

## CHAPTER 7

UNITED STATES GOVERNMENT STANDARD GENERAL LEDGER0701 PURPOSE

★ This chapter prescribes the requirements of the United States Government Standard General Ledger (USSGL). The USSGL must be used in all Department of Defense (DoD) accounting systems for all appropriations and funds. Additional information on the USSGL may be obtained at: <http://www.fms.treas.gov/ussgl> on the Internet.

0702 GENERAL

★ 070201. An approved Chart of Accounts provides the basic structure for the USSGL. The USSGL incorporates both proprietary and budgetary accounts. The proprietary and budgetary sets of general ledger accounts are self-balancing (the total debits equals the total credits).

★ 070202. Within the DoD, summary accounts will not be used to report balances. The USSGL no longer uses summary accounts in the USSGL Chart of Accounts. Section headings in the USSGL display only the organization of the account structure but do not constitute summary accounts.

0703 DEFINITION

★ Volume 1 of the Department of Treasury Financial Manual (TFM) Supplement No. 2, provides that the USSGL is composed of five major sections: (1) Chart of Accounts, (2) Account Descriptions, (3) Accounting Transactions, (4) USSGL Attributes, and (5) Crosswalks to Standard External Reports. The USSGL provides a uniform Chart of Accounts to be used in standardizing federal agency accounting that supports the preparation of standard external reports required by the Office of Management and Budget (OMB) and the Department of Treasury (Treasury). The Chart of Accounts identifies and defines budgetary, proprietary and memorandum accounts to be used in DoD accounting systems. Generally, the USSGL is updated annually if not more often and is posted by the Treasury Financial Management Service (Treasury/FMS) at: <http://www.fms.treas.gov/ussgl> on the Internet.

0704 APPLICABILITY AND SCOPE

★ 070401. The USSGL must be used in all DoD accounting systems for all appropriations and funds. The OMB Circular A-127, "Financial Management Systems," and the "Federal Financial Management Improvement Act of 1996" (FFMIA) require implementation of the USSGL at the transaction level throughout an agency's financial management systems, including both financial and mixed (so-called feeder) system applications. This means that applications are required to process transactions using the USSGL accounts according to their defined uses and posting logic as described in the USSGL Chart of Accounts. Compliance with OMB Circular A-127 and FFMIA requires data in financial reports to be consistent with the USSGL, transactions to be recorded consistently with USSGL rules, and supporting transaction

detail for USSGL accounts to be readily available. The USSGL applicability does not depend on an application containing a general ledger itself. For example, a payroll system which processes transactions in accordance with USSGL transaction rules sends summarized data to the core financial system for appropriate posting, and provides for sufficient traceability from the general ledger balances to the source documentation, would be considered in compliance with the USSGL at the transaction level.

★ 070402. The USSGL uses a four-digit account numbering system. Within the DoD, the USSGL shall be implemented to accomplish internal and external reporting needs. For external reporting, all data must summarize to the four-digit USSGL accounts and standard attributes required by Treasury/FMS for Federal Agencies' Centralized Trial-Balance System (FACTS I and II).

★ 070403. The basic structure of the USSGL consists of:

Proprietary/Budgetary Accounts

1000	Assets
2000	Liabilities
3000	Net Position
4000	Budgetary
5000	Revenues and Financing Sources
6000	Expense
7000	Gains/Losses/Extraordinary Items, etc.
8000	Memorandum

★ 070404. Standard USSGL account attributes required for FACTS reporting of proprietary account information (FACTS I) are defined in Section IV of the USSGL, which can be found at: <http://www.fms.treas.gov/ussgl> on the Internet.

★ 070405. Standard USSGL account attributes required for FACTS reporting of budgetary account information (FACTS II) are listed in Section IV of the USSGL, which can be found at: <http://www.fms.treas.gov/ussgl> on the Internet.

0705 BASIC CONCEPT

070501. All resources acquired and used, and claims against those resources, are to be recorded on the basis of financial transactions (i.e., recordation of amounts in general ledger accounts shall be transaction driven).

