

**AGA NOVA/DC Spring Training**

**Wednesday March 29, 2023**

**9:00 am – 10:00 AM**

**FEDERAL FINANCIAL ACCOUNTING  
AND REPORTING**

UNDERSTANDING THE IMPORTANCE OF THE  
STATEMENT OF BUDGETARY RESOURCES



# DISCLAIMER

- Views expressed are those of the speakers. The Board expresses its views in official publications.

What the  
Board says  
goes here



What the  
Speakers say  
go here



# DANTE-DEBIT'S LEARNING OBJECTIVES



**At the end of our training you should be able to:**

- 1. Still locate the café and bathrooms**
- 2. Understand the importance of the Statement of Budgetary Resources (SBR)**
- 3. Know where to get additional training and education**
- 4. Know when you may need to submit a formal technical inquiry through our website**

# **THE IMPORTANCE OF THE STATEMENT OF BUDGETARY RESOURCES**

**PART 1: THEORY**

**U.S. CONSTITUTION  
ARTICLE I, SECTION 9, CLAUSE 7:  
APPROPRIATIONS CLAUSE**

**No Money shall be drawn** from the Treasury, but in Consequence of **Appropriations made by Law**; **and a regular Statement and Account of the Receipts and Expenditures of all public Money shall be published from time to time.**

**Signed by the Founders:** September 17, 1787 in Philadelphia, Pennsylvania

# THE BUDGET EXECUTION LIFE CYCLE

**Appropriations.** Congress signs into Law



**Apportionments.** This is where **OMB approves** apportionments by signing the **SF-132, Report of Apportionment and Reapportionment**



**Allotments.** This is where **Agency Head allots** the apportioned funds to the programs/offices



**Pre-commitments/Commitments.** This is where **funds are pre-reserved internally** prior to formal obligations



**Obligations.** This is where we **formally reserve** and obligate funds



**Outlays.** This is where **actual final payments are made** to suppliers, vendors, etc.



# STATEMENT OF BUDGETARY RESOURCES

Department/Agency/Reporting Entity  
 STATEMENTS OF BUDGETARY  
 RESOURCES  
 For the Years Ended September 30, 2xxx (CY) and 2xxx (PY)  
 2xxx  
 (CY)  
 Budgetary

<b>Budgetary Resources</b>		
1071*	Unobligated balance from prior year budget authority, net (discretionary and mandatory) (Note 26)	xxx
1290*	Appropriations (discretionary and mandatory)	xxx
1490*	Borrowing authority (discretionary and mandatory)	xxx
1690*	Contract authority (discretionary and mandatory)	xxx
1890*	Spending authority from offsetting collections (discretionary and mandatory)	<u>xxx</u>
1910	Total budgetary resources	\$ <u>xxx</u>
<b>Status of Budgetary Resources</b>		
2190	New obligations and upward adjustments (total)	\$ xxx
	Unobligated balance, end of year	
2204*	Apportioned, unexpired accounts	xxx
2304*	Exempt from apportionment, unexpired accounts	xxx
2405*	Unapportioned, unexpired accounts	xxx
2412	Unexpired unobligated balance, end of year	xxx
2413	Expired unobligated balance, end of year	<u>xxx</u>
2490	Unobligated balance, end of year (total)	<u>xxx</u>
2500	Total budgetary resources	\$ <u>xxx</u>
<b>Outlays, Net, and Disbursements, Net</b>		
4190	Outlays, net (total) (discretionary and mandatory)	xxx
4200*	Distributed offsetting receipts (-)	(xxx)
4210*	Agency outlays, net (discretionary and mandatory)	\$ <u>xxx</u>
4220*	Disbursements, net (total) (mandatory)	<u>xxx</u>

**Assets**

Debits 400000 - 420000

**Liabilities**

**Net**

**Position**

Credits 430000 - 490000;  
 Liabilities and Net  
 Position have normal  
 credit balances

**NET  
 Outlays**

# POLLING QUESTION # 1

What do pre-commitments or commitments most importantly reveal?

