



Federal Accounting Standards Advisory Board

**Implementation Guide to Statement of Financing in
Statement of Federal Financial Accounting Standards 7,
Accounting for Revenue and Other Financing Sources:
Detailed Information on the Statement of Financing**

April 2002

This implementation guide presents explanations of concepts and standards intended to help practice and understanding. In April 2000, the American Institute of Certified Public Accountants established the hierarchy of accounting principles for Federal government entities (see Statement of Auditing Standards 69 and 91 and Office of Management and Budget (OMB) Bulletin 01-09, section 1.2) wherein *Implementation Guides* occupy level “D.” However, the financial statement formats illustrated in this *Implementation Guide* are not intended to be authoritative. They provide a framework, consistent with and amplifying the OMB’s periodic bulletins on the form and content of agency financial statements (see OMB Bulletin 01-09), within which individual entities have the flexibility to provide useful information.

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I. INTRODUCTION

1. This implementation guide provides detailed information about the statement of financing in the Federal Accounting Standards Advisory Board (FASAB—"The Board") Statement on Federal Financial Accounting Standards (SFFAS) No. 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting* (SFFAS 7). It is organized by the following sections:
 - Background of the statement.
 - Basic construction of the statement.
 - Explanation of lines on the illustrative format of the statement provided by the Office of Management and Budget (OMB).
 - Additional illustrative items.
2. This implementation guide supersedes pars. 72-93 and 122-173 of FASAB's *Implementation Guide to Statement of Federal Financial Accounting Standards No. 7, Accounting for Revenue and Other Financing Sources* (June 1996) (IG7) and *Special FASAB News Article No. 1 on the Statement of Financing* (original, dated August 1998, and revised version, dated March 1999). The guide discusses concepts and the reporting in general and does not provide the pro forma entries of IG7. The United States Standard General Ledger (USSGL) accounts and related pro forma entries and case scenarios are available on the Financial Management Service (FMS) Web site, www.fms.treas.gov/ussgl.

Background of the Statement of Financing

3. Prior to the issuance of SFFAS 7 in April 1996, the principal financial statements required of federal agencies were a balance sheet and a combined statement of operations and changes in net position. The nature and organization of the information in the combined statement of operations and changes in net position was insufficient to provide information on the cost of federal programs and contained numerous vagaries which did not provide readers of the financial statements useful information. The Board dealt with this in Statement of Federal Financial Accounting Concepts (SFFAC) 2, *Entity and Display*, and in SFFAS 7 by providing requirements for primary information grouped by statements of net cost, changes in net position, and custodial activity.¹

¹ Federal Accounting Standards Advisory Board, *Implementation Guide to Statement of Federal Financial Accounting Standards No. 7, Accounting for Revenue and Other Financing Sources* (June 1996), (*Implementation Guide*) pars. 7-10, 14-20.

4. Because almost no budgetary information was provided in either the balance sheet or other new statements, the Board required in SFFAS 7 primary budgetary information encompassed in a statement of budgetary resources, which paralleled existing information federal agencies provided OMB, but at a higher level of reporting. This filled a major gap in the credibility and usefulness of the primary financial statements.²
5. In addition, because substantial budgetary information was being required in the primary financial statements for the first time, and because the obligation-based budgetary information was different in many respects from the proprietary (accrual-based) statements, the Board also prescribed additional primary information to help explain the differences between the obligation-based budgetary and accrual-based proprietary statements.³ The Board prescribed a “statement of financing” as the vehicle to show the relationship between those two key figures.
6. The requirements of SFFAS 7 were effective beginning for reporting periods after September 30, 1997. The actual format for agency financial statements is prescribed by OMB. In its Bulletin 97-01, *Form and Content of Agency Financial Statements*, which was also effective for those same reporting periods, OMB adopted as an illustration the condensed statement illustrated in SFFAS 7.⁴ The nature of the statement can be seen in the organization of that illustration, and is discussed in the next section of this report.
7. Subsequently, in Bulletin 01-09 that replaced Bulletin 97-01 in September 2001, OMB issued a more detailed illustration of the statement of financing along the lines presented in FASAB’s *Special Newsletter No. 1 on the Statement of Financing*, which had served as an unofficial illustration and detailed narrative of the statement’s construction and approaches to its preparation.⁵ The lines in the new OMB illustration are discussed in a subsequent section of this guide.
8. Additionally, the USSGL Board has issued increasingly-comprehensive crosswalks from budgetary and proprietary Standard General Ledger accounts to the statement of financing which, with the other guidance mentioned, has also helped agencies to prepare their statement of financing.⁶ The final section of this document covers some additional reporting situations which may be further useful to agencies in preparing the statement of financing.

2 SFFAS 7, pars. 77-82, and *Implementation Guide*, pars. 68-71.

3 SFFAS 7, pars. 91-95, and *Implementation Guide* pars. 72-75.

4 OMB, Bulletin 97-01, pp. 1-2, 35-37.

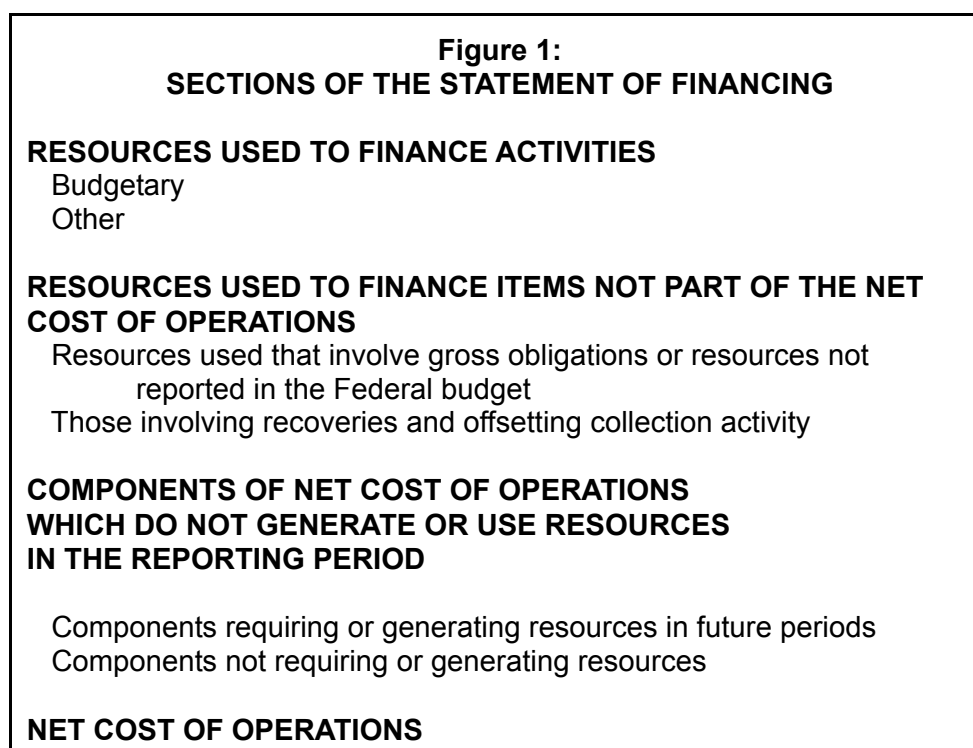
5 Luter, J. Thomas, “The Statement of Financing,” *FASAB News* (Special Edition 1, August 1, 1998, updated March 1999), pp. 4, 9, and 15, and OMB *Form and Content* (OMB Bulletin 01-09 version), pp. 46-47.

6 Financial Management Service, *U.S. Government Standard General Ledger [SGL]* (July 2001), pp. V-51 through V-66.

9. Understanding the statement of financing requires a knowledge of not only the federal proprietary accounting for assets, liabilities, net position, and components of net position, but also of the budgetary accounting for resources and the status of those resources as obligated or unobligated. Such knowledge, basic to federal accounting and auditing, including the design and maintenance of computer systems which organize and store data and generate financial reports, is assumed of the readers of this guide.
10. This guide uses the new OMB Bulletin 01-09 illustrations of the statement of financing and other statements to explain the underlying statement of financing concepts. The Federal agencies are working with Bulletin 01-09 and the illustrations therein and a close adherence to them was deemed essential for this guide.

II. BASIC CONSTRUCTION OF THE STATEMENT OF FINANCING

11. The statement of financing explains the difference between the budgetary net obligations and the proprietary net cost of operations by setting forth the items that reconcile the two amounts.⁷ To understand the statement of financing, it is necessary to understand why these two key figures are different. They are different because (1) the net cost of operations may be financed by non-budgetary resources; (2) the budgetary and non-budgetary resources used by an agency may finance activities which are not components of the net cost of operations; and (3) the net cost of operations may contain components which do not use or generate resources in the current period.
12. With this in mind, the statement of financing has three major sections which, when properly detailed, yield the net cost of operations. A skeleton listing of the sections is shown in figure 1, below.



⁷ SFFAS 7, par. 92.

Budgetary Resources Used to Finance Activities

13. The first section of the statement of financing is “resources used to Finance activities.” Resources include those provided through the Federal budget and those not accounted for in the budget, which are designated “other” in the table.
14. **Budgetary resources** means “net obligated resources,” as defined in the context of the statement of budgetary resources. This is a critical definition for the statement of financing. Care must be taken not to confuse this with total resources, e. g., with total appropriations received and available, as the statement of financing is not concerned with total resources, or restrictions on OMB’s ability to apportion or the agency’s ability to allot total resources. A resource does not finance an activity unless it is obligated, and, hence, the statement of financing includes only obligated resources. Gross obligations – those reported on line 8 of the statement of budgetary resources illustrated in OMB Bulletin 01-09 (see Appendix D) – consist of:
- (1) undelivered orders for goods and services or benefits to be provided, both with and without advances or prepayments, and
 - (2) delivered orders for goods and services or the provision of benefits, both paid and still payable.⁸
15. It should be noted that the amount reported on line 8 of the OMB illustration (see Appendix D) is the difference between the beginning and ending balances of undelivered and delivered orders. If, for example, the beginning amount of orders was \$100 and the ending amount was \$250, the amount reported as new obligations during the period would be the difference, which is \$150. Since any component of obligations can either increase or decrease during the year, its arithmetic contribution to the amount of new obligations for the reporting period could be positive or negative, except for delivered orders paid, which cannot be negative.⁹
16. This is illustrated with the following example. Here, and throughout this guide, small numbers are used to simplify illustration and comprehension, and lines may be abbreviated or paraphrased to fit reasonably into available space or to better support topics discussed.

