

## **Scenario I Basic Trust Fund Accounting**

Scenario I includes transactions and reports illustrating basic accounting for receipts and collections, expenditure transfers, nonexpenditure transfers, and exchange/nonexchange transactions. FASAB's SFFAS #7, Accounting for Revenue and Other Financing Sources, prescribes the majority of proprietary accounting contained in this scenario. (Refer to Scenario IV, Trust Fund Investments, for discussion on investment transactions.)

A basic concept of trust fund accounting is that trust funds do not use USSGL accounts 3100 Unexpended Appropriations or 5700 Expended Appropriations (refer to SFFAS #7, paragraph 213). At least two justifications support this concept.

First, trust funds do not receive Treasury appropriation warrants, for which Fiscal Service Form 6200: Appropriation Warrant is issued from the General Fund of Treasury as a result of an appropriation act. USSGL account 3100 Unexpended Appropriations generally is associated with these types of warrants. Instead, the source of most trust fund inflows includes receipts and collections that are either deposited directly into trust funds or first collected by a custodial entity.

Second, trust fund receipts predominantly consist of tax receipts (e.g., social security taxes, railroad retirement taxes, and excise taxes), as well as customs duties, fines, penalties, etc. Collecting entities such as the Internal Revenue Service and the U.S. Customs Service collect these receipts and deposit them into Treasury general fund receipt accounts.

SFFAS #7 states that dedicated tax receipts, as well as amounts transferred-in from collecting entities, should be recorded as revenue, not as part of unexpended appropriations (USSGL 3100). Furthermore, to account for these receipts as revenue and as unexpended appropriations in the same trust fund account would double-count the amounts as financing sources.<sup>1</sup> Therefore, all USSGL trust fund guidance (i.e., guidance contained within this Guide) reflects that USSGL account 3100 Unexpended Appropriations and corresponding account 5700 Expended Appropriations are not recorded by trust fund appropriation fund symbols.

USSGL transfer accounts are split between nonexpenditure and expenditure transfers. This is because Treasury and OMB guidance prescribes different reporting requirements for each type of transfer.<sup>2</sup>

The four proprietary USSGL accounts established to account for trust fund transfers are as follows:<sup>3</sup>

- 5750 Expenditure Financing Sources – Transfers-In
- 5755 Non-expenditure Financing Sources – Transfers-In
- 5760 Expenditure Financing Sources – Transfers-Out
- 5765 Non-expenditure Financing Sources – Transfers-Out

For trust fund transfers, the appropriate action would be to either debit or credit the appropriate transfer account, rather than record USSGL accounts 3100 and/or 5700. Nonexpenditure USSGL accounts 5755

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<sup>1</sup> SFFAS #7 - Accounting for Revenue and Other Financing Sources, paragraphs 60 and 213

<sup>2</sup> TFM Vol. I Part 2 - Chapter 2000; OMB Circular A-34 Sections 12.10 and 12.11 (dated November 3, 2000)

<sup>3</sup> For USSGL account definitions, refer to Section II, Accounts and Definitions, of TFM S2-01-02 (as updated).

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and 5765 capture all trust-to-trust transfers, which, by definition, are nonexpenditure.<sup>4</sup> This is accomplished via an SF 1151 form. All nonexpenditure transactions are recorded the same on the proprietary side, but crosswalk differently to the various budgetary reports. The USSGL accounts recorded in the budgetary transactions for nonexpenditure transfers vary depending on whether the transfer is an appropriation transfer or an allocation transfer.<sup>5</sup>

Expenditure USSGL accounts 5750 and 5760 capture transfers between trust funds and Federal funds (such as an agency's general fund). This, by definition, is an expenditure transaction.<sup>6</sup> However, these transfer accounts are recorded only if the transfer results from a nonexchange transaction, such as a law requiring the transfer. If the transaction is exchange in nature, then record a revenue or an expense account. On the budgetary side for expenditure transfers, the entity transferring-out must record an outlay, and the entity transferring-in must record a receipt or an appropriation.