- a. Completion of an administrative process such as an approval or satisfactory internal control check
- b. Amount of obligations an entity is planning for
- c. Compliance with Treasury financial guidelines
- d. Irreversible reservation of funds
- e. Both a. and b.



**What's the difference between a commitment and an obligation in your day-to-day personal life?**





# **THE IMPORTANCE OF THE STATEMENT OF BUDGETARY RESOURCES**

**PART 2: CONNECTING BUDGETARY REPORTING TO  
PROPRIETARY REPORTING**

# WHY CONNECT BUDGETARY REPORTING TO PROPRIETARY REPORTING?

Some key reasons include:

- Budgets drive government and are key to government performance (links costs to performance = GPRA)
- This marriage is a distinctive feature of governmental accounting as it helps ensure:
  - Adequate Congressional and legislative oversight
  - Compliance with legally approved budgets
  - U.S. GAAP Compliance
  - Greater internal controls over expenditures
  - Greater insight into an entity's financial position/condition
  - Adequate fund accounting reporting and analysis
  - Adequate reporting of restricted resources
  - Adequate reporting of Inter-period equity

# WHY TRY TO CONNECT BUDGETARY REPORTING TO PROPRIETARY REPORTING?

Some answer the question this way:

**1. Congress uses budgetary accounting for funding and oversight purposes.**

Both budgetary and proprietary accounting are necessary to understand the Government's financial position and condition.

**2. Both are complementary** ways of accounting for and reporting on the Government's financial transactions with the public.

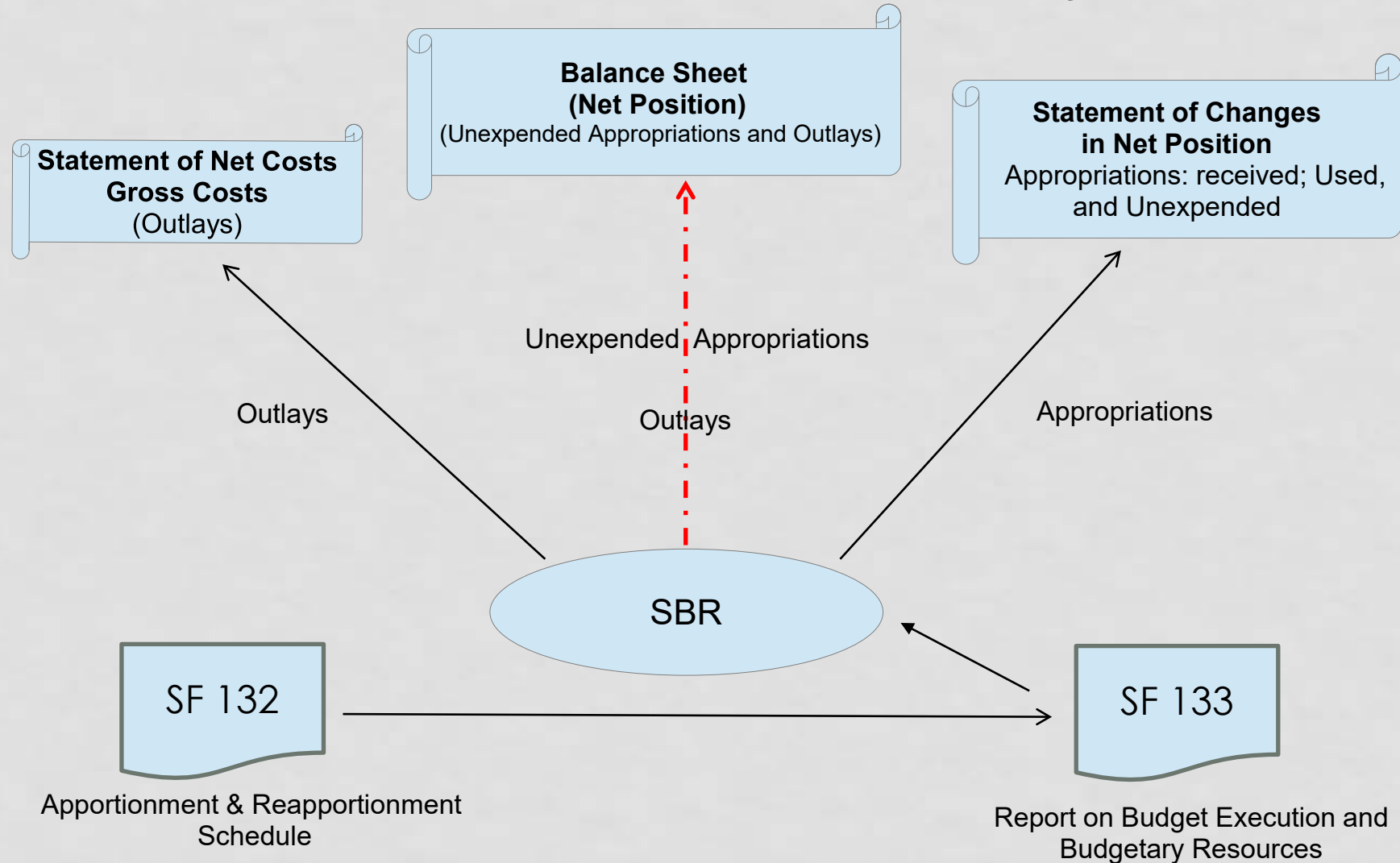
**3. The SBR is a financial statement that reflects budgetary concepts and through the cash flow reporting of the BAR (budget to accrual reconciliation), it bridges budgetary and proprietary accounting.**

