

## **FACTS II**

**Indefinite No-year Accounts  
Unfilled Customer Orders  
Contract Authority  
Funds Held by the Public  
Adjusting Entries**

**Proposed Changes  
to the Standard General Ledger**

**SGL Board Meeting  
August 28, 1997**

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## FACTS II

### **Reporting Increases and Decreases for Indefinite No-Year Appropriations**

The amount that is appropriated each year for a general fund, indefinite, no-year account is based on an estimate as to how much funding is needed to meet the program responsibilities for the year. A warrant is issued based on the estimate. At year end, resources should equal obligations. However, funds may be unobligated at year end if the estimate was more than the amount actually obligated during the year. The reverse can happen, also: obligations may be more than what had been estimated. In both instances obligations must be reconciled with resources

There are two ways to reconcile obligations with resources: either by warrant or by 1151. A warrant can be requested to cover obligations that were over the estimate. And a negative warrant will cover the unobligated amount. The warrants can be requested until the deadline at year end. Once the deadline for requesting warrants has passed, an agency may report the increase or the decrease on the 2108. The increase and the decrease are reported on the 2108 in column 4-unobligated and obligated balance withdrawn /canceled.

In the following scenario SGL account 4391 is used to capture this activity. The scenario illustrates a **decrease** in an indefinite no-year appropriation.

### **1. A fund has indefinite authority and receives a \$100 appropriation on October 1. Treasury issues a warrant for \$100. The amount appropriated is based on an estimate of what the agency needs for the year.**

#### Budgetary

4119 Other Appropriations Realized	100	
4450 Unapportioned Authority Available		100

#### Proprietary

1010 Fund Balance with Treasury	100	
3100 Unexpended Appropriations		100

### **2. Agency submits apportionment schedule and the full amount is approved.**

#### Budgetary

4450 Unapportioned Authority Available	100	
4510 Apportionments		100

#### Proprietary

No entries

### **3. The agency obligates \$75.**

#### Budgetary

4510 Apportionments	75	
4801 Undelivered Orders Unpaid		75

#### Proprietary

No entries

### **4. Goods are delivered and funds are disbursed**

#### Budgetary

4801 Undelivered Orders Unpaid	75	
4902 Expended Authority Paid		75

#### Proprietary

6100 Operating Expenses	75	
1010 Fund Balance with Treasury		75
3100 Unexpended Appropriations	75	
5700 Appropriations Used		75

### **5. Preclosing Trial Balance**

1010	25	
3100		25
5700		75
6100	75	
4119	100	
4510		25
4902		75

**6. At year end the fund has unobligated amounts which represent an overestimation of how much was needed during the year.**

Budgetary

4510 Apportionments	25	
<b>4391 Adjustments to Indefinite No-year Authority</b>		<b>25</b>

Proprietary

3100 Unexpended Appropriations	25	
1010 Fund Balance with Treasury		25

**7. Preclosing Adjusted Trial Balance**

5700		75
6100	75	
4119	100	
<b>4391</b>		<b>25</b>
4510		0
4902		75

Budgetary Resources = Budgetary Status

4119 + **4391** = 4902

100 + (-25) = 75

**8. SF 133**

1A. Appropriations	4119	100
	<b>4391</b>	<b>-25</b>
2A. Unobligated Balance Brought Forward	4201B	
7. Total Resources	Calc	75
8A. Obligations Incurred	4902E	75
9A. Unobligated Balance Available, Apportioned	4510	0
11. Total Status	Calc	75
15. Outlays	Calc	75
	(8-3abd-4a+12+or-13-(-14a-14b+14c+14d)	
Should also equal disbursements reported on SF 224	4902	75

**9. 2108**

Column 2: Preclosing Unexpended Balance (Provided by Treasury )		25
Column 4: Unobligated and Obligated Balance Withdrawn/Canceled	<b>4391</b>	25
Column 5: Postclosing Unexpended Balance 1010		0
Proof: Column 2 - Column 4 = Column 5		
	25 - 25 = 0	

## 10. Closing Entries

### Budgetary

A. To record consolidation of resources

4201 Total Actual Resources	100	
4119 Other Appropriations Realized		100
<b>4391 Adjustments to Indefinite No-Year Authority</b>	<b>25</b>	
4201 Total Actual Resources		25

B. To close expended authority

4902 Expended Authority Paid	75	
4201 Total Actual Resources		75

### Proprietary

To close appropriations used and expenses to cumulative results of operations.

5700 Appropriations Used	75	
3310 Cumulative Results of Operations		75
3310 Cumulative Results of Operations	75	
6100 Operating/Program Expenses		75

## 11. Post Closing Trial Balance

5700	0
6100	0
4119	0
4201	0
4391	0
4510	0
4902	0

**Account title:** Restorations, Writeoffs and Withdrawals Adjustments to Indefinite No-year Authority

**Account Number:** 4391

**Normal Balance:** Either

**Type of Account:** Posting

**Definition:** Amount available for obligation during the year that ceased to be available during or at the end of the fiscal year, other than amounts rescinded by law. Includes unobligated balances expiring for obligation, amounts written off or withdrawn by administrative action, unobligated balances returned to unappropriated receipts, amounts withdrawn/lapsed from liquidating appropriations. The amount necessary to reconcile obligations with resources for indefinite no-year appropriations and that is reportable on the 2108.



## FACTS II

### **Unfilled Customer Orders: Without Advance and With Advance**

The BACS/FACTS II Subcommittee has recommended that account 4220-Unfilled Customer Orders be expanded to two accounts: one without advance and one with advance. Currently attributes are used to capture advances/ no advances in 4220. Since these attributes do not apply to any other SGL account for 2108/133 reporting purposes, the subcommittee agreed that the data should be collected in separate accounts.

The proposed accounts are as follows:

**Account Title:** Unfilled Customer Orders Without Advance  
**Account Number:** 4221  
**Normal Balance:** Debit  
**Type of Account:** Posting

**Definition:** The total amount of unearned reimbursable orders accepted without an advance and unearned. This account represents the amount of goods and/or services to be furnished for other government agencies and for the public if permitted by law and by longstanding, generally accepted practice. At the time the goods and/or services are furnished, the amount becomes reimbursements earned.

**Account Title:** Unfilled Customer Orders With Advance  
**Account Number:** 4222  
**Normal Balance:** Debit  
**Type of Account:** Posting

**Definition:** The total amount of unearned reimbursable orders accepted with an advance and unearned. This account represents the amount of goods and/or services to be furnished for other government agencies or the public. At the time the goods and/or services are furnished, the amount becomes reimbursements earned.

**Proposed change to an existing SGL account:**

**Account Title:** Unfilled Customer Orders  
**Account Number:** 4220  
**Normal Balance:** Debit  
**Type of Account:** Posting Summary

**Definition:** The total amount of unearned reimbursable orders accepted with or without an advance and unearned. This account represents the amount of goods and/or services to be furnished for other government agencies or the public. At the time the goods and/or services are furnished, the amount becomes reimbursements earned.

## FACTS II

### Reporting Administrative Reductions and Administrative Reinstatements of Amounts Previously Reduced for Definite Contract Authority

Definite contract authority can be reduced by legislative or administrative action. An administrative action can also reinstate the amount previously reduced by administrative action. Currently, a reduction by legislative action is captured in account 4133-Actual Reductions to Contract Authority, but a reduction or the reinstatement of the amount previously reduced by administrative action is not captured in the SGL account structure.

### SGL Account Changes

The following is a proposal to capture increases and decreases based on administrative action to contract authority in the SGL and consists of changing the titles and definitions of accounts 4034 and 4133.

**Account Title:** Anticipated ~~Adjustments~~ ~~Reductions~~ to Contract Authority  
**Account Number:** 4034  
**Normal Balance:** ~~Credit~~ Either  
**Type of Account:** Posting

**Definition:** The estimated amounts of reductions or increases during the fiscal year to contract authority.

**Account Title:** Actual ~~Adjustments~~ ~~Reductions~~ to Contract Authority  
**Account Number:** 4133  
**Normal Balance:** ~~Credit~~ Either  
**Type of Account:** Posting

**Definition:** The amount of contract authority that is reduced by legislation that cancels budget authority during the fiscal year; or the amount of contract authority that is reduced by administrative action; or the amount of contract authority previously reduced by administrative action that is administratively restored.

1. To record anticipated reductions to contract authority.

4450 Unapportioned Authority - Available.  
4034 Anticipated Adjustments Reductions to Contract Authority

2. To record reductions to contract authority that were anticipated.

4034 Anticipated Adjustments Reductions to Contract Authority  
4133 Actual Adjustments Reductions to Contract Authority

3. To record reductions to contract authority not anticipated.

4450 Unapportioned Authority - Available  
4133 Actual Adjustments Reductions to Contract Authority

4. To record anticipated restorations to contract authority.

4034 Anticipated Adjustments to Contract Authority  
4450 Unapportioned Authority - Available

5. To record restorations to contract authority that were anticipated.

4133 Actual Adjustments Reductions to Contract Authority  
4034 Anticipated Adjustments Reductions to Contract Authority

6. To record restorations to contract authority not anticipated.

4133 Actual Adjustments Reductions to Contract Authority  
4450 Unapportioned Authority - Available

**2108 Reporting**

The balance of 4133, whether debit or credit, will be reported in column 5- Writeoffs,

Restorations, or Adjustments. A credit balance represents a net reduction in contract authority and a debit balance represents a net increase in contract authority.

### **133 Reporting**

Net credit balance will be reported on line 6D-Permanently Not Available: Other Authority Withdrawn (A-34, p.141: Include amounts of contract and borrowing authority withdrawn). A net debit balance will be reported on line 1C-Contract Authority.

## FACTS II

### Funds Held by the Public

Certain agencies are required to report funds held by the public on the 2108. The National Park Service-Interior and the Universal Service Fund-FCC are such examples as described below. The descriptions were taken from an enclosure included with a letter dated March 19, 1996 from Alice M. Rivlin, Director of The Office of Management and Budget to the Honorable Robert C. Byrd. The enclosure was entitled "Significant Presentation and Technical Changes in the Budget of the United States Government, Fiscal year 1997".

"The National Park Service has contracts with the private concessionaires to provide visitor services within the national parks. Often the contract stipulates that the concessionaires deposit a portion of gross receipts or a fixed sum of money into a separate bank account. The concessionaire may spend these funds only at the direction of the park superintendent to improve or construct government-owned facilities that directly support concession visitor services. Although these funds are not deposited in the Treasury, they nevertheless are part of the return to the Government from these contracts and are spent at the Government's direction. Therefore, they have been included in the budget in a special fund in the National Park Service portion of the budget beginning in 1995. The receipts and outlays are classified as mandatory."

"The Universal Service Fund was established in 1984 as a non-governmental entity at the behest of the Federal Communication Commission (FCC). The purpose of the fund was to ensure universal access to telecommunications services. The Telecommunications Act of 1996 expanded its authorized uses. In scoring the Act, OMB and the Congressional Budget Office determined that the fund was governmental in nature and that its receipts and outlays should be included in the budget. Although the fund is maintained outside the Treasury by a non-governmental entity, the FCC approves the rates for payments by telecommunications providers into the fund and the uses of the fund. The fund is included in the FCC portion of the budget as a special fund beginning in 1995. The receipts and outlays are classified as mandatory."

To facilitate reporting of the funds held by the public, a new account 1130-Funds Held by the Public has been proposed to and accepted by the Issues Resolution Committee.

Account Title: Funds Held by the Public  
Account Number: 1130  
Normal Balance: Debit  
Type of Account: Posting  
Definition: Funds held by the public which OMB has determined will be included in the budget.

## FACTS II

### Adjusting and Closing Entries

There is a need to distinguish adjusting entries from closing entries. Certain year-end entries are needed to complete the 2108 and SF 133. These entries will be referred to as adjusting entries and the trial balance used for the 2108 and SF 133 will be a preclosing adjusted trial balance. The following entries will be considered adjusting entries.

#### **1. To adjust anticipated items to zero:**

- 4032 Anticipated Contract Authority
- 4034 Anticipated Reductions to Contract Authority
- 4042 Anticipated Borrowing Authority
- 4044 Anticipated Reductions to Borrowing Authority
- 4047 Anticipated Payments to Treasury
- 4060 Anticipated Collections from Non-Federal Sources
- 4070 Anticipated Collections from Federal Sources
- 4120 Appropriations Anticipated-Indefinite
- 4160 Anticipated Transfers-Current Year Authority
- 4165 Anticipated Allocation Transfers
- 4180 Anticipated Transfers-Prior Year Authority
- 4210 Anticipated Reimbursements
- 4215 Anticipated Trust Fund Expenditure Transfers
- 4310 Anticipated Recoveries of Prior-Year Obligations

#### **2. To adjust budget resources to amount supported by obligations:**

- 4220 Unfilled Customer Orders
- 4142 Current Year Borrowing Authority Realized - Indefinite
- 4132 Current Year Contract Authority Realized - Indefinite
- 4391 Adjustments to Indefinite Authority

#### **3. Move from expired to canceled authority:**

- 4350 Canceled Authority