Other USSGL accounts were established to accommodate transfers between trust funds and Federal funds. They provide the mechanism to transfer financing sources where the funds remain invested for transfer at a later date. The proprietary USSGL accounts established for this purpose include:

1335 Expenditure Transfers Receivable  
2155 Expenditure Transfers Payable

On the budgetary side, the following USSGL account was established:

4114 Appropriated Trust or Special Fund Receipts

Trust funds are to use USSGL account 4114 for appropriated receipts in the same way that Federal funds (with the exception of special funds) are to use USSGL budgetary account 4119 Other Appropriations Realized for appropriations received. USSGL account 4119 is not appropriate for trust funds to record for several reasons. First, it generally correlates with USSGL proprietary account 3100, which trust funds do not record. Additionally, USSGL account 4119 usually is associated with the receipt of an appropriation warrant, which trust funds do not receive. Therefore, trust funds should use USSGL account 4114 for all appropriated trust fund receipts, not USSGL account 4119.

The term "appropriated" is used in the USSGL account title because, although trust funds do not receive actual appropriation warrants, amounts *are* appropriated from various sources. These sources include appropriations from a general fund receipt account to a trust fund receipt account (via Fiscal Service Optional Form 1017-G: Journal Voucher); from an agency's general fund to the agency's trust fund (via expenditure transfer, e.g., OPAC); and from a trust fund receipt account to a trust fund expenditure account. Therefore, USSGL account 4114 is used to record all trust fund receipts, and is counted as new budget authority on the SF 133.

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<sup>4</sup> TFM Vol. I Part 2 - Chapter 2000

<sup>5</sup> Refer to TFM Vol. I Part 2 - Chapter 2000 for the distinction between the different types of nonexpenditure transfers.

<sup>6</sup> TFM Vol. I Part 2 - Chapter 2000; OMB Circular A-34 Section 12.11 (dated November 3, 2000)

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- To record receipts deposited into a trust fund receipt account, which are automatically credited to the corresponding trust fund expenditure account.<sup>7</sup> (Collections of tax receipts from the public are initially deposited into a Treasury General Fund Receipt Account (i.e. 0152 Excise Taxes) and recorded as custodial revenue by the collecting entity (i.e. IRS). From there the receipts are appropriated to the trust fund receipt account (via Fiscal Service Optional Form 1017-G: Journal Voucher). Note that Fiscal Service Form 6200: Appropriation Warrant is not processed.) (TC A186)**

***Budgetary***

4114	Appropriated Trust or Special Fund Receipts	50,000	
	4450 Unapportioned Authority <sup>8</sup>		50,000

***Proprietary***

1010	Fund Balance With Treasury	50,000	
	5800 Tax Revenue Collected		50,000

- To record the budgetary authority apportioned by OMB. (TC A116)**

***Budgetary***

4450	Unapportioned Authority	30,000	
	4510 Apportionments		30,000

***Proprietary***

None

- To record the allotment of authority. (TC A120)**

***Budgetary***

4510	Apportionments	20,000	
	4610 Allotments – Realized Resources		20,000

***Proprietary***

None

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<sup>7</sup> The transactions in this scenario combine the activity of the receipt and expenditure accounts. The receipt-expenditure account relationship is described in more detail in the Introduction of the Guide.

<sup>8</sup> This scenario assumes that the entire trust fund is subject to apportionment. For trust fund activity that is not subject to apportionment, credit USSGL account 4620 - Unobligated Funds Not Subject to Apportionment.

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**4. To record current-year unexpended obligations. (TC B204)**

*Budgetary*

4610	Allotments – Realized Resources	15,000	
4801	Undelivered Orders - Obligations, Unpaid		15,000

*Proprietary*

(None)

**5. To record a payable to non-Federal recipients for expenses incurred. (TC B302)**

*Budgetary*

4801	Undelivered Orders - Obligations, Unpaid	15,000	
4901	Delivered Orders - Obligations, Unpaid		15,000

*Proprietary*

6100	Operating Expenses/Program Costs	15,000	
2110	Accounts Payable		15,000

**6. To record a non-expenditure allocation<sup>9</sup> transfer-out of non-invested balances from the parent account to another agency's trust fund recipient allocation expenditure account.<sup>10</sup> All trust-to-trust transfers are accomplished via an SF 1151: Nonexpenditure Transfer Authorization. (TC A214)**

*Budgetary*

4510	Apportionments	10,000	
4175	Allocation Transfers of Current-Year Authority for Non-Invested Accounts		10,000

*Proprietary*

5765	Nonexpenditure Financing Sources – Transfers-Out	10,000	
1010	Fund Balance With Treasury		10,000

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<sup>9</sup> Allocation transfers are posted to the same proprietary USSGL accounts as appropriation transfers, but different budgetary USSGL accounts are used (see transaction 8).