★ 070502. The USSGL shall be used regardless of the sources of funds. Fund identification of financial resources, however, shall be maintained in order to (1) disclose compliance with financial authorizations, and (2) prepare reports on the status of appropriations and funds for the Congress, the OMB, and Treasury. The USSGL account structure is intended to be the minimum structure required to assure consistent treatment of similar transactions. Not all accounts are needed by all accounting entities.

★ 070503. The USSGL account structure provides a self-balancing set of budgetary accounts to record the appropriation, apportionment, allocation, commitment, obligation, and expenditure process. Proprietary asset and liability accounts cover the receipt of funds in the Treasury, the proper classification of assets (such as receivables, prepayment, inventory and fixed assets), and the recognition and proper classification of liabilities. Revenue and expense accounts measure the realization of revenues from the sale of goods and services, and the recognition of costs through the use and consumption of assets. The financial control provided through accounting records for property provides managers with a tool that will help to discharge effectively their stewardship function for those resources.

★ 070504. The USSGL account structure also facilitates the accumulation and recording of expenses by major areas of responsibility or activity. By having a single general ledger, expenses incurred by a DoD entity for any given activity for which it is responsible, and the associated revenues, if any, can be ascertained by managers with confidence that the accounting is complete. This will be possible regardless of the appropriation or fund that originally financed the cost and without the need for memorandum accounting records. Consistency in the accounting treatment of similar transactions, through the use of a uniform structure, creates reliable cost data for planning, budgeting and other management purposes.

#### 0706 OBJECTIVES

★ The objectives of the USSGL are outlined in the following paragraphs.

070601. Establish an account structure for the integration of appropriation or fund accounting, property accounting, revenue accounting and expense accounting.

070602. Provide managers with the visibility over accurate and complete financial data, including total operating expenses and total acquisition cost of real and personal property.

070603. Achieve a uniform treatment of similar transactions by the DoD Components at all levels.

070604. Provide the capability of producing significant expense and cost information concerning programs, projects and other activities in accordance with internal management needs.

070605. Provide appropriation and fund data needed to meet reporting requirements of the OMB, Treasury, and the Chief Financial Officers Act, as well as to provide such other financial data as may be needed for internal and external reporting requirements.

070606. Facilitate the development of future accounting system improvements.

070607. Better ensure compliance with the OMB requirements, including those developed by the Federal Accounting Standards Advisory Board (FASAB); DoD accounting policies and standards set forth in this Regulation; and other applicable regulations promulgated by the OMB, Treasury and the General Accounting Office.

**0707 BUDGETARY AND PROPRIETARY ACCOUNTING RELATIONSHIPS**

Figure 7-1 illustrates the following budgetary and proprietary accounting relationships.

★ 070701. An entry to record budget authority from appropriations (vice budgetary resources) in budgetary accounts requires a corresponding entry to record funds with the Treasury in proprietary accounts.

070702. An entry to record delivered orders unpaid in budgetary accounts requires a corresponding entry to record accounts payable in proprietary accounts.

070703. An entry to record delivered orders paid in budgetary accounts requires a corresponding entry to record funds disbursed in proprietary accounts.

070704. An entry to record reimbursements earned but uncollected in budgetary accounts requires a corresponding entry to record accounts receivable in proprietary accounts.

