

# Reclamation Manual

## Directives and Standards

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### Glossary of Terms

This appendix is a glossary of terms and acronyms used in the Reclamation Manual, Directive and Standard, *Working Capital Fund (WCF) Roles and Responsibilities and Major Management Elements*, FIN 15–10, and its appendices. This appendix also includes a listing of reference documents.

#### 1. Glossary.

- A. **Advance.** Early payment for goods or services. An advance of funds against the total balance of the WCF may be authorized by the WCF Manager to fund certain large expenditures within any WCF activity to preclude making an appropriation request from Congress.
- B. **Allocation.** See Cost Allocation.
- C. **Amortization.** Similar to depreciation, a gradual reduction or periodic expense attributed to the decline in usefulness of an intangible asset. In the WCF, amortization is applied to software applications and may be applied to specific partnership lease agreements.
- D. **Anti-Deficiency Act.** Provisions of law enacted by Congress and incorporated into Title 31 of the United States Code (U.S.C.) 665 and Office of Management and Budget (OMB) Circular A–11, Section 145 to prevent departments and agencies from exceeding enacted appropriations, and to establish penalties for violations.
- E. **Appropriations.** An appropriation provides legal authority for Federal agencies to incur obligations and to make payments out of the U.S. Department of Treasury for specified purposes. Thirteen regular appropriation bills are considered every year by the Congress and supplemental appropriations are considered from time to time.<sup>1</sup>
- F. **Assets.** Tangible or intangible items owned by the Federal Government, which would have probable economic benefits that can be obtained or controlled by a Federal Government entity. Tangible assets (1) have an estimated useful life of 2 or more years, (2) are not intended for sale in the ordinary course of business, and (3) are intended to be used or available for use by the entity.<sup>2</sup>
- G. **Book Value.** Acquisition Cost less Accumulated Depreciation.
- H. **Break Even.** The point at which cost and income are equal and there is neither profit nor loss.

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<sup>1</sup>OMB Circulars

<sup>2</sup>Federal Accounting Standards Advisory Board (FASAB), Statements of Federal Financial Accounting Standards (SFFAS)

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- I. **Budget Authority.** Authority provided by law to enter into obligations that will result in immediate or future outlays involving Federal Government funds. The basic forms of budget authority are appropriations, authority to borrow, and contract authority. Budget authority is classified by the period of availability (1–year, multiple–year, no–year), by the timing of congressional action (current or permanent), or by the manner of determining the amount available (definite or indefinite).<sup>3</sup>
- J. **Capital Assets.** As defined in OMB Circular A–11, Section 300, capital assets are land, structures, equipment, intellectual property (e.g., software), and information technology (IT) (including IT service contracts) that are used by the Federal Government and have an estimated useful life of 2 years or more.
- K. **Capital Investment.** Expenditure made to acquire, develop or construct property, software, plant or equipment that meets the definition of an asset and has a cost equal to or greater than the Bureau of Reclamation’s established capitalization threshold. Examples of capital investments include buildings, equipment, vehicles, and IT such as software. Reclamation follows the Department of Interior’s \$15,000 capitalization threshold for moveable property and equipment. Reclamation uses a zero capitalization threshold for real property, such as buildings, features, facilities, land, and other fixed assets.
- L. **Capitalize.** To charge an expenditure to an asset account because it benefits a period in excess of 1 year.<sup>4</sup>
- M. **Carryover.** See Unobligated Balance.
- N. **Contributed Capital.** Equity contributed to the WCF by the Treasury either directly, in the form of an appropriation, or indirectly, as an appropriation transfer to the WCF or by transfer of net book value of assets originally purchased with appropriated funds. Contributed capital is the amount of WCF equity Reclamation received from Treasury.
- O. **Cost Accounting.** A system of recording and reporting measurements of the cost of manufacturing goods and performing services in the aggregate and in detail. It includes methods for reorganizing, classifying, allocating, aggregating, and reporting actual costs and comparing them with standard costs. Determination of unit costs to make a product or render a service is needed to establish a selling price or fee to be charged. Also, costs for manufacturing a product for inventory valuation need to be known to prepare the balance sheet and income statement. Cost accounting systems include job order, process, standard, and direct costing.

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<sup>3</sup>Government Accountability Office (GAO) Publication, A Glossary of Terms Used in Federal Budget Process and Related Accounting, Economic, and Tax Terms.

<sup>4</sup>Dictionary of Accounting Terms, Third Edition, Joel G. Siegel, Ph.D., CPA and Jae K. Shim, Ph.D.

