

PRESENTATION TO THE
STANDARD GENERAL LEDGER BOARD

SGL IMPACT
FASAB STANDARD
ACCOUNTING FOR REVENUE
AND
OTHER FINANCING SOURCES

FEBRUARY 13, 1997

IRC REVENUE SUBCOMMITTEE

Tony Morales (Financial Management Service)
Gwen Ferrell (Financial Management Service)
Judy Yuran (Financial Management Service)
Steve Creeger (Financial Management Service)
Dave Mielke (National Aeronautics and Space Admin)
Eileen Parlow (Department of Education)
Veronica Kitchen (Housing and Urban Development)
Damon Sutton (Health and Human Services)
Sheila Zukor (Department of the Treasury)
Bob Reiley (U.S. Customs Service)
Greg James (Department of Labor)
Mark Brey (Internal Revenue Service)

Presented by:

Financial Management Service
Tony Morales
Gwen Ferrell
Phone no. (202) 874-3832
Fax no. (202) 874-7232

TABLE OF CONTENTS**SECTION I****Detailed Description of Changes**

Summary.	4
Proposed New SGL Accounts (Subsection I)	5
Proposed Deletion of Current SGL Accounts (II)	7
Proposed Attributes (III)	8
Proposed Changes to Existing SGL Accounts (IV)	11

SECTION II

Revenue Case Study	12
Statement of Custodial Activity	29
Statement of Net Cost	31
Statement of Changes in Net Position	32
Balance Sheet	33
Statement of Budgetary Resources	34
Statement of Financing	35

SECTION III

Proposed New Accounts and Definitions	37
Current Account Titles and/or Definitions to be Changed	42

SECTION I

SUMMARY**Proposed New SGL Accounts: (Subsection I)**

2980 Custodial Liability
5109 Contra Revenue for Goods Sold
5209 Contra Revenue for Services Provided
5310 Interest Revenue
5319 Contra Revenue for Interest
5320 Penalties and Fines Revenue
5329 Contra Revenue for Penalties and Fines
5409 Contra Revenue for Benefit Program Revenue
5509 Contra Revenue for Insurance and Guarantee Premium
Revenue
5609 Contra Revenue for Donations
5720 Financing Sources Transferred-In without Reimbursement
5730 Financing Sources Transferred-Out without Reimbursement
5780 Imputed Financing Sources
5809 Contra Revenue for Taxes
5890 Tax Revenue Refunds
5909 Contra Revenue for Other Revenue

Proposed Deletion of Current SGL Accounts: (Subsection II)

3200 Invested Capital (summary account)
3210 Capital Investments
3220 Transfers-in from Others without Reimbursement
3230 Transfers-out to Others without Reimbursement
3300 Results of Operations
3320 Net Results of Operations
3400 Donations and Other Items
3500 Deferred Liquidating Cash Authority
3501 Future Funding Requirements
5300 Interest and Penalties Revenue (replaced by proposed
accounts 5310 and 5320)

**Proposed Changes in the Title and/or Definition of
Current SGL Accounts: (Subsection IV)**

3100 Unexpended Appropriations
5700 Appropriations Used
5990 Collections for Others

I. Proposed New SGL Accounts:

- a. A Contra revenue account is used to report a reduction in revenue when realization is not probable (less likely than not). It includes returns allowances and price redeterminations but not bad debt expense which is only associated with exchange revenue. (¶41 and ¶126-131). A provision to increase or decrease the allowance will result in an adjustment of nonexchange revenue, rather than a bad debt expense (¶56).

5109 Contra Revenue for Goods Sold
5209 Contra Revenue for Services Provided
5319 Contra Revenue for Interest
5329 Contra Revenue for Penalties and Fines
5409 Contra Revenue for Benefit Program Revenue
**5509 Contra Revenue for Insurance and Guarantee
Premium Revenue**
5609 Contra Revenue for Donations
5809 Contra Revenue for Taxes
5909 Contra Revenue for Other Revenue

- b. The collecting entity accounts for the disposition of revenue as part of its custodial activity. The receiving entity recognizes the revenue. (¶353)

2980 Custodial Liability

- c. Account 5300 will be replaced by two separate accounts. Interest Revenue, which is exchange and nonexchange and Penalties Revenue, which is nonexchange by definition. (¶260, ¶272, ¶306, ¶307)

5310 Interest Revenue
5320 Penalties and Fines Revenue

I. Proposed New SGL Accounts (continued):

- d. The receiving entity shall recognize a transfer-in as an additional financing source in the results of operation. Conversely, the transferring agency shall recognize a decrease in its results of operations. (§220, §221, §74)

5720 Financing Sources Transferred-In Without Reimbursement

5730 Financing Sources Transferred-Out Without Reimbursement

Note: Current accounts 3220 "Transfers-in from Others without Reimbursement" and 3230 "Transfers-out to Others without Reimbursement" are replaced.

- e. To the extent that other standards require that costs not on the entity's books be imputed to the entity, the standards for other financing sources require recognition of the corresponding imputed financing. An imputed financing source should be recognized equal to the imputed cost. This offsets any effect of imputed cost on net results of operations for the period. (§8, §73)

5780 Imputed Financing Sources

- f. Cash refunds should be based on repayments of taxes and duties during the period. (§51 Paid) Amounts payable for refunds should be recognized when measurable and legally payable under established processes of the collecting entities. (§57 Unpaid)

5890 Tax Revenue Refunds

II. Proposed Deletion of current SGL accounts:

- a. Under the old federal accounting standards, the focus was on matching all of an entity's financing with incurred expenses to report "net results of operations" which generally was not useful in evaluating performance. The new focus is on costs --both gross and net-- which are useful in evaluating performance on many levels (§17). Reporting entities will no longer be required to recognize appropriations used nor accrue appropriations before they become available, thus eliminating invested capital and future financing sources in equity (§217, §218). Transfers-in and transfers-out are necessary to show transfers of revenue (§220). Donations are recognized as revenue (§222). Costs that are not yet covered by budgetary resources are permanent "differences" until they are financed (warrant rec'd) (§223).

