Financial Statement Guidance Memorandum 99-02

To: Bureau Finance Officers

From: R. Schuyler Lesher
Deputy Chief Financial Officer

Subject: Recognition of Federal Employees’ Compensation Act Actuarial Liabilities (FECA)

The Office of Management and Budget has issued guidance regarding the presentation of FECA actuarial liabilities for workers’ compensation benefits as a liability on the financial statements. This actuarial liability is in addition to current actual workers’ compensation expenses that the Department of Labor (DOL) previously communicated to budget offices. The FECA actuarial liability includes the expected future liability for death, disability, medical, and other approved costs relating to current compensation act claims. The DOL memorandum (Attachment A) is provided for your information.

For FY1999 reporting, each bureau should record the change in the actuarial liability. The entry to recognize this information will be recorded as an expense as illustrated in Attachment B. Additional guidance on recording this actuarial liability and accrued liability is provided in Attachment C which is Part IV of the Intragovernmental Fiduciary Transactions Accounting Guide located at Treasury’s website: www.fms.treas.gov/cfs/dev/99guide.pdf.

Attachments

cc: Financial Statement Guidance Team
MEMORANDUM FOR CHIEF FINANCIAL OFFICERS OF EXECUTIVE DEPARTMENTS 
AND AGENCIES SUBJECT TO THE CHIEF FINANCIAL OFFICERS 
ACT AND THE GOVERNMENT MANAGEMENT REFORM 
ACT OF 1994 

FROM: KENNETH BRESNAHAN 
Acting Chief Financial Officer 

SUBJECT: Federal Employees' Compensation Act Liabilities 

This transmits Federal agencies' audited estimated actuarial liability for future workers' 
compensation (FWC) benefits for the fiscal year ended 1999. For comparative purposes, FY 1998 
amounts are also presented. By January 2000 the Department's Office of Inspector General will issue the 
results of their audit of the FWC liability. 

Per Office of Management and Budget (OMB) guidance, each reporting entity preparing financial 
statements under the Chief Financial Officers (CFO) Act and the Government Management Reform Act 
(GMRA) should include its respective portion of the actuarial liability for workers' compensation benefits 
as a liability in its financial statement, if such amounts are material. 

The amounts presented on the Attachment were developed by the Department of Labor's (DOL) 
Employment Standards Administration (ESA). A description of the methodology used to estimate the 
actuarial liability is also included in the Attachment. In addition to the amounts reported for CFO Act 
agencies, amounts are presented for the Agency for International Development, Federal Emergency 
Management Agency, National Science Foundation, Nuclear Regulatory Commission, the Office of 
Personnel Management, and the Small Business Administration, to facilitate implementation of GMRA 
requirements. Agencies not specifically listed are included in the "Other" category. DOL/ESA is unable to 
estimate the actuarial liability for the individual agencies comprising the "Other" category. 

This guidance is for the purpose of financial statement presentation only and is not intended for use as a 
standard for incorporating actuarial liabilities in fees, prices, and reimbursements. Federal entities should 
comply with laws and regulations related to pricing policies in general and for specific types of goods and 
services. Additional guidance on recording this actuarial liability is contained in the Intragovernmental 
Fiduciary Transactions Accounting Guide, at the following address www.fms.treas.gov/cfs/dev/99guide on 
the internet. 

Attachment A
ACTUARIAL LIABILITY ESTIMATES FOR FUTURE WORKERS’ COMPENSATION BENEFITS

(Dollars in thousands)

