

## Explanation Of Transactions And Basis Of Figures

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As indicated in the "Table Of Contents," the **Combined Statement of Receipts, Outlays, and Balances of the United States Government** consists of Part One – Fiscal Year Summary Statement; Part Two – Details of Receipts; and Part Three – Details of Appropriations, Outlays, and Balances.

### Part One: Fiscal Year Summary

Part One consists of a summary statement representing the Federal Government's Central Summary General Ledger Account Balances.

### Part Two: Details of Receipts

Part Two of this report contains the detail of internal revenue, customs, and miscellaneous receipts. Internal revenue and customs receipts are included in this report on the basis of reports of collections, which means they are reported as of the time that the cash received is placed under accounting control. Other receipts of the Government are reported on a collections received basis. Revolving fund and management fund receipts, reimbursements, and refunds of monies previously expended are not included in the receipt tables but are deducted from gross outlays.

### Part Three: Details of Appropriations, Outlays, and Balances

Part Three of this report contains the detailed tabulations of outlays accounts, by organizational unit showing the various transactions that relate to such accounts which affect the budget surplus or deficit of the Government. The accounts are arranged according to general, special, revolving, management and trust funds; showing the titles, period of availability, and account symbols. Following are explanations of the column headings in the tabulations.

1. **Balances beginning of fiscal year** – The amounts shown in the first money column represent ending balances as of the close of the preceding fiscal year. An analysis of the totals of these balances, expressed in terms of Fund Resources and Fund Equities, is presented on the basis of reports of the administrative agencies, submitted on Treasury FMS Form 2108, Year-End Closing Statement, in accordance with the Treasury Financial Manual.
  - A. Fund Resources include:
    - a. Undisbursed balances (by fiscal year account).
    - b. Investments in Federal securities – The amounts represent investment holding (as par value) of Government accounts in public debt or agency securities.
    - c. Unfunded contract authority – These amounts represent unused authority.
    - d. Funds held outside the Treasury – These amounts represent cash held outside Treasury, including cashier funds.
    - e. Borrowing authority – Borrowing authority may be classified as either "definite" or "indefinite." Definite authority to borrow is stated by law as a specific aggregate sum that cumulative borrowings cannot exceed. Indefinite borrowing authority is categorized as either (1) unlimited borrowing authority – whereby the law allows the agency to borrow as needed or (2) authority set by legislative ceiling – whereby the law allows the agency to borrow as needed but sets a specific dollar limit on the amount outstanding at any one time. For accounts with definite borrowing authority, these amounts represent unused authority. For accounts with indefinite borrowing authority, these amounts represent those unpaid obligations covered by borrowing authority at the beginning of the fiscal year.
    - f. Accounts receivable – These amounts represent receivables which, when collected will be credited directly to the appropriation or fund, and are reported as deductions to unpaid obligations. Such amounts consist of reimbursements earned and refunds receivable, i.e. amounts earned (both billed and unbilled) for accomplished delivery or performance as of September 30, overpayment refund receivables, travel advances and other advances which did not liquidate specific Obligations, e.g. advances to General Service Administration Supply Fund are included.
    - g. Unfilled customer orders – These amounts consist of undelivered customer orders to the extent that they represent valid obligations recorded by the ordering agency for those appropriations using an authority to obligate anticipated reimbursements. The amount shown for an annual appropriation covers only those orders for which valid obligations were incurred under such annual accounts or orders for common-use items to be delivered from stock in accordance with 32 Comp. Gen. 436.
  - B. Fund Equities include:
    - a. Unobligated balances – Amounts reported in this column represent unobligated balances of no-year and multiple-year accounts for which authority to obligate has not expired and fiscal year accounts for which authority to obligate has expired.
    - b. Accounts payable – These amounts represent liabilities for goods and services received as of September 30, representing valid obligations supported by documentary evidence.
    - c. Undelivered orders – These amounts represent orders for goods and services remaining undelivered as of September 30, representing valid obligations supported by documentary evidence, for which the liability has not yet accrued.
2. **Appropriations and other obligational authority**
  - A. Appropriations – Article I, Section 9, of the Constitution of the United States provides in part that "No Money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law . . ." The appropriations included in this report are the amounts which Congress authorized to be established for the fiscal amounts which agencies may obligate during the time period specified in the respective appropriation acts. In some instances, the Congress reappropriates part or all of the unobligated balances of prior-year appropriations that would otherwise expire. In other instances, the Congress authorizes the transfer of obligational authority of particular appropriation accounts and is explained by applicable footnotes. The appropriations are classified to show the amounts appropriated from an organizational standpoint, and are shown in the second money column.
  - B. Contract authorities – contract authorities represent a grant of authority by the Congress to incur obligations prior to the enactment of appropriations. Contract authority does not, in itself, permit the spending of money. It must be allowed by an appropriation to permit payment of the obligations that are incurred there under. New contract authority granted during the fiscal year is shown in the second money column. Appropriations enacted for the fiscal year to liquidate such authority are included in this column as current year appropriations with a corresponding decrease to unfunded contract authority.

