed to meet customer specification. Unique job order work items are created to track the costs for each job. The shop/facility manager bills customers on a monthly basis to recoup costs and maintain the solvency of the shop/facility account.

d. **Actual Cost Method.** The actual cost method is a procedure whereby the cost of a given type of service (GSA furnished supplies, consolidated procurements, etc.) is distributed to specific projects, programs, organization work items, or other revolving fund activities based on the actual cost of the service provided to each customer. Under this method, the facility manager must develop an offline method to determine the amount to charge to each customer in order to equitably distribute the costs. Charges distributed to customers represent the actual cost of the items/services received as evidenced by invoices, billing detail files/documents,

purchase requests or other supporting documentation.

e. Other Distribution Methods. When costs cannot be economically and/or effectively distributed using one of standard methods discussed above, any distribution method which meets the normal accounting standards for reasonableness, fairness, equity and consistency may be used to distribute shop and facility services unless a specific method of distribution is specified elsewhere in this chapter. HQUSACE approval is required to use methods not described in the paragraphs above. Requests to use alternate distribution methods will be forwarded to CERM-F.

f. Frequency of Distribution. In order to maintain solvency of the Revolving Fund, billings for shop and facility services are normally processed on a monthly basis. In no case may distributions be processed on less than a quarterly basis.

g. Shop and facility accounts which are no longer required will be closed promptly. Any plus or minus balance in the account will be equitably charged or refunded to previous customers in order to bring the account to a zero balance no later than the end of the current fiscal year.

18-4. Fiscal Year Budget and Quarterly Reviews.

a. Commanders must prepare and maintain an operating budget for each Revolving Fund shop and facility account (RF30-59 work items) using the Operating Budget Module in the financial management system. As the focal point for formulation of the overall operating budget, the local Resource Management Office is responsible and accountable for the oversight of the budget formulation process and providing sound financial advice to individual shop and facility managers. Shop and facility managers are responsible and accountable for the actual budget formulation, rate setting, the day-to-day financial management of accounts and the achievement of a zero balance by the end of each fiscal year.

b. In order to ensure that all applicable statutory requirements are met, operating budgets must be constructed to achieve a fiscal year-end balance of zero for each shop and facility account and rates/distribution methods must be established accordingly. Budget execution plans must match expenses to projected income streams. Activities are encouraged to use rates generated in the financial management system to the maximum extent possible.

c. In rare and unusual circumstances, HQUSACE may authorize an operating budget aimed at achievement of a fiscal year-end balance other than zero for a particular shop or facility. Requests for authority should be forwarded to CERM-F for approval. Approvals remain in effect until withdrawn by HQUSACE. A file of HQUSACE approvals must be maintained by the local Resource Management Office.

d. Expense/income studies will be conducted at least quarterly to determine whether or not

the budget projections are on track and the existing rates/distribution methods are properly set. These reviews are essential to the effective financial management of shops and facilities as well as achievement of a zero balance at year end and must be completed in a timely manner. Commanders must ensure that all shop and facility managers take appropriate corrective action (reduce spending, surcharge, rebate, increase/decrease rates, etc.) based on the results of these reviews.

e. At the end of each fiscal year, each shop and facility account will be analyzed to determine the degree of effectiveness with which it is managed and to ensure that all statutory requirements are met.

(1) Unless specifically authorized by HQUSACE, each RF59 work item must have a balance of zero at the end of each fiscal year. All other shop and facility accounts will be operated to achieve a balance of zero, but a balance for shops and facilities as a whole falling within a nominal balance range of plus or minus (+ or -) one per cent (1%) of current year expenditures, exclusive of joint cost credits, meets current statutory requirements and is acceptable.

(2) Any balance in an individual shop or facility work item falling outside a nominal balance range or exceeding a special year-end balance approved by HQUSACE represents a possible statutory violation and, as a minimum, will require a corrective action plan approved by the local commander. When the overall shop and facility balance at the MSC level falls outside the nominal balance range the MSC will, at minimum, be required to submit a corrective action plan to HQUSACE for approval.

18-5. Shop and Facility Accounting Procedures. Accounting procedures for Revolving Fund shop and facility accounts are available in the CEFMS II User Manual and on the Finance and Accounting Policy Division webpage.

Chapter 19

Revolving Fund Accounting for General and Administrative Overhead

19-1. General. General and administrative (G&A) overhead accounts are used to record costs of either a general or administrative nature. G&A overhead includes costs incurred by administrative organizations in accomplishing their functional responsibilities and corporate costs of a general nature which cannot be directly attributed to specific projects. G&A overhead is distributed based upon direct labor charges to programs, projects, and reimbursable orders, as well as Revolving Fund plant, shops and facilities, and flat rate S&A work items.

19-2. Policy for General and Administrative Overhead.

a. Labor Costs. Labor costs of employees assigned to G&A organizations will be charged to the G&A overhead work item for that organization. Exceptions are as follows:

(1) Office of Counsel. Services or Legal Counsel in direct support of the Clean Water Act of 1977 will be charged to General Regulatory functions. Services of attorneys in direct support of project-related real estate activities will be charged to the project.

(2) Equal Employment Opportunity (EEO). Labor, travel and per diem costs for EEO counseling services provided to other organizational elements will be charged to the departmental or G&A overhead account for the requesting organization.

(3) Safety and Occupational Health. Technical services readily identifiable with a specific project, such as development of work plans; pre-design investigations; designs; activity hazard analyses; hazardous, toxic and radioactive waste (HTRW) site safety and health plans; industrial hygiene services for HTRW, asbestos, lead and other hazardous materials abatement activities and safety and industrial hygiene surveys, inspections and environmental evaluations at projects will be charged directly to the projects. Projects will not be charged directly unless the support required (1) is mandated by USACE requirement and (2) has been requested and coordinated with the project manager and the functional chief. Predetermined project support requirements will be budgeted by the project manager.

(4) Emergency Response. Labor of employees assigned to G&A organizations will be charged to the assigned G&A organization work item. Exceptions are as follows:

(a) Overtime in support of response activities under Public Law (PL) 84-99 will be charged to 096X3125, Flood Control and Coastal Emergencies.

(b) Regular labor and overtime for employees assigned to G&A organizations who are deployed to a disaster site in support of a Federal Emergency Management Agency (FEMA) mission, including planning and response team (PRT) members deployed or assigned according to PRT rotation policy.

(c) For employees assigned to and performing G&A functions at the supported site overtime which is directly related to FEMA mission assignments will be charged to the FEMA mission assignment for regional activation. Additional guidance is contained in EP 37-1-6, Resource Management Functional Guide for Civil Emergency Management Programs.

(5) Labor of employees assigned to G&A organizations on loan to another organization within the same US Army Corps of Engineers (USACE) Command/Regional Business Center (RBC) will be charged to the borrowing organization. Labor of employees assigned to G&A organizations on loan to another USACE Command/REC or another Federal agency will be charged to the borrowing activity.

(6) Transatlantic Programs Center and Huntsville Center are authorized to direct charge G&A labor to projects consistent with HQUSACE approvals.

b. Non-labor Costs.

(1) The following costs of G&A organizations will be charged to G&A overhead work items: suggestion and incentive awards; voluntary separation or retirement incentives; permanent change of station (PCS) costs; tuition; travel; transportation of things; space costs; communications; expendable property costing less than the capital threshold; assets costing less than the PRIP threshold; equipment ownership costs; support contracts; all other expenses related to functions normally performed by the G&A organization.

(2) The G&A organization work item also includes the cost of G&A support services purchased from another USACE activity or another Federal agency; these costs will not be redistributed to other departmental or G&A organization work items.

(3) The costs of EEO arbitration services or investigations conducted by other agencies, as well as claim settlements or awards, will be charged to the overhead account of the organization in which the issue arose.

19-3. General and Administrative Overhead Distributions (Income).

a. General. G&A overhead will be distributed on effective labor charged directly to projects, programs, and reimbursable orders, and to Revolving Fund plant, shops and facilities, and flat rate S&A work items. In order to ensure that overhead is applied to all customers in a consistent manner, G&A overhead may only be waived according to the exceptions below. Any other requests for exception will be forwarded to CERM-F for approval.

b. Exceptions. G&A overhead will not be applied to the following:

(1) Labor charged to the departmental overhead (RF61) work items.

(2) Labor of executive, advisory, and administrative employees charged to G&A overhead (RF60) work items.

(3) Labor of executive, advisory, and administrative employees charged to reimbursable orders funded by G&A overhead at other USACE command. The description on the customer order should indicate that a G&A work item is the funding source and that the work should be exempt from overhead.

(4) Labor of executive, advisory, and administrative employees charged to reimbursable orders, issued by USACE Major Subordinate Commands according to the terms of a negotiated support agreement for administrative services.

(5) Labor charged to area/resident office overhead (RF64) work items (CETAC only).

(6) Labor charged to cooperative administrative support unit (CASU) revolving fund work items.

(7) Labor charged to Centers of Expertise (RF52) work items.

(8) Labor charged to Consolidated Support Centers (RF55) work items.

(9) Regular labor of Department of Army interns.

(10) Exceptions (1), (3), and (5) above do not apply to CETAC when performing extensive, long-term reach-back support for another USACE OCONUS command.

19-4. Requirement for Single or Multiple G&A Overhead Rates.

a. General. A single G&A rate will generally be used to distribute G&A overhead costs to all programs, projects, and reimbursable orders.

b. Exceptions.

(1) Separate civil and military G&A overhead rates will be established when specific civil or military costs would result in a difference in the rate of one percent (1%) or more above the single (combined) rate. For RBC using regional G&A rates, the necessity for two rates is determined at the regional level.

(2) Engineer Research and Development Center (ERDC) will establish separate military and civil G&A overhead rates due to receipt of base operations funding for military overhead activities.

19-5. Regional G&A Overhead Rates.

a. Regional Business Centers use a regional cost pool for development of regional overhead rates. A regional rate will be established for purposes of distributing G&A overhead costs throughout the region.

b. Regional rates do not apply to the Pacific Ocean Division, OCONUS districts, centers, or laboratories; however the standard G&A overhead account structure will be used, excluding the activities authorized to operate unique G&A overhead accounts.

c. Each district will formulate the initial budget requirements for direct and indirect costs. District budgets are consolidated at the RBC level in order to develop the regional operating budget and subsequently determine the regional overhead rates.

d. The RPBAC, or like board, will review budgeted and actual costs and income on no less than a quarterly basis. District performance in a regional rates environment is measured by comparing actual costs with the approved operating budget. Regional performance is measured by comparing total cost for each overhead pool with total income. Nominal balance requirements for regional cost pools apply at the regional level. The Division Commander is responsible for ensuring that the RBC takes appropriate management action to meet the nominal balance requirement by the end of the fiscal year (constrain spending, increase or decrease rates, rebate, etc.).

19-6. Management and Analysis of G&A Overhead Accounts.

a. Operating Budgets are prepared for all G&A overhead accounts according to ER 37-1-24, Financial Administration, Operating Budgets. Overhead rates are established based on expense and income projections for the G&A cost pool according to the approved operating budget. In order to ensure that all applicable statutory requirements are met, operating budgets are constructed to achieve a fiscal year-end balance of zero for the G&A cost pool. An end-of-year balance falling within a range of plus or minus one percent (1%) of current year expenditures, exclusive of joint cost credits, is considered to be within the "nominal balance" range. Quarterly nominal balance targets are established to facilitate accomplishment of the fiscal year-end goal.

b. Expense/Income reviews will be conducted no less than quarterly to determine whether the budget projections are on track and the existing rate(s) are properly set. Reviews will also be conducted when it becomes known that: (1) a major expenditure, such as a move to a new building or leased space, will be delayed until the next fiscal year; (2) that it will be necessary to make a major unplanned expenditure, such as Voluntary Early Retirement Authority (VERA)/VSIP payments, during the current fiscal year; and/or (3) the projected income included in the operating budget and rate computations will either not materialize or significantly exceed the anticipated amount. Commanders must ensure that work item managers (or the managing regional board) take appropriate corrective action (reduce spending, surcharge, rebate, increase/decrease rates, etc.) based on the results of these reviews, in order to meet the nominal

balance requirement.

c. At the end of each fiscal year, G&A overhead accounts will be analyzed to determine the degree of effectiveness with which they are managed and to ensure that all statutory requirements are met. Any balance which falls outside the nominal balance range or exceeds a special year-end balance approved by HQUSACE represents a possible statutory violation and, as a minimum, will be subject to censure by the Commander. For regional cost pools, a balance outside the nominal balance range, as a minimum, will be subject to censure by the Chief of Engineers.

19-7. General and Administrative Overhead Accounting Procedures. Accounting procedures for G&A overhead accounts are available in the CEFMS II User Manual and on the Finance and Accounting Policy Division webpage.

Chapter 20

Revolving Fund Accounting for Departmental Overhead

20-1. General. Departmental overhead (also known as technical overhead) accounts are used to record and distribute costs incurred in the day-to-day operation of departmental organizations which either cannot be directly identified to or are not readily chargeable to a specific program, project, or reimbursable order. Departmental overhead costs are only distributed to work in which the departmental organization is actively involved, based upon direct labor charges to programs, projects, or reimbursable orders.

20-2. Policy for Departmental Overhead. Indirect costs of departmental organizations will be charged to the departmental overhead work item and will not be charged directly to programs, projects, or reimbursable work items. Indirect costs are organizational, administrative, or supportive in nature. Indirect costs are incurred because of organizational needs or decisions and benefit programs, projects, and reimbursable work indirectly.

a. Labor Costs.

(1) Labor hours of employees assigned to departmental organizations, including supervisors, clerical, and administrative staff, which are actually worked on a specific program, project, or reimbursable order will be charged as direct labor to those accounts.

(2) Labor hours of a general nature which cannot be identified to, or are not readily chargeable to a specific program, project, or reimbursable order will be charged to departmental overhead accounts as indirect labor. Labor related to the following activities must always be charged to the departmental overhead work item:

- (a) Training, including full time attendance at colleges or universities;
- (b) Professional seminars or conferences;
- (c) General administration, staff meetings, personnel management activities (including general supervision, performance appraisals, counseling, recruiting, etc.);
- (d) Committee meetings;
- (e) Management and manpower surveys;
- (f) Preparation, review, and analysis of operating budgets;
- (g) Review and evaluation of management issues or initiatives;
- (h) Responses to other than Congressional inquiries regarding probable development of a project or study when not covered by appropriated funds;

(i) Preparation of annual reports;

(j) Quarterly review and analysis;

(k) Preparation of charts and exhibits for meetings or staff visits;

(l) Services to executive, advisory and administrative elements, with exception of contracting or purchasing services on non-CDO activities;

(m) Service to other agencies and local interests when not covered by appropriated funds and/or memorandum of understanding and support agreements;

(n) Preparation or delivery of speeches or presentations of a general nature.

(3) Labor of departmental overhead employees providing supervision, technical support, or administrative support to a USACE Revolving Fund shop or facility will be charged to the shop or facility account. Departmental overhead will be distributed on labor of employees assigned to an organization coded "D" (departmental) when those employees charge labor directly to a shop or facility account.

(4) Under no circumstances will labor hours actually worked on a specific program, project, or reimbursable order be charged or transferred to another program, project, or reimbursable order or the departmental overhead work item in order to mask cost overruns, compensate for funding shortfalls, avoid reprogramming actions, or mask potential Anti-Deficiency Act violations. Managers of all departmental organizations must establish and maintain appropriate procedures and internal controls to ensure that labor hours are charged correctly. In addition, Resource Managers and their staffs must ensure that documented and/or suspected erroneous labor charges are reported to the local Commander for investigation, appropriate corrective action, and/or disciplinary action.

b. Non-labor costs.

(1) The following costs are incurred because of organizational needs and decisions and will not be charged directly to programs, projects, or reimbursable orders. These costs are also known as standard indirect costs.

(a) Suggestions and incentive awards;

(b) Voluntary separation or early retirement incentives;

(c) Permanent change of station travel or benefits;

(d) Tuition for government or non-government training;

- (e) Conference or registration fees;
- (f) Office supplies, excluding those drawn from a central or “free issue” stockroom;
- (g) Information Technology equipment or software (below the capital threshold) and maintenance of those items;
- (h) Office furniture or equipment, below PRIP threshold;
- (i) Equipment ownership costs for assets (including depreciation, insurance, and increment of PRIP assets);
- (j) Information technology (IT) supplies;
- (k) Communication costs;
- (l) Telecommunications hardware or software leases;
- (m) Library facility charges;
- (n) Support contracts;
- (o) GSA space costs;
- (p) Postage, contractual mail or messenger services;
- (q) Revolving Fund facility charges that benefit a single organizational element.

(2) The following costs are also classified as standard indirect (overhead) costs but may be charged to a project or reimbursable order if the costs contribute exclusively to the accomplishment of a single project or reimbursable order.

- (a) Temporary duty travel;
- (b) Supplies and materials, excluding office supplies;
- (c) Printing charges;
- (d) Computer usage charges;
- (e) Visual information charges;
- (f) Vehicle charges;
- (g) Rent, excluding office space for Corps employees;

(h) Utilities.

c. Prohibited Departmental Overhead Costs. The following costs will not be charged to departmental overhead accounts:

- (1) Costs that solely benefit a single project or reimbursable order;
- (2) Project specific labor or other costs for which project funds are not available;
- (3) Costs that should be charged to G&A overhead;
- (4) Centralized payroll, finance and accounting, and human resources costs;
- (5) Central (free issue) supply room charges.

d. Exemptions. Due to unique accounting requirements, costs charged to the following appropriations are exempt from the standard indirect costing policy:

- (1) 097-11X8242, Foreign Military Sales;
- (2) 098-89X4045, Bonneville Power Administration;
- (3) 099X9829, Operating Expense, District of Columbia.

20-3. Consolidated Departmental Overhead (CDO). All USACE districts must use the standard CDO account structure to capture the indirect costs of Planning, Engineering, Construction, Contracting, Real Estate, and Programs and Project Management (PPM). Child work items are established to track the indirect costs of each organization. Functional Chiefs are responsible for direct and indirect operating budget formulation and execution. A single CDO manager is designated at each district for coordination purposes; however, a corporate approach to the CDO account's budgetary formulation, execution, and analysis is essential. The CDO manager must attest to the propriety of financial controls and the requirements defined in the Army Management Control Plan and the USACE Annual Assurance Statement.

20-4. Departmental Overhead Distributions (Income).

a. General. Departmental overhead will be applied to labor of departmental employees direct-charged to programs, projects, reimbursable orders, and Revolving Fund shop or facility accounts. Departmental overhead will be charged on labor loaned within a USACE entity (from one organization to another). In order to ensure that overhead is applied to all customers in a consistent manner, departmental overhead may only be waived according to the exceptions below. Requests for exception will be forwarded to CERM-F for approval.

b. Exceptions. Departmental overhead will not be applied to the following:

(1) Direct labor costs of departmental employees on a formal SF 50 (Notification of Personnel Action) or executive development assignment to another organization within the same USACE subordinate command or to another government agency.

(2) Labor of engineers and/or inspectors informally detailed (no SF 50 action) to work on disaster assistance activities under the direct supervision of the Federal Emergency Management Agency (FEMA) on Project Work Sheets, damage assessments, damage survey reports, or final inspection reports, as those activities do not involve direct district office supervision (see ER 11-1-320).

(3) Labor of employees on PCS house hunting trips.

(4) Labor of Department of Army (DA) interns.

(5) Labor of departmental personnel charged to G&A overhead work items.

(6) Labor charges of employees organizationally assigned to a Revolving Fund shop or facility account.

20-5. Regional Departmental Overhead Rates.

a. Regional Business Centers (RBC) utilize a regional cost pool for development of regional overhead rates. Regional rates will be established for Operations Division, Emergency Management, Regulatory, and the Consolidated Departmental Overhead account (Planning, Engineering, Construction, Contracting, Real Estate and PPM Divisions). A single rate will be established for each of the four rate groups. Overhead is distributed internal to the RBC (the business unit) in the same manner as overhead is distributed in a stand-alone (non-regional) environment.

b. Regional rates do not apply to the Pacific Ocean Division, districts outside the continental United States (OCONUS), centers, and laboratories; however, the standard CDO account structure will be utilized, excluding activities authorized to operate unique DOH accounts.

c. Each district will formulate the initial budget requirements for direct and indirect costs. District budgets are consolidated at the RBC level in order to develop the regional operating budget and subsequently determine the regional overhead rates.

d. The Regional Program Budget Advisory Committee (RPBAC), or like board, will review budgeted and actual costs and income on no less than a quarterly basis. District performance in a regional rates environment is measured by comparing actual costs with the approved operating budget. Regional performance is measured by comparing total cost for each overhead pool with total income. Nominal balance requirements for regional accounts apply at the regional level.

The Division Commander is responsible for ensuring that the RBC takes appropriate management action to meet the nominal balance requirement by the end of the fiscal year (constrain spending, increase or decrease rates, rebates, etc.).

20-6. Management and Analysis of Departmental Overhead Accounts.

a. Operating Budgets are prepared for all DOH accounts according to ER 37-1-24, Financial Administration, Operating Budgets. Overhead rates are established based on expense and income projections for each overhead pool according to the approved operating budget. In order to ensure that all applicable statutory requirements are met, operating budgets are constructed to achieve a fiscal year-end balance of zero for each departmental overhead pool. An end-of-fiscal-year balance falling within a range of plus or minus one per cent (1%) of current year expenditures, exclusive of joint cost credits, is considered to be within the “nominal balance” range. Quarterly nominal balance targets are established to facilitate accomplishment of the fiscal year-end goal.

b. Expense/income reviews will be conducted no less than quarterly to determine whether budget projections are on track and the existing rates are properly set. Reviews will also be conducted when it becomes known that: (1) a major expenditure, such as a move to a new building or leased space, will be delayed until the next fiscal year; (2) that it will be necessary to make a major unplanned expenditure, such as Voluntary Early Retirement Authority or Voluntary Separation Incentive Program (VSIP/VERA) payments, during the current fiscal year; and/or (3) the projected income included in the operating budget and rate computations will either not materialize or significantly exceed the anticipated amount. Commanders must ensure that work item managers (or the managing regional board) take appropriate corrective action (reduce spending, surcharge, rebate, increase/decrease rates, etc.) based on the results of these reviews, in order to meet the nominal balance requirement.

c. In rare and unusual circumstances, HQUSACE may authorize construction of an operating budget aimed at achieving a fiscal year-end balance other than zero for a specific cost pool. Requests for authority should be forwarded to CERM-F for approval. Approvals remain in effect until withdrawn by HQUSACE. A file of HQUSACE approvals must be maintained by the local Resource Management Office.

d. At the end of each fiscal year, departmental overhead accounts will be analyzed to determine the degree of effectiveness with which they are managed and to ensure that all statutory requirements are met. Any balance which falls outside the nominal balance range, or exceeds a special year-end balance approved by HQUSAC, represents a possible statutory violation and, as a minimum, will be subject to censure by the Commander. Amounts, which fall outside the nominal balance range at the regional level, as a minimum, will be subject to censure by the Chief of Engineer.

20-7. Departmental Overhead Accounting Procedures. Proper procedures for departmental overhead accounts are available in the CEFMS II User Manual and on the Finance and Accounting Policy Division webpage.

Appendix A

Internal Management Control Review Checklist Revolving Fund Operations

FUNCTION. This checklist will be used at each U.S. Army Corps of Engineers (USACE) command where Revolving Fund, 096X4902, accounting functions are performed. The responsible principal and mandatory schedule for using the checklist will be shown in the annually updated Management Control Plan. The following designated responsible principals are assigned:

- A. ORGANIZATION NAME:
- B. ACTION OFFICER:
- C. REVIEW OFFICER:
- D. DATE COMPLETED:

PURPOSE. This checklist is to assist accountants in evaluating the key internal management controls over the Revolving Fund, including cash management requirements.

INSTRUCTIONS. Each test question must be marked YES, NO, OR NA and include supporting documentation when prescribed controls are found deficient. For these conditions (that is, necessary management controls are not in place or not operative) the checklist Remarks block must refer to documents defining the problem together with details on corrective actions taken and planned. This checklist must be used within 120 days of initial publication and every two years thereafter.

EVENT CYCLE 1: Cash Management

Maintain an adequate cash balance at all times to meet obligation and expenditure requirements.

Risk: Cash may not be available to meet expenses and/or an Anti- Deficiency violation could result from obligations exceeding budgetary authority.

Control Objective: Continual monitoring of sources of income and cash requirements.

Control Technique: Require continual clearing of billable costs, aggressive follow-up of receivables, prompt distributions of costs to benefiting projects, review of all distributive rates (including plant charges: depreciation, increment, and insurance), and cash reconciliation performed each month.

Test Questions:

1. Is RF cash (general ledger 101000) reconciled with the USACE Finance Center's constructed monthly cash reconciliation? (Report ID – rfc)

Response: YES NO NA

Remarks:

2. Are procedures in effect to ensure that all RF rates (Departmental Overhead rate, General and Administrative rate, plant, shop and facility services) are reviewed at least quarterly as required by ER 37-1-30?

