

Appropriation Corrections in the Journal and on the SF-224 (Part I)

With continuing resolutions lasting longer and longer, many agencies get taken by surprise when the appropriation finally gets passed. Not only do the amounts vary, but the funding structure itself may be very different from what they had anticipated and, more importantly, loaded into their financial system. What can you do if you thought your funding would come in on a single-year fund but Congress moved it to a multi-year fund? I will give two possible scenarios. It is important to note, though, that making the change in your agency's accounting system may not be sufficient; there may also need to be special postings to fix Treasury's records on their cash balance statement (TFS-6653).

Set Up

Agency X was anticipating a \$1.1 billion appropriation in their fund number 6. This fund has always been a single-year fund. With the continuing resolution in place for two months, the agency set up fund 6 for 2004 with symbol 9940006 and anticipated a warrant for \$1100M. Payroll disbursements, which are reported by another agency, were \$100M and the agency disbursed \$50M in 9940006. The appropriation was actually for \$900M in a new multi-year fund, 994/50006. The starting value of the agency's and Treasury's books follows. I show disbursements as a reduction to cash and not an increase in disbursements for ease of comparison to journal balances. All the non-cash accounts are lumped into one entry because they aren't relevant to the discussion; though they are included so debits will equal credits. This example also assumes that any postings to cash account 1010D will be reported on the agency's SF-224 Statement of Transactions, while postings to all other cash accounts listed here won't.

Agency's Journal:

Fund 6 – 9940006	
1010A appropriations	\$1100M
1010D agency disbursements	-50M
1010P payroll disbursements	-100M
all non-cash accounts	-950M

Treasury's records:

Fund 9940006	
Disbursements, Agency ALC	-50M
Disbursements, Payroll ALC	-100M
Fund 994/50006	
Warrants	\$900M

Solution #1 - Transfer

One solution is to set up a new fund, 6M, for the multi-year. All the postings that had been in fund 6 are backed out and reposted to 6M. This will result in correct FACTS and FACTS II trial balance submissions, but will not correct all the activity already reported to FMS. The amounts reported by the payroll-processing agency have to be transferred to the correct symbol by the agency using the normal disbursements account, so they are reported on the SF-224. This means that, in addition to transferring the cash, the agency must post debit 1010D credit 1010P the \$100M of payroll, to back it out of the single-year fund on the SF-224 (the opposite is posted into the multi-year fund).

	Start	Transfer entry	224 Adjustment	End
Fund 6:				
1010A	\$1100M	-1100M		0M
1010D	-50M	50M	100M	100M
1010P	-100M	100M	-100M	-100M
non-cash accts	-950M	950M		0M
9940006				
Disbursements-agency	-50M	50M	100M	100M
Disbursements-payroll	-100M			-100M
Fund 6M:				
1010A	0	900M		900M
1010D	0	-50M	-100M	-150M
1010P	0	-100M	100M	0M
non-cash accts	0	-750M		-750M
994/50006				
Warrants	900M			900M
Disbursements-agency		-50M	-100M	-150M

In this way, the agency has \$100M of payroll disbursements in the single-year fund, which agrees to what was reported on the payroll-disbursing agency's SF-224. However, there is an offset reduction of \$100M disbursements under the agency's own Agency Location Code (ALC), so the net cash balance is zero. The disbursement shows up under the agency's ALC in the multi-year fund.

Any future payroll postings that use the incorrect single-year appropriation will have to be entered into fund 6M as an agency disbursement (using account 1010D), and only a transfer entry of debit 1010D credit 1010P should be made to fund 6.

Next time I will show the entries needed when the agency changes the symbol in its journal rather than backing out and reposting all transactions.

Comments, suggestions, and critiques are welcome. Send them to Simcha.Kuritzky@ams.com, and not to the AGA.