<sup>10</sup> Refer to Scenario V, Treasury-Managed Trust Fund Allocation Accounts, for allocation transfers of invested balances, as well as TFM S2-01-02 (as updated) for comprehensive allocation transfer transactions.

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7. **To record payment and expenditure of amounts recorded in transaction 5. This will be reflected on the SF 224: Statement of Transactions. (TC B110)**

***Budgetary***

4901	Delivered Orders - Obligations, Unpaid	15,000	
4902	Delivered Orders - Obligations, Paid		15,000

***Proprietary***

2110	Accounts Payable	15,000	
1010	Fund Balance With Treasury		15,000

8. **To record a non-expenditure appropriation transfer-in from another agency's trust fund expenditure account. All trust-to-trust transfers are accomplished via an SF 1151: Nonexpenditure Transfer Authorization. (TC A250)**

***Budgetary***

4170	Transfers – Current-Year Authority	7,000	
4450	Unapportioned Authority		7,000

***Proprietary***

1010	Fund Balance With Treasury	7,000	
5755	Nonexpenditure Financing Sources – Transfers-In		7,000

9. **To record penalties collected from Federal sources. Receipts are deposited into a trust fund receipt account and automatically credited to the corresponding trust fund expenditure account. (TC A186)**

***Budgetary***

4114	Appropriated Trust or Special Fund Receipts	25,000	
4450	Unapportioned Authority		25,000

***Proprietary***

1010	Fund Balance With Treasury	25,000	
5320	Penalties, Fines and Administrative Fees Revenue		25,000

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- 10. To record expenditure transfers-in of \$5,000 for services provided to other Federal agencies (exchange transaction, not subject to the Economy Act) and \$12,000 for amounts appropriated by law (nonexchange transaction). Both are transferred-in from other TAFSS. Report expenditure transfers on the SF 224: Statement of Transactions.<sup>11</sup> (TC A264)**

***Budgetary***

4114	Appropriated Trust or Special Fund Receipts	17,000	
4450	Unapportioned Authority		17,000

***Proprietary***

1010	Fund Balance With Treasury	17,000	
5200	Revenue from Services Provided		5,000
5750	Expenditure Financing Sources – Transfers-In		12,000

- 11. To record expenditure transfers-out of \$2,000 for expenses incurred to run a program (exchange transaction) and \$1,000 for amounts transferred by law (nonexchange transaction). Report expenditure transfers on the SF 224: Statement of Transactions. (TC A116, A120, A266)**

***Budgetary***

4450	Unapportioned Authority <sup>12</sup>	3,000	
4902	Delivered Orders - Obligations, Paid		3,000

***Proprietary***

5760	Expenditure Financing Sources – Transfers-Out	1,000	
6100	Operating Expenses/Program Costs		2,000
1010	Fund Balance With Treasury		3,000

- 12. To record a payable for a nonexchange expenditure transfer-out to the agency's general fund. (TC A116, A259)**

***Budgetary***

4450	Unapportioned Authority <sup>13</sup>	4,000	
4901	Delivered Orders - Obligations, Unpaid		4,000

***Proprietary***

5760	Expenditure Financing Sources – Transfers-Out	4,000	
2155	Expenditure Transfers Payable		4,000

<sup>11</sup> Typically, expenditure transfers-in that do not fall under the Economy Act are recorded into trust fund receipt accounts. The receipts are then automatically credited to the corresponding trust fund expenditure account (for trust funds designated in Treasury's FAST book as available).

<sup>12</sup> The USSGL entries for budgetary fund control and obligations for trust funds are the same as those published in TFM S2-01-02 (as updated). For purposes of illustration, only the final results are shown here.

<sup>13</sup> Same as footnote 7.