Response: YES NO NA

Remarks:

3. Are centralized accounts and invoice clearing accounts distributed on a monthly basis?

Response: YES NO NA

Remarks:

4. Are procedures in effect to ensure that all RF distributions are reviewed to validate that projects (or other accounts) are being charged based solely on actual benefit received?

Response: YES NO NA

Remarks:

5. Are procedures in place to ensure that plant managers and facility managers process distributions to customers on no less than a monthly basis? (Report ID – nombalr, nobr_det, 66m_det)

Response: YES NO NA

Remarks:

6. Are accountants reviewing the ENG 3021, Results from Operations Report, monthly to ensure that costs are billed timely? (Report ID – 66m, 66m_det)

Response: YES NO NA

Remarks:

7. Are accounts receivable over 30 days old reviewed, proper follow-up action conducted, and results documented? (Report ID – arec)

Response: YES NO NA

Remarks:

EVENT CYCLE 2: Plant Replacement and Improvement Program (PRIP)

Risk: Improper use of PRIP funds in acquiring plant, property, and equipment.

Objective: Ensure that all funds are properly used and accounted for in the acquisition of PRIP plant, property and equipment.

Control Technique: Require that all PRIP requirements, acquisitions and expenditures are consistent with established policies.

Test Questions:

1. Are all plant, property, and equipment purchased through PRIP when they meet the PRIP investment threshold?

Response: YES NO NA

Remarks:

2. Are plant, property and equipment purchased to serve only one project acquired with that project's funds and not with PRIP?

Response: YES NO NA

Remarks:

3. Does specific authority exist for construction, improvement and replacement of PRIP buildings?

Response: YES NO NA

Remarks:

4. Is the plant increment surcharge applied to all PRIP assets unless a waiver is approved by CERM-F and maintained in the asset folder?

Response: YES NO NA

Remarks:

5. Is construction of area/project offices exclusively for multiple military projects financed either with Military Construction, Army (MCA) or Operation and Maintenance, Army (OMA) funds?

Response: YES NO NA

Remarks:

6. Are Revolving Fund work items established in CEFMS II prior to initiation of construction or procurement for acquisition of Revolving Fund assets?

Response: YES NO NA

Remarks:

7. Are procedures adequate to ensure that acquisitions are transferred to plant in service within 90 days of the completion date on the approved ENG Form 3013?

Response: YES NO NA

Remarks:

8. Is the proper recovery period established for each asset according to ER 37-1-30, Appendix K?

Response: YES NO NA

Remarks:

9. Is the recovery period (a.k.a. useful life) reduced based upon evidence that the asset will not remain in service for the established period?

Response: YES NO NA

Remarks:

10. Are plant accounts properly classified in Group and Non-Group operating accounts?

Response: YES NO NA

Remarks:

11. Has the Finance and Accounting Office conducted quarterly joint reviews of each operating account with the asset manager to ensure that rates are properly set and that account balances are reasonable and within allowable tolerances?

Response: YES NO NA

Remarks:

12. Is the operating rate constructed to recoup the full cost to operate the asset and a reasonable allowance for anticipated repairs and maintenance costs?

Response: YES NO NA

Remarks:

13. Is plant usage reviewed to ensure sufficient work/need for the asset?

Response: YES NO NA

Remarks:

14. Is excess capacity offered to other customers in the region or across USACE?

Response: YES NO NA

Remarks:

15. Is the borrowing command charged with the cost of operation when the asset is used by another USACE Command?

Response: YES NO NA

Remarks:

16. Is excess plant and equipment offered for transfer to other Revolving Fund activities?

Response: YES NO NA

Remarks:

17. Are book cost and accumulated depreciation recorded at both the losing and gaining command within the same accounting period when property is transferred under continuing Revolving Fund ownership?

Response: YES NO NA

Remarks:

18. Are claims against the insurance reserve for PRIP assets submitted to Headquarters Directorate of Resource Management (CERM-F) for approval?

Response: YES NO NA

Remarks:

EVENT CYCLE 3: Labor and Payroll Accounting

Risk: Untimely processing of payroll and inaccurate labor distribution.

Objective: It is essential that the true financial position of the Revolving Fund be recorded and reported to higher authority. Ensure that every effort is made to promptly record labor

transactions and obtain reimbursement from using appropriations or projects.

Control Technique: Ensure that all effective labor rates are reviewed and adjusted if necessary.

Test Questions ("*" questions must be answered at the regional level, if the region is in a regional rate setting):

1. Are Government Contribution and Leave Liability accounts reviewed at least quarterly?*

Response: YES NO NA

Remarks:

2. Are Government Contribution and Leave Liability accounts reconciled with the Civilian Pay Office (DFAS) Unpaid Accrued Leave Liability Report monthly?

Response: YES NO NA

Remarks:

3. Is personnel information updated in CEFMS II prior to opening each bi-weekly pay period for entry of time and attendance data?

Response: YES NO NA

Remarks:

4. Is a Purchase Request and Commitment (PR&C) entered in CEFMS II at the time a cash award notification of personnel action (NPA) is approved?

Response: YES NO NA

Remarks:

5. Does the leave liability reserve fully fund the actual leave liability at all times?*

Response: YES NO NA

Remarks:

6. Are overtime and compensatory time authorized on ENG Form 6032 and ENG Form 6033, or a tour of duty letter prior to performance of work, or immediately following work for emergencies?

Response: YES NO NA

Remarks:

7. Is the SF1166 from the DFAS Payroll Office recorded in CEFMS II within five business days following the pay disbursement date, or according to the schedule provided by the USACE Finance Center?

Response: YES NO NA

Remarks:

8. Is an employee's accrued leave transferred within 30 days of when the employee is transferred to another Corps command serviced by the Revolving Fund?

Response: YES NO NA

Remarks:

EVENT CYCLE 4: Function of Shop and Facility Accounts including Centralized Activities at the MSC or USACE level.

Risk: Inaccurate distribution of operating expenses and income of shops, laboratories, garages, and other facilities.

Objective: Accurate maintenance of the accounts enables the ready analysis of workload, efficiency of the operation, and profit or loss connected with the particular facility by the operating managers.

Control Technique: Follow prescribed procedures in ER 37-1-30 for analyzing and reconciling accounting data.

Test Questions:

1. Are operating budgets prepared for each S&F account using the CEFMS II operating budget module?

Response: YES NO NA

Remarks:

2. Are the S&F accounts analyzed at least quarterly and is action taken to adjust rates when needed?

Response: YES NO NA

Remarks:

3. Are predetermined rates used for distribution of laboratory operation (RF41)?

Response: YES NO NA

Remarks:

4. Are S&F costs accrued monthly as required by ER 37-1-30?

Response: YES NO NA

Remarks:

5. Are S&F accounts distributed by the facility manager on a monthly basis?

Response: YES NO NA

Remarks:

6. Does the Finance and Accounting Office monitor S&F accounts monthly to ensure that costs are billed promptly and that the account balance is appropriate?

Response: YES NO NA

Remarks:

7. Do S&F accounts meet the nominal balance requirement at the end of each quarter, both

individually and collectively?

Response: YES NO NA

Remarks:

EVENT CYCLE 5: Overhead. General & Administrative (G&A) and Departmental

Risk: Reliance on inaccurate reports of resources devoted to overhead functions may contribute to faulty management decisions and costs not distributed within the proper accounting period.

Objective: Ensure effective recording and reporting of the G&A and Departmental Overhead functions of the District.

Control Technique: Ensure the costs of performing these functions are budgeted and continuously controlled to the fullest extent practicable.

Test Questions ("*" questions must be answered at the regional level, if the region is in a regional rate setting).

1. Are budgets prepared in the CEFMS II operating budget module for the G&A, departmental and area office overhead accounts?

Response: YES NO NA

Remarks:

2. Are the G&A, departmental, and area office overhead (TAD only) accounts reviewed at least quarterly?

Response: YES NO NA

Remarks:

3. Are distributive costs of S&F included in the general overhead/departmental overhead base in computing rates?

Response: YES NO NA

Remarks:

4. Is the 15-minute rule used to charge labor to projects and overhead accounts?

Response: YES NO NA

Remarks:

5. Is the G&A overhead and the DOH expense incurred and distributed during the same fiscal year? *

Response: YES NO NA

Remarks:

6. At year end, are nominal balances within plus or minus one percent (+/-1%) of current year expenditures? *

Response: YES NO NA

Remarks:

7. If a G&A or DOH account falls outside the allowable balance at the mid- year and third quarter review, are reasons given and are actions taken to ensure that the balance is corrected by the end of the fiscal year?*

Response: YES NO NA

Remarks:

8. If a G&A or DOH account falls outside the allowable balance at year end, are reasons given and are actions identified to ensure that the balance is corrected in the next fiscal year? *

Response: YES NO NA

Remarks:

9. Are standard indirect costs charged to DOH accounts as required by ER 37-1-30, Chapter 20?

Response: YES NO NA

Remarks:

Appendix B
Internal Management Control Review Checklist
Military Construction Supervision and Administration (S&A)

FUNCTION. This checklist will be used at each U.S. Army Corps of Engineers command where military supervision and administration accounts are operated in the Revolving Fund. The responsible principal and mandatory schedule for using the checklist will be shown in the annually updated Management Control Plan. The following designated responsible principals are assigned:

- A. ORGANIZATION NAME:
- B. ACTION OFFICER:
- C. REVIEW OFFICER:
- D. DATE COMPLETED:

PURPOSE. The purpose of this checklist is to assist districts and MSCs in managing and executing the construction program efficiently and in compliance with public law, regulations, and other guidance.

INSTRUCTIONS. The checklist below is intended to augment the checklist in ER 37-1-24, Fiscal Administration of Operating Budgets. S&A functions will be evaluated quarterly through the CMR process. Guidance for evaluation of S&A is contained in the CCG which is updated annually and posted on the HQUSACE Resource Management web page. Performance is evaluated against the original or mid-year schedules in CMR.

Each test question must be marked 'YES, NO, OR NA' and include supporting documentation when prescribed controls are found deficient. For these conditions (that is, necessary management controls are not in place or not operative) the checklist Remarks ' block must refer to documents defining the problem together with details on corrective actions taken and planned. This checklist will be used by MSCs on even numbered years and districts on odd numbered years.

EVENT CYCLE: Military Construction (S&A)

RISK: The Corps-wide S&A rate may not be accumulated in the Revolving Fund and distributed to line items or projects for all military construction projects.

Control Objective: Assure that S&A costs are accumulated and distributed to Military projects.

Control Technique: Require that S&A be accounted for in compliance with governing regulations.

Test Questions:

1. Do sales recorded in the RF65 and RF66 accounts equal S&A charged to military projects?

Response: YES NO NA

Remarks:

2. Were original and mid-year S&A schedules submitted to HQUSACE on time?

Response: YES NO NA

Remarks:

3. Is the MSC/Center in compliance with CMR indicator - MILCON S&A?

Response: YES NO NA

Remarks:

4. Is the MSC/Center in compliance with CMR indicator - O&M S&A?

Response: YES NO NA

Remarks:

5. Is the MSC/Center in compliance with CMR indicator - S&A Gains and Losses?

Response: YES NO NA

Remarks:

6. Is the MSC/Center in compliance with CMR indicator - S&A Leakage?

Response: YES NO NA

Remarks:

Appendix C
 Military Appropriations and Symbols

Symbol	Appropriation Title
One Year:	
021-2010	Military Personnel, Army
021-2020	Operation and Maintenance, Army (OMA)
021-2065	Operation and Maintenance, Army National Guard (OMANG)
021-2080	Operation and Maintenance, Army Reserve (OMAR)
057-3400	Operation and Maintenance, Air Force
057-3740	Operation and Maintenance, Air Force Reserve
057-3840	Operation and Maintenance, Air National Guard
057-7045	Operation and Maintenance, Air Force Family Housing
097-0100	Operation and Maintenance, Defense Agencies
Two Year:	
021-2040	Research, Development, Test & Evaluation, Army (RDT&E)
057-3600	Research, Development, Test & Evaluation, Air Force
097-0400	Research, Development, Test & Evaluation, Defense Agencies
097-0839	Quality of Life Enhancements, Defense Agencies
Three Year:	
021-1096	Iraqi Relief and Reconstruction Fund, Army
021-2035	Other Procurement, Army (OPA)
057-3010	Aircraft Procurement, Air Force
057-3020	Missile Procurement, Air Force
057-3080	Other Procurement, Air Force
097-0300	Procurement, Defense Agencies

Military Appropriations and Symbols
(continued)

Symbol	Appropriation Title
Five Year:	
021-2050	Military Construction, Army (MCA)
021-2085	Military Construction, Army National Guard
021-2086	Military Construction, Army Reserve
057-3300	Military Construction, Air Force
057-3730	Military Construction, Air Force Reserve
057-3830	Military Construction, Air National Guard
057-7040	Military Construction, Air Force Family Housing
097-0500	Military Construction, Defense Agencies
No Year:	
097-0390	Chemical Agents and Munitions Destruction, Defense
097-0516	Base Realignment and Closure (BRAC)
097-4930	Defense Business Operations Fund (DBOF)
097-4090	Homeowners Assistance Fund, Defense
097-8242	Foreign Military Sales (FMS)

Appendix D
 Appropriation Life Cycle

There are three phases associated with the life cycle of an appropriation. Phase one is defined as “current.” Phase two is defined as “expired.” Phase three is defined as “canceled” or “closed.” “Current” funds are available for one to five years (unless they are no year funds), depending on appropriation type, for new obligations and payments for services required or rendered. After the last year of an appropriation’s life, it transitions into phase two status or the “expired” state. All appropriations remain in the expired state for a period of five years. “Expired” funds are available for in-scope obligation adjustments and for payments on prior obligations only. In the final year of phase two, funds then reach their “cancelled” status and are no longer available for in-scope obligation adjustments or to liquidate previously recorded obligations.

The example below assumes Fiscal Year 2017 is “current year.”

Fiscal Year (1 Oct-30 Sept)	Current	Expired	Cancelled
OMA (2020) - 1 year life	FY17	FY18-22	FY23 and beyond
RDT&E (2040) - 2 year life	FY17-18	FY19-23	FY24 and beyond
Procurement (2035) - 3 year life	FY17-19	FY20-24	FY25 and beyond
MILCON (2050) -5 year life	FY17-21	FY22-26	FY27 and beyond

Appendix E
Required Format for Flash Report

Office Symbol

Date

FOR: Deputy Assistant Secretary of the Army (Financial Operations), Office of the Assistant Secretary of the Army (Financial & Comptroller) 109 Army Pentagon, Washington, DC 20131- 109

THROUGH: HQUSACE, Director of Resource Management (Attn: CERM-F)

SUBJECT: Alleged Anti-Deficiency Act (ADA) Violation

4. References:

a. DoD FMR 7000.14-R,, Volume 14, Chapter 3
(https://comptroller.defense.gov/FMR/vol14_chapters.aspx).

b. Other pertinent references for this report.

5. According to reference 1.b., the flash report of an alleged ADA violation follows:

a. Accounting classification of funds:

b. Name and location of the activity where the alleged violation occurred:

c. Name and location of the activity issuing the funds authorization:

d. Amount of fund authorization or limitation that was allegedly exceeded:

e. Amount and nature of the alleged violation:

f. Date the alleged violation occurred:

g. Date discovered:

h. Means of Discovery:

/s/
Commander's Signature

Appendix F Apportionment Procedures

1. Requesting Initial Apportionment Document (SF132):

a. A Budget Analyst in the Headquarters, USACE- Directorate of Resource Management Office organizes estimates from various sources including CEFMS II and USACE Directorate of Civil Works, Project Programs Branch to fill-in the Apportionment and Reapportionment Schedule (SF132). A hard copy of the SF 132 is printed for agency coordination, review, and approval as described below.

b. Review Process: A hard copy of the SF132 is subsequently provided to the Civil Works Directorate Civil Project Programs Branch, Chief of Resource Management Budget and Programs Division, and the Deputy Director of the Resource Management for approval.

(1) The approved document is provided to the Director of Resource Management (DRM) for review and final approval at agency level.

(2) Upon DRM approval, the SF132 is provided by the Directorate of Resource Management to the Office of the Assistant Secretary of Army Civil Works ASA (CW) and the Office of Management and Budget, electronically, for review and approval.

(3) Once approved by ASA (CW), the Agency Budget Analyst submits the data through the MAX database system for OMB approval.

(4) Upon OMB's approval, the approved SF132 is electronically forwarded to USACE, Directorate of Resource Management and the USACE Finance Center.

2. Requesting Re-Apportionments:

a. After the first apportionment for the year, reapportionment request are issued consistent with the OMB Circular Number A-11 section 120.48 unless they meet the exception requirements provided in section 120.49 or 120.50. Reapportionment request follow the same review process listed above.

3. Deficiency Apportionments:

a. Any apportionment that anticipates the need for a supplemental appropriation under title 31 section 1515 of the United States Code will be explicitly identified on the apportionment request made by the head of the agency or designee. The head of the agency or designee must determine that the request is required because of laws enacted after the annual budget submission to Congress that require expenditure beyond current administrative fund control; an emergency involving the safety of human life, the protection of property, or the immediate welfare of

individuals such that current appropriations prove insufficient to pay; or other specific authorization made by law.

b. Apportionments may include estimates of the amounts of budgetary resources anticipated to be expended under previously enacted law. The approval of a deficiency apportionment by OMB and subsequent transmittal to Congress does not authorize the use of any amounts not yet provided by Congress. OMB is merely notifying Congress that funds appropriated to date are being obligated at a rate faster than anticipated. There is no guarantee that Congress will approve any part of any associated supplemental request and any obligation incurred prior to the provision of supplemental funding by Congress is in violation of the Anti-Deficiency Act.

Appendix G-1
 Historical S&A Rates by Type of Appropriation

MILCON			O&M		
Implemented	CONUS	OCONUS	Implemented	CONUS	OCONUS
1 JAN 63	7.5%	7.5%	1 APR 85	7.5%	7.5%
1 MAR 65	7.0%	7.0%	1 OCT 89	8.0%	8.5%
1 JUL 65	6.7%	6.7%	1 OCT 93	7.5%	8.5%
1 OCT 65	6.5%	6.5%	1 OCT 95	7.0%	8.5%
1 NOV 66	6.0%	6.0%	1 OCT 96	6.5%	8.5%
1 JUL 67	5.8%	5.8%	1 OCT 97	6.5%	8.0%
1 JAN 71	5.6%	5.6%	1 OCT 06	6.5%	7.5%
1 JUL 71	5.4%	5.4%	1 APR 08	5.8%	7.5%
1 JUL 72	5.0%	5.0%	1 FEB 10	5.6%*	7.5%
1 OCT 78	5.2%	5.2%	DERP		
1 OCT 79	5.0%	6.5%	Implemented	CONUS	OCONUS
1 OCT 83	5.5%	5.5%	1 OCT 93	8.0%	8.5%
1 OCT 89	6.0%	6.5%	1 APR 04	7.0%	7.5%
1 OCT 95	5.7%	6.5%	1 OCT 06	6.5%	7.5%
			1 APR 08	5.8%	7.5%
			1 FEB 10	5.6%	7.5%

Appendix G-2

Post-Award Construction Activities Chargeable to S&A

G-2-1. Post-award activities, which are charged to the flat rate S&A account for projects subject to the flat rate procedures or to the benefiting project in the case of at-cost work, consist primarily of project management, construction management, contract administration, and quality assurance (QA) activities.

G-2-2. Post-award activities include project management during construction, construction management, contract administration and QA tasks that occur after award of a construction contract. The project management activities listed below are charged to the flat rate S&A account. Activities of managers in the construction functional element directly attributable to projects are charged to the S&A account. This includes various construction phase activities performed as a member of the project delivery team and directly related to administration and enforcement of construction contracts. These activities occur from award to fiscal close-out of the contract:

- a. Reviews of insurance certificates submitted by the prime contractor on behalf of subcontractors.
- b. Preparation and execution of QA plans.
- c. QA sampling and testing of materials primarily for the purpose of determining effectiveness of the quality control system or compliance with plans and specifications. Sampling and testing performed for the purpose of verifying design assumptions are not charged to the flat rate S&A account.
- d. Estimates of materials or work quantities, including any required measurements or calculation.
- e. Participation in QA and quality control (QC) coordination meetings.
- f. Review of QC three-phase inspections and tracking of deficiencies, quality verification/surveillance of contractor's QC system, review of contractor QC reports, preparation of QA reports, inspections and surveys to ensure that construction is performed in compliance with plans and specifications, including verification of layouts, benchmarks, and similar activities.
- g. Participation in project-funded conferences.
- h. Review and approval of contractor submitted Division 1 plans and programs, such as QC Plans, safety plans, environmental protection plans, and similar documents.

i. Review and approval of the preliminary, initial project schedule and all periodic schedule updates.

j. Review and monitoring of SF 1413 submissions.

k. Contracting Officer Representative (COR) and Administrative Contracting Officer (ACO) functions associated with the day-to-day interpretation and enforcement of the contract technical provisions and contract clauses.

l. ACO functions associated with the execution of contract modifications. These functions include issue of requests for proposal (RFPs), Individual Procurement Action Report (DD Form 350), preparation of pre-negotiation objective memoranda (POM), conducting negotiations, preparation of post-negotiation memoranda (PNM), and execution of SF-30. All effort related to preparation and issue of design or customer changes are not chargeable to the S&A flat rate accounts and should be charged to DDC funds.

m. Attempted resolution of potential contract disputes and requests for equitable adjustment. These activities include cost of Government or contract personnel, special consultants, and technical experts within the district or Center of Expertise up to the point in time a written Contracting Officer's (CO) decision is issued per the Disputes Clause of the contract. After the issuance of a final CO's decision, Office of Counsel is funded by the G&A account to defend against any further appeals. In-house technical labor, other administrative costs, and expert witnesses are funded by S&A. Supplemental nationally recognized expert witnesses and outside legal services, in addition to or in lieu of available in-house resources, used to enhance credibility and effectiveness of defense against contractor claims, are paid by the customer from appropriate project funds and not charged to the flat rate S&A accounts. Customer approval of these "risk management" costs is required before the government commits funds for this cost.

n. Labor-related items to ensure compliance with the Davis-Bacon Act, conduct labor interviews, reports, and other labor-related activities.

o. Management of contract funds and preparation of funding requests.

p. Review and processing of progress pay estimates, verification of bid item quantities.

q. Processing routine document transmittals.

r. Preparation of construction contractor interim and final performance evaluations; and architect/engineer (A/E) performance evaluation after construction.

s. Management of contracted services such as third-party supervision and QA of construction. This includes health and safety personnel for hazardous toxic radioactive waste

(HTRW) projects.

t. Performance of actions related to default or termination of a contract.

u. Supervision and/or QA of systems start-up, primarily for environmental restoration projects. S&A of O&M activities are not normally covered by the S&A flat rate. Actual cost will be charged to the project for these long term non-construction activities that are typically funded with future year O&M funds.

v. Responding to routine requests for information (RFI) and clarification of the plans and specifications requested by contractors. However, RFIs and similar requests by the contractor for clarification of prescriptive contract requirements or performance requirements which are the result of errors and omissions (E&O) in the contract documents are not charged to the flat rate S&A accounts. In the case of in-house designs, the project must fund this effort. In the case of a project designed by A/Es under contract to USACE, the A/E is responsible for responding to RFIs associated with E&O's at no additional cost. The standard of care expected from the contracted A/E does not imply a perfect set of contract documents and, therefore, some judgment is required when directing the A/E to perform corrections to its design at no additional cost.

w. Routine coordination among USACE personnel, project sponsor and user(s). When extraordinary effort is necessary, effort will be charged to other than S&A. Examples of extraordinary effort are provided in ER 415-1-16.

x. Preparation and review of the construction daily log, including routine safety inspections and comments.

y. Pre-final and final inspections and transfer of facilities to owner, with proper documentation. Verification of complete correction of final deficiency list (punch list).

z. Review of operations and maintenance manuals.

aa. Photography/videotapes for progress reports.

ab. Review of "as-built" drawings prepared by the construction contractor.

ac. Warranty enforcement, including four and nine-month inspections.

ad. QA of site closure and post-construction maintenance, especially at environmental restoration projects.

ae. HTRW testing and chemical analysis to determine nature and extent of contamination, HTRW construction documentation reports, including chemical and geotechnical data

management, well logs and embankment criteria for design purposes are chargeable directly to the project.

af. Financial closeout of contracts.

ag. Review and management of potential A/E responsibility action cases by construction personnel, Contracting Office and PM. Once determined to involve A/E responsibility, the S&A account is no longer charged. Government effort to recover damages is funded from project funds/construction contingencies.

ah. Review of submittals and shop drawings that are NOT extensions of the design.

ai. Post-award partnering activities with construction contractor.

Appendix G-3

Consistent Charging Practices For S&A and Design During Construction (DDC) Costs For Design-Build (D-B) Projects Subject to Flat Rate Procedures

G-3-1. The contractor is responsible and liable for the integrity of the design. USACE activities must ensure that contractor prepared design documents accurately reflect the solicitation and accepted proposal. USACE must also ensure the completed project meets the proponent’s requirements and is consistent with the project authorization.

