

ACCOUNTING PRINCIPLES AND STANDARDS HANDBOOK

GLOSSARY OF ACCOUNTING PRINCIPLES AND STANDARDS TERMS

Accounting: A method of furnishing the essential financial information to ensure that management can make informed decisions on its daily operations and provides financial control over the organization's assets. Accounting also consists of recording, classifying and summarizing transactions of a financial nature and interpreting the results.

Accounting System: The methods, records, and processes established to identify, assemble, analyze, classify, record, and report an entity's transactions and to maintain accountability for the related assets and liabilities.

Accrual Accounting: A system of accounting in which revenues are recorded when earned and outlays are recorded when goods are received or services performed, even though the actual receipt of revenues and payment for goods or services may occur, in whole or in part, at a different time.

Agency: A department or establishment of the Government.

Adjusted Trial Balance (ATB): A list of general ledger accounts and the corresponding balances (including adjustments) as of a specific date. The total debit balances must equal the total credit balances. In reference to FACTS (I and II) reporting, the adjusted trial balance includes U.S. SGL attributes, and the U.S. SGL account balances should reflect preclosing adjusting entries.

Advance: Prepayment made or received for goods or services to be rendered in the future.

Allotment: An authorization by either the agency head or another authorized employee to his/her subordinates to incur obligations within a specified amount. Each agency makes allotments pursuant to specific procedures it establishes within the general apportionment requirements stated in OMB Circular No. A-11, *Preparation, Submission, and Execution of the Budget*. The amount allotted by an agency cannot exceed the amount apportioned by the Office of Management and Budget (OMB). An allotment is part of an agency system of administrative control of funds whose purpose is to keep obligations and expenditures from exceeding apportionments and allotments.

Apportionment: A distribution made by the Office of Management and Budget (OMB) of amounts available for obligation in an appropriation or fund account into amounts available for specified time periods, program, activities, projects, objects, or any combinations of these. The apportioned amount limits the obligations that may be incurred. An apportionment may be further subdivided by an agency into allotments, suballotments, and allocations.

Appropriation: A provision of law (not necessarily in an appropriations act) authorizing the expenditure of funds for a given purpose. Usually, but not always, an appropriation provides budget authority.

Asset: Tangible or intangible item owned by the federal government which would have probable economic benefit that can be obtained or controlled by a federal government entity.

Audited Financial Statement(s): A report on the financial position or operations of an entity that has been reviewed by an independent auditor.

Budget Authority: Generally, the amount of money that may be spent or obligated by a government agency or for a government program or activity. Technically, it is statutory authority to enter into obligations that normally result in outlays. The main forms of budget authority are appropriations, borrowing authority, and contract authority. It also includes authority to obligate and expend the proceeds of offsetting receipts and collections. Congress may make budget authority available for only one year, several years, or an indefinite period, and it may specify definite or indefinite amounts.

Budget Controls: Management's policies and procedures for managing and controlling the use of appropriated funds and other forms of budget authority.

Bureau: The principal subordinate organizational units of an agency.

Capitalize: To record as an asset on the balance sheet.

Commitment: An administrative reservation of allotted funds, or of other funds, in anticipation of their obligation. For federal proprietary accounting, a commitment may also manifest an intent to expend assets.

Commodities: Items of commerce or trade having an exchange value.

Contingency: An existing condition, situation, or set of circumstances involving uncertainty as to possible gain or loss to an entity that will ultimately be resolved when one or more future events occur or fail to occur.

Cross-service: To provide services for another entity.

Department Administrative Orders (DAOs): Orders that document and mandate continuing policies, standards requirements, and procedures prescribed by the Office of the Secretary for Department wide application or for application to two or more major program areas of the Department of Commerce. The DAOs cover substantive program matters as well as administrative management, legal, or special staff functions.

Department Organizational Orders (DOOs): Orders that prescribe the basic management structure and organizational arrangements of the Department of Commerce. DOOs are issued for each Secretarial Officer, Departmental Office, and Operating Unit of the Department of Commerce.

Deposit Fund: An account established to record amounts held temporarily by the Government until ownership is determined (for example, earnest money paid by bidders for mineral leases) or held by the Government as an agent for others (for example, State and local income taxes withheld from Federal employees' salaries and not yet paid to the State or local government).

Disbursements: Payments made using cash, checks, or electronic transfers. Disbursements include advances to others as well a payments for goods and services received and other types of payments made.

Direct Costs: Costs that can be specifically identified with an output.

Direct Loan: A disbursement of funds by the Government to a non-Federal borrower under a contract that requires the repayment of such funds with or without interest. The term also includes certain equivalent transactions that extend credit.

Earmarked Funds: Funds that are financed by specifically identified revenues, often supplemented by other financing sources, which remain available over time. These specifically identified revenues and other financing sources are required by statute to be used for designated activities, benefits or purposes and must be accounted for separately from the Government's general revenues.

Exchange Revenue: Inflows of resources that have been earned.

Expenditure: The actual spending of money; an outlay.

Expenses: The outflows of assets or incurrence of liabilities during a period resulting from rendering services, delivering or producing goods, or carrying out other normal operating activities.

Federal Accounting Standards Advisory Board (FASAB): A board that promulgates federal accounting standards after considering the financial and budgetary information needs of citizens, congressional oversight groups, executive agencies, and the needs of other users of federal financial information.