- 3200 Invested Capital - Summary Account
- 3210 Capital Investments
- 3220 Transfers-in from Others without Reimbursement
- 3230 Transfers-out to Others without Reimbursement
- 3300 Results of Operations - Summary Account
- 3320 Net Results of Operations
- 3400 Donations and Other Items
- 3500 Deferred Liquidating Cash Authority
- 3501 Future Funding Requirements

The equity accounts below will be eliminated by reclassifying balances in deleted accounts to 3310 Cumulative Results of Operation. For example:

- 3210 Capital Investments
- 3220 Transfers-in from Oth w/o Reimb
- 3320 Net Results of Operations (Dr or Cr)
- 3400 Donations and Other Items
- 3501 Future Funding Requirements
- 3230 Transfers-Out to Oth w/o Reimb
- 3310 Cum Results Of Oper (Dr. or Cr.)

II. Proposed Deletion of current SGL accounts (continued):

- b. This account will be replaced by two separate accounts. To keep the numbering consistent in the SGL ("00" normally a summary account), this number will be deleted and replaced by 5310 "Interest Revenue" and 5320 "Penalties and Fines Revenue".

5300 Interest and Penalties Revenue**DETAILED DESCRIPTION OF CHANGES****III. Proposed Attributes:**

- a. SGL accounts 5900 "Other Revenue" and 5909 "Contra Revenue for Other Revenue" need to be split with attributes for exchange and nonexchange. (¶63)

5900 Other Revenue - **Exchange/Nonexchange**

5909 Contra Revenue for Other Revenue -

Exchange/Nonexchange

The following accounts are **Exchange** by definition:

5100 Revenue from Goods Sold

5109 Contra Revenue for Goods Sold

5200 Revenue from Services Provided

5209 Contra Revenue for Services Provided

5400 Benefit Program Revenue

5409 Contra Revenue for Bene Prog Revenue

5500 Insurance and Guarantee Premium Revenue

5509 Contra Revenue for Insur/Guar Prem Revenue

III. Proposed Attributes (continued):

The following accounts are **Nonexchange** by definition:

5320 Penalties and Fines Revenue
5329 Contra Revenue for Penalties and Fines
5600 Donated Revenue
5609 Contra Revenue for Donated Revenue
5720 Financing Sources Transferred In Without
Reimbursement
5730 Financing Sources Transferred Out Without
Reimbursement
5800 Tax Revenue
5809 Contra Revenue for Tax Revenue
5890 Tax Revenue Refunded

- b. Account 5310 needs to be split into exchange and nonexchange. Interest is typically exchange except when interest on treasury securities is collected by non-revolving trust fund and special funds.
(¶260, ¶272, ¶306, ¶307)

5310 Interest Revenue - **Exchange/Nonexchange**
5319 Contra Revenue for Interest Revenue -
Exchange/Nonexchange

III. Proposed Attributes (continued):

- c. Revenue shall be measured on the basis of the revenue collected or earned less refunds or accrual adjustments. (¶49-52) The following accounts need to be split between collected and receivable amounts and between amounts payable and those that are paid.

5100	Revenue from Goods Sold -	
	Receivable/Collected	
5200	Revenue from Services Provided -	Rec/Coll
5300	Interest Revenue -	Rec/Coll
5310	Penalties and Fines Revenue -	Rec/Coll
5500	Insur and Guarantee Prem Revenue -	Rec/Coll
5600	Donated Revenue -	Rec/Coll
5800	Tax Revenues -	Rec/Coll
5890	Tax Revenue Refunds -	Paid/Unpaid
5900	Other Revenue -	Rec/Coll
5990	Collections for Others -	Paid/Unpaid

Note : The proposal for attributes "**rec/coll**" was considered by the Revenue Subcommittee and the attributes were, initially, part of the presentation made to the IRC (10/31/96). However, upon further review of the reporting requirements, which do not include the need for FMS to collect this information through FACTS, the attributes are no longer being proposed as additions to the USSGL. For informational purposes, the attributes are still present in this proposal to highlight that agencies which report on Custodial Activity will be required to measure their collection activities.

IV. Proposed Changes to Existing SGL Accounts:

- a. Appropriations that have been made available for apportionment but have not been used are recognized as "unexpended appropriations" in the entity's capital. (¶332)

3100 From: Appropriated Capital
To: **Unexpended Appropriations**

- b. Interest is typically exchange except when interest on treasury securities is collected by non-revolving trust fund and special funds. Penalties are typically non-exchange and therefore must be split from the current account title and definition. (¶260, ¶272, ¶306, ¶307)

5300 From: Interest and Penalties Revenue
To: **5310 Interest Revenue**
5320 Penalties and Fines Revenue

- c. Appropriations are accounted for as a financing source when used and recognized as "appropriations used" in determining net results of operations. (¶7, ¶71, ¶72, ¶214)

5700 From: Appropriated Capital Used
To: **Appropriations Used**

- d. The title of account 5990 should not include the word revenue because this is not revenue of the collecting entity. The word "contra" is being deleted because it is not consistent with the use of contra revenue accounts in this proposal. By nature this is still a contra account, i.e., normal debit balance.

5990 From: Contra Revenue - Collected for Others
To: **Collections for Others**

SECTION II

The following case study is presented to demonstrate the use of new or revised U.S. Standard General Ledger accounts being proposed to the U.S. Standard General Ledger Board for inclusion for Fiscal Years beginning after September 30, 1997. The case study, in no way, purports to represent the transactions of a specific agency of the U.S. Government. The transactions contained within this case study are illustrative in nature and are not to be taken as formal guidance for any specific account type.

Furthermore, the sample reports presented after the case study are included to demonstrate, only as examples, how the new or revised accounts would be reported on Form & Content reports mandated by OMB Circular 97-01 (Form & Content), dated October 16, 1996. We have chosen to use the formats of statements as shown in Form & Content with one exception. On the Statement of Custodial Activity, two alternatives are presented; the second Statement of Custodial Activity is formatted in a way preferred by the U.S. Customs Service and the Internal Revenue Service.

The use of sample formats from Form & Content does not preclude an agency from using their judgement consistent with OMB guidance. As a reminder, OMB has authority to specify the form and content of agency financial statements. Form & Content specifically states that:

"These formats and instructions provide a framework within which individual agencies have the flexibility to provide information useful to the Congress, agency managers, and the public. The formats and instructions provide guidance for meeting the requirements contained in the SFFASs." ¹

Therefore, the use of the sample formats from OMB Form & Content is not intended to demonstrate that these formats are the only way for agencies to prepare their financial statements.