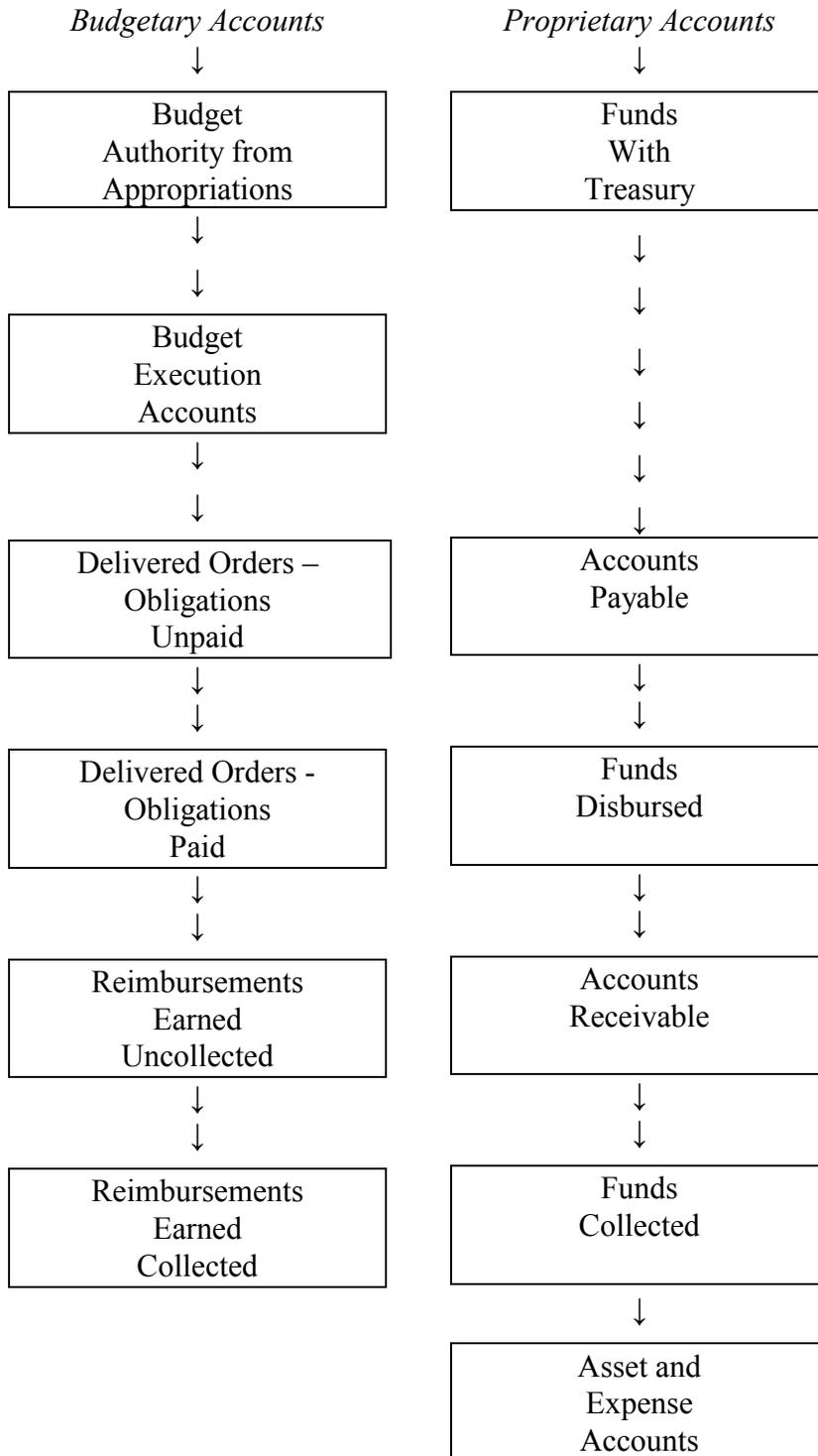
070705. An entry to record reimbursements earned and collected in budgetary accounts requires a corresponding entry to record funds collected in proprietary accounts.

**★0708 U.S. GOVERNMENT STANDARD GENERAL ACCOUNTS**

The approved Chart of Accounts and definitions are in Sections I and II of the USSGL which is posted at: <http://www.fms.treas.gov/ussgl> on the Internet. The chapter is hyperlinked to this website and will be updated automatically as changes are made to the USSGL. For those USSGL accounts that are reserved for agency use, such as accounts 4540 through 4580, refer to appendices A and B of this chapter.

BUDGETARY AND PROPRIETARY ACCOUNTING RELATIONSHIPS

Appropriations



Compound entry to both types of accounts required to record budget authority and cash availability.

Transactions to execute the budget are contained in the budgetary accounts. During this accounting phase, transactions are not posted to the proprietary accounts.

Compound entry required in both types of accounts when performance has been received.

Compound entry required in both types of accounts to record cash outlay.

Compound entry required in both types of accounts to record revenue and establish a receivable.

Compound entry required in both types of accounts to record the collection of a receivable.

Transactions to track assets and recorded funded and unfunded expenses are recorded in the proprietary accounts.

Figure 7-1