<table>
<thead>
<tr>
<th>Agency</th>
<th>1999</th>
<th>1998</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Postal Service</td>
<td>4,873,454</td>
<td>4,621,367</td>
</tr>
<tr>
<td>Department of the Navy</td>
<td>2,411,211</td>
<td>2,390,148</td>
</tr>
<tr>
<td>Department of the Army</td>
<td>1,515,120</td>
<td>1,442,824</td>
</tr>
<tr>
<td>Department of Veterans Affairs</td>
<td>1,220,390</td>
<td>1,310,572</td>
</tr>
<tr>
<td>Department of the Air Force</td>
<td>1,214,836</td>
<td>1,199,504</td>
</tr>
<tr>
<td>Department of Transportation</td>
<td>1,108,951</td>
<td>1,061,978</td>
</tr>
<tr>
<td>Department of the Treasury</td>
<td>746,108</td>
<td>717,026</td>
</tr>
<tr>
<td>Department of Labor (1) (3)</td>
<td>166,476</td>
<td>114,222</td>
</tr>
<tr>
<td>Department of Defense, Other</td>
<td>682,108</td>
<td>638,300</td>
</tr>
<tr>
<td>Tennessee Valley Authority</td>
<td>609,085</td>
<td>627,733</td>
</tr>
<tr>
<td>Department of Agriculture</td>
<td>582,116</td>
<td>587,834</td>
</tr>
<tr>
<td>Department of Justice</td>
<td>681,897</td>
<td>608,799</td>
</tr>
<tr>
<td>Department of the Interior</td>
<td>453,790</td>
<td>428,526</td>
</tr>
<tr>
<td>Department of Health and Human Services</td>
<td>119,527</td>
<td>180,571</td>
</tr>
<tr>
<td>Social Security Administration</td>
<td>185,234</td>
<td>188,374</td>
</tr>
<tr>
<td>General Services Administration</td>
<td>167,943</td>
<td>161,704</td>
</tr>
<tr>
<td>Department of Commerce</td>
<td>109,064</td>
<td>110,373</td>
</tr>
<tr>
<td>Department of Energy</td>
<td>66,445</td>
<td>56,245</td>
</tr>
<tr>
<td>Department of State</td>
<td>60,874</td>
<td>46,881</td>
</tr>
<tr>
<td>Department of Housing and Urban Development (3)</td>
<td>64,398</td>
<td>56,869</td>
</tr>
<tr>
<td>Department of Education (3)</td>
<td>8,582</td>
<td>5,533</td>
</tr>
<tr>
<td>National Aeronautics and Space Administration (3)</td>
<td>61,690</td>
<td>51,455</td>
</tr>
<tr>
<td>Environmental Protection Agency (3)</td>
<td>35,115</td>
<td>18,974</td>
</tr>
<tr>
<td>National Science Foundation</td>
<td>1,245</td>
<td>726</td>
</tr>
<tr>
<td>Small Business Administration</td>
<td>16,585</td>
<td>15,372</td>
</tr>
<tr>
<td>Office of Personnel Management (3)</td>
<td>6,558</td>
<td>4,718</td>
</tr>
<tr>
<td>Nuclear Regulatory Commission</td>
<td>3,885</td>
<td>4,795</td>
</tr>
<tr>
<td>Agency for International Development</td>
<td>37,873</td>
<td>35,005</td>
</tr>
<tr>
<td>Federal Emergency Management Agency (3)</td>
<td>14,498</td>
<td>6,418</td>
</tr>
<tr>
<td>Other (2)</td>
<td>441,686</td>
<td>298,940</td>
</tr>
</tbody>
</table>

(1) Excludes amounts not chargeable to other Federal agencies and estimates for the Panama Canal Commission Compensation Fund.

(2) Other is defined as all agencies not specifically identified above receiving annual FECA bills.

(3) Figures for these agencies are still under review by the Office of Inspector General and may be revised prior to issuance of the final audited figures.
The liability for future workers’ compensation (FWC) benefits includes the expected liability for death, disability, medical, and miscellaneous costs for approved compensation cases. The liability is determined using a method that utilizes historical benefit payment patterns related to a specific incurred period to predict the ultimate payments related to that period. Consistent with past practice, these projected annual benefit payments have been discounted to present value using the Office of Management and Budget’s economic assumptions for 10-year Treasury notes and bonds. Interest rate assumptions utilized for discounting were as follows:

### 1999
- 5.50% in year 1,
- 5.50% in year 2,
- 5.55% in year 3,
- 5.60% in year 4, and thereafter

### 1998
- 5.60% in year 1, and thereafter

To provide more specifically for the effects of inflation on the liability for future workers’ compensation benefits, wage inflation factors (cost of living adjustments or COLAs) and medical inflation factors (consumer price index medical or CPIMs) are applied to the calculation of projected future benefits. These factors are also used to adjust the methodology’s historical payments to current year constant dollars. The methodology also includes a discounting formula to recognize the timing of compensation payments as thirteen payments per year instead of one lump sum per year. The projected number of years of benefit payments is 37 years.