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13. To record the actual nonexchange expenditure transfer-out from transaction #12 via OPAC. The SF 224: Statement of Transactions will reflect this transaction. (TC A261)

*Budgetary*

4901	Delivered Orders - Obligations, Unpaid	4,000	
4902	Delivered Orders - Obligations, Paid		4,000

*Proprietary*

2155	Expenditure Transfers Payable	4,000	
1010	Fund Balance With Treasury		4,000

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**Budgetary Pre-Closing Adjusted Trial Balance (FACTS II ATB):**

4114	92,000	
4170	7,000	
4175		10,000
4450		62,000
4610		5,000
4902		22,000
	99,000	99,000

**Budgetary Closing Entries:**

**C1. To record the consolidation of actual net-funded resources. (TC F204)**

4175	Allocation Transfers of Current-Year Authority for Non-Invested Accounts	10,000
<b>4201</b>	<b>Total Actual Resources - Collected</b>	<b>89,000</b>
4114	Appropriated Trust or Special Fund Receipts	92,000
4170	Transfers – Current-Year Authority	7,000

**C2. To record the closing of unobligated balances to unapportioned authority. (TC F210)**

4610	Allotments – Realized Resources	5,000
4450	Unapportioned Authority	5,000

**C3. To record the closing of Expended Authority - Paid. (TC F214)**

4902	Delivered Orders - Obligations, Paid	22,000
4201	Total Actual Resources - Collected	22,000

**Budgetary Post-Closing Trial Balance:**

4201	67,000	
4450		67,000
	67,000	67,000



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**Proprietary Pre-Closing Trial Balance (FACTS I Trial Balance):**

1010	67,000	
5200		5,000
5320		25,000
5750		19,000
5755		7,000
5760	5,000	
5765	10,000	
5800		50,000
6100	17,000	
	99,000	99,000

**Proprietary Closing Entries:**

**C1. To record the closing of revenues and expenses to cumulative results of operations. (TC F228)**

5200	Revenue from Services Provided	5,000
5320	Penalties, Fines and Administrative Fees Revenue	25,000
5750	Expenditure Financing Sources – Transfers-In	12,000
5755	Nonexpenditure Financing Sources – Transfers-In	7,000
5800	Tax Revenue Collected	50,000
<b>3310</b>	<b>Cumulative Results of Operations</b>	<b>67,000</b>
5760	Expenditure Financing Sources – Transfers-Out	5,000
5765	Nonexpenditure Financing Sources – Transfers-Out	10,000
6100	Operating Expenses/Program Costs	17,000

**Proprietary Post-Closing Trial Balance:**

1010	67,000	
3310		67,000
	67,000	67,000

## Scenario I Basic Trust Fund Accounting

### SF 133: Report on Budget Execution and Budgetary Resources (Quarter 4):

1.	Budget Authority		
	A. Appropriations (4114E)		92,000
	D. Net Transfers, Current Year Authority Realized (Net 4170E, 4175E)		(3,000)
2.	Unobligated Balance Brought Forward		
3.	Spending Authority from Offsetting Collections (gross)		
4.	Recoveries of Prior Year Obligations		
5.	Temporarily Not Available Pursuant to Public Law		
6.	Permanently Not Available		
<b>7.</b>	<b>Total Budgetary Resources</b>		<b>89,000</b>
8.	Obligations Incurred (4902E)		22,000
9.	Unobligated Balance (available) (4610E)		5,000
10.	Unobligated Balance Not Available (4450E)		62,000
<b>11.</b>	<b>Total, Status of Budgetary Resources</b>		<b>89,000</b>
12.	Obligated Balance, Net as of October 1		
13.	Obligated Balance Transferred, Net		
14.	Obligated Balance, Net, End of Period		
15.	Outlays		
	A. Disbursements (4902E)		22,000
	B. Collections		

### USSGL 2108: Year-end Closing Statement:

Column 5	Post-Closing Unexpended Balance (1010E)	67,000
Column 11	Unobligated Balance (4450E, 4610E)	67,000

## Scenario I Basic Trust Fund Accounting

### Program and Financing Schedule (P&F)<sup>14</sup>:

#### Obligations by Program Activity

1000	Total new obligations (4902E)	22,000
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#### Budgetary Resources Available for Obligation

