



Federal Accounting Standards Advisory Board

---

**Selected Standards for the Consolidated Financial Report  
of the United States Government**

**Statement of Federal Financial Accounting Standards No. 24**

*January 2003*

---

## **THE FEDERAL ACCOUNTING STANDARDS ADVISORY BOARD**

*The Federal Accounting Standards Advisory Board (FASAB or "the Board") was established by the Secretary of the Treasury, the Director of the Office of Management and Budget (OMB), and the Comptroller General in October 1990. It is responsible for promulgating accounting standards for the United States Government. These standards are recognized as generally accepted accounting principles (GAAP) for the Federal Government.*

*An accounting standard is typically formulated initially as a proposal after considering the financial and budgetary information needs of citizens (including the news media, state and local legislators, analysts from private firms, academe, and elsewhere), Congress, Federal executives, Federal program managers, and other users of Federal financial information. The proposed standard is published in an exposure draft for public comment. In some cases, a discussion memorandum, invitation for comment, or preliminary views document may be published before an exposure draft is published on a specific topic. A public hearing is sometimes held to receive oral comments in addition to written comments. The Board considers comments and decides whether to adopt the proposed standard with or without modification. After review by the three officials who sponsor FASAB, the Board publishes adopted standards in a Statement of Federal Financial Accounting Standards. The Board follows a similar process for Statements of Federal Financial Accounting Concepts, which guide the Board in developing accounting standards and formulating the framework for Federal accounting and reporting.*

*Additional background information is available from the FASAB:*

- *"Memorandum of Understanding among the General Accounting Office, the Department of the Treasury, and the Office of Management and Budget, on Federal Government Accounting Standards and a Federal Accounting Standards Advisory Board," Amended December 20, 2002.*
- *"Mission Statement: Federal Accounting Standards Advisory Board"*

*Federal Accounting Standards Advisory Board  
441 G Street, NW, Suite 6814  
Mailstop 6K17V  
Washington, DC 20548  
Telephone (202) 512-7350  
Fax (202) 512-7366  
[www.fasab.gov](http://www.fasab.gov)*

---

**Executive Summary**

- I. Most Statements of Federal Financial Accounting Standards (SFFAS) do not state whether they apply to the Government as a whole or components thereof, or both. This standard clarifies that all parts of all SFFAS apply to all Federal entities (including the consolidated entity) unless a standard specifically provides otherwise.
- II. In addition, certain requirements of SFFAS 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, are not relevant for the Consolidated Financial Report of the United States Government (CFR). SFFAS 7 requires information on budgetary resources and a reconciliation of obligations and other resources used with the net cost of operations. These requirements, while relevant for agencies executing the budget, are not required for the CFR.
- III. This standard requires that new statements be presented in the CFR, but not agency or departmental financial statements, regarding net operating revenue (or cost), budget surplus (or deficit), and cash. The new statements are principal CFR financial statements, and they are to be presented on a comparative basis.

---

This page intentionally blank

---

---

**Table of Contents**

<b><u>Section</u></b>	<b><u>Page No.</u></b>
Executive Summary	i
Introduction	1
Accounting Standards	3
Appendix A: Basis for Conclusions	5
Appendix B: Illustrative Statement: Reconciliation of Net Operating Revenue (or Cost) and Unified Budget Surplus (or Deficit)	12
Appendix C: Illustrative Statement: Statement of Changes in Cash Balance From Budget and Other Activities	13
Appendix D: Statement of Budgetary Resources	14
Appendix E: Statement of Financing	16
Appendix F: Glossary	18

## Introduction

1. Statements of Federal Financial Accounting Standards (SFFAS) usually do not state explicitly whether they apply to the Government as a whole, its component entities (e.g., departments, agencies, etc.), or both. Statement of Federal Financial Accounting Concepts (SFFAC) 1, *Objectives of Federal Financial Reporting*, uses the term “entity” generically to refer, depending on the context, to the U.S. Government as a whole, organizational component units of the Government, e.g., an agency, or to other kinds of potential reporting units such as programs.
2. Some have assumed that the standards apply to both component entities and the Government as a whole, unless otherwise stated. SFFAS 1, *Accounting for Selected Assets and Liabilities of the Federal Government*, states that it applies to the Government and its departments and agencies, as does SFFAS 8, *Supplementary Stewardship Reporting*. SFFAC 2, *Entity and Display*, states that Federal entities aggregate into the Government entity, which encompasses all the resources and responsibilities existing within the component entities.
3. This standard clarifies that all existing and future standards apply to all federal entities unless a standard specifically provides otherwise.
4. This standard also exempts the CFR from certain provisions of SFFAS 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, requiring information about budgetary resources and a reconciliation of budgetary obligations with the cost of operations from the proprietary accounting system. Such information is relevant and meaningful for entities financed with budgetary resources but not for the Government as a whole.
5. In addition, this standard requires new information for the CFR (but not component entity financial statements) that reconciles the annual proprietary net cost with the unified budget surplus (or deficit), and explains the changes in the Government’s cash balance. The information is to be presented in new CFR principal financial statements that are to be presented on a comparative basis.