The compensation COLAs and CPIMs used in the projections were as follows:

<table>
<thead>
<tr>
<th>FY</th>
<th>COLA</th>
<th>CPIM</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989</td>
<td>4.47%</td>
<td>6.98%</td>
</tr>
<tr>
<td>1990</td>
<td>4.43%</td>
<td>8.40%</td>
</tr>
<tr>
<td>1991</td>
<td>5.03%</td>
<td>9.36%</td>
</tr>
<tr>
<td>1992</td>
<td>5.00%</td>
<td>7.96%</td>
</tr>
<tr>
<td>1993</td>
<td>2.83%</td>
<td>6.61%</td>
</tr>
<tr>
<td>1994</td>
<td>2.77%</td>
<td>5.27%</td>
</tr>
<tr>
<td>1995</td>
<td>2.57%</td>
<td>4.72%</td>
</tr>
<tr>
<td>1996</td>
<td>2.63%</td>
<td>4.00%</td>
</tr>
<tr>
<td>1997</td>
<td>2.77%</td>
<td>3.11%</td>
</tr>
<tr>
<td>1998</td>
<td>2.70%</td>
<td>2.76%</td>
</tr>
<tr>
<td>1999</td>
<td>1.53%</td>
<td>3.51%</td>
</tr>
<tr>
<td>2000</td>
<td>1.83%</td>
<td>3.66%</td>
</tr>
<tr>
<td>2001</td>
<td>2.33%</td>
<td>3.99%</td>
</tr>
<tr>
<td>2002</td>
<td>2.40%</td>
<td>4.02%</td>
</tr>
<tr>
<td>2003</td>
<td>2.43%</td>
<td>4.08%</td>
</tr>
<tr>
<td>2004+</td>
<td>2.50%</td>
<td>4.08%</td>
</tr>
</tbody>
</table>
The model's resulting projections were analyzed to insure that the amounts were reliable. The analysis is based on three tests: (1) a comparison of the current year projections to the prior year projections, (2) a comparison of the prior year projected payments to the current year actual payments, excluding any new case payments that had arisen during the current year, and (3) a comparison of the current year actual payment data to the prior year actual payment data. Based on the outcome of this analysis, ad hoc adjustments were made to correct any anomalies in the projections.
## FY1999 ESTIMATED ACTUARIALS BY BUREAU FOR FECA ACTUARIAL LIABILITY

<table>
<thead>
<tr>
<th>Bureau</th>
<th>Actual Payment</th>
<th>Percent by Bureau</th>
<th>Actuarial FY99</th>
<th>Actuarial FY98</th>
<th>Change</th>
<th>Actual Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>OS</td>
<td>1,417,885</td>
<td>3.15%</td>
<td>14,307,196</td>
<td>5,737,420</td>
<td>8,569,776</td>
<td>3.15%</td>
</tr>
<tr>
<td>BOR</td>
<td>6,921,937</td>
<td>15.39%</td>
<td>69,845,939</td>
<td>64,602,241</td>
<td>5,243,698</td>
<td>15.39%</td>
</tr>
<tr>
<td>NPS</td>
<td>15,754,325</td>
<td>35.03%</td>
<td>158,969,322</td>
<td>148,816,332</td>
<td>10,152,990</td>
<td>35.03%</td>
</tr>
<tr>
<td>USGS</td>
<td>2,527,069</td>
<td>5.62%</td>
<td>25,499,439</td>
<td>35,016,318</td>
<td>(9,516,879)*</td>
<td>5.62%</td>
</tr>
<tr>
<td>BLM</td>
<td>5,155,047</td>
<td>11.46%</td>
<td>52,017,102</td>
<td>52,478,302</td>
<td>(461,200)*</td>
<td>11.46%</td>
</tr>
<tr>
<td>FWS</td>
<td>3,806,366</td>
<td>8.46%</td>
<td>38,408,210</td>
<td>34,002,377</td>
<td>4,405,833</td>
<td>8.46%</td>
</tr>
<tr>
<td>MMS</td>
<td>512,530</td>
<td>1.14%</td>
<td>5,171,694</td>
<td>5,675,394</td>
<td>(503,700)*</td>
<td>1.14%</td>
</tr>
<tr>
<td>OSM</td>
<td>257,986</td>
<td>0.57%</td>
<td>2,603,213</td>
<td>1,621,130</td>
<td>982,083</td>
<td>0.57%</td>
</tr>
<tr>
<td>BIA</td>
<td>8,618,772</td>
<td>19.16%</td>
<td>86,967,886</td>
<td>80,576,487</td>
<td>6,391,399</td>
<td>19.16%</td>
</tr>
<tr>
<td>Total</td>
<td>44,971,917</td>
<td>100.00%</td>
<td>453,790,000</td>
<td>428,526,001</td>
<td>25,263,999</td>
<td></td>
</tr>
</tbody>
</table>