G-3-2. After award of a D-B contract, DDC will fund technical reviews of the contractor’s design submittals. The reviews ensure general conformity with the design performance criteria and any prescriptive requirements. The reviews are not necessarily comprehensive and, therefore, may not include checking all design calculations. Technical reviews are essentially conducted to ensure code compliance and technical compliance with the solicitation and accepted proposal. Technical reviews of the contractor’s designs may include mandatory reviews by Technical Centers of Expertise when required by USACE policy. Responding to contractor RFIs and similar requests relating to the interpretation or clarification of design intent or performance specifications in a solicitation prepared in-house is also funded with DDC. When solicitation documents are prepared by a contracted A/E firm, the cost is the responsibility of the A/E.

G-3-3. The table below lists typical post-award activities and the required funding source, DDC or S&A.

Activity	DDC	S&A
Post-award conference		X
Preparation of QA plans		X
Partnering conference		X
Train contractor in QCS system		X
Activity	DDC	S&A
Review safety plan		X

Review project schedule		X
Review schedule updates		X

Review construction QC plan		X
Review design QC plan	X	
Review environmental protection plan		X
Initial design conference	X	
Design review conferences	X	(Note 1)
Coordination of design issues among contractor, COR, user, USACE design manager and PM	X	
Designs to correct errors and omissions in RFP criteria prepared in-house (Note 2)	X	
Set-up and manage Dr. Checks design review comments	X	
Design reviews (functional, technical, code compliance) by geographic district, Chief of Staff or the RFP A/E	X	
Pre-construction conference and partnering activities		X
Design-related permit coordination among permitting agency, user, and contractor	X	(Note 3)
Construction-related permit coordination among permitting agency, user and contractor (Note 4)		X
Process progress payments		X
Change management		X
Designs for contract changes	X	
Cost estimates for contract changes	X	
Preparation of RFP, PNM, POM and SF30's for contract modifications		X
Activity	DDC	S&A
Process/manage correspondence (Note 5)		X
Filing, logging, mailing (Note 5)		X

Review/coordinate temporary site layout plans		X
Review/coordinate temporary power plans		X
Weekly coordination meeting (note 6)	X	X
Verify/document design-related LEED strategies	X	
Verify/document construction phase leadership in energy and environmental design (LEED) strategies		X
LEED certification by United States Green Building Council (USGBC)	X	

Notes:

1. Some charging to S&A may be appropriate consistent with the level of effort related to any construction issues addressed during these meetings.
2. Costs for designs to correct errors and omissions in RFP criteria prepared by A/E firms under contract to USACE are the responsibility of the A/E and are not charged to DDC. Each USACE command will follow its written procedures implementing A/E Responsibility Management Program (AERMP), according to Engineer Pamphlet (EP) 715-1-7, to assess A/E liability.
3. The majority of permit activities are S&A funded. There are a few activities, such as the storm water management permit activities required by many states, that are unique to the design (require hydraulic and hydrologic calculations) that are funded with DDC. All admin effort for design-type permits (submission, tracking, coordination) is funded by DDC.
4. Any construction-related permit where USACE provides assistance to the construction contractor solely as a "permission" to start work is an S&A function. For example, digging permits required by the installation.
5. Some of these costs are more appropriately charged to CDO, depending on degree of direct project application.
6. Charging to DDC and S&A is proportional to the level of effort associated with design issues and construction issues, respectively.

Appendix G-4
Pre-Award Construction Activities

The following pre-award activities are charged to the P&D or E&D funds and are not charged to the flat rate S&A account.

- a. Determination of the liquidated damages to be included in the contract.
- b. Estimate of contract performance period.
- c. Construction personnel input in preparation of the PMP.
- d. Reviews and analyses of plans and specifications from the onset of project planning or concept design, to include bid-ability, constructability, operability, and environmental (BCOE) reviews of design documents, BCOE back checks, and certifications.
- e. Participation on A/E Pre-Selection Board.
- f. Participation in PDT meetings for orientation of designer(s) and conferences of construction staff to establish construction sequence and other activities with design personnel and to become familiar with design requirements.
- g. Preparation of acquisition plans, including small business plans.
- h. Preparation of contract clauses.
- i. Obtaining necessary leases, permits and similar project-related actions before construction contract award.
- j. Activities associated with bid openings.
- k. Activities associated with price negotiations for award of construction contracts.
- l. Developing and processing the RFP, including establishing the selection criteria and participating on source selection committees and boards.
- m. Pre-qualification of bidders for construction contracts.
- n. Performance of technical portion of pre-award survey
- o. Development of scopes of work for Indefinite Delivery and Indefinite Quantify (IDIQ) and similar types of contracts.

- p. Participation in pre-selection conferences.
- q. Participation and issuance of solicitation amendments.
- r. Preparation of independent Government estimate.
- s. Conducting site visits for bidders.
- t. Planning and staffing for individual new projects.
- u. Participation on Source Selection Evaluation Boards.
- v. Preparation of draft DD Form 1354 Transfer and Acceptance of Military Real Property. The draft Form 1354 is prepared/updated post-award (using contract award value) using P&D funds if obligated as part of the A/E contract.
- w. Resolution of agency protests to construction contract awards.
- x. Reproduction and provision of final awarded contract documents, including drawings and specifications.

Appendix G-5

Post-Award Activities Not Chargeable to Flat Rate S&A Accounts

G-5-1. When using the traditional Design-Bid-Build (DBB) delivery method, the activities below are charged to the project and not flat rate S&A accounts. The S&A income earned on the design costs may not be used to supplement these efforts. The level of effort and costs for these efforts must be consistent with the risks involved. The goal is to balance the costs incurred with the risks avoided.

- a. Technical reviews of the contractor's design submittals.
- b. Code compliance reviews.
- c. Reviews to insure compliance with the solicitation and accepted proposal.

G-5-2. When using the traditional delivery method, shop drawing reviews for Government approval which are extensions of the design are funded by the project and are not charged to flat rate S&A accounts.

G-5-3. For either delivery method, the following are charged to the project and not flat rate S&A accounts:

- a. Preparation of designs to accommodate user requested changes, including user changes to Government furnished property;
- b. Preparation of designs and other design activities to overcome unknown site conditions that could not have been discovered under normal and prudent geophysical investigations;
- c. Correction of errors and omissions in the contract documents prepared by in-house staff.
- d. Responding to RFI's and similar contractor requests for information relating to the interpretation or clarification of prescriptive or performance specifications in a solicitation prepared in-house.
- e. Mandatory design reviews by Centers of Expertise.
- f. Preparation of O&M Systems Manual by A/Es.
- g. Multiple user-requested changes that result in an inordinate amount of effort by USACE to prepare independent government estimates (IGE), PNMs, negotiations, POMs and modification execution, particularly when the aggregate value of the modifications is not significant in relation to the original contract amount.

h. Testing and commissioning efforts by the Government in excess of those specified in the Unified Facilities Guide Specifications technical provision.

Appendix G-6
Consolidated Departmental Overhead (CDO) Costs and Activities

G-6-1. Technical function departmental overhead accounts are generally consolidated into a single CDO account with the exception of Operations, Emergency Management and Regulatory. The CDO combines the departmental overhead costs of selected technical functions and recovers these costs through one consolidated, regional overhead rate applied to effective labor charged directly to the project. The general rule is that while many of the costs identified herein may be attributable to an individual project, the resources that produce these costs typically are readily and continuously applied against the various projects managed by the district or center and are appropriately charged to overhead. A detailed list of items that must be charged to CDO is contained in chapter 20 of ER 37-1-30. Since charging these costs to an indirect account is mandatory, all employees in consolidated organizations must use a CDO-funded work item for accumulating costs.

G-6-2. Common costs appropriately charged to CDO include:

- a. Labor of any technical employee that is not project specific. Labor is charged to projects or customers in fifteen minute increments, cumulative through the day. When cumulative time is less than fifteen minutes, charge the CDO account. See chapter 6 for direct charging rules;
- b. Labor of the technical division's executive or administrative staff that is not project specific;
- c. Labor for staff supervision, office administration or general secretarial support activities benefitting multiple projects;
- d. Administrative effort for personnel-related actions, such as preparing incentive awards, performance plans, performance objectives, assessments, evaluations, participating on selection panels, counseling employees and similar activities;
- e. Labor during training and attendance at professional seminars;
- f. Labor for attendance at non-project-specific meetings, conferences, staff visits, and similar meetings;
- g. Time spent in the preparation of reports and other construction-related reports and briefings, which include multiple projects or are not project specific (if for a single project then it will be charged to S&A);
- h. Time spent preparing management and manpower surveys, preparation of pamphlets, and revision to regulations, policies and standard operating procedures;

- i. Labor to respond to congressional inquiries of a general nature. Time spent in responding to Freedom of Information Act (FOIA) requests is charged to overhead unless it relates to a specific project;
- j. Time spent by districts or centers in support of higher headquarters' Quality Management Reviews (QMRs), After Action Reviews, command staff inspections or Design and Construction Evaluations (DCEs). MSCs are not authorized to direct charge to projects or the district/center flat rate S&A accounts or CDO accounts;
- k. Incentive awards, bonuses, on-the-spot awards, time-off awards;
- l. Payments for VSIP and Voluntary Early Retirement Authority (VERA);
- m. All costs for conferences, training, and professional seminars, including labor, tuition and temporary duty (TDY) costs;
- n. Permanent change of station (PCS), including travel and labor;
- o. Building maintenance and operations (other than dedicated project/program facilities), including rent and utilities. See ER 415-1-16, chapter 8, for information concerning the rental or acquisition of field offices
- p. Use or lease of vehicles, including GSA vehicles, not related to a single project or customer. Vehicles assigned to and used exclusively for a project are charged to the benefitting project for at-cost work or to the appropriate flat rate account;
- q. Office equipment and supplies, including expendable property under \$25,000, which supports multiple projects. See Chapter 9 for guidance on assets exceeding the capitalization threshold of \$25,000;
- r. Non project-specific transportation (freight), printing and reproduction, visual information, equipment maintenance (excluding office equipment), and other contractual services;
- s. Software and site licenses for computer software including Resident Management System (RMS);
- t. Communications costs; mail costs;
- u. Technical publications (i.e., technical manuals, standards, circulars, etc.) that benefit multiple projects or customers.

Appendix G-7

Construction Subject to MILCON, O&M and DERP Flat Rates

G-7-1. Department of Defense agencies use a wide variety of appropriations when requesting various services from USACE. This Appendix provides common types of work subject to MILCON, O&M, and DERP flat rate S&A. This list is not all inclusive. Contact CERM-F for guidance when performing work not listed below.

G-7-2. Examples of common MILCON work or appropriations subject to MILCON flat rate S&A:

- Army Family Housing (Construction)
- Army Management Fund
- Army National Guard Equipment
- Air Force Family Housing (Construction)*
- Base Closure Program, Army
- Base Closure Program, AF
- Base Closure Program, Navy
- Base Closure Program, Other
- Defense Military Construction
- Department of Defense Dependent Schools (DODDS)
- MILCON, Army
- MILCON, Army National Guard
- MILCON, Army Reserve
- MILCON, Navy
- MILCON, Naval Reserve
- MILCON, Air Force
- MILCON, Air Force Reserve
- MILCON, Air National Guard
- MILCON, Reserve Components, General
- North Atlantic Treaty Organization Infrastructure and defense military construction
- Military construction for Defense Agencies to include Communications, Logistics, Mapping, Medical, Nuclear, Dependents Schools (DODDS,), etc.

*MSCs are authorized to approve actual cost method for Air Force Family Housing (New Construction). Forward a copy of the approval to the S&A Account Manager (CERM-F), HQUSACE Regional Integration Team (RIT) and CEMP-IR.

G-7-3. Certain MILCON-type projects use special authority for Contingency Construction or a temporary program to use Minor Military Construction Authority for construction of child development centers. These MILCON-type projects are normally funded with O&M funds and are entered in CEFMS II with a negotiated O&M rate equal to the MILCON standard rate.

Expenses are charged to the O&M account and income is credited to the O&M account.

G-7-4. Examples of common O&M work or appropriations subject to O&M flat rate S&A:

Air Force Management Fund
Aircraft Procurement, Army
Defense Business Operations Fund (DBOF)
Family Housing O&M, Army
Family Housing O&M, Air Force
Missile Procurement, Army
Navy Stock Fund
O&M, Army
O&M, Army Reserve
O&M, Army National Guard
O&M, Air Force
O&M, Air Force Reserve
O&M, Air National Guard
O&M, Defense Agencies and Dependents Schools
O&M, Marine Corps
O&M, Marine Corps Reserve
O&M, Navy (except dredging)
O&M, Navy Reserve
Other Procurement, Army
Other Procurement, Air Force
Other Procurement, Navy
O&M, Troop Support Agency
Procurement, Defense Agencies
Procurement of Ammunition, Army
Procurement of Equipment & Missiles, Army
Production Base Support
Quality of Life Enhancements, Defense
Real Property Maintenance, Defense (RPMD)
RDT&E, Army
RDT&E, Air Force
RDT&E, Defense Agencies
RDT&E, Navy
Weapons Procurement, Navy

Note: Job Order Contracting (JOC) and other non-construction activities are charged at actual cost; however, if full construction management/QA is provided, the flat rate may be used.

G-7-5. Examples of common work or appropriations subject to DERP flat rate S&A:

Base Closure Program, Environmental Projects

DERP, DOD

DERP, Formerly Used Defense Sites

DERP, Army Installation Restoration

DERP, Air Force Installation Restoration

Note: Separate rates for DERP were used between 1 Oct 1993 and 30 Sep 2006. MSCs are no longer required to charge expenses to the DERP account and can use normal O&M account.

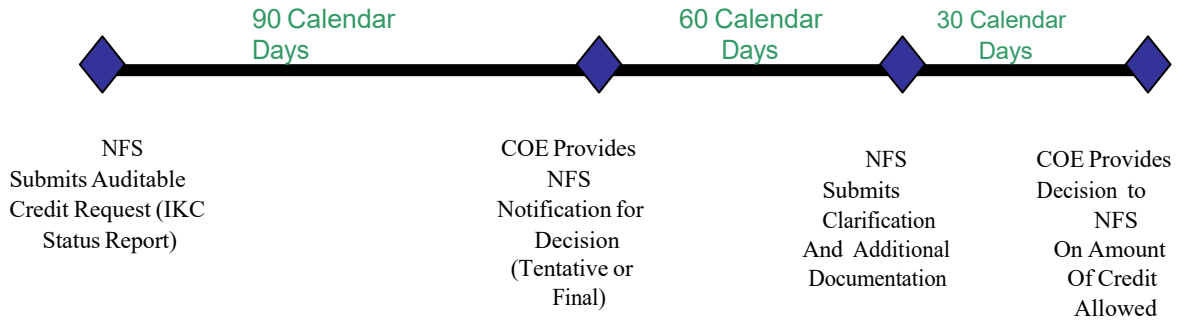
Appendix G-8
Work or Appropriations Not Subject to Flat Rate S&A

The following types of work or appropriations are not subject to flat rate S&A. S&A for these activities is charged at cost. In general, this will also include all construction funded by other than military appropriations (MILCON, O&M, etc.). Overhead is assessed using the district or regional departmental overhead rate and G&A overhead rates. Districts may not negotiate reduced overhead rates with customers. All requests for reduced rates are submitted to CERM-F.

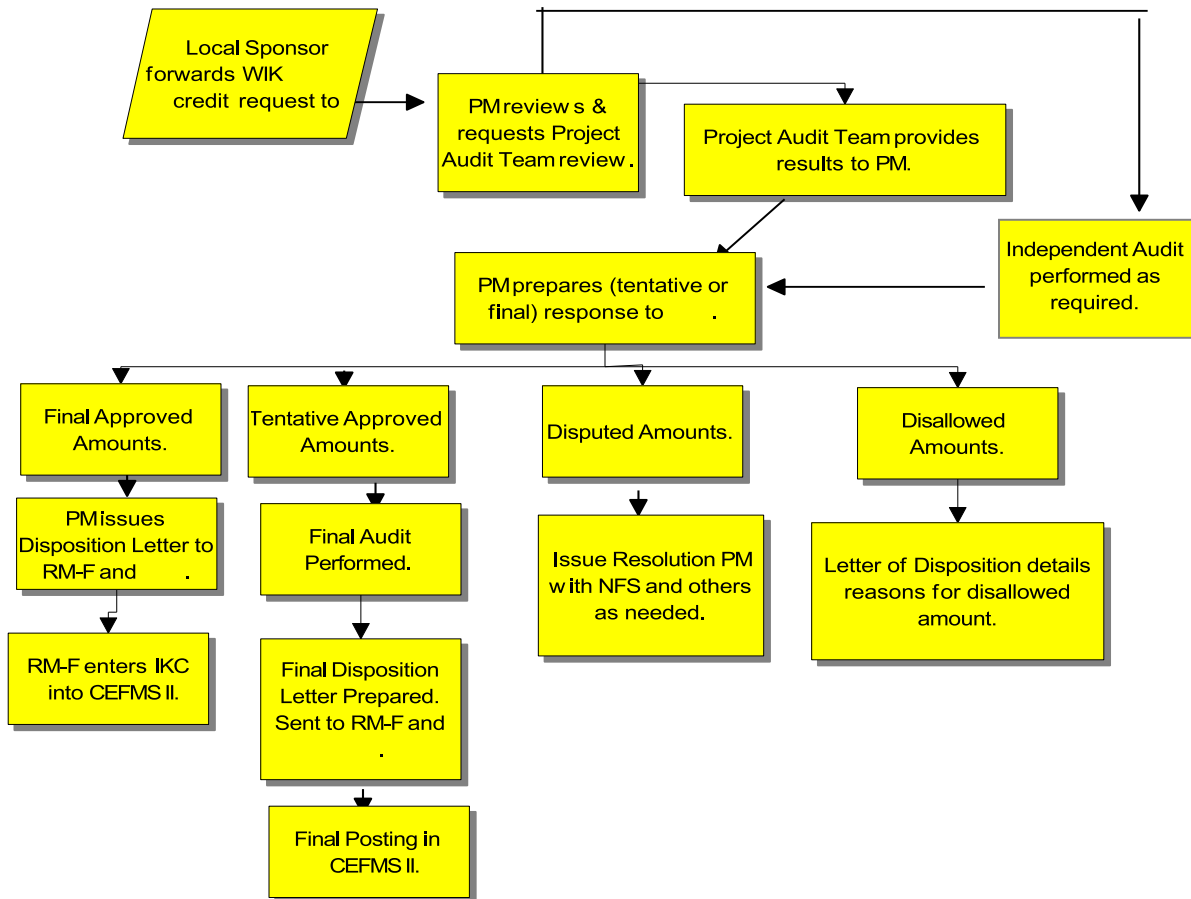
- a. Corps of Engineers Civil Works activities.
- b. Reimbursable work for non-DoD Federal Agencies, States, local government, commercial firms and private individuals (Interagency and International Services).
- c. Dredging for Navy and other DoD Customers; however, the O&M flat rate may be used by mutual agreement with the customer.
- d. Cemetery Expenses, Army (Arlington National Cemetery).
- e. Civil defense activities.
- f. Disaster recovery operations.
- g. Emergency/Wartime Mobilization Exercises.
- h. Environmental Protection Agency Projects and Support for Others (except Rapid Response Program).
- i. Foreign military sales and assistance programs.
- j. Foreign government construction and engineering.
- k. Military construction for U.S. Forces OCONUS, when funded by a host nation.
- l. Non-Appropriated fund activities.
- m. Non-MILCON funds for Chemical Demilitarization Program.
- n. Pentagon renovation.
- o. U. S. Soldiers' and Airmen Home.

- p. JOC, TMC, OMEE, and contracts for operation services and functions.
- q. Indian Incentive Rebate Program is not charged S&A even in conjunction with a military appropriation.

