

Refunds of Prior-Year Advances Refunded in the Current Year From *Unexpired* TAFS As Obligations and Outlays

Background

Office of Management and Budget (OMB) policy was clarified with the August 2009 update of OMB Circular No. A-11. The updated OMB Circular No. A-11 states “If you return a cash advance or other offsetting collection received in a prior fiscal year, you must record an obligation and outlay in the current fiscal year.”¹ Prior to this guidance, USSGL transactions reduced the unfilled customer orders with advance and/or other offsetting collections, rather than recording the transactions as obligations and outlays. In order to effectively illustrate this OMB requirement, three USSGL scenarios were developed:

- **“Refunds of Prior-Year Advances Refunded in the Current Year From *Unexpired* TAFS As Obligations and Outlays”**
- “Refunds of Prior-Year Spending Authority From Offsetting Collections (Other Than Advances) Refunded in the Current Year From *Unexpired* TAFS As Obligations and Outlays”
- “Refunds of Prior-Year Spending Authority From Offsetting Collections Refunded in the Current Year From *Expired* TAFS As Obligations and Outlays”

This scenario addresses the **first** bullet above. It displays USSGL account 4253 and transactions that meet the budgetary requirements for returning a cash advance that was received in a prior-year.

Per OMB Circular No. A-11, Section 130, all advances *not covered by obligations* must be returned before the period of availability expires. The USSGL TFM displays this as a pre-closing entry, to be recorded at the end of an “expiring” year (USSGL TC F110). In following, the assumption can be made that USSGL account 4253 is most commonly recorded in an “unexpired” and/or “unexpiring” year. Therefore, the scenario that follows assumes that the Treasury Appropriation Fund Symbol (TAFS) Status of the TAFS refunding the advance is in an *unexpired* status, and the period of availability is **not** about to expire.

This scenario follows USSGL TFM S2 10-02 (August 2010) fiscal 2011 crosswalks.

Assumptions Specific to this Scenario (Agencies may encounter other situations that vary from these specific assumptions.)

1. This scenario illustrates BEA Category funding as discretionary.
2. This scenario accommodates either a no-year TAFS, or a multi-year TAFS where the period of availability is **not** about to expire.
3. The examples in this scenario do not address earmarked or fiduciary funds.

¹ OMB Circular No. A-11, Section 20.11, page 36, and Appendix F (ADVANCE), page 8 (August 2009)

**Refunds of Prior-Year Advances
Refunded in the Current Year From *Unexpired* TAFS
As Obligations and Outlays**

Purpose

This scenario illustrates USSGL account 4253, which in effect allows USSGL account 4222, “Unfilled Customer Orders With Advance,” to be reduced by the amount of the cash advance being returned, while also maintaining the resource as spending authority from offsetting collections so that an obligation and outlay can be properly recorded.

A separate USSGL account is **not** needed for other types of offsetting collections that are to be returned as obligations and outlays, because all other offsetting collection USSGL accounts close-out at yearend. This is unlike USSGL account 4222, which remains open (unless the unobligated balances associated with USSGL 4222 are expiring).

Account Illustrated

Account Number: 4253
Account Title: Prior-Year Unfilled Customer Orders With Advance – Refunds Paid
Normal Balance: Debit
Definition: The total amount of prior-year reimbursable orders accepted with an advance and subsequently returned to the ordering entity as obligations and outlays.

Impact on FACTS II Attribute Table Fiscal 2011							
USSGL Account	USSGL Account Attributes						
	Normal Balance	Debit/Credit	Begin/End	BEA Cat	Transaction Partner	PY Adjustment	TAFS Status
4253	D	Y	E	Y	Y	Y	U/E

Impact on USSGL Crosswalks Fiscal 2011								
USSGL Account	SF 133/ P&F	USS GL 2108	Balance Sheet	Stmt of Net Cost	Stmt of Changes in Net Position	Stmt of Cust Activ	Stmt of Budgetary Resources	Reclass Stmts
4253	Lines 1020, 1700, 1800, 4030, 4033,	n/a	n/a	n/a	n/a	n/a	3D2a, 19B	n/a

**Refunds of Prior-Year Advances
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	4052, 4120, 4123, 4142							
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Scenario

