

NOTE 6—CONTRACTS AND LIABILITIES

Contract assets include unbilled amounts typically resulting from sales under Contrasts when the percentage-of-completion cost-to-cost method of revenue recognition is utilized and revenue recognized exceeds the amount billed to the customer. Contract liabilities (formerly referred to as customer advances prior to the adoption of ASC 606) include advance payments and billings in excess of revenue recognized. Contract assets and contract liabilities were as follows (in thousands):

	September 30, 2019	October 1, 2018
Contract assets	\$ 349,559	\$ 272,210
Contract liabilities	\$ 46,170	\$ 70,127

Contract assets increased \$77.3 million during the twelve months ended September 30, 2019, due to the recognition of revenue related to the satisfaction or partial satisfaction of performance obligations during the twelve months ended September 30, 2019 for which we have not yet billed. There were no significant impairment losses related to our contract assets during the twelve months ended September 30, 2019.

Contract liabilities decreased \$24.0 million during the twelve months ended September 30, 2019, due to revenue recognition in excess of payments received on these performance obligations. During the twelve-month period ended September 30, 2019, we recognized \$62.4 million of our contract liabilities at October 1, 2018 as revenue. We expect our contract liabilities to be recognized as revenue over the next twelve months.

NOTE 7—ACCOUNTS RECEIVABLE

The components of accounts receivable are as follows (in thousands):

	September 30, 2019	2018
Accounts receivable		
Billed	\$ 127,406	\$ 156,948
Unbilled	—	242,877
Allowance for doubtful accounts	(1,392)	(1,324)
Total accounts receivable	126,014	398,501
Less estimated amounts not currently due	—	(6,134)
Current accounts receivable	\$ 126,014	\$ 392,367

Amounts billed include \$60.3 million and \$80.5 million due on U.S. federal government Contrasts at September 30, 2019 and 2018, respectively. As further described in Note 2, effective October 1, 2018, the component of accounts receivable that consisted of unbilled contract receivables as reported under ASC 605 has been reclassified as contract assets under ASC 606.

In our normal course of business, we may sell trade receivables to financial institutions as a cash management technique. We do not retain financial or legal obligations for these receivables that would result in material losses. Our ongoing involvement is limited to the remittance of customer payments to the financial institutions with respect to the sold trade receivables; therefore, our sold trade receivables are not included in our Consolidated Balance Sheet in any period presented. As of September 30, 2019, we sold \$31.1 million of outstanding trade receivables to financial institutions.