⁸ See the definitions for “obligated balance” and “obligations” in OMB Circular A-34, *Instructions on Budget Execution* (November. 3, 2000), p. 4, and the account definitions for the 4800 and 4900 series of accounts in *USSGL*, pp. II-52 through II-56.

⁹ See, e.g., *USSGL*, Section V, crosswalk items for line 6, “obligations incurred,” of the Statement of Budgetary Resources, p. V-46.

Component	Ending Balance	Beginning Balance	Change
Undelivered Orders w/o Advance	\$250	\$100	+\$150
Undelivered Orders w/Advance	50	75	- 25
Delivered Orders Payable	100	150	- 50
Delivered Orders Paid	500	0 ¹⁰	+ 500
Total Obligations	\$900	\$325	+\$575

17. The amount reported for gross obligations on line 8 of the statement of budgetary resources would be \$575. The importance of knowing the amount of the computation for each individual component, including its arithmetic sign, will become clear in the next section, which discusses the lines for the statement of financing illustrated in OMB Bulletin 01-09.

18. The Board prescribed reconciling gross rather than net obligations with net cost of operations. Net obligations is defined for most agencies as the difference between gross obligations and

- (1) recoveries of prior-year authority not involving cash and
- (2) offsetting collection activity,¹¹ which is comprised of

- actual cash collections,
- budgetary accounts receivable (i.e., receivables recognized as budgetary resources in the Federal budget), and
- unfilled customer orders (orders received by an agency to provide goods and services to the requesters, both with and without advances, with the caveat that in most cases, orders from the public without advances cannot be accepted).

Offsetting collection activity may include more than actual cash collections.¹²

19. Recoveries of prior-year obligations not involving cash occur when obligations made in prior years are cancelled in the current year or are filled in an amount less than originally recorded. For example, a purchase order without an advance may be placed for, say, \$100 in Year A. In Year B, the goods or services ordered are received, and the bills are \$98. In that case, there is a recovery in Year B of the \$2 difference. Of course, if the order was canceled in Year B, with no goods or services received, the entire \$100 would be reported as a recovery in Year B. Recoveries of prior-year obligations are found in OMB Bulletin 01-09 illustration of the statement of

¹⁰ As readers should be aware, the beginning balance of paid delivered orders will always be zero, because the balance of the ledger accounts for this are brought to zero at the end of the year in the adjusting and closing processes. (See USSGL, closing entry F214, p. III-159.)

¹¹ This can be seen in OMB Bulletin 01-09 illustration of the statement of financing, lines 1-5, on p. 46.

¹² OMB Circular A-34, p. 4, and USSGL definitions for accounts 4221, 4222, 4225, 4251, and 4252, e.g. (p. II-43).

- budgetary resources on line 4.¹³ With respect to recoveries where the availability of the funds for future obligation has expired or been canceled, the recovery is offset by a withdrawal of funds, which eliminates any difference between net obligations and the net cost of operations.¹⁴
20. Offsetting collection activity is found in that illustration, as well. Actual cash collections are reported in that illustration on line 3(a)1; budgetary accounts receivable are reported on line 3(a)2; and unfilled customer orders are reported on line 3(b). The OMB illustration labels line 3(a)2 as “receivable from Federal sources.”¹⁵ This is because that absent legislation to the contrary, receivables from the public do not count as budgetary resources and would not be reported on the statement of budgetary resources.¹⁶
21. A further caveat should be noted in determining the amount of collecting activity from federal receivables and from unfilled customer orders. The amount reported on the statement of budgetary resources is determined as the *change* in these items from the beginning to the end of the reporting period rather than their balances at the end of the period. The OMB illustration indicates in the line caption that the amount for unfilled customer orders is the change in the dollar amount of those orders, but it does not indicate that for the receivables.¹⁷
22. “Offsetting” in the term “offsetting collections” means that the resources generated by the collecting activity are added to expenditure accounts¹⁸ and hence “offset” gross obligations. In a sense, the budgetary cost of an agency is its gross obligations less its offsetting collections and distributed offsetting receipts (i.e., the offsetting receipts distributed to that agency).¹⁹
23. OMB Bulletin 01-09 required one additional item on the statement of financing to be included in determining net obligations that had not previously been used. The term

13 OMB Bulletin 01-09, p. 41.

14 See OMB Circular A-34, *Instruction on Budget Execution*, section 30, for the treatment of recoveries of prior-year obligations for expired accounts.

15 OMB Bulletin 01-09, p.41.

16 Note that OMB Bulletin 01-09 captions the line for receivables on the statement of budgetary resources, line 3.b.1, as “receivable from federal sources.” This is consistent with the related presentations in the SF-132, “Apportionment and Reapportionment Schedule, and SF-133, “Report on Budget Execution and Budgetary Resources,” and related instructions, in *OMB Circular A-34*, pp. 57, 73, 99, and 117.

17 OMB Bulletin 01-09, p. 41.

18 The budget distinguishes between receipt accounts and expenditure accounts. “Receipts” are collections from the public primarily from the exercise of the Government’s sovereign power, e.g., income and payroll taxes. Outlays are disbursed or made from expenditure accounts. See OMB Circular A-11, *Preparing and Submitting Budget Estimates*, section 20 generally, and especially section 20.7.

19 The budget records money collected by Government agencies two different ways. Depending on the nature of the activity generating the collection, they are recorded either as (1) **receipts**, which are compared in total to net outlays; or (2) **offsetting collections** or **offsetting receipts**, which are deducted from gross outlays to produce net outlays.

for that item is “offsetting receipts,” which sounds the same as offsetting collections but there is a basic difference. Offsetting collections are included in the entity’s expenditure accounts and thus are usually available for spending for the purposes of the account without further action by Congress. If the law does not authorize crediting offsetting collections to an expenditure account, the entity must credit them to a receipt account, and they are deemed “offsetting receipts.” Offsetting collections are thus deducted from gross budgetary authority and outlays at the expenditure account level. Offsetting receipts are usually deducted at the agency-wide level, i.e., from the gross budget authority and outlays of the agency that conducts the activity generating the receipts, though in a few cases they are deducted at the government-wide level.²⁰

24. One example of offsetting receipts is found in federal credit programs under the Credit Reform Act of 1990. Under that Act, negative subsidies and downward re-estimates of subsidy expense for direct loan and loan guarantee programs are deposited by a credit agency to designated miscellaneous receipt accounts (or other designated accounts).²¹ These monies are not available to the agency to use in its operations unless specifically authorized by law, but they are associated with the agency in the Federal budget. Hence, they constitute “offsetting receipts,” and must be deducted from gross obligations of an agency to determine net obligations.²²
25. There are a great many other examples of offsetting receipts, but regardless of their source, the key is that they are associated with the collecting agency in the Federal budget. Care must be taken not to confuse them with custodial collections, which are amounts collected for others and associated with those others in the Federal budget. The Internal Revenue Service and Department of Customs make collections of income taxes and customs duties, respectively, and they are deposited into designated accounts of the Treasury, which are unavailable to either for use in its operations. However, these amounts are not associated with the collectors in the Federal budget, and do not reduce the budgetary costs of the collectors. Hence, they are not offsetting receipts and do not enter the computation of net obligations for the collecting entities.²³

20 OMB Circular A-34, p. 4. Also see *Analytical Perspectives* in the FY 2003 United States budget series of publications, chapter 5, “User Fees and Other Collections,” pages 83-94, and chapter 25, “Budget Systems and Concepts,” pages 432-34 for additional information on offsetting collections and offsetting receipts. The purpose of subtracting offsetting collections and offsetting receipts from gross outlays rather than adding them to taxes on the receipt side of the budget is to produce budget totals for receipts, outlays, and budget authority in terms of the amount of resources allocated governmentally, through collective political choice, rather than through the market.

21 In limited instances, deposits are made to special fund receipt accounts rather than to miscellaneous receipts accounts, which has different requirements for reporting the fund balance with Treasury. However, these requirements do not affect the statement of financing.

22 OMB Circular A-11, *Preparation and Submission of Budget Estimates* (July 2001), pp. 296-297, 304-305; OMB Circular A-34, pp. 175, 177-178; and OMB Bulletin 01-09, pp. 39-43, 46-48.

23 FASAB Standard 7, pars. 45, 49-63; *Implementation Guide to Standard 7*, pp. 29-31; and OMB Bulletin 01-09, pp. 53-54.

26. Based on this information, the computation of net obligations can be summarized as shown in figure 2, below.

**Figure 2:
COMPUTATION FOR NET OBLIGATIONS^a**

1. Gross obligations (line 8 of the OMB Bulletin 01-09 Illustration of the Statement of Budgetary Resources)
2. Less recoveries of authority (line 4)
3. Less offsetting collections of cash (line 3.a.1)
4. Less the change in budgetary receivables^b (line 3.a.2)
5. Less the change in unfilled customer orders^b (line 3.b)
6. = Net obligations before deducting offsetting receipts, or, said another way, Gross obligations less offsetting collections (used in the larger sense of the word to mean “offsetting collecting activity, the combination of lines 2, 3, 4, and 5 of this table)”^{c, d}
7. Less offsetting receipts
8. = Net obligations

^aThe computations in this table include both the budgetary and non-budgetary columns of the statement of budgetary resources.