IN-KIND CREDIT TIME LINE FOR EACH CREDIT REQUEST



WORK IN-KIND REVIEW/APPROVAL PROCESS





Department of Natural Resources
P.O. Box 44277
Anytown, State 00000-4277

~~~~~

Mr. John Doe  
U.S. Army Corps of Engineers  
Project Manager  
P.O. Box 40000  
Anytown, State 00000-4000

Dear Mr. Doe,

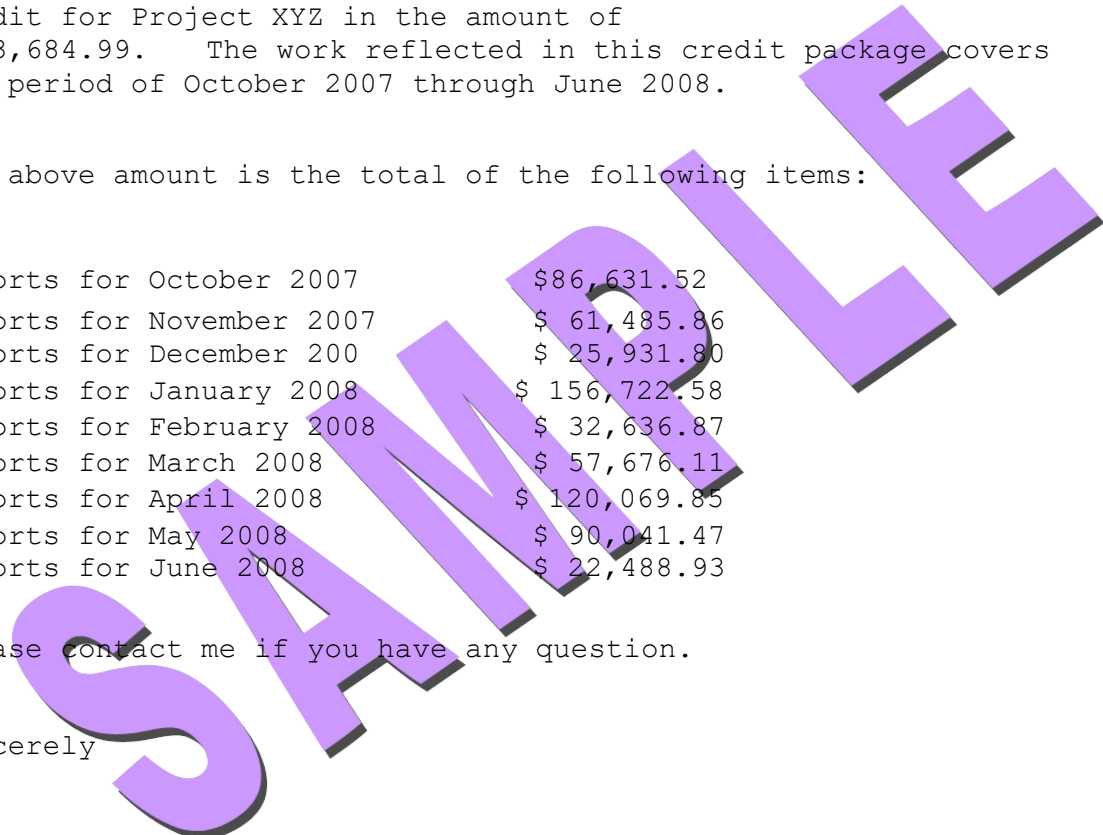
As per the Project Cooperative Agreement between the Department of the Army and the Department of Natural Resources dated September 27, 2003, the Department of Natural Resources does hereby request credit for Project XYZ in the amount of \$653,684.99. The work reflected in this credit package covers the period of October 2007 through June 2008.

The above amount is the total of the following items:

|                           |               |
|---------------------------|---------------|
| Efforts for October 2007  | \$86,631.52   |
| Efforts for November 2007 | \$ 61,485.86  |
| Efforts for December 200  | \$ 25,931.80  |
| Efforts for January 2008  | \$ 156,722.58 |
| Efforts for February 2008 | \$ 32,636.87  |
| Efforts for March 2008    | \$ 57,676.11  |
| Efforts for April 2008    | \$ 120,069.85 |
| Efforts for May 2008      | \$ 90,041.47  |
| Efforts for June 2008     | \$ 22,488.93  |

Please contact me if you have any question.

Sincerely



**DEPARTMENT OF THE ARMY**  
**ANY DISTRICT, CORPS OF ENGINEERS**  
**EXAMPLE FEDERAL BUILDING**  
**CITY, ST 11111-0090**

REPLY TO ATTENTION OF

PLANNING, PROGRAMS AND PROJECT MANAGEMENT DIVISION

August 4, 2008

Ms. Smith  
 Accounts Administrator  
 Office of Management and Finance  
 Department of Natural Resources  
 P.O. Box 44277  
 Anytown, State 00000-4277

Dear Ms. Smith:

Reference the monthly reports submitted to the Corps of Engineers reflecting labor performed by the Department of Natural Resources (DNR) and related expenses relative to the XYZ Project October 2007 thru June 2008. The following monthly breakdown indicates the claimed and approved credits:

| <u>Ending Month</u> | <u>Work-in-Kind Claimed (\$)</u> | <u>Total Allowed</u> |
|---------------------|----------------------------------|----------------------|
| Oct 07              | \$ 86,631.52                     | \$ 86,631.52         |
| Nov 07              | \$ 61,485.86                     | \$ 61,012.95         |
| Dec 07              | \$ 25,931.80                     | \$ 25,931.80         |
| Jan 08              | \$156,722.58                     | \$156,722.58         |
| Feb 08              | \$ 32,636.87                     | \$ 32,636.87         |
| Mar 08              | \$ 57,676.11                     | \$ 57,750.24         |
| Apr 08              | \$120,069.85                     | \$120,069.85         |
| May 08              | \$ 90,041.47                     | \$ 89,967.34         |
| Jun 08              | \$ 22,488.93                     | \$ 17,118.13         |
| TOTAL               | \$ 653,684.99                    | \$ 647,841.28        |

The total non-Federal cost of the XYZ Project is currently estimated at \$ 30,250,000. To date, the total non-Federal contribution equals \$ 27,882,324.41, of which total credits amount to \$4,463,941.42 (including \$535,390 in land credits) and cash contributions of \$23,418,382.99. The remaining balance is \$2,367,675.59. An official audit of these items will be performed before final costs are assigned.

The net amount of \$ 5,843.71 was disallowed. Amounts totaling \$ 974.80 were disallowed due to insufficient documentation and amounts totaling \$ 4,868.91 were disallowed because of missing invoices. These items will be reviewed again upon receipt of support documentation. See attached spreadsheet for more details.

Sincerely,

John Doe  
Senior Project Manager

**SAMPLE**

Disposition of IKC for XYZ Project  
NON-FEDERAL WORK-IN-KIND CREDITS

| DATES COVERED<br>IN PACKAGE | CLAIMED<br>COST | ALLOWED<br>COST | TO<br>AUDIT | FROM<br>AUDIT | ALLOWED<br>TOTAL<br>COST | POSTED<br>in CEFMS |
|-----------------------------|-----------------|-----------------|-------------|---------------|--------------------------|--------------------|
| APR 04                      | \$25,884.80     | \$25,884.80     | Jan-06      | Sep-06        | \$25,884.80              | yes                |
| MAY 04                      | \$97,057.44     | \$97,057.44     | Jan-06      | Sep-06        | \$97,057.44              | yes                |
| JUN 04                      | \$123,982.66    | \$123,982.66    | Jan-06      | Sep-06        | \$123,982.66             | yes                |
| JUL 04                      | \$9,221.41      | \$9,221.41      | Jan-06      | Sep-06        | \$9,221.41               | yes                |
| AUG 04                      | \$167,514.17    | \$167,514.17    | Jan-06      | Sep-06        | \$167,514.17             | yes                |
| SEP 04                      | \$41,194.85     | \$41,194.85     | Jan-06      | Sep-06        | \$41,194.85              | yes                |
| OCT 04                      | \$152,145.12    | \$152,145.12    | Jan-06      | Sep-06        | \$152,145.12             | yes                |
| NOV 04                      | \$135,479.13    | \$135,479.13    | Jan-06      | Sep-06        | \$135,479.13             | yes                |
| DEC 04                      | \$94,312.06     | \$94,312.06     | Jan-06      | Sep-06        | \$94,312.06              | yes                |
| JAN 05                      | \$9,287.19      | \$9,287.19      | Jan-06      | Sep-06        | \$9,287.19               | yes                |
| FEB 05                      | \$133,017.06    | \$133,017.06    | Jan-06      | Sep-06        | \$133,017.06             | yes                |
| MAR 05                      | \$90,485.79     | \$89,796.67     | Jan-06      | Sep-06        | \$89,796.67              | yes                |
| APR 05                      | \$44,040.10     | \$43,985.00     | Jan-06      | Sep-06        | \$43,985.00              | yes                |
| MAY 05                      | \$263,364.54    | \$216,356.00    | Jan-06      | Sep-06        | \$216,356.00             | yes                |
| JUN 05                      | \$7,717.16      | \$7,717.16      | Jan-06      | Sep-06        | \$7,717.16               | yes                |
| JUL 05                      | \$126,630.05    | \$126,565.36    | Jan-06      | Sep-06        | \$126,565.36             | yes                |
| AUG 05                      | \$58,073.19     | \$58,073.19     | Jan-06      | Sep-06        | \$58,073.19              | yes                |
| SEP 05                      | \$77,506.94     | \$77,506.94     | Jan-06      | Sep-06        | \$77,506.94              | yes                |
| OCT 05                      | \$11,927.00     | \$11,927.00     | Jan-06      | Sep-06        | \$11,927.00              | yes                |
| NOV 05                      | \$20,476.34     | \$20,476.34     | Jan-06      | Sep-06        | \$20,476.34              | yes                |
| DEC 05                      | \$5,070.00      | \$5,070.00      | Jan-06      | Sep-06        | \$5,070.00               | yes                |
| JAN 06                      | \$58,000.00     | \$58,000.00     | Jan-06      | Sep-06        | \$58,000.00              | yes                |
| FEB 06                      | \$3,541.00      | \$3,641.57      | Jan-06      | Sep-06        | \$3,641.57               | yes                |
| MAR 06                      | \$26,390.44     | \$26,390.44     | Jan-06      | Sep-06        | \$26,390.44              | yes                |
| APR 06                      | \$6,210.67      | \$6,210.67      | Jan-06      | Sep-06        | \$6,210.67               | yes                |
| MAY 06                      | \$67,742.90     | \$67,236.51     | Jan-06      | Sep-06        | \$67,236.51              | yes                |
| JUN 06                      | \$312,930.46    | \$312,917.46    | Jan-06      | Sep-06        | \$312,917.46             | yes                |
| JUL 06                      | \$45,803.86     | \$45,803.86     | Jan-06      | Sep-06        | \$45,803.86              | yes                |
| AUG 06                      | \$94,397.86     | \$94,297.86     | Jan-06      | Sep-06        | \$94,297.86              | yes                |
| SEP 06                      | \$91,417.73     | \$57,692.24     | Jan-06      | Sep-06        | \$57,692.24              | yes                |
| OCT 06                      | \$57,957.29     | \$55,322.08     | Jan-06      | Sep-06        | \$55,322.08              | yes                |
| NOV 06                      | \$6,138.93      | \$6,138.93      | Jan-06      | Sep-06        | \$6,138.93               | yes                |
| DEC 06                      | \$61,777.68     | \$61,777.68     | Jan-06      | Sep-06        | \$61,777.68              | yes                |
| JAN 07                      | \$216,224.00    | \$203,455.93    | Jan-06      | Sep-06        | \$203,455.93             | yes                |
| FEB 07                      | \$29,899.86     | \$21,654.82     | Jan-06      | Sep-06        | \$21,654.82              | yes                |
| MAR 07                      | \$173,822.06    | \$160,773.52    | Jan-06      | Sep-06        | \$160,773.52             | yes                |

|        |              |              |        |
|--------|--------------|--------------|--------|
| APR 07 | \$6,229.03   | \$6,229.03   | Dec-08 |
| MAY 07 | \$127,693.46 | \$127,693.46 | Dec-08 |
| JUN 07 | \$146,189.17 | \$146,189.17 | Dec-08 |
| JUL 07 | \$3,166.19   | \$3,166.19   | Dec-08 |
| AUG 07 | \$113,004.79 | \$70,188.83  | Dec-08 |
| SEP 07 | \$9,925.78   | \$1,037.18   | Dec-08 |
| OCT 07 | \$86,631.52  | \$86,631.52  |        |
| NOV 07 | \$61,485.86  | \$61,012.95  |        |
| DEC 07 | \$80,928.23  | \$80,928.23  |        |
| JAN 08 | \$156,722.58 | \$156,722.58 |        |
| FEB 08 | \$32,636.87  | \$32,636.87  |        |
| MAR 08 | \$57,676.11  | \$57,750.24  |        |
| APR 08 | \$120,069.85 | \$120,069.85 |        |
| MAY 08 | \$90,041.47  | \$89,967.34  |        |
| JUN 08 | \$22,488.93  | \$17,111.11  |        |

---

|                 |                |            |                |
|-----------------|----------------|------------|----------------|
| GRAND TOTAL     | \$4,140,111.11 | \$3,551.42 | \$1,608,942.39 |
| Less: Credit    | \$535,300.00   |            |                |
| Adjusted Credit | \$1,608,942.39 |            |                |
| Total Credit    | \$2,319,609.00 |            |                |
|                 | \$1,463,941.42 |            |                |

**DISALLOWED**

|        |             |                                                                                                                                                                                                   |
|--------|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mar-05 | 689.12      | Newspaper announcement for oyster lease relocation not creditable to this part of the project. Will be submitted with Oyster Relocation work-in-kind credits per memo from Humphries (Mar 14, 02) |
| Apr-05 | 209.46      | No explanation or documentation provided for Matronics expense                                                                                                                                    |
| May-05 | 47,008.00   | Anderson contract is for oyster relocation efforts not creditable to this part of the project.                                                                                                    |
| Jul-05 | 64.69       | Not a cost shared item                                                                                                                                                                            |
| Oct-05 | 277.96      | No invoice for Entergy Gulf States Inc for this amount                                                                                                                                            |
| Nov-05 | \$36,243.75 | Vaisala contract questioned                                                                                                                                                                       |
| Jan-06 | 100.00      | Closeout deduction not applicable                                                                                                                                                                 |
| Feb-06 | (\$100.00)  | 2 hrs for Villarrubia erroneously Omitted (recorded 27 hours, 29 submitted for credit)                                                                                                            |
| Mar-06 | \$540.00    | Not a cost shared item                                                                                                                                                                            |
| May-06 | 506.39      | Strain, Dennis, Mayhall & Bates. Part of Oyster Relocation credit package                                                                                                                         |
| Jun-06 | 13.00       | Disallowed on CC Lynch - apparent math error                                                                                                                                                      |
| Aug-06 | 100.00      | Discrepancy in bill for Walsh Environmental                                                                                                                                                       |
| Sep-06 | \$33,725.49 | No invoice for Southern Seaplane                                                                                                                                                                  |
| Oct-06 | \$2,635.21  | Not a cost shared item                                                                                                                                                                            |
| Jan-07 | 12,768.07   | No explanation or documentation provided for Hilbert expense                                                                                                                                      |
| Feb-07 | 8,245.04    | Greina contract questioned                                                                                                                                                                        |
| Mar-07 | 13,048.54   | Not a cost shared item                                                                                                                                                                            |
| Aug-07 | \$42,815.96 | \$113,004.79 requested, but documentation only supports \$70,188.83                                                                                                                               |
| Sep-07 | \$8,888.60  | Hollander & Yates. Part of Oyster Relocation credit package                                                                                                                                       |

|        |            |                                                                                 |
|--------|------------|---------------------------------------------------------------------------------|
| Nov-07 | \$472.91   | Amount inadvertently billed to wrong vendor                                     |
| Mar-08 | (74.13)    | 1 hr for D. Smith erroneously omitted (recorded 1 hour, 2 submitted for credit) |
| May-08 | 74.13      | 1 hr for D. Smith added to project                                              |
| Jun-08 | \$5,370.80 | Not a cost shared item                                                          |

SAMPLE





Minnesota Department of Natural Resources

500 Lafayette Road
St. Paul, Minnesota 55155-40\_\_

December 3, 2002

Mr. Gary O'Keefe
U.S. Army Corps of Engineers
Project Manager
477 Michigan Avenue
Detroit, MI 48226

Dear Mr. O'Keefe,

As per the Project Cooperative Agreement... the Minnesota Department of Natural Resources does hereby request credit for the Small Navigation Project at Taconite Harbor in the amount of \$2,515,285.

Table with 2 columns: Description and Amount. Rows include Cash (\$1,594,231), Real Estate (220,639), Rock (496,173), Engineering (223,158), and Project Management (8,084). Total: \$2,515,285.

Please contact me if you have any questions.

Sincerely,
Steve Mueller
Steve Mueller, Project Manager
Trails & Waterways Division
651-297-4955

cc: Mike Markell, Douglas Julin, Memos Katsoulis
DNR Information: 651-296-6157 • 1-888-646-6367 • TTY: 651-296-5484 • 1-800-657-3929

An Equal Opportunity Employer
Who Values Diversity

Printed on Recycled Paper Containing a
Minimum of 10% Post-Consumer Waste

December 31, 2002

Cash \$1,500,000. '00  
 94,231. '01  
 \$1,594,231.

Rock 206,173. '00

Planning Engineering and Design  
 Salary (Mueller, Meyer, Markell) 215,000.  
 Eco Serv. Bathymetric 1,000.  
 Supplies 1,000.  
 Travel 1,355.  
 Repairs 2,000.  
 AGO 500.  
 Prof/Tech 8,102.  
 Eng. 171,320.  
 Other exp. (EA work) 5,400.  
 \$223,158.

Real Estate  
 Appraised value 192,500.  
 Legal fees 12,116.  
 Appraisal 7,685.  
 Lease/easement negotiation and other costs 8,234.  
 \$220,639.

Project Management  
 Mueller, Meyer, Markell \$8,084.

TOTAL \$2,515,285.

Salary break (Mueller, Meyer, Markell)

| Year | Project Management | Real Estate | Planning & Engineering |
|------|--------------------|-------------|------------------------|
| '99  |                    | 30%         | 50%                    |
| '00  |                    | 20          | 60                     |
| '01  |                    | 10          | 60                     |
| '02  | 30                 | --          | 70                     |



Minnesota Department of Natural Resources

500 Lafayette Road  
St. Paul, Minnesota 55155-4052

November 21, 2002

Mr. Gary O'Keefe  
U.S. Army Corps of Engineers  
Project Manager  
477 Michigan Avenue  
Detroit, MI 48226

Dear Mr. O'Keefe:

As you have requested, this is a formal confirmation of the auditable expenditures attributed to the Taconite Harbor of Refuge project of October 2002.

I have reviewed the auditable charges for this project and am hereby stating that we have incurred actual cash value outlays in the amount of \$1,099,717.92. This amount includes the following:

- \$557,700.00 for Beneficial Expenditures as non-reimbursable expenditures;
- \$496,173.00 for Credit for Stone;
- \$ 44,500.00 for Credit for the Appraisal (\$192,500) vs. Actual Cash (\$148,000).

Attached is a copy of spreadsheets identifying the above mentioned expenditures based upon the expenditure category for the State Fiscal Year the expenditures were incurred.

If you have any questions please feel free to contact me at your convenience.

Sincerely,

Douglas L. Julin  
(651) 282-5092  
Business Manager  
Trails & Waterways Division

cc: Mike Markell  
Memos Katsoulis  
Steve Mueller

DNR Information: 651-296-6157 • 1-888-646-6367 • TTY: 651-296-5484 • 1-800-657-3929

HATaconit3.wpd An Equal Opportunity Employer  
Who Values Diversity



Printed on Recycled Paper Containing a  
Minimum of 10% Post-Consumer Waste

**TACONITE HARBOR**

Expenditures are recorded in the year the funds appropriated or actually are first expended.

Township(s) 01/06/17 PM 11/01/02

**Incidental Expenditures:**

|                                           | FY98              | FY99               | FY00               | FY01              | FY02              | TOTAL              |
|-------------------------------------------|-------------------|--------------------|--------------------|-------------------|-------------------|--------------------|
| Salary                                    | \$0.00            | \$12,799.76        | \$10,489.17        | \$7,405.77        | \$5,327.96        | \$36,822.66        |
| Steve Mueller (@ 79% of total)            | 0.00              | 0.00               | 0.00               | 1,696.20          | 307.50            | 2,003.70           |
| Jenny Meyer                               | 0.00              | 0.00               | 0.00               | 506.37            | 1,046.55          | 1,552.92           |
| Mike Markell (@ 79% of total)             | 0.00              | 2,183.06           | 1,771.42           | 0.00              | 0.00              | 3,954.48           |
| Ecological Services Bathymetric Services: | 4,770.00          | 0.00               | 0.00               | 0.00              | 0.00              | 4,770.00           |
| Supplies                                  | 0.00              | 67.22              | 0.00               | 0.00              | 1,245.80          | 1,313.02           |
| Fleet                                     | 0.00              | 253.04             | 0.00               | 0.00              | 0.00              | 253.04             |
| Travel                                    | 0.00              | 515.80             | 566.02             | 46.00             | 656.53            | 1,784.35           |
| Meals/Lodging                             | 0.00              | 95.71              | 0.00               | 0.00              | 0.00              | 95.71              |
| Communications                            | 0.00              | 0.00               | 0.00               | 0.00              | 0.00              | 0.00               |
|                                           | <u>\$4,770.00</u> | <u>\$15,916.58</u> | <u>\$12,765.61</u> | <u>\$9,056.34</u> | <u>\$9,380.02</u> | <u>\$51,887.55</u> |

**General Fund Expenditures: (116/877-200)**

|                  |                    |                   |                 |                 |                    |                     |
|------------------|--------------------|-------------------|-----------------|-----------------|--------------------|---------------------|
| Repairs          | \$0.00             | \$2,000.00        | \$0.00          | \$0.00          | \$0.00             | \$2,000.00          |
| Attorney General | 0.00               | 6,331.10          | 117.60          | 117.60          | 0.00               | 6,566.30            |
| Prof/Tech        | 0.00               | 3,247.47          | 0.00            | 0.00            | 0.00               | 3,247.47            |
| Engineering      | 50,415.20          | 9,084.00          | 158.00          | 158.00          | 10,205.00          | 70,860.20           |
| Other Expense    | 5,400.00           | 0.00              | 0.00            | 0.00            | 7,684.80           | 13,084.80           |
| Land Acquisition | 0.00               | 103.50            | 0.00            | 0.00            | 0.00               | 103.50              |
| Grants           | 88,000.00          | 0.00              | 0.00            | 0.00            | 0.00               | 88,000.00           |
|                  | <u>\$88,000.00</u> | <u>113,826.50</u> | <u>\$273.60</u> | <u>\$273.60</u> | <u>\$17,889.80</u> | <u>\$364,926.37</u> |

**Bonding Fund Expenditures: (116/877-200)**

|        |               |               |                    |               |               |                       |
|--------|---------------|---------------|--------------------|---------------|---------------|-----------------------|
| Grants | 0.00          | 0.00          | 94,231.00          | 0.00          | 0.00          | 94,231.00             |
|        | <u>\$0.00</u> | <u>\$0.00</u> | <u>\$94,231.00</u> | <u>\$0.00</u> | <u>\$0.00</u> | <u>\$1,594,231.00</u> |

**Authorized Credits:**

|      |               |               |                     |               |               |                     |
|------|---------------|---------------|---------------------|---------------|---------------|---------------------|
| Land | 0.00          | 0.00          | 0.00                | 0.00          | 0.00          | 0.00                |
| Rock | 0.00          | 0.00          | 0.00                | 0.00          | 0.00          | 0.00                |
|      | <u>\$0.00</u> | <u>\$0.00</u> | <u>\$192,500.00</u> | <u>\$0.00</u> | <u>\$0.00</u> | <u>\$688,673.00</u> |

**TOTAL EXPENDITURE & CREDITS / STATE SHARE**

|  |  |  |  |  |  |                       |
|--|--|--|--|--|--|-----------------------|
|  |  |  |  |  |  | <u>\$2,699,717.92</u> |
|--|--|--|--|--|--|-----------------------|

**Non-Authorized Expenditures:**

|               |               |               |                      |               |               |                     |
|---------------|---------------|---------------|----------------------|---------------|---------------|---------------------|
| Beleaguements | 0.00          | 0.00          | -557,700.00          | 0.00          | 0.00          | -557,700.00         |
|               | <u>\$0.00</u> | <u>\$0.00</u> | <u>-\$557,700.00</u> | <u>\$0.00</u> | <u>\$0.00</u> | <u>-\$57,700.00</u> |

**NET EXPENDITURES & CREDITS / STATE SHARE**

|  |  |  |  |  |  |                       |
|--|--|--|--|--|--|-----------------------|
|  |  |  |  |  |  | <u>\$2,142,017.92</u> |
|--|--|--|--|--|--|-----------------------|



Appendix I-1

I-1. Authorized Purposes for Multi-purpose Hydropower Projects:

Purpose

Code Purpose

- 11 Power
- 12 Irrigation
- 13 Water Supply
- 14 Flood Control
- 15 Navigation
- 16 Recreation
- 17 Fish & Wildlife
- 18 Water Quality
- 19 Roads Above Replace-In-Kind
- 21 Stream Flow
- 22 Sonic Gage
- 23 Power Assigned to Irrigation Pumps
- 24 Off Site Power for Non-Federal Projects
- 25 Off Site Power for Federal Projects
- 26 Other
- 27 Area Development
- 28 WWII Suspension
- 99 Joint Costs

| Account Number |      | Principa<br>l Item | Sub -<br>item | Plant Items                                                    | Serv Life<br>Years | Retirement Units                       | Remarks.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|----------------|------|--------------------|---------------|----------------------------------------------------------------|--------------------|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| C of E         | FERC |                    |               |                                                                |                    |                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 01             | 330  | 1.                 |               | <u>LANDS AND DAMAGES</u>                                       |                    |                                        | Each parcel of land added to, or retired from, project plant will constitute a Replacement Unit. However, because retirement value of land is expected to equal the initial cost, this item will not be depreciated.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|                |      |                    |               | Fee Land (Payments to Owners)                                  | -                  | Each parcel retired or added           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|                |      |                    |               | Easements, Lesser Interest                                     |                    |                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|                |      | 2.                 |               | Resettlements and Damages                                      | 100                | None                                   | Costs of easements, lesser interest, resettlements, damages, and Government cost of acquiring lands and land rights, are not recoverable as retirement (salvage) receipts upon termination of the project. Therefore, these items must be amortized over the project life.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|                |      |                    | 3.            | Land Acquisition Expenses                                      | 100                |                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 02             | 330  | 1.                 |               | <u>RELOCATIONS</u>                                             |                    |                                        | Land acquired for the purpose of relocating the property of others initially acquired by the Government and is subsequently transferred to the owners of the property which requires relocation. In exchange, title to the land upon which the property to be relocated is situated is transferred to the Government. Consequently, the purchase price of the land acquired for the relocation substantially reflects the unrecorded purchase price of the fee-owned land ultimately acquired by the Government as a result of the exchange. The purchase price of fee-land acquired for the relocation should therefore not be amortized. All other costs incurred in connection with relocations represents intangible plant costs to be amortized over the project life. |
|                |      |                    | a.            | Fee Land (Payments to Owners)                                  | -                  | None                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|                |      |                    | b.            | Easements, Lesser Interest                                     | 100                | None                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|                |      |                    |               | Resettlements and Damages                                      | 100                | None                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|                |      |                    | c.            | Land Acquisition Expenses                                      |                    |                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|                |      | 2.                 |               | Construction Cost, including payments for relocation by owners | 50                 | None                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 03             | 332  |                    | 1.            |                                                                | <u>RESERVOIRS</u>  |                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|                |      |                    |               | Basic Features, excluding other principal items listed         | 100                | Complete Item, including sub-items b-d |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|                |      | a.                 |               | All components not listed elsewhere                            |                    |                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|                |      |                    | b.            | (Rescinded)                                                    |                    |                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|                |      |                    | c.            | (Rescinded)                                                    |                    |                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|                |      | 2.                 |               | Timber Structures                                              | 25                 | Complete Item, including sub-items a-c |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|                |      |                    | a.            | Bulkheads                                                      |                    | Each structure, complete               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|                |      |                    | b.            | Retaining Walls                                                |                    | " " "                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|                |      |                    | c.            | Docks, Piers, and Moving Facilities                            |                    | " " "                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|                |      | 3.                 |               | Floating Trash Booms, Complete                                 | 25                 | Each independent facility, Complete    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|                |      |                    |               |                                                                |                    |                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

| Account Number |      | Principal Item | Sub - item | Plant Items                                                                    | Serv Life Years | Retirement Units                                                  | Remarks.                                                                                                                                   |
|----------------|------|----------------|------------|--------------------------------------------------------------------------------|-----------------|-------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| C of E         | FERC |                |            |                                                                                |                 |                                                                   |                                                                                                                                            |
| 04             | -    |                |            | DAMS AND OTHER WATER                                                           |                 |                                                                   |                                                                                                                                            |
| 041 & 042      | 332  | 1.             |            | MAIN DAM AND SPILLWAY<br>Basic Structure, excluding other principal Items      | 100             | Complete structure, including subitems a-m                        |                                                                                                                                            |
|                |      |                | a.         | Non-overflow Structure, Complete excluding applicable subitems c-o             |                 | Structure, Complete                                               | Including outlet conduits, as applicable, when an integral part of the Non-overflow Structure.                                             |
|                |      |                | b.         | Spillway Structure, Complete excluding applicable subitems c-o                 |                 | Structure, Complete                                               | Including outlet conduits, as applicable, when an integral part of the Spillway Structure.                                                 |
|                |      |                | c.         | Crane, Complete (excluding Mobile and Crawler type)                            | 50              | Crane, Complete                                                   |                                                                                                                                            |
|                |      |                | d.         | Gate, Spillway                                                                 | 50              | Gate, Complete                                                    |                                                                                                                                            |
|                |      |                | e.         | Machinery, Gate Hoist                                                          | 50              | Complete System for one gate                                      |                                                                                                                                            |
|                |      |                | f.         | Power System, excluding Power Boards and Engine Generator Sets 100-kw and over |                 | Complete System                                                   |                                                                                                                                            |
|                |      |                | g.         | Lighting System, excluding Lighting Board and Attached Accessory Equipment     |                 | Complete System                                                   |                                                                                                                                            |
|                |      |                | h.         | Lifting Beams                                                                  | 50              | Complete Set of all Beams related to Main Dam                     | Includes lifting beams for outlets.                                                                                                        |
|                |      |                | i.         | Stoplogs and Bulkheads                                                         |                 | Complete Set for a particular system, such as for entire spillway | Includes stoplogs and bulkheads for outlets.                                                                                               |
|                |      |                | j.         | Compressed Air Systems, excluding Compressors 100 cfm and over                 |                 | Complete System                                                   |                                                                                                                                            |
|                |      |                | k.         | Water Systems, excluding piping                                                | 40              | Complete System                                                   | Includes "packaged units" for water and sewage.                                                                                            |
|                |      |                | l.         | Sewer System, excluding piping                                                 | 40              | Complete System                                                   | Includes "packaged units" for water and sewage.                                                                                            |
|                |      |                | m.         | All components not listed elsewhere                                            |                 | None                                                              |                                                                                                                                            |
|                |      |                | n.         | Gate, Outlet                                                                   |                 | Gate, Complete                                                    | Applicable only when the outlet works (other than power intake works) are an integral part of a dam structure.                             |
|                |      |                | o.         | Machinery, Gate Operating, Outlet                                              | 50              | Complete System for one gate                                      | Applicable only when the outlet works (other than power intake works) are an integral part of a dam structure.                             |
|                |      | 2.             |            | Elevator, Complete with Operating Mechanism, excluding embedded parts          | 40              | Elevator, Complete                                                |                                                                                                                                            |
|                |      | 3.             |            | Engine Generator Set, 100-kw and over                                          | 40              | Generator Set, Complete                                           | Standby power source.                                                                                                                      |
|                |      | 4.             |            | Main Power and Lighting Boards, complete with attached Accessory Equipment     | 35              | Board Complete                                                    |                                                                                                                                            |
|                |      | 5.             |            | Air Compressors, Complete, 100 cfm and over                                    | 25              | Compressor, Complete                                              |                                                                                                                                            |
|                |      | 6.             |            | Floating Trash Boom, Complete                                                  | 25              | Each independent facility, complete                               |                                                                                                                                            |
|                |      | 7.             |            | Reserved                                                                       |                 |                                                                   | Applicable only when the outlet works (other than power intake works) are an integral part of a dam structure. Installed cost of removable |
|                |      | 8.             |            | Trash Racks                                                                    | 75              | Complete Set for one Outlet                                       | portion of trash racks only should be included here.                                                                                       |
|                |      | 9.             |            | Trash Removal Equipment                                                        | 40              | Independent system, complete                                      |                                                                                                                                            |

| Account Number |      | Principal Item | Sub - item | Plant Items                                                                    | Serv Life Years | Retirement Units                                     | Remarks.                                                                       |
|----------------|------|----------------|------------|--------------------------------------------------------------------------------|-----------------|------------------------------------------------------|--------------------------------------------------------------------------------|
| C of E         | FERC |                |            |                                                                                |                 |                                                      |                                                                                |
| 043            | 332  |                |            | <u>Outlet Works (Exclusive of Power)</u>                                       |                 |                                                      |                                                                                |
|                |      | 1.             |            | Basic Features, excluding other principal Items                                | 100             | Complete Item, including subitems a-n                |                                                                                |
|                |      |                | a.         | Steel Access Bridge                                                            |                 | Bridge, Complete                                     |                                                                                |
|                |      |                | b.         | Tunnels and Water Conduits                                                     |                 | Tunnel or Conduit, complete                          |                                                                                |
|                |      |                | c.         | Compressed Air System, excluding Compressors 100 cfm and over                  |                 | Complete System                                      |                                                                                |
|                |      |                | d.         | Water System, excluding piping                                                 | 40              | Complete System                                      |                                                                                |
|                |      |                | e.         | Sewer System, excluding piping                                                 | 40              | Complete System                                      |                                                                                |
|                |      |                | f.         | Power System, excluding Power Boards and Engine Generator Sets 100-kw and over |                 | Complete System                                      |                                                                                |
|                |      |                | g.         | Lighting System, excluding Lighting Board and Attached Accessory Equipment     |                 | Complete System                                      |                                                                                |
|                |      |                | h.         | Stilling Basin                                                                 |                 | Complete facility                                    |                                                                                |
|                |      |                | i.         | Stoplogs and Bulkheads                                                         |                 | Complete Set for all Outlets                         |                                                                                |
|                |      |                | j.         | Gate                                                                           |                 | Gate, Complete                                       |                                                                                |
|                |      |                | k.         | Machinery, Gate Operating                                                      | 50              | Complete System for one Gate                         |                                                                                |
|                |      |                | l.         | Crane, Complete (excluding Mobile and Crawler types)                           | 50              | Crane, complete                                      |                                                                                |
|                |      |                | m.         | Lifting Beams                                                                  | 50              | Complete Set of all beams related to Outlet Works    |                                                                                |
|                |      |                | n.         | All components not listed elsewhere                                            |                 | None                                                 | Including applicable portion of the mass concrete structure.                   |
|                |      | 2.             |            | Elevator, Complete with Operating Mechanism excluding embedded parts           | 40              | Elevator, complete                                   |                                                                                |
|                |      | 3.             |            | Engine Generator Sets 100-kw or over                                           | 40              | Generator Set, complete                              |                                                                                |
|                |      | 4.             |            | Trash Racks                                                                    | 75              | Complete set for one outlet included here            | Installed cost of removal portion of trash racks only should be included here. |
|                |      | 5.             |            | Power and Lighting Boards, complete with attached Accessories                  | 35              | Board, complete                                      |                                                                                |
|                |      | 6.             |            | Air Compressor, complete, 100 cfm or over                                      | 25              | Complete System for one gate                         |                                                                                |
|                |      |                |            |                                                                                | 25              | Compressor, Complete                                 | Does not include unattached air receivers.                                     |
