

Contract Authority Substituted And Liquidated by Offsetting Collections

This scenario displays transactions for contract authority substituted by offsetting collections. Under certain circumstances, OMB allows contract authority to be substituted by unfilled customer orders before the orders are earned and collected.

In this scenario, an agency has new contract authority. Contract authority is substituted as undelivered orders are accepted. Contract authority is then liquidated as the reimbursements are earned and collected. Any balance of obligated contract authority not offset by orders or by receivables is carried forward to the next year. The contract authority carried forward will be substituted and eventually liquidated by new offsetting collections.

The following accounts will be used in this scenario. Refer to the U.S. Government Standard General Ledger (USSGL) for accounts, account descriptions, accounting transactions and crosswalks to reports (https://www.fiscal.treasury.gov/fsreports/ref/ussgl/ussgl_home.htm). In addition, each transaction in the scenario is coded with transaction numbers that are identified in Section III of the USSGL.

STANDARD GENERAL LEDGER ACCOUNTS ILLUSTRATED

<u>Budgetary Accounts</u>	<u>Proprietary Accounts</u>
<u>Resource Accounts</u> 4032 Estimated Indefinite Contract Authority 4131 Current Year Contract Authority Realized 4132 Substitution of Contract Authority 4133 Decreases to Indefinite Contract Authority 4135 Contract Authority Liquidated 4139 Contract Authority Carried Forward 4201 Total Actual Resources Collected 4221 Unfilled Customer Orders without Advance 4222 Unfilled Customer Orders with Advance 4251 Reimbursements and Other Income – Receivable 4252 Reimbursements and Other Income – Collected <u>Status of Resource Accounts</u> 4450 Unapportioned Authority 4510 Apportionments 4610 Allotments – Realized Resources 4801 Undelivered Orders – Obligations, Unpaid 4901 Delivered Orders – Obligations, Unpaid 4902 Delivered Orders – Obligations, Paid	<u>Assets</u> 1010 Fund Balance with Treasury 1310 Accounts Receivable <u>Liabilities</u> 2110 Accounts Payable 2310 Advances from Others <u>Net Position</u> 3310 Cumulative Results of Operations <u>Revenue</u> 5200 Revenue from Services Provided <u>Expenses</u> 6100 Operating Expenses/Program Cost

1. To record the enactment of public law for new contract authority.			
	DR	CR	TC
<u>Budgetary Entry</u>			
4032 Estimated Indefinite Contract Authority	1,000		
4450 Unapportioned Authority		1,000	A176
<u>Proprietary Entry</u>			
No entry.			

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2. To record the OMB approved apportionment request on SF-132 for contract authority.			
	DR	CR	TC
<u>Budgetary Entry</u> 4450 Unapportioned Authority 4510 Apportionments	700	700	A116
<u>Proprietary Entry</u> No entry.			

3. To record an allotment of a part of the apportioned authority.			
	DR	CR	TC
<u>Budgetary Entry</u> 4510 Apportionments 4610 Allotments – Realized Resources	600	600	A120
<u>Proprietary Entry</u> No entry.			

4a. To record an unpaid obligation of authority previously allotted.			
	DR	CR	TC
<u>Budgetary Entry</u> 4610 Allotments – Realized Resources 4801 Undelivered Orders – Obligations, Unpaid	600	600	B204
<u>Proprietary Entry</u> No entry.			

4b. To realize current-year contract authority.			
	DR	CR	TC
<u>Budgetary Entry</u> 4131 Current-Year Contract Authority Realized 4032 Estimated Indefinite Contract Authority	600	600	A168
<u>Proprietary Entry</u> No entry.			

5. To record unfilled customer orders with advance and without advance (spending authority from offsetting collections) and replace contract authority previously realized with this spending authority from offsetting collections.			
	DR	CR	TC
<u>Budgetary Entry</u> 4221 Unfilled Customer Orders without Advance 4222 Unfilled Customer Orders with Advance 4132 Substitution of Contract Authority	400 150	550	A303
<u>Proprietary Entry</u> 1010 Fund Balance With Treasury 2310 Advances from Others	150	150	

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6. To record the delivery of goods or services and accrue a liability.			
	DR	CR	TC
<u>Budgetary Entry</u> 4801 Undelivered Orders – Obligations, Unpaid 4901 Delivered Orders, Obligations, Unpaid	500	500	B302
<u>Proprietary Entry</u> 6100 Operating Expenses/Program Costs 2110 Accounts Payable	500	500	

7. To record revenue earned in the performing agency for goods or services performed on reimbursable orders without an advance.			
	DR	CR	TC
<u>Budgetary Entry</u> 4251 Reimbursements & Other Income Earned – Receivable 4221 Unfilled Customer Orders without advance	250	250	A310
<u>Proprietary Entry</u> 1310 Accounts Receivable 5200 Revenue from Services Provided	250	250	