^bNote that because these lines are “subtraction lines,” the arithmetic sign used would be opposite that for the change in the items. If there were an increase, the arithmetic sign would be a minus. If there were a decrease, the arithmetic sign would be a plus.

^cNote that agencies may not have any offsetting receipts. When that is the case, line 6 is net obligations.

^dA few agencies also have transfers from trust funds, which is a separate item to be deducted in the computation for line 6 and appears on line 3.d on the statement of budgetary resources. The line is not indicated here because of its limited applicability.

27. The net obligations amount constitutes the budgetary resources that finance activities in figure 1, and is the budgetary amount that is to be reconciled with the net cost of operations on the statement of financing.
28. A further caveat regarding consolidation may be made here. The statement of financing is a consolidated statement. However, in computing net obligations, combined amounts, as found on the statement of budgetary resources, rather than consolidated amounts are used. Although the Federal budget reports a consolidated amount for net obligations, its method of consolidating is to decrease the *total* obligations, without elimination for inter-entity transactions, by the *total* recoveries and offsetting collection activity, without elimination for inter-entity transactions. The amount of obligations is the same in either case.²⁴
29. Assume, for example, that a reporting entity has two sub-components, A and B. Suppose that entity A obligates resources to make a \$10 disbursement to B, which records the transaction as an offsetting collection. Combined and consolidated approaches to reporting this are shown below.

	Combined Reporting	Consolidated Reporting
Obligated Resources	\$10	\$-0-
Offsetting Collections	(10)	-0-
Net Obligated Resources	\$-0-	\$-0-

30. Note that under the combined approach, both the obligation and the offsetting collection are reported, although they are between components of the same entity. Under the consolidated approach, the intra-entity transactions are eliminated. In either case, the net obligations (net obligated resources) are the same. OMB Bulletin 01-09 requires that the combined approach be used for reporting the lines leading to net obligated resources on the statement of financing, which makes the statement traceable to the Federal budget and to agency information sent to OMB that goes into the compilation of the Budget. It also requires that the remainder of the statement be consolidated on a "line-by-line" basis.²⁵

Other Resources Used to Finance Activities

31. One of the reasons that the net obligations does not equal the amount of the net cost of operations is that there are resources which are not reported in the Federal budget which may finance the net cost of operations or other activities of the agency. These resources must be included in order to report the total resources from all sources that finance activities.

²⁴ OMB Bulletin 01-09, pp. 6, 39-40.

²⁵ OMB Bulletin 01-09, pp. 6, section 1.8, and 47-50.

32. The “other” resources are taken from the “other financing sources” section of the statement of changes in net position illustrated in OMB Bulletin 01-09 (see Appendix C). That section is comprised of lines 12 through 15, which are designated for donations and forfeitures of property (line 12), transfers-in and -out of property from one federal agency to another without reimbursement (line 13), financing sources imputed for costs of the reporting entity which are absorbed by others (line 14), and any additional financing sources which are not reported in the Federal budget (line 15). Care should be taken to realize that transfers-out would have an arithmetic sign of minus in the computation of total “other” resources. Similarly, line 15, which is for any additional items not delineated in the illustration, might have some items that would have an arithmetic sign of minus.
33. The combination of the net budgetary resources obligated and the resources not reported in the Federal budget constitute the total resources used to finance activities on the statement of financing.

Resources Used to Finance Items not Part of the Net Cost of Operations

34. Some resources clearly finance the net cost of operations. For example, consider the expense for a guard service. There would be obligated budgetary resources for the amounts due or paid to the guard service and these amounts would have been expensed. Because the obligated resources and the net cost of operations (the expense for the guard service) would be the same, there would be nothing to reconcile on the statement of financing.
35. However, not all resources finance the net cost of operations. While the next main section of this report, explaining the lines illustrated in the OMB Bulletin 01-09 illustration for the statement of financing, lists a number of these items, which are discussed there, two illustrations will be given here.
36. The first illustration is the acquisition of \$1,000 of property, which is capitalized as an asset. Property could be acquired either through the obligation of budgetary resources, by donation from the public, or by transfer-in from another federal agency without reimbursement. The source of the financing, whether budgetary or non-budgetary resources, would appear in the first section of the statement of financing as a resource used to finance activities. However, the “activity”—the acquisition of the property—did not result in expense or exchange revenue, which are the components of the net cost of operations. To explain why resources are \$1,000, but the net cost of operations is zero, there needs to be a listing in the section “resources which do not finance the net cost of operations” for acquisition of property. When this is entered, the statement of financing then reports resources of \$1,000, subtracts resources which do not finance the net cost of operations in the amount of \$1,000, and yields the net cost of operations, zero.
37. Similarly, items that may involve offsetting collecting activity do not affect the net cost of operations. Suppose, for example, that the unfilled customer orders increased by \$10 during the reporting period. Reviewing figure 2, line 5, this would decrease net

obligated resources by \$10, because the change is subtracted. However, the change does not affect the net cost of operations, because it has no effect at all on the proprietary accounts, unless an advance is received, in which case only the asset Fund Balance with Treasury and the liability Advances from Others is recorded. No exchange revenue is recognized from the acceptance of an order to provide goods and services to the requester. Recognition of revenue would occur only when the orders were filled and resulted in a receivable or a cash collection. Hence, the net budgetary resources obligated would be -\$10, and the net cost of operations would be zero. The difference is explained in the section on resources which do not finance the net cost of operations, and would be entered as +\$10. When this is entered, the statement of financing reports resources of -\$10, removes resources which do not finance the net cost of operations in the amount by adding back the \$10, and yields the net cost of operations, zero.

38. If unfilled customer orders had *decreased* by \$10 instead, the statement of financing would explain the difference between resources and net cost of operations in the same manner. The net obligated budgetary resources would be +\$10 in this case, because since the change in unfilled customer orders is subtracted from gross obligations, the subtraction of the decrease (-\$10) results in an arithmetic sign of plus. Net cost of operations is still zero, and the \$+10 would be removed in the section on resources which do not finance the net cost of operations. Resources would be +\$10; \$10 of resources not financing the net cost of operations would be subtracted; and this would yield the net cost of operations, zero.

Components of Net Cost of Operations that Do Not Generate or Use Resources in the Reporting Period

39. Removing from total resources the resources that do not finance the net cost of operations leaves the resources that *do* finance the net cost of operations, but this is still not the amount reported for the net cost of operations. This is because some of the components of net cost do not use or generate resources in the reporting period. These components can be grouped into two general categories: those that will generate or use resources in subsequent reporting periods and those that will not.
40. The first category can be illustrated through the expense recorded for an accrual to increase an agency's liability for annual leave at the end of the year because employees earned more leave than they took. This proprietary transaction increases the expense for annual leave benefits and correspondingly increases the annual leave liability. However, it has no effect on the budgetary accounts, because Congress does not fund annual leave on an accrual basis. It is financed when it is taken and the amounts are paid to the employees who took the leave. Thus, resources are zero, but the net cost of operations includes the amount of the accrued leave.
41. Assuming an accrual of \$10, then, resources would be zero, and the net cost of operations would be \$10. The difference would be explained by adding \$10 in the statement of financing section on components of net costs, which do not use

- resources and indicating that it was for the increase in the annual leave liability for the year. When this is done, resources are zero, components of net costs not using resources are \$10, and the two together yield the \$10 net cost of operations.
42. The annual leave example was a case in which the expense would be financed in a subsequent period. At such time in succeeding years as employees take the leave that was accrued, they will be paid for it, and budgetary resources will be obligated for that payment. There are other cases, however, where components of net cost of operations will not use or generate resources in the current or future periods.
43. A common example of that is for depreciation on capitalized assets. Suppose that the \$1,000 of capitalized property acquired in our previous illustration was to be depreciated for \$100 in the current period. In that case, \$100 of depreciation expense will be recorded, and the net cost of operations will thus be \$100.
44. There is no budgetary effect of a transaction to record depreciation. An agency's budget is concerned with acquiring assets, not in their subsequent use. Hence, while resources will be obligated to acquire capitalized property, no budgetary accounts are affected by its subsequent depreciation. Because of this, the depreciation transaction would result in resources of zero and net cost of operations of \$100. The reconciling factor, reported in the section on components of net cost, which do not use resources, would be the depreciation of \$100. The zero resources plus the \$100 of net cost components not using resources would yield the \$100 net cost of operations.

Net Cost of Operations

45. The net cost of operations must be computed by totaling the statement of financing sections on (1) resources, (2) resources which do not finance net cost of operations, and (3) components of net cost of operations which do not generate or use resources in the reporting period. The amount thus derived must equal the amount reported for net cost of operations on the statement of net cost (line 10 of the OMB Bulletin 01-09 illustration for that statement – see Appendix B). That same amount also appears in the net cost of operations on line 17 of the OMB Bulletin 01-09 illustration for the statement of changes in net position.