¹OMB Bulletin No. 97-01, Formats and Instructions for the Form and Content of Agency Financial Statements. Dated October 16, 1996, page 1, Introduction and Summary.

Additionally, the case study makes use of the following attributes to demonstrate the potential need for collection of data:

R = Receivable
C = Collected
U = Unpaid
P = Paid

These attributes were considered by the Revenue Subcommittee and were, initially, part of the presentation made to the Issues Resolution Committee. However, upon further review of the reporting requirements, which do not currently include the need for FMS to collect this information through FACTS, the attributes are no longer being proposed as additions to the U.S. SGL. However, an agency may use some other data elements to achieve that which is demonstrated by the use of attributes in this proposal.

In spite of these facts, the attributes are still present in this proposal to highlight the fact that agencies that report on Custodial Activity will be required to measure their collection activities:

"...in a manner that enables reporting of (1) cash collections, refunds, and the "accrual adjustment" necessary to determine the total revenue and (2) cash or cash equivalents transferred to each of the recipient entities and the revenue amounts to be recognized by each of them." ²

Accordingly, the Subcommittee members felt that it was necessary to indicate, in some way, that some vehicle for the collection of this information be acknowledged in the proposal to facilitate reporting on the Statement of Custodial Activity.

²SFFAS #7 Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting, paragraph 49.

Transactions	Collecting Agency (Direct Funds)	Custodial Activity		Collecting Agency Totals	
		Refunds/ Drawbacks	Duties Collected		
<p>1. The collecting agency received an appropriation and estimated reimbursements (from Federal Agencies) for the Fiscal Year which were fully apportioned and allotted. Warrant was issued.</p> <p><u>Budgetary entry</u> 4119 Other Appropriations Realized 3000 4210 Anticipated Reimbursements and Other Income 500 4610 Allotments Realized Resources 3000 4590 Apportionments - Unavailable 500</p> <p><u>Proprietary entry</u> 1010 Fund Balance With Treasury 3000 3100 Unexpended Appropriations 3000</p>					
<p>2. The collecting agency estimated accruals payable for prior year tax collections.</p> <p><u>Budgetary entry</u> None</p> <p><u>Proprietary entry</u> 6330 Other Interest Expense - (Custodial) None 5890U Tax Revenue Refunds - Unpaid 2110 Accounts Payable 500</p>					
<p>3. The collecting agency receives a Permanent/Indefinite Appropriation to pay refunds.</p> <p><u>Budgetary entry</u> 4119 Other Appropriations Realized None 4610 Allotments - Realized Resources 550</p> <p><u>Proprietary entry</u> 1010 Fund Balance With Treasury None 3100 Unexpended Appropriations 550</p>					

Transactions	Collecting Agency (Direct Funds)		Custodial Activity		Collecting Agency Totals	
			Refunds/ Drawbacks	Duties Collected		
6. The collecting agency placed an order for supplies, services and equipment. <u>Budgetary entry</u> 4610 Allotments - Realized Resources 4801 Undelivered Orders - Unpaid <u>Proprietary entry</u> None	300	300	None	None	300	300
7. The collecting agency recorded receipt of supplies, services and equipment. <u>Budgetary entry</u> 4801 Undelivered Orders - Unpaid 4901 Expended Authority - Unpaid <u>Proprietary entries</u> 1750 Equipment 6100 Operating/Program Expense - Nonexchange 2110 Accounts Payable - & - 3100 Unexpended Appropriations 5700 Appropriations Used	300	300	None	None	300	300
	125		None	None	125	
	175				175	
		300				300
	300				300	
		300				300

Transactions	Collecting Agency (Direct Funds)		Custodial Activity		Collecting Agency Totals	
			Refunds/ Drawbacks	Duties Collected		
8. The collecting agency recorded payroll for the FY.						
<u>Budgetary entry</u>						
4610 Allotments Available	900		None	None	900	
4901 Expended Authority - Unpaid		900				900
<u>Proprietary entry</u>						
6100 Operating/Program Expense - Nonexchange	800		None	None	800	
6100 Operating/Program Expense - Exchange	100				100	
2210 Accrued Funded Payroll		900				900
- & -						
3100 Unexpended Appropriations	900				900	
5700 Appropriations Used		900				900
9. The collecting agency recorded payments for payroll, supplies, etc.						
<u>Budgetary entry</u>						
4901 Expend Authority - Unpaid	1200		None	None	1200	
4902 Expend Authority - Paid		1200				1200
<u>Proprietary entries</u>						
2110 Accounts Payable	300		None	None	300	
2210 Accrued Funded Payroll	900				900	
1010 Fund Balance With Treasury		1200				1200

Transactions	Collecting Agency (Direct Funds)		Custodial Activity		Collecting Agency Totals	
			Refunds/ Drawbacks	Duties Collected		
10. The collecting agency signs reimbursement agreement. <u>Budgetary entry</u> 4220 Unfilled Customer Orders 4210 Anticipated Reimbursements - & - 4590 Apportionments - Unavailable 4610 Allotments - Realized Resources <u>Proprietary entry</u> None	250	250	None	None	250	250
11. The collecting agency recorded obligations that will be reimbursed. <u>Budgetary entry</u> 4610 Allotments Available 4801 Undelivered Orders - Unpaid <u>Proprietary entry</u> None	250	250	None	None	250	250
None	None		None	None	None	

Transactions	Collecting Agency (Direct Funds)		Custodial Activity		Collecting Agency Totals	
			Refunds/ Drawbacks	Duties Collected		
12. The collecting agency recorded expenses and earnings for reimbursable services. <u>Budgetary entries</u> 4801 Undelivered Orders - Unpaid 4901 Expended Authority - Unpaid - & - 4251 Reimbursement & Other Income Earned - Rec 4220 Unfilled Customer Orders <u>Proprietary entries</u> 1310 Accounts Receivable 5200 Rev from Services Provided - & - 6100 Operating/Program Expense - Exchange 2110 Accounts Payable	250	250	None	None	250	250
13. The collecting agency recorded user fees/penalties collected for the year which are not available for agency use. <u>Budgetary entry</u> None <u>Proprietary entries</u> 1010 Fund Balance With Treasury 5900C Other Rev - Nonexchange -Coll 5320C Penalties and Fines Rev -Coll 5990U Collections for Others - Unpaid 2980 Custodial Liability	None	None	None	None	None	None
	None	None	None	1200	200	1200
					1000	1000
				1200	1200	1200
					1200	1200

