

Reconciling Budgetary to Proprietary Data ... What You Need to Know

**FMS Year-End Seminar
August 3, 2009
Arlene Johnson, Director
Budget Reports Division**

Today's Presentation

- Two Reconciliation Statements prepared at the Gov'twide Level
- Operating Revenue to Budget Receipts Reporting

Objective

- Learn what is done at the gov'twide level.
- Gain understanding of the impact of budgetary reporting (i.e., FMS-224, FMS-1219, etc.).
- Hear about new reporting requirements.
- Gain a better appreciation your job.

Two Reconciliation Statements

At the Gov'twide Level

- Statement of Changes in Cash Balance from Unified Budget and Other Activities
- Reconciliation of Net Operating Cost and Unified Budget Deficit

Statement of Changes in Cash

	FY 2008 (In Billions)
Unified Budget Deficit <i>• Per Monthly Treasury Statement</i>	\$ (454.8)
Non-Cash Outlays in the Budget Deficit <i>• Interest accrued by Treasury on debt held by public</i>	206.0
Cash Items Not Affecting the Budget Deficit <i>• Net borrowings from the public</i> <i>• Net loan activity</i> <i>• Interest paid by Treasury on debt held by public</i>	545.3
Increase in Cash and Other Monetary Assets	\$ 296.5

Table 3. Summary of Receipts and Outlays of the U.S. Government, September 2008 and Other Periods

	[\$ millions]			
Classification	This Month	Current Fiscal Year to Date	Comparable Prior Period Year to Date	Budget Estimates Full Fiscal Year ¹
Budget Receipts				
Individual Income Taxes.....	131,597	1,145,748	1,163,472	1,168,991
Corporation Income Taxes.....	53,631	304,346	370,243	309,255
Budget Receipts				
Miscellaneous Receipts.....	3,165	49,654	47,228	49,312
Total Receipts	272,445	2,523,858	2,567,672	2,552,940
(On-Budget).....	218,361	1,865,813	1,932,584	1,896,112
(Off-Budget).....	54,083	658,045	635,088	656,828
Budget Outlays				
Legislative Branch.....	389	4,429	4,307	4,588
Judicial Branch.....	546	6,341	6,008	6,161
Budget Outlays				
Interest.....	-1,030	-191,537	-177,963	-194,448
Other.....	-5,821	² -86,252	-82,237	-100,166
Total Outlays	226,718	2,978,664	2,729,199	2,942,377
(On-Budget).....	169,755	2,503,903	2,275,562	2,469,773
(Off-Budget).....	56,963	474,761	453,636	472,604
Surplus (+) or Deficit (-)	+45,726	-454,806	-161,527	-389,437
(On-Budget).....	+48,606	638,098	-342,978	-573,661
(Off-Budget).....	-2,880	+183,284	+181,452	+184,224

Reconciliation of Net Operating Cost and Unified Budget Deficit

	FY 2008 (In Billions)
Net Operating Cost <ul style="list-style-type: none"> • <i>Based on agency reporting in GFRS</i> 	\$ (1,009.1)
Net Cost Items not in the Budget Deficit <ul style="list-style-type: none"> • <i>Excess of accrual-based expenses/revenues over budget outlays/receipts</i> • <i>Depreciation and amortization</i> 	675.8
Items included in Budget Deficit not in Net Operating Cost <ul style="list-style-type: none"> • <i>Acquisition of capital assets and inventory</i> • <i>Principal repayment of pre-Credit Reform loans</i> 	(121.5)
Unified Budget Deficit <ul style="list-style-type: none"> • <i>Per Monthly Treasury Statement</i> 	\$ (454.8)

United States Government
Statements of Operations and Changes in Net Position
for the Years Ended September 30, 2008, and September 30, 2007
(Restated-See Note 21)

