

PERMANENT REDUCTIONS

UNEXPENDED APPROPRIATIONS – ADJUSTMENTS DUE TO PERMANENT REDUCTION/CAPITAL TRANSFER

EFFECTIVE FISCAL YEAR 2027

PREPARED BY:

GENERAL LEDGER AND ADVISORY BRANCH
BUREAU OF THE FISCAL SERVICE
U.S. DEPARTMENT OF THE TREASURY

Version Number	Date	Description of Change	Effective USSGL TFM
1.0	10/01/2026	Original Version	TFM Bulletin No. 2027-01

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Background

Rescissions and cancellations of appropriations derived from the General Fund of the U.S. Government, and unobligated balances of those appropriations, are considered permanent reductions unless legislation clearly indicates that the reduction is temporary. Rescissions and cancellations of contract authority and borrowing authority, as well as associated unobligated balances, are also usually permanent. Other rescissions and cancellations can be permanent if specified in law (e.g., legislation states that amounts are "permanently rescinded"). Resources that are permanently rescinded are returned to the General Fund of the U.S. Treasury and do not become available in the following fiscal year.

Often times, a federal entity receives an appropriation to one Treasury Account Symbol (TAS) and the entity subsequently transfers that appropriation to another TAS. Occasionally, Congress will request those original appropriated funds to be permanently reduced (through a permanent reduction such as a rescission, cancellation, sequestration, etc.) and returned back to Treasury, **AFTER** the funds have been transferred to the recipient TAS. When this permanent reduction occurs to funds that have been transferred-out from the original TAS, federal entities have been instructed to perform a Capital Transfer in the Central Accounting Reporting System (CARS) module and transfer it to a General Fund Receipt Account to be swept.

CARS doesn't have detailed data to show that capital transfers involving appropriation adjustments due to permanent reductions of budgetary resources derived from the General Fund of the U.S. Government aren't normal capital transfers, so it can never reduce appropriations outstanding for that TAS in General Fund's ledger. Without a more granular Business Event Type Code (BETC), CARS would continue to report a capital transfer as a transfer of funds to a General Fund Receipt Account for non-permanent reduction reasons.

New BETCs (effective FY 2027) will differentiate between normal capital transfers of funds to a General Fund Receipt Account, and permanent reductions of appropriations (both derived and not derived from the General Fund) within CARS. The new BETCs will also ensure that Intra-governmental balances are eliminated correctly between federal entities and the General Fund of the U.S. Government, along with correct reporting on the *Schedules of the General Fund* without a need for manual journal vouchers.

The BETC **CXFRCGF/CXFRDGF** will capture the transfer to General Fund Receipt Accounts for Permanent Reduction of Budgetary Resources Derived from the General Fund of the U.S. Government. With a dedicated BETC (CXFRCGF/CXFRDGF) for these capital transfers associated specifically with permanent reductions, agencies will record an entry to USSGL 310610, *Unexpended Appropriations - Adjustments due to Permanent Reduction/Capital Transfer*, to reduce appropriations outstanding if the money was derived from a General Fund appropriation. USSGL Transaction Code C159 was modified in the USSGL Supplement Section III of the Treasury Financial Manual for this scenario. Balances reported in a General Fund Receipt Account with the CXFRCGF BETC should tie directly to balances reported in new USSGL 310610.

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Disclaimer

The intent of this scenario is to illustrate the main concepts for the use capital transfers associated with permanent reductions. The scenario is not intended to be all inclusive of the different types of revenues and/or expenses that may be recorded.

Budgetary and financial reports reflect the pertinent lines to be reported based on the main concepts illustrated. For full presentations of the reports and line descriptions, refer to the appropriate authoritative guidance (i.e. OMB Circular A-136: *Financial Reporting Requirements*, OMB Circular No. A-11: *Preparation, Submission, and Execution the Budget*, Treasury Financial Manual references.)

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Standard General Ledger Accounts and Data Attributes

Account Title: Unexpended Appropriations - Adjustments due to Permanent Reduction/Capital Transfer
Account Number: 310610
Normal Balance: Debit
Definition: This account is used to record the amount of adjustments during the fiscal year to unexpended appropriations from current or prior years due to permanent reduction of budgetary resources derived from the General Fund of the U.S. Government and funds returned via a capital transfer to a General Fund Receipt Account. Although the normal balance for this account is debit, it is acceptable in certain instances for this account to have a credit balance.