*Note 1:* Although some Bureaus have a negative change, it is still required to be posted as an expense.

*Note 2:* These are the amounts prorated based on the actual DOI Workers' Compensation payments for FY 1999 by bureau. Please refer to Memorandum from DOL Acting CFO, dated 11/9/99. Subject: Federal Employee's Compensation Act Liabilities

Source: National Business Center 11/16/99. (Dee Huitt)

### JOURNAL ENTRY

<table>
<thead>
<tr>
<th>Changes in Actuarial Liability Account 7600N (DR (CR))</th>
<th>Changes in Actuarial Liability Account 2690N (DR (CR))</th>
</tr>
</thead>
<tbody>
<tr>
<td>8,569,776</td>
<td>(8,569,776)</td>
</tr>
<tr>
<td>5,243,698</td>
<td>(5,243,698)</td>
</tr>
<tr>
<td>10,152,990</td>
<td>(10,152,990)</td>
</tr>
<tr>
<td>(9,516,879)*</td>
<td>9,516,879</td>
</tr>
<tr>
<td>(461,200)*</td>
<td>461,200</td>
</tr>
<tr>
<td>4,405,833</td>
<td>(4,405,833)</td>
</tr>
<tr>
<td>(503,700)*</td>
<td>503,700</td>
</tr>
<tr>
<td>982,083</td>
<td>(982,083)</td>
</tr>
<tr>
<td>6,391,399</td>
<td>(6,391,399)</td>
</tr>
</tbody>
</table>

Attachment B
IV. Transactions with the Department of Labor relating to the Federal Employees’ Compensation Act

A. Nature of transactions

The Federal Employees’ Compensation Special Benefit Fund was established under the authority of the Federal Employees’ Compensation Act (FECA). The FECA Special Benefits Fund pays for income lost and medical costs for federal civilian employees injured on the job, employees who have incurred a work-related occupational disease and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease.

Accrued FECA liability: The FECA Special Benefits Fund pays benefits on behalf of federal entities as costs are incurred and bills (charges back) the federal entity annually (August 15) for the costs incurred during the previous fiscal year ended June 30 (July 1 – June 30). Federal entities fund the FECA payments through appropriations or operating revenues. For appropriated funds, the payment is due at the beginning of the second fiscal year after receipt of the bill (approximately 15 months). These liabilities due to the FECA Special Benefits Fund are recorded by the federal entities as unfunded (if annual appropriations are used) at the time of receipt of the bill.

FECA actuarial liability: Annually, federal entities are allocated the portion of the long term FECA actuarial liability attributable to the entity. The liability is calculated to estimate the expected liability for death, disability, medical and miscellaneous costs for approved compensation cases. The liability amounts and the calculation methodologies are provided by DOL to the federal entities by October 31 for the previous fiscal year ended September 30.

B. Recognition and Measurement Criteria

Accrued FECA liability: Federal entities with annual appropriations should recognize the unfunded liability for the chargebacks at the time of receipt of the bill. The amount recorded should equal the amount billed by DOL. Generally, Federal entities with no-year appropriations should recognize a funded liability and the funding availability at the time of the receipt of the chargeback from DOL.