Listing of USSGL Accounts Used in This Scenario

Budgetary

- 4201 Total Actual Resources - Collected
- 4210 Anticipated Reimbursements and Other Income
- 4222 Unfilled Customer Orders With Advance
- 4252 Reimbursements and Other Income Earned - Collected
- 4253 Prior-Year Unfilled Customer Orders With Advance – Refunds Paid
- 4450 Unapportioned Authority
- 4510 Apportionments
- 4590 Apportionments – Anticipated Resources – Programs Subject to Apportionment
- 4610 Allotments – Realized Resources
- 4902 Delivered Orders – Obligations, Paid

Proprietary

- 1010 Fund Balance With Treasury
- 2310 Liability for Advances and Prepayments
- 3310 Cumulative Results of Operations
- 5200 Revenue From Services Provided
- 6100 Operating Expenses/Program Costs

YEAR 1: Beginning Trial Balance

USSGL Account	Debit	Credit
<u>Budgetary</u>		
n/a		
<u>Proprietary</u>		
n/a		

**Refunds of Prior-Year Advances
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YEAR 1: Year 1 illustrates USSGL transactions for collections of advances from Federal sources.

1. The TAFS anticipates \$50,000 of spending authority from offsetting collections from Federal sources for customer orders. In addition, the agency submits an SF 132: Apportionment and Reapportionment Schedule, to OMB requesting apportionment.			
TAFS	DR	CR	TC
<u>Budgetary Entry</u> 4210 Anticipated Reimbursements and Other Income 4450 Unapportioned Authority	50,000	50,000	A702
<u>Proprietary Entry</u> None			
2. OMB approves the apportionment.			
TAFS	DR	CR	TC
<u>Budgetary Entry</u> 4450 Unapportioned Authority 4590 Apportionments – Anticipated Resources – Programs Subject to Apportionment	50,000	50,000	A118
<u>Proprietary Entry</u> None			
3. The TAFS accepts order #1, a \$50,000 advance on an order for services from a Federal entity. Automatic allotment of anticipated resources is realized.			
TAFS	DR	CR	TC
<u>Budgetary Entry</u> 4590 Apportionments – Anticipated Resources– Programs Subject to Apportionment 4610 Allotments – Realized Resources	50,000	50,000	A122
4222 Unfilled Customer Orders With Advance 4210 Anticipated Reimbursements and Other Income	50,000	50,000	C182
<u>Proprietary Entry</u> 1010 Fund Balance With Treasury 2310 Liability for Advances and Prepayments	50,000	50,000	

4a. The TAFS provides services and applies the advance in the amount of \$20,000, completing one of the tasks related to order #1.
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TAFS	DR	CR	TC
<u>Budgetary Entry</u>			
4252 Reimbursements and Other Income Earned – Collected	20,000		
4222 Unfilled Customer Orders with Advance		20,000	A710
<u>Proprietary Entry</u>			
2310 Liabilities for Advances and Prepayments	20,000		
5200 Revenue From Services Provided		20,000	
4b. The TAFS records payment and disbursement of funds for the services provided.			
TAFS	DR	CR	TC
<u>Budgetary Entry</u>			
4610 Allotments – Realized Resources	20,000		
4902 Delivered Orders – Obligations, Paid		20,000	B107
<u>Proprietary Entry</u>			
6100 Operating Expenses/Program Costs	20,000		
1010 Fund Balance With Treasury		20,000	

**Refunds of Prior-Year Advances
 Refunded in the Current Year From *Unexpired* TAFS
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YEAR 1: Preclosing Adjusted Trial Balance

USSGL Account	Debit	Credit
<u>Budgetary</u>		
4210 Anticipated Reimbursements and Other Income	0	
4222 Unfilled Customer Orders With Advance	30,000	
4252 Reimbursements and Other Income Earned – Collected	20,000	
4450 Unapportioned Authority		0
4590 Apportionments – Anticipated Resources – Programs Subject to Apportionment		0
4610 Allotments – Realized Resources		30,000
4902 Delivered Orders – Obligations Paid		20,000
Total	50,000	50,000
<u>Proprietary</u>		
1010 Fund Balance With Treasury	30,000	
2310 Liability for Advances and Prepayments		30,000
5200 Revenue From Services Provided		20,000
6100 Operating Expenses/Program Costs	20,000	
Total	50,000	50,000