8a. To record receipt of payment from federal customers.			
	DR	CR	TC
<u>Budgetary Entry</u> 4252 Reimbursements and Other Income Earned - Collected 4251 Reimbursements & Other Income Earned – Rec.	250	250	C186
<u>Proprietary Entry</u> 1010 Fund Balance With Treasury 1310 Accounts Receivable	250	250	

8b. To record revenue earned in the performing agency for goods or services performed on a reimbursable order with an advance.			
	DR	CR	TC
<u>Budgetary Entry</u> 4252 Reimbursements and Other Income Earned - Collected 4222 Unfilled Customer Orders with Advance	150	150	A306
<u>Proprietary Entry</u> 2310 Advances from Others 5200 Revenue from Services Provided	150	150	

8c. To record the liquidation of contract authority for unfilled customer orders that are earned and collected.			
	DR	CR	TC
<u>Budgetary Entry</u> 4132 Substitution of Contract Authority 4135 Contract Authority Liquidated	400	400	A187
<u>Proprietary Entry</u> No entry.			

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9. To record a valid disbursement.			
	DR	CR	TC
<u>Budgetary Entry</u>			
4901 Delivered Orders – Obligations, Unpaid	375		
4902 Delivered Orders – Obligations, Paid		375	
			B110
<u>Proprietary Entry</u>			
2110 Accounts Payable	375		
1010 Fund Balance With Treasury		375	

Adjusting Entries

10. To reduce unobligated estimated contract authority to zero at year-end.			
	DR	CR	TC
<u>Budgetary Entry</u>			
4450 Unapportioned Authority	300		
4510 Apportionments	100		
4032 Estimated Indefinite Contract Authority		400	
			F112
<u>Proprietary Entry</u>			
No entry.			

PRE-CLOSING ADJUSTED TRIAL BALANCE

	DR	CR
BUDGETARY		
4032 Estimated Indefinite Contract Authority		0
4131 Current-Year Contract Authority Realized	600	
4132 Substitution of Contract Authority		150
4133 Decreases to Indefinite Contract Authority		0
4135 Contract Authority Liquidated		400
4221 Unfilled Customer Orders Without Advance	150	
4222 Unfilled Customer Orders With Advance		0
4251 Reimbursements & Other Income Earned – Receivable		0
4252 Reimbursements & Other Inc Earned – Collected	400	
4450 Unapportioned Authority		0
4510 Apportionments		0
4610 Allotments - Realized Resources		0
4801 Undelivered Orders – Obligations, Unpaid		100
4901 Delivered Orders – Obligations, Unpaid		125
4902 Delivered Orders – Obligations, Paid		375
TOTALS	<u>1,150</u>	<u>1,150</u>
PROPRIETARY		
1010 Fund Balance With Treasury	25	
1310 Accounts Receivable	0	
2110 Accounts Payable		125
2310 Advances from Others		0
5200 Revenue from Services Provided		400
6100 Operating Expenses/Program Costs	500	
TOTALS	<u>525</u>	<u>525</u>

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CLOSING ENTRIES

11. To record the consolidation of actual net-funded resources.			
	DR	CR	TC
<u>Budgetary Entry</u> 4201 Total Actual Resources – Collected 4252 Reimbursements & Other Income – Collected	400	400	F204
<u>Proprietary Entry</u> No entry.			

12. To record the closing of fiscal year contract authority.			
	DR	CR	TC
<u>Budgetary Entry</u> 4132 Substitution of Contract Authority 4135 Contract Authority Liquidated 4139 Contract Authority Carried Forward 4131 Contract Authority Realized	150 400 50	600	F206
<u>Proprietary Entry</u> No entry.			

13. To record the closing of paid delivered orders to total actual resources.			
	DR	CR	TC
<u>Budgetary Entry</u> 4902 Expended Authority – Paid 4201 Total Actual Resources – Collected	375	375	F214
<u>Proprietary Entry</u> No entry.			

14. To record the closing of revenue and expense accounts to cumulative results of operations			
	DR	CR	TC
<u>Budgetary Entry</u> No entry.			
<u>Proprietary Entry</u> 5200 Revenue from Services Provided 3310 Cumulative Results of Operations 6100 Operating Expenses/Program Costs	400 100	500	F228

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POST-CLOSING ADJUSTED TRIAL BALANCE

	DR	CR
BUDGETARY		
4139 Contract Authority Carried Over	50	
4201 Total Actual Resources – Collected	25	
4221 Unfilled Customer Orders Without Advance	150	
4801 Undelivered Orders – Obligations, Unpaid		100
4901 Delivered Orders – Obligations, Unpaid		<u>125</u>
TOTALS	<u>225</u>	<u>225</u>
PROPRIETARY		
1010 Fund Balance With Treasury	25	
2110 Accounts Payable		125
3310 Cumulative Results of Operations	<u>100</u>	
TOTALS	<u>125</u>	<u>125</u>

USSGL-2108 (Record type 7 – Contract authority .941)

Main

C.A.