|                |      | 7.             |            | Timber Access Bridge                                                           | 25              | Bridge, Complete                                     |                                                                                |
|                |      | 8.             |            | Roof covering, 3,000 sq. ft. and over                                          | 20              | Complete roof covering for one building or structure |                                                                                |
|                |      | 9.             |            | Trash Removal Equipment                                                        | 40              | Independent system, complete                         |                                                                                |
| 044            | 332  |                |            | <u>POWER INTAKE WORKS</u>                                                      |                 |                                                      |                                                                                |
|                |      | 1.             |            | Basic Features, excluding other principal Items                                | 100             | Complete Item, including subitem a-p                 |                                                                                |
|                |      |                | a.         | Steel Access Bridge                                                            |                 | Bridge, Complete                                     |                                                                                |
|                |      |                | b.         | Tunnels and Water Conduits                                                     |                 | Tunnels or Conduits, complete                        |                                                                                |
|                |      |                | c.         | Surge Tanks                                                                    |                 | Tank, complete                                       |                                                                                |
|                |      |                | d.         | Penstock                                                                       |                 | Penstock, complete                                   |                                                                                |
|                |      |                | e.         | Gates                                                                          |                 | Gate, Complete                                       |                                                                                |
|                |      |                | f.         | Machinery, Gate Operating                                                      |                 | Complete System for one Gate                         |                                                                                |



| Account Number |      | Principal Item | Sub - item | Plant Items                                                                               | Serv Life Years | Retirement Units                                                                        | Remarks.                                                                         |
|----------------|------|----------------|------------|-------------------------------------------------------------------------------------------|-----------------|-----------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|
| C of E         | FERC |                |            |                                                                                           |                 |                                                                                         |                                                                                  |
| 044            | 332  |                |            | <u>POWER INTAKE WORKS (CONT'D)</u>                                                        |                 |                                                                                         |                                                                                  |
|                |      |                | g.         | Cranes, Complete (excluding Mobile and Crawler types)                                     | 50              | Crane, complete                                                                         |                                                                                  |
|                |      |                | h.         | Stoplogs and Bulkheads                                                                    |                 | Complete Set for all Intakes                                                            |                                                                                  |
|                |      |                | i.         | Lifting Beams                                                                             | 50              | Complete Set for all beams related to Power Intakes                                     |                                                                                  |
|                |      |                | j.         | Plumes, Concrete or Steel                                                                 |                 | Complete System                                                                         |                                                                                  |
|                |      |                | k.         | Lighting System, excluding Lighting Boards and Attached Accessory                         |                 |                                                                                         |                                                                                  |
|                |      |                | n.         | Equipment                                                                                 |                 | Complete System                                                                         |                                                                                  |
|                |      |                | l.         | Water System, excluding piping                                                            | 40              | Complete System                                                                         |                                                                                  |
|                |      |                | m.         | Compressor Air System, excluding compressor 100 cfm and over                              |                 | Complete System                                                                         |                                                                                  |
|                |      |                | n.         | Power System, excluding Power Boards and Engine Generator Sets 100-kw and over            |                 |                                                                                         |                                                                                  |
|                |      |                | o.         | Sewer System, excluding piping                                                            | 40              | Complete facility<br>Complete System - Package Unit                                     |                                                                                  |
|                |      |                | p.         | All components not listed elsewhere                                                       |                 | None                                                                                    | Including applicable portion of the mass concrete structure.                     |
|                |      | 2.             |            | Elevators, Complete with Operating Mechanism, excluding embedded parts                    | 40              | Elevator, complete                                                                      |                                                                                  |
|                |      | 3.             |            | Engine Generator Sets 100-kw and over                                                     | 40              | Generator Set, Complete                                                                 |                                                                                  |
|                |      | 4.             |            | Trash Racks                                                                               | 75              | Complete Set for one Penstock                                                           | Installed cost of removable portion of trash racks only should be included here. |
|                |      | 5.             |            | Main Power Lighting Boards, complete Unit with Attached Accessories                       | 35              | Board, complete                                                                         |                                                                                  |
|                |      | 6.             |            | Air Compressors, complete, 100 cfm and over                                               | 25              | Compressor, Complete                                                                    | Does not include unattached air receivers.                                       |
|                |      | 7.             |            | Timber Flumes                                                                             | 25              | Complete System                                                                         |                                                                                  |
|                |      | 8.             |            | Use same property items as                                                                | 25              | Each independent facility, complete                                                     |                                                                                  |
|                |      | 9.             |            | Roof covering, 3,000 sq. ft. and over                                                     | 20              | Complete roof covering for one building or structure                                    |                                                                                  |
|                |      | 10.            |            | Trash Removal Equipment                                                                   | 40              | Independent system, complete                                                            |                                                                                  |
| 045            | 332  |                |            | <u>AUXILIARY DAMS</u>                                                                     |                 |                                                                                         |                                                                                  |
|                |      |                |            | Use same property items as prescribed for Account 041 - MAIN DAMS, as applicable          |                 | Same retirement unit as prescribed for Account 041 - MAIN DAMS as applicable.           |                                                                                  |
| 046            | 332  |                |            | <u>MUNICIPAL AND INDUSTRIAL WATER DELIVERY FACILITIES</u>                                 |                 |                                                                                         |                                                                                  |
|                |      |                |            | Use same property items as prescribed for Account 044 - POWER INTAKE WORKS, as applicable |                 | Same retirement unit as prescribed for account 044 - POWER INTAKE WORKS, as applicable. |                                                                                  |

| Account Number |      | Principal Item | Sub - item | Plant Items                                                                                                                                       | Serv Life Years | Retirement Units                                   | Remarks.                                   |
|----------------|------|----------------|------------|---------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|----------------------------------------------------|--------------------------------------------|
| C of E         | FERC |                |            |                                                                                                                                                   |                 |                                                    |                                            |
| 05             | 332  |                |            | <u>LOCKS</u>                                                                                                                                      |                 |                                                    |                                            |
|                |      |                |            | Basic Features, excluding other principal Items                                                                                                   | 50              | Complete Item, including subitems a-o              |                                            |
|                |      |                | a.         | Structure, excluding Timber Structures                                                                                                            |                 | Structure, complete                                |                                            |
|                |      |                | b.         | Gates                                                                                                                                             |                 | Miter Gate, consisting of right and left Gate      |                                            |
|                |      |                |            |                                                                                                                                                   |                 | Leaves, complete; or gate complete for other type. |                                            |
|                |      |                | c.         | Machinery, Gate Operating                                                                                                                         |                 | Complete System for one Gate                       |                                            |
|                |      |                | d.         | Control House, separate from Lock Structure                                                                                                       |                 | Control House, complete                            |                                            |
|                |      |                | e.         | Operating Building, Concrete (excluding replaceable roofs 3,000 sq. ft. and over)                                                                 |                 | Building, complete                                 |                                            |
|                |      |                | f.         | Water System                                                                                                                                      | 40              | Complete System                                    |                                            |
|                |      |                | g.         | Sewer System                                                                                                                                      | 40              | Complete System                                    |                                            |
|                |      |                | h.         | Heating and/or Ventilating System                                                                                                                 |                 | Complete System                                    |                                            |
|                |      |                | i.         | Filling and Emptying Valves and Operating Equipment                                                                                               |                 | Complete System                                    |                                            |
|                |      |                | j.         | Lighting System excluding Lighting and attached Accessory Equipment                                                                               |                 | Complete System                                    |                                            |
|                |      |                | k.         | Compressed Air System, excluding Compressors 100cfm and over                                                                                      |                 |                                                    |                                            |
|                |      |                | l.         | Main Power System, excluding Power Boards and Engine Generator Sets                                                                               |                 |                                                    |                                            |
|                |      |                | m.         | 100-kw and over                                                                                                                                   |                 | Complete System                                    |                                            |
|                |      |                | n.         | Stoplogs and Bulkheads                                                                                                                            |                 | Complete Set, for all Systems                      |                                            |
|                |      |                |            | Cranes, complete, excluding Mobile and Crawler types                                                                                              | 50              | Crane, complete                                    |                                            |
|                |      |                | o.         | All Components not listed elsewhere                                                                                                               |                 | None                                               |                                            |
|                |      | 2.             |            | Operating Buildings, other than Concrete, not part of Lock Structure, excluding Control Houses, excluding replaceable roofs 3,000 sq. ft and over |                 |                                                    |                                            |
|                |      |                |            | per building                                                                                                                                      | 50              | Building, complete                                 |                                            |
|                |      | 3.             |            | Radio towers, 80 feet and over                                                                                                                    | 50              | Tower, complete                                    |                                            |
|                |      | 4.             |            | Elevator, complete, with Operating Mechanism, excluding embedded parts                                                                            | 40              | Elevator, complete                                 |                                            |
|                |      | 5.             |            | Engine Generator Sets, 100-kw and over                                                                                                            | 40              | Generator, Set, complete                           |                                            |
|                |      | 6.             |            | Main Power, Lighting and Control Boards, complete with attached accessories                                                                       | 35              | Board, complete                                    |                                            |
|                |      | 7.             |            | Air Compressors, complete, 100 cfm and over                                                                                                       | 25              | Compressor, complete                               | Does not include unattached air receivers. |
|                |      | 8.             |            | Moorage and Lock Approach Structures                                                                                                              |                 |                                                    |                                            |
|                |      |                |            | Guide Walls, Dolphins and other                                                                                                                   |                 |                                                    |                                            |
|                |      |                |            | Guide Structures, timber                                                                                                                          | 25              | Structure, complete                                |                                            |

| Account Number                            |      | Principal Item | Sub-item | Plant Items                                                                                                                                                                                                               | Serv Life Years | Retirement Units                                         | Remarks.                                                                                                                                                                                                                 |
|-------------------------------------------|------|----------------|----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|----------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| C of E                                    | FERC |                |          |                                                                                                                                                                                                                           |                 |                                                          |                                                                                                                                                                                                                          |
| 05                                        | 332  |                |          | <u>LOCKS (CONT'D)</u>                                                                                                                                                                                                     |                 |                                                          |                                                                                                                                                                                                                          |
|                                           |      |                | a.       | Mooring Dolphins and other Facilities for Temporary Moorage Water-borne Traffic                                                                                                                                           |                 | Structure, complete                                      |                                                                                                                                                                                                                          |
|                                           |      |                | b.       | Bulkheads and retaining Walls                                                                                                                                                                                             |                 | Structure, complete                                      |                                                                                                                                                                                                                          |
|                                           |      | 9.             |          | Roof Coverings, 3,000 sq. ft. and over per building                                                                                                                                                                       | 20              | Complete Roof Covering for one building or structure     |                                                                                                                                                                                                                          |
|                                           |      | 10.            |          | Radio communications equipment location including transmitter, receiver power supplies, auxiliary generators, batteries, cables, and antennas, but excluding land and improvements, buildings, and tower 80 feet and over | 15              | Complete System                                          | Includes all radio or microwave communication equipment provided exclusively for navigational communications. Buildings provided for communications exclusively to be included under Item 1e or 2, above, as applicable. |
| 06                                        | (*)  |                |          | <u>FISH AND WILDLIFE FACILITIES</u>                                                                                                                                                                                       |                 |                                                          |                                                                                                                                                                                                                          |
|                                           |      | 1.             |          | Fishladders                                                                                                                                                                                                               | 100             | Complete, including subitem a-o                          |                                                                                                                                                                                                                          |
|                                           |      |                | a.       | Structure, including Collection Channel and Training Walls                                                                                                                                                                |                 | Independent Structure, complete                          |                                                                                                                                                                                                                          |
|                                           |      |                | b.       | Weirs                                                                                                                                                                                                                     |                 | Complete System for one Fishladder                       |                                                                                                                                                                                                                          |
|                                           |      |                | c.       | Stoplogs                                                                                                                                                                                                                  |                 | Complete Set for all Fishladders                         |                                                                                                                                                                                                                          |
|                                           |      |                | d.       | Valves, Gates and Operating Machinery                                                                                                                                                                                     | 50              | Complete System for one Fishladder                       |                                                                                                                                                                                                                          |
|                                           |      |                | e.       | Other Fishladder components not listed elsewhere                                                                                                                                                                          |                 | None                                                     |                                                                                                                                                                                                                          |
|                                           |      | 2.             |          | Fish Elevator and Fishlocks, complete with Operating Mechanism, excluding embedded parts                                                                                                                                  | 50              | Complete Set, for all Systems Elevator or lock, complete |                                                                                                                                                                                                                          |
|                                           |      | 3.             |          | Fish Propagation Facilities not otherwise listed                                                                                                                                                                          | 50              | Facility, complete                                       |                                                                                                                                                                                                                          |
|                                           |      | 4.             |          | Wildlife Preservation Facilities not otherwise listed                                                                                                                                                                     | 50              | Facility, complete                                       |                                                                                                                                                                                                                          |
|                                           |      | 5.             |          | Buildings, concrete, excluding replaceable roofs 3,000 sq. ft and over per building                                                                                                                                       | 50              | Building, complete                                       |                                                                                                                                                                                                                          |
|                                           |      | 6.             |          | Buildings, other than Concrete, complete, excluding, replaceable roofs, 3,000 sq. ft. and over per building                                                                                                               | 50              | Tower, complete                                          |                                                                                                                                                                                                                          |
|                                           |      | 7.             |          | Fish Attraction Water Pumps and Motors under 250 hp                                                                                                                                                                       | 30              | Complete Set of all pumps and motors                     |                                                                                                                                                                                                                          |
|                                           |      | 8.             |          | Pump, Impeller, 1,500 hp and over                                                                                                                                                                                         | 40              | Impeller, complete                                       |                                                                                                                                                                                                                          |
|                                           |      | 9.             |          | Pump, Impeller, 250-1,499 hp                                                                                                                                                                                              | 30              | Impeller, complete                                       |                                                                                                                                                                                                                          |
|                                           |      | 10.            |          | Pump motor, Stator Winding, 1,500 hp and over                                                                                                                                                                             | 35              | Stator Winding, complete (less Stator Iron)              |                                                                                                                                                                                                                          |
|                                           |      | 11.            |          | Pump motor, Stator Winding, 250-1,499 hp                                                                                                                                                                                  | 20              | Stator Winding, complete (less Stator Iron)              |                                                                                                                                                                                                                          |
|                                           |      | 12.            |          | Pump motor, Thrust Bearing, 1,500 hp and over                                                                                                                                                                             | 35              | Thrust Bearing, complete                                 |                                                                                                                                                                                                                          |
| (*) May be either FERC account 331 or 332 |      |                |          |                                                                                                                                                                                                                           |                 |                                                          |                                                                                                                                                                                                                          |

| Account Number |             | Prin-<br>cipal | Sub-<br>item | Plant Items                                                                                                                | Serv<br>Life | Retirement Units                                                                                 | Remarks.                                                                                                                                                                                                                                                                                                                                                                                |
|----------------|-------------|----------------|--------------|----------------------------------------------------------------------------------------------------------------------------|--------------|--------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| C of E         | FERC<br>(*) |                |              |                                                                                                                            |              |                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                         |
| 06             | (*)         |                |              | <u>FISH AND WILDLIFE FACILITIES</u><br>(CONTD)                                                                             |              |                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                         |
|                |             | 13.            |              | Lighting System, excluding Lighting Boards and attached Accessory equipment                                                | 50           | Each Independent System, complete                                                                |                                                                                                                                                                                                                                                                                                                                                                                         |
|                |             | 14.            |              | Main Power System, excluding Power Boards, Engine Generator sets 100-kw and over and Transformers 1,000 kvq and over       | 50           | Each Independent System, complete                                                                |                                                                                                                                                                                                                                                                                                                                                                                         |
|                |             | 15.            |              | Main Power, Lighting and Control Boards, complete with attached accessories                                                | 35           | Board, complete                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                         |
|                |             | 16.            |              | Transformers, Liquid-filled or air or Gas insulated, 1,000 kva total or more in one or more phases not part of power board | 15           | Complete System                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                         |
|                |             | 17.            |              | Engine Generator Sets, 100-kw or over                                                                                      | 40           | Transformer, complete                                                                            |                                                                                                                                                                                                                                                                                                                                                                                         |
|                |             | 18.            |              | Air Compressors, complete, 100 cfm and over                                                                                | 40           | Generator Set, complete                                                                          |                                                                                                                                                                                                                                                                                                                                                                                         |
|                |             | 19.            |              | Air Compressors, complete, 100 cfm and over                                                                                | 25           | Compressor, complete                                                                             | Does not include unattached air receivers.                                                                                                                                                                                                                                                                                                                                              |
|                |             | 20.            |              | Roof coverings, 3,000 sq. ft or over per building                                                                          | 20           | Complete System for one Fishladder                                                               |                                                                                                                                                                                                                                                                                                                                                                                         |
|                |             | 20.            |              | Trucks and Fish Transportation Tanks                                                                                       | 10           | Complete roof covering for one building                                                          |                                                                                                                                                                                                                                                                                                                                                                                         |
|                |             | 21.            |              | Trucks and Fish Transportation Tanks                                                                                       | 10           | Truck, complete; or Tank, complete including Refrigeration and Aeration Equipment, if Applicable |                                                                                                                                                                                                                                                                                                                                                                                         |
|                |             | 21.            |              | Fish Tapping Station, Concrete complete                                                                                    | 50           | Station, complete                                                                                |                                                                                                                                                                                                                                                                                                                                                                                         |
|                |             | 22.            |              | Fish Tapping Station, Timber complete                                                                                      | 25           | Station, complete                                                                                |                                                                                                                                                                                                                                                                                                                                                                                         |
|                |             | 23.            |              | As Fingerling By-pass Channels, Systems applicable and Equipment                                                           | XX           | As applicable                                                                                    | There is extreme variation in the structural and mechanical features of the various types of by-pass facilities provided and recently constructed facilities consist of comparatively experimental innovations. Therefore proposed subunits, retirement units, and estimated service lives will be submitted to HQDA, CECW-OM-O, Washington, DC for approval by each affected district. |
|                |             | 24.            |              | As Fish Attraction and Guidance Systems; applicable Sonic, Visual, Electrical and Electronic                               | XX           | As applicable                                                                                    | These systems are relatively experimental with extreme variation in physical features of various types of facilities provided. Therefore, proposed subunits with service lives will be submitted to HQDA, CECW-OM-O, Washington, DC for approval by affected districts.                                                                                                                 |
| 07             | -           |                |              | <u>POWER PLANT</u>                                                                                                         |              |                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                         |
| 071            | 331         |                |              | <u>POWER HOUSE</u>                                                                                                         |              |                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                         |
|                |             | 1.             |              | Basic Structure, excluding other principal items                                                                           | 100          | Complete Structure, including subitems a-e                                                       |                                                                                                                                                                                                                                                                                                                                                                                         |
