

# Actuarial Liabilities

## Background

The U. S. Department of Agriculture (USDA) Federal Crop Insurance Corporation (FCIC) has material activity for estimated losses on insurance claims that are currently included in USSGL account 2690, "Other Actuarial Liabilities," and on the USSGL Balance Sheet Crosswalk, line 27, with a footnote. In addition, the U.S. Department of the Treasury (Treasury) has material activity for Treasury D.C. Pension Funds that is included in USSGL account 2690 and on the same USSGL Balance Sheet Crosswalk line. Both activities also are included on the USSGL Reclassified Balance Sheet Crosswalk, line 6.9, with a footnote. These activities are separate from line 24, "Federal Employee and Veteran Benefits."

The current use of USSGL crosswalk footnotes will not be programmable in the Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS). Therefore, for GTAS, separate USSGL accounts are required to capture these material amounts on the proper crosswalk lines.

The estimated insurance program liabilities and Treasury's D.C. Pension Funds are based on current conditions and are subject to significant uncertainty. The uncertainty inherent in the affecting factors (for example, for FCIC crop damage as a result of severe weather events) can result in the compensation being either greater or less than estimated. The total compensation will not be known until after the end of the fiscal year; therefore, the amount for this activity on the financial statements is based on projections.

The Office of Management and Budget Circular No. A-136 (June 10, 2009), Note 17, states: "Include all liabilities not reported elsewhere." Neither entity reports this activity on the Balance Sheet Crosswalk, line 24, but each entity separately discloses it (as instructed by Treasury) on line 27.

This scenario follows USSGL TFM S2 09-02 (December 2009, revised by TFM Bulletin 2010-04), fiscal 2010 crosswalks.

USSGL Section III, Account Transactions, will be updated with the appropriate debits and credits for the proposed accounts.

## Proposal

This scenario proposes the creation of two USSGL accounts that will allow specific activity to be reported without the use of USSGL crosswalk footnotes also illustrates the proper transactions for estimated loss on actuarial liabilities. USSGL transactions will be modified to reflect the revised accounting for the new accounts.

## Actuarial Liabilities

### USSGL Accounts:

**Account Number:** 2660

**Account Title:** Actuarial Liabilities for Federal Insurance and Guarantee Programs

**Normal Balance:** Credit

**Definition:** The amount recorded by administering agencies for estimated losses on Federal insurance and guarantee program claims (except social insurance and loan guarantee programs).

**Account Number:** 2670

**Account Title:** Actuarial Liabilities for Treasury-Managed Benefit Programs

**Normal Balance:** Credit

**Definition:** The amount recorded by the Department of the Treasury for the actuarial liabilities of future benefit payments to be paid from programs such as the D.C. Federal Pension Fund and the D.C. Judicial Retirement Fund.

### The following USSGL accounts are used in this scenario:

<b>Account Number</b>	<b>Account Name</b>
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Budgetary

None

Proprietary

2660	Actuarial Liabilities for Federal Insurance and Guarantee Programs
2670	Actuarial Liabilities for Treasury-Managed Benefit Programs
3310	Cumulative Results of Operations
6800	Future Funded Expenses
7600	Changes in Actuarial Liability

## Actuarial Liabilities

### USSGL Proprietary Account Attributes Required for Reporting of Detailed Financial Information

No.	Title	Norm Bal	Fed/ NonFed	Trading Partner	Exch/ NonE	Bud Subf
2660	Actuarial Liabilities for Federal Insurance and Guarantee Programs	C	N			
2670	Actuarial Liabilities for Treasury-Managed Benefit Programs	C	N			

No.	Title	Cust/ NonC	Entity/ NonE	Cov/ NotC	Program	Bud Impact
2660	Actuarial Liabilities for Federal Insurance and Guarantee Programs			Y		
2670	Actuarial Liabilities for Treasury-Managed Benefit Programs			Y		

C = Credit

N = NonFederal

Y = Can be either Covered or Not Covered

### USSGL Proprietary Crosswalks

USSGL Proprietary Crosswalks								
USSGL Account Number	USSGL Account Title	Balance Sheet	Statem of Net Cost	Statement of Changes in Net Pos	Statement of Custodial Activity	Reclassified Balance Sheet	Reclassified Statement of Net Cost	Reclassified Statement of Net Pos
2660	Actuarial Liabilities for Federal Insurance and Guarantee Programs	Line 27	N/A	N/A	N/A	Line 6.8	N/A	N/A
2670	Actuarial Liabilities for Treasury-Managed Benefit Programs	Line 27	N/A	N/A	N/A	Line 6.9	N/A	N/A

## Actuarial Liabilities

Note: For simplicity, an opening Trial Balance is not used in this scenario.