# STATEMENT OF FEDERAL FINANCIAL ACCOUNTING CONCEPTS NO. 1, *OBJECTIVES OF FEDERAL FINANCIAL REPORTING*

FASAB's SFFAC No. 1, *Objectives of Federal Financial Reporting*, states that federal financial reporting should provide information that helps users determine

1. **how budgetary resources (our debits)** have been **obtained and used** and
2. whether their acquisition and use were **in accordance with legal authorization** and
3. **the status (our credits)** of budgetary resources.

# THE SBR SUPPORTS FEDERAL FINANCIAL REPORTING OBJECTIVES



## POLLING QUESTION # 2

The *Statement of Budgetary Resources* (SBR) fails to articulate with the other full accrual statements because it's predicated on budgetary accounting concepts?

- A. True, it does fail to articulate
- B. False, it “kinda” does articulate
- C. False, the SBR is reconcilable to certain Notes and the BAR
- D. Depends on what time of the morning you ask me to look at it

WHERE TO GET ADDITIONAL  
TRAINING, EDUCATION AND  
TECHNICAL ASSISTANCE

# FASAB TRAINING OFFERED

Free virtual courses using federal agency's platforms:

- 1. FASAB Accounting Concepts and Standards** (8 government CPEs)
- 2. Federal Accounting for Climate-Related Events** (1 government CPE)
- 3. Accounting for Internal Use Software** (2 government CPEs)
- 4. Understanding Government Debt Reporting** (3 government CPEs)





# SPECIAL THANKS TO OUR COURSE CONTRIBUTORS / SPEAKERS



FASAB wishes to thank our technical advisors/speakers who provided valuable input for this training. Without them this training course would not have been possible.

To Be Done

## SUBMIT A TECHNICAL INQUIRY (TI) FOR HELP WITH IMPLEMENTATION OR EXISTING ACCOUNTING ISSUES

Please visit our updated Technical Inquiry Page at <https://fasab.gov/technical-inquiries-2/> to begin our **new & improved process**

- Complete on-line form to help us fully understand your issue
  - Please be thorough with your answers
  - Complete your research
- Intensive and thorough staff research and documentation
- Peer reviewed, executive director approved, and in writing!!