IV. EXPLANATION OF LINES ON THE ILLUSTRATIVE STATEMENT OF FINANCING IN OMB BULLETIN 01-09, *FORM AND CONTENT*

46. The preceding narrative discussed the concepts of the structure of the statement of financing. This section expounds on those concepts by explaining how specific lines on the statement of financing illustrated in OMB Bulletin 01-09 are used to disclose the differences between net obligations (net budgetary resources obligated), and net cost of operations.
47. While the illustration in the OMB Bulletin provides the basis for the discussion in this section, the actual format used by an agency need not have exactly the same line items or the same words captioning the line items or the headings. However, it must contain the major sections to set forth the resources, those resources, which do not finance the net cost of operations, and those components of net cost of operations, which do not require or generate resources during the reporting period²⁶. The result of combining the sections must be the amount of the net cost of operations, with the statement then explaining to the reader why the net obligations and the net cost of operations are different.
48. The OMB illustration for the statement of financing is reproduced in Figure 3, below (this illustration is also presented in Appendix A).²⁷ The comparative columns are omitted for purposes of simplifying the display, as they do not add to the theory underlying the statement. Of course, agencies must present comparative information in their statements in accordance with time schedules specified in OMB Bulletin 01-09.²⁸

26 OMB Bulletin 01-09, pp. 6, 15.

27 OMB Bulletin 01-09, pp. 46-47.

28 OMB Bulletin 01-09, p. 13.

**Figure 3: Illustrative Statement of Financing from OMB Bulletin 01-09
(Sections 1 and 2)**

Department/Agency/Reporting Entity
CONSOLIDATED STATEMENT OF FINANCING (Page 1 of 2)
For the Years Ended September 30, 20x2 and 20x1
(in dollars/thousands/millions)

Resources Used to Finance Activities:

Budgetary Resources Obligated

1. Obligations incurred	\$ xxx
2. Less: Spending authority from offsetting collections & recoveries	<u>xxx</u>
3. Obligations net of offsetting collections and recoveries	xxx
4. Less: Offsetting receipts	<u>xxx</u>
5. Net obligations	xxx

Other Resources

6. Donations and forfeitures of property	xxx
7. Transfers in/out without reimbursement (+/-)	xxx
8. Imputed financing from costs absorbed by others	xxx
9. Other (+/-)	<u>xxx</u>
10. Net other resources used to finance activities	<u>xxx</u>
11. <i>Total resources used to finance activities</i>	x,xxx

Resources Used to Finance Items not Part of the Net Cost of Operations

12. Change in budgetary resources obligated for goods, services and benefits ordered but not yet provided (+/-)	xxx
13. Resources that finance expenses recognized in prior periods	xxx
14. Budgetary offsetting collections and receipts that do not affect net cost of operations	
14a. Credit program collections which increase liabilities for loan guarantees or allowances for subsidy	xxx
14b. Other	xxx
15. Resources that finance the acquisition of assets	xxx
16. Other resources or adjustments to net obligated resources that do not affect net cost of operations (+/-)	<u>xxx</u>
17. <i>Total resources used to finance items not part of the net cost of operations</i>	<u>xxx</u>
18. <i>Total resources used to finance the net cost of operations</i>	x,xxx

**Figure 3: Illustrative Statement of Financing from OMB Bulletin 01-09
(Section 3)**

Department/Agency/Reporting Entity
CONSOLIDATED STATEMENT OF FINANCING (Page 2 of 2)
 For the Years Ended September 30, 20x2 and 20x1
 (in dollars/thousands/millions)

*Components of the Net Cost of Operations that will not Require
or Generate Resources in the Current Period:*

Components Requiring or Generating Resources in Future Periods:

19. Increase in annual leave liability	xxx
20. Increase in environmental and disposal liability	xxx
21. Upward/Downward re-estimates of credit subsidy expense (+/-)	xxx
22. Increase in exchange revenue receivable from the public	xxx
23. Other (+/-)	<u>xxx</u>
24. Total components of net cost of operations that will require or generate resources in future periods	xxx

Components not Requiring or Generating Resources:

25. Depreciation and amortization	xxx
26. Revaluation of assets or liabilities (+/-)	xxx
27. Other (+/-)	<u>xxx</u>
28. Total components of net cost of operations that will not require or generate resources	<u>xxx</u>

29. <i>Total components of net cost of operations that will not require or generate resources in the current period</i>	<u>x,xxx</u>
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30. <i>Net cost of operations</i>	\$ <u>x,xxx</u>
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Resources Used to Finance Activities (Lines 1-11)

49. Figure 4, below, contains the OMB illustration for the first section of the statement of financing, resources used to finance activities.

Figure 4: Resources Used to Fund Activities		
<i>Resources Used to Finance Activities:</i>		
Budgetary Resources Obligated		
1. Obligations incurred	\$	xxx
2. Less: Spending authority from offsetting collections and recoveries		xxx
3. Obligations net of offsetting collections and recoveries		xxx
4. Less: Offsetting receipts		xxx
5. Net obligations		xxx
Other Resources		
6. Donations and forfeitures of property		xxx
7. Transfers in/out without reimbursement (+/-)		xxx
8. Imputed financing from costs absorbed by others		xxx
9. Other (+/-)		xxx
10. Net other resources used to finance activities		xxx
11. <i>Total resources used to finance activities</i>		x,xxx

50. The concepts underlying this section were set forth in paragraphs 11-33 of this guide and will not be repeated here. A listing of the lines of the statement of financing and the lines of the statements of budgetary resources and of changes in net position to which they must correspond are set forth in figure 5. Lines not shown are subtotals of other lines.²⁹

Figure 5: Correspondence Between Financial Statements for Section 1 of the Statement of Financing		
Statement of Financing line no. (see App. A)	Statement of Budgetary Resources line no. (see Appendix D)	Statement of Changes in Financial Position line no. (see Appendix C)
1	8	
2	3a + 3b + 3d + 4	
4	16	
6		12
7		13
8		14
9		15

²⁹ OMB Bulletin 01-09, pp. 35, 41-42, 46-47.

51. As can be seen from the table, no additional work is required to prepare the first section of the statement of financing. Every figure must already be computed for another financial statement.

Resources Used to Finance Items Not Part of the Net Cost of Operations (Lines 12-17)

52. Figure 6 reproduces the second section of the statement of financing, “resources that do not finance the net cost of operations,” or, said another way, resources used to finance items *not* part of the net cost of operations.

Figure 6: Resources Used to Finance Items not Part of the Net Cost of Operations	
<i>Resources Used to Finance Items not Part of the Net Cost of Operations</i>	
12. Change in budgetary resources obligated for goods, services and benefits ordered but not yet provided (+/-)	xxx
13. Resources that finance expenses recognized in prior periods	xxx
14. Budgetary offsetting collections and receipts that do not affect net cost of operations	
14a. Credit program collections which increase liabilities for loan guarantees or allowances for subsidy	xxx
14b. Other	xxx
15. Resources that finance the acquisition of assets	xxx
16. Other resources or adjustments to net obligated resources that do not affect net cost of operations (+/-)	<u>xxx</u>
17. <i>Total resources used to finance items not part of the net cost of operations</i>	<u>xxx</u>
18. <i>Total resources used to finance the net cost of operations</i>	
x,xxx	

53. **Line 12** is used to explain the difference between the total resources used to finance activities and the net cost of operations because of the change in “budgetary resources obligated for goods and services and benefits ordered but not yet provided,” i.e., “undelivered orders.” Undelivered orders are part of the gross obligations on line 1. However, they do not affect the net cost of operations. If an undelivered order is not accompanied by an advance, it does not affect the proprietary accounts at all (the mere ordering of goods and services or benefits to be provided is not recognized in the proprietary accounts, which require that the goods and services be received or the benefits be provided, either through accrual of payables or through actual payment, for recognition). If an advance accompanies the order, there *is* a proprietary effect, but not on the net cost of operations, which is the difference between expenses and exchange revenues. The advance which may accompany an undelivered order would be recorded in the proprietary accounts by increasing prepayments, and asset, and decreasing fund balance with Treasury, also an asset. No expenses or exchange revenues result from the transaction.
54. Thus, for a transaction involving the placing of an undelivered order of \$100, line 1 would be \$100 and line 30, the net cost of operations, would be zero. The reconciling

factor is the undelivered order, which would be shown as a negative amount on line 12. This would be the reporting for all increases in undelivered orders during the reporting period.

55. As discussed previously in this guide, the computation of obligations involves the change in undelivered orders over the reporting period. If that change were negative (i.e. if undelivered orders decreased over the reporting period), reverse signs would be required. If there was a \$100 decrease in undelivered orders, then, based solely on that, line 1 would be -\$100 and line 30 would still be \$-0-. The reconciling figure would be placed as a positive amount on line 12.
56. **Line 13** is used to explain differences in resources and net cost of operations caused by expenses, which were accrued in previous periods but paid in the current period. Assume, for example, the following information about the annual leave liability, which Congress funds on a cash rather than an accrual basis:

A.	Beginning Balance	\$1,000
B.	Leave Earned	200
C.	Leave Taken	250
D.	Ending Balance	\$ 950

57. For this example, the budget would have recorded obligations of \$250 for the leave taken. However, the annual leave expense would only be \$200. Thus, line 1 would show \$250, and line 30 would show \$200. The difference is accounted for by the decrease in the annual leave balance, which is an example of “resources that finance expenses recognized in prior periods.” Here, the \$250 payment financed all of the current year’s accrual, and \$50 of accruals in prior years—recorded as expenses in those years. The decrease would be shown as a negative \$50 placed on line 13.
58. Note that the \$50 is theoretically the difference between data elements B and C in the list, but the arithmetic is such that the same amount can be determined by taking the difference between A and D. When C is greater than B, or, correspondingly, there is a decrease from A and D, the reconciling item is a negative amount placed on line 13. The treatment for situations in which there is an increase in the annual leave liability is not parallel. That situation is discussed in conjunction with line 19. This same reporting rationale would apply to any liability which Congress funds on a cash rather than an accrual basis.
59. **Line 14** either deals with offsetting collections that do not result in reductions of expenses or increases in exchange revenues. **Line 14a** is provided for credit program collections, which increase liabilities for loan guarantees (in a loan guarantee program) or increase the allowance for subsidy (in a direct loan program) placed against credit program assets to reduce them to their present value. The rules for credit program accounting involving direct loans or loan guarantees obligated after September 30, 1991, the implementation of “credit reform,” are such that certain collections which under pre-credit reform rules would be recorded as exchange

revenue are instead recorded as increases in the loan guarantee liability or allowance for subsidy.³⁰