### Materiality

6. The provisions of this accounting standard need not be applied to immaterial items.

**Effective Date**

7. This amendment is effective for periods beginning after September 30, 2001.

## Accounting Standard

### ***Standards for the Consolidated Financial Report of the U.S. Government***

8. Statements of Federal Financial Accounting Standards (SFFAS) apply to all federal entities, that is, to the Government as a whole and to **component entities**<sup>\*</sup>, unless provision is made for different accounting treatment in a current or subsequent SFFAS.

### ***Budgetary Information Not Required for the Government as a Whole***

9. SFFAS 7, paragraphs 77-82, requires certain information about **budgetary resources** and about the relationship between **budget obligations** and proprietary **net cost of operations**. Such information is reported in the Statement of Budgetary Resources and Statement of Financing, respectively.<sup>1</sup> This information is not required in the consolidated financial report of the Government as a whole, and accordingly such statements are not required.

### ***Reconciliation Information***

10. The financial report of the Government as a whole should provide a financial statement reconciling **net operating revenue (or cost)** and the annual **unified budget surplus (or deficit)**. The financial statement should highlight:
  - The components of net operating revenue (or cost) that are not part of the unified budget surplus (or deficit), including the accrued and amortized expenses not included in **budget outlays** and the accrued or other revenue not included in **budget receipts**; and
  - The components of the unified budget surplus (or deficit) that are not part of net operating revenue (or cost), including budget receipts and outlays that are not included in net operating revenue (or cost).
11. Appendix B provides an illustration of how the reconciliation data could be displayed. The illustration is not intended to be prescriptive.

---

\* Terms defined in the glossary appear initially in **boldface**.

<sup>1</sup> See Appendices D and E for illustrations of the statement of budgetary resources and statement of financing from the Office of Management and Budget's Bulletin 01-09, *Form and Content*.



***Information about the Unified Budget Surplus or Deficit and Cash***

12. The Government as a whole should provide a financial statement explaining how the annual unified budget surplus or deficit relates to the change in the Government's cash. The financial statement should highlight:
  - The components of the unified budget surplus or deficit that are not part of the annual change in cash, including non-cash budget outlays; and
  - Items affecting the Government's cash balance that are not included in the budget outlays or receipts. The statement should prominently display of the cash inflow and outflow related to the changes in debt held by the public and interest accrued and interest paid on debt held by the public.
13. Appendix C provides an illustration of how this information could be displayed. The illustrations are not intended to be prescriptive.

**Principal Financial Statements Presented on a Comparative Basis**

14. The financial statements required in paragraphs 10-13 immediately above are **principal financial statements**. These statements and all other principal financial statements in the consolidated financial report of the Government as a whole should be presented on a comparative basis. The current fiscal year amounts should be presented in a column adjacent to the amounts for the previous fiscal year.

## Appendix A: Basis for Conclusions

15. This appendix summarizes some of the considerations deemed significant by the Board in reaching the conclusions in this Statement. It includes the reasons for accepting certain approaches and rejecting others. Individual members gave greater weight to some factors than to others.
16. FASAB published the exposure draft *Selected Standards for the Consolidated Financial Report of the United States Government*, in March 2002. The exposure draft included questions about each of the three areas of interest: (1) whether standards should apply to the Government as a whole as well as to component entities; (2) whether the CFR should be exempt from the requirement for a Statement of Budgetary Resources and a Statement of Financing; and (3) whether new statements should be required for the Government as a whole.
17. The Board received 16 responses as follows:

Category	Federal (Civilian)	Federal (Military)	Non- Federal
Users, academics, and others <sup>2</sup>			5
Auditors	1	1	
Preparers and financial managers	8	1	

### Standards Apply to the Government as a Whole as Well as to Component Entities

18. In Statement of Federal Financial Accounting Concepts (SFFAC) 1 *Objectives of Federal Financial Reporting*, the Board uses the term “entity” generically to refer, depending on the context, to the Government as a whole, organizational component units of the Government, e.g., an agency, or to other kinds of potential reporting units such as programs.<sup>3</sup> SFFAC 2, *Entity and Display*, states that Federal entities aggregate into the Federal Government entity, which encompasses all the resources and responsibilities existing within the component entities.<sup>4</sup>
19. Although Statement of Federal Financial Accounting Standards (SFFAS) 1, *Accounting for Selected Assets and Liabilities of the Federal Government*,

<sup>2</sup> This category includes professional organizations, academics, and private citizens.

<sup>3</sup> SFFAC 1, fn. 2-3, and par. 212.

<sup>4</sup> SFFAC 2, par. 38.

states that it is applicable to both the Government as a whole and component entities<sup>5</sup>, other standards have not explicitly addressed the subject unless different treatment was specified. SFFAS 6, *Accounting for Property, Plant, and Equipment*, refers the reader to SFFAC 2, *Entity and Display*, for guidance on the general applicability of federal accounting standards. SFFAS 8, *Supplementary Stewardship Reporting*,<sup>6</sup> explicitly states that it applies to the Government and its departments and agencies; and sets an effective date for its applicability to component entities but not for the Consolidated Financial Report of the U.S. Government (CFR) because more time is needed to delineate how the stewardship information would be aggregated. SFFAS 8 also requires a “current services assessment” for the CFR but not for individual reports of its component units. Likewise in SFFAS 17, *Social Insurance*, applicability is addressed because certain requirements for component entities are not applicable to, and summarization of certain data is allowed for, the CFR.