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- P. **Cost Allocation.** An automated program within Federal Financial Systems (FFS) that distributes costs from specified cost structures within a region, particular program or WCF Activity to other cost structures within the same region based upon a percentage. These percentages are determined by the regional finance and budget offices and can be changed as frequently as monthly or less frequently as appropriate.
- Q. **Costs.** Value of resources consumed or used while providing goods or services.
- R. **Cumulative Results of Operations.**
- (1) For the WCF program, Cumulative Results of Operations is made up of the sum of the SGL 331A and 331C equity account balances plus the balances of all other SGL accounts that close to these two equity accounts at FYE.
  - (2) Cumulative Results of Operations excludes the SGL 331B Contributed Capital equity account balance and the balances in all SGL accounts that close into SGL 331C at FYE; therefore, Cumulative Results of Operations is synonymous to Customer Equity.
- S. **Current-Year Results of Operations.** For the WCF program, Current-Year Results of Operations is the net accumulated difference between revenues, expenses, capital expenditures, and gains/losses for the current year.
- T. **Customer Equity.** See Cumulative Results of Operations.
- U. **Depreciation.** Decrease in usefulness (value) of assets over time. The recording of depreciation is a systematic allocation of the capitalized cost of WCF property, plant, and equipment over useful life.
- V. **Direct Costs.** Expenses that can be directly identified with the cost of producing a product or delivering a service. Examples of direct costs are direct materials, direct labor, and procurement of equipment.
- W. **Equity.** Assets minus liabilities.<sup>5</sup>
- X. **Expenditure.** With respect to provisions of the Antideficiency Act (31 U.S.C. 665) and the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93-344, 31 U.S.C. 1301, note), the term expenditures refers to an outlay or disbursement which reduces the cash balance.<sup>6</sup>
- Y. **Expense.** For accounting purposes, the outflow of assets or incurrence of liabilities (or both) during a period as a result of rendering services, delivering or producing goods,

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<sup>5</sup>See footnote 4 on page 2.

<sup>6</sup>See footnote 3 on page 1.

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or carrying out other normal operating activities.<sup>7</sup> SFFAS No. 6 expands this definition to say “... the benefits from which do not extend beyond the present operating period.”

- Z. **Full Cost.** Full cost includes all direct and indirect costs incurred by the Federal Government to provide a good, resource, or service. The full cost of an output produced by a responsibility segment is the sum of (1) the costs of resources consumed by the responsibility segment that directly or indirectly contribute to the output, and (2) the costs of identifiable supporting services provided by other responsibility segments within the reporting entity and by other reporting entities.<sup>8</sup> Full cost is all direct and indirect costs to any part of the Federal Government of providing goods, resources, or services.<sup>9</sup> Full cost shall be determined or estimated from the best available records of the agency, and new cost accounting systems need not be established solely for this purpose.<sup>10</sup> Full cost recovery requirements apply to contributed capital created by non-funded asset transfers.
- AA. **Fund Code.** Fund codes are used by Reclamation to tie transactions to one unique Treasury appropriation symbol. It is not uncommon to have several fund codes assigned to one Treasury appropriation symbol, e.g., several secondary fund codes can be established to a primary WCF Activity fund code. The fund code is used to subdivide and track the functions performed within a Treasury appropriation symbol. The first 3-digits of Reclamation’s 18-digit account structure are the fund code.
- BB. **Gain.** An increase in equity (net assets) resulting from an incidental transaction. The most common example in the WCF is a gain on the disposition of an asset.
- CC. **Indirect Costs.** Costs that cannot be identified specifically with or traced to a given cost object in an economically feasible way.<sup>11</sup> Any cost incurred for common objectives and therefore cannot be directly charged to any single cost objective. These costs are allocated to the various classes of work in proportion to the benefit to each class. Indirect cost is also referred to as overhead or burden cost.<sup>12</sup> Support costs are the most common component of indirect costs. Some examples of indirect costs are: administrative services, general research, security, employee health and recreation facilities, general training, building space, utilities, office equipment, miscellaneous supplies, and materials, etc.
- DD. **Loss.** A decrease in equity (net assets) as a result of an incidental transaction. See *Gain*.

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<sup>7</sup>See footnote 3 on page 1.

<sup>8</sup>See footnote 2 on page 1.

<sup>9</sup>See footnote 4 on page 1.

<sup>10</sup>See footnote 4 on page 1.

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- EE. **Obligation.** An obligation is a binding agreement that will result in an outlay or disbursement of funds/cash; to be legal, budgetary resources must be available prior to obligations being made.
- FF. **Object Code.** Classification to identify a category of cost, such as personnel costs, travel, rent, utilities, supplies, indirect costs, etc. Reclamation's object codes are four digits, with two additional digits available for further breakout.
- GG. **Out-year.** Any fiscal year beyond the budget year for which projections are made.<sup>13</sup>
- HH. **Personal Property.** Property of any kind or an interest therein, except (1) real property, (2) records of the Federal Government, and (3) naval vessels of the following categories: battleships, cruisers, aircraft carriers, destroyers, and submarines. Specifically, personal property includes all equipment, materials, supplies, and museum objects. It does not include property which is incorporated in or permanently affixed to real property.
- II. **Regional/Directorate.** When working with budget and financial data, the term Region includes the Denver and Washington offices/directorates. The regions are numbered as follows:
- (1) Region 1, Pacific Northwest Region;
  - (2) Region 2, Mid-Pacific Region;
  - (3) Region 3, Lower Colorado Region;
  - (4) Region 4, Upper Colorado Region;
  - (5) Region 6, Great Plains Region;
  - (6) Region 8, Denver Office: Administration; Security, Safety, and Law Enforcement; Policy and Program Services; Technical Resources; Technical Service Center; and Research and Development; and
  - (7) Region 9, Washington Office: Commissioner's Office; Deputy Commissioner, External and Intergovernmental Affairs; Deputy Commissioner, Operations; Deputy Commissioner, Policy, Administration and Budget; Program and Budget, and International Affairs.
- JJ. **Results of Operations.** Net difference between the revenues received and the operating costs during an accounting period.

