

Note 9. Advances and Prepayments

Advances and Prepayments as of September 30, 2023, and 2022

(In billions of dollars)	2023	2022
Department of the Treasury	171.9	225.2
Department of Health and Human Services	45.1	39.2
All other	35.7	33.7
Total advances and prepayments	<u>252.7</u>	<u>298.1</u>

Advances and prepayments are assets that represent funds disbursed in contemplation of the future performance of services, receipt of goods, the incurrence of expenditures, or the receipt of other assets. These include advances to contractors, grantees, Medicare providers, and state, local, territorial, and tribal governments; travel advances; and prepayments for items such as rents, taxes, insurance, royalties, commissions, and supplies.

Until such time as the goods or services are received, contract terms are met or progress has been made, or prepaid expenses expired these should be recorded as assets. Any amounts that are subject to a refund at the time of completion should be transferred to accounts receivable.

Treasury had a large decrease to advances and prepayments due to additional liquidation of advances primarily paid to state, local, territorial, and tribal governments pursuant to the COVID-19 related legislations enacted during FY 2021 and 2020.