20. This standard clarifies that SFFAS apply to all Federal entities unless a current or subsequent standard specifically provides otherwise. All of the respondents who addressed the issue agreed that the FASAB standards should apply to the CFR. Several respondents requested more guidance regarding whether the proposed standard affected the FASAB policy whereby “financial statements [prepared] in accordance with accounting standards published by [the Financial Accounting Standards Board (FASB)] also may be regarded as in accordance with GAAP for those entities that have in the past issued such financial statements.”<sup>7</sup> The Board did not intend to change and is not changing this policy at this time.

### **Consolidated Financial Report Exemption from Requirements to Report Certain Budgetary Information**

21. All but one of the respondents who addressed the issue agreed that the CFR should be exempt from certain provisions of SFFAS 7, *Accounting for Revenue and Other Financing Sources and Concepts for Budgetary and Financial Accounting*, requiring a Statement of Budgetary Resources (SBR) and the Statement of Financing (SOF). One respondent disagreed, saying that the same information, based on one single set of standards, required for components should be required for the CFR, and vice versa. That respondent believes that the CFR should present the SBR and SOF, because such combined budgetary information is relevant and useful to the user of the CFR.

---

<sup>5</sup> SFFAS 1, par. 14.

<sup>6</sup> SFFAS 8, par. 38-39.

<sup>7</sup> *FASAB News*, Jan.-March 2000, p. 2.

Likewise, the component entities should be required to prepare the new statements, the necessary changes being made, as well as the SBR and SOF.

22. SFFAS 7 requires entities “whose financing comes wholly or partially from the budget” to provide information on budgetary resources and the status of resources, which is presented in the SBR.<sup>8</sup> It also calls for a reconciliation of budgetary resources obligated by the entity with the net cost of operations, which is presented in the SOF.<sup>9</sup>
23. The Board continues to believe that such information is less relevant or meaningful at the level of the CFR. Resources differ between the Government as a whole and individual component entities. The exchange and non-exchange revenue and borrowing from the public are the main sources of financing for the Government as a whole.<sup>10</sup> For component reporting entities, however, the sources of financing are provided through the budget process and are largely **financing sources** other than revenue. **Appropriations** and other budget authority provide an agency with the authority to incur obligations to acquire goods and services or to provide benefits and grants. Budgetary resources are not earned by an entity’s operations and have a different character than both exchange revenue and non-exchange revenue.<sup>11</sup> Federal entities report as an asset their fund balance with Treasury, which is the aggregate amount of funds in the entity’s accounts with Treasury for which the entity is authorized to make expenditures and pay liabilities. This is an intra-government item. From the perspective of the Government as a whole, it is not an asset. It represents a commitment to make resources available to federal departments, agencies, programs, etc.<sup>12</sup>
24. The budget process provides the principal basis for planning and controlling obligations and outlays by Government entities. Budget execution tracks the flow of budgetary resources from the congressional authorizing and

---

<sup>8</sup> SFFAS 7 (pars. 77-79) requires information, which is presented in the SBR, that includes (1) total budgetary resources available, (2) the status of the budgetary resources, including obligations incurred, the available **appropriation, borrowing and contract authority** at the end of the period, any restrictions on the use of unobligated balances of **budget authority**, the amount of any capital infusion during the period, etc.; and (3) **outlays**. In addition, the entities are required to provide this information for each of their major budget accounts as supplementary information.

<sup>9</sup> SFFAS 7 (pars. 80-82) also requires a reconciliation of budgetary obligations and proprietary accounting information, which is presented in the SOF. The reconciliation explains the relationship between (1) budgetary resources obligated by the entity during the period and **other financing sources** such as **imputed financing**, transfers of assets, etc., not included in budget receipts, and (2) the net cost of operations.

<sup>10</sup> “Exchange revenue” arises when an entity provides goods and services for a price. “Non-exchange revenue” arises primarily from the exercise of the government’s sovereign power to demand payment from the public, such as taxes, duties, fines, etc.

<sup>11</sup> SFFAS 7, par. 24.

<sup>12</sup> SFFAS 1, par. 31.

appropriating process, to **apportionment**, **allotment**, and obligation of the budgetary resources, to the outlay of cash to satisfy those obligations. For the most part, obligations and cash, rather than **accrual accounting**, are the bases for budgeting and reporting on budget execution.<sup>13</sup>

25. Accrual accounting is the basis for **proprietary accounting** in the Federal Government. Proprietary accounting and **budgetary accounting** are complementary. Proprietary accounting provides an understanding of the entity's net position and cost of operations during a period. Federal Government financial statements have not been used for planning and control as much as they might be. In part, this is because general purpose financial reports have not presented budget information with the financial statements in a way that helped users relate these two important, but different, types of financial information.<sup>14</sup> The Board's objective in requiring new statements in the CFR addresses this issue.

### **The Government as a Whole Should Provide Information about Net Operating Revenue (or Cost), the Budget Surplus (or Deficit), and Cash**

26. The information now required in two new statements serves the basic objectives of federal accounting. Objective 1<sup>15</sup> provides that federal financial reporting should assist in fulfilling the Federal Government's duty to be publicly accountable for the money raised through taxes and other means, and for their expenditure in accordance with the appropriation laws. Sub-objective 1C provides that federal financial reporting should provide information that helps the reader to determine how information on the use of budgetary resources relates to information on the costs of program operations and whether information on the status of budgetary resources is consistent with other accounting information on assets and liabilities.
27. In a new statement of concepts issued contemporaneously with this standard, the Board recognizes that the CFR should be understandable to the average citizen. The new statements required in this standard were designed with this objective in mind.
28. Although budgetary and proprietary accounting information are complementary, both the types of information and the timing of their recognition are different, caused by differences in the basis of accounting.<sup>16</sup>

---

<sup>13</sup> SFFAS 7, par. 25.

