

Reclamation Manual

Directives and Standards



Department of Energy
Washington, DC 20585
September 30, 2014

MEMORANDUM FOR DISTRIBUTION

FROM:


JOANNE CHOI, DIRECTOR
OFFICE OF FINANCE AND ACCOUNTING
OFFICE OF THE CHIEF FINANCIAL OFFICER

SUBJECT:

OMB DISCUSSION ON ACCOUNTING AND REPORTING OF
TREASURY SYMBOLS 5000.28, 5000.27 and 5000.26
RECLAMATION FUND POINT ACCOUNTS

This memorandum documents the results of the OMB meeting held via conference call on September 12, 2014 at 2:30 EST. The following personnel were in attendance:

Heidi Morrow – Reclamation, Manager, Business Analysis Division
Liz Harrison – Reclamation, Deputy CFO
Lauri Layman – Reclamation, Manager, Reporting and Accounting Team
Linda Kimberling – Western, Senior VP and CFO
Wendy Shatford – Western, VP of Financial Management
David Barnes – Western, Financial Reporting Manager
Debra Henderson – Western, Federal Reporting Lead
Joanne Choi – DOE, Director, Office of Finance and Accounting
Jared Martin – DOE, Deputy Director, Office of Finance and Accounting
Doug Glenn – DOI, Deputy CFO and Director of Financial Management
Jennifer DeNardo – DOI, Staff Accountant of Office of Financial Management
Teresa Tancre – OMB, Budget Methods Specialized, Budget Concepts Branch/Budget Review and Concepts Division
Regina Kearney – OMB, Senior Advisor to the Deputy Controller, Office of Federal Financial Management
Kirstie Pottmeyer Hart – Bureau of the Fiscal Service, Section Chief, Reconciliation Branch, Financial Reports Division Governmentwide Accounting

Background

On March 30, 2005 the Chief Financial Officer (CFO) of Department of Energy (DOE) and the CFO of the Department of the Interior (DOI) received a letter from the Chief, Financial Standards and Grants Branch of the Office of Management and Budget (OMB) providing guidance regarding the appropriate accounting treatment for payments made from the DOI's Reclamation Fund to the DOE's Western Area Power Administration (Western). The conclusion that OMB reached at that time was that DOI should record a receivable from DOE for those payments made from the DOI's *Reclamation Fund* to Western. In implementing the guidance,

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DOI and DOE applied the same guidance to the relationship between Bonneville Power Administration (BPA) and the Reclamation Fund and as a result DOI recorded a receivable from DOE and DOE recorded a payable to DOI to include Western and BPA activities with the Reclamation Fund

On June 15, 2010, DOE, DOI, and OMB held a conference call to discuss the treatment of offsetting receipts generated by DOE and deposited in to the Reclamation Fund. Prior to this call, both DOE and DOI were reporting the offsetting receipts in their respective financial statements, specifically the Statement of Budgetary Resources. During this call OMB communicated that the offsetting receipts deposited into the Reclamation Fund by Western belong to Western. As a result, DOI no longer reported these offsetting receipts in its financial statements starting in fiscal year (FY) 2010.

In FY 2014, Treasury implemented the Government-wide Treasury Account Symbol Adjusted Trial Balance System (GTAS). GTAS replaced the functionality of FACTS I, FACTS II, IFCS, IRAS, and SID reporting systems as the primary means of reporting agency trial balance data. Since GTAS allowed only one agency to report activity for an account symbol, the Bureau of Reclamation (Reclamation) and Western came to an agreement that Reclamation would report 5000 27 in GTAS, on a temporary basis. To accomplish this agreement, Western provided Reclamation a trial balance for their activity in the 89-5000 27 account. Reclamation combined that information with the 14-5000 27 trial balance and submitted it in GTAS. Because GTAS did not use the account symbol prefix to identify the reporting agency, the new arrangement created an intergovernmental difference of approximately \$8 billion between DOI and DOE. DOE and DOI met many times during the year to develop long-term and short-term solutions to resolve the intergovernmental differences identified as a result of the GTAS system. On September 12, 2014, the final meeting was held to resolve this issue, and OMB and Treasury representatives were included to provide official guidance. The results of this meeting are discussed below under the heading "New Direction from OMB"

New Direction from OMB

Per OMB, proprietary offsetting receipts reported to the account titled, Reclamation Fund, All Other, Sale of Power and Other Utilities (WAPA), 019-00-500027, are distributed entirely to DOE. The receipt account 019-00-500027 includes Treasury receipt accounts 14-5000 27 and 89-5000 27. Therefore, Western/DOE should report all of the activities related to 5000 27 as instructed in OMB Circular A-136 page 125 (See Attachment A). Given OMB's clarified guidance, DOE and DOI concluded that the same treatment will apply to 5000 26, which also belongs to DOE. Concurrently, DOE will no longer report the Federal Energy Regulatory Commission (FERC) custodial activities in 5000 28 (See Attachment B).

There will be a separate memorandum on how the change in accounting principle (SFFAS 21) will be treated in each agency's financial statement.