USSGL	USSGL Account Title	Anticipated	Budg/ Prop	Norm Bal	Begin/ End	Debit/ Credit	Auth Type Code	Apport Cat	Apport Cat B
310610	Unexpended Appropriations - Adjustments due to Permanent Reduction/Capital Transfer	N	P	D	B/E	D/C			

USSGL	Avail Time	BEA Cat	Borrow Source	Budgetary Impact Indicator	Cohort Yr	Cust/ Noncust	Exch/ Nonexch	Fed/ NonFed	Trading Ptnr	Trading Ptnr Main	PY Adj	Prog. Ind.
310610								G	###	####		

USSGL	Year of BA	Reduction Type	Fund Type	Reporting Type Code	Financing Account Code	TAS Status	Trans. Code
310610			EC/EG/EM/EP/ER/ES/ET/TR/UG	E/F/U	D/G/N	U/E	X/K/N

*** Analytical GTAS Edit No. 600 requires the post-closing balance in USSGL 310610 to be $0 for a canceling TAS.**

USSGL	Begin/End	TAS Status Transitioning Code	RULE	Proposed Analytical Period:
310610	E	K	= $0	01,02,03,04,05,06,07,08,09,10,11,12

Listing of USSGL Accounts Used in This Scenario:

Account Number	Account Title
Budgetary	
411900	Other Appropriations Realized
417000	Transfers - Current-Year Authority
420100	Total Actual Resources - Collected
439210	Permanent Reduction - New Budget Authority - Capital Transfer - Derived from the General Fund of the U.S. Government
445000	Unapportioned - Unexpired Authority
451000	Apportionments
461000	Allotments - Realized Resources
Proprietary	
101000	Fund Balance With Treasury
298500	Liability for Non-Entity Assets Not Reported on the Statement of Custodial Activity
310000	Unexpended Appropriations - Cumulative
310100	Unexpended Appropriations - Appropriations Received
310200	Unexpended Appropriations - Transfers-In
310300	Unexpended Appropriations - Transfers-Out
310610	Unexpended Appropriations - Adjustments due to Permanent Reduction/Capital Transfer
331000	Cumulative Results of Operations
610000	Operating Expenses/Program Costs

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Permanent Reductions - Amounts of recissions transferred to a Miscellaneous Receipt TAFS to be returned to the General Fund of the U.S. Government

Year 1 Illustrative Entries

1. The federal entity records the enactment of appropriations of $10,000, as reflected in an Appropriations Act. Treasury processes a warrant.

Agency A TAS 1				Agency A TAS 2			
	Debit	**Credit**	**TC**		**Debit**	**Credit**	**TC**
Budgetary Entry				**Budgetary Entry**			
411900 Other Appropriations Realized	10,000		A104	None			
445000 Unapportioned - Unexpired Authority		10,000					
Proprietary Entry				**Proprietary Entry**			
101000 (G) Fund Balance With Treasury	10,000		A104	None			
310100 (G) Unexpended Appropriations – Appropriations Received		10,000					

2. Agency A transfers balances from TAS1 to TAS2, where the source of the transfer is derived from unexpended appropriations.

Agency A's TAS1 records the transfer-out of current-year authority not previously anticipated, accomplished via SF 1151: Non-expenditure Transfer Authorization, in which the source of the transfer is derived from unexpended appropriations.
Agency A's TAS2 records the transfer-in of current-year authority or prior-year balances not previously anticipated, accomplished via SF 1151: Non-expenditure Transfer Authorization, in which the source of the transfer is derived from unexpended appropriations.