60. Assume that \$10 in application fees is collected in a program under credit reform. That collection is recorded in the budgetary accounts as an offsetting collection, and would be included in line 2 of the statement of financing. Note that because line 2 is a subtraction line, the sign for the collection would be negative. Because the credit reform rules would require that the amount be used to increase the loan guarantee liability (in a loan guarantee program) or the allowance for subsidy (in a direct loan program), the net cost of operations would be unaffected. Hence, the statement of financing would show, solely for this transaction, -\$10 on line 2 and zero on line 30. The reconciling factor of +\$10 would be placed on line 14a. (See table below.)
61. **Line 14b** would be used for all other transactions which are recorded as offsetting collection activity but which do not affect the net cost of operations. One such transaction, involving unfilled customer orders, is relatively common and was discussed in paragraphs 18-20 of this guide. If there was an increase in unfilled customer orders of \$10 that would appear as -\$10 on line 2 and zero on line 30. The reconciling factor would be a +\$10 on line 14b. (If it was material, a separate line should be shown for it rather than placing it on an "other" line. Generally, material items would be so displayed.) If there was a \$10 decrease in unfilled customer orders, that would appear as a +\$10 on line 2 and zero on line 30. The reconciling factor would be a -\$10 placed on line 14b (or a specific line for unfilled customer orders). Remember that because line 2 is a subtraction line, an offsetting collection amount is shown as minus if it increased and plus if it decreased. (See table below.)
62. **Line 15** is used for acquisitions of assets—fixed assets, supplies inventory, merchandise inventory, and so forth. This was discussed on paragraph 36 of this guide. In the case of the \$1,000 asset acquired in that example, line 1 would show the \$1,000 if budgetary resources were obligated to obtain the asset, line 6 if the public donated the asset, or line 7 if it was transferred in from another federal agency without recourse. Line 30 would be zero, and the reconciling factor would be a -\$1,000 reported on line 15. (See table below.)

	Application Fee	Unfilled Customer Orders	Asset Acquisition
Line 1			\$ +1,000
Line 2	\$ -10	\$ -10/ +10	
Line 14a	<u>+10</u>		
Line 14b		<u>+10/ -10</u>	
Line 15			<u>- 1,000</u>
Line 30	\$ 0	\$ 0/ 0	\$ 0

63. **Line 16** is for any other situation not covered in lines 12-15 which is a reconciling

30 SFFAS 2: *Accounting for Direct Loans and Loan Guarantees*, pars. 22-23, 37-38, and SFFAS No. 18, *Amendments to Accounting Standards for Direct Loans and Loan Guarantees* (May 2000), par. 10 and Appendix B.

item involving a resource which was not used to finance the net cost of operations. **Line 17** is the combination of lines 13-16, and **line 18**, while not in section 2 itself, is the combination of lines 17 and 11, or stated another way, is the difference between section 1 and section 2. Note that line 11 is the total resources used to finance activities; line 17 is the total resources used to finance items which *did not* finance the net cost of operations (i.e. did not result in an expense or an exchange revenue); and thus, line 18, the difference between 11 and 17, is the amount of resources which *did* finance the net cost of operations.

Components of the Net Cost of Operations Not Requiring or Generating Resources (Lines 19-29)

64. Figure 7 contains OMB's lines for the third section of the statement of financing, "components of the net cost of operations that will not require or generate resources in the current period." Remember that these components are expenses that do not require resources in the current period, and exchange revenues that do not generate resources in the current period. As discussed on paragraphs 39-44, these items may be divided into two broad categories, those that will require or generate resources in subsequent periods and those that will not. OMB has illustrated the former with lines 19-24, and the latter with lines 25-28.

Figure 7: Expenses and Exchange Revenues Which Do Not Require or Use Resources During the Reporting Period	
<i>Components of the Net Cost of Operations that will not Require or Generate Resources in the Current Period:</i>	
Components Requiring or Generating Resources in Future Periods:	
19. Increase in annual leave liability	xxx
20. Increase in environmental and disposal liability	xxx
21. Upward/Downward reestimates of credit subsidy expense (+/-)	xxx
22. Increase in exchange revenue receivable from the public	xxx
23. Other (+/-)	<u>xxx</u>
24. Total components of Net Cost of Operations that will require or generate resources in future periods	xxx
Components not Requiring or Generating Resources:	
25. Depreciation and amortization	xxx
26. Revaluation of assets or liabilities (+/-)	xxx
27. Other (+/-)	<u>xxx</u>
28. Total components of Net Cost of Operations that will not require or generate resources	<u>xxx</u>
29. Total components of net cost of operations that will not require or generate resources in the current period	<u>x,xxx</u>

65. **Line 19** is for expenses related to an increase in the liability. This situation was discussed in paragraphs 40-42, in which the annual leave liability increased by \$10. The reporting would involve zero for resources and \$10 for the net cost of operations. The reconciling factor would be a positive \$10 on line 19. Note that a situation in which the annual leave liability decreases is handled through line 13. **Line 20** is exactly the same thing, except that the difference is caused by the liability for environmental disposal and cleanup rather than by the annual leave liability. Increases in the liability create a reconciling factor on line 20, and decreases on line 13.
66. **Line 21** is related to credit program accounting under the Credit Reform Act of 1990. The Act provides that agencies will get subsidies to cover defaults and other situations for direct loans and loan guarantees obligated after September 30, 1991. The amount of subsidy is re-estimated each year, and if more subsidy is needed than was provided, it is obtained from an appropriation in the next year. If less subsidy is needed than was provided previously, the excess amount must be deposited to a designated special or miscellaneous receipt in the Treasury in the next year. Because accrual accounting recognizes these adjustments in the year to which they are due, but budgetary accounting does not recognize them until the succeeding year, resources and the net cost of operations disconnect.
67. Suppose that in Year A, a credit-program agency estimates that its subsidy, including interest, was \$100 too little—that is, an upward subsidy adjustment, or re-estimate, must be made. Because there will be no budgetary recognition until the following year, resources are zero. However, the net cost of operations contains the \$100 of additional, accrued subsidy expense. Thus, line 11 would be zero, and line 30 would be \$100. The reconciling factor is the subsidy expense, which would be placed as a positive amount on line 21.
68. The treatment for a downward re-estimate is parallel to that for an upward re-estimate. Suppose that instead, the agency had a downward subsidy re-estimate of \$100. In that case, there would still be no budgetary effect, but expenses, and the net cost of operations, would have been *decreased* by the \$100. Accordingly, line 11 would be zero, and line 30 would be -\$100. The reconciling item is the downward re-estimate, and would be shown as -\$100 on line 21.
69. There is an opposite effect in the subsequent year (Year B in the example), in which there is no further effect on the net income from collecting or paying the re-estimated amounts, but there is a budgetary effect. The treatment is not parallel, and is discussed in the final section of this guide, which covers the effect of selected additional transactions on the statement of financing.
70. **Line 22** is for increases in receivables for exchange revenue from the public over the reporting period. Absent specific legislation to the contrary, public receivables do not count as budgetary resources until they are collected. Hence, the revenue related to

accruals of those resources is not reflected in offsetting collection activity at the time they are accrued.³¹

71. Assume that the following data elements are compiled for interest receivable from the public in Year A.

A.	Beginning Balance	\$100
B.	Interest Earned	25
C.	Interest Collected	<u>20</u>
D.	Ending Balance	<u>\$105</u>

72. The budgetary transactions would include recognizing the \$20 of interest collected as an offsetting collection, and hence line 2 of the statement of financing would be -\$20 (remember that line 2 is a subtraction line, and hence the sign for the \$20 of collections would be minus). The net cost of operations on line 30 would be -\$25, however, recognizing the amount of interest earned on an accrual basis. This indicates that there is -\$5 in net cost of operations that is not reflected in resources—i.e. that did not generate recognized budgetary resources. The -\$5 would be placed on line 22. The reconciling item is the difference between B and C, and the arithmetic is such that it can also be computed by subtracting A from D, noting that the receivable increased.
73. The situation for a decrease in exchange revenue receivable from the public is not parallel. It is discussed in the final section of this guide, which covers the effect of selected additional transactions on the statement of financing.
74. **Line 23** is for all other expenses or exchange revenues that do not require or generate resources in the current period but will do so in a subsequent period. **Line 24** is the subtotal of lines 19-23.
75. **Line 25** is the first under the section “components [of the net cost of operations] not requiring or generating resources” [in the current or future periods]. It is for depreciation and its related component, amortization. Depreciation was discussed in paragraphs 43-44. In the example, total resources – line 11– would be zero, and the net cost of operations, line 30, would be \$100. The reconciling factor is the depreciation expense, which would be placed as a positive amount on line 25. Depreciation expense will not use budgetary resources in the current or future periods, because the related resources were used to acquire the equipment – either through obligating budgetary resources or from public donations or transfers-in from other federal agencies without reimbursement.
76. Cost of goods sold and the expense for supplies used are additional examples of items, which fit into the category of this line. They are treated in exactly the same way, as is depreciation, because they relate to an expense for use of assets or the allocation of their cost over time, which does not use resources.