2140	Unobligated balance available, start of year	0
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2200	New budget authority(gross) (sum 4000 to 6990)	99,000
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2395	Total new obligations (-) (from line 1000)	22,000
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2499	Unobligated balance carried forward, end of year (4450E, 4610E of parent and recipient)	77,000
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#### New Budgetary Authority (Gross), Detail

4026	Appropriation (trust fund, definite) (4114E)	92,000
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4100	Transferred to other accounts (4175E-parent)	(10,000)
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4200	Transferred from other accounts (4170E, 4175E-recipient)	17,000
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7000	Total new budget authority (gross) (4114E, 4170E, 4175E)	99,000
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#### Memorandum Entries

9201	Total investments, start of year (par) (1610B)	0
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9202	Total investments, end of year (par) (1610E)	0
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<sup>14</sup> Per OMB Circular A-11, Section 82.15 (dated July 19, 2000), P&F data for allocation receiving accounts must be combined with the parent account. For example, as illustrated above, USSGL account 4175 is reported on lines 4100 and 4200; however, since this P&F data is combined with the recipient account, USSGL account 4175 nets to zero on line 7000 (total).

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**OMB Form and Content Statements <sup>15</sup>**

<b>Balance Sheet</b>		
<b>ASSETS</b>		
1A4	Fund Balance With Treasury (1010E)	67,000
<b>LIABILITIES and NET POSITION</b>		
6B	Cumulative Results of Operations (3310E)	67,000
<b>Statement of Net Cost</b>		
1A1.	Program Costs - Intragovernmental - Production (6100E)	2,000
1B1.	Program Costs - Public - Production (6100E)	15,000
1C.	Total Program Cost (calc)	17,000
1D.	Less Earned Revenues (5200E)	(5,000)
1E.	Net Program Costs (calc)	12,000
2.	Costs Not Assigned to Programs	
3.	Less Earned Revenues Not Attributable to Programs	
4.	Net Cost Of Operations	12,000
<b>Statement of Changes in Net Position</b>		
1.	Net Cost of Operations	12,000
2B.	Taxes (and Other Nonexchange Revenue) (5320E, 5800E)	75,000
2E.	Transfers-in (5750E, 5755E)	19,000
2F.	Transfers-out (5760E, 5765E)	(15,000)
3.	Net Results of Operations (calculation)	67,000
9.	Net Position-End of Period (calculation)	67,000

<sup>15</sup> When preparing consolidated statements, perform intra-agency elimination entries for expenditure and nonexpenditure transfers.

# Scenario I Basic Trust Fund Accounting

## OMB Form and Content Statements (continued)

<b>Statement of Budgetary Resources</b>		
1.	Budget Authority	
	A. Appropriations (4114E)	92,000
	D. Net Transfers, Current Year Authority (4170E, 4175E)	(3,000)
<b>5.</b>	<b>Total Budgetary Resources</b>	<b>89,000</b>
6.	Obligations Incurred (4902E)	22,000
7A.	Unobligated Balances Available - Apportioned (4610E)	5,000
8D.	Unobligated Balances Not Yet Available - Other (4450E)	62,000
<b>9.</b>	<b>Total, Status of Budgetary Resources</b>	<b>89,000</b>
10.	Obligations Incurred (4902E)	22,000
15.	Total Outlays	
	A. Disbursements (4902E)	22,000
	B. Collections	
<b>Statement of Financing</b>		
1A.	Obligations Incurred (4902E)	22,000
1H.	Less: Trust or Special Fund Receipts Related to Exchange Revenue in the Entity's Budget (5200E)	(5,000)
1J.	Total Obligations as Adjusted and Nonbudgetary Resources	17,000
2.	Resources That Do Not Fund Net Cost of Operations	
2F.	Adjustment for Trust Fund Outlays That Do Not Affect Net Cost (5760E)	(5,000)
2H.	Total Resources That Do Not Fund Net Costs of Operations	(5,000)
3.	Costs That Do Not Require Resources	
4.	Financing Sources Yet to be Provided	
5.	Net Cost of Operations	12,000