YEAR 1: Closing Entries

5. To record the consolidation of actual net-funded resources.			
TAFS	DR	CR	TC
<u>Budgetary Entry</u>			
4201 Total Actual Resources – Collected	20,000		
4252 Reimbursements and Other Income Earned – Collected		20,000	F302
<u>Proprietary Entry</u>			
None			

**Refunds of Prior-Year Advances
Refunded in the Current Year From *Unexpired* TAFS
As Obligations and Outlays**

6. To record the closing of unobligated balances to unapportioned authority for unexpired status in a no-year fund.			
TAFS	DR	CR	TC
<u>Budgetary Entry</u> 4610 Allotments - Realized Resources 4450 Unapportioned Authority	30,000	30,000	F308
<u>Proprietary Entry</u> None			

7. To record the closing of paid delivered orders to total actual resources.			
TAFS	DR	CR	TC
<u>Budgetary Entry</u> 4902 Delivered Orders – Obligations, Paid 4201 Total Actual Resources – Collected	20,000	20,000	F314
<u>Proprietary Entry</u> None			

8. To record the closing of revenues and expenses to cumulative results of operations.			
TAFS	DR	CR	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 5200 Revenue From Services Provided 3310 Cumulative Results of Operations 6100 Operating Expenses/Program Costs	20,000	0 20,000	F336

**Refunds of Prior-Year Advances
Refunded in the Current Year From *Unexpired* TAFS
As Obligations and Outlays**

YEAR 1: Postclosing Trial Balance

USSGL Account	Debit	Credit
<u>Budgetary</u>		
4222 Unfilled Customer Orders With Advance	30,000	
4450 Unapportioned Authority		30,000
Total	30,000	30,000
<u>Proprietary</u>		
1010 Fund Balance With Treasury	30,000	
2310 Liability for Advances and Prepayments		30,000
Total	30,000	30,000

YEAR 1: USSGL 2108 YEAREND CLOSING STATEMENT

Column 2. Preclosing Unexpended Balance – Treasury Supplied	30,000
Column 5. Postclosing Unexpended Balance (1010E)	30,000
Column 6. Other Authorizations	
Column 7. Reimbursements Earned and Refunds	
Column 8. Unfilled Customer Orders	
Column 9. Undelivered Orders and Contracts	
Column 10. Accounts Payable and Other Liabilities	
Column 11. Unobligated Balance (4610E)	30,000
(Columns 5+6+7+8 = 9+10+11) (Column 2=5)	Yes, Yes

**Refunds of Prior-Year Advances
Refunded in the Current Year From *Unexpired* TAFS
As Obligations and Outlays**

YEAR 1: SF 133 STATEMENT OF BUDGETARY EXECUTION AND BUDGETARY RESOURCES and PROGRAM (P&F) SCHEDULE

BUDGETARY RESOURCES	
Unobligated balance:	
1000 Unobligated balance brought forward, October 1	0
Spending authority from offsetting collections:	
Discretionary:	
1700 Collected (4222E-B, 4252E)	50,000
1910 Total budgetary resources (Sum of combined total of unobligated balances, budget authority, and line 1901)	50,000
STATUS OF BUDGETARY RESOURCES	
Obligations incurred:	
Reimbursable:	
2101 Category A (by quarter) (4902E)	20,000
2104 Reimbursable obligations (total) (calc. lines 2101 through 2103)	20,000
Unobligated balance:	
Apportioned:	
2201 Available in the current period (4610E)	30,000
2500 Total budgetary resources (Sum of lines 2001..2403. Also equals line 1910)	50,000
CHANGE IN OBLIGATED BALANCE	
Changes in obligated balance during the year:	
3030 Obligations incurred, unexpired accounts (4902E)	20,000
3040 Outlays (gross) (-) (4902E)	(20,000)
3100 Obligated balance, end of year (net) (calc. lines 3000, 3001, 3010, 3011, 3030, 3031, 3040, 3050, 3051, 3060, 3061, 3070, 3071, 3080, and 3081)	0
BUDGET AUTHORITY AND OUTLAYS, NET	
Discretionary:	
Gross budget authority and outlays:	
4000 Budget authority, gross (calc.)	50,000
4010 Outlays from new discretionary authority (4902E)	20,000
4020 Total outlays, gross	20,000
Offsets against gross budget authority and outlays:	
Offsetting collections (collected) from:	
4030 Federal sources (4222E-B, 4252E)	(50,000)
4040 Offsets against gross budget authority and outlays (total) (-) (calc. lines 4030 through 4034)	(50,000)
4070 Budget authority, net (discretionary)	0
4080 Outlays, net (discretionary) (calc. lines 4010 through 4011 plus the amounts on lines 4030 through 4034)	(30,000)

