

**CHAPTER 8. UNFUNDED LIABILITIES, UNEARNED REVENUES,  
AND OTHER LIABILITIES**

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## CHAPTER 8. UNFUNDED LIABILITIES, UNEARNED REVENUES, AND OTHER LIABILITIES

### 8.1 OVERVIEW.

8.1.1 This chapter prescribes the policies for the handling the accounting for NASA Unfunded Liabilities, Unearned Revenues, and other Liabilities not covered in other NASA policy volumes.

### 8.2 POLICY.

8.2.1 Accounting for NASA Unearned Liabilities, Unearned Revenues, and Other Liabilities shall be conducted in accordance with Department of Treasury policies and procedures, and applicable Statement of Federal Accounting Standards, and Statement of Federal Accounting Concepts.

8.2.2 NASA records all accounting transactions in the NASA agency accounting system. The general ledger account entries for NASA Unearned Liabilities, Unearned Revenues and Other Liabilities must be recorded in accordance with the U.S. Standard General Ledger (USSGL) as prescribed by the Department of Treasury.

### 8.3 AUTHORITIES AND REFERENCES.

8.3.1 Treasury Financial Manual, Volume I, Part 2, Chapter 4700, which provides guidance on the Closing Package for the Government Wide Financial Report System (GFRS)

8.3.2 OMB Bulletin No. 97-01, Form and Content of Agency Financial Statements, which defines the form and content for financial statements of the Executive Branch of the United States Government, as required by 31 U.S.C. § 331 (e)(1) In the Federal Agencies' Centralized Trial-Balance System (FACTS II).

8.3.3 U.S. Government Standard General Ledger Accounts and Definitions, Part 1 Supplement Section II. This provides account title, account number, normal balance of the account (debit or credit), and account definition.

8.3.4 Statement of Federal Financial Accounting Standard (SFFAS) No.7, which provide guidance on Accounting for Revenue and Other Financing Sources.

8.3.5 Statement of Federal Financial Accounting Concepts (SFFAC) No. 2, which provides guidance on statement entity and display.

### 8.4 ROLES AND RESPONSIBILITIES.

8.4.1 NASA Chief Financial Officer (CFO). Shall be responsible for reporting of Unfunded Liabilities, Unearned Revenues, and Other Liabilities and ensuring compliance with U.S. Treasury and other U.S. Government requirements.

8.4.2 Director, Financial Management Division, NASA OCFO. Shall prepare and submit to the CFO Unfunded Liabilities, Unearned Revenues, and Other Liabilities in accordance with U.S. Government requirements.

8.4.3 NASA Shared Services Center and NASA Centers. Shall record Unfunded Liabilities, Unearned Revenues and Other Liabilities transactions in accordance with U.S. Government requirements.

## 8.5 DEFINITIONS.

8.5.1 Unfunded Liabilities. These liabilities are related to amounts due for employment but to be paid from future appropriations.

- A. Unfunded Leave (SGL Account 2220). The amount recorded by an employer agency for unpaid leave earned that the employee is entitled to upon separation and that will be funded from future years' appropriations.
- B. Unfunded FECA Liability (SGL Account 2225). The amount of Federal Employees' Compensation Act (FECA) liability billed to agencies by the Department of Labor for FECA payments made on the agencies' behalves. The funding for the liability will be made from future appropriations.
- C. Other Unfunded Employment Related Liability (SGL Account 2290). Amounts of unfunded employment related liabilities not covered by the current year's budget authority and not otherwise classified above. The account would include the unfunded liability for unemployment for Federal employees.

8.5.2 Unearned Revenues. These accounts consist of amounts received in advance for goods and services to be delivered at a future date, liens approved and accepted as claims on assets acquired through default, reimbursable activities for services provided by NASA.

- A. The accounts used to record financial transactions related to amounts received include:
  - 1. Advances from Others (SGL Account 2310). This account is used to record funds received by other Federal and non-Federal entities in contemplation of the future delivery of services, goods or other assets.
  - 2. All Advances. All advances, including those under any long-term contract in excess of revenue earned, shall be recorded as unearned revenue. The NASA activities receiving an advance (unearned revenue) shall record the amount received as a liability until payment is earned (goods or services have been delivered or contract terms met). After the payment is earned (performance has occurred), NASA activities shall record the appropriate amount as revenue and reduce the liability accordingly. The two major activities for which NASA receives advances are as follows:

- a. Reimbursable Activities. NASA provides services to other Federal agencies and to the public on a reimbursable basis. When a non-federal customer enters into a reimbursable agreement with NASA, the customer is required to pay for services in advance unless exempted by law or the requirement for an advance is waived by NASA. Generally, Federal customers are not required to pay for services in advance (see NASA Financial Management Requirements (FMR), Volume 16 for details on Reimbursable Agreements).
  - b. Working Capital Fund (WCF) Activities. The appropriation language for NASA's WCF permits the fund to receive advances for supplies and services. Therefore, the WCF business entities shall be advanced funds identified in the WCF customer orders during the fiscal year, as required, to enable the WCF activity to pay for its costs of operation (see NASA FMR Volume 17 for details on the Working Capital Fund Policy and Requirements).
- B. The Account for Liabilities for Funds Awaiting Final Disposition, Clearing and Undeposited Collections (SGL Account 2400). This account represents amounts in deposit funds for receipts held in suspense, temporarily for later refund or payment to some other Treasury fund or other entity, or held by the NASA as banker or agent for others for payment at the direction of the owner. The amounts in deposit funds may also represent budget clearing accounts awaiting disposition or reclassification. The liability includes United States (U.S.) currency and coin on hand, cash on deposit at designated depositories, cash in the hands of disbursing officers, cashiers and agents, negotiable instruments on hand, etc. Such funds are not available for paying salaries, grants, or other expenses of the federal government. Sources for entries to this account include requests for cash, cash collection vouchers, deposit tickets, and invoices for transferred funds.
- 8.5.3 Other Liabilities. These liabilities, not included in separate chapters of this volume include Accounts Payable from Cancelled Appropriations, Custodial Liability, Liability on Non-Entity Assets, Estimated Clean Up Liability, and Other Liabilities. These accounts are defined below:
- A. Accounts Payable from Canceled Appropriations (SGL Account 2960). When an appropriation account is closed, any remaining balances in the account are required to be cancelled and are not available for obligation or expenditure for any purpose. However, legitimately incurred obligations that have not been paid at the time an appropriation is cancelled should be reinstated to Accounts Payable Canceled and paid out of a current unexpired appropriation that is available for obligation for the same purpose as the closed account.
  - B. Custodial Liability (SGL Account 2980). This account is used to enter the amount of custodial revenue yet to be transferred to another Federal entity.

- C. Liability on Non-Entity Assets (SGL Account 2985). The amount of non-entity assets held in a General Fund receipt account or other Treasury Account Symbol for transfer to other entities. This account excludes amounts defined in SFFAS No. 7, paragraphs 45 and 49. For amounts collected or to be collected on behalf of the General Fund of the Treasury, that are not on the Statement of Custodial Activity or on a custodial footnote, use Federal Agencies' Centralized Trial-Balance System (FACTS I) attribute domain values Federal "F" and transaction partner "99" This USSGL account is included on the USSGL crosswalk for the Balance Sheet, but it is not included on the USSGL crosswalk for the Statement of Custodial Activity nor on a custodial footnote.
- D. Estimated Cleanup Cost Liability (SGL Account 2995). Estimated Cleanup Cost Liability represents the estimated liability for projected future cleanup costs associated with removing, containing, and disposing of (1) hazardous waste from property, or (2) material and property consisting of hazardous waste and permanent or temporary closure or shutdown of the associated property, plant, and equipment (see NASA FMR Volume 6, Chapter 9 for details on recording Environmental and Other Contingent Liabilities).
- E. Other Liabilities (SGL Account 2990). Other liabilities include measurable and probable expected future outflows of resources resulting from past transactions or events, and the estimated costs of conditions, situations, or circumstances that will be resolved in the future. "Other Liabilities" represents amounts not otherwise classified to specific liability accounts discussed in this Volume.