

PRINCIPLES OF

Accounting

Budgeting &

Cash

management

FOR GOVERNMENT

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Chapter 1
The History
and Evolution
of the
Management
Function

Chapter 2
The Management
Process
and the
Management
Function

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TABLE OF CONTENTS

Chapter 1, "Overview of the ABC Process," gives the reader an overview of how the ABC system adapts private sector business principles to the government's operation.

Chapter 2, "The Budgetary Process," provides an overview of the procedural and political processes involved in developing the Federal government's budget. Knowledge of government budgetary processes is integral to understanding the design of the ABC system which closely reflects the budgetary process in every facet of its operation.

Chapter 3, "Accounting for Receipts and Disbursements At the Macro Level," explains how the General Fund receipt (income) and appropriation accounts assigned by the U.S. Treasury track government (and agency) cash. The financing of **General Funds, Management Funds, Consolidated Working Funds, Trust Funds, Special Funds, and Revolving Funds** are discussed as well as the banking functions of **Deposit Funds**.

Chapter 4, "Appropriated Budget Authority at the Macro Level," distinguishes between budget authority **approved** by the President and Congress in the current and prior fiscal years and the amount **available** for obligation. The computation of the current year's budget deficit is discussed using the General Fund receipt (income) and appropriation accounts presented in Chapter 3.

Chapter 5, "Budget Receipt Appropriations at the Macro Level," describes how an agency's cash collections (cash in Treasury) and anticipated budget receipts finance the government's **Trust Fund, Revolving Fund, and Special Fund appropriations**. The effect of ordering goods and services on appropriation budgets is also discussed.

Chapter 6, "Accounting Principles and Terminology," defines basic accounting terms such as general ledger account, chart of accounts, journal entry, and trial balance in preparation for the accounting activity covered in subsequent chapters.

Chapter 7, "The Budget and Apportionment Report (Part 1)-- Budgetary Resources" lists all appropriation finance sources and establishes a link between an appropriation's cash in Treasury (per the **Treasury Monthly Statement**), anticipated Treasury warrants (contract authority), and the **agency's trial balance**.

Chapter 8, "The Budget and Apportionment Report (Part 2)-- Apportionment Schedule," categorizes an appropriation's budget authority as unobligated available and unavailable. Comparisons are made with the private sector's Cash Flow Statement.

Chapter 9, "The Agency's Internal Apportionment Process," illustrates how the agency distributes budget authority from headquarters to the division, section, and office levels.

Chapter 10, "Cash Authority (Anticipated vs Actual)," discusses how the status of an appropriation's budget authority changes from **unfunded** to **funded** upon collection of anticipated cash authority.

Chapter 11, "Governmental Business Transactions," introduces the entries that record purchase orders, contracts, grants, payroll, accounts receivable, reimbursements, and advances payable and analyzes their impact on the government automated summary and detail budget reports.

Chapter 12, "Comparing Public and Private Sector Accounting Principles," summarizes the journal entries covered in Chapters 7 through 11 to produce summary level reports (Balance Sheet, Expense/Income Statement, and Retained Expense/Income Statement). Compares the government journal entries and accounting reports to those that would have been prepared by a corporation, under the same circumstances.

Chapter 13, "Report on Budget Execution," utilizes the trial balance derived in Chapter 12 to prepare OMB's Report on Budget Execution.

Chapter 14, "Year-End Closing Process," illustrates the year end closing entries used by a government agency (unexpired and expired appropriation) in comparison with a corporation's year-end closing process. Incorporates Chapter 12 trial balance data.

Chapter 15, "Revolving Funds," explores the unique characteristics of the Revolving Fund and the journal entries that record financing, the purchase and sale of goods/services, basic costing techniques, year-end closing process, and the generation of summary-level financial reports.