|                |             | a.             |              | Lighting System, excluding Boards and attached Accessory Equipment                                                         |              | System, complete                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                         |

(\*) May be either FERC account 331 or 332

| Account Number |      | Principal Item | Sub-item | Plant Items                                                                  | Serv Life Years | Retirement Units                           | Remarks.                                                                         |
|----------------|------|----------------|----------|------------------------------------------------------------------------------|-----------------|--------------------------------------------|----------------------------------------------------------------------------------|
| C of E         | FERC |                |          |                                                                              |                 |                                            |                                                                                  |
| 071            | 331  |                |          | <u>POWER HOUSE</u>                                                           |                 |                                            |                                                                                  |
|                |      |                | b.       | Water System, Potable and Raw Water                                          |                 | System, Complete                           |                                                                                  |
|                |      |                | c.       | Sewer Systems                                                                |                 | System, Complete                           |                                                                                  |
|                |      |                | d.       | Heating and Ventilating Systems                                              |                 | System, Complete                           |                                                                                  |
|                |      |                | e.       | All Components not listed elsewhere                                          |                 | None                                       |                                                                                  |
|                |      | 2.             |          | Intake Structure (when integral part of powerhouse)                          | 100             | Complete structure, including subitems a-f |                                                                                  |
|                |      |                | a.       | Lifting Beams                                                                |                 | Complete Set of all Intake Beams           |                                                                                  |
|                |      |                | b.       | Intake Gates                                                                 |                 | Gate, complete                             |                                                                                  |
|                |      |                | c.       | Machinery, Gate Operating                                                    |                 | Complete System for one Gate               |                                                                                  |
|                |      |                | d.       | Stoplogs and Bulkheads                                                       |                 | Complete Set of all gates                  |                                                                                  |
|                |      |                | e.       | Cranes, complete, excluding Mobile and Crawler types                         |                 | Crane, complete                            |                                                                                  |
|                |      |                | f.       | All Components not listed elsewhere                                          |                 | None                                       |                                                                                  |
|                |      | 3.             |          | Elevator, complete, with Operating Mechanism, excluding embedded parts       | 40              | Elevator, complete                         |                                                                                  |
|                |      | 4.             |          | Trash Racks                                                                  | 40              | Complete Set for one generating Unit       | Installed cost of removable portion of trash racks only should be included here. |
|                |      | 5.             |          | Floating Trash Booms                                                         | 25              | Each independent facility, complete        |                                                                                  |
|                |      | 6.             |          | Roof coverings, 3,000 sq. ft. and over                                       | 20              | Roof Covering, complete for one Structure  |                                                                                  |
| 072            | 333  |                |          | <u>TURBINES AND GENERATORS</u><br><u>INCLUDING STATION SERVICE</u>           |                 |                                            |                                                                                  |
|                |      | 1.             |          | Turbines (excluding components listed separately in Items 4 thru 12 below)   | 50              | Complete turbine, including subitems a-f   |                                                                                  |
|                |      |                | a.       | Wicket Gates                                                                 |                 | Complete Set for one unit                  |                                                                                  |
|                |      |                | b.       | Shaft, including Kaplan Blade Control not located in the hub                 |                 | Complete Set, for all Systems              |                                                                                  |
|                |      |                |          |                                                                              |                 | Shaft, complete for one unit               |                                                                                  |
|                |      |                | c.       | Butterfly Valves                                                             |                 | Complete Set for all unit                  |                                                                                  |
|                |      |                | d.       | Pressure Regulators                                                          |                 | Complete Set for all units                 |                                                                                  |
|                |      |                | e.       | Embedded Turbine Parts                                                       |                 | Complete Set for one unit                  |                                                                                  |
|                |      |                | f.       | All Components not listed elsewhere                                          |                 | None                                       |                                                                                  |
|                |      | 2.             |          | Generators (excluding components listed separately in Items 4 thru 12 below) | 50              | Complete Generator, including items a-d    |                                                                                  |
|                |      |                | a.       | Stator, complete, excluding winding                                          |                 | Stator, complete                           |                                                                                  |
|                |      |                | b.       | Shafts, including Thrust Collar                                              |                 | Shaft, complete                            |                                                                                  |
|                |      |                | c.       | Air Coolers and Piping furnished as part of a Generator (Main units only)    | 40              | System, complete for one unit              |                                                                                  |
|                |      |                | d.       | All Components not listed elsewhere                                          |                 | None                                       |                                                                                  |
|                |      | 3.             |          | Governors (excluding components listed separately in Items 4 thru 12 below)  | 50              | Governor, complete set                     |                                                                                  |
|                |      | 4.             |          | Rotor Windings, complete                                                     | 50              | Winding, complete set for one unit         | See additional instructions on next page.                                        |
|                |      | 5.             |          | Turbine Runner, complete                                                     | 40              | Runner, complete                           | See additional instructions on next page.                                        |
|                |      | 6.             |          | Governor Oil Pressure Pump, complete                                         | 40              | Pump, or Pumps complete for one unit       | See additional instructions on next page.                                        |

| Account Number |      | Principal Item | Sub - item | Plant Items                                                                            | Serv Life Years | Retirement Units                                            | Remarks.                                                              |
|----------------|------|----------------|------------|----------------------------------------------------------------------------------------|-----------------|-------------------------------------------------------------|-----------------------------------------------------------------------|
| C of E         | FERC |                |            |                                                                                        |                 |                                                             |                                                                       |
| 072            | 333  |                |            | <u>TURBINES AND GENERATORS</u><br>(COND'T)                                             |                 |                                                             |                                                                       |
|                |      | 7.             |            | Generator Stator Windings                                                              | 35              | Complete winding for one Generator,<br>installed            | See additional instructions on next page.                             |
|                |      | 8.             |            | Thrust Bearings                                                                        | 50              | Bearing complete                                            | See additional instructions on next page.                             |
|                |      | 9.             |            | Exciters, Main Pilot                                                                   |                 |                                                             |                                                                       |
|                |      | 10.            |            | Direct-connected<br>Governor Air Compressor                                            | 35              | Complete Assembly                                           |                                                                       |
|                |      | 11.            |            | 100 cfm and over<br>Compressor, complete, primarily for<br>draft tube water depression | 25              | Complete Assembly                                           |                                                                       |
|                |      | 12.            |            | while condensing<br>Speed increaser                                                    | 25<br>40        | Compressor, complete<br>Complete assembly for one generator | Piping and separate air receivers should be included in item f, above |

| Account Number |      | Principal Item | Sub-item | Plant Items                                                                                                                                                        | PERCENT OF TOTAL COST OF TURBINE, GENERATOR, OR GOVERNOR |        |                   | Remarks.                                                                                                                                                                                                                                                            |
|----------------|------|----------------|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|--------|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| C of E         | FERC |                |          |                                                                                                                                                                    | Normal                                                   |        | NOT TO EXCEED (%) |                                                                                                                                                                                                                                                                     |
|                |      |                |          |                                                                                                                                                                    | From (%)                                                 | TO (%) |                   |                                                                                                                                                                                                                                                                     |
| 072            | 333  |                |          | <u>TURBINES AND GENERATORS</u>                                                                                                                                     |                                                          |        |                   |                                                                                                                                                                                                                                                                     |
|                |      |                |          | Service (COND'T)                                                                                                                                                   |                                                          |        |                   |                                                                                                                                                                                                                                                                     |
|                |      |                |          | The allowable range of percentages of original cost of replaceable components to the total original cost of generators turbines, or governors are indicated below. |                                                          |        |                   |                                                                                                                                                                                                                                                                     |
|                |      | 4.             |          | Rotor Winding                                                                                                                                                      | 3                                                        | 7      | 10                | Rotor winding and insulation installed. Does not include pole iron.                                                                                                                                                                                                 |
|                |      | 5.             |          | Turbine Runner - Francis                                                                                                                                           | 9                                                        | 13     | 15                | Runner less shaft.                                                                                                                                                                                                                                                  |
|                |      | 5.             |          | Turbine Runner - F. B.                                                                                                                                             | 9                                                        | 13     | 15                | Runner including hub and cone less shaft.                                                                                                                                                                                                                           |
|                |      | 5.             |          | Turbine Runner - Kaplan                                                                                                                                            | 17                                                       | 22     | 25                | Runner, cone, hub, and hub mechanism less shaft and servo mechanism not installed in hub.                                                                                                                                                                           |
|                |      | 6.             |          | Gov. Oil Pressure Pumps                                                                                                                                            | 5                                                        | 10     | 15                | Pumps and Motor only.                                                                                                                                                                                                                                               |
|                |      | 7.             |          | Gov. Ball Head                                                                                                                                                     | 0.5                                                      | 1.0    | 2                 | The speed control assembly including the fly balls only.                                                                                                                                                                                                            |
|                |      | 8.             |          | PMG Assembly                                                                                                                                                       | 2                                                        | 3      | 5                 | The PMG including the drive assembly (Part of the Governor).                                                                                                                                                                                                        |
|                |      | 9.             |          | Stator Winding                                                                                                                                                     | 12                                                       | 16     | 20                | The installed cost of the winding including the ties, wedges, and similar items and including the circuit rings but excluding the stator iron (a rewind unit will also include the cost of disassembly and reassembly as applicable).                               |
|                |      | 10.            |          | Thrust Bearing                                                                                                                                                     | 2                                                        | 5      | 8                 | Includes only the shoes or segments and their supports and adjustment mechanism and the thrust runner.                                                                                                                                                              |
|                |      | 11.            |          | Exciters, Main & Pilot                                                                                                                                             | 2                                                        | 5      | 8                 | The generator mounted exciters and pilot exciters only. Excitation cubicles containing voltage regulation rheostat, field breakers and miscellaneous controls as well as separately mounted generators sets should be included in principal item 9 of account 73.1. |
|                |      | 12.            |          | Governor Air Compressor                                                                                                                                            | 1                                                        | 2      | 5                 | Only compressor units 100 cfm or larger should be included under this item.                                                                                                                                                                                         |

Note: In using the above percentages the cost of the water depressing system or the speed increaser should not be included in the cost of the turbines, governors, or generators.

| Account Number |      | Principal Item | Sub-item | Plant Items                                                                                                                                                                     | Serv Life Years | Retirement Units                                                                  | Remarks.                                                                                                                                                        |
|----------------|------|----------------|----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| C of E         | FERC |                |          |                                                                                                                                                                                 |                 |                                                                                   |                                                                                                                                                                 |
| 073            | 334  |                |          | POWERPLANT, ACCESSORY ELECTRICAL EQUIPMENT                                                                                                                                      |                 |                                                                                   |                                                                                                                                                                 |
|                |      | 1.             |          | Miscellaneous Equipment                                                                                                                                                         | 50              | Complete unit, including subitems a-f                                             |                                                                                                                                                                 |
|                |      |                | a.       | Generator, Neutral Grounding Equipment including Neutral Breakers                                                                                                               |                 | Complete System for all Generators                                                |                                                                                                                                                                 |
|                |      |                | b.       | Main Generator Buss or cable System                                                                                                                                             |                 | Complete System for one Generator or Transformer                                  |                                                                                                                                                                 |
|                |      |                | c.       | Station Service Main Bus or Cable System                                                                                                                                        |                 | Complete System                                                                   |                                                                                                                                                                 |
|                |      |                | d.       | Annunciator System, excluding Switchboard mounted equipment                                                                                                                     |                 | Complete System                                                                   |                                                                                                                                                                 |
|                |      |                | e.       | Grounding System, including Powerhouse Grounding Mat                                                                                                                            |                 | Complete System                                                                   |                                                                                                                                                                 |
|                |      | 2.             | f.       | All components not listed elsewhere                                                                                                                                             |                 | None                                                                              |                                                                                                                                                                 |
|                |      |                |          | Transformer, Station Service, liquid filled or Air or Gas insulated 1,000-kva or more in one or more phases (excluding those installed as part of Station Service Power Boards) | 50              |                                                                                   |                                                                                                                                                                 |
|                |      | 3.             |          | Antenna Towers, 80-feet and higher                                                                                                                                              | 50              | Tower, complete                                                                   | Include in this account when provided primarily for remote control of generating facilities.                                                                    |
|                |      | 4.             |          | Radio or Microwave Buildings                                                                                                                                                    | 50              | Building, complete                                                                | Include in this account when provided primarily for remote control of generating facilities.                                                                    |
|                |      | 5.             |          | Main Generator Switchgear and Breakers including Air Compressors when applicable                                                                                                | 40              | Breaker or Switchgear, complete with Accessories                                  | Does not include station service Breakers which should be included under item 7 unless both generators and station service breakers are in the same switchgear. |
|                |      | 6.             |          | Engine Generator Sets 100-kw and over                                                                                                                                           | 40              | Generator Set, complete                                                           | Include here if used for general station service, otherwise include under the feature for which furnished.                                                      |
|                |      | 7.             |          | Lighting and Power Boards for Station Service and Unit Auxiliaries, including Breakers, Transformers, and attached Accessories                                                  | 25<br>35        | Board, complete                                                                   |                                                                                                                                                                 |
|                |      | 8.             |          | Control and Auxiliary Switchboards and Beachboards, including attached Accessories (excluding applicable items listed below)                                                    | 50              | Panel, or Panels, complete, devoted to a single purpose                           |                                                                                                                                                                 |
|                |      | 9.             |          | Voltage Regulation and Excitation Equipment including Motor-Generator Set, when required (Main generating units only)                                                           | 35              | Complete System for one Generator                                                 | Generally furnished as part of the main generator contract.                                                                                                     |
|                |      | 10.            |          | Battery Switchboards including attached accessories                                                                                                                             | 35              | Board, complete                                                                   | Does not include separately mounted motor-generated sets.                                                                                                       |
|                |      | 11.            |          | Control Cable System                                                                                                                                                            | 35              | System, complete for Control Board, Panel, or Panels, devoted to a single purpose |                                                                                                                                                                 |
|                |      | 12.            |          | Load Control Equipment                                                                                                                                                          | 15              | System, complete for entire plant                                                 |                                                                                                                                                                 |



| Account Number |      | Principal Item | Sub - item | Plant Items                                                                                                                                                                                                                                               | Serv Life Years | Retirement Units                      | Remarks.                                                                                                            |
|----------------|------|----------------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------------------------------|---------------------------------------------------------------------------------------------------------------------|
| C of E         | FERC |                |            |                                                                                                                                                                                                                                                           |                 |                                       |                                                                                                                     |
| 073            | 334  |                |            | <u>POWERPLANT ACCESSORY ELECTRICAL EQUIPMENT (CONDT)</u>                                                                                                                                                                                                  |                 |                                       |                                                                                                                     |
|                |      | 13.            |            | Recording Annunciators mounted separately from Switchboard                                                                                                                                                                                                | 15              | System, complete                      |                                                                                                                     |
|                |      | 14.            |            | Data Logging Equipment mounted separately from Switchboard                                                                                                                                                                                                | 15              | System, complete                      |                                                                                                                     |
|                |      | 15.            |            | Electronic Supervisory Control and Data handling equipment                                                                                                                                                                                                | 15              | System, complete                      |                                                                                                                     |
|                |      | 16.            |            | Central Processor, electronic control installation                                                                                                                                                                                                        | 15              | System, complete                      |                                                                                                                     |
|                |      | 17.            |            | Radio, microwave, or carrier equipment, complete system at one location including transmitter, receiver power supplies, auxiliary generators, batteries, cables, and antennas, but excluding land and improvements, buildings, and towers 80 ft. and over | 15              | Each independent system complete      | Include in this account when provided primarily for remote control of generating facilities.                        |
|                |      | 18.            |            | Storage Battery, 125 volts and over                                                                                                                                                                                                                       | 20              | Battery, complete                     |                                                                                                                     |
|                |      | 19.            |            | Automatic Recording Oscillographs                                                                                                                                                                                                                         | 15              | Oscillograph, complete                |                                                                                                                     |
| 074            | 335  |                |            | <u>MISCELLANEOUS POWER PLANT EQUIPMENT</u>                                                                                                                                                                                                                |                 |                                       |                                                                                                                     |
|                |      | 1.             |            | Miscellaneous Equipment not listed elsewhere                                                                                                                                                                                                              | 50              | Complete unit, including subitems a-g |                                                                                                                     |
|                |      | a.             |            | Bridge or Gentry Cranes                                                                                                                                                                                                                                   | 50              | Cranes, complete                      |                                                                                                                     |
|                |      | b.             |            | Tailrace Cranes, complete, (excluding Mobile or Crawler types)                                                                                                                                                                                            | 50              | Crane, complete                       |                                                                                                                     |
|                |      | c.             |            | Lubricating oil systems (excluding oil purifiers listed under item 4)                                                                                                                                                                                     |                 | System, complete                      | Including piping, transfer pumps, storage tanks and all equipment not listed elsewhere.                             |
|                |      | d.             |            | Drainage and Unwatering System, including Pumps                                                                                                                                                                                                           |                 | Each independent system, complete     |                                                                                                                     |
|                |      | e.             |            | Fire Protection, High-pressure Water System, including Pumps                                                                                                                                                                                              |                 | System Complete                       |                                                                                                                     |
|                |      | f.             |            | Station air system, excluding compressors 100 cfm and over                                                                                                                                                                                                |                 | System Complete                       |                                                                                                                     |
|                |      | g.             |            | All components not listed elsewhere                                                                                                                                                                                                                       |                 | None                                  |                                                                                                                     |
|                |      | 2.             |            | Antenna Tower, 80- feet and higher                                                                                                                                                                                                                        | 50              | Tower, complete                       | Include in this account when provided primarily for communications or data transmissions in powerhouse generations. |
|                |      | 3.             |            | Radio or Microwave Equipment Bldgs                                                                                                                                                                                                                        | 50              | Building, complete                    | Include in this account when provided primarily for communications or data transmissions in powerhouse generations. |
|                |      | 4.             |            | Oil Purifiers, Fixed or Portable, Centrifugal, vacuum or Clay Treatment type, 600 ghp or over used for lubricating oil, hydraulic oil or lubricating and insulating oil                                                                                   | 35              | Purifier, complete                    |                                                                                                                     |

| Account Number |      | Principal Item | Sub - item | Plant Items                                                                                                                                                                                                                                           | Serv Life Years | Retirement Units                          | Remarks.                                                                                                                           |
|----------------|------|----------------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| C of E         | FERC |                |            |                                                                                                                                                                                                                                                       |                 |                                           |                                                                                                                                    |
| 074            | 335  |                |            | <u>MISCELLANEOUS POWERPLANT EQUIPMENT (CONDT)</u>                                                                                                                                                                                                     |                 |                                           |                                                                                                                                    |
|                |      | 5.             |            | Air Compressors complete, 100cfm or over                                                                                                                                                                                                              | 25              | Compressor, complete                      | Does not include unattached air receivers.                                                                                         |
|                |      | 6.             |            | Plant Communication Equipment, including Telephone, Code Call, and Voice Recording Systems                                                                                                                                                            | 15              | Each independent system, complete         | Include equipment installed in the power generating station for interplant communication in connection with power plant operation. |
|                |      | 7.             |            | Radio, microwave or carrier equipment complete system at one location including transmitter, receiver, power supplies, auxiliary generators, batteries cables and antennas, but excluding land and improvements, buildings and towers 80 ft. and over | 15              | System, complete                          |                                                                                                                                    |
|                |      |                |            |                                                                                                                                                                                                                                                       | 15              | Each independent system complete          |                                                                                                                                    |
| 075            | 332  |                |            | <u>TAILRACE</u>                                                                                                                                                                                                                                       |                 |                                           |                                                                                                                                    |
|                |      | 1.             |            | Tailrace, complete                                                                                                                                                                                                                                    | 100             | Complete Tailrace, including subitems a-b | Include draft tube bulkhead, stoplogs and other facilities used for draft tube unwatering.                                         |
|                |      |                | a.         | Stoplogs and Bulkheads                                                                                                                                                                                                                                |                 | Complete Set                              |                                                                                                                                    |
