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Glossary Of Terms Relating To
The Budget And Fiscal Provisions
Of The Legislative Reorganization
Act Of 1970

U.S. GENERAL ACCOUNTING OFFICE

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FOREWORD

Title II of the Legislative Reorganization Act of 1970 (Public Law 91-510) enacted on October 26, 1970, requires the development and maintenance of standard classifications of programs, activities, receipts, and expenditures of Federal agencies and the development and maintenance of a standardized information and data processing system for budgetary and fiscal data.

These systems are to be developed and maintained by the Secretary of the Treasury and the Director of the Office of Management and Budget in cooperation with the Comptroller General.

The purpose of this glossary is to provide those people working on these standard classifications and data system development a common reference source for terms relating to their daily work. We fully expect that our development work over the next few years will result in significant additions, deletions, and changes. Accordingly, we most strongly encourage your recommendations for such changes. The Steering Committee of the Joint Financial Management Improvement Program has also initiated a project to develop a more extensive glossary of financial terms. We will coordinate our efforts with that project.



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Allotment

Authority delegated by the head or other authorized employee of an agency to agency employees to incur obligations within a specified amount pursuant to an apportionment or reapportionment of an appropriation or other statutory provision. (1)

Apportionment

A distribution made by the Office of Management and Budget of amounts available for obligation in an appropriation or fund account into amounts available for specified time periods, activities, functions, projects, objects, or combinations thereof. The amounts so apportioned limit the obligations that may be incurred. (1)

Appropriation

The most common form of budget authority, which allows Federal agencies to incur obligations and to make payments out of the Treasury for specified purposes. (1)

Authorization

Basic substantive legislation which sets up a Federal program or agency. Such legislation sometimes sets limits on the amount that can subsequently be appropriated, but does not usually provide budget authority. (2, page 4)

Authority To Spend Debt Receipts

Statutory authority which permits a Federal agency to incur obligations and make payments for specified purposes out of borrowed moneys, composed of:

Public debt authority - Derived from the sale of public debt securities of the Federal government.

Agency debt authority - Derived from the sale of agency debt securities, the issuance of mortgages, etc. (1)

Budget Authority

Budget authority for any year represents the authority to incur obligations becoming available during the year. Authority to incur obligations in the expenditure account is called new obligational authority (NOA); authority to incur obligations in the loan account is called loan authority (LA). (1)

Budget Year

The fiscal year for which estimates are submitted. (3)

Bureau

The word "bureau" is used to designate principal subordinate organizational units. (3)

Contract Authority

Statutory authority under which contracts or other obligations may be entered into prior to an appropriation or the realization of revenues for the payment of such obligations. (1)

Costs, Applied

The value (purchase price) of goods and services used, consumed, given away, or lost (or destroyed) by an agency of the Government within a given period of time, regardless of when ordered, received, or paid for. Applied costs will generally be based upon the concepts used in the agency's accounting system. For operating programs, applied costs will represent the value of resources consumed or used. For procurement and manufacturing programs, applied costs will represent the value of materiel received or produced; and for capital outlay programs, applied costs for public works will cover the value of work put in place. Applied costs for loan activities will represent assets acquired (even though no resource has been consumed). In the case of appropriations for programs which are essentially operating in nature, equipment will be included in costs when acquired (or when withdrawn from supply inventories and placed into use). For all programs-when the data are provided in the accounting system-accrued annual leave will be included under costs when earned, rather than when taken, even though it may be

unfunded at the time; and depreciation costs and other unfunded costs will be included where appropriate. Generally, applied costs are associated with program outputs so that such costs become the financial measures of resources consumed or applied in accomplishing a specific purpose, such as performing a service, carrying out an activity, or completing a unit of work or a specific project. (1)

Current Year

The fiscal year immediately preceding the budget year. (3)

Disbursements

The amount of checks issued and cash payments made, net of refunds received. Disbursements include all advances. They exclude amounts of non-expenditure documents which are issued for the purpose of accomplishing transfers. Net disbursements represent gross disbursements less reimbursements and other income collected and credited to the account. (1)

Expenditure Account

Federal Government transactions are divided between the expenditure account and the loan account. Transactions in the expenditure account include: (a) all transactions of nonlending programs, (b) all transactions of lending programs not classified in the loan account, and (c) administrative and

operating expenses, interest, writeoffs of loans and other costs and revenue of programs in the loan account. (1)

Expenditures (Exp.)

Outlays in payment of obligations in the expenditure account, including writeoffs and losses on loans previously recorded in the loan account. (9)

Federal Agency

Any department, agency, wholly owned Government corporation, establishment, or instrumentality of the Government of the United States or the government of the District of Columbia. (5)

Federal Assistance Region

One of ten regions in the United States established to coordinate the social and economic programs of the Department of Labor, the Department of Health, Education and Welfare, the Department of Housing and Urban Development, the Office of Economic Opportunity, and the Small Business Administration. The common regional boundaries and regional office locations are:

Region I (Boston) - Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont.

Region II (New York) - New York, New Jersey, Puerto Rico, and the Virgin Islands.

Region III (Philadelphia) - Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, and West Virginia.

Region IV (Atlanta) - Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, and Tennessee.

Region V (Chicago) - Illinois, Indiana, Minnesota, Michigan, Ohio, and Wisconsin.

Region VI (Dallas-Fort Worth) - Arkansas, Louisiana, New Mexico, Oklahoma, and Texas.

Region VII (Kansas City) - Iowa, Kansas, Missouri, and Nebraska.