Col. 2 Pre-closing balance- Treasury Supplied	25	
Col. 3 New contract authority (4131E)		600
Col. 4 Appropriations to Liquidate		
Col. 5 Write-offs, Restorations or Adjustments (4132E + 4135E)	25	550
Col. 6 Balance of Unfunded Contract Authority (Col. 2 + Col 3- Col. 4)		50
Col. 8 Unfilled Customer Orders (4221E)	150	
Col. 9 Undelivered Orders and Contracts (4801E)	100	
Col. 10 Accounts Payable and Other Liabilities (4901E)	125	

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SF-133 and Statement of Budgetary Resources

Budgetary Resources

1C. Current year Contract Authority (4131E)	600
3A. Spending Authority from Offsetting Collections	
1. Collected (4252E)	400
3B. Change in Unfilled Customer Orders	
2. Without Advances (4221E)	150
6D. Other Authority Withdrawn (4132E + 4135E)	<u>(550)</u>
7. Total Budgetary Resources	<u>600</u>

Status of Budgetary Resources

8. Obligations Incurred (4801E-B+4901E-B + 4902E)	600
9. Unobligated Balance	0
10. Unobligated Balance Not Available (4450E)	<u>0</u>
11. Total Status of Budgetary Resources	<u>600</u>

Relation of Obligations to Outlays

12. Obligated Balance, net as of October 1	0
14A. Accounts Receivable	(0)
14B. Unfilled Customer orders without advance (4221E)	(150)
14C. Undelivered orders (4801E)	100
14D. Accounts Payable (4901E)	125
15. Outlays	
A. Disbursements (4902E)	375
B. Collections (4252E)	(400)
17. Net Outlays	(25)

Statement of Net Cost

1. Intragovernmental Gross Costs (6100E)	0
2. Less: Intragovernmental Earned Revenues (5200E)	<u>(400)</u>
3. Intragovernmental Net Costs	(400)
4. Gross Costs with the Public (6100E,)	500
5. Less: Earned Revenues From the Public	<u>0</u>
6. Net Costs with the Public	500
7. Total Net Costs	100
10. Net Cost of Operations	<u>100</u>

Statement of Changes in Net Position

Cumulative Results of Operations

1. Beginning Balance	0
17. Net Cost of Operations	100
18. Net Position End	<u>(100)</u>

Statement of Financing

1. Obligations Incurred (4801E-B+4901E-B, 4902E)	600
2. Less: Spending Authority from Offsetting Collections and Recoveries (4252E+4222E-B+4221E-B)	<u>(550)</u>
3.. Total obligations Net of Offsetting Collections and Recoveries	<u>50</u>
11. Total Resources Used to Finance Activities (calc)	50
12. Total resources Used to Fund Item Not Part of the Net Cost of Operations (4801E-B+4222E-B+4221E-B)	<u>50</u>
30. Net Cost of Operations	<u>100</u>

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BUDGET PROGRAM AND FINANCING SCHEDULE – ACTUALS		
For the year ended September 30, 20xx		
OBLIGATIONS BY PROGRAM ACTIVITY		
1000	Total New Obligations (4801E, 4901E, 4902E)	600
BUDGETARY RESOURCES AVAILABLE FOR OBLIGATION:		
2140	Unobligated balance, carried fwd, SOY	0
2200	New Budget Authority (gross) (sum of lines 4000 to 6962)	600
2395	Total New Obligations (Same as line 1000, opposite sign)	(600)
2440	Unobligated Balance, carried forward, EOY	0
NEW BUDGET AUTHORITY (GROSS), DETAIL:		
Mandatory:		
6610	Contract Authority (4131E)	600
Discretionary:		
6800	Offsetting Collections (cash) (+) (4252E)	400
6810	Change in uncollected customer payments from Federal Sources (4221E)	150
6890	Spending authority from offsetting collections (total discretionary)	550
Mandatory:		
6949	Portion applied to liquidate contract authority (4132E)(4135E)	(550)
7000	Total New Budget Authority (gross) (sum 4000...6990)	600
CHANGE IN OBLIGATED BALANCES:		
7240	Obligated balance, SOY	0
7310	Total New Obligations (line 1000)	600
7320	Total Outlays (gross) (4902E)	(375)
7400	Change in uncollected customer payments for Federal Sources (unexpired)	(150)
7440	Obligated balance (EOY) (4801+4901E-4221E)	75
OUTLAYS (GROSS), DETAIL:		
8697	Outlays from new mandatory authority (4902E)	375
OFFSETS:		
Against gross budget authority and outlays:		
8800	Federal Sources (4252E)	(400)
Against gross budget authority only:		
8895	Change in uncollected payments from Federal sources (calc 6810+6910)	(150)
NEW BUDGET AUTHORITY AND OUTLAYS:		
8900	Net Budget Auth (lines 2200 – (8800 thru 8896)	50
9000	Outlays (net) (lines 8690...8698 minus 8800...8845)	(25)