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<sup>13</sup> See footnote 3 on page 1.

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**KK. Revenue.** Increase in the assets of an organization or the decrease of liabilities during an accounting period, primarily from the organization’s operating activities.<sup>14</sup>

Revenues result from (1) services performed by the Federal Government and (2) goods and other property delivered to purchasers.<sup>15</sup>

**LL. Revolving Fund.** A fund that conducts a continuing cycle of business–type activity. The fund charges for the sale of products or services then uses the proceeds to finance ongoing operations, without further appropriation requests to Congress.

**MM. Standard General Ledger (SGL) Accounts.** The Federal Government SGL list of accounts contains three major categories of SGL accounts: proprietary, budgetary, and memorandum. Proprietary SGL accounts include assets, liabilities, equity (net position), revenue, expense, or gains/losses/miscellaneous items. Proprietary SGL accounts begin with “1, 2, 3, 5, 6, or 7.” Proprietary SGL accounts fall under the accounting theory that **Assets – Liabilities = Equity**. The general rule is that revenues increase equity and expenses reduce equity. Budgetary SGL accounts all begin with a “4” and are used to record transactions that affect budget allocations, allotments and unobligated balance. These SGL accounts do not affect assets, liabilities, equity (net position), revenue, expense, or gains/losses/miscellaneous items. Just as with proprietary SGL accounts, many of the budgetary SGL accounts close at fiscal year-end (FYE).

**NN. Transfer.**

- (1) Shifting of all or part of the budget authority in one appropriation or fund account to another, as specifically authorized by law. The nature of the transfer determines whether the transaction is an expenditure or a non–expenditure transfer.<sup>16</sup>
- (2) Shifting funding from one WCF Activity to another WCF Activity as a loan.
- (3) Shifting ownership of an asset between Activities, programs, or entities. The Federal Government has authorities in place that allow assets to be transferred within an entity or between entities. In some cases, there is compensation for the asset; in other cases, the asset is transferred as a non–reimbursable transfer and there is no compensation.

**OO. Unobligated Balance.** The portion of obligational authority that has not yet been obligated. For a no-year account or WCF, the unobligated balance is carried forward indefinitely until (1) specifically rescinded by law, or (2) the head of the agency

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<sup>14</sup>See footnote 4 on page 2.

<sup>15</sup>See footnote 3 on page 1.

<sup>16</sup>See footnote 3 on page 1.

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concerned or the President determines that the purposes for which the appropriation was made have been carried out and disbursements have not been made against the appropriation for 2 consecutive years.

2. **Reference Documents.** In some cases, footnotes have been provided to clearly identify the source reference. Some definitions in this Appendix have not changed since the last official release of the WCF guidebook. In some cases, a definition could not be found in any source reference or the source for the definition is unknown. Some definitions are Reclamation-specific and apply to terms used in its automated accounting system or in its day-to-day operations. The footnote references cited in the text are identified below and, where possible, Hyperlinks are provided.
  - A. **Principles of Federal Appropriations Law.** The definitions used in this document were predominantly based upon the following document: *A Glossary of Terms Used in the Federal Budget Process*, PAD–81–27 (3d cd., March 1981). This document was revised as of January 1993; see Reference No. 3.
  - B. **FASAB, SFFAS.** The definitions, which cite reference, were taken from the glossaries and text of several of the SFFAS documents. References do not cite the specific SFFAS used.
  - C. **A Glossary of Terms Used in the Federal Budget Process and Related Accounting, Economic, and Tax Terms.** This is a GAO publication released as an Exposure Draft (GAO/AFMD–2.1.1) in January 1993. It superseded the 1981 document used as the glossary source for the publication, *Principles of Federal Appropriations Law*.
  - D. **OMB Circulars.** While several OMB Circulars were researched and used as sources to provide the definitions cited in this reference: OMB Circular A–11 – *Preparing and Submitting Budget Estimates* and OMB Circular A–25 – *User Charges* were the predominant references.
  - E. **Dictionary of Accounting Terms, Third edition Joel G. Siegel, Ph.D., CPA and Jae K. Shim, Ph.D.** This is a 2000 edition of a publication available through commercial bookstores. It is the most current source that addresses both private and Federal accounting terms and concepts.