

Federal Trust Fund Accounting Guide

Introduction

Trust Funds

The Federal Government account structure consists of the following fund types: trust, special, general, revolving, and deposit. The fund type for the establishment of a new Federal account is dependent upon the terms stated in the legislation. For example, trust funds are established to carry out purposes of a trust agreement or statute.

The Federal Budget of the U.S. Government groups funds into two major categories: trust funds and Federal funds. Trust funds are those designated by law as such, whereby receipts are earmarked for spending on specific purposes. The laws establishing trust funds may require balances to be invested, typically in Treasury debt securities. A small number of trust funds are further categorized as trust revolving funds, established to perform business-type operations. The accounting for trust revolving funds is similar to that of revolving funds in the Federal fund group. Federal funds include general, revolving, and special fund types. (Because deposit funds collect receipts that do not belong to the Federal Government, they are excluded from the Federal Budget.) This Guide covers the accounting for Federal trust funds only, excluding trust revolving funds.

Funding sources for some of the larger dollar-volume trust funds include Federal and non-Federal contributions, interest on investments, taxes, premiums, State deposits, Federal fund transfers, excise taxes, customs duties, fines and penalties, and user fees. These funds generally are deposited in a trust fund receipt account. Trust funds finance various activities, including social insurance payments for individuals (e.g., social security, Medicare, and unemployment compensation), highway construction, and airport and airway development. There are also several smaller dollar-volume trust funds established to carry out the terms of gifts or bequests.

Trust Fund Account Structure and Designation of Availability

For trust funds established to collect receipts earmarked for specific spending purposes, Treasury Appropriation Fund Symbols (TAFS) are established as receipt and expenditure accounts. Receipt accounts are credited with receipts generated by the terms of a trust agreement or statute. An example of a TAFS trust fund receipt account structure is 20X8000.001. The "20" indicates Treasury, "X" shows the period of availability, "8000" represents the trust fund series, and ".001" is the type of earmarked receipt.

Expenditure accounts are established to record amounts appropriated from trust fund receipt accounts that are to be expended in carrying out specific purposes according to the terms of a trust agreement or statute. Several receipt accounts can be associated with a single expenditure account. In following the example above, the TAFS for the trust fund expenditure account structure is 20X8000.

Receipts are credited to trust fund receipt accounts at the point of collection. Each receipt account is designated as either available or unavailable for expenditure. As indicated in Treasury's Federal Account Symbols and Titles (FAST) Book, approximately 99 percent of all trust fund receipt accounts

are designated as available. An available receipt account carries the same symbol as its corresponding expenditure account. Amounts credited to available receipt accounts are appropriated immediately, without further legislative action, into the corresponding expenditure account. These amounts may then be invested if the legislation prescribes.¹

A trust fund's designation of availability for investment has no bearing on whether it is available for obligation. For receipts collected that are not immediately available for obligation, the Office of Management and Budget (OMB) requires that budget authority and unobligated balances be excluded from the SF 133: Report on Budget Execution and Budgetary Resources. However, if the law designates the receipts as available for investment, Treasury requires that unobligated balances be reported on the USSGL 2108: Year-End Closing Statement. This presents a disconnect in the reporting of unobligated balances, which Treasury and OMB acknowledge as a reconciling item. Receipts classified as available for investment but not obligation are discussed in Scenario III, Trust Fund Receipts Available for Investment but not Obligation.

Not all funds received by trust funds are deposited to trust fund receipt accounts. For example, amounts are credited directly to trust fund expenditure accounts when nonexpenditure transfers occur. Nonexpenditure transfers are accomplished via an SF 1151: Nonexpenditure Transfer Authorization, and include both appropriation and allocation transfers. Refer to Scenario I, Basic Trust Fund Accounting, for further discussion.

Refer to the flowchart at the end of this section for a basic illustration of a trust fund account structure and flow.