**Refunds of Prior-Year Advances
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 As Obligations and Outlays**

YEAR 1: CONSOLIDATED BALANCE SHEET

Assets:

Intragovernmental:

1. Fund Balance With Treasury (1010E)	30,000
6. Total Intragovernmental	30,000
15. Total Assets	30,000

Liabilities:

19. Other (2310E)	30,000
28. Total Liabilities	30,000

Net Position:

33. Cumulative Results of Operations – Other Funds (5200E, 6100E)	0
34. Total Net Position	0
35. Total Liabilities and Net Position	30,000

YEAR 1: CONSOLIDATED STATEMENT OF NET COST

Program Costs:

1. Gross costs (6100E)	20,000
2. Less: Earned Revenue (5200E)	(20,000)
3. Net Program Costs	0
4. Costs not assigned to programs	0
5. Less: Earned revenues not attributed to programs	0
6. Net Cost of Operations	0

**Refunds of Prior-Year Advances
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YEAR 1: CONSOLIDATED STATEMENT OF CHANGES IN NET POSITION

Cumulative Results of Operations:

1. Beginning Balances	0
3. Beginning Balances, as Adjusted	0

Budgetary Financing Sources:

14. Total Financing Sources	0
15. Net Cost of Operations	0
16. Net Change	0
17. Cumulative Results of Operations	0

Unexpended Appropriations:

18. Beginning Balances	0
20. Beginning Balances, as Adjusted	0

Budgetary Financing Sources:

25. Total Budgetary Financing Sources	0
26. Total Unexpended Appropriations	0
27. Net Position	0

**Refunds of Prior-Year Advances
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YEAR 2:

1. The TAFS records budgetary authority apportioned by OMB and allotted.			
TAFS	DR	CR	TC
<u>Budgetary Entry</u>			
4450 Unapportioned Authority	30,000		
4510 Apportionments		30,000	A116
4510 Apportionments	30,000		
4610 Allotment – Realized Resources		30,000	A120
<u>Proprietary Entry</u>			
None			
2. It has been determined that the remaining tasks related to order #1 are cancelled, thus order #1 is considered complete. Therefore, the TAFS must return the remaining \$30,000 of the advance to the ordering fund, and record an obligation and outlay. It also must reduce the order, while at the same time maintaining a resource to support the obligation and outlay. (Note: OMB requires the use of object class 44.)			
TAFS	DR	CR	TC
<u>Budgetary Entry</u>			
4253 Prior-Year Unfilled Customer Orders With Advance - Refunds Paid	30,000		
4222 Unfilled Customer Orders With Advance		30,000	B610
4610 Allotments – Realized Resources	30,000		
4902 Delivered Orders – Obligations, Paid		30,000	A712
<u>Proprietary Entry</u>			
2310 Liability for Advances and Prepayments	30,000		
1010 Fund Balance With Treasury		30,000	

**Refunds of Prior-Year Advances
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YEAR 2: Preclosing Adjusted Trial Balance

USSGL Account	Debit	Credit
<u>Budgetary</u>		
4253 Prior-Year Unfilled Customer Orders With Advance - Refunds Paid	30,000	
4902 Delivered Orders – Obligations, Paid		30,000
Total	30,000	30,000
<u>Proprietary</u>		
1010 Fund Balance With Treasury	0	
2310 Liability for Advances and Prepayments		0
Total	0	0

YEAR 2: Closing Entries

3. To record the consolidation of actual net-funded resources.			
TAFS	DR	CR	TC
<u>Budgetary Entry</u>			
4201 Total Actual Resources - Collected	30,000		
4253 Prior-Year Unfilled Customer Orders With Advance – Refunds Paid		30,000	F302
<u>Proprietary Entry</u>			
None			
4. To record the closing of paid delivered orders to total actual resources.			
TAFS	DR	CR	TC
<u>Budgetary Entry</u>			
4902 Delivered Orders – Obligations, Paid	30,000		
4201 Total Actual Resources – Collected		30,000	F314
<u>Proprietary Entry</u>			
None			