Transactions	Collecting Agency (Direct Funds)		Custodial Activity		Collecting Agency Totals	
			Refunds/ Drawbacks	Duties Collected		
14. The collecting agency received capital equipment transferred to them from another agency. <u>Budgetary entry</u> None	None		None	None	None	
<u>Proprietary entry</u> 1750 Equipment 5720 Financing Sources Transferred-In Without Reimbursement	800	800	None	None	800	800
15. The collecting agency transferred equipment to another agency. <u>Budgetary entry</u> None	None		None	None	None	
<u>Proprietary entry</u> 5730 Financing Sources Transferred-Out Without Reimbursement 1750 Equipment	800	800	None	None	800	800
16. Record depreciation expense for the year. <u>Budgetary entry</u> None	None		None	None	None	
<u>Proprietary entry</u> 6100 Operating and program expense - Nonexchange 1759 Accumulated depreciation	55	55	None	None	55	55

Transactions	Collecting Agency (Direct Funds)	Custodial Activity		Collecting Agency Totals	
		Refunds/ Drawbacks	Duties Collected		
17. Tax revenue of \$1000 and Other Revenue of \$100 to be collected were accrued and an amount of uncollectible accounts receivable was estimated (Tax: \$60 & Other Revenue: \$10). This entry could be combined. <u>Budgetary entry</u> None	None	None	None	None	None
<u>Proprietary entries</u> 1310 Accounts Receivable 5800R Tax Revenues - Receivable 5900R Other Revenue - Nonexch - Rec - & - 5990U Collections for Others - Unpaid 2980 Custodial Liability	None	None	1100	1000 100	1100 1000 100
To record the estimated uncollectible revenue: <u>Budgetary entry</u> None	None	None	None	None	None
<u>Proprietary entries</u> 2980 Custodial Liability 5990U Collections for Others-Unpaid - & - 5909 Contra Revenue for Other Revenue 5809 Contra Revenue for Taxes 1319 Allowance for Loss on Accts Receivable	None	None	70	70 10 60 70	70 70 60 70

Transactions	Collecting Agency (Direct Funds)		Custodial Activity		Collecting Agency Totals	
			Refunds/ Drawbacks	Duties Collected		
18. The collecting agency collected payments for reimbursable activity on accounts receivable. (receivable recorded in trans. #12) <u>Budgetary entry</u> 4252 Reimbursements & Other Income - Collected 4251 Reimbursements & Other Inc. -Rec <u>Proprietary entry</u> 1010 Fund Balance With Treasury 1310 Accounts Receivable	250	250	None	None	250	250
19. \$75.00 of other revenue accrued in transaction #17 was collected. <u>Budgetary entry</u> None <u>Proprietary entries</u> 1010 Fund Balance With Treasury 1310 Accounts Receivable - & - 5900R Other Revenue - (Nonexch) Rec 5900C Other Rev - (Nonexch) Coll	None	None	None	None	None	None
	None	None	None	75	75	75
				75	75	75

Transactions	Collecting Agency (Direct Funds)	Custodial Activity		Collecting Agency Totals	
		Refunds/ Drawbacks	Duties Collected		
20. The collecting agency recorded year end entry to show funds transferred to Treasury for the year. <u>Budgetary entry</u> None	None	None	None	None	
<u>Proprietary entry</u> 2980 Custodial Liability 1010 Fund Balance With Treasury - & - 5990P Collections for Others - Paid 5990U Collections for Others-Unpaid	None	None	16300	16300	16300 16300
21. The annual unfunded leave liability was accrued. <u>Budgetary entry</u> None	None	None	None	None	None
<u>Proprietary entries</u> 6100 Operating/Prog expense - Exchange 6100 Operating/Prog expense - Nonexchange 2220 Annual Leave Liability	5 25 30	None	None	None	5 25 30

Transactions	Collecting Agency (Direct Funds)		Custodial Activity		Collecting Agency Totals	
			Refunds/ Drawbacks	Duties Collected		
22. The Collecting Agency was notified by OPM of its full cost of pension expense and was billed for part of it. The rest was recorded as imputed cost/revenue.						
<u>Budgetary entry</u>						
4610 Allotments - Realized Resources	100		None	None	100	
4901 Expended Authority - Unpaid		100				100
<u>Proprietary entries</u>						
6100 Operating/Prog Expenses - Nonexchange*	120		None	None	120	
2110 Accounts Payable		100				100
5780 Imputed Financing Sources		20				20
- & -						
3100 Unexpended Appropriations	100		None	None	100	
5700 Appropriations Used		100				100

* The expenses recorded in account 6100 - Operating/Program Expenses should be allocated between Exchange and Nonexchange. In this transaction, they are designated "Nonexchange" so that it does not become overly complex.