|                |      |                | b.         | All other components                                                                                                                                                                                                                                  |                 | None                                      |                                                                                                                                    |
| 076            | 331  |                |            | <u>SWITCHYARD</u>                                                                                                                                                                                                                                     |                 |                                           |                                                                                                                                    |
|                |      | 1.             |            | Miscellaneous Structures and Equipment                                                                                                                                                                                                                | 50              | Complete Item, including subitems a-i     |                                                                                                                                    |
|                |      |                | a.         | Steel Structures, complete (excluding foundations)                                                                                                                                                                                                    |                 | Complete Switchyard Structural System     |                                                                                                                                    |
|                |      |                | b.         | Bus & Insulation, including mounting hardware                                                                                                                                                                                                         |                 | Complete System                           |                                                                                                                                    |
|                |      |                | c.         | Lighting System, excluding Boards and attached Accessory Equipment                                                                                                                                                                                    |                 | Complete System                           |                                                                                                                                    |
|                |      |                | d.         | Conduit, Steel, Power and Control                                                                                                                                                                                                                     |                 | Complete System                           |                                                                                                                                    |
|                |      |                | e.         | Insulating Oil storage and piping system (does not include oil purifiers listed under item 10)                                                                                                                                                        |                 | System Complete                           |                                                                                                                                    |
|                |      |                | f.         | Power Transformers, 1,000 kva and over including Auto Transformers                                                                                                                                                                                    | 45              | Transformer, complete, excluding windings |                                                                                                                                    |
|                |      |                | g.         | Main Power Cable, 15-kv and over                                                                                                                                                                                                                      |                 | System, complete for each transformer     |                                                                                                                                    |
|                |      |                | h.         | Grounding system, including Grounding Mat, if separate from Powerhouse                                                                                                                                                                                |                 | System, complete                          |                                                                                                                                    |
|                |      |                | i.         | Grounding mat                                                                                                                                                                                                                                         |                 | None                                      |                                                                                                                                    |
|                |      |                |            | All components not listed elsewhere type, 600 ghp or over used for                                                                                                                                                                                    |                 |                                           |                                                                                                                                    |
|                |      | 2.             |            | Reactors, Shunt or Series, 15-kv and over                                                                                                                                                                                                             | 50              | Reactor, complete                         |                                                                                                                                    |

| Account Number |      | Principal Item | Sub - item | Plant Items                                                                                                            | Serv Life Years | Retirement Units                      | Remarks.                                   |
|----------------|------|----------------|------------|------------------------------------------------------------------------------------------------------------------------|-----------------|---------------------------------------|--------------------------------------------|
| C of E         | FERC |                |            |                                                                                                                        |                 |                                       |                                            |
| 076            | 331  |                |            | <u>SWITCHYARD (CONDT)</u>                                                                                              |                 |                                       |                                            |
|                |      | 3.             |            | Lighting Arresters, 15-kv and over per phase                                                                           | 35              | Complete three-phase Set              |                                            |
|                |      | 4.             |            | Transformer, Instrument, 15-kv and over, PT and CT                                                                     | 45              | Transformer, complete                 |                                            |
|                |      | 5.             |            | Transformer, Regulating                                                                                                | 45              | Transformer, complete                 |                                            |
|                |      | 6.             |            | Circuit Breakers, 15-kv and over                                                                                       | 50              | Breaker, complete                     |                                            |
|                |      | 7.             |            | Disconnecting Switches, 15-kv and over                                                                                 | 50              | Switch, complete                      |                                            |
|                |      | 8.             |            | Coupling Capacitors, including auxiliary equipment                                                                     | 35              | Coupling Capacitor, complete          |                                            |
|                |      | 9.             |            | Carrier Current Line Traps                                                                                             | 35              | One unit for all Traps                |                                            |
|                |      | 10.            |            | Oil Purifiers, Portable or Fixed, Centrifugal, Vacuum, or Clay Treatment, with or without Filter Press 600 gph or over | 35              | Purifiers, complete                   | Used only for insulating oil purification. |
|                |      | 11.            |            | Control Cable Systems                                                                                                  | 35              | System, complete                      |                                            |
|                |      | 12.            |            | Lighting and Power Boards, complete with attached Accessory Equipment                                                  | 35              | Board, complete                       |                                            |
| 08             | 336  |                |            | <u>ROADS, RAILROADS AND BRIDGES</u>                                                                                    |                 | None                                  |                                            |
|                |      | 1.             |            | Railroads                                                                                                              | 100             | Complete item, including subitems a-e |                                            |
|                |      |                | a.         | Rails                                                                                                                  |                 | Rails for complete system             |                                            |
|                |      |                | b.         | Ties and Ballast                                                                                                       |                 | Complete System                       |                                            |
|                |      |                | c.         | Road Beds, Railroad, including Culverts                                                                                |                 | Complete System                       |                                            |
|                |      |                | d.         | Bridges, Concrete, Steel or Masonry                                                                                    |                 | Bridge, complete                      |                                            |
|                |      |                | e.         | All components not listed elsewhere                                                                                    |                 | None                                  |                                            |
|                |      | 2.             |            | Roads                                                                                                                  | 100             | Complete item, including subitems a-d |                                            |
|                |      |                | a.         | Roadway Base Culverts                                                                                                  |                 | Base for each independent road        |                                            |
|                |      |                | b.         | Roadway Surfacing                                                                                                      |                 | Surfacing for each independent road   |                                            |
|                |      |                | c.         | Bridges, Concrete, Steel or Masonry                                                                                    |                 | Bridge, complete                      |                                            |
|                |      |                | d.         | All components not listed elsewhere                                                                                    |                 | None                                  |                                            |
|                |      | 3.             |            | Bridges and Trestles, Railroad Timber                                                                                  | 40              | Complete Structure                    |                                            |
|                |      | 4.             |            | Bridges, Roadway, Timber                                                                                               | 25              | Bridge, complete                      |                                            |
| 09             | 332  |                |            | <u>CHANNELS AND CANNELS</u>                                                                                            |                 |                                       |                                            |
|                |      | 1.             |            | Basic Features                                                                                                         | 100             | Complete item, excluding subitems a-c |                                            |
|                |      |                | a.         | Concrete Buildings, excluding replaceable Roof Coverings of 3,000 sq. ft. and over                                     |                 | Building, complete                    |                                            |
|                |      |                | b.         | Other Concrete Structures                                                                                              |                 | Structure, complete                   |                                            |

| Account Number |      | Principal Item | Sub - item | Plant Items                                                                                               | Serv Life Years | Retirement Units                                      | Remarks.                                   |
|----------------|------|----------------|------------|-----------------------------------------------------------------------------------------------------------|-----------------|-------------------------------------------------------|--------------------------------------------|
| C of E         | FERC |                |            |                                                                                                           |                 |                                                       |                                            |
| 09             | 332  |                |            | <u>CHANNELS AND CANNELS (CONDT)</u>                                                                       |                 |                                                       |                                            |
|                |      |                | c.         | Other Components not listed elsewhere including Excavated Channels and Canals                             |                 | None                                                  |                                            |
|                |      | 2.             |            | Buildings, other than Concrete excluding replaceable Roof Coverings of 3,000 sq. ft. or over per building | 50              | Building, complete                                    |                                            |
|                |      | 3.             |            | Piers Mooring Facilities, Bulkheads Training Walls, Trash Booms, Timber Coupling Capacitors, including    | 25              | Independent Structure, complete                       |                                            |
|                |      | 4.             |            | Roof Coverings, 3,000 sq. ft or more per building                                                         | 20              | Roof Covering, complete for one building or structure |                                            |
| 11             | 332  |                |            | <u>LEVEES AND FLOODWALLS</u>                                                                              |                 |                                                       |                                            |
|                |      | 1.             |            | Basic Features                                                                                            | 100             | Complete item, including subitems a-c                 |                                            |
|                |      |                | a.         | Roadways                                                                                                  |                 | Complete System                                       |                                            |
|                |      |                | b.         | Sewers, Drainage Facilities, and Outfalls                                                                 |                 | Independent System, complete                          |                                            |
|                |      |                | c.         | Other Components not listed elsewhere                                                                     |                 | None                                                  |                                            |
| 13             | 331  |                |            | <u>PUMPING PLANTS</u>                                                                                     |                 |                                                       |                                            |
|                |      | 1.             |            | Basic Features                                                                                            | 100             | Complete item, including subitems a-c                 |                                            |
|                |      |                | a.         | Concrete Buildings, excluding replaceable Roof Coverings of 3,000 sq. ft. and over per building           |                 | Building, complete                                    |                                            |
|                |      |                | b.         | Pumps and Prime Movers, excluding components listed in items 2 thru 15, below                             |                 | Complete Pump with Prime Mover                        |                                            |
|                |      |                | c.         | Other Components not listed elsewhere                                                                     |                 | None                                                  |                                            |
|                |      | 2.             |            | Buildings, other than Concrete excluding replaceable Roof Coverings of 3,000 sq. ft. or over per building | 50              | Bridge, complete                                      |                                            |
|                |      | 3.             |            | Transformers, liquid-filled or Air or Gas insulated, 1,000-kva or more in one or more phases              | 45              | Transformer, complete                                 |                                            |
|                |      | 4.             |            | Engine Generator Sets, 100-kv or more                                                                     | 40              | Generator Set, complete                               |                                            |
|                |      | 5.             |            | Lighting, Power and Control Boards complete with attached Accessory Equipment                             | 100             | Complete item, excluding subitems a-c                 |                                            |
|                |      | 6.             |            | Air Compressors, complete, 100 cfm and over                                                               | 35              | Board, complete                                       |                                            |
|                |      | 7.             |            | Roof Coverings, 3,000 sq. ft or more per building                                                         | 25              | Compressor, Complete                                  | Does not include unattached air receivers. |
|                |      |                |            |                                                                                                           | 20              | Roof Covering, complete for one building or structure |                                            |
|                |      | 8.             |            | Pump Impeller, 1,500 hp or more                                                                           | 40              | Impeller, complete                                    |                                            |
|                |      | 9.             |            | Pump Impeller, 250-1,499 hp                                                                               | 30              | Impeller, complete                                    |                                            |
|                |      | 10.            |            | Pump Motor, Stator Winding, 1,500 hp or more                                                              | 35              | Stator Winding, complete for one motor                |                                            |

| Account Number |      | Principal Item | Sub - item | Plant Items                                                                                                      | Serv Life Years | Retirement Units                                             | Remarks. |
|----------------|------|----------------|------------|------------------------------------------------------------------------------------------------------------------|-----------------|--------------------------------------------------------------|----------|
| C of E         | FERC |                |            |                                                                                                                  |                 |                                                              |          |
| 13             | 331  |                |            | <u>PUMPING PLANTS (CONDT)</u>                                                                                    |                 |                                                              |          |
|                |      | 11.            |            | Pump Motor, Stator Winding,<br>250-1,499 hp                                                                      | 20              | Stator Winding, complete for one motor                       |          |
|                |      | 12.            |            | Pump Turbine Runner, 1,500 hp or more                                                                            | 40              | Runner complete for one pump turbine                         |          |
|                |      | 13.            |            | Pump Turbine Runner, 250-1,499 hp                                                                                | 30              | Runner complete for one pump turbine                         |          |
|                |      | 14.            |            | Pump Engine, 250 hp and above                                                                                    | 40              | Engine, complete                                             |          |
|                |      | 15.            |            | Pump Engine, 100-249 hp                                                                                          | 25              | Engine, complete                                             |          |
| 14             | 331  |                |            | <u>RECREATIONAL FACILITIES</u>                                                                                   |                 |                                                              |          |
|                |      | 1.             |            | Roads, excluding Timber bridges                                                                                  | 100             | Complete item, including subitems a-d                        |          |
|                |      |                | a.         | Roadway Base and Culverts                                                                                        |                 | Base, complete for each independent road                     |          |
|                |      |                | b.         | Surfacing                                                                                                        |                 | Surfacing, complete for each independent road                |          |
|                |      |                | c.         | Bridges; Steel, Concrete, or Masonry                                                                             |                 | Bridge, complete                                             |          |
|                |      |                | d.         | All components not listed elsewhere                                                                              |                 | None                                                         |          |
|                |      | 2.             |            | Parking Areas                                                                                                    | 100             | System Complete for each development or site                 |          |
|                |      |                | b.         | Sewers, Drainage Facilities, and                                                                                 |                 | Independent System, complete                                 |          |
|                |      | 3.             |            | Other Recreation Developments<br>excluding components listed elsewhere                                           | 100             | Complete item, including subitems a-c                        |          |
|                |      |                | a.         | Electric System, Power and Lighting                                                                              |                 | System complete for each development or site                 |          |
|                |      |                | b.         | Buildings, Concrete, excluding<br>replaceable Roof Coverings of 3,000<br>sq. ft. and over per building           |                 | Building, complete                                           |          |
|                |      |                | c.         | Other Components not listed elsewhere                                                                            |                 | None                                                         |          |
|                |      | 4.             |            | Buildings, other than Concrete,<br>excluding replaceable Roof Coverings<br>of 3,000 sq. ft. or over per building | 50              | Building, complete                                           |          |
|                |      | 5.             |            | Piers, Docks, Booms, and Bridges;<br>Timber                                                                      | 25              | Independent Structure, complete                              |          |
|                |      | 6.             |            | Roof Coverings, 3,000 sq. ft or more<br>per building                                                             | 20              | Bridge, complete<br>Roof Covering, complete for one building |          |
| 19             | 331  |                |            | <u>BUILDINGS, GROUNDS AND<br/>UTILITIES</u>                                                                      |                 |                                                              |          |
|                |      | 1.             |            | Basic features                                                                                                   | 50              | Complete item, including subitems a-g                        |          |
|                |      |                | a.         | Buildings, Concrete, excluding<br>replaceable Roof Coverings of 3,000<br>sq. ft. or more                         |                 | Building, complete                                           |          |
|                |      |                | b.         | Power Distribution and Exterior<br>Lighting System                                                               |                 | System complete, each system                                 |          |
|                |      |                | c.         | Water System                                                                                                     |                 | System, complete                                             |          |
|                |      |                | d.         | Sewer System and Drainage System                                                                                 |                 | System, complete, each system                                |          |
|                |      |                | e.         | Local Streets, Curbs, and Sidewalks                                                                              |                 | System, complete, each system                                |          |
|                |      |                | f.         | Piers, Docks, and mooring facilities;<br>Concrete                                                                |                 | Independent Structure, complete                              |          |
|                |      |                | g.         | Other Components not listed elsewhere                                                                            |                 | None                                                         |          |
|                |      | 2.             |            | Personnel Housing                                                                                                | 50              | Building, complete                                           |          |

| Account Number |      | Principal Item | Sub - item | Plant Items                                                                                                              | Serv Life Years | Retirement Units                                                         | Remarks. |
|----------------|------|----------------|------------|--------------------------------------------------------------------------------------------------------------------------|-----------------|--------------------------------------------------------------------------|----------|
| C of E         | FERC |                |            |                                                                                                                          |                 |                                                                          |          |
| 19             | 331  |                |            | <u>BUILDINGS, GROUNDS AND UTILITIES (COND'T)</u>                                                                         |                 |                                                                          |          |
|                |      | 3.             |            | Operational Buildings and Structures, other than Concrete, excluding replaceable Roof Coverings of 3,000 sq. ft. or more | 50              | Building, complete                                                       |          |
|                |      | 4.             |            | Piers, Docks, and mooring facilities; Timber                                                                             | 50              | Building or structure, complete                                          |          |
|                |      | 5.             |            | Roof Coverings, 3,000 sq. ft or more                                                                                     | 20              | Roof Covering, complete for one building                                 |          |
| 20             | 335  |                |            | <u>PERMANENT OPERATING EQUIPMENT</u>                                                                                     |                 | Surfacing, complete for each independent                                 |          |
|                |      |                |            | <u>Floating Plant</u>                                                                                                    | 50              | Dredge, complete                                                         |          |
|                |      | 1.             |            | Dredges                                                                                                                  |                 | Bridge, complete                                                         |          |
|                |      | 2.             |            | Tug Boats                                                                                                                | 25              | Boat, complete                                                           |          |
|                |      | 3.             |            | Tenders                                                                                                                  | 25              | Tender, complete                                                         |          |
|                |      | 4.             |            | Drift Collectors                                                                                                         | 25              | Vessel, complete                                                         |          |
|                |      | 5.             |            | Tow Boats                                                                                                                | 25              | Boat, complete                                                           |          |
|                |      | 6.             |            | Patrol Boats                                                                                                             | 25              | Boat, complete                                                           |          |
|                |      | 7.             |            | Snag Boats                                                                                                               | 25              | Boat, complete                                                           |          |
|                |      | 8.             |            | Drill Boats or Barges and Jet-probing Barges                                                                             | 25              | Boat or Barge, complete                                                  |          |
|                |      | 9.             |            | Derrick Boats or Barges                                                                                                  | 25              | Boat or Barge, complete                                                  |          |
|                |      | 10.            |            | Maneuver Boats                                                                                                           | 25              | Boat, complete                                                           |          |
|                |      | 11.            |            | Barges, Mooring                                                                                                          | 25              | Barge, complete                                                          |          |
|                |      | 12.            |            | Other Major Non-group Floating Plant                                                                                     | 25              | Boat, barge, vessel, or plant item complete with all Accessory Equipment |          |
|                |      | 13.            |            | Miscellaneous Floating Plant, initial cost, new of \$25,000 or more per unit                                             |                 |                                                                          |          |
|                |      |                | a.         | Barges, or Floating Work Platforms                                                                                       | 25              | Barge, or other item, complete                                           |          |
|                |      |                | b.         | Boat, Outboard, excluding Motors                                                                                         | 20              | Motor, complete                                                          |          |
|                |      |                | c.         | Motors, Outboard                                                                                                         | 10              | Motor, complete                                                          |          |
|                |      | 14.            |            | Other items not listed elsewhere                                                                                         | 25              |                                                                          |          |
|                |      |                |            | <u>Automotive Land Plant</u>                                                                                             |                 |                                                                          |          |
|                |      | 1.             |            | Station Wagons (passenger car chassis) Group C                                                                           | 7               | Vehicle, complete                                                        |          |
|                |      | 2.             |            | Ambulances (light) - Group D                                                                                             | 10              | Vehicle, complete                                                        |          |
|                |      | 3.             |            | Ambulances (heavy) - Group DI                                                                                            | 10              | Vehicle, complete                                                        |          |
|                |      | 4.             |            | Trucks, 1/4-ton, 4x4- Group E                                                                                            | 7               | Vehicle, complete                                                        |          |
|                |      | 5.             |            | Carryalls (including Station Wagons mounted on Truck Chassis( Group E1                                                   | 10              | Vehicle, complete                                                        |          |
|                |      | 6.             |            | Trucks, Panel and sedan Delivery Group E2                                                                                | 7               | Vehicle, complete                                                        |          |
|                |      | 7.             |            | Trucks, Pickup - Group F                                                                                                 | 7               | Vehicle, complete                                                        |          |
|                |      | 8.             |            | Trucks, 3/4 - 1 - Ton - Group G                                                                                          | 7               | Vehicle, complete                                                        |          |
|                |      | 9.             |            | Trucks and Truck Tractors 1 1/2-Ton - Group H                                                                            | 8               | Vehicle, complete                                                        |          |

| Account Number |      | Principal Item | Sub - item | Plant Items                                                            | Serv Life Years | Retirement Units  | Remarks. |
|----------------|------|----------------|------------|------------------------------------------------------------------------|-----------------|-------------------|----------|
| C of E         | FERC |                |            |                                                                        |                 |                   |          |
| 20             | 335  |                |            | <u>PERMANENT OPERATING EQUIPMENT (COND'T)</u>                          |                 |                   |          |
|                |      |                |            | <u>Automotive Land Plant</u>                                           |                 |                   |          |
|                |      | 10.            |            | Trucks and Truck Tractors, 2 1/2-Ton - Group I                         | 8               | Vehicle, complete |          |
|                |      | 11.            |            | Trucks and Trucks Tractors, 3-4-Ton-Group J                            | 10              | Vehicle, complete |          |
|                |      | 12.            |            | Trucks and Trucks Tractors, 5-10-Ton-Group K                           | 10              | Vehicle, complete |          |
|                |      | 13.            |            | Trucks and Trucks Tractors, 11-Ton and over Group L                    | 12              | Vehicle, complete |          |
|                |      | 14.            |            | Trucks, Wrecker - Group M                                              | 8               | Vehicle, complete |          |
|                |      | 15.            |            | Fire Trucks - Group N                                                  | 12              | Vehicle, complete |          |
|                |      | 16.            |            | Trucks, Refuse - Group O                                               | 8               | Vehicle, complete |          |
|                |      | 17.            |            | Trucks, Power Line and telephone Construction and Maintenance Group P  | 8               | Vehicle, complete |          |
|                |      | 18.            |            | Snow Plows, Rotary- Group Q                                            | 12              | Vehicle, complete |          |
|                |      | 19.            |            | Trucks, Drill Rig - Group R                                            | 8               | Vehicle, complete |          |
|                |      | 20.            |            | Trucks, Mobile Crane - Group S                                         | 15              | Vehicle, complete |          |
|                |      | 21.            |            | Trucks, Compressor or Welder Mounted - Group T                         | 8               | Vehicle, complete |          |
|                |      | 22.            |            | Trucks, Refrigerator - Group U                                         | 8               | Vehicle, complete |          |
|                |      | 23.            |            | Trucks, Military Design, 1/4-Ton- Group V                              | 7               | Vehicle, complete |          |
|                |      | 24.            |            | Trucks, Military Design, 1/2-1-Ton- Group W                            | 7               | Vehicle, complete |          |
|                |      | 25.            |            | Trucks and Truck Tractors, Military Design, 1 1/2- Ton-Group X         | 8               | Vehicle, complete |          |
|                |      | 26.            |            | Trucks and Truck Tractors, Military Design, 2 1/2- Ton-Group Y         | 8               | Vehicle, complete |          |
|                |      | 27.            |            | Trucks and Truck Tractors, Military Design, 3-4- Ton-Group Z           | 10              | Vehicle, complete |          |
|                |      | 28.            |            | Trucks and Truck Tractors, Military Design, 5-10- Ton-Group AA         | 10              | Vehicle, complete |          |
|                |      | 29.            |            | Trucks and Truck Tractors, Military Design, 11- Ton and over -Group BB | 12              | Vehicle, complete |          |
|                |      | 30.            |            | Trucks, Military Design, Amphibious Group CC                           | 10              | Vehicle, complete |          |
|                |      | 31.            |            | Motorcycles, and Scooters, All Types Group DD                          | 5               | Vehicle, complete |          |
|                |      | 32.            |            | Trailers, 1/4-Ton-2 1/2-Ton All Types Group EE                         | 20              | Vehicle, complete |          |
|                |      | 33.            |            | Trailers and semi-Trailers, 3-15-Ton All Types Group FF                | 20              | Vehicle, complete |          |
|                |      | 34.            |            | Trailers and semi-Trailers, 16-30 Ton All Types Group GG               | 20              | Vehicle, complete |          |
|                |      | 35.            |            | Trailers and semi-Trailers, 30 Ton and over, all types - Group HH      | 20              | Vehicle, complete |          |

| Account Number |      | Principal Item | Sub-item | Plant Items                                                                                        | Serv Life Years | Retirement Units                           | Remarks. |
|----------------|------|----------------|----------|----------------------------------------------------------------------------------------------------|-----------------|--------------------------------------------|----------|
| C of E         | FERC |                |          |                                                                                                    |                 |                                            |          |
| 20             | 335  |                |          | <u>PERMANENT OPERATING EQUIPMENT (COND'T)</u>                                                      |                 |                                            |          |
|                |      |                |          | <u>Other Mobile Land Plant</u>                                                                     |                 |                                            |          |
|                |      | 1.             |          | Items not listed elsewhere, including Items with initial cost, new, of less than \$25,000 per unit | 10              | None                                       |          |