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Next Steps

As a result of the new guidance provided by OMB on September 12, 2014 DOE, DOI, Western, BPA, FERC, and Reclamation are planning to complete the following items for the 9/30/14 financial statements:

1. Prepare a back-dated 224 to transfer all negative cash currently in 145000 27 and 145000 26 in Treasury's system to 895000 27 and 895000 26 respectively as well as transfer all cash currently in 895000 28 to 145000 28;
2. Eliminate the receivable and payable and associated equity from the DOI and DOE financial records that was recorded in 2005 in accordance with OMB guidance; and
3. Address all appropriate nominal account balances in 14-5000 26, 14-5000 27, and 89-5000 28 potentially by either reversing the balances or recording the transfers in other accounts as appropriate

The following issues will be addressed during FY 2015:

1. Identify and account for any transactional activity that is impacted by the new guidance; and
2. Reclamation to obtain a warrant from 895000 27 starting in FY 2015 for power generation operation and maintenance costs as well as power generation construction costs as applicable

Concurred By: Joanne Choi, Director Office of Finance and Accounting Office of The Chief Financial Officer U S Department of Energy	Concurred By: Grayford Payne, Deputy Commissioner Policy, Administration and Budget Bureau of Reclamation U. S. Department of the Interior
Signature: 	Signature: 
Date: September 30, 2014	Date: September 30, 2014

cc: Grayford Payne, Bureau of Reclamation

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Distribution:

Deputy Chief Financial Officer, U.S. Department of Interior
Deputy Chief Financial Officer, Bureau of Reclamation
Manager, Business Analysis Division, Bureau of Reclamation
Deputy Chief Financial Officer, U.S. Department of Energy
Chief Financial Officer, Western Area Power Administration
Chief Financial Officer, Bonneville Power Administration
Chief Financial Officer, Federal Energy Regulatory Commission
Deputy Director, Office of Finance and Accounting
Vice President of Financial Management, Western Area Power Administration
Accounting Officer, Bonneville Power Administration

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ATTACHMENT A – REFERENCE

SFFAS 27

Definition of Earmarked Funds

13. Fund in this statement's definition of earmarked funds refers to a "fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in Financial Statement Presentation and Disclosures for Component Entities Financial Statement Presentation

20. Most earmarked revenues and other financing sources are in the basic financial statements of the entity carrying out the program and responsible for administration of the fund. If more than one component entity is responsible for carrying out the program financed with earmarked revenues and other financing sources, and the separate portions of the program can be clearly identified with a responsible component entity, then each component entity should report its portion in accordance with the requirements of this standard. If separate portions cannot be identified, the component entity with program management responsibility should report the fund.

SFFAS 43

New Term for "Earmarked Funds"

5. The title of SFFAS 27 is amended as follows: SFFAS 27, Identifying and Reporting Funds from Earmarked Funds Dedicated Collections.

6. The term "earmarked funds" is changed to "funds from dedicated collections" in the accounting standards of SFFAS 27 and conforming grammatical changes are made throughout SFFAS 27. Paragraphs amended for terminology are: 11 – 18, 20 – 24, 26 – 34, and 39.

9. SFFAS 27, paragraph 13 is amended as follows:

[13] Fund in this Statement's definition of earmarked funds from dedicated collections refers to a "fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations." Classification and reporting should be made at the level of an individual fund. A fund should be classified as a "fund from dedicated collections" if it meets the criteria in paragraphs 11.2 and 11.3 and either:

OMB A-136 Page 125

An example of when separate portions can be clearly identified is when receipts have been appropriated to a reporting entity and that recipient has recorded a receivable. In contrast, an example of when separate portions cannot be identified is when receipts have not yet been appropriated. If separate portions cannot be identified, the component with program management responsibility should report the fund. The component entity with program management responsibility is defined as the entity from which the offsetting receipts are distributed, as shown in the President's Budget. If the collections are classified as governmental receipts, then the component entity with program management responsibility is defined as the entity where the budget presentation of the trust fund receipts is shown in the President's Budget (Appendix Volume). Differences in comparative statements will be identified in the corresponding statement notes.

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ATTACHMENT B

OMB Receipt Account Information

A Filter for CMB Account Active/Inactive		A Filter for Treasury Account Active/Inactive																	
Agency Organization	Agency Title	Agency Title	CMB Account Number	OMB Account Title	Fund Code	OMB Account Subfunction	OMB Account BEA Category	Receipt Type	Source Category	Collection Source 1	FBI/Institution Code	DOOMB	Treasury Account	Treasury Account Number	Treasury Account Title	USAC Agency Code	USAC Account Code	Treasury Subaccount	
0000	Department of Energy																		
	Department of Energy		019-00-900026	Reclamation Fund, All Other, Sale of Electric Energy, Bonneville Power Administration	2	271	MAND P	2240	PROP F				WILDER_S						
														P 89-500026	Reclamation Fund, All Other, Sale of Electric Energy, Bonneville Power Administration	014	5000	026	
														S 14-500026	Reclamation Fund, All Other, Sale of Electric Energy, Bonneville Power Administration	069	5000	029	
			019-00-500027	Reclamation Fund, All Other, Sale of Power and Other Utilities (WAPA)	2	271	MAND P	2240	PROP F				WILDER_S						
														P 89-500027	Reclamation Fund, All Other, Sale of Power and Other Utilities (WAPA)	014	5000	027	
														S 14-500027	Reclamation Fund, All Other, Sale of Power and Other Utilities (WAPA)	069	5000	027	
0130	Department of the Interior																		
	Department of the Interior		010-00-900028	Reclamation Fund, Other Proprietary Receipts from the Public	2	301	MAND P	3102	PROP F				HETTINGER_A						
														P 14-500028	Reclamation Fund, Other Proprietary Receipts from the Public	069	5000	028	
														S 89-500028	Other, Reclamation Fund, Interior	014	5000	028	