Agency A TAS 1				Agency A TAS 2			
	Debit	**Credit**	**TC**		**Debit**	**Credit**	**TC**
Budgetary Entry				**Budgetary Entry**			
445000 Unapportioned - Unexpired Authority	10,000		A484	417000 Transfers - Current-Year Authority	10,000		A480
417000 Transfers - Current-Year Authority		10,000		445000 Unapportioned - Unexpired Authority		10,000	
Proprietary Entry							
310300 (F) Unexpended Appropriations – Transfers-Out (RC 08)	10,000		A484	**Proprietary Entry**			
101000 (G) Fund Balance With Treasury		10,000		101000 (G) Fund Balance With Treasury	10,000		A480
				310200 (F) Unexpended Appropriations - Transfers-In (RC 08)		10,000	

3. The original appropriation is permanently reduced by legislative action in General Fund TAFS, after it has already been transferred from TAS1 to TAS2.

Agency A's TAS 2 records unexpended appropriations (derived by non-expenditure transfer - original source of transfer in is USSGL account 310200 - Unexpended Appropriations - Transfers-In) permanently reduced by legislative action in a General Fund TAS.

Agency A's General Fund Receipt Account records the amount that was derived by non-expenditure transfer and was permanently reduced.

The fund balance must be returned to a miscellaneous receipt account designated by OMB on an SF1151, Non-Expenditure Transfer Authorization, coded as a capital transfer.

Agency A TAS 2				**General Fund Receipt Account AID X 3241**			
	Debit	**Credit**	**TC**		**Debit**	**Credit**	**TC**
Budgetary Entry				**Budgetary Entry**			
445000 Unapportioned - Unexpired Authority	10,000		A207	None			
439210[1] Permanent Reduction - New Budget Authority - Capital Transfer - Derived from General Fund of the U.S. Government		10,000					
Proprietary Entry				**Proprietary Entry**			
310300 (F) Unexpended Appropriations - Transfers-Out (RC 08)	10,000		A207	101000 (G) Fund Balance with Treasury	10,000		A209
101000 (G) Fund Balance with Treasury		10,000		310200 (F) Unexpended Appropriations - Transfers-In (RC 08)		10,000	

[1] When using USSGL accounts 439210 or 439310, the receiving TAS will be General Fund Receipt Account 3241 series.

4. Agency A records the offset for amounts of recissions transferred to a miscellaneous receipt Treasury Appropriations Symbol (TAFS) to be returned to the General Fund of the U.S. Government.

Agency A TAS 2				General Fund Receipt Account AID X 3241			
	Debit	**Credit**	**TC**		**Debit**	**Credit**	**TC**
Budgetary Entry None **Proprietary Entry** None				**Budgetary Entry** None **Proprietary Entry** 310610 Unexpended Appropriations - Adjustments due to Permanent Reduction/Capital Transfer 298500 (G) Liability for Non-Entity Assets Not Reported on the Statement of Custodial Activity	10,000	 10,000	C159

5. Agency A records the withdrawal of funds for the permanent reduction of the unexpended appropriations. Treasury processes a warrant to return the funds balance to the General Fund of the U.S. Government.

Agency A TAS 2				General Fund Receipt Account AID X 3241			
	Debit	**Credit**	**TC**		**Debit**	**Credit**	**TC**
Budgetary Entry None **Proprietary Entry** None				**Budgetary Entry** None **Proprietary Entry** 298500 (G) Liability for Non-Entity Assets Not Reported on the Statement of Custodial Activity 101000 (G) Fund Balance with Treasury	10,000	 10,000	F124

PRE-CLOSING TRIAL BALANCE, YEAR 1							
		Agency A TAS 1 AID X XXXX		**Agency A TAS 2 AID X XXXX**		**GFRA AID X 3241**	
Account	**Description**	**Debit**	**Credit**	**Debit**	**Credit**	**Debit**	**Credit**
Budgetary							
411900	Other Appropriations Realized	10,000	-	-	-	-	-
417000	Transfers - Current-Year Authority	-	10,000	10,000	-	-	-
445000	Unapportioned - Unexpired Authority	-	-	-		-	-
439210	Permanent Reduction - New Budget Authority - Capital Transfer - Derived from the General Fund of the U.S. Government	-	-	-	10,000	-	-
462000	Unobligated Funds Exempt From Apportionment	-	-	-	-	-	-
Total		**10,000**	**10,000**	**10,000**	**10,000**	**-**	**-**
Proprietary							
101000 (G)	Fund Balance With Treasury	-	-	-	-	-	-
298500	Liability for Non-Entity Assets Not Reported on the Statement of Custodial Activity	-	-	-	-	-	-
310100	Unexpended Appropriations - Appropriations Received	-	10,000	-	-	-	-
310200	Unexpended Appropriations - Transfers-In	-	-	10,000	-	-	10,000
310300	Unexpended Appropriations - Transfers-Out	10,000	-	-	10,000	-	-
310610	Unexpended Appropriations - Adjustments due to Permanent Reduction/Capital Transfer	-	-	-	-	10,000	-
Total		**10,000**	**10,000**	**10,000**	**10,000**	**10,000**	**10,000**

