

Slide 1: Introduction

## CASH REBUILD

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February 22, 2001

Graphic, Department of Defense: Finance and Accounting Service seal

Slide 2: Purpose

- To realign Navy Industrial Fund activity cash balances to accurately reflect Fund Balance with Treasury as an asset from December 1994 to the present.

### Slide 3: History of Cash

1991 - December 1994

- Control of Cash is held at OSD level. NWCF activities closed current year collections and disbursements to equity, Navy GLA 2961, Net Treasury Balance-DBOF, at fiscal year end, in effect, transferring cash to OSD at fiscal year end.

December 1994

- OSD decentralizes cash. Control is passed back to the individual services. Navy is allocated \$442M for the NWCF.

#### Slide 4: History of Cash

December 1994 - 1996

- NWCF activities continue to close out cash at fiscal year end to Navy GLA 2961.

1997 - Present

- At fiscal year end, year to date collections are closed out to asset account, Navy GLA 1170, Funds with Treasury - Collections. Year to date disbursements are closed out to Navy GLA 1180, Funds with Treasury - Disbursements.

Slide 5: Problem/Solution

- Fund Balance with Treasury (12/94-Present) not accurately reflected on financial statements
- FY 1991-96 activity Collections and Disbursements reflected in GLA 2961
- FY 1997-00 Collections and Disbursement per Activity Control Ledger reflected in GLA 1170 & 1180
- AR(M)1307 Line 1, Fund Balance with Treasury, consists of GLA(s) 1170-1180 plus current year collections and disbursements.
- Solution = Rebaseline Cash

## Slide 6: Step 1

### Analysis of Cash

- DFAS-CL conducted a detailed analysis of cash for each NWCF activity.
- Amounts reported at year end for collections and disbursements were compiled for fiscal years 95-96
- Activity reported amounts were compared to amounts reported on the Activity Control Ledger (Treasury)
- Cash transfers were identified
- General Ledger entries were developed for each Navy
- Industrial Fund activity

Slide 7: Step 1 (continued)

Accounting Entries

- The accounting entries developed for each NWCF activity removed collections and disbursements previously closed to GLA 2961 for the period of December 1994 -September 1996 and reclassified these amounts to GLA(s)1170 and 1180.
- Any known transfers residing in GLA(s)1170,1180 or 2961 were reclassified to GLA 1190,Funds with Treasury-Cash Transfers.

## Slide 8: Step 2

### Execution of Accounting Entries

- DFAS-CL memorandum, dated February 2,2001, directed OPLOCs to execute accounting entries effective for the January reporting month
- All entries executed except: NWS Seal Beach, FMSSO, NCTC, NSWC Indian Head, NSWC Port Hueneme, Naval Shipyards (except NSY Pearl Harbor)
- Remaining entries will be executed in February.

Slide 9: Step 3

Liquidation of Navy GLA 2961 Balance

- The balance remaining in GLA 2961 will be zeroed out with an offset to Undistributed Collections/Disbursements

Slide 10: Step 4

\$442M Allocation

- Allocate \$442M Navy received from OSD to individual activities?

Slide 11: Results of Cash Rebuild

- Activity Cash (December 1994-Present) will be accurately reflected in current and prior year collection and disbursement accounts on activity general ledgers.
- Current and prior year cash at the departmental level will match the Cash Balance reported on the Activity Control Ledger after adjustment for unmatched collections and disbursements.
- Overall cash will be reported in the appropriate asset accounts instead of equity.