**Refunds of Prior-Year Advances
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YEAR 2: Postclosing Trial Balance

USSGL Account	Debit	Credit
<u>Budgetary</u>		
n/a		
<u>Proprietary</u>		
n/a		

YEAR 2: USSGL 2108 YEAREND CLOSING STATEMENT

Column 2. Preclosing Unexpended Balance – Treasury supplied	0
Column 5. Postclosing Unexpended Balance (1010E)	0
Column 6. Other Authorizations	
Column 7. Reimbursements Earned and Refunds	
Column 8. Unfilled Customer Orders	
Column 9. Undelivered Orders and Contracts	
Column 10. Accounts Payable and Other Liabilities	
Column 11. Unobligated Balance (4610E)	0
(Columns 5+6+7+8 = 9+10+11) (Column 2=5)	Yes, Yes

**Refunds of Prior-Year Advances
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As Obligations and Outlays**

YEAR 2: SF 133 STATEMENT OF BUDGETARY EXECUTION AND BUDGETARY RESOURCES and PROGRAM AND FINANCING (P&F) SCHEDULE

BUDGETARY RESOURCES	
Unobligated balance:	
1000 Unobligated balance brought forward, October 1 (4201B, 4222B)	30,000
Spending authority from offsetting collections (disc.)	
1700 Collected (disc.) (4222E-B, 4253E)	0
1910 Total budgetary resources (Sum of combined total of unobligated balances, budget authority, and line 1901)	30,000
STATUS OF BUDGETARY RESOURCES	
Obligations incurred:	
Reimbursable:	
2101 Category A (by quarter) (4902E)	30,000
2104 Reimbursable obligations (total) (calc. lines 2101 through 2103)	30,000
Unobligated balance:	
2500 Total budgetary resources (Sum of lines 2001..2403. Also equals line 1910)	30,000
CHANGE IN OBLIGATED BALANCE	
Obligations incurred, (gross)	
3030 Obligations incurred, unexpired accounts (4902E)	30,000
3040 Outlays (gross) (-) (4902E)	(30,000)
3100 Obligated balance, end of year (net) (calc. lines 3000, 3001, 3010, 3011, 3030, 3031, 3040, 3050, 3051, 3060, 3061, 3070, 3071, 3080, and 3081)	0
BUDGET AUTHORITY AND OUTLAYS, NET	
Discretionary:	
Gross budget authority and outlays:	
4000 Budget authority, gross (calc.)	0
Outlays, gross (disc.)	
4011 Outlays from discretionary balances (4902E)	30,000
4020 Total outlays, gross (calc. lines 4010 through 4011)	30,000
Offsets against gross budget authority and outlays:	
Offsetting collections (collected) from:	
4030 Federal sources (-) (4222E-B, 4253E)	0
4033 Non-Federal sources (-)	0
4040 Offsets against gross budget authority and outlays (total) (-) (calc. lines 4030 through 4034)	0
4070 Budget authority, net (discretionary)	0
4080 Outlays, net (discretionary) (calc. lines 4010 through 4011 plus the amounts on lines 4030 through 4034)	30,000

**Refunds of Prior-Year Advances
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YEAR 2: CONSOLIDATED BALANCE SHEET

Assets:

Intragovernmental:

1. Fund Balance With Treasury (1010E)	0
6. Total Intragovernmental	0
15. Total Assets	0

Liabilities:

28. Total Liabilities	0
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Net Position:

33. Cumulative Results of Operations – Other Funds	0
34. Total Net Position	0
35. Total Liabilities and Net Position	0

YEAR 2: CONSOLIDATED STATEMENT OF NET COST

Program Costs:

1. Gross costs	0
2. Less: Earned Revenue	0
3. Net Program Costs	0
4. Costs not assigned to programs	0
5. Less: Earned revenues not attributed to programs	0
6. Net Cost of Operations	0

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YEAR 2: CONSOLIDATED STATEMENT OF CHANGES IN NET POSITION

Cumulative Results of Operations:

1. Beginning Balances	0
3. Beginning Balances, as Adjusted	0

Budgetary Financing Sources:

14. Total Financing Sources	0
15. Net Cost of Operations	0
16. Net Change	0
17. Cumulative Results of Operations	0

Unexpended Appropriations:

18. Beginning Balances	0
20. Beginning Balances, as Adjusted	0

Budgetary Financing Sources:

25. Total Budgetary Financing Sources	0
26. Total Unexpended Appropriations	0
27. Net Position	0