Year 1 Closing Entries

6. Agency A records the consolidation of actual net-funded resources and reductions for withdrawn funds and to record the closing of fiscal year activity to unexpended appropriations.

Agency A TAS 1				Agency A TAS 2			
	Debit	**Credit**	**TC**		**Debit**	**Credit**	**TC**
Budgetary Entry				**Budgetary Entry**			
420100 Total Actual Resources – Collected	10,000		F302	439210 Permanent Reduction - New Budget Authority - Capital Transfer - Derived from the General Fund	10,000		F302
411900 Other Appropriations Realized		10,000					
417000 Transfers - Current-Year Authority	10,000		F302	420100 Total Actual Resources - Collected		10,000	
420100 Total Actual Resources – Collected		10,000					
				420100 Total Actual Resources – Collected	10,000		F302
				417000 Transfers - Current-Year Authority		10,000	
Proprietary Entry				**Proprietary Entry**			
310000 Unexpended Appropriations - Cumulative	10,000		F342	310300 (F) Unexpended Appropriations - Transfers-Out	10,000		F342
310300 (F) Unexpended Appropriations - Transfers-Out		10,000		310000 Unexpended Appropriations - Cumulative		10,000	
310100 Unexpended Appropriations - Appropriations Received	10,000		F342	310000 Unexpended Appropriations - Cumulative	10,000		F342
310000 Unexpended Appropriations - Cumulative		10,000		310200 (F) Unexpended Appropriations - Transfers-In		10,000	

7. Agency A's General Fund Receipt Account records the consolidation of actual net-funded resources and reductions for withdrawn funds and to record the closing of fiscal year activity to unexpended appropriations.

				General Fund Receipt Account AID X 3241			
					Debit	**Credit**	**TC**
				Budgetary Entry None **Proprietary Entry** 310200 (F) Unexpended Appropriations - Transfers-In 310000 Unexpended Appropriations – Cumulative 310000 Unexpended Appropriations – Cumulative 310610 Unexpended Appropriations - Adjustments due to Permanent Reduction/ Capital Transfer	 10,000 10,000 10,000	 10,000 10,000	 F342 F342

POST-CLOSING TRIAL BALANCE, YEAR 1							
		Agency A TAS 1 AID X XXXX		**Agency A TAS 2 AID X XXXX**		**GFRA AID X 3241**	
Account	**Description**	**Debit**	**Credit**	**Debit**	**Credit**	**Debit**	**Credit**
Budgetary							
411900	Other Appropriations Realized	-	-	-	-	-	-
417000	Transfers - Current-Year Authority	-	-	-	-	-	-
420100	Total Actual Resources - Collected	-	-	-	-	-	-
445000	Unapportioned - Unexpired Authority	-	-	-		-	-
439210	Permanent Reduction - New Budget Authority - Capital Transfer - Derived from the General Fund of the U.S. Government	-	-	-	-	-	-
Total		-	-	-	-	-	-
Proprietary							
101000 (G)	Fund Balance With Treasury	-	-	-	-	-	-
298500	Liability for Non-Entity Assets Not Reported on the Statement of Custodial Activity	-	-	-	-	-	-
310000	Unexpended Appropriations - Cumulative	-	-	-	-	-	-
310100	Unexpended Appropriations - Appropriations Received	-	-	-	-	-	-
310200	Unexpended Appropriations - Transfers-In	-	-	-	-	-	-
310300	Unexpended Appropriations - Transfers-Out	-	-	-	-	-	-
310610	Unexpended Appropriations - Adjustments due to Permanent Reduction/Capital Transfer	-	-	-	-	-	-
Total		-	-	-	-	-	-