|                |      | 2.             |          | Locomotives and Railroad Cars                                                                      |                 |                                            |          |
|                |      | 3.             |          | Trucks and Trucks Tractors, Tractors, Wheel-mounted, initial cost \$25,000 or more                 | 100             | Locomotive or Car, complete                |          |
|                |      | 4.             |          | Tractors, Crawler, including Bulldozers initial cost \$25,000 or more                              | 12              | Tractor, complete                          |          |
|                |      | 5.             |          | Cranes, Mobile                                                                                     | 15              |                                            |          |
|                |      | a.             |          | Cranes, Wheel-mounted, excluding those classified as Automotive Equipment                          |                 | Cranes, complete                           |          |
|                |      | b.             |          | Cranes, Crawler type                                                                               |                 | Crane, complete                            |          |
|                |      | 6.             |          | Earth-moving Equipment, initial cost, \$25,000 or more per unit                                    | 15              |                                            |          |
|                |      | a.             |          | Scraper-carriers, Self-propelled or Towed                                                          |                 | Scraper or Scraper-Carrier, complete       |          |
|                |      | b.             |          | Rollers, Self-propelled or Towed                                                                   |                 | Roller, complete                           |          |
|                |      | c.             |          | Back Hoes, excluding Back Hoe attachments for general purposes Tractors or Cranes                  |                 | Back Hoe, complete                         |          |
|                |      | d.             |          | Loaders, excluding attachments for general purpose tractors                                        |                 | Loader, complete                           |          |
|                |      | e.             |          | Ditchers, Trenchers, Excavators, and Backfillers, excluding attachments for other basic equipment  |                 | Ditchers, Trenchers, Excavator, complete   |          |
|                |      | f.             |          | Graders, Self-propelled or Towed                                                                   |                 | Grader, complete                           |          |
|                |      | 7.             |          | Material-handling Equipment, initial cost, new, \$25,000 or more per unit                          | 20              | Fork Lif, Material Carrier, complete       |          |
|                |      | 8.             |          | Miscellaneous Equipment, Initial cost, new, \$25,000 or more per unit                              | 15              | Street Sweeper, or other machine, complete |          |
|                |      |                |          | <u>Office Furniture and Equipment</u>                                                              |                 |                                            |          |
|                |      | 1.             |          | Furniture (Decks, Tables, Chairs, Lockers, Files, Map Cases, Bookcases and Safes)                  |                 |                                            |          |
|                |      | a.             |          | Miscellaneous Items, initial cost, new less than \$25,000 per unit                                 | 10              | None                                       |          |
|                |      | b.             |          | Safes, Special Equipment, ets, initial cost, new, \$25,000 or more, per unit                       | 20              | Safe or other item, complete               |          |
|                |      | c.             |          | Operation and Maintenance Manuals                                                                  | 100             | None                                       |          |
|                |      | 2.             |          | Equipment, such as Typewriter, Adding machines, Calculators, Duplicating and Recording Machines    |                 |                                            |          |
|                |      |                |          | Key Punch Equipment, Electronic Calculators and Computers                                          | 10              | None                                       |          |



| Account Number |      | Principal Item | Sub - item | Plant Items                                                                                                                                                                                                                      | Serv Life Years | Retirement Units                    | Remarks. |
|----------------|------|----------------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-------------------------------------|----------|
| C of E         | FERC |                |            |                                                                                                                                                                                                                                  |                 |                                     |          |
| 20             | 335  |                |            | <u>PERMANENT OPERATING EQUIPMENT (CONDT)</u>                                                                                                                                                                                     |                 |                                     |          |
|                |      |                |            | <u>Office Furniture and Equipment</u>                                                                                                                                                                                            |                 |                                     |          |
|                |      |                | a.         | Miscellaneous Equipment not listed elsewhere, including items initial cost, new, less than \$25,000 per unit                                                                                                                     | 10              | None                                |          |
|                |      |                | b.         | Office Machines, such as Accounting Machines, Dictating Machines, typewriters, Adding Machines, Key Punch and Electronic Mechanical Data Processors, Electro-Mechanical Calculators, initial cost, new \$25,000 or more per unit | 15              | Each machine, complete              |          |
|                |      |                | c.         | Electronic-calculators, computer, and related items                                                                                                                                                                              | 15              | Celculator, computers, complete     |          |
|                |      |                | d.         | Duplicating and Reproducing Machines initial cost, new, \$25,000 or more per unit                                                                                                                                                | 15              | Blueprint or print, machine         |          |
|                |      |                |            | <u>Material-handling Equipment</u>                                                                                                                                                                                               |                 |                                     |          |
|                |      | 1.             |            | Miscellaneous Equipment not listed elsewhere, including items initial cost, new, less than \$25,000 per item (including shelving, storage bins, portable conveyors, dollies, and similar equipment)                              | 50              | None                                |          |
|                |      | 2.             |            | Fixed-conveyor Systems (Mono-rail, Roller Type) initial cost, new \$25,000 or more per system                                                                                                                                    | 25              | System, complete                    |          |
|                |      | 3.             |            | Special Storage Racks, Bins, Ramps, Platforms, and similar equipment, independent of other Structures, initial cost, new, \$25,000 or more per unit                                                                              | 25              | Rack, ramp, or other item, complete |          |
|                |      |                |            | <u>Shop Tools and Equipment</u>                                                                                                                                                                                                  |                 |                                     |          |
|                |      | 1.             |            | Miscellaneous Fixed Shop Equipment not listed elsewhere, including items initial cost, new, less than \$25,000 per unit                                                                                                          | 10              | None                                |          |
|                |      | 2.             |            | Major Fixed Shop Equipment consisting of such items as lathes, sharpers, drying ovens, Forges, pipe, and sheet metal machines, table and band saws, initial cost, new, \$25,000 or more, per unit                                | 25              | Each machine or device, complete    |          |
|                |      | 3.             |            | Miscellaneous Portable Shop Equipment and Tools not listed elsewhere, initial cost, new, less than \$25,000 per unit                                                                                                             | 10              | None                                |          |

APPENDIX I-2  
CORPS OF ENGINEERS DEPARTMENT OF THE ARMY PROJECT NAME  
PROJECT LOCATION  
STATEMENT OF ASSETS AND LIABILITIES - 30 SEPTEMBER 20XX

|                                                  | Power<br>Production | Flood<br>Control  | Recreation       | Water<br>Supply | Total<br>Project  |
|--------------------------------------------------|---------------------|-------------------|------------------|-----------------|-------------------|
| *****                                            |                     |                   |                  |                 |                   |
| <u>Assets Property , Plant and</u>               |                     |                   |                  |                 |                   |
| <u>Equipment; Original Cost</u>                  |                     |                   |                  |                 |                   |
| <u>Including Interest During Construction</u>    |                     |                   |                  |                 |                   |
| Specific Facilities                              | 32,685,429          |                   | 4,936,772        |                 | 37,622,201        |
| Joint Use Facilities                             | <u>45,116,619</u>   | <u>20,846,038</u> |                  |                 | <u>65,962,657</u> |
| Total Original Cost                              | 77,802,048          | 20,846,038        | <u>4,936,772</u> |                 | 103,584,858       |
| Less:                                            |                     |                   |                  |                 |                   |
| <u>Depreciation</u>                              |                     |                   |                  |                 |                   |
| Specific Facilities                              | 7,153,358           | 270,233           | 270,233          |                 | 7,423,591         |
| Joint Use Facilities                             | <u>4,758,581</u>    | <u>2,253,934</u>  |                  |                 | <u>7,012,515</u>  |
| Total Depreciation                               | 11,911,939          | 2,253,934         | <u>270,233</u>   |                 | 14,436,106        |
| Original Cost Less Depr                          | 5,890,109           | 18,592,104        | 4,666,539        |                 | 89,148,752        |
| <u>Other Assets</u>                              |                     |                   |                  |                 |                   |
| Unexpended Bal of Allot.                         | 522,080             | 105,887           | 68,062           |                 | 696,029           |
| Construction WIP                                 | 33,983              |                   |                  |                 | 33,983            |
| Deferred & Undistributed<br>Materials & Supplies | 1,654               | 766               |                  |                 | 2,420             |
| Total Other Assets                               | <u>557,717</u>      | <u>106,653</u>    | <u>68,062</u>    |                 | <u>732,432</u>    |
| TOTAL ASSETS                                     | 66,447,826          | 18,698,757        | 4,734,601        |                 | 68,881,184        |

APPENDIX I-2  
CORPS OF ENGINEERS DEPARTMENT OF THE ARMY PROJECT NAME  
PROJECT LOCATION  
STATEMENT OF ASSETS AND LIABILITIES - 30 SEPTEMBER 20XX

\*\*\*\*\*

|  | Power<br>Production | Flood<br>Control | Recreation | Water<br>Supply | Total<br>Project |
|--|---------------------|------------------|------------|-----------------|------------------|
|--|---------------------|------------------|------------|-----------------|------------------|

\*\*\*\*\*

Liabilities

Investment of the U.S. Gov't  
Congressional Approp.

|             |            |            |        |             |
|-------------|------------|------------|--------|-------------|
| 108,155,717 | 24,636,526 | 21,469,568 | 27,549 | 154,234,262 |
|-------------|------------|------------|--------|-------------|

|                        |             |            |            |        |             |
|------------------------|-------------|------------|------------|--------|-------------|
| Transfers-Other Agency | 388,177     | 143,148    | (18,147)   |        | 513,178     |
| Joint Use Facilities   | 48,631,716  | 11,528,297 | 686,293    | 0      | 60,846,306  |
| Total Original Cost    | 157,175,610 | 20,846,038 | 22,137,714 | 27,549 | 215,593,746 |

Less:

|                                               |                   |                   |           |        |                   |
|-----------------------------------------------|-------------------|-------------------|-----------|--------|-------------------|
| Funds Rid to Treasury:                        |                   |                   |           |        |                   |
| Power Marketing Agencies                      | 127,317,221       | 9,509             |           |        | 127,326,730       |
| Other COE & Agencies                          | 1,251,627         | 282,853           | 1,277,599 | 45,514 | 2,857,593         |
| Net Expense of Non-Reim-<br>bursable Purposes | <u>17,316,852</u> | <u>16,125,514</u> |           |        | <u>33,442,366</u> |

I

|              |             |            |            |        |             |
|--------------|-------------|------------|------------|--------|-------------|
| Total Debits | 128,568,848 | 17,609,214 | 17,403,113 | 45,514 | 163,626,689 |
|--------------|-------------|------------|------------|--------|-------------|

Add:

|                                                    |                   |                   |                  |  |                   |
|----------------------------------------------------|-------------------|-------------------|------------------|--|-------------------|
| Status of Cost Recovery-<br>Reimbursable Purposes: |                   |                   |                  |  |                   |
| Result from Operations                             | 37,842,822        | 73,063            |                  |  | 37,915,885        |
| Net Gain or Loss (-) on<br>Disposal of Land        | (1,758)           |                   |                  |  | (1,758)           |
| Total Net Cost Recovery                            | 37,841,064        | 73,063            |                  |  | 37,914,127        |
| (1)<br>Net Investment of U.S.<br>Gov't             | <u>66,447,826</u> | <u>18,698,757</u> | <u>4,734,601</u> |  | <u>89,881,184</u> |
| Total Liabilities                                  | 66,447,826        | 18,698,757        | 4,734,601        |  | 89,881,184        |

For Footnotes, see next page

APPENDIX I - 2  
 CORPS OF ENGINEERS DEPARTMENT OF THE ARMY  
 PROJECT NAME  
 PROJECT LOCATION  
 STATEMENT OF ASSETS AND LIABILITIES - 30 SEPTEMBER 20XX

\*\*\*\*\*  
 Power Flood Water Total  
 Production Control Recreation Supply Project  
 \*\*\*\*\*

1) Status of Recovery of  
 Investment - Reimbursable  
 Purposes

|                                |            |  |        |            |
|--------------------------------|------------|--|--------|------------|
| Net Reimbursable Cost Recovery | 37,841,064 |  | 73,063 | 37,914,127 |
| Depreciation                   | 11,911,939 |  |        | 11,911,939 |
| Gross Recovery of Investment   | 49,753,003 |  | 73,063 | 49,826,066 |

2) Includes \_\_\_\_\_ receipts from grants, \_\_\_\_\_ of which is required by law to be returned by the U.S. Treasury to the States in which the land is located.

APPENDIX I-2  
 CORPS OF ENGINEERS DEPARTMENT OF THE ARMY PROJECT NAME  
 PROJECT LOCATION  
 STATEMENT OF REVENUES AND EXPENSES FOR THE FISCAL YEAR ENDED - 30 SEPTEMBER 20XX

|                                      | Power<br>Production | Flood<br>Control | Recreation     | Water<br>Supply | Total<br>Project |
|--------------------------------------|---------------------|------------------|----------------|-----------------|------------------|
| *****                                |                     |                  |                |                 |                  |
| <u>Operating Income:</u>             |                     |                  |                |                 |                  |
| Revenues Allocated by PMA            | 4,456,320           |                  |                |                 | 4,456,320        |
| Electric Energy furnished            |                     |                  |                |                 |                  |
| Resource Manager                     | 7,734               |                  |                |                 | 7,734            |
| Electric Energy furnished            |                     |                  |                |                 |                  |
| Private Concessions                  |                     |                  |                |                 |                  |
| Headwater Benefits                   | 368,555             |                  |                |                 | 368,555          |
| Sales of Water                       |                     |                  |                | 73,063          | 83,246           |
| Total Operating Income               | 4,842,792           |                  |                | 73,063          | 4,456,320        |
| <u>Operating Revenue Deductions:</u> |                     |                  |                |                 |                  |
| <u>Operating and Maintenance</u>     |                     |                  |                |                 |                  |
| Expenses: Specific Facilities - Oper | 959,260             |                  | 1,491,160      |                 | 2,450,420        |
| Specific Facilities - Maint          | 167,142             |                  | 596,651        |                 | 763,793          |
| Joint Facilities - Oper              | 832,135             | 192,662          |                |                 | 1,024,797        |
| Joint Facilities - Maint             | <u>1,372,015</u>    | <u>317,659</u>   |                |                 | 1,689,674        |
| Total Oper and Maint Exp             | <u>3,330,552</u>    | <u>510,321</u>   | 2,087,811      |                 | <u>5,928,684</u> |
| Less: Credits to Oper                | <u>25,620</u>       | <u>5,932</u>     | <u>193,180</u> |                 | <u>224,732</u>   |
| Net Oper and Maint Exp               | <u>3,304,932</u>    | 504,389          | 1,894,631      |                 | 5,703,952        |
| Depreciation Expense:                |                     |                  |                |                 |                  |
| Specific Facilities                  | 311,575             |                  | 22,279         |                 | 333,854          |
| Joint Facilities                     | <u>244,706</u>      | <u>114,629</u>   |                |                 | <u>359,335</u>   |
| Total Depreciation                   | <u>556,281</u>      | <u>114,629</u>   | <u>22,279</u>  |                 | <u>693,189</u>   |
| Total Operating Rev Deductions       | 3,861,213           | 619,018          | 1,916,910      |                 | 6,397,141        |
| Net Operating Revenues               | 981,579             | (619,018)        | (1,916,910)    | 73,063          | (1,481,286)      |

APPENDIX I-2  
 CORPS OF ENGINEERS DEPARTMENT OF THE ARMY PROJECT NAME  
 PROJECT LOCATION  
 STATEMENT OF REVENUE AND EXPENSES FOR THE FISCAL YEAR ENDED

30 SEPTEMBER 20XX

\*\*\*\*\*

|                                 | Power<br>Production | Flood<br>Control | Recreation         | Water<br>Supply | Total<br>Project   |
|---------------------------------|---------------------|------------------|--------------------|-----------------|--------------------|
| *****                           |                     |                  |                    |                 |                    |
| Income                          |                     |                  |                    |                 |                    |
| Misc Non-Oper Income            | 2,923               | 677              |                    |                 | 3,600              |
| Total Other Income              | 2,923               | 677              |                    |                 | 3,600              |
| <u>Gross Income</u>             | 984,502             | (618,341)        | (1,916,910)        | 73,063          | (1,477,686)        |
| Income Deductions               |                     |                  |                    |                 |                    |
| Interest on Fed Invest          | 662,179             |                  |                    |                 | 622,179            |
| Less: Int Chgd to Const         |                     |                  |                    |                 |                    |
| Total Income Deductions         | 662,179             |                  |                    |                 | 622,179            |
| Total Net Income                | 322,323             | (618,341)        | (1,916,910)        | 73,063          | (2,139,865)        |
| Disposition of Net Income       |                     |                  |                    |                 |                    |
| Transferred to:                 |                     |                  |                    |                 |                    |
| Status of Cost Recovery         |                     |                  |                    |                 |                    |
| Results from Operations         | <u>322,323</u>      |                  |                    | 73,063          | 395,386            |
| Non-reimbursable Costs          |                     | <u>(618,341)</u> | <u>(1,916,910)</u> |                 | <u>(2,535,251)</u> |
| Total Disposition of Net Income | <u>322,323</u>      | <u>(618,341)</u> | <u>(1,916,910)</u> | <u>73,063</u>   | <u>(2,139,865)</u> |

Appendix J-1  
 Capitalization Thresholds For New Acquisitions

| CRITERIA                                                                                                                                                                                                                                                                    | BUILDINGS AND STRUCTURES (REAL PROPERTY)                    | PERSONAL PROPERTY/ GENERAL EQUIPMENT/ INTERNAL USE SOFTWARE               |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|---------------------------------------------------------------------------|
| <b>Revolving Fund Owned PPE:</b><br><\$25k<br>\$25k and over but less than \$500k<br>\$500k and over (PRIP funded)*                                                                                                                                                         | Expense<br>Capitalize<br>Capitalize                         | Expense<br>Capitalize<br>Capitalize                                       |
| <b>Civil Works Project Owned PPE:</b><br><br>Non-Hydropower:<br><\$25k<br>\$25k and over<br><br>Hydropower Specific and Joint:<br>All dollar values<br><\$25k<br>\$25k and over                                                                                             | Expense<br>Capitalize<br><br>Capitalize                     | Expense<br>Capitalize<br><br>Expense<br>Capitalize                        |
| <b>Military Owned GPP&amp;E:</b><br><br>Air Force and Navy General Equipment General Fund Assets:<br><\$250,000<br>\$250,000 to less than \$1,000,000<br>\$1,000,000 and over<br><br>All other DoD (to include Department of the Army):<br><\$250,000<br>\$250,000 and over | Capitalize<br><br><br><br><br><br><br>Expense<br>Capitalize | Expense<br>Expense<br>Capitalize<br><br><br><br><br>Expense<br>Capitalize |

The purchase cost of land or land rights is capitalized regardless of dollar value.

\*PRIP capitalization threshold increased from \$250K to \$500K effective 1 October 2019

Appendix J-2  
 Capitalization Thresholds For Additions and Betterments

| CRITERIA                                                                                                                                                                                                                                                                                                     | BUILDINGS AND STRUCTURES (REAL PROPERTY)                                                                           | PERSONAL PROPERTY/ GENERAL EQUIPMENT/ INTERNAL USE SOFTWARE                                                        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|
| <p><b>Revolving Fund and Civil Works Non-Hydropower PP&amp;E (See Note**):</b></p> <p>Original Asset Not Capitalized:<br/>           A&amp;B &lt; \$25k<br/>           A&amp;B \$25k and over</p> <p>Original Asset Capitalized:<br/>           A&amp;B &lt; \$25k<br/>           A&amp;B \$25k and over</p> | <p>Expense A&amp;B<br/>           Capitalize A&amp;B*</p> <p>Expense A&amp;B<br/>           Capitalize A&amp;B</p> | <p>Expense A&amp;B<br/>           Capitalize A&amp;B*</p> <p>Expense A&amp;B<br/>           Capitalize A&amp;B</p> |
| <p><b>Civil Works Hydropower PP&amp;E:</b></p> <p>Original Asset Not Capitalized:<br/>           A&amp;B &lt; \$25k<br/>           A&amp;B \$25k and over</p> <p>Original Asset Capitalized:<br/>           A&amp;B &lt; \$25k<br/>           A&amp;B \$25k and over</p>                                     | <p>N/A<br/>           N/A</p> <p>Capitalize A&amp;B<br/>           Capitalize A&amp;B</p>                          | <p>Expense<br/>           Capitalize A&amp;B*</p> <p>Expense A&amp;B<br/>           Capitalize A&amp;B</p>         |
|                                                                                                                                                                                                                                                                                                              |                                                                                                                    |                                                                                                                    |



|                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                            |                                                                                                                                                                                                               |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Military Owned GPP&amp;E:</b></p> <p>Air Force and Navy General Equipment General Fund Assets:</p> <p>-Original Asset Not Capitalized:<br/>&lt;Under \$250,000</p>                                                                                                                                                                                                                                         |                                                                                                                                                                                            | Expense A&B                                                                                                                                                                                                   |
| <p>\$250,000 to less than \$1,000,000<br/>\$1,000,000 and over</p> <p>-Original Asset Capitalized:<br/>&lt;\$250,000<br/>\$250,000 to less than \$1,000,000<br/>\$1,000,000 and over</p> <p>All other DoD (to include Department of the Army):</p> <p>-Original Asset Not Capitalized:<br/>&lt;\$250,000<br/>\$250,000 and over</p> <p>-Original Asset Capitalized:<br/>&lt;\$250,000<br/>\$250,000 and over</p> | <p>Expense A&amp;B<br/>Capitalize A&amp;B*</p> <p>Expense A&amp;B<br/>Capitalize A&amp;B*</p> <p>Expense A&amp;B<br/>Capitalize A&amp;B*</p> <p>Expense A&amp;B<br/>Capitalize A&amp;B</p> | <p>Expense A&amp;B<br/>Capitalize A&amp;B*</p> <p>Expense A&amp;B<br/>Expense A&amp;B<br/>Capitalize A&amp;B</p> <p>Expense A&amp;B<br/>Capitalize A&amp;B*</p> <p>Expense A&amp;B<br/>Capitalize A&amp;B</p> |

Notes:

The purchase cost of land or land rights is capitalized regardless of dollar value.

\*Capitalize only the Addition & Betterment as a new acquisition. The work item classification must be reflected as '1'.

\*\*For Revolving Fund assets originally purchased with PRIP funding, all additions and betterments must also be financed with PRIP funds whether the \$500,000 capitalization threshold is met or not. The reverse is also true; if the original acquisition was purchased with direct funding through the operating budget, the addition and betterment must also be financed with direct funds even if the \$500,000 threshold is met or exceeded.

Appendix J-3  
Standard Recovery Periods for USACE Assets  
(Non-Hydropower)

| PROPERTY CATEGORY                    | DESCRIPTION                                                                                                                                            | MAX RECOVERY PERIOD                                      |
|--------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
| 05 – Buildings                       | Buildings, Hangers, Warehouses, Fuel Storage Buildings, and Other Real Property Buildings                                                              | 40 Years                                                 |
|                                      | Improvements to Buildings and Other Real Property                                                                                                      | Half of Original Useful Life                             |
| 10 – Structures                      | Dams, Spillways                                                                                                                                        | 100 Years                                                |
|                                      | Locks, Concrete Tanks, Concrete Well and Pump Houses, Gate and Machinery, Seawalls and Breakwalls                                                      | 50 Years                                                 |
|                                      | Fences, Roads, Bridges, Towers, Ship and Railroad Wharves and Docks, Dry Docks                                                                         | 20 Years                                                 |
|                                      | Improvements to Structures                                                                                                                             | Half of Original Useful Life                             |
| LH – Leasehold Improvement           | Improvements to Leased Buildings and Other Leased Real Property<br><br>Exception: Leasehold improvements financed by PRIP will use a five year period. | 20 years or Remainder of Lease Period, Whichever is Less |
| 30 – Dredges                         | Dredges                                                                                                                                                | 50 Years                                                 |
| 20 – Aircraft<br>40 – Floating Plant | Aircraft, Boats, Tugs                                                                                                                                  | 40 Years                                                 |
| 40 – Other Floating Plant            | Barges, Floating Trash Boom                                                                                                                            | 20 Years                                                 |
| 40-Small Floating Plant              | Patrol Boats, Similar Water Transportation                                                                                                             | 10 Years                                                 |
| 5V – Passenger Vehicles              | Passenger Vehicles (Includes Heavy Duty Trucks and Buses)                                                                                              | 5 Years                                                  |

| PROPERTY CATEGORY                          | DESCRIPTION                                                                                                                                               | MAX RECOVERY PERIOD                                          |
|--------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|
| 5X 50 – Other Mobile Land Plant            | Drill Rigs, Crawlers                                                                                                                                      | 20 Years                                                     |
|                                            | Dump Trucks, Tractors, Dozers, Forklifts, Trailers, Concrete Mixers, Mobile Generators, Mobile Cranes                                                     | 10 Years                                                     |
| 6C-60 Communication Equipment              | Radio and Television Broadcasting Equipment and similar equipment                                                                                         | 5 Years                                                      |
| 6X – Fixed Land Plant                      | Pumps, Welders, Laboratory Equipment, Marine Railway Equipment, Power Equipment (Saws, Lathes, Drill Presses), Communication Backbone or Microwave System | 20 Years                                                     |
| 70 – Tools, Equipment                      | Tools, Concrete Vibrators, Pavement Breakers, Air Hammer, Library Equipment, Conventional and, Survey Equipment                                           | 10 Years                                                     |
| 7X – Office Furniture                      | Modular Furniture, Office Furniture                                                                                                                       | 10 Years                                                     |
| 80 – Software                              | Internal Use Software                                                                                                                                     | 5 Years                                                      |
| 9A/90 – Computers and Peripheral Equipment | Computers and Peripheral Equipment                                                                                                                        | 5 Years                                                      |
| 9D – CADD<br>9W – WCDS                     | Computer Aided Design and Drafting (CADD) Equipment                                                                                                       | 5 Years                                                      |
|                                            | Water Control Data System Equipment (WCDS)                                                                                                                |                                                              |
| XX -Personal Property                      | Improvements to Personal Property                                                                                                                         | Half of Original Useful Life or 5 Years Whichever is Greater |

Appendix J-4  
Examples of Repair and Maintenance Expenses

| <b>CATEGORY</b>       | <b>EXAMPLE</b>                                                                                                                                                                                 |
|-----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Buildings, Structures | Cyclical painting;<br>Replacement of flooring or carpet;<br>Replacement of leaking roof;<br>Replacement of heating/cooling units that are not performing properly;<br>Replacement of lighting. |
| Equipment             | Spare parts.                                                                                                                                                                                   |
| Floating Plant        | Spare parts.                                                                                                                                                                                   |

Appendix J-5

Examples of Capitalized Additions and Betterments:

Additions and betterments are improvements and upgrades that significantly increase the size, capacity or operating efficiency of an asset that is in good working order, consistent with its intended purpose.

| <b>CATEGORY</b>       | <b>EXAMPLE</b>                                                                                                                                                             |
|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Aircraft              | Replacement of major components at specified intervals based on years or flying hours.                                                                                     |
| Buildings, Structures | Adding square footage to a building;<br>Converting warehouse space to office space.                                                                                        |
| Major Floating Plant  | Replacement of major mechanical, electrical or structural components when required at specified intervals;<br>Replacements of engines specifically to increase horsepower. |
| Dredges               | Replacement of major components when required at specified intervals, to include hull, structure, engines, power train and electronics.                                    |

Appendix K  
Standard Recovery Periods for Revolving Fund Assets

| PROPERTY CATEGORY         | DESCRIPTION                                                                                                                                                                                                                                                                                                                                              | RECOVERY PERIOD                                         |
|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|
| 05– Buildings             | Buildings, Hangers, Warehouses, Fuel Storage Buildings, and Other Real Property Buildings                                                                                                                                                                                                                                                                | 40 Years                                                |
| 05– Buildings             | Improvements to Buildings and Other Real Property                                                                                                                                                                                                                                                                                                        | 20 Years                                                |
| LH– Leasehold Improvement | Improvements to Leased Buildings and Other Real Property (Leasehold Improvements)                                                                                                                                                                                                                                                                        | 5 years or remainder of lease period, whichever is less |
| 10– Structures            | Other Real Property Structures, Fences, Roads, Bridges, Towers, Ship and Railroad Wharves and Docks, Dry Docks, Fuel Storage Facilities                                                                                                                                                                                                                  | 20 Years                                                |
| 10– Structures            | Improvements to Structures                                                                                                                                                                                                                                                                                                                               | 10 Years                                                |
| 20 -Aircraft              | Aircraft                                                                                                                                                                                                                                                                                                                                                 | Maximum of 40 Years                                     |
| 30– Dredges               | Hopper, Side-caster, Special Purpose, Pipeline, Dustpan, Cutter Head                                                                                                                                                                                                                                                                                     | Maximum of 50 years                                     |
| 40 - Other Floating Plant | Anchor Barge, Bank Grader, Bank Grading Plant, Buoy Barge, Crane Barge, Crane Dragline, Debris Boat, Deck Cargo Barge, Derrick Boat, Dry Dock, Fuel Barge, Mat Sinking Plant, Mooring Barge, Other Items, Patrol Boat, Pontoons, Quarter Boat, Service Barge, Shop Barge, Snag Boat, Survey Boat, Swath Vessel, Tender, Towboat, Gate lifter, Deck Barge | Maximum of 40 Years                                     |
| 40 - Other Floating Plant | Other Vessels, Tugs, Barges and Similar Water Transportation Equipment (all floating plant not listed in 40-year category above)                                                                                                                                                                                                                         | 20 Years                                                |

| PROPERTY CATEGORY                       | DESCRIPTION                                                                                                                                                                                                                                | RECOVERY PERIOD    |
|-----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| 5V– Passenger Vehicles                  | Passenger Vehicles (Includes Heavy Duty Trucks and Buses)                                                                                                                                                                                  | 5 Years            |
| 5X– Other Mobile Land Plant             | Dump Trucks, Tractors, Dozers, Forklifts, Cranes, Trailers, Concrete Mixers, Mobile Generators                                                                                                                                             | 10 Years           |
| 5X -Other Mobile Land Plant             | Drill Rigs                                                                                                                                                                                                                                 | Maximum of 20Years |
| 6C– Communication Equipment             | Radio and Television Broadcasting Equipment                                                                                                                                                                                                | 5 Years            |
| 6X– FixedLand Plant                     | Pumps, Welders, Laboratory Equipment, Marine Railway Equipment, PowerEquipment (Saws,Lathes, Drill Presses), Printing and Reproduction Equipment, Printing Plant, Communication Backbone or Microwave System                               | 20 Years           |
| 70– Tools, Office Furniture & Equipment | All Other Tools, Office Furniture, and Other Equipment. (Handtools, power tools, concrete vibrators, pavement breakers, air hammers, office equipment, library equipment, furniture, conventional and modular furniture, survey equipment) | 10 Years           |
| 80– Software                            | Internal Use Software                                                                                                                                                                                                                      | 5Years             |
| 9A - Computers and Peripheral Equipment | Computers and Peripheral Equipment                                                                                                                                                                                                         | 5 Years            |
| 9D– CADD                                | Computer Aided Design and Drafting (CADD)Equipment                                                                                                                                                                                         | 5 Years            |
| 9W - WCDS                               | Water Control Data System Equipment (WCDS)                                                                                                                                                                                                 | 5 Years            |
|                                         | Improvements to Personal Property with 5-year Recovery Period                                                                                                                                                                              | 5 Years            |
|                                         | Improvements to Personal Property with 10-year Recovery Period                                                                                                                                                                             | 5 Years            |
|                                         | Improvements to Personal Property with 20-year Recovery Period                                                                                                                                                                             | 10 Years           |

| PROPERTY<br>CATEGORY | DESCRIPTION                                                       | RECOVERY<br>PERIOD    |
|----------------------|-------------------------------------------------------------------|-----------------------|
|                      | Improvements to Personal Property with 40-year<br>Recovery Period | 20 Years              |
|                      | Improvements to Personal Property with 50-year<br>Recovery Period | Maximum of<br>25Years |



THIS PAGE INTENTIONALLY LEFT BLANK