(In billions of dollars)	Non- Earmarked Funds	Earmarked Funds	Consolidated	Non- Earmarked Funds	Earmarked Funds	Consolidated
	2008			2007 (Restated)		
Revenue:						
Individual income tax and tax withholdings ...	1,210.0	868.4	2,078.4	1,164.4	835.4	1,999.8
Corporation income taxes	299.7		299.7	367.2		367.2
Unemployment taxes		39.4	39.4		39.3	39.3
Excise taxes	15.3	51.8	67.1	13.9	53.6	67.5
Estate and gift taxes	28.8		28.8	26.0		26.0
Customs duties	27.3		27.3	18.2		18.2
Other taxes and receipts	50.7	34.3	85.0	44.4	35.2	79.6
Miscellaneous earned revenues	29.9	5.8	35.7	25.3	4.4	29.7
Intragovernmental interest		201.0	201.0		192.7	192.7
Total revenue	<u>1,661.7</u>	<u>1,200.7</u>	<u>2,862.4</u>	<u>1,659.4</u>	<u>1,160.6</u>	<u>2,820.0</u>
Eliminations			(201.0)			(192.7)
Consolidated revenue			<u>2,661.4</u>			<u>2,627.3</u>
Net Cost:						
Net cost	2,186.4	1,454.3	3,640.7	1,853.1	1,256.4	2,909.5
Intragovernmental interest	201.0		201.0	192.7		192.7
Total net cost	<u>2,387.4</u>	<u>1,454.3</u>	<u>3,841.7</u>	<u>1,845.8</u>	<u>1,256.4</u>	<u>3,102.2</u>
Eliminations			(201.0)			(192.7)
Consolidated net cost			<u>3,640.7</u>			<u>2,909.5</u>
Intragovernmental transfers	(338.0)	338.0		(290.6)	290.6	
Unmatched transactions and balances (Note 1)	(29.8)		(29.8)	6.7		6.7
Net operating (cost)/revenue	<u>(1,093.5)</u>	<u>84.4</u>	<u>(1,009.1)</u>	<u>(470.3)</u>	<u>194.8</u>	<u>(275.5)</u>
Net position, beginning of period	(9,826.0)	620.2	(9,205.8)	(9,340.7)	424.3	(8,916.4)
Prior period adjustments – changes in accounting principles (Note 18)	11.4	-	11.4	(15.0)	1.1	(13.9)
Net operating (cost)/revenue	(1,093.5)	84.4	(1,009.1)	(470.3)	194.8	(275.5)
Net position, end of period	<u>(10,908.1)</u>	<u>704.6</u>	<u>(10,203.5)</u>	<u>(9,826.0)</u>	<u>620.2</u>	<u>(9,205.8)</u>

Reconciliation of Net Operating Cost and Unified Budget Deficit

	FY 2008 (In Billions)
Net Operating Cost <ul style="list-style-type: none"> • <i>Based on agency reporting in GFRS/FACTS I</i> 	\$ (1009.1)
Net Cost Items not in the Budget Deficit <ul style="list-style-type: none"> • <i>Excess of accrual-based expenses/revenues over budget outlays/receipts</i> • <i>Depreciation and amortization</i> 	675.8
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Unified Budget Deficit <ul style="list-style-type: none"> • <i>Per Monthly Treasury Statement</i> 	\$ (454.8)

GAO Audit Recommendations

- Demonstrate how amounts in Treasury's central accounting system (STAR) reconcile to agency financial statements. Identify and document significant differences.
- Develop policies and procedures to ensure:
 - completeness of reporting and document how other FR components are properly reflected on the reconciliation statement.
 - intragovernmental activity is fully eliminated in the calculation of the deficit.
- Explain and document the differences between operating revenue and budget receipts.

FMS Improvement Efforts

- Identify and resolve instances where agency financial statement data does not directly translate to the agency's STAR data.
- Reconcile outlay data per the agency SBRs vs. STAR.
- Reconcile budget receipts in STAR to revenues as reported in agency audited financial statements.

FMS Improvement Efforts, *Continued*

- Revise the format of the Statement of Change in Cash to reconcile to total cash, rather than operating cash.
- Automate the data via GFRS.
- Implement GTAS (Government-wide Treasury ATB System) and the UCAD project to help reconcile these amounts at the agency level.

Operating Revenue
to
Budget Receipts

New This Year in GFRS

Other FR Data Note 16. Analysis of FR
Operating Revenue to Budget Receipts

Due Nov 16, '09

What is it?

Reconciling the operating revenue from financial statements to budget receipts per the MTS.

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Budget Receipts				
Individual Income Taxes	131,597	1,145,748	1,163,472	1,168,991
Corporation Income Taxes.....	53,631	304,346	370,243	309,255
Social Insurance and Retirement Receipts:				
Employment and General Retirement (Off-Budget)	54,083	658,045	635,088	656,828
Employment and General Retirement (On-Budget)	17,224	198,412	189,170	198,032
Unemployment Insurance	207	39,741	41,091	41,577
Other Retirement	327	4,165	4,258	4,720
Excise Taxes	7,684	67,334	65,069	68,090
Estate and Gift Taxes	2,044	28,844	26,044	28,426
Customs Duties	2,483	27,568	26,010	27,709
Miscellaneous Receipts	3,165	49,654	47,328	49,312
Total Receipts	272,445	2,523,858	2,567,672	2,552,940
(On-Budget).....	218,361	1,865,813	1,992,504	1,896,112
(Off-Budget).....	54,083	658,045	635,088	656,828

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Differences

(In Billions)

	FY 2008	FY 2007
Operating Revenue • <i>Based on agency reporting in GFRS</i>	\$ 2,661.4	\$ 2,627.3
Less Budget Receipts • <i>Per Monthly Treasury Statement</i>	(2,523.9)	(2,567.7)
Difference	\$ 137.5	\$ 59.6

Our Approach

- Look at differences by agency.
- A coordinated effort between:
 - FMS, Financial Reports Division
 - FMS, Budget Reports Division
 - Federal Program Agencies

We contacted these agencies...

- USDA
- Defense
- DHS
- FCC
- Interior
- Justice
- Labor
- OPM
- State
- Treasury

Receipt Categories

Budget Receipts

Collections from the public that result from the exercise of the Government's sovereign or governmental powers, excluding receipts offset against outlays.