**NEW, IMPROVED and  
PEER REVIEWED!**

# STAY CONNECTED AT [WWW.FASAB.GOV](http://WWW.FASAB.GOV)

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The screenshot shows the top navigation bar of the FASAB website with links for 'Technical Inquiries', 'AAPC', and 'Newsroom'. Below this is a 'Quick Links' section with 'Handbook by Chapter' and 'Board Briefing Materials'. A 'Mailing List' section features a 'Subscribe to Mailing List' button. The 'FASAB Bits and Bytes' section highlights 'Episode II – New Lease Accounting Standards' with an audio player showing 00:00 duration. Below the player are links for 'Podcast: Play in new window | Download' and a brief description of the episode content, including a link to the 'Episode transcript' and a link to 'Listen to more episodes from our Podcast archive'.

# CONTACT INFORMATION

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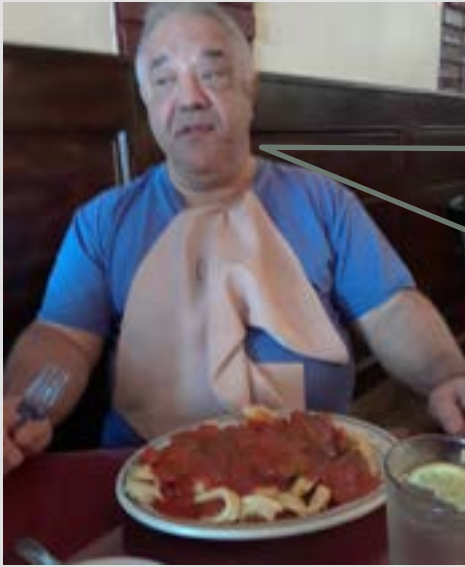
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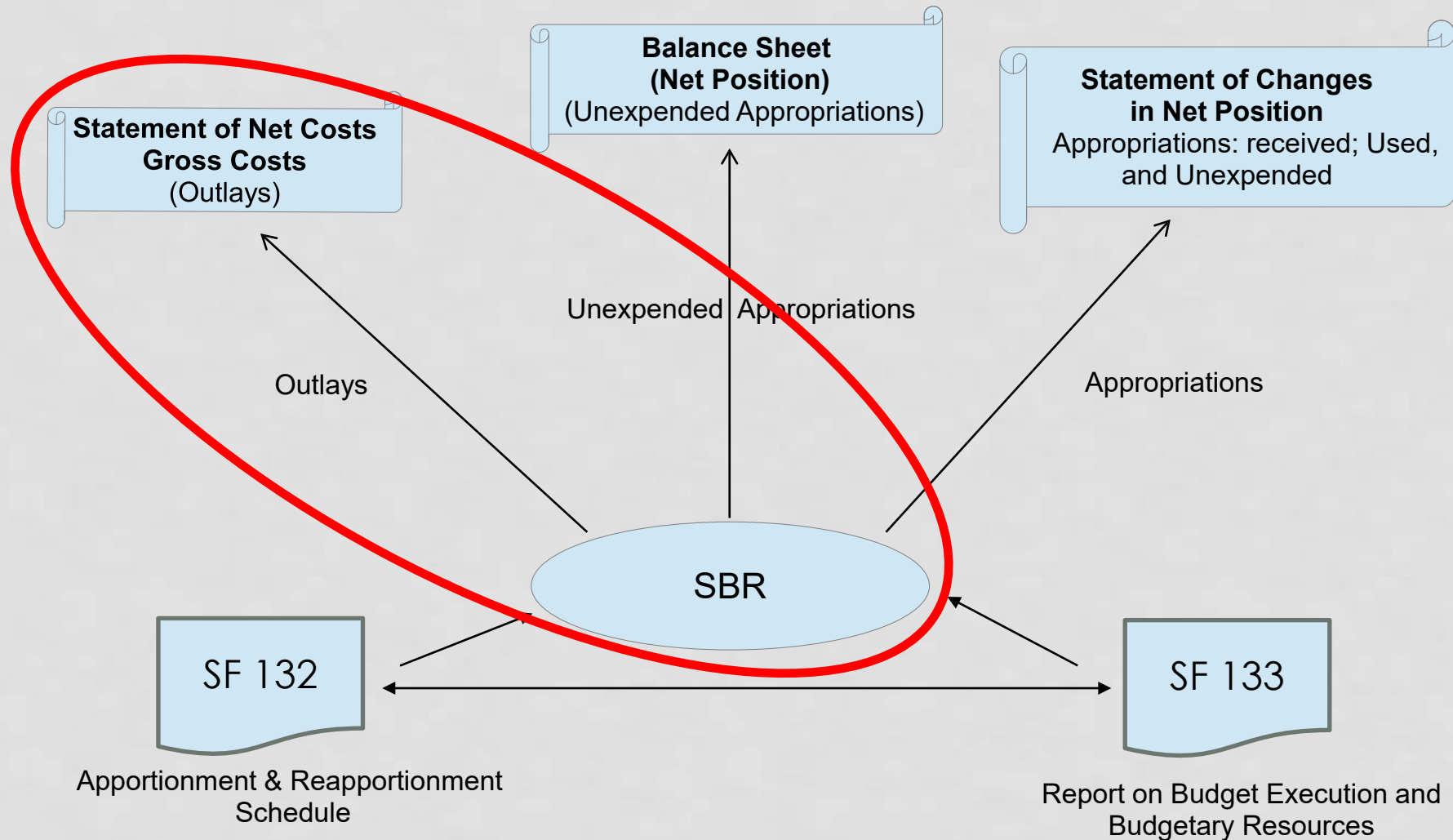


