
Obligational Accounting

The accounting systems, processes, and people involved in collecting financial information necessary to control, monitor, and report on all funds made available to federal entities by legislation, including permanent, indefinite appropriations as well as appropriations enacted in annual and supplemental appropriations laws that may be available for one or multiple fiscal years. It is through obligational accounting that agencies ensure compliance with fiscal laws, including the Antideficiency Act and statutes related to the purpose and period of availability of appropriations. Obligational accounting rests on the central concepts of the “obligation” and “disbursement” of public funds, as those terms are defined in this glossary. The Antideficiency Act, codified in part at sections 1341, 1514, and 1517, and the provisions of section 1501 (commonly referred to as the recording statute) of the *United States Code* provide the fundamental components of obligational accounting. Obligational accounting is sometimes also referred to as “fund control accounting,” “appropriation accounting,” and “budgetary accounting.” (For a discussion of the method for tracking funds in the federal government, *see* app. III. *See also* Administrative Division or Subdivision of Funds; Antideficiency Act; Apportionment; Disbursements; Obligation.)

Obligational Authority

The sum of (1) budget authority enacted for a given fiscal year, (2) unobligated balances of amounts that have not expired brought forward from prior years, (3) amounts of offsetting collections to be credited and available to specific funds or accounts during that year, and (4) budget authority transferred from other funds or accounts. The balance of obligational authority is an amount carried over from one year to the next if the budget authority is available for obligation in the next fiscal year. Not all obligational authority that becomes available in a fiscal year is obligated and paid out in that same year. Balances are described as (1) obligated, (2) unobligated, or (3) unexpended.

Obligated Balance

The amount of obligations already incurred for which payment has not yet been made. Technically, the obligated balance is the unliquidated obligations. Budget authority that is available for a fixed period expires at the end of its period of availability, but the obligated balance of the budget authority remains available to liquidate obligations for 5 additional fiscal years. At the end of the fifth fiscal year, the

account is closed and any remaining balance is canceled. Budget authority available for an indefinite period may be canceled, and its account closed if (1) it is specifically rescinded by law or (2) the head of the agency concerned or the President determines that the purposes for which the appropriation was made have been carried out and disbursements have not been made from the appropriation for 2 consecutive years. (*See also* Duration *under* Budget Authority; Fixed Appropriation Account.)

Unobligated Balance

The portion of obligational authority that has not yet been obligated. For an appropriation account that is available for a fixed period, the budget authority expires after the period of availability ends but its unobligated balance remains available for 5 additional fiscal years for recording and adjusting obligations properly chargeable to the appropriations period of availability. For example, an expired, unobligated balance remains available until the account is closed to record previously unrecorded obligations or to make upward adjustments in previously underrecorded obligations, such as contract modifications properly within scope of the original contract. At the end of the fifth fiscal year, the account is closed and any remaining balance is canceled. For a no-year account, the unobligated balance is carried forward indefinitely until (1) specifically rescinded by law or (2) the head of the agency concerned or the President determines that the purposes for which the appropriation was made have been carried out and disbursements have not been made from the appropriation for 2 consecutive years. (*See also* Duration *under* Budget Authority; Expired Account; Expired Budget Authority *under* Availability for New Obligations *under* Budget Authority; Fixed Appropriation Account.)

Unexpended Balance

The sum of the obligated and unobligated balances.

Off-Budget

Those budgetary accounts (either federal or trust funds) designated by law as excluded from budget totals. As of the date of this glossary, the revenues and outlays of the two Social Security trust funds (the Old-Age and Survivors Insurance Trust Fund and the Disability Insurance Trust Fund) and the transactions of the Postal Service are the only off-budget accounts. The budget documents routinely report the on-budget and off-budget amounts separately and then add them together to arrive at the consolidated government totals. (*See also* Nonbudgetary; On-Budget; Outlay;