

II.4.8 Statement of Custodial Activity**Section II.4.8 – Statement of Custodial Activity (SCA)
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II.4.8.1 Introduction

The SCA is required for entities that collect nonexchange revenue for the General Fund of the Treasury, a trust fund, or other recipient entities. In addition, the Statement of Custodial Activity is required for selected exchange revenues specified in SFFAS 7, including oil and gas revenues. The collecting entities do not recognize as revenue those collections that have been or should be transferred to others as revenues. Rather, they shall account for sources and disposition of the collections as custodial activities on the SCA.

An exception to requiring preparation of the SCA is made when collecting entities have custodial collections that are immaterial and incidental to their primary mission. In these cases, the sources and disposition of the collections may be disclosed in accompanying notes.

Custodial collections are normally nonexchange revenues, such as taxes and duties collected by the Internal Revenue Service and the U.S. Customs and Border Protection. Exchange revenue is normally reported on the SNC. However, SFFAS 7 identified certain exceptional circumstances in which the entity recognizes virtually no costs in connection with earning the revenue that it collects (see paragraph 45 of SFFAS No. 7). In these identified situations, the exchange revenue is reported in the SCA rather than on the SNC. Information on the sections of the SCA is presented below. Also see SFFAS No. 7 and the related implementation guide.

II.4.8.2 Illustrative Statement – Statement of Custodial Activity

Department/Agency/Reporting Entity STATEMENT OF CUSTODIAL ACTIVITY For the Years ended September 30, 2xxx (CY) and 2xxx (PY) (in dollars/thousands/millions)		
	2xxx (CY)	2xxx (PY)
Revenue Activity:		
Sources of Cash Collections:		
1. Individual Income and FICA/SECA Taxes	\$ xxx	\$ xxx
2. Corporate Income Taxes	xxx	xxx
3. Excise Taxes	xxx	xxx
4. Estate and Gift Taxes	xxx	xxx
5. Federal Unemployment Taxes	xxx	xxx
6. Customs Duties	xxx	xxx
7. Miscellaneous	<u>xxx</u>	xxx
8. Total Cash Collections	x,xxx	x,xxx
9. Accrual Adjustments (+/-)	<u>xxx</u>	xxx
10. Total Custodial Revenue	x,xxx	x,xxx
Disposition of Collections:		
11. Transferred to Others (by Recipient):		
Recipient A	xxx	xxx
Recipient B	xxx	xxx
Recipient C	xxx	xxx
12. (Increase)/Decrease in Amounts Yet to be Transferred (+/-)	xxx	xxx
13. Refunds and Other Payments	xxx	xxx
14. Retained by the Reporting Entity	<u>xxx</u>	<u>xxx</u>
15. Net Custodial Activity	\$ <u>0</u>	\$ <u>0</u>

The accompanying notes are an integral part of these statements.

II.4.8.3 Sources of Collections

Report in this section of the statement the components of collections, such as by type of tax and duty, collection of past-due receivables for others, or other appropriate identifier to describe the source and nature of the collections. If refunds of taxes or other non-exchange revenues are material in relation to the gross collections made, consider reporting them by component separately in a note.

This section of the report also includes the nonexchange revenue accrual adjustment, which shall be shown separately and added or subtracted from the net collections to determine the total custodial nonexchange revenue. Guidance for calculating the accrual adjustment can be found in SFFAS No. 7 and the related implementation guide. If the accrual adjustments are material in relation to the gross collections, consider reporting them separately in a note. The accrual adjustment is not applicable to exchange revenue.

Exