



Chapter 7 Other Accounting Issues

Other accounting issues include but are not limited to the following:

- Accounting for Revenue and Other Financing Sources (SFFAS #7)
- Equity Account Transactions
- Undelivered Orders
- Posting of Post Close Adjustments to Core Financial Systems

A. Accounting for Revenue and Other Financing Sources (SFFAS #7)

The revenue accounting standard defines revenue according to the substance of the underlying transactions rather than according to the budgetary treatment of the inflow. The provisions of this standard are in effect.

Exchange Revenue: Revenue that result from arms-length transactions, including the sale of goods and services, entrance fees, and most interest revenue.

- Report Exchange Revenue on the Statement of Net Cost. (MMS Custodial Exchange Revenue is an exception.)

Non-exchange Revenue: Revenue that arises from situations where the federal government demands payment, including taxes and fines.

- Report Non-exchange Revenue on the Statement of Changes in Net Position.

Since the current government-wide SGL commingles miscellaneous exchange and non-exchange revenue in SGL Account 5900 *Other Revenue*, the Department has established the following accounts:

- Account 590E – Exchange revenue
- Account 590N – Non-exchange revenue
- Account 590S - Surface Mining related transactions
- Account 590R – Royalty revenue transactions

- Bureaus ensure data is properly classified.

If assistance is needed splitting data between exchange and non-exchange, contact Deb Carey.

**B. Equity Account Transactions**

The only equity accounts in essence are Unexpended Appropriations and Cumulative Results of Operations. Under normal circumstances, the only entries that are posted to equity are:

1. Entries to establish and use Unexpended Appropriations (3100 series accounts).
2. Entries to close USSGL flow accounts (5000 Revenue, 6000 Expenses and 7000 Gains/Losses & Miscellaneous accounts) to Cumulative Results at the end of the year.
3. Entries to post “contributed capital” at the start up of a working capital type fund. This is a very rare entry.
4. Entries posted to aircraft reserve accounts by the Office of Aircraft Services.

Due to changes to the Government Standard General Ledger, the use of SGL Account 3100 *Unexpended Appropriations* series accounts is now limited to general-type Treasury Fund Symbols, i.e. Treasury Fund Symbols that receive warrants from Treasury – General Fund. This account is no longer valid in other Treasury Fund Symbols, therefore existing data in USSGL Account 3100 *Unexpended Appropriations* was reclassified during fiscal year 2000 from this account to USSGL Account 3310 *Cumulative Results of Operations*.

- Ensure that no other entries have been posted to equity during the year as such entries impact the preparation of the Statement of Changes in Net Position.
- Contact PFM if you have any other entries you believe should be posted to equity.

C. Undelivered Orders

Bureaus should establish procedures, consistent with Department policy, to ensure the Undelivered Orders (UDOs) are valid. A memorandum from Deputy Assistant Secretary – Policy, Management & Budget on Accuracy of Financial Data and Funds Availability dated June 15, 2001, states:

“Unliquidated obligations were not timely deobligated or adequately supported. In this regard, the DOI needs to (1) implement adequate policies and procedures to ensure that periodic assessments of the validity and accuracy of the unliquidated obligation transactions were conducted, (2) have procedures to update the general ledger undelivered orders account, (3) timely remove or deobligate the unliquidated obligations, and (4) follow established procedures for reviewing unliquidated obligations.”



The reported balances for both prior year and current Undelivered Orders should reflect valid obligations.

- Review and validation of UDOs should be performed timely to allow any corrections to be made prior to year end.

D. Posting of Post Close Adjustments to Core Financial Systems

Upon completion of the financial statement audits, adjustments made in the Hyperion Enterprise Application that were not entered into the core financial system prior to closing the financial records, should be appropriately recorded in the core financial system records.

For bureaus using FFS, A recommended approach, endorsed by the Financial Officers Partnership, to record these adjustments is to use Accounting Period 00. **See Appendix H for a description of this process.**