Region VIII (Denver) - Colorado, Montana, North Dakota, South Dakota, Utah, and Wyoming.

Region IX (San Francisco) - Arizona, California, Hawaii, and Nevada.

Region X (Seattle) - Alaska, Idaho, Oregon, and Washington. (6)

Fiscal Year

The period beginning July 1 and ending June 30 of the following calendar year. The fiscal year is designated by the calendar year in which it ends. (1)

Foreign Currency Fund

A fund established to account for foreign currency which is acquired without payment of United States dollars and which may be expended without charge to dollar appropriations. (1)

Function

The principal purposes which Federal programs are intended to serve. In the Budget, the functional classification arranges Federal funding by mutually exclusive categories according to their principal purpose, regardless of the agency administering the program. (4, page 80)

Impounded Funds

Any type of executive action which effectively precludes the obligation or expenditure of the appropriated funds.

Loan Account

The portion of the Budget consisting of the principal amounts of disbursements and

repayments for domestic loans subject to definite requirements for full repayment and for foreign loans made on commercial terms. (2, page 4)

Loan Authority (LA)

Authority to incur obligations for loans made under programs classified in the loan account. (2, page 4)

Net Lending (NL)

Gross loan disbursements, net of writeoffs and losses, restorations, capitalized interest and losses incurred upon direct sale of loans, less gross principal loan repayments classified in the loan account. (4, page 511)

New Obligational Authority (NOA)

Authority to incur obligations in the expenditure account. New obligatory authority includes certain appropriations, authority to spend debt receipts, contract authority, and reappropriations. (1)

Obligations Incurred

Amounts of orders placed, contracts awarded, services received, and similar transactions during a given period which will require payments during the same or a future period. Such amounts will include disbursements to pay obligations not preceded by the recording

of obligations and will reflect adjustments for differences between obligations previously recorded and actual disbursements for those obligations. (1)

Object Classification

Uniform classification used in classifying the Government's financial transactions by object class, i.e., personal services and benefits, contractual services and supplies, acquisition of capital assets, and grants and fixed charges. (7)

Outlays

Checks issued, interest accrued on the public debt, or other payments made, net of refunds and reimbursements. Budget outlays are composed of: Expenditures and Net Lending. (2, page 4)

Past Year

The fiscal year immediately preceding the current year. (3)

President's Budget

In the budget cycle, the Budget which has been formulated by the executive branch, reviewed by the Office of Management and Budget, reviewed and finalized by the President, and presented to the Congress. (4, page 516)

Reappropriation

Statutory authority to incur obligations and make payments amounting to part or all of the unobligated balance of an otherwise expired one-year or multiple-year appropriation, whether for the same or a different purpose. (1)

Reprogramming

Utilization of funds by Federal agencies for purposes other than those for which they were intended when appropriated. (8)

Revenue Source (Governmental Receipts)

Classes of collections derived from the sovereign authority of Government. This includes corporate income taxes, individual income taxes, social insurance taxes and contributions, excise taxes, estate and gift taxes, custom duties, user charges, and certain miscellaneous receipts. (4, pages 75-77)

Revenues

Amounts deposited in agency receipt accounts, classified into two main categories: receipts from the public, and intrabudgetary transactions. Receipts from the public may be classified as governmental receipts or proprietary receipts. Intrabudgetary transactions are of three types: Federal interfund transactions, trust interfund transactions, and intragovernmental transaction. (9)

Standard Metropolitan Statistical Area

An integrated economic and social unit with a recognized large population nucleus. Definitions of the areas in terms of geographic boundaries are established by the Office of Management and Budget. (10)

Tax Expenditure

The amount of revenue which would have been received in the Treasury but for provisions of subtitle A of the Internal Revenue Code of 1954 and other laws of the United States which a) exclude or exempt items of income for purposes of the taxes imposed by such subtitle, b) allow deductions in determining the amount of taxable income, c) allow credits against the taxes so imposed, d) defer the imposition of the taxes so imposed, or e) grant preferential rates or otherwise provide special tax treatment to types of income subject to the taxes so imposed. (11)

Transfer Appropriation Account

A separate account established to receive (and subsequently obligate and disburse) allocations from an appropriation of another organization. These accounts carry symbols identified with the original appropriation. Since allocations are a distribution of an appropriation (representing, in effect, the sharing of some responsibility for the

program), rather than a payment for goods and services to be provided, the allocations are not treated as disbursements in the parent account or as receipts in the transfer appropriation account. The subsequent transactions of the allocation account are usually reported with the transactions of the parent account. (1)

Transfer Between Appropriation Accounts

A transaction which, pursuant to law, withdraws budget authority or balances from one appropriation account for credit to another. Payment to other accounts for goods and services received, or to be received, are not transfers but are disbursement transactions. (1)

References

- (1) OMB Circular A-34, Section 21.1.
- (2) The U.S. Budget in Brief, Fiscal Year 1972.
- (3) OMB Circular A-11, Section 11.2.
- (4) The Budget of the United States Government, Fiscal Year 1972.
- (5) Legislative Reorganization Act of 1970, Section 207.
- (6) Weekly Compilation of Presidential Documents, March 27, 1969, p. 480; May 21, 1969, p. 725.
- (7) OMB Circular A-12.
- (8) S.1333, March 23, 1971.
- (9) OMB Circular A-11, Section 21.1.
- (10) FIPS PUB 8, Metropolitan Statistical Areas.
- (11) S.1334, March 23, 1971.

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