Transactions	Collecting Agency (Direct Funds)	Custodial Activity		Collecting Agency Totals
		Refunds/ Drawbacks	Duties Collected	
Preclosing Trial Balance				
<u>Budgetary</u>				
4119 Other Appropriations Realized	3000	550	0	3550
4210 Anticipated Reimbursements & Other Income	250	0	0	250
4252 Reimbursements & Other Inc Earned-Coll'd	250	0	0	250
4590 Apportionments - Unavailable	250	0	0	250
4610 Allotments - Realized Resources	1700	0	0	1700
4901 Expended Authority - Unpaid	350	0	0	350
4902 Expended Authority - Paid	1200	550	0	1750
	<u>3500</u> <u>3500</u>	<u>550</u> <u>550</u>		<u>4050</u> <u>4050</u>
	(4119=4210+4252+4590+4610+4901+4902)	(4119=4902)		(4119=4210+4252+4590+4610+4901+4902)
<u>Proprietary</u>				
1010 Fund Balance With Treasury	2050	0	75	2125
1310 Accounts Receivable	0	0	1025	1025
1319 Allowance for Loss on Accts Rec	0	0	70	70
1750 Equipment	125	0	0	125
1759 Accumulated Depreciation on Equipment	55	0	0	55
2110 Accounts Payable	350	0	0	350
2220 Accrued Unfunded Liabilities - Unfunded	30	0	0	30
2980 Custodial Liability	0	0	1030	1030
3100 Unexpended Appropriations	1700	0	0	1700
5200 Revenue from Serv Provided	250	0	0	250
5310C Interest Revenue (Collected)	0	0	100	100
5320C Penalties and Fines Revenue (Coll)	0	0	1000	1000
5700 Appropriations Used	1300	550	0	1850
5720 Revenue Sources Transferred - In	800	0	0	800
5730 Revenue Sources Transferred - Out	800	0	0	800
5780 Imputed Financing Sources	20	0	0	20
5800C Tax Revenue (Collected)	0	0	15000	15000
5800R Tax Revenue (Receivable)	0	0	1000	1000
5809 Contra Revenue for Taxes	0	0	60	60
5890P Tax Revenue Refunds (Paid)	0	500	0	500
5900C Other Revenue (Collected)	0	0	275	275
5900R Other Revenue (Receivable)	0	0	25	25
5909 Contra Revenue for Other Revenue	0	0	10	10
5990U Collections For Others - Unpaid	0	0	1030	1030
5990P Collections For Others - Paid	0	0	16300	16300
6100 Operating/Program Expenses - Unfunded	30	0	0	30
6100 Operating/Program Expenses	1500	0	0	1500
6330 Other Interest Expenses	0	50	0	50
	<u>4505</u> <u>4505</u>	<u>550</u> <u>550</u>	<u>18500</u> <u>18500</u>	<u>23555</u> <u>23555</u>

Transactions	Collecting Agency (Direct Funds)		Custodial Activity				Collecting Agency Totals	
			Refunds/ Drawbacks		Duties Collected			
Closing Entries:								
<u>Budgetary entries</u>								
4201 Total Actual Resources - Collected	3250		550		0		3800	
4119 Other Appropriations Realized		3000		550		0		3550
4252 Reimbursements & Other Inc Earned-Collected		250		0		0		250
- & -								
4590 Apportionments - Unavailable	250		0		0		250	
4610 Allotments - Realized Resources	1700		0		0		1700	
4210 Anticipated Reimbursements & Other Income		250		0		0		250
4650 Allotments - Expired Authority		1700		0		0		1700
- & -								
4902 Expended Authority - Paid	1200		550		0		1750	
4201 Total Actual Resources - Collected		1200		550		0		1750
<u>Proprietary entries</u>								
5200 Rev from Services Provided)	250		0		0		250	
5310C Interest Revenue (Collected)	0		0		100		100	
5320C Penalties & Fines Rev (Collected)	0		0		1000		1000	
5700 Appropriations Used	1300		550		0		1850	
5720 Revenue Sources Transferred In	800		0		0		800	
5780 Imputed Financing Sources	20		0		0		20	
5800C Tax Revenues (Collected)	0		0		15000		15000	
5800R Tax Revenues (Receivable)	0		0		1000		1000	
5900C Other Revenue (Collected)	0		0		275		275	
5900R Other Revenue (Receivable)	0		0		25		25	
5730 Revenue Sources Transferred out		800		0		0		800
5809 Contra Revenue for Taxes		0		0		60		60
5890P Tax Revenue Refunds (Paid)		0		500		0		500
5909 Contra Revenue for Other Revenue		0		0		10		10
5990U Collections for Others-Unpaid		0		0		1030		1030
5990P Collections for Others-Paid		0		0		16300		16300
3310 Cumulative Results of Operations		1570		50		0		1620
- & -								
3310 Cumulative Results of Operations	1530		50		0		1580	
6100 Operating/Program Expenses - Unfunded		30		0		0		30
6100 Operating/Program Expenses		1500		0		0		1500
6330 Other Interest Expenses		0		50		0		50

Transactions	Collecting Agency (Direct Funds)	Custodial Activity				Collecting Agency Totals	
		Refunds/ Drawbacks		Duties Collected			
Post Closing Trial Balance							
<u>Budgetary</u>							
4201 Total Actual Resources - Collected	2050	0	0	0	0	2050	1700
4650 Allotments - Expired Authority	1700	0	0	0	0		1700
4901 Expended Authority - Unpaid	350	0	0	0	0		350
	<u>2050</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2050</u>	<u>2050</u>
(4201=4650+4901)							
<u>Proprietary</u>							
1010 Fund Balance With Treasury	2050	0	0	75	0	2125	
1310 Taxes Receivable	0	0	0	1025	0	1025	
1319 Allowance for Loss on Accounts Receivable	0	0	0	0	70		70
1750 Equipment	125	0	0	0	0	125	
1759 Accumulated Depreciation on Equipment	55	0	0	0	0		55
2110 Accounts Payable	350	0	0	0	0		350
2220 Annual Leave Liability	30	0	0	0	0		30
2980 Custodial Liability	0	0	0	0	1030		1030
3100 Unexpended Appropriations	1700	0	0	0	0		1700
3310 Cumulative Results of Operations	40	0	0	0	0		40
	<u>2175</u>	<u>0</u>	<u>0</u>	<u>1100</u>	<u>1100</u>	<u>3275</u>	<u>3275</u>

STATEMENT OF CUSTODIAL ACTIVITY
(Form & Content sample format)

Sources of Collections:

Cash collections:

Interest	(5310)	100
Penalties and Fines	(5320)	1,000
Tax Revenue [5800-5809-(1310[E-B] related to 5800)+ (1319[E-B]related to 5800)]		15,000
Other Revenue [5900-5909-(1310[E-B] related to 5900)+ (1319[E-B]related to 5900)]		275
Less: Refunds and other payments	(5890 + 6330)	<u>-550</u>
Net Collections		15,825
Accrual Adjustment [1310(E-B) related to custodial revenues + 1319 (E-B) related to custodial revenues]		<u>955</u>
Total Revenues		16,780

Disposition of Collections:

Transferred to Others: (net of refunds & other payments)		
Transferred to Treasury [5990 -(5890P + 6330 Custodial) - 2980 (E-B)]		15,750
Increase (decrease) in amounts to be transferred [2980(E-B)]		1,030
Retained by Entity		<u>0</u>
Total disposition of revenue		<u>16,780</u>

Net Custodial Activity- 0 -

THE STATEMENTS CONTAINED IN THIS CASE STUDY ARE ILLUSTRATIVE IN NATURE. STATEMENT FORMATS ARE GENERALLY TAKEN FROM OMB CIRCULAR 97-01 (FORM AND CONTENT OF AGENCY FINANCIAL STATEMENTS, DATED OCTOBER 16, 1997.) OMB HAS THE AUTHORITY TO SPECIFY THE FORM AND CONTENT OF AGENCY FINANCIAL STATEMENTS, THEREFORE, THESE SAMPLE REPORTS ARE NOT INTENDED AS AUTHORITATIVE. FURTHERMORE, THE REFERENCES TO ACCOUNT NUMBERS ON EACH LINE OF THESE STATEMENTS ILLUSTRATE THE RESULT OF THE SPECIFIC TRANSACTIONS IN THIS CASE STUDY. THEY DO NOT DEMONSTRATE ALL OF THE USSGL ACCOUNTS USED ON EACH LINE. REFER TO CROSSWALKS PUBLISHED IN THE TREASURY FINANCIAL MANUAL (TFM) SUPPLEMENT #2 FOR OFFICIAL GUIDANCE.

STATEMENT OF CUSTODIAL ACTIVITY
(Treasury - IRS/Customs alternative)

Sources of Collections:

Cash collections:

Interest	(5310)	100
Penalties and Fines	(5320)	1,000
Tax Revenue [5800-5809-(1310[E-B] related to 5800)+ (1319[E-B] related to 5800)]		15,000
Other Revenue [5900-5909-(1310[E-B] related to 5900)+ (1319[E-B] related to 5900)]		275
Less: Refunds & other pmts	(5890 + 6330)	<u>-550</u>
Net Collections		15,825

Accrual Adjustment [1310(E-B) related to custodial revenues + 1319 (E-B) related to custodial revenues]		<u>955</u>
--	--	------------

Total Revenues		16,780
----------------	--	--------

Disposition of Collections:

Transferred to Others:

Transferred to Treasury	[5990 - 2980 (E-B)]	16,300
-------------------------	---------------------	--------

Increase (decrease) in amounts to be transferred	[2980(E-B)]	1,030
---	-------------	-------

Retained by Entity		<u>0</u>
--------------------	--	----------

Total Transfers Accounted For		<u>17,330</u>
-------------------------------	--	---------------

Less: Appropriations for refunds and other payments	(5890 + 6330)	<u>-550</u>
--	---------------	-------------

Total disposition of revenue		<u>16,780</u>
------------------------------	--	---------------

Net Custodial Activity

		<u><u>- 0 -</u></u>
--	--	---------------------

THE STATEMENTS CONTAINED IN THIS CASE STUDY ARE ILLUSTRATIVE IN NATURE. STATEMENT FORMATS ARE GENERALLY TAKEN FROM OMB CIRCULAR 97-01 (FORM AND CONTENT OF AGENCY FINANCIAL STATEMENTS, DATED OCTOBER 16, 1997.) OMB HAS THE AUTHORITY TO SPECIFY THE FORM AND CONTENT OF AGENCY FINANCIAL STATEMENTS, THEREFORE, THESE SAMPLE REPORTS ARE NOT INTENDED AS AUTHORITATIVE. FURTHERMORE, THE REFERENCES TO ACCOUNT NUMBERS ON EACH LINE OF THESE STATEMENTS ILLUSTRATE THE RESULT OF THE SPECIFIC TRANSACTIONS IN THIS CASE STUDY. THEY DO NOT DEMONSTRATE ALL OF THE USSGL ACCOUNTS USED ON EACH LINE. REFER TO CROSSWALKS PUBLISHED IN THE TREASURY FINANCIAL MANUAL (TFM) SUPPLEMENT #2 FOR OFFICIAL GUIDANCE.

STATEMENT OF NET COST

COSTS:

Crosscutting Programs

Program A:

Intragovernmental

Salaries and Benefits (6100) \$ 105

Other Expenses (6100) 250

With the public 0

Total 355Less Earned Revenue (5200) -250**Net Program Costs** 105

Other Programs (Note XX)

Program B: (etc.) 0

Cost not assigned to programs (6100) 1,175

Less earned revenues not attributed to programs 0

DEFERRED MAINTENANCE (Note X)**NET COST OF OPERATIONS** \$ 1,280

THE STATEMENTS CONTAINED IN THIS CASE STUDY ARE ILLUSTRATIVE IN NATURE. STATEMENT FORMATS ARE GENERALLY TAKEN FROM OMB CIRCULAR 97-01 (FORM AND CONTENT OF AGENCY FINANCIAL STATEMENTS, DATED OCTOBER 16, 1997.) OMB HAS THE AUTHORITY TO SPECIFY THE FORM AND CONTENT OF AGENCY FINANCIAL STATEMENTS, THEREFORE, THESE SAMPLE REPORTS ARE NOT INTENDED AS AUTHORITATIVE. FURTHERMORE, THE REFERENCES TO ACCOUNT NUMBERS ON EACH LINE OF THESE STATEMENTS ILLUSTRATE THE RESULT OF THE SPECIFIC TRANSACTIONS IN THIS CASE STUDY. THEY DO NOT DEMONSTRATE ALL OF THE USSGL ACCOUNTS USED ON EACH LINE. REFER TO CROSSWALKS PUBLISHED IN THE TREASURY FINANCIAL MANUAL (TFM) SUPPLEMENT #2 FOR OFFICIAL GUIDANCE.

