

## Correcting Reimbursement Activity

### The Reimbursable Chain

The SGL has a series of accounts to capture the status of reimbursements. We start with anticipations (which also sets up the spending authority), then record the agreement. At this point, we either collect funds in advance then recognize them as earned (4222 followed by 4252), or we first recognize them as earned with a receivable, and eventually collect on the receivable (4251 followed by 4252). The series of accounts used for the status of reimbursements are:

4210 Anticipated Reimbursements and Other Income  
4221 Unfilled Customer Orders Without Advance  
4222 Unfilled Customer Orders With Advance  
4251 Reimbursements and Other Income Earned - Receivable  
4252 Reimbursements and Other Income Earned - Collected

### Adjusting Reimbursable Expenditures

The earned accounts, 4251 and 4252, should only be posted with expenditures, or after they occur. There may be some distance between the incurrence of the expenditure and the recognition that the activity was reimbursable, and so earned revenue may be recorded well after the expenditure. If the expenditure uses the standard, appropriated posting [entries B102 and B134]:

dr. 6100 Operating Expense	cr. 1010 Fund Balance with Treasury
4610 Allotments - Realized Resources	4902 Expended Authority - Paid
3107 Unexpended Appropriations - Used	5700 Expended Appropriations

Used.

then the adjustment to change this to a reimbursable posting would be [A310 less B134]:

dr. 1310 Accounts Receivable	cr. 5200 Revenue from Services
4251 Reimbursements Earned - Receivable	4221 Unfilled Customer Orders
5700 Expended Appropriations Used.	3107 Unexpended Appropriations -

Used

This assumes that the agreement is still open (and without an advance), in account 4221.

### Adjusting Reimbursable Agreements

What does an agency do if the amount of agreement recorded does not agree with the amount spent? If we assume that the client agrees the expenditure was proper, then the agreement has been under-recorded. If the fund is still current, any changes to the reimbursable agreement would use the same posting as the original [A304 and A122]:

dr. 4221 Unfilled Customer Orders w/o Adv. Reimbursements	cr. 4210	Anticipated
4590 Apportionments - Antic. Resources	4610 Allotments	- Realized Resources

What happens, though, if this correction is made in the subsequent fiscal year (and the authority has expired)? Again, we are assuming that the only error is one of timing, and that the expenditure took place when the authority was current. Since the available balances from unfilled customer orders are withdrawn at the end of the year [F109], as are anticipations [F112], there is no balance in 4210 or 4590 to be reduced, and the expenditure correction has just created a balance in 4221 (if the expenditure is positive, then the balance is an unnatural credit). To correct this, we must retroactively recognize that the authority had existed and is now expired (that is, use reimbursable authority to replenish the appropriated authority that had erroneously been used), so the posting for the amount of change in the reimbursable agreement is:

dr. 4221 Unfilled Customer Orders w/o Adv.	cr. 4650 Expired Authority
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**Conclusion**

A major difference between reimbursements and appropriations is that reimbursable authority disappears when the fund expires, while appropriated authority stays around (albeit in a limited form) for another five years. If a correction to prior-year expenditures is necessary in an appropriated fund, one simply records a spending adjustment. For a reimbursable fund, there is no available balance to adjust, so any change in expenditures has to be matched by a change in reimbursable agreements, to keep the available balance zero.

Comments, suggestions, and critiques are welcome. Send them to [Simcha.Kuritzky@ams.com](mailto:Simcha.Kuritzky@ams.com), and not to the AGA.