31 See paragraph 20 and OMB Bulletin 01-09, p. 41.

77. **Line 26** is for situations in which assets or liabilities are revalued, resulting in related expenses (losses) or exchange revenues (gains) that do not generate or use resources. Assume that an agency has \$1,000 of capitalized property on its books, and that a physical inventory indicated that only \$950 was accounted for. The resulting adjustment of \$50 would decrease inventory and increase expenses (loss from theft, natural disaster, shrinkage, etc.). Thus, resources on line 11 would be zero and the net cost of operations on line 30 would be \$50. The reconciling factor of \$50 would be placed as a positive amount on line 26.
78. The treatment for a situation in which there was *more* property than expected is parallel. Assume that instead of a physical inventory indicating \$950, it indicated \$1,050 of merchandise on hand. In that case, the resources on line 11 would still be zero, but the net cost of operations on line 30 would be -\$50, reflecting the gain. The reconciling factor would be -\$50, and would be placed on line 26.
79. **Line 27** is for any expenses or exchange revenues that will not require or generate resources in the current or future periods that are not accounted for on lines 25 or 26, and **line 28** is the subtotal for lines 25 through 27. **Line 29** is the subtotal of lines 24 and 28.

Net Cost of Operations (Line 30)

80. The final line on the OMB Bulletin 01-09 illustration of the statement of financing is **Line 30**, which is the net cost of operations. This is computed by totaling line 29, the total components of net cost of operations that do not require or generate resources in the current period, and line 18, the total resources used to finance the net cost of operations. When these two lines are totaled, the result must be the net cost of operations, which must be the same amount as reported for that figure on line 10 of OMB's illustration for the statement of net cost and line 17 of its illustration of the statement of changes in net position.

V. ADDITIONAL ILLUSTRATIVE ITEMS

81. This section explains how the statement of financing handles some transactions not covered in the preceding section of this guide. They were not discussed previously because the OMB illustration did not provide specific lines for them or the transactions did not integrate well in the preceding section. The transactions are for:
- Upward and downward credit program subsidy expense adjustments in the year of collection or payment;
 - Receipt of basic positive credit program subsidy or payment of negative subsidy;
 - Amortization of the allowance for subsidy for the interest differential component of the subsidy;
 - Obligations for Items that decrease liabilities for loan guarantees or allowances for subsidy;
 - Scrapping, transfer-out, or sale of fixed assets;
 - Decrease in exchange revenue receivable from the public;
 - Accruing and collecting non-federal receivables for overpayments of expenses;
 - Defaults (bad debts) expense; and
 - Prior period adjustments.

These transactions were chosen because of questions frequently asked about them, and are not intended to be comprehensive.

Upward and Downward Credit Program Subsidy Expense Adjustments in the Year of Collection or Payment

82. Section IV covered upward and downward adjustments of credit-program subsidy expense in the year the adjustments were accrued. In the following year, when upward adjustments are collected and downward adjustments are paid to the special or miscellaneous receipt account involved, the budget recognizes the collection or payment, but there is no further effect on the net cost of operations, which already accrued the resulting increase or decrease in subsidy expense in the preceding year.
83. Assume that an agency accrued a \$50 upward re-estimate of subsidy expense in Year A. In Year B, the agency would have its program account disburse the \$50 to its financing account. A discussion of the nature of these accounts is beyond the scope of this guide; both accounts are components of the reporting entity. In Year B, the program account would obligate the \$50, and the financing account would collect

it. Line 1 of the statement of financing illustrated by OMB would be \$50, and line 2 would be -\$50 for the obligation and collection, respectively, and thus the net obligated resources would be zero. Because the subsidy expense adjustment had already been accrued in the preceding year, the net cost of operations on line 30 would also be zero. Hence, there is no reconciling item required.

84. Assume instead that an agency accrued a \$50 downward re-estimate of subsidy expense. In Year B, the agency would pay the money to a miscellaneous receipt account.³² The financing account, which would make the payment, would record an obligation for the payment, which would appear as \$50 on line 1 of the OMB statement of financing. The collection by the miscellaneous receipt account would appear as -\$50 on line 4 of the statement as an offsetting receipt. Thus, the net obligated resources would be zero. Because the subsidy expense adjustment had already been accrued in the preceding year, the net cost of operations on line 30 would also be zero. Hence, there is no reconciling item required.

Receipt of Basic Positive Credit Program Subsidy or Payment of Negative Subsidy

85. A credit program financing account receives basic subsidy (as opposed to re-estimated subsidy) from the program account. The program account obligates resources and recognizes subsidy expense in the same amount as the obligation. The financing account records the offsetting collection from the program account, but increases the allowance for subsidy (a contra-asset) or the loan guarantee liability. Assume that a credit program's basic subsidy was \$100. To report this, line 1 of the OMB illustration for the statement of financing would show the \$100 obligation, and line 2 would show a -\$100 for the offsetting collection, resulting in net resources of zero. The subsidy expense of \$100 would result in net cost of operations in that amount on line 30.
86. The reconciling item is due to the fact that the collection resulted in an increase in a contra asset or a liability instead of a decrease in an expense or an increase in exchange revenue. The OMB illustration does not provide a specific line for that, and so line 14b, "other budgetary offsetting collections that do not affect net cost of operations," would be used to report the +\$100 reconciling item. If the amount were material, the reporting entity would include a separate line in its statement of financing.
87. In summary, the statement of financing would report +\$100 on line 1, -\$100 on line 2, +\$100 on line 14b, and +\$100 on line 30.
88. Most federal credit programs receive subsidy, as in the preceding example. This may be called a "positive subsidy." However, in some credit programs the present value of cash inflows is more than the present value of cash outflows, so they have a negative subsidy. When such a program enters into transactions to issue direct

³² Most agencies would pay downward reestimates to a miscellaneous receipt account, but in special circumstances (such as mandatory programs) the downward reestimates could be paid to a program account, a special fund receipt account, or a liquidating account.

loans or to make loan guarantees, it must borrow the amount of the negative subsidy and deposit it to its designated miscellaneous receipt account (it will repay the borrowing from future cash collections related to the direct loans or loan guarantees).³³ The deposit is made in the same year that the profit—a negative subsidy expense—is recognized.

89. Assume that a federal credit agency has a \$100 negative subsidy. The financing account will obligate the \$100, and that will appear as +\$100 on line 1. The agency will record the collection in the miscellaneous receipt account as an offsetting receipt of -\$100 on line 4. Thus, net obligated resources are zero. The net cost of operations on line 30 would be -\$100, reflecting negative subsidy expense in that amount.
90. The reconciling item is due to the fact that the obligation resulted in a net financing disbursement by the non-budgetary financing account and a transfer-out of a financing source rather than an expense. The OMB illustration does not provide a specific line for that, and so line 16, “other resources or adjustments to net obligated resources that do not affect net cost of operation” would be used to report the -\$100 reconciling item. If the amount were material, a separate line just for that would be included by the agency in its statement of financing.
91. In summary, the statement of financing would report +\$100 on line 1, -\$100 on line 4, -\$100 on line 16, and -\$100 on line 30.

Amortization of the Allowance for Subsidy for the Interest Differential Component of the Subsidy

92. A common trait in many direct loan programs is a subsidy component required because the rate of interest charged borrowers is less than what the Treasury must pay to borrow money. The agency is paying a higher interest expense on its own borrowing from Treasury than the rate it is receiving from the borrower, such that the interest expense is higher than the interest income. Because the subsidy is designed to compensate the agency for this difference, an amount equal to the difference between the interest expense and income is amortized from the allowance for subsidy by decreasing the allowance for subsidy and increasing interest income. The budgetary accounts, which have already recognized the obligation and offsetting collection for subsidy expense, are not affected by the transaction.
93. Hence, resources on line 11 of the OMB illustration of the statement of financing are zero, and the net cost of operations on line 30 is the amount of the amortization. The reconciling item would be placed as one of the “depreciation and amortization items” on line 25, as a positive amount. If the amount were \$10, then line 11 would be \$-0-, line 25 would be +\$10, and line 30 would be +\$10.

³³ Again, most agencies would pay downward reestimates to a miscellaneous receipt account, but in special circumstances (such as mandatory programs) the downward reestimates could be paid to a program account, a special fund receipt account, or a liquidating account.

94. It is possible, though more unusual, that the amortization is negative, meaning that the borrower is charged a greater rate than the government pays to obtain funds. The treatment for that is parallel to the treatment for positive amortization. Assume that there is negative subsidy amortization of \$10 due to the interest differential. In that case, resources on line 11 are still \$0, but the net cost of operations on line 30 is -\$10 rather than +\$10, because, as there has been more interest income from the borrowers than interest expense paid to the Treasury, interest income must be decreased by the amortization, increasing the net cost of operations. The reconciling factor of -\$10 is placed on line 25.

Obligations for Items that Decrease Liabilities for Loan Guarantees or Allowances for Subsidy

95. Paragraphs 59 and 60 dealt with situations in which offsetting collections increased liabilities for loan guarantees or allowance for subsidy related to credit program assets. In those cases, budgetary resources were negative, and net costs of operations were zero. The reconciling item was the collection made.
96. A related situation occurs when obligations are placed that decrease liabilities for loan guarantees or allowance for subsidy. Assume, for example, that a \$100 default claim is paid to a third-party lender because a guaranteed loan made by the lender defaults. An obligation placed for the \$100 payment would appear on line 1. Because the transaction would decrease both the asset Fund Balance with Treasury and the loan guarantee liability, net cost of operations on line 30 would be zero. The Difference is explained by the default payment having been made. OMB Bulletin 01-09 does not have a separate line for this, and thus the reconciling item would appear on -\$100 on line 16 in the model, for "other resources not financing the net cost of operations." If it were material, a separate line with an appropriate caption would be used.

Scrapping, Transfer-out, or Sale of Fixed Assets

97. Sometimes an agency may scrap its fixed assets, transfer them to other agencies without reimbursement, or may sell them either for cost or at a gain or loss. Assume that an agency has a fixed asset with a book value of \$100 and that it disposes of it under each of the following scenarios:
1. Scrapping the asset.
 2. Transferring the asset to another agency without reimbursement
 3. Selling the asset for \$100.
 4. Selling the asset for \$110.
 5. Selling the asset for \$85.