BALANCE SHEET

ASSETS**Entity Assets:**

Intragovernmental		
Fund Balance with Treasury	(1010)	\$ 2,050
Governmental		
Equipment	(1750 - 1759)	<u>70</u>
Total Entity Assets		<u>2,120</u>

Non-Entity Assets:

Intragovernmental		
Fund Balance with Treasury	(1010)	75
Governmental		
Accounts Receivable	(1310 - 1319)	<u>955</u>
Total Non-entity Assets		<u>1,030</u>

TOTAL ASSETS		<u>\$ 3,150</u>
---------------------	--	-----------------

LIABILITIES**Liabilities Covered by Budgetary Resources:**

Intragovernmental liabilities:		
Accounts Payable	(2110)	\$ <u>350</u>
Ttl liab covered by budg resourc.		<u>350</u>

Liabilities not Covered by Budgetary Resources:

Intragovernmental		
Annual Leave Liability	(2220)	30
Custodial Liability	(2980)	<u>1,030</u>
Ttl liab not covered by budg res.		<u>1,060</u>
Total Liabilities		<u>1,410</u>

NET POSITION

Unexpended Appropriations	(3100)	\$ 1,700
Cum. Results of Operations	(3310)	<u>40</u>
Total Net Position		<u>1,740</u>

TOTAL LIABILITIES AND NET POSITION		<u>\$ 3,150</u>
---	--	-----------------

THE STATEMENTS CONTAINED IN THIS CASE STUDY ARE ILLUSTRATIVE IN NATURE. STATEMENT FORMATS ARE GENERALLY TAKEN FROM OMB CIRCULAR 97-01 (FORM AND CONTENT OF AGENCY FINANCIAL STATEMENTS, DATED OCTOBER 16, 1997.) OMB HAS THE AUTHORITY TO SPECIFY THE FORM AND CONTENT OF AGENCY FINANCIAL STATEMENTS, THEREFORE, THESE SAMPLE REPORTS ARE NOT INTENDED AS AUTHORITATIVE. FURTHERMORE, THE REFERENCES TO ACCOUNT NUMBERS ON EACH LINE OF THESE STATEMENTS ILLUSTRATE THE RESULT OF THE SPECIFIC TRANSACTIONS IN THIS CASE STUDY. THEY DO NOT DEMONSTRATE ALL OF THE USSGL ACCOUNTS USED ON EACH LINE. REFER TO CROSSWALKS PUBLISHED IN THE TREASURY FINANCIAL MANUAL (TFM) SUPPLEMENT #2 FOR OFFICIAL GUIDANCE.

STATEMENT OF BUDGETARY RESOURCES

Budgetary Resources:

Budget authority	[4119(E)]	\$ 3,550
Spending authority from offsetting collections	[4252(E)]	<u>250</u>
Total budgetary resources		<u>\$ 3,800</u>

Status of Budgetary Resources:

Obligations incurred	[4901(E-B)+4902(E)]	\$ 2,100
Unobligated balances-available	[4610(E)]	<u>1,700</u>
Total, status of budgetary resources		<u>\$ 3,800</u>

Outlays:

Obligations incurred	[4901(E-B)+4902(E)]	\$ 2,100
Less:		
Spending authority from offsetting collections and adjustments	[4252(E)]	250
Obligated balance net - beginning of period		0
Obligated balance transferred, net		0
Less: obligated balance, net - end of period	[4901(E)]	<u>350</u>
Total outlays		<u>1,500</u>

THE STATEMENTS CONTAINED IN THIS CASE STUDY ARE ILLUSTRATIVE IN NATURE. STATEMENT FORMATS ARE GENERALLY TAKEN FROM OMB CIRCULAR 97-01 (FORM AND CONTENT OF AGENCY FINANCIAL STATEMENTS, DATED OCTOBER 16, 1997.) OMB HAS THE AUTHORITY TO SPECIFY THE FORM AND CONTENT OF AGENCY FINANCIAL STATEMENTS, THEREFORE, THESE SAMPLE REPORTS ARE NOT INTENDED AS AUTHORITATIVE. FURTHERMORE, THE REFERENCES TO ACCOUNT NUMBERS ON EACH LINE OF THESE STATEMENTS ILLUSTRATE THE RESULT OF THE SPECIFIC TRANSACTIONS IN THIS CASE STUDY. THEY DO NOT DEMONSTRATE ALL OF THE USSGL ACCOUNTS USED ON EACH LINE. REFER TO CROSSWALKS PUBLISHED IN THE TREASURY FINANCIAL MANUAL (TFM) SUPPLEMENT #2 FOR OFFICIAL GUIDANCE.

STATEMENT OF FINANCING

Obligations and Nonbudgetary Resources:

Obligations incurred	[4901 (E-B) + 4902(E)]	\$ 2,100	
Less: Spending authority for offsetting collections and adjustments	[4252(E)]	-250	
Donations not in the entity's budget		0	
Financing imputed for cost subsidies	[5780(E)]	20	
Transfers-in (out)	[5720 (E) - 5730(E)]	0	
Exchange revenue not in the entity's budget		0	
Other: (Refunds of Tax Revenues and other payments)	(5890+6330)	<u>-550</u>	
Total Obligations as adjusted, and nonbudgetary resources			\$ 1,320

Resources That Do Not Fund Net Cost of Operations:

Change in amount of goods, services, and benefits ordered but not yet received or provided		0	
Costs capitalized on the balance sheet [1750(E-B)]		<u>-125</u>	
Total resources that do not fund net cost of operations			-125

Costs That Do Not Require Resources:

Depreciation and amortization [6100 - Depreciation]		<u>55</u>	
Total costs that do not require resources			55

Financing Sources Yet to be Provided:

Increases in Unused Annual Leave & Actuarial Liability [2220 (E-B) If Net Increase]		<u>30</u>	
--	--	-----------	--

Net Cost of Operations			<u><u>1,280</u></u>
-------------------------------	--	--	---------------------

THE STATEMENTS CONTAINED IN THIS CASE STUDY ARE ILLUSTRATIVE IN NATURE. STATEMENT FORMATS ARE GENERALLY TAKEN FROM OMB CIRCULAR 97-01 (FORM AND CONTENT OF AGENCY FINANCIAL STATEMENTS, DATED OCTOBER 16, 1997.) OMB HAS THE AUTHORITY TO SPECIFY THE FORM AND CONTENT OF AGENCY FINANCIAL STATEMENTS, THEREFORE, THESE SAMPLE REPORTS ARE NOT INTENDED AS AUTHORITATIVE. FURTHERMORE, THE REFERENCES TO ACCOUNT NUMBERS ON EACH LINE OF THESE STATEMENTS ILLUSTRATE THE RESULT OF THE SPECIFIC TRANSACTIONS IN THIS CASE STUDY. THEY DO NOT DEMONSTRATE ALL OF THE USSGL ACCOUNTS USED ON EACH LINE. REFER TO CROSSWALKS PUBLISHED IN THE TREASURY FINANCIAL MANUAL (TFM) SUPPLEMENT #2 FOR OFFICIAL GUIDANCE.