Scenario Presentation

This Guide is categorized into eight scenarios. The scenarios address specific topics approved by the USSGL Board. Each scenario begins with a narrative describing the events that follow. Additional scenarios will be forthcoming as guidance is further developed. This Guide also will be updated periodically to include new and revised USSGL account titles and transaction descriptions. The scenarios are as follows:

- Scenario I Basic Trust Fund Accounting
- Scenario II Trust Fund Balances Precluded from Obligation
- Scenario III Trust Fund Receipts Available for Investment but not Obligation
- Scenario IV Trust Fund Investments
- Scenario V Treasury-Managed Trust Fund Allocation Accounts
 - Scenario VI Trust Fund Appropriation Transfers for Specific Treasury Appropriation Fund Symbols
 - Scenario VII Trust Funds with Contract Authority – Part I: Appropriations to Liquidate Contract Authority – Funded by Nonexpenditure Transfers
 - Scenario VIII Trust Funds with Contract Authority – Part II: Transfers of Contract Authority

¹ TFM Vol. I Part 2 - Chapter 1500 states that "all trust funds with investment authority are designated as *available* receipts in the Treasury system, even if the receipts of the trust fund are not available to the agency for obligation."

Scenario Guidelines

The following concepts apply to each scenario:

- The scenarios are not all inclusive of the different types of revenues and/or expenses that may be recorded by a trust fund entity. The intent is to illustrate the main concepts through basic transactions recorded by trust funds. Refer to Section III, Accounting Transactions, of TFM S2-01-02 (as updated) for a complete listing of USSGL accounts that may be recorded by trust funds. Section III is located on the USSGL Web site.
- Trust funds may or may not be subject to apportionment. Apportionments may apply to all or a portion of a trust fund. The scenarios vary in nature as to whether the trust fund is subject to apportionment. Refer to Section III, Accounting Transactions, of TFM S2-01-02 (as updated) for a complete listing of transactions.
- Budgetary and financial reports reflect the pertinent lines to be reported based on the individual scenarios. For full presentations of the reports and line descriptions, refer to the appropriate authoritative guidance (see References section below).

References

This Guide has been developed based on research of current reference materials and input from Treasury, OMB, and agency representatives. The references listed below should be used in conjunction with this Guide to determine the proper accounting and reporting treatment required of each individual Federal trust fund. The references are as follows:

- ✓ Agency's establishing legislation and/or annual appropriation language
- ✓ Appendix to the Budget of the United States Government
- ✓ FASAB's SFFAS #7: Accounting for Revenue and Other Financing Sources
- ✓ OMB Bulletin 97-01: Form and Content of Agency Financial Statements
- ✓ OMB Circular A-11: Preparation and Submission of Budget Estimates
- ✓ OMB Circular A-34: Instructions on Budget Execution and Budgetary Resources
- ✓ Treasury Financial Manual references
- ✓ U.S. Government Annual Report - Appendix

Common Terms and Abbreviations

Common terms and abbreviations used in this Guide are as follows:

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| ATB | Adjusted Trial Balance |
| Budget | Appendix to the Budget of the United States Government |
| FASAB | Federal Accounting Standards Advisory Board |
| FAST Book | Federal Account Symbols and Titles Book |
| FACTS | Federal Agencies' Centralized Trial-Balance System |

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| USSGL 2108 | Yearend Closing Statement |
| Guide | Federal Trust Fund Accounting Guide |
| OMB | Office of Management and Budget |
| OPAC | On-line Payment and Collection system |
| P&F | Program and Financing Schedule |
| SF 133 | Report on Budget Execution and Budgetary Resources |
| SF 1151 | Nonexpenditure Transfer Authorization |
| SFFAS | Statements of Federal Financial Accounting Standards |
| USSGL | United States Standard General Ledger |
| TAFS | Treasury Appropriation Fund Symbol |
| TAR | Treasury Annual Report |
| Treasury | U.S. Department of the Treasury |
| TFM | Treasury Financial Manual |
| "B" | Designation used directly after a USSGL account (e.g., 4114B) to indicate beginning balance required |
| "E" | Designation used directly after a USSGL account (e.g., 4114E) to indicate ending balance required |
| "E-B" | Designation used directly after a USSGL account (e.g., 4114E-B) to indicate ending minus beginning balance required |

Relevant Web Sites

Web sites relating to this Guide are as follows:

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| FASAB | www.financenet.gov/financenet/fed/fasab |
| OMB | www.whitehouse.gov/omb |
| USSGL | https://www.fiscal.treasury.gov/fsreports/ref/ussgl/ussgl_home.htm |