Receipt Categories

continued

Offsetting Collections

- Offsetting collections credited to appropriations or fund accounts
- Offsetting receipts (i.e., amounts deposited in receipt accounts)

Receipt Categories

continued

Offsetting receipts cannot be used without being appropriated

- Proprietary receipts
- Intragovernmental funds

Receipt Categories

continued

Intrabudgetary Transactions

- Interfund transactions
- Federal intrafund transactions
- Trust intrafund transactions

Receipt Categories

continued

Undistributed Offsetting Receipts

- Agency payments
- Interest received by trust funds
- Rents and royalties on the Outer Continental Shelf Lands
- Other interest

Table 5 Outlays of the U.S. Government

Classification	This Month			Current Fiscal Year to Date			Prior Fiscal Year to Date		
	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays	Gross Outlays	Applicable Receipts	Outlays
Legislative Branch:									
Senate.....	78	(**)	78	834	2	832	801	2	799
House of Representatives.....	107	(**)	106	1,321	1	1,320	1,226	1	1,225
Joint Items.....	2	.....	2	22	.....	22	16	.....	16
Capitol Police.....	26	.....	26	281	.....	281	278	.....	278
Congressional Budget Office.....	3	.....	3	37	.....	37	35	.....	35
Architect of the Capitol.....	41	2	39	486	12	474	499	10	489
Library of Congress.....	57	1	55	785	11	774	893	11	881
Government Printing Office.....	38	.....	38	133	.....	133	78	.....	78
Government Accountability Office.....	39	.....	39	490	.....	490	480	.....	480
United States Tax Court.....	4	.....	4	46	.....	46	42	.....	42
Other Legislative Branch Agencies.....	6	.....	6	53	.....	53	60	.....	60
Proprietary Receipts from the Public.....	.....	1	-1	.....	-4	4	.....	7	-7
Intrabudgetary Transactions.....	-5	.....	-5	-36	.....	-36	-71	.....	-71
Total--Legislative Branch.....	394	5	389	4,452	22	4,429	4,338	32	4,307

All offsetting collections may be found in the MTS Table 5

Operating Revenue

Non-exchange revenues that are generated principally by the Government's sovereign power to tax, levy duties and assess fines and penalties.

Earned Revenue

Exchange revenue resulting from the Government providing goods and services to the public at a price.

Other FR Data Note 16

- Section A

Items Included in Operating Revenue But Not In Budget Receipts

- Accruals
- Offsets to outlays

- Section B

Items Included in Budget Receipts But Not In Operating Revenue

- Receipts classified as non-operating revenue

Analysis of Operating Revenue to Budget Receipts for Sept 30, 2007

(In billions of dollars)

Difference between Operating Revenue and Budget Receipts	\$59.6
Included in Operating Revenue but not in Budget Receipts	(59.5)
Included in Budget Receipts but not in Operating Revenue	6.3
Unexplained Items	(6.4)
Total	0

How you can help...

- Report receipts and disbursements to Treasury timely and accurately.
- Follow the SGL guidance.
- Verify accounting results on the GWA Account Statement to your accounting records.
- Reconcile during the year, especially 3rd Qtr
- Complete the Other FR Data Note 16

Reconciling Tools

- 3rd qtr Receipts by Dept – July 13, '09
- 4th qtr preliminary Receipts by Dept- Oct 15, '09
- 4th qtr final Receipts by Dept – Nov 10, '09
- 4th qtr Receipts by Source Categories
- *Qtrly Distributed Offsetting Receipts by Dept-
Outlays

Reconciling Tools

3rd Quarter Receipts by Department- Table B in Combined Statement

LEGISLATIVE BRANCH	ACCOUNT SYMBOL	AMOUNT
SENATE		
PROPRIETARY RECEIPTS FROM THE PUBLIC		
GENERAL FUND ACCOUNTS:		
GENERAL FUND PROPRIETARY RECEIPTS, NOT OTHERWISE CLASSIFIED, ALL OTHER	00 3220	163,962.96
BUDGET CLEARING ACCOUNTS:		
BUDGET CLEARING ACCOUNT (SUSPENSE), HOUSE RESTAURANT FUND	00 F3875.1	178,562.09
BUDGET CLEARING ACCOUNT (SUSPENSE), HOUSE OF REPRESENTATIVES, SERGEANT AT ARMS	00 F3875.8	20,804.29
UNAVAILABLE CHECK CANCELLATIONS AND		

- 3rd Quarter Receipts by Department- Table B

- <http://fms.treas.gov/annualreport/receipts-by-dept.html>

- 4th Quarter Preliminary/Final Receipts

- <http://fms.treas.gov/annualreport/receipts-by-dept.html>

- Quarterly Distributed Offsetting Receipts by Department

- <http://www.fms.treas.gov/mts/receipts-by-dept.html>

- Receipts By Source Categories- Table A

- <http://fms.treas.gov/annualreport/cs2008/rta.pdf>



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