SECTION III

Account Title: Custodial Liability
Account Number: 2980
Normal Balance: Credit
Type of Account: Posting

Definition: The amount of custodial revenue yet to be transferred to another Federal entity.

Account Title: Contra Revenue for Goods Sold
Account Number: 5109
Normal Balance: Debit
Type of Account: Posting

Definition: The amount reflecting a reduction in revenue for goods sold when collection of amounts of revenue accrued is not expected. Amounts recorded are based on adjustments, returns, allowances, price redeterminations, and refunds other than taxes where revenue is earned, but does not include credit losses.

Account Title: Contra Revenue for Services Provided
Account Number: 5209
Normal Balance: Debit
Type of Account: Posting

Definition: The amount reflecting a reduction in revenue for services provided when collection of amounts of revenue accrued is not expected. Amounts recorded are based on abatements, adjustments, returns, allowances, price redeterminations, and refunds other than taxes where revenue is earned, but does not include credit losses.

Account Title: Interest Revenue
Account Number: 5310
Normal Balance: Credit
Type of Account: Posting

Definition: Revenue earned from interest. The amount is exchange revenue by definition with one exception - Interest on Treasury securities held by trust funds and special funds (except trust revolving funds).

Account Title: Contra Revenue for Interest
Account Number: 5319
Normal Balance: Debit
Type of Account: Posting

Definition: The amount reflecting a reduction in revenue for interest accrued when realization is not expected. Amounts recorded are based on adjustments, returns, allowances, or price re-determinations.

Account Title: Penalties and Fines Revenue
Account Number: 5320
Normal Balance: Credit
Type of Account: Posting

Definition: Nonexchange revenue earned from penalties and fines.

Account Title: Contra Revenue for Penalties and Fines
Account Number: 5329
Normal Balance: Debit
Type of Account: Posting

Definition: The amount reflecting a reduction in revenue for penalties and fines when realization is not expected. Amounts recorded are based on adjustments, returns, allowances, or price re-determinations. Credit losses on penalties and fines revenue are also recorded in this account.

Account Title: Contra Revenue for Benefit Program Revenue
Account Number: 5409
Normal Balance: Debit
Type of Account: Posting

Definition: The amount reflecting a reduction in revenue for a benefit program based on adjustments as stipulated by law and does not include credit losses.

Account Title: Contra Revenue for Insurance and Guarantee Premium Revenue
Account Number: 5509
Normal Balance: Debit
Type of Account: Posting

Definition: The amount reflecting a reduction in revenue for an insurance and guarantee premium based on adjustments stipulated by law and does not include credit losses.

Account Title: Contra Revenue for Donations
Account Number: 5609
Normal Balance: Debit
Type of Account: Posting

Definition: The amount reflecting a reduction in revenue for donations returned.

Account Title: Financing Sources Transferred In Without Reimbursement
Account Number: 5720
Normal Balance: Credit
Type of Account: Posting

Definition: The amount determined to increase the financing source of a reporting entity which occurs as a result of an asset being transferred in. The amount of the asset is recorded at book value of the transferring entity.

Account Title: Financing Sources Transferred Out Without Reimbursement
Account Number: 5730
Normal Balance: Debit
Type of Account: Posting

Definition: The amount determined to decrease the financing source of a reporting entity which occurs as a result of an asset being transferred out. The amount of the asset is recorded at book value as of the transfer date.

Account Title: Imputed Financing Sources
Account Number: 5780
Normal Balance: Credit
Type of Account: Posting

Definition: This account is used by the receiving entity to record the portion of cost incurred by the providing entity for goods and services received at less than full cost. This account is used to record financing sources (as opposed to revenues earned for provision of goods and services) not provided for in other accounts.

Account Title: Contra Revenue for Taxes
Account Number: 5809
Normal Balance: Debit
Type of Account: Posting

Definition: The amount reflecting a reduction in revenue for taxes when realization is not expected. Amounts recorded are based on abatements, adjustments, returns, allowances, and credit losses.

Account Title: Tax Revenue Refunds
Account Number: 5890
Normal Balance: Debit
Type of Account: Posting

Definition: The amount of tax revenue refunds that are payable or have been paid.

Account Title: Contra Revenue for Other Revenue
Account Number: 5909
Normal Balance: Debit
Type of Account: Posting

Definition: The amount reflecting a reduction in revenue received (but not otherwise classified above) when realization is not expected. Amounts recorded are based on adjustments, returns, allowances, price redetermination, and refunds other than taxes where revenue is earned. Credit losses on other nonexchange revenue are also recorded in this account.

Account Title: ~~Appropriated Capital~~ Unexpended Appropriations
Account Number: 3100
Normal Balance: Credit
Type of Account: Posting

Definition: Amounts appropriated by Congress which have not been expended.

Account Title: ~~Appropriated Capital~~ Used
Account Number: 5700
Normal Balance: Credit
Type of Account: Posting

Definition: The amount of current period expended appropriations. This account is a financing source to be matched against current period expenses funded by appropriations. This includes expenses funded by prior-year appropriations, such as (1) depreciation of fixed assets and consumption of inventory related to prior-year purchases of fixed assets and inventory, (2) accrued and actual losses on inventory writedowns, and (3) bad debt expenses related to capitalized long-term loans receivable and related interest.

Account Title: ~~Contra Revenue~~ Collections for Others
Account Number: 5990
Normal Balance: Debit
Type of Account: Posting

Definition: Amounts collected by a reporting entity on behalf of another Federal entity. This account is used in conjunction with revenue accrued by an agency when amounts collected must be deposited to Treasury. It is used to establish a corresponding liability to Treasury and is reported as a deduction from revenue on the agency's operating statement.