

(Copy)

Browning, Mont., Oct. 11, 1919.

Mr. A. H. Gullickson,  
Examiner of Accounts,  
Burley, Idaho.

Dear Mr. Gullickson:-

Receipt is acknowledged of copy of your letter of the 6th to Chief Clerk, Denver. I have also received copy of Chief Accountant's letter of the 1st to Mr. Luney.

As a matter of interest to you I am sending herewith a copy of the St. Mary Storage budget as of October 1, 1919. You will note from this that the balances of the three columns I have added amount to approximately \$15,000. by which amount the total of the budget would be out of balance had not these three columns been included. With an allotment of \$75,000 such a discrepancy makes quite a difference. Of course the amount that can be expended for cost is in no way changed by adding these columns, but by showing them on the statement it at once becomes apparent that the debit balances shown for plant and inventories are not all available for increasing costs, a fact which is of importance when we remember that this statement is gotten up primarily for engineers and project managers who might be misled if these other elements were not included on the statement.

I think it will be satisfactory to include the differences between yellow and green transfers with changes in encumbrances for other fiscal years, but in the amendment to the general order this should be brought out clearly so that the projects will know just what to include in this column.

It appears to me that the budget as it is being worked over will not be complete until "Undelivered orders" are shown in some way. As it now stands the balance we show as per Form 7-856 is not the true balance of unencumbered funds, and I think this is apt to mislead project managers and others in that they may assume they have more to spend for cost than they really have. For instance, at the end of October the St. Mary Storage Project had \$5,000 undelivered orders, which amount has an important bearing on an allotment of \$75,000. I would favor showing the true balance of Form 7-856 and then adding a column to the budget captioned "Undelivered Orders."



The Chief Accountant does not quite understand what we mean by "Changes in encumbrances other fiscal years". This column takes care of offsetting entries to charges or credits to costs or inventory accounts in cases where the offsetting entry does not affect the 1920 allotment, but previous allotments. A simple illustration is freight settlements. All through the F. Y. 1920 we will be getting freight settlements chargeable to 1918 and 1919 allotments on which there will be adjustments to be taken into inventory or cost accounts. The offset to these would not be taken care of in the budget unless such a column as recommended is provided.

Very truly yours,

(Signed) A. W. Meyer,

Chief Clerk.

CC Chief Accountant  
Chief Clerk, Denver.