98. The treatment for each of these situations on the statement of financing is shown below, using key lines on the OMB Bulletin 01-09 illustration for the statement.

Line	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5
RESOURCES					
2. Offsetting Collections			-\$100	-\$110	-\$85
7. Transfers-out		-\$100			
11. Total Resources	\$-0-	-\$100	-\$100	-\$110	-\$85
RESOURCES NOT FINANCING COSTS					
14b. Other Collections Not Affecting Costs			\$100	\$100	\$85
16. Other Resources Not Financing Costs		\$100			
EXPENSES NOT REQUIRING RESOURCES					
26. Revaluation of Assets	\$100				\$15
30. Net Cost of Operations	\$100	\$-0-	\$-0-	-\$10	\$15

99. In scenario 1, there were no resources generated by the transaction. The net cost of operations was increased by the loss on disposal, and the reconciling item is that loss, which, resulting from a revaluation of assets from \$100 to \$-0-, is reported on line 26. (A separate line item for losses on asset disposals could be inserted if the amount was material.)
100. In scenario 2, the transfer out would have been reported on the statement of changes in net position and would have reduced financing sources that were not reported in the Budget (transfers in would be zero, and transfers-out would be \$100, resulting in a net reduction of \$100). Accordingly, the reduction would appear on line 7. The net cost of operations was zero, because the transfer-out is not an expense. The reconciling item is placed on line 16, an "other" line, because the OMB illustration does not have a specific line for it. A discrete line item could be added, if the item were material.
101. In scenario 3, the sale resulted in a collection, making the net resources -\$100. However, the net cost of operations was zero, because the asset was sold for its book value. Since none of the \$100 collection resulted in net cost of operations, the

reconciling item is on line 14b, an "other" line used because the OMB illustration does not provide a specific line. A specific line would be added if the amount were material.

102. Scenario 4 is similar to scenario 3, except that \$10 of the \$110 collection resulted in net cost of operations (a gain of \$10, which yielded a negative net cost of operations in that amount). The other \$100 was a reduction for the asset. Accordingly, the \$100 reconciling item is placed on line 14b.
103. Scenario 5 is a bit more complicated, in that there are two reconciling items. The \$85 is an offsetting collection, and appears on line 2, while the net cost of operations is \$15, the amount of the loss on the sale. None of the \$85 contributed exchange revenues to the net cost of operations, and hence a reconciling item in that amount is placed on line 14b. In addition, the \$15 loss did not use resources, and hence a reconciling item in that amount is placed on line 26.

Decrease in Exchange Revenue Receivable from the Public

104. The discussion for line 22 in the previous main section of this guide dealt with an increase in exchange revenue receivable from the public over the reporting period. When the receivable decreases, the reporting is not parallel to that for an increase.
105. Assume that the following data elements are compiled for interest receivable from the public in Year A.

A.	Beginning Balance	\$100
B.	Interest Earned	20
C.	Interest Collected	25
D.	Ending Balance	\$ 95

106. The budgetary accounting will record the \$25 of interest paid as an offsetting collection, and the proprietary accounting will result in interest revenue of \$20. The collection will be reported as -\$25 on line 2, while the net cost of operations on line 30 will be -\$20. The difference of \$5 is a collection that does not affect the net cost of operations, and would be reported as a reconciling item of +\$5 on line 14b. The \$5 can be computed as the difference between B and C or as the difference between A and D, noting that the receivable decreased.

Accruing and Collecting Non-federal Receivables for Overpayments of Expenses

107. Sometimes, agencies will accidentally overpay a vendor for expenses, and the amounts must be collected back. A receivable must be recorded in the proprietary accounts for the overpayment, and expenses are decreased accordingly. If the receivable is from the public rather than a federal entity, the budget will not recognize it as a resource until collected.³⁴ If collection is not made by the end of the year, net obligations will differ from net cost of operations.

³⁴ See paragraph 20.

108. Assume that a \$10 overpayment for expenses was made to a non-federal vendor, and a receivable from the vendor was accrued. As of the end of the year, the receivable had not been collected. In this case, resources on line 11 are zero, because the non-federal receivable cannot be recorded in the budgetary accounts. The net cost of operations on line 30 is -\$10, because of the decrease in the expense. The OMB illustration of the statement of financing does not provide a specific line for this, and so line 23, "other components of the net cost of operations not requiring or generating resources" would be used to report the -\$10 reconciling item. If it were material, a separate line would need to be created for it.
109. If collection of the \$10 was then made in a subsequent year, offsetting collections on line 2 would be -\$10, but the net cost of operations would be zero, because the expense had already been reduced in the previous year. Because none of the collection affected net cost of operations, the reconciling item would be on line 14b, "other collections that do not affect net cost of operations." If it were material, a separate line would need to be created for it.

Defaults Expense

110. Agencies may reduce their accounts receivable, or their pre-credit reform loans receivable to net realizable value by accruing defaults (bad debts) expense. They may also accrue an allowance for estimated loan guarantee losses on their pre-credit reform loan guarantees. Such accruals are not recognized in the Budget, because neither resources nor the status of resources is affected by the transaction. However, the amount of the expense is part of the net cost of operations.
111. Assume that an agency accrues \$10 of defaults expense at the end of the year. Resources on line 11 are zero, and the net cost of operations on line 30 is \$10. The OMB illustration does not have a specific line for the reconciling factor, which would be placed on line 27, "other expenses not requiring resources." If the amount was material, a special line could be inserted in the statement.

Prior Period Adjustments

112. "Prior period adjustments" (PPA) is a phrase with a technical meaning in proprietary accounting.³⁵ PPAs adjust the opening balance of cumulative results. The term does not have the same technical meaning in budgetary accounting. Thus, there is a difference between a PPA and an adjustment of prior-period obligations. A PPA could be made for any number of things, and may or may not have a budgetary impact; and, if there is a budgetary impact, it may or may not affect the statement of financing.
113. For example, with respect to undelivered orders, an upward adjustment of an

³⁵ See SFFAS 21, *Reporting Corrections of Errors and Changes in Accounting Principles, Amending SFFAS No. 7*, Accounting for Revenue and Other Financing Sources.

obligation in order to, for example, correct a recording error in a prior fiscal year would be a reconciling item on the current year's statement of financing [obligations increase, cost does not increase]. It would affect obligations but not the current year net cost of operations. Nor would it affect the prior year net cost of operations and, thus, it would not be a PPA in the proprietary system.

114. To illustrate, the following briefly discusses some possible situations involving upward or downward adjustments to receivables and liabilities:
- a. *Non-federal receivables.* The budgetary system generally does not recognize non-federal receivables as resources, so an adjustment of a non-federal receivable would not affect net obligations. Hence, there would be nothing to report on the statement of financing, as net obligations and net cost of operations would both be zero.
 - b. *Federal receivables—upward adjustment.* An upward adjustment of a federal receivable, if not collected during the period, would appear as a negative item on line 2 of the statement of financing, and there would need to be a reconciling item between that and line 30, which would be zero. There is no specific line for that item in the OMB Bulletin 01-09 illustration, and so line 16 would be used. If material, a separate line just for the adjustment should appear. (If the receivable were collected in whole or part, the cash collection would also feed line 2.)
 - c. *Federal receivables—downward adjustment.* A downward adjustment of a federal receivable, if not collected during the year would appear as a positive item on line 2 of the statement of financing. The same reconciliation as described in “b,” above, would need to be made. Any cash collections would also feed line 2.
 - d. *Unfunded liabilities.* Since by definition, the budget does not recognize obligations for unfunded liabilities, there would be nothing for the statement of financing to report if there was a prior period adjustment up or down, since both net obligations and net cost of operations would be zero.
 - e. *Funded liabilities—upward adjustment.* If a funded liability were adjusted upward, there would be an obligation placed, which would appear as a positive amount on line 1. Line 30 would be zero, and the reconciling item, the prior period adjustment, would appear on line 16 (a separate line with an appropriate caption would be used if the amount was material).
 - f. *Funded liabilities—downward adjustment.* Same as “e,” except that the amount on line 1 would be negative.

Department/Agency/Reporting Entity		
CONSOLIDATED STATEMENT OF FINANCING (Page 1 of 2)		
For the Years Ended September 30, 20x2 and 20x1		
(in dollars/thousands/millions)		
	20x2	20x1
<i>Resources Used to Finance Activities:</i>		
Budgetary Resources Obligated		
1. Obligations incurred	\$ xxx	\$ xxx
2. Less: Spending authority from offsetting collections and recoveries	<u>xxx</u>	<u>xxx</u>
3. Obligations net of offsetting collections and recoveries	xxx	xxx
4. Less: Offsetting receipts	<u>xxx</u>	<u>xxx</u>
5. Net obligations	xxx	xxx
Other Resources		
6. Donations and forfeitures of property	xxx	xxx
7. Transfers in/out without reimbursement (+/-)	xxx	xxx
8. Imputed financing from costs absorbed by others	xxx	xxx
9. Other (+/-)	<u>xxx</u>	<u>xxx</u>
10. Net other resources used to finance activities	<u>xxx</u>	<u>xxx</u>
11. <i>Total resources used to finance activities</i>	x,xxx	x,xxx
<i>Resources Used to Finance Items not Part of the Net Cost of Operations</i>		
12. Change in budgetary resources obligated for goods, services and benefits ordered but not yet provided (+/-)	xxx	xxx
13. Resources that fund expenses recognized in prior periods	xxx	xxx
14. Budgetary offsetting collections and receipts that do not affect net cost of operations		
14a. Credit program collections which increase liabilities for loan guarantees or allowances for subsidy	xxx	xxx
14b. Other	xxx	xxx
15. Resources that finance the acquisition of assets	xxx	xxx
16. Other resources or adjustments to net obligated resources that do not affect net cost of operations (+/-)	<u>xxx</u>	<u>xxx</u>
17. <i>Total resources used to finance items not part of the net cost of operations</i>	<u>xxx</u>	<u>xxx</u>
18. <i>Total resources used to finance the net cost of operations</i>	x,xxx	x,xxx