Financial Statement: As defined by the Office of Management and Budget (OMB), the annual financial statement comprises:

- unaudited Management's Discussion and Analysis (MD&A),
- audited basic financial statements, including note disclosures,
- unaudited required supplementary stewardship information (RSSI), if applicable,
- unaudited required supplementary information (RSI), if applicable, and
- unaudited other accompanying information, if applicable.

This report is also referred to as the Performance and Accountability Report (PAR).

Financial System: An information system having one or more applications for collecting, processing, maintaining, transmitting, and reporting data about financial events; supporting financial planning or budgeting activities; accumulating and reporting cost information; or supporting financial statement preparation.

Fiscal Year: The Government's accounting period. It begins on October 1 and ends on September 30, and is designated by the calendar year in which it ends.

Franchise Fund: A type of intragovernmental revolving fund that operates as a self-supporting entrepreneurial entity to provide common administrative services benefiting other federal entities. These funds function entirely from the fees charged for the services they provide consistent with their statutory authority.

Grant: An award of financial assistance, including cooperative agreements, in the form of money, or property in lieu of money, by the Federal Government to an eligible grantee.

Grantee: The recipient to which a grant is awarded and who is accountable for the use of funds provided. The grantee can also be an institution of higher education, a hospital or other non-profit organization, or, in some cases a for-profit entity.

Government Accountability Office (GAO): The GAO is the investigative arm of Congress. It exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government. Among its activities are examining the use of public funds, evaluating federal programs and activities, and providing analyses, options, recommendations, and other assistance to help Congress make effective oversight, policy, and funding decisions.

Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS):

System used by agencies to electronically transmit a preclosing adjusted trial balance (ATB) at the Treasury Appropriation/Fund Symbol level or fund group level using U.S. Government Standard General Ledger account and other specified elements. GTAS supports consolidated financial statement reporting and centralized budget execution reporting.

Imprest Fund: A fixed-cash or petty-cash fund in the form of currency, coin, or government check, which has been advanced as Funds Held Outside of Treasury and charged to a specific appropriation account by a government agency official to an authorized cashier for cash payment or other cash requirement as specifically authorized. The fund may be a revolving type, replenished to the fixed amount as spent or used, or may be of a stationary nature such as a change-making fund.

Indirect Costs: Indirect costs are costs of resources that are jointly or commonly used to produce two or more types of outputs but are not specifically identifiable with any of the outputs.

Internal Controls: Safeguards built into a process or work flow to provide reasonable assurance to management that the system is working as intended and that resources are used in the most effective and efficient manner possible.

Judgment Fund: A permanent and indefinite appropriation administered by the Department of the Treasury that is available to pay judgments, settlement agreements, and certain types of administrative awards against the United States when such payment is not otherwise provided for in entity appropriations.

Liability: For federal proprietary accounting, a probable future outflow or other sacrifice of resources as a result of past transactions or events.

Loan Guarantee: Any guarantee, insurance, or other pledge with respect to the payment of all or a part of the principal or interest on any debt obligation of a non-Federal borrower to a non-Federal lender. The term does not include the insurance of deposits, shares, or other withdrawable accounts in financial institutions.

Non-exchange revenues: Inflows of resources that the Government demands or receives by donation.

Obligation: A binding agreement that will result in outlays, immediately or in the future. Budgetary resources must be available before obligations can be incurred legally.

Outcome: An assessment of the results of a program compared to its intended purpose.

Output: A tabulation, calculation, or recording of activity or effort that can be expressed in a quantitative or qualitative manner.

Outlays: The amount of money the Government spends, minus business-like collections, in a given fiscal year.

Revolving Fund: A trust fund or account whose income remains available to finance its continuing operations without any fiscal year limitation.

Statement of Federal Financial Accounting Standards (SFFAS): Federal accounting standards issued by FASAB.

Statute: A law enacted by the legislative branch of government, considered the primary source of law in the United States.

Subsidy: A payment by the Government or another benefit for which no current service is rendered and which is designed to support the conduct of an economic enterprise or activity.

Transfer: Moving budgetary resources from one budget account to another. Depending on the circumstances, the budget may record a transfer as an expenditure transfer, which means a transfer that involves an outlay, or as a nonexpenditure transfer, which means a transfer that does not involve an outlay.

Trust Fund: A type of account, designated by law a trust fund, for receipts or offsetting receipts earmarked for specific purposes and the expenditure of these receipts. Some revolving funds are designated as trust funds, and these are called trust revolving funds. Trust revolving funds have no receipt account and the collections are credited directly to the expenditure account.

Unobligated Balance: The cumulative amount of budget authority that is not obligated and that remains available for obligation under law.

User Charges: Charges assessed for the provision of Government services and for the sale or use of Government goods or resources. The payers of the user charge must be limited in the authorizing legislation to those receiving special benefits from, or subject to regulation by, the program or activity beyond the benefits received by the general public or broad segments of the public (such as those who pay income taxes or customs duties).

U.S. Standard General Ledger (USSGL): A uniform chart of accounts and guidance for (SGL) standardizing U.S. federal accounting. It is composed of five major sections: (1) chart of accounts, (2) accounts and descriptions, (3) account transactions, (4) SGL attributes, and (5) SGL crosswalks to standard external reports. The USSGL is prescribed by the Department of the Treasury in its Treasury Financial Manual.

Working Capital Fund: A type of intragovernmental revolving fund that operates as a self-supporting entity that conducts a regular cycle of businesslike activities. These funds function entirely from the fees charged for the services they provide consistent with their statutory authority.