*Yeah I know it's a lot and after all is said and done, it's gonna give me acida and make my gut explode wit gastriasis. But I'm makin' duh sacrifice because if I don't do it, who will?? Pass duh cheese!*

## **BUDGET TO ACCRUAL RECONCILIATION (BAR)**

**RECONCILING NET OPERATING COST TO THE BUDGET  
(DEFICIT/SURPLUS)**

# THE SBR SUPPORTS FEDERAL FINANCIAL REPORTING OBJECTIVES



# SFFAS 53: BUDGET AND ACCRUAL RECONCILIATION

The BAR explains **the relationship** between the entity's net outlays on a **budgetary basis** and the net cost of operations on the **accrual basis** during the reporting period.

- The BAR starts with net cost of operations and is adjusted by:
  - components of net cost that are not part of net outlays,
  - components of net outlays that are not part of net cost, and
  - other temporary timing differences, which reflect some special adjustments.

# DOC FY20 NOTE 1 ON BAR

Budgetary accounting is designed to recognize appropriations, spending authority from offsetting collections, borrowing authority, and contract authority for an agency, and the obligation and outlay or otherwise disbursement or disposition of funds according to legal requirements, which in many cases is made prior to the occurrence of an accrual-based transaction. Budgetary accounting is essential for compliance with legal constraints and controls over the use of federal funds.

Proprietary and budgetary accounting are complementary; however, both the types of information presented and the timing of their recognition are sometimes different. Information is therefore needed about the differences between proprietary and budgetary accounting, which is accomplished in part by presenting a *Reconciliation of Net Cost of Operations to Outlays, Net* in Note 23. This reconciliation helps explain and clarify how proprietary basis of accounting *Net Cost of Operations* (cash and non-cash transactions) for the fiscal year relates to budgetary basis of accounting *Outlays, Net* (cash transactions) for the fiscal year and the reconciling items between the two.

These financial statements have been prepared from the accounting records of the Department in conformance with U.S. generally accepted accounting principles (GAAP) and the form and content for entity financial statements specified in OMB Circular A-136 Revised, *Financial Reporting Requirements*. GAAP for federal entities are the standards prescribed by FASAB, which is the official body for setting the accounting standards of the U.S. government.