Department/Agency/Reporting Entity CONSOLIDATED STATEMENT OF FINANCING (Page 2 of 2) For the Years Ended September 30, 20x2 and 20x1 (in dollars/thousands/millions)			20x2	20x1
<i>Components of the Net Cost of Operations that will not Require or Generate Resources in the Current Period:</i>				
Components Requiring or Generating Resources in Future Periods:				
19. Increase in annual leave liability			xxx	
xxx				
20. Increase in environmental and disposal liability			xxx	
xxx				
21. Upward/Downward reestimates of credit subsidy expense (+/-)			xxx	xxx
22. Increase in exchange revenue receivable from the public			xxx	
xxx				
23. Other (+/-)			<u>xxx</u>	<u>xxx</u>
24. Total components of Net Cost of Operations that will require or generate resources in future periods			xxx	xxx
Components not Requiring or Generating Resources:				
25. Depreciation and amortization			xxx	
xxx				
26. Revaluation of assets or liabilities (+/-)			xxx	
xxx				
27. Other (+/-)			<u>xxx</u>	<u>xxx</u>
28. Total components of Net Cost of Operations that will not require or generate resources			<u>xxx</u>	<u>xxx</u>
29. Total components of net cost of operations that will not require or generate resources in the current period			<u>x,xxx</u>	<u>x,xxx</u>
30. Net Cost of Operations			\$ <u>x,xxx</u>	\$ <u>x,xxx</u>

Department/Agency/Reporting Entity CONSOLIDATED STATEMENT OF NET COST For the years ended September 30, 20x2 and 20x1 (in dollars/thousands/millions)		
	<u>20x2</u>	<u>20x1</u>
Program Costs:		
Program A:		
1. Intragovernmental gross costs	\$ xxx	\$ xxx
2. Less: Intragovernmental earned revenue	<u>-xxx</u>	<u>-xxx</u>
3. Intragovernmental net costs	xxx	xxx
4. Gross costs with the public	xxx	xxx
5. Less: Earned revenues from the public	<u>-xxx</u>	<u>-xxx</u>
6. Net costs with the public	<u>xxx</u>	<u>xxx</u>
7. Total net cost	x,xxx	x,xxx
Other Programs:		
Program B:	xxx	xxx
Program C:	xxx	xxx
Program D:	xxx	xxx
Program E:	xxx	xxx
Program F:	xxx	xxx
Other programs:	<u>xxx</u>	<u>xxx</u>
Total Other Program Costs:	x,xxx	x,xxx
8. Cost not assigned to programs	x,xxx	x,xxx
9. Less: Earned revenues not attributed to programs	<u>-xxx</u>	<u>-xxx</u>
10. Net Cost of Operations	\$ <u>x,xxx</u>	\$ <u>x,xxx</u>

SFFAS 7 IMPLEMENTATION GUIDE
APPENDIX C: STATEMENT OF CHANGES IN NET POSITION

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Department/Agency/Reporting Entity CONSOLIDATED STATEMENT OF CHANGES IN NET POSITION For the years ended September 30, 20x2 and 20x1 (in dollars/thousands/millions)				
	20x2	20x2	20x1	20x1
	Cumulative	Unexpended	Cumulative	Unexpended
	Results	Appropriations	Results	Appropriations
	<u>of Operations</u>		<u>of Operations</u>	
1. Beginning Balances	\$ xxx	\$ xxx	\$ xxx	\$ xxx
2. Prior period adjustments (+/-)	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
3. Beginning balances, as adjusted	xxx	xxx	xxx	xxx
Budgetary Financing Sources:				
4. Appropriations received		xxx		xxx
5. Appropriations transferred-in/out (+/-)		xxx		xxx
6. Other adjustments (rescissions, etc) (+/-)	xxx	xxx	xxx	xxx
7. Appropriations used	xxx	-xxx	xxx	-xxx
8. Nonexchange revenue	xxx		xxx	
9. Donations and forfeitures of cash and cash equivalents	xxx		xxx	
10. Transfers-in/out without reimbursement (+/-)	xxx		xxx	
11. Other budgetary financing sources (+/-)	xxx		xxx	
Other Financing Sources:				
12. Donations and forfeitures of property	xxx		xxx	
13. Transfers-in/out without reimbursement (+/-)	xxx		xxx	
14. Imputed financing from costs absorbed by others	xxx		xxx	
15. Other (+/-)	<u>xxx</u>		<u>xxx</u>	
16. Total Financing Sources	xxx	<u>xxx</u>	xxx	<u>xxx</u>
17. Net Cost of Operations (+/-)	<u>xxx</u>		<u>xxx</u>	
18. Ending Balances	\$ <u>x,xxx</u>	\$ <u>x,xxx</u>	\$ <u>x,xxx</u>	\$ <u>x,xxx</u>

SFFAS 7 IMPLEMENTATION GUIDE
APPENDIX D: STATEMENT OF BUDGETARY RESOURCES

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Department/Agency/Reporting Entity COMBINED STATEMENT OF BUDGETARY RESOURCES (page 1 of 2) For the Years Ended September 30, 20x2 and 20x1 (in dollars/thousands/millions)				
	20x2	20x2	20x1	20x1
		Non-Budgetary Credit Program		Non-Budgetary Credit Program
	<u>Budgetary</u>	<u>Financing Accounts</u>	<u>Budgetary</u>	<u>Financing</u>
<u>Accounts</u>				
Budgetary Resources:				
1. Budget authority:				
1a. Appropriations received	\$ xxx	\$ xxx	\$ xxx	\$ xxx
1b. Borrowing authority	xxx	xxx	xxx	xxx
1c. Contract authority	xxx	xxx	xxx	xxx
1d. Net transfers (+/-)	xxx	xxx	xxx	xxx
1e. Other	xxx	xxx	xxx	xxx
2. Unobligated balance:				
2a. Beginning of period	xxx	xxx	xxx	xxx
2b. Net transfers, actual (+/-)	xxx	xxx	xxx	xxx
2c. Anticipated Transfers balances	xxx	xxx	xxx	xxx
3. Spending authority from offsetting collections:				
3a. Earned				
1. Collected	xxx	xxx	xxx	xxx
2. Receivable from Federal sources	xxx	xxx	xxx	xxx
3b. Change in unfilled customer orders				
1. Advance received	xxx	xxx	xxx	xxx
2. Without advance from Federal sources	xxx	xxx	xxx	xxx
3c. Anticipated for rest of year, without advances	xxx	xxx	xxx	xxx
3d. Transfers from trust funds	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
3e. Subtotal	xxx	xxx	xxx	xxx
4. Recoveries of prior year obligations	xxx	xxx	xxx	xxx
5. Temporarily not available pursuant to Public Law	xxx	xxx	xxx	xxx
6. Permanently not available	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
7. <i>Total Budgetary Resources</i>	<i>\$ <u>x,xxx</u></i>	<i>\$ <u>x,xxs</u></i>	<i>\$ <u>x,xxx</u></i>	<i>\$ <u>x,xxx</u></i>

SFFAS 7 IMPLEMENTATION GUIDE
APPENDIX D: STATEMENT OF BUDGETARY RESOURCES

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Department/Agency/Reporting Entity				
COMBINED STATEMENT OF BUDGETARY RESOURCES (page 2 of 2)				
For the Years Ended September 30, 20x2 and 20x1				
(in dollars/thousands/millions)				
	20x2	20x2	20x1	20x1
		Non-Budgetary		Non-Budgetary
		Credit Program		Credit Program
	<u>Budgetary</u>	<u>Financing Accounts</u>	<u>Budgetary</u>	<u>Financing Accounts</u>
Status of Budgetary Resources:				
8. Obligations incurred:				
8a. Direct	\$ xxx	\$ xxx	\$ xxx	\$ xxx
8b. Reimbursable	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
8c. Subtotal	xxx	xxx	xxx	xxx
9. Unobligated balance:				
9a. Apportioned	xxx	xxx	xxx	xxx
9b. Exempt from apportionment	xxx	xxx	xxx	xxx
9c. Other available	xxx	xxx	xxx	xxx
10. Unobligated balance not available	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
11. Total Status of Budgetary Resources	<u>x,xxx</u>	<u>x,xxx</u>	<u>x,xxx</u>	<u>x,xxx</u>
Relationship of Obligations to Outlays:				
12. Obligated balance, net, beginning of period	xxx	xxx	xxx	xxx
13. Obligated balance transferred, net (+/-)	xxx	xxx	xxx	xxx
14. Obligated balance, net, end of period:				
14a. Accounts receivable	xxx	xxx	xxx	xxx
14b. Unfilled customer orders from Federal sources	xxx	xxx	xxx	xxx
14c. Undelivered orders	xxx	xxx	xxx	xxx
14d. Accounts payable	xxx	xxx	xxx	xxx
15. Outlays:				
15a. Disbursements	xxx	xxx	xxx	xxx
15b. Collections	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
15c. Subtotal	xxx	xxx	xxx	xxx
16. Less: Offsetting receipts	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>	<u>xxx</u>
17. Net Outlays	\$ <u>x,xxx</u>	\$ <u>x,xxx</u>	\$ <u>x,xxx</u>	\$ <u>x,xxx</u>

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