**Existing USSGL transactions for actuarial liabilities will include changes for the proposed USSGL accounts.**

1. A Federal Government agency records a liability for costs to be funded in the future.			
	DR	CR	TC
<b><u>Budgetary Entry</u></b>			
None			
<b><u>Proprietary Entry</u></b>			
6800 Future Funded Expenses	50,000		B420
2660 Actuarial Liabilities for Federal Insurance and Guarantee Programs		20,000 30,000	
2670 Actuarial Liabilities for Treasury-Managed Benefit Programs			

2. The agency records an increase in actuarial liabilities for insurance programs. (Reverse this transaction for decreases in actuarial liabilities for insurance programs).			
	DR	CR	TC
<b><u>Budgetary Entry</u></b>			
None			
<b><u>Proprietary Entry</u></b>			
7600 Changes in Actuarial Liability	10,000		B426
2660 Actuarial Liabilities for Federal Insurance and Guarantee Programs		10,000	

3. The agency records an increase in actuarial liabilities for benefit plans. (Reverse this transaction for decreases in actuarial liabilities for benefit plans).			
	DR	CR	TC
<b><u>Budgetary Entry</u></b>			
None			
<b><u>Proprietary Entry</u></b>			
7600 Changes in Actuarial Liability	5,000		B426
2670 Actuarial Liabilities for Treasury-Managed Benefit Programs		5,000	

## Actuarial Liabilities

### Pre-closing Adjusted Trial Balance

	Debit	Credit
<u>Budgetary</u>		
None		
<b>Total</b>	<b>-0-</b>	<b>-0-</b>
<u>Proprietary</u>		
2660		30,000
2670		35,000
6800	50,000	
7600	15,000	
<b>Total</b>	<b>65,000</b>	<b>65,000</b>

### Closing Entries

1. Close the increase in actuarial liabilities into cumulative results of operations. See USSGL TC F338 for a decrease in actuarial liabilities.			
	DR	CR	TC
<u>Budgetary Entry</u>			
None			
<u>Proprietary Entry</u>			
3310 Cumulative Results of Operations	15,000		F340
7600 Changes in Actuarial Liability		15,000	

2. Close the future funded expense to cumulative results of operations.			
	DR	CR	TC
<u>Budgetary Entry</u>			
None			
<u>Proprietary Entry</u>			
3310 Cumulative Results of Operations	50,000		F336
6800 Future Funded Expenses		50,000	

## Actuarial Liabilities

### Post-closing Trial Balance

USSGL Account	Debit	Credit
<u>Budgetary</u>		
None		
<b>Total</b>	<b>-0-</b>	<b>-0-</b>
<u>Proprietary</u>		
2660		30,000
2670		35,000
3310	65,000	
6800	-0-	-0-
7600	-0-	-0-
<b>Total</b>	<b>65,000</b>	<b>65,000</b>

### BALANCE SHEET

**Assets:**

**15. Total Assets** **-0-**

**Liabilities:**

27. Other (2660E and 2670E) 65,000

**28. Total Liabilities** **65,000**

**Net Position:**

33. Cumulative Results of Operations – Other Funds (3310E) 65,000

**34. Total Net Position** **65,000**

**35. Total Liabilities and Net Position** **-0-**

### RECLASSIFIED BALANCE SHEET

**Assets:**

**4. Total Assets** **-0-**

**Liabilities:**

6.8 Insurance Programs (2660E) 30,000

6.9 Other Liabilities (2670E) 35,000

**8. Total Liabilities** **65,000**

9. Net Position:

9.2 Net Position – Earmarked Funds (3310B) -0-

**10 Total Net Position** **-0-**

**11 Total Liabilities and Net Position (8 + 10)** **65,000**