On or before August 15 of each year DOL submits a yearly billing (chargeback) report to federal entities. The report is entitled Notification of Workers’ Compensation Cost Incurred on Your Behalf (annual chargeback report) and covers the preceding July 1 through June 30 fiscal year. Additionally, each entity receives a quarterly Detailed Chargeback Report. The quarterly report provides a detailed listing of amounts paid by the FECA fund during the previous quarter. The current year FECA expense and total liability will be calculated using information contained in these reports. In general, the FECA expense and liability will be calculated as follows:

Accrued FECA liability:

The amount of accrued FECA liability (unfunded) for the year ended September 30, 19X2 should equal:
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Add: Annual FECA Chargeback Report for the period July 1, 19X0 through June 30, 19X1.
Add: Annual FECA Chargeback Report for the period July 1, 19X1 through June 30, 19X2.

FECA expense:
The current year expense should equal:
Add: Annual FECA Chargeback Report for the period July 1, 19X1 through June 30, 19X2.

When the federal agencies receive budgetary authority to pay DOL for the accrued FECA costs, the unfunded FECA liability should be reclassified to funded liability. The funded liability will be reduced when the payment of the chargeback is made to DOL-FECA. Federal entities with no year appropriations should record a funded liability upon receipt of the billing from DOL.

FECA actuarial liability: Each federal entity should record its portion of the FECA actuarial liability based on amounts provided by DOL. Each year, Federal entities should record the change in the actuarial liability. The entity’s actuarial liability balance should equal the amounts provided by DOL. The expense incurred for the year should equal the difference between the current year’s liability and the liability for the previous year.

The following series of SGL accounts are used for recording these transactions.

<table>
<thead>
<tr>
<th>Federal Agency</th>
<th>DOL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1010 Fund Balance with Treasury</td>
<td>1010 Fund Balance with Treasury</td>
</tr>
<tr>
<td>2190G Other Accrued Liabilities</td>
<td>1310G Accounts Receivable</td>
</tr>
<tr>
<td>2220G Accrued Unfunded Liabilities</td>
<td>5400G Benefit Program Revenue</td>
</tr>
<tr>
<td>2690N Actuarial Liabilities</td>
<td></td>
</tr>
<tr>
<td>6400G Benefit Expense</td>
<td></td>
</tr>
<tr>
<td>6800G Future Funded Expenses</td>
<td></td>
</tr>
<tr>
<td>7600N Changes in Actuarial Liability</td>
<td></td>
</tr>
</tbody>
</table>

C. Illustrative Entries, Trial Balances and Financial Statements

Example transaction data: The Department of Justice (DOJ) received the following reports/information from DOL:

I. Quarterly FECA Chargeback Report:
   - July 1, 1998 - September 30, 1998: $4,000,000
   - July 1, 1999 - September 30, 1999: $3,000,000

   - 9/9/99

9/9/99  38
III. Accrued FECA liability for fiscal year 1998 (prior year trial balance) $37,000,000

IV. DOL Actuarial Liability Estimates for Future Workers' Compensation

Benefits Report:

Fiscal year 1998 $140,000,000
Fiscal year 1999 $160,000,000

The following sections provide the fiscal year 1999 beginning trial balance, accounting entries, preclosing trial balance and financial statements for the DOJ (partner code 15) and the DOL (partner code 16) based on the above information.

1. Accrued FECA Liability and Expense: Federal entities receive FECA chargeback reports from the DOL and record accruals for the unfunded FECA liability and expense incurred during the current fiscal year. (If the federal entity has no year appropriations, the FECA liability would be funded).

Department of Justice Example:

The DOJ unfunded FECA liability and FECA expense for fiscal year 1999 is calculated as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual FECA Chargeback for 7/1/97 - 6/30/98</td>
<td>$18,000,000</td>
</tr>
<tr>
<td>Annual FECA Chargeback for 7/1/98 - 6/30/99</td>
<td>20,000,000</td>
</tr>
<tr>
<td>Quarterly FECA Chargeback for 7/1/99 - 9/30/99</td>
<td>3,000,000</td>
</tr>
<tr>
<td>Unfunded FECA liability for fiscal year 1999</td>
<td>41,000,000</td>
</tr>
<tr>
<td>Unfunded FECA liability for fiscal year 1998</td>
<td>(37,000,000)</td>
</tr>
<tr>
<td>Fiscal Year 1999 Unfunded FECA expense</td>
<td>$4,000,000</td>
</tr>
<tr>
<td>Annual FECA Chargeback for 7/1/98 - 6/30/99</td>
<td>$20,000,000</td>
</tr>
<tr>
<td>Quarterly FECA Chargeback for 7/1/98 - 9/30/98</td>
<td>(4,000,000)</td>
</tr>
<tr>
<td>Quarterly FECA Chargeback for 7/1/99 - 9/30/99</td>
<td>3,000,000</td>
</tr>
<tr>
<td>Fiscal Year 1999 total FECA expense</td>
<td>$19,000,000</td>
</tr>
</tbody>
</table>

Beginning Trial Balance 10/1/98:

3310 Cumulative Results of Operations $37,000,000
2220G (16) Accrued Unfunded Liability $37,000,000

Accounting Transactions for Fiscal Year 1999:
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- Entry to realize, apportion, and allot the appropriation for the Annual FECA Chargeback 7/1/96 – 6/30/97:
  
  1010 Fund Balance with Treasury $15,000,000
  3100 Unexpended Appropriation $15,000,000

- Entry to reclassify unfunded accrued FECA liability and expense to funded accrued FECA liability and expense for the Annual FECA Chargeback 7/1/96 – 6/30/97:
  
  2220G (16) Accrued Unfunded Liability $15,000,000
  2190G (16) Other Accrued Liability $15,000,000
  6400G (16) Benefit Expense $15,000,000
  6800G (16) Future Funded Expense $15,000,000
  3100 Unexpended Appropriation $15,000,000
  5700 Appropriations Used $15,000,000

- Entry to record DOJ payment to DOL for Annual FECA Chargeback 7/1/96 – 6/30/97:
  
  2190G (16) Other Accrued Liabilities $15,000,000
  1010 Fund Balance with Treasury $15,000,000

- Entry to record DOJ accrued FECA expense for fiscal year 1999:
  
  6800G (16) Future Funded Expense $19,000,000
  2220G (16) Accrued Unfunded Liability $19,000,000

Preclosing Trial Balance 9/30/99:

  2220G (16) Accrued Unfunded Liability $41,000,000
  3310 Cumulative Results of Operations $37,000,000
  5700 Appropriated Capital Used $15,000,000
  6400G (16) Benefit Expense $15,000,000
  6800G (16) Future Funded Expenses $4,000,000

Fiscal Year 1999 DOL Financial Statement Presentation:

Balance sheet:

Liabilities
  Liabilities Not Covered by Budgetary Resources
    Intragovernmental liabilities
    Other $41,000,000

Net Position
  Cumulative Results of Operations ($41,000,000)

Statement of Net Cost:

Intragovernmental
  Program Expenses $19,000,000
  Net Cost of Operations $19,000,000

Statement of Changes in Net Position:

Net Cost of Operations ($19,000,000)
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Financing Sources:
- Appropriations Used 15,000,000
- Net Results of Operations (4,000,000)
- Net Position – Beginning of Period (37,000,000)
- Net Position – End of Period $(41,000,000)

Department of Labor Example:

**Beginning Trial Balance 10/1/98:**

- 1010 Fund Balance with Treasury $ 8,000,000
- 1310G (15) Accounts Receivable (unfunded) $37,000,000
- 3310 Cumulative Results of Operations $45,000,000

**Accounting Transactions for Fiscal Year 1999:**

- Entry to record availability for DOJ reimbursement to DOL for 7/1/96 – 6/30/97 Annual Chargeback:
  - 1310G (15) Accounts Receivable (funded) $15,000,000
  - 1310G (15) Accounts Receivable (unfunded) $15,000,000
  - 5400G (15) Benefit Program Revenue (unfunded) $15,000,000
  - 5400G (15) Benefit Program Revenue (funded) $15,000,000

- Entry to record DOJ payment to DOL for 7/1/96 – 6/30/97 Annual Chargeback:
  - 1010 Fund Balance with Treasury $15,000,000
  - 1310G (15) Accounts Receivable (funded) $15,000,000