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<sup>2</sup> Per OMB Circular A-11, "Obligation means a legally binding agreement that will result in outlays, immediately or in the future."

<sup>3</sup> Per OMB Circular A-11, "Outlay means a payment to liquidate an obligation (other than the repayment to the Treasury of debt principal). Outlays are a measure of government spending."



# CONNECTING SNC-NET COST OF OPERATIONS TO BAR NOTE

Department/Agency/Reporting Entity		
STATEMENTS OF NET COST		
For the Years Ended September 30, 2xxx (CY) and 2xxx (PY)		
(in dollars/thousands/millions)		
	2xxx (CY)	2xxx (PY)
Gross Program Costs (Note 22)		
Program A:		
Gross costs	\$ xxx	\$ xxx
Less: earned revenue	<u>-xxx</u>	<u>-xxx</u>
Net program costs:	\$ xxx	\$ xxx
Other Programs:		
Program B:	xxx	xxx
Program C:	xxx	xxx
Program D:	xxx	xxx
Program E:	xxx	xxx
Other programs:	xxx	xxx
Less: earned revenue	<u>-xxx</u>	<u>-xxx</u>
Net other program costs:	\$ x,xxx	\$ x,xxx
(Gain)/Loss on pension, ORB, or OPEB		
Assumption changes (Note 15):	\$ -xxx	\$ -xxx
Net program costs including		
Assumption changes:	\$ xxx	\$ xxx
Cost not assigned to programs	xxx	xxx
Less: earned revenues not attributed to programs	<u>-xxx</u>	<u>-xxx</u>
<b>Net cost of operations</b>	<u>\$ x,xxx</u>	<u>\$ x,xxx</u>

To BAR

Courtesy of Debbi Thomas

# STATEMENT OF NET COST

United States Department of Commerce Consolidated Statements of Net Cost  
For the Years Ended September 30, 2020 and 2019 (Note 10) (in Thousands)

	2020	2019
<b>Under Secretary for Economic Affairs</b>		
Gross Costs	\$ 2943,131	\$ 2,922,494
Less: Earned Revenue	(258,341)	(202,942)
<b>Net Cost of Operations</b>	<b>\$2684,790</b>	<b>2,719,552</b>
<b>National Science and Space Administration</b>		
Gross Costs	\$1,190,704	1,201,434
Less: Earned Revenue	(254,266)	(241,282)
<b>Net Cost of Operations</b>	<b>\$936,438</b>	<b>960,152</b>
<b>National Institute of Standards and Technology</b>		
Gross Costs	1,276,168	1,229,782
Less: Earned Revenue	(274,247)	(202,048)
<b>Net Cost of Operations</b>	<b>\$1,001,921</b>	<b>1,027,734</b>
<b>International Trade Administration</b>		
Gross Costs	326,207	322,274
Less: Earned Revenue	(72,243)	(24,247)
<b>Net Cost of Operations</b>	<b>\$253,964</b>	<b>298,027</b>
<b>Economic Development Administration</b>		
Gross Costs	822,278	292,278
Less: Earned Revenue	(4,792)	(24,282)
<b>Net Cost of Operations</b>	<b>\$817,486</b>	<b>268,000</b>
<b>National Telecommunications and Information Administration</b>		
Gross Costs	182,742	222,287
Less: Earned Revenue	(74,286)	(22,247)
<b>Net Cost of Operations</b>	<b>\$108,456</b>	<b>200,040</b>
<b>Departmental Management</b>		
Gross Costs	722,122	122,242
Less: Earned Revenue	(12,242)	(22,242)
<b>Net Cost of Operations</b>	<b>\$709,880</b>	<b>\$100,000</b>
<b>U.S. Patent and Trademark Office</b>		
Gross Costs	2,822,222	2,422,222
Less: Earned Revenue	(2,822,222)	(2,322,222)
<b>Net Cost of Operations</b>	<b>\$0</b>	<b>\$100,000</b>
<b>Other</b>		
Gross Costs	12,222	12,222
Less: Earned Revenue	(2,222)	(2,222)
<b>Net Cost of Operations</b>	<b>\$10,000</b>	<b>\$10,000</b>
<b>Total Gross Departmental Costs</b>	<b>\$15,930,906</b>	<b>\$14,957,439</b>
<b>Less: Total Earned Revenue</b>	<b>(4,612,620)</b>	<b>(4,381,245)</b>
<b>NET COST OF OPERATIONS</b>	<b>\$ 15,930,906</b>	<b>\$ 10,576,194</b>