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C. Authority to borrow from the Treasury and the public – In some instances, the Congress grants authority to Government corporations or agencies to make outlays from funds to be borrowed from the Secretary of the Treasury or from the public. In the case of borrowing from the Treasury, the Secretary is directed to use proceeds from the sale of public debt securities. Legislation is generally specific with respect to the amount of money that can be advanced by the Treasury to each corporation or agency and often requires that borrowing transaction be accomplished by the issuance of formal notes of the agency. A few agencies of the Government are authorized by law to issue their own securities to the public. Before issuing these securities, the agencies are required to secure approval from, or consult with the Secretary of the Treasury with respect to terms of the borrowing and timing thereof. Such borrowings and repayment of borrowings from the Treasury or the public represent financing transactions and therefore, do not affect the budget surplus or deficit. (Note: The Federal Financing Bank, created by Public Law 93-224 (87 Stat. 937) dated December 29, 1973, for the purpose of consolidating the market financing of other Federal agencies, such as the U.S. Postal Service, the Export-Import Bank of the United States, the Tennessee Valley Authority and others, similarly does not affect the budget surplus or deficit.) Increases and rescissions in borrowing authority during the fiscal year are shown in the second money column.

### 3. Transfers, borrowings, and investments (net)

A. Transfers shown in the third money column are, in the majority of cases, for the benefit of advancing appropriation accounts. Outlays from such transfer appropriation accounts are associated with the account to which the funds were originally made available.

B. Other transactions shown in this column include the following:

- a. Borrowings – representing the net amount of actual borrowings made during the fiscal year.
- b. Investments – representing the net par value of purchases and sale of public debt and government agency securities.
- c. Funds held outside the Treasury – representing cash held outside the Treasury and net cash advances to government cashiers.

4. **Outlays (net)** – The outlays shown in the fourth money column are reported generally on the basis of checks issued electronic or paper by Government disbursing officers net of collections. Certain modifications of this basis are described as follows:

A. Interest on public issues of the public debt is on an accrual basis; interest on special issues is on a cash basis.

B. Where payment is made in cash rather than by check, the cash payment is the outlay.

C. Certain outlays of an intragovernmental nature do not require the issuance of checks; for example, charges made against appropriations representing a part of employees' salaries which are withheld for individual income taxes and for savings bond allotments.

Outlays are stated net of collections representing reimbursements as authorized by law, refunds of monies previously expended, and receipts of revolving and management funds. In this connection, public debt or agency securities which are acquired in lieu of other properties, or donated, are considered as "constructive" receipt of cash and therefore, the par amounts of such securities are included as receipts (reductions of outlays) of the acquiring agency.

5. **Balances withdrawn and other transactions** – The fifth money column includes net transactions for several types of activities as follows:

A. Unobligated balances withdrawn – Represents amounts for obligations that are no longer valid and have been canceled.

B. Unexpended balances withdrawn – Represents reductions of appropriations pursuant to 2 U.S.C. 102(a) which provides that the unexpended balances of appropriations which are subject to disbursement by the Secretary of the Senate of the House of Representatives shall be withdrawn as of September 30, of the second fiscal year following the year for which provided.

C. Unobligated balances canceled – Represents the unobligated balances canceled pursuant to 31 U.S.C. 1552(a) which provides that "On September 30<sup>th</sup> of the 5<sup>th</sup> fiscal year after the period of availability for obligations of a fixed appropriation account ends, the account shall be closed and any remaining balance (whether obligated or unobligated) in the account shall be cancelled and thereafter shall not be available for obligation or expenditure for any purpose.

D. Capital transfers – Represents nonexpenditure transfers from revolving funds on account of repayment of investment or distribution of earnings.

E. Adjustments to borrowing authority - represents a reduction in borrowing authority when fund resources other than borrowings were used or are available to liquidate or cover unpaid obligations.

F. Changes in receivables, payables, undelivered orders, unfilled customer orders, and unobligated balances.

6. **Balances end of fiscal year** – These year-end balances represent the column 1 (opening) balances as adjusted by the transactions in columns 2, 3, 4, and 5. As such, these figures become the opening balances for the succeeding fiscal period unless otherwise footnoted (i.e. September 30, 2011 closing balances will be the corresponding opening balances for fiscal year 2012). The closing balances of accounts with borrowing authority represent either (1) definite borrowing authority – unused borrowing authority at the close of the fiscal year or (2) indefinite borrowing authority – the amount equal to those unpaid obligations covered by borrowing authority at the close of the fiscal year.

**Off-Budget Federal Entities** – Pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 (public Law 99-177), those entities that were formerly off-budget are now included in the budget totals. This same legislation shifted Social Security (the Federal Old-Age Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund) off-budget. The budgetary presentation shows federal receipts, outlays, and surpluses or deficits including Social Security, and also shows separately the on-budget and off-budget components.