- Entry to record DOL payment of FECA claims on behalf of DOJ:
  - 6400N Benefit Expense $19,000,000
  - 1010 Fund Balance with Treasury $19,000,000

- Entry to record DOJ portion of fiscal year 1999 FECA revenue:
  - 1310G (15) Accounts Receivable (unfunded) $19,000,000
  - 5400G (15) Benefit Program Revenue (unfunded) $19,000,000

**Preclosing Trial Balance 9/30/99:**

- 1010 Fund Balance with Treasury $ 4,000,000
- 1310G (15) Accounts Receivable (unfunded) $41,000,000
- 3310 Cumulative Results of Operations $45,000,000
- 5400G (15) Benefit Program Revenue (funded) $15,000,000
- 5400G (15) Benefit Program Revenue (unfunded) $ 4,000,000
- 6400N Benefit Expense $19,000,000
FINANCIAL MANAGEMENT SERVICE
Intragovernmental Fiduciary Transactions Accounting Guide

Fiscal Year 1999 Financial Statement Presentation:

Balance sheet:
Assets
  Entity
    Intragovernmental
      Fund Balance with Treasury $ 4,000,000
      Accounts Receivable, net 41,000,000
    Total Assets $45,000,000

Net Position
  Cumulative Results of Operations $45,000,000

Statement of Net Cost:
  Program Costs $19,000,000
  Less Earned Revenues (19,000,000)
  Net Cost of Operations $ 0

Statement of Changes in Net Position:
  Net Cost of Operations $ 0
  Net Position – Beginning of Period 45,000,000
  Net Position – End of Period $45,000,000

2. Actuarial FECA Liability: Federal entities record the change in the FECA actuarial liability to adjust the liability to equal the amount provided by DOL on the Actuarial Liability Estimates for Future Workers Compensation Benefits Report. Actuarial liabilities for future benefits should be recorded in federal entity records as N transactions. The DOL does not record a corresponding entry. Additionally, budgetary accounting is not required when recording transactions related to the actuarial liability.

Department of Justice Example:

The DOJ change in the FECA actuarial liability is calculated as follows:

\[
\begin{array}{c|c}
\text{Fiscal Year} & \text{FECA Actuarial Liability} \\
\hline
1999 & 160,000,000 \\
1998 & (140,000,000) \\
\hline
\end{array}
\]

\[
\begin{array}{c|c}
\text{Actuarial expense} & \text{FECA Actuarial Liability} \\
\hline
 & 20,000,000 \\
\hline
\end{array}
\]

Beginning Trial Balance 10/1/98:

\[
\begin{array}{c|c}
2690N & \text{FECA Actuarial Liability} \\
3310 & \text{Cumulative Results of Operations} \\
\hline
 & $140,000,000 \\
 & $140,000,000 \\
\hline
\end{array}
\]

Accounting Transactions for Fiscal Year 1999:

- Entry to record the change in the FECA actuarial liability:
  
  \[
  \begin{array}{c|c}
  7600N & \text{Changes in Actuarial Liability} \\
  2690N & \text{Actuarial Liability} \\
  \hline
  & 20,000,000 \\
  & 20,000,000 \\
  \hline
  \end{array}
  \]
### Preclosing Trial Balance 9/30/99:

<table>
<thead>
<tr>
<th>Account</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2690N Actuarial Liability</td>
<td>$160,000,000</td>
</tr>
<tr>
<td>3310 Cumulative Results of Operations</td>
<td>$140,000,000</td>
</tr>
<tr>
<td>7600N Changes in Actuarial Liability</td>
<td>$20,000,000</td>
</tr>
</tbody>
</table>

### Fiscal Year 1999 Financial Statement Presentation:

#### Balance sheet:
- Liabilities
  - Liabilities Not Covered by Budgetary Resources
  - Other $160,000,000
- Net Position
  - Cumulative Results of Operations ($160,000,000)

#### Statement of Net Cost:
- With the Public
  - Future Funded Expenses $20,000,000
  - Net Cost of Operations $20,000,000

#### Statement of Changes in Net Position:
- Net Cost of Operations ($20,000,000)
- Net Position – Beginning of Period (140,000,000)
- Net Position – End of Period ($160,000,000)