The accompanying notes are an integral part of these financial statements.

PS 2020-10/2021-10/2022-10/2023-10

**\$15,930,906 will trace to the BAR**

Total Gross Departmental Costs	20,543,526	14,957,439
Less: Total Earned Revenue	(4,612,620)	(4,381,245)
<b>NET COST OF OPERATIONS</b>	<b>\$ 15,930,906</b>	<b>\$ 10,576,194</b>

The accompanying notes are an integral part of these financial statements.

	FY 2020	FY 2019
<b>Net Cost of Operations</b>	<b>\$ 15,930,906</b>	<b>\$ 10,576,194</b>
<b>Components of Net Cost of Operations that are Not Part of Outlays, Net</b>		
Depreciation and Amortization	(1,747,138)	(1,596,831)
Gains/(Losses) on Disposition of Other Assets, Net	1,234	(2,772)
Other Gains/(Losses), Net	(7,409)	1,455
Imputed Costs from Cost Absorbed by Others	(286,717)	(318,178)
Other Expenses	(37,447)	(31,956)
Receivables, Net – Increases	15,128	58
Advances and Prepayments – Decreases	–	(20,205)
Undeposited Collections – Increases	20,983	640
Payables – Increases	(216,980)	(276,361)
Federal Employee Benefits Liabilities – Increases	(37,600)	(65,300)
Environmental and Disposal Liabilities – Increases	(4,070)	(580)
Accrued Payroll and Annual Leave – Increases	(566,600)	(88,390)
Various Other Liabilities – Increases	(176,780)	(32,699)
Net Cost of Operations for Non-budgetary Credit Reform Financing Accounts	2,553	826
<b>Total Components of Net Cost of Operations that are Not Part of Outlays, Net</b>	<b>(3,040,843)</b>	<b>(2,458,263)</b>
<b>Components of Outlays, Net that are Not Part of Net Cost of Operations</b>		
Receivables, Net – Decreases	(84)	(1,718)
Advances and Prepayments – Increases	59,265	27,998
Payables – Decreases	39,078	4,441
Unearned Revenue – Decreases	(121,617)	(17,877)
Various Other Liabilities – Decreases	9,812	5,426
Cost Contribution to Buildout/Continuing Enhancement of Nationwide Public Safety Broadband Network, Gross – Increase	1,508,150	1,480,800
Acquisitions of Property, Plant, and Equipment	1,421,373	1,714,304
Acquisitions of Inventory, Materials, and Supplies	110,517	35,393
Acquisitions of Other Assets	3,172	298
Federal Employee Benefits Liabilities – Decreases	21,689	15,323
Actual Offsetting Collections Not Part of Net Cost of Operations	(18,093)	(18,094)
Adjustment for Pre-credit Reform Direct Loans: Pre-credit Reform Direct Loans and Loan Guarantees, Gross – Increase/(Decrease)	(287)	(1,418)
Other	1,114	69
<b>Total Components of Outlays, Net that are Not Part of Net Cost of Operations</b>	<b>3,034,089</b>	<b>3,244,945</b>
<b>Outlays, Net</b>	<b>\$ 15,924,152</b>	<b>\$ 11,362,876</b>

Our **\$15,930,906** which is based on accrual accounting just came from our SNC and is adjusted to **Net Outlays of \$15,924,152** which is based on budgetary accounting.

Sources: DoC FY20 Note 23; BAR. Page 115.