<sup>14</sup> SFFAS 7, par. 26.

<sup>15</sup> SFFAC 1, pars. 112, 119.

29. The new statements required by this standard focus on three important elements: (1) the net operating revenue (or cost) from the proprietary accounting system, (2) the unified budget surplus (or deficit), and (3) the change in the Government's cash during the period. The information is presented in two parts: (1) a reconciliation of the net operating revenue (or cost) to the unified budget surplus (or deficit), and (2) a statement of changes in cash balance from budget and other activities.
30. The purpose of the reconciliation information is to report how the proprietary net operating revenue (or cost) and the unified budget surplus (or deficit) relate to each other. The premise of the reconciliation is that the proprietary and budget accounting bases share much data. The reconciliation presents the differences between the two systems as reconciling items while moving from the proprietary amount to the unified budget surplus or deficit.
31. The primary purpose of the statement of changes in cash balance from budget and other activities is to report how the annual unified budget surplus/deficit relates to the change in the Government's cash balance and debt held by the public. It explains why the unified budget surplus or deficit normally would not result in an equivalent change in the Government's cash balance.
32. All of the respondents who addressed the issue agreed that the new information should be required. Most of these respondents offered some comments on one or both of the proposed illustrations.
33. With respect to the terminology used in the statements, several respondents said that the term "budget" was unclear. One respondent noted that the statements use the unified budget concept, i.e., both on- and off-budget activity is included. The respondent noted that there are several other alternatives approaches, including on-budget only, the President's proposed budget, and the enacted budget. Another respondent noted that, in the non-Federal environment, a budget is a plan, but for the illustrative statements it indicates actual results on a budget accounting basis. Also, several respondents objected to the use of the term "budget surplus" as being inaccurate since there is no surplus on hand to finance future activities at the reporting date, as the statement illustrates; and, that the word "surplus" has been eliminated from private sector accounting terminology.
34. The Board has modified the terminology based on these comments. The word "unified" now accompanies "budget surplus or deficit" wherever that phrase is used. In addition, the word "actual" has been added to the budget line items in

---

<sup>16</sup> SFFAC 7, par. 80.

the statements.

35. With respect to the term “budget surplus,” the Board notes that the term is used pervasively in Federal finance and in the popular media. It is defined comprehensively in budget publications. The Board believes that most users of the CFR have at least a working understanding of the term as an excess of the fiscal year’s budget receipts over budget outlays. The statement of changes in cash balance from budget and other activities will illustrate how the surplus (or deficit) and other activity affected the Government’s cash balance. The glossary for this standard will provide the definition.
36. With respect to the illustrative statement about changes in the cash balance (Appendix C in the exposure draft of March 2002, Versions A and B therein), most respondents who addressed the question preferred Version B. They said that it would be more understandable to the intended users because its groupings and subtotal were more logical.
37. One respondent said the FASAB should provide detailed authoritative guidance regarding the format of the reconciliation and cash statements before requiring them. The respondent was concerned that the reporting requirements are not fully developed, and that the FASAB should not require such information until it develops and prescribes an authoritative format. The Board weighed the benefits of prescribing the format of the statements against the drawbacks of placing constraints on the Treasury Department’s future development of the statements. The Board believes that it is better at this time to be flexible so that the most meaningful display can evolve.
38. Another respondent asked the Board to clarify that the new statements would be principal financial statements. Additional wording to this effect has been added to the standard.
39. Several respondents urged the Board to tie the change in cash on the new statement of changes in cash balance to the balance sheet line item and accompanying note disclosure, and/or to include beginning and ending cash balances on the statement. The Board decided that such information would improve the statement and has included it in the illustration in the standard, but does not believe that it is necessary to require it as part of the standard.
40. One respondent said there should be some direct reference to the stewardship information on the balance sheet similar to the reference to the notes because this would inform the reader about important information not included on the balance sheet. Also, this respondent submitted that the term “National Debt” is

unclear. Although the Board does not view this standard as a vehicle to address these concerns, it acknowledges the need for additional clarity and user friendliness for the CFR. The Board notes that the Treasury Department continues to improve the CFR, including the presentation of stewardship information.

**Implementation Date**

41. Several respondents said that the FY 2002 implementation date for the statements would afford insufficient time to prepare the new statements. However, since the Treasury Department was a leader in developing the statements and is able to prepare them in FY 2002, and since no additional information is required from component entities, this should not be an issue.



(Hypothetical data)		
<b>RECONCILIATION OF NET OPERATING REVENUE (OR COST)</b>		
<b>AND UNIFIED BUDGET SURPLUS (OR DEFICIT)</b>		
for the period ending Sept. 30, 20X2		
(in billions of dollars)		
<i>[Footnotes below would be to notes to the financial statements and are not provided for this illustration.]</i>		
	FY 20X2	FY 20X1
<b>Net operating revenue or (cost)</b>	46.0	(50.0)
<i>Components of net operating revenue (or cost) not part of the of the budget surplus:</i>		
Add excess of accrual-basis expenses over budget outlays:		
Civilian & military employee benefits (Note X1)		
Pensions and retired pay	75.5	74.0
Retiree health benefits	14.6	14.7
Other benefits	4.7	4.6
Subtotal -- civilian & military employee benefits	94.8	93.3
Veteran compensation (Note X1)	62.5	59.0
Environmental clean-up (Note X2)	19.6	18.5
Other benefit programs (Note X3)	4.0	4.5
Other	18.5	17.5
Subtotal -- excess of accrual-basis expenses over budget outlays	199.4	192.8
Add amortized expenses not included in budget outlays:		
Depreciation (Note X7)	15.4	15.0
Add other expenses that are not reported as budget outlays:		
Premiums paid on buyback of Treasury debt (Note X10)	5.5	1.6
Subtract excess of accrual-basis revenue over budget receipts:		
Accrued tax revenue (Note X5)	(0.6)	(0.7)
Other accrued revenue (Note X8)	-	1.0
Subtract other revenue and gains that are not budget receipts:		
Other revenue and gains	(2.3)	(2.2)
Subtotal: components of net operating revenue (cost) not part of budget surplus	217.4	207.5
<i>Components of the budget surplus that are not part of net operating revenue (or cost):</i>		
Add budget receipts not included in net operating revenue (or cost):		
Principal repayments on pre-credit reform loans	24.0	24.5
Decrease in accounts receivable (Note X3)	2.7	3.0
Subtract budget outlays not included in net operating revenue (or cost):		
Acquisition of capital assets (Note X7)	(31.6)	(43.0)
Acquisition of inventory (Note X6)	(11.9)	(12.0)
Acquisition of other assets	(5.4)	(7.0)
Subtotal -- components of the budget surplus that are not part of net operating revenue (or cost)	(22.2)	(34.5)
<i>Other:</i>		
Prior period adjustment (Note X17)	(4.2)	-
<b>Unified budget surplus (deficit) -- actual</b>	<b>237.0</b>	<b>123.0</b>

**STATEMENT OF CHANGES IN CASH BALANCE  
FROM UNIFIED BUDGET AND OTHER ACTIVITIES**  
for the Years Ended September 30, 20X2 and 20X1  
(in billions of dollars)  
[Hypothetical Data]

*[Footnotes below would be to notes to the financial statements and are not provided for this illustration.]*

	20X2	20X1
<b>CASH FLOW FROM UNIFIED BUDGETED ACTIVITIES</b>		
Total unified budgetary receipts -- actual	2,025.0	1,827.0
Total unified budgetary outlays -- actual	(1,788.0)	(1,703.0)
Unified budget surplus (or deficit) -- actual	237.0	124.0
<b>Adjustments for non-cash outlays included in the unified budget:</b>		
Interest accrued on Treasury debt held by the public	186.0	185.0
Subsidy expense accrued under direct loan & guarantee programs (Note X1)	3.0	4.0
Subtotal - adjustment for non-cash transactions in unified budget	189.0	189.0
<b>CASH FLOW FROM ACTIVITIES NOT INCLUDED IN UNIFIED BUDGET</b>		
<i>Inflows:</i>		
Repayment of principal on direct loans	19.0	15.0
Decrease/(increase) in miscellaneous assets (Note X2)	1.6	(1.6)
Seignorage	2.3	2.2
<i>Outflows:</i>		
Interest paid by Treasury on debt held by the public	(184.4)	(187.8)
New direct loans disbursed	(40.0)	(34.0)
Other direct loan transactions	(0.7)	(1.0)
Premium on buyback of Treasury debt held by the public (Note X3)	(5.5)	-
Default payments on guaranteed loans	(4.3)	(5.0)
Other guaranteed loan transactions	(0.5)	(0.3)
Increase/(decrease) in deposit fund liability balances (Note X4)	(1.2)	0.1
Increase/(decrease) in miscellaneous liabilities (Note X4)	(0.9)	0.5
Cash flow from non-budget activities	(214.6)	(211.9)
<b>Cash Flow from Monetary Transactions</b>		
Decrease in reserve position in the IMF (Note X5)	6.3	1.2
Decrease in loans to the IMF	-	0.5
Increase in special drawing rights (Note X5)	(4.0)	(2.2)
(Increase)/decrease in other monetary assets (Note X5)	(0.9)	0.4
Cash flow from monetary transactions	1.4	(0.1)
<b>Cash Flow from Financing</b>		
Borrowing from the public (Note X6)	2,010.8	2,002.0
Repayment of debt held by the public (Note X6)	(2,233.5)	(2,090.0)
Cash flow from financing	(222.7)	(88.0)
<b>Increase (decrease) in cash balance</b>	(9.9)	13.0
<b>Beginning cash balance</b> (Note X7)	52.7	39.7
<b>Ending cash balance</b> (Note X7)	42.8	52.7

		Department/Agency/Reporting Entity			
COMBINED STATEMENT OF BUDGETARY RESOURCES (page 1 of 2)		For the Years Ended September 30, 20x2 and 20x1			
		(in dollars/millions)			
		20x2	20x2	20x1	20x1
		Budgetary	Non-Budgetary Credit Program Financing Accounts	Budgetary	Non-Budgetary Credit Program Financing Accounts
Budgetary Resources:					
1. Budget authority:					
1a.	Appropriations received	\$ xxx	\$ xxx	\$ xxx	\$ xxx
1b.	Borrowing authority	xxx	xxx	xxx	xxx
1c.	Contract authority	xxx	xxx	xxx	xxx
1d.	Net transfers (+/-)	xxx	xxx	xxx	xxx
1e.	Other	xxx	xxx	xxx	xxx
2. Unobligated balance:					
2a.	Beginning of period	xxx	xxx	xxx	xxx
2b.	Net transfers, actual (+/-)	xxx	xxx	xxx	xxx
2c.	Anticipated Transfers balances	xxx	xxx	xxx	xxx
3. Spending authority from offsetting collections:					
3a.	Earned				
1.	Collected	xxx	xxx	xxx	xxx
2.	Receivable from Federal sources	xxx	xxx	xxx	xxx
3b.	Change in unfilled customer orders				
1.	Advance received	xxx	xxx	xxx	xxx
2.	Without advance from Federal sources	xxx	xxx	xxx	xxx
3c.	Anticipated for rest of year, without advances	xxx	xxx	xxx	xxx
3d.	Transfers from trust funds	xxx	xxx	xxx	xxx
3e.	Subtotal	xxx	xxx	xxx	xxx
4.	Recoveries of prior year obligations	xxx	xxx	xxx	xxx
5.	Temporarily not available pursuant to Public Law	xxx	xxx	xxx	xxx
6.	Permanently not available	xxx	xxx	xxx	xxx
7.	Total Budgetary Resources	\$ x,xxx	\$ x,xxx	\$ x,xxx	\$ x,xxx

Department/Agency/Reporting Entity  
**COMBINED STATEMENT OF BUDGETARY RESOURCES** (page 2 of 2)  
 For the Years Ended September 30, 20x2 and 20x1  
 (in dollars /millions)

	20x2	20x2	20x1	20x1
	Budgetary	Non-Budgetary Credit Program Financing Accounts	Budgetary	Non-Budgetary Credit Program Financing Accounts
<b>Status of Budgetary Resources:</b>				
8. Obligations incurred:				
8a. Direct	\$ xxx	\$ xxx	\$ xxx	\$ xxx
8b. Reimbursable	xxx	xxx	xxx	xxx
8c. Subtotal	xxx	xxx	xxx	xxx
9. Unobligated balance:				
9a. Apportioned	xxx	xxx	xxx	xxx
9b. Exempt from apportionment	xxx	xxx	xxx	xxx
9c. Other available	xxx	xxx	xxx	xxx
10. Unobligated balance not available	xxx	xxx	xxx	xxx
11. Total Status of Budgetary Resources	<u>xx,xxx</u>	<u>x,xxx</u>	<u>x,xxx</u>	<u>x,xxx</u>
Relationship of Obligations to Outlays:				
12. Obligated balance, net, beginning of period	xxx	xxx	xxx	xxx
13. Obligated balance transferred, net (+/-)	xxx	xxx	xxx	xxx
14. Obligated balance, net, end of period:				
14a. Accounts receivable	xxx	xxx	xxx	xxx
14b. Unfilled customer orders from Federal sources	xxx	xxx	xxx	xxx
14c. Undelivered orders	xxx	xxx	xxx	xxx
14d. Accounts payable	xxx	xxx	xxx	xxx
15. Outlays:				
15a. Disbursements	xxx	xxx	xxx	xxx
15b. Collections	xxx	xxx	xxx	xxx
15c. Subtotal	xxx	xxx	xxx	xxx
16. Less: Offsetting receipts	xxx	xxx	xxx	xxx
17. Net Outlays	<u>\$ x,xxx</u>	<u>\$ x,xxx</u>	<u>\$ x,xxx</u>	<u>\$ x,xxx</u>

Department/Agency/Reporting Entity CONSOLIDATED STATEMENT OF FINANCING (Page 1 of 2) For the Years Ended September 30, 20x2 and 20x1 (in dollars /millions)		
	20x2	20x1
<i>Resources Used to Finance Activities:</i>		
Budgetary Resources Obligated		
1. Obligations incurred	\$ xxx	\$ xxx
2. Less: Spending authority from offsetting collections and recoveries	xxx	xxx
3. Obligations net of offsetting collections and recoveries	xxx	xxx
4. Less: Offsetting receipts	xxx	xxx
5. Net obligations	xxx	xxx
Other Resources		
6. Donations and forfeitures of property	xxx	xxx
7. Transfers in/out without reimbursement (+/-)	xxx	xxx
8. Imputed financing from costs absorbed by others	xxx	xxx
9. Other (+/-)	xxx	xxx
10. Net other resources used to finance activities	xxx	xxx
11. <i>Total resources used to finance activities</i>	x,xxx	x,xxx
<i>Resources Used to Finance Items not Part of the Net Cost of Operations</i>		
12. Change in budgetary resources obligated for goods, services and benefits ordered but not yet provided (+/-)	xxx	xxx
13. Resources that fund expenses recognized in prior periods	xxx	xxx
14. Budgetary offsetting collections and receipts that do not affect net cost of operations		
14a. Credit program collections which increase liabilities for loan guarantees or allowances for subsidy	xxx	xxx
14b. Other	xxx	xxx
15. Resources that finance the acquisition of assets	xxx	xxx
16. Other resources or adjustments to net obligated resources that do not affect net cost of operations (+/-)	xxx	xxx
17. <i>Total resources used to finance items not part of the net cost of operations</i>	xxx	xxx
18. <i>Total resources used to finance the net cost of operations</i>	x,xxx	x,xxx

Department/Agency/Reporting Entity CONSOLIDATED STATEMENT OF FINANCING (Page 2 of 2) For the Years Ended September 30, 20x2 and 20x1 (in dollars /millions)		
	20x2	20x1
<i>Components of the Net Cost of Operations that will not Require or Generate Resources in the Current Period:</i>		
Components Requiring or Generating Resources in Future Periods:		
19. Increase in annual leave liability	xxx	xxx
20. Increase in environmental and disposal liability	xxx	xxx
21. Upward/Downward reestimates of credit subsidy expense (+/-)	xxx	xxx
22. Increase in exchange revenue receivable from the public	xxx	xxx
23. Other (+/-)	xxx	xxx
24. Total components of Net Cost of Operations that will require or generate resources in future periods	xxx	xxx
Components not Requiring or Generating Resources:		
25. Depreciation and amortization	xxx	xxx
26. Revaluation of assets or liabilities (+/-)	xxx	xxx
27. Other (+/-)	xxx	xxx
28. Total components of Net Cost of Operations that will not require or generate resources	xxx	xxx
29. Total components of net cost of operations that will not require or generate resources in the current period	x,xxx	x,xxx
30. Net Cost of Operations	\$ x,xxx	\$ x,xxx

## GLOSSARY

*The definitions for the entries below are taken from FASAB's Consolidated Glossary unless otherwise noted.*

**Accrual Accounting** – Records the effects on a reporting entity of transactions and other events and circumstances in the periods in which those transactions, events, and circumstances occur rather than only in the periods in which cash is received or paid by the entity. Accrual accounting is concerned with an entity's acquiring of goods and services and using them to produce and distribute other goods and services. It recognizes that the buying, producing, selling, distributing, and other operations of an entity during a period, as well as other events that affect entity performance, often do not coincide with the cash receipts and payments of the period. Compare with cash accounting. [See Financial Accounting Standards Board Statement of Financial Accounting Concepts (SFAC) No. 4, *Objectives of Financial Reporting by Nonbusiness Organizations*, paragraph 50, and SFAC No. 6, *Elements of Financial Statements*, pars. 139-141, 144-5; and Congressional Budget Office, *Glossary of Budgetary and Economic Terms*, "Accrual Accounting."]

**Allotment** – A distribution made within an entity of amounts available for obligation. [See OMB Bulletin A-34, *Instructions on Budget Execution*, Section 11, Terms and Concepts, "Allotment."]

**Apportionment** -- A distribution 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 combinations thereof. The apportioned amount limits the obligations that may be incurred. The recipient entity normally allots the apportionment among organizational units.

**Appropriation** -- See Budget Authority

**Budget** – The Budget of the United States Government setting forth the President's comprehensive financial plan for allocating resources. The Government uses the budget system to allocate resources among its major functions and individual programs. The budget process has three main phases: formulation, congressional action on the budget, and execution. Some presentations in the budget distinguish between "on-budget" and "off-budget" totals. "On-budget" totals reflect the transactions of all Government entities except those excluded from the unified budget totals by law. Likewise, "off-budget" totals reflect the transactions of Government entities that are excluded from the unified budget totals by law. Currently excluded are the social security trust funds and the Postal Service Fund. The on- and off-budget totals are combined to derive unified or consolidated totals for Federal activity. The budget amounts and references in this exposure draft refer to the unified budget. [See *FY 2003 Budget of the United States Government: Analytical Perspectives*, "Budget System and Concepts and Glossary."]

**Budget Authority** -- Authority provided by Federal law to incur financial obligations that will result in immediate or future outlays. Specific forms of budget authority include:

Appropriations – In most cases, authority provided by law permitting Federal agencies to incur obligations and make payments for specified purposes.

Borrowing Authority – Authority to incur obligations and to borrow, usually from the Treasury Department to liquidate the obligations. Borrowing is repaid in due course by the Federal entity from other resources.

Contract Authority – Authority to incur obligations in conjunction with a contract for goods or services, with subsequent appropriation or collection to liquidate the obligation.

Spending Authority from Offsetting Collections – Authority to incur obligations against collections credited to a specific expenditure account; and to make payments using the collections.

**Budget Obligation** – See Obligation below.

**Budget Outlay** – See Outlay below.

**Budget Receipt** – See Receipt below.

**Budget Surplus or Deficit, Unified** – The unified budget surplus is the excess of budget receipts over budget outlays during a fiscal year and a deficit is the excess of budget outlays over budget receipts during a fiscal year. [See *FY 2003 Budget of the United States Government: Analytical Perspectives*, “Budget System and Concepts and Glossary.”]

**Budget, Unified** – The budget presents combined on- and off-budget totals to derive totals for Federal activity, which is sometimes called the unified budget. The off-budget receipts and outlays of the Social Security trust funds and the Postal Service Fund are added to the on-budget receipts and outlays to calculate the unified budget totals.

**Budgetary Accounting** – The system that measures and controls the use of resources according to the purposes for which budget authority was enacted; and, that records receipts and other collections by source. It tracks the use of each appropriation for specified purposes through the various stages of budget execution from appropriation to apportionment and allotment to obligation and eventual outlay.

**Budgetary Resources** – The amount of authority given to an agency allowing it to incur obligations.



**Cash Accounting** – A system of accounting in which revenues are recorded when received in cash and expenses or expenditures are recorded when cash is disbursed. [See Financial Accounting Standards Board Statement of Financial Accounting Concepts No. 4, *Objectives of Financial Reporting by Nonbusiness Organizations*, paragraph 50; and Congressional Budget Office, *Glossary of Budgetary and Economic Terms*, “Cash Accounting.”]

**Component Entities** – The term “component entity” is used to distinguish between the U.S. Federal Government and its components. The U.S. Federal Government as a whole is composed of organizations that manage resources and are responsible for operations, i.e., delivering services. These include major departments and independent agencies, which are generally divided into suborganizations, i.e., smaller organizational units with a wide variety of titles, including bureaus, administrations, agencies, and corporations. (SFFAC No. 2, *Entity and Display*, pars. 11-12). Use of “component entity” in this standard is only intended to distinguish between the U.S. Federal Government’s consolidated financial statements and financial statements of its components. [See *FASAB exposure draft of Technical Bulletin, Assigning Costs and Liabilities to Agencies that Result from Legal Claims against the Federal Government*, fn. 2.]

**Financing Sources, Other** – Inflows of resources other than exchange and nonexchange revenue, including appropriations used, transfers of assets from other Government entities, and **imputed financing**. [See SFFAS 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, paragraph 70.]

**Imputed Financing** – Financing provided to the reporting entity by another Government entity covering certain costs incurred by the former. For example, part of Federal employee retirement benefits have been paid by the Government’s central personnel office. A reporting entity would recognize the full accruing cost of the benefits as well as the imputed financing so provided. [See SFFAS 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, paragraph 73.]

**Net Cost of Operations** – Total costs incurred by the reporting entity less exchange revenue earned during the period. This is the “bottom line” of the statement of net costs. [See SFFAC 2, *Entity and Display*, pars. 86-99 and Appendix 1-B; and OMB Bulletin 01-09, *Form and Content*, Section 4.8, “Net Cost of Operations.”]

**Net Operating Revenue (or Cost)** – At the CFR level, the difference between the net cost of operations and, essentially, all non-exchange revenue.

**Nonexchange Revenue** – Inflows of resources to the Government that the Government demands or that it receives by donations. The inflows that it demands include taxes, duties, fines, and penalties.

**Obligation** – Following the enactment of budget authority and the completion of required apportionment action, Government agencies incur obligations to make payments. Obligations are binding agreements that will result in outlays immediately or in the future. Obligations include, for example: current liabilities for salaries, wages, and interest; contracts for the purchase of supplies and equipment, construction, and the acquisition of office space, buildings, and land; and other arrangements requiring the payment of money. [See *FY 2003 Budget of the United States Government: Analytical Perspectives*, “Budget System and Concepts and Glossary” (Obligations Incurred).]

**Outlays** – Outlays are payments to liquidate obligations and generally are recorded on a cash basis but also include certain non-cash items such as the estimated subsidy cost of direct loans and loan guarantees, and interest accrued on public issues of Treasury debt.

**Principal Financial Statements** – See SFFAC 2, paragraph 74, for a listing of the financial statements and other information that a financial report should include. The FASAB considers principal financial statements an essential part of a reporting entity’s financial reporting, and therefore recommends authoritative guidelines for the measurement and presentation of the information. [SFFAC 2, *Entity and Display*, paragraph 71, footnote 12.]

**Proprietary Accounting** – A process employing accrual accounting (see definition above) and financial reporting to show actual financial position and results of operations by accounting for assets, liabilities, net position, revenues, and expenses.

**Receipts** – Collections that result from the Government’s exercise of its sovereign power to tax or otherwise compel payment, and gifts of money to the Government.

**Revenue, Nonexchange** – See Nonexchange Revenue above.

**Unified Budget** – See Budget, Unified

## **FASAB Board Members**

David Mosso, Chairman

Joseph V. Anania, Sr.  
Philip T. Calder  
Claire Gorham Cohen  
John A. Farrell  
Joseph L. Kull  
James M. Patton  
Robert N. Reid  
Alan H. Schumacher

## **Task Force Members**

Christine Bonham, General Accounting Office  
Juan Camacho, CFO Fellow and Department of Defense  
Robert Kilpatrick, Office of Management and Budget  
Allan Lund, Financial Management Service  
Marvin Phaup, Congressional Budget Office  
Frank Synowiec, General Accounting Office  
Gary Ward, Financial Management Service

## **FASAB Staff**

Wendy M. Comes, Executive Director

Project Staff:  
Richard Fontenrose

---

## **Federal Accounting Standards Advisory Board**

441 G Street NW  
Suite 6814  
Mailstop 6K17V  
Washington, DC 20548

Telephone (202) 512-7350  
FAX (202) 512-7366  
[www.fasab.gov](http://www.fasab.gov)

---

**FASAB**

Presorted Standard  
Postage & Fees Paid  
GAO Permit No. G100

**Federal Accounting Standards Advisory Board**

**U.S. General Accounting Office  
441 G Street, NW, Suite 6814  
Washington, DC 20548**

**Official Business  
Penalty for Private Use \$300**

---