



20 APR 1994

MEMORANDUM FOR OC-ALC/FMP  
OO-ALC/FMP

SA-ALC/FMP  
SM-ALC/FMP

WR-ALC/FMP

FROM: HQ AFMC/FMM  
4375 Chidlaw Road, Suite 6  
Wright-Patterson AFB, OH 45433-5006

SUBJECT: Incremental Revenue Recognition (IRR) versus Depot Maintenance Performance Tracking System (DMPTS) Reports - INFORMATION MEMORANDUM

1. The question has arisen about the relationship between IRR and DMPTS reports. At this time, there is no relationship between the two subjects. Incremental revenue recognition is based upon an accounting principle to more closely match revenue to related expenses in the same accounting period. Generally accepted accounting principles require that revenues earned be matched to the expenses incurred to generate the related revenue.
2. The DMPTS reports reflect schedule and cost progress in relation to the terms of the award on depot maintenance competitions. Items should not be reported unless the Production Management Specialist (PMS) takes production and the deliverable unit is ready to be sent to the user. No work in progress is included in the DMPTS reports. This policy relates to the schedule and cost (including sales) reports.
3. IRR is an accounting methodology which impacts the Depot Maintenance Business Area (DMBA) financial statements. The DMPTS reports are for tracking the schedule and cost progress of depot maintenance competitions. While the information for the DMPTS cost reports should be included in the official accounting records, the DMPTS cost reports are not official accounting records. There will be differences in the two sets of reports due to timing differences of reporting incremental revenue and costs and when the deliverable is actually returned to the user.
4. Please ensure dissemination of this information to all product directorates involved in Depot Maintenance Competition including your local cost accounting offices. Point of contact for IRR is Barbara Stump, HQ AFMC/FMMC, DSN 787-0179. Questions regarding DMPTS reports should be addressed to Kathy Chauncey, HQ AFMC/FMMC, DSN 787-0179.

FOR THE COMMANDER

RICHARD T. ECKHARDT  
Chief, Industrial Operations Division  
Directorate, Financial Management and  
Comptroller

Atch 94-23G (FAR 17) Post to the AFMCFARS 5317.95 where Subpart on Depot Maintenance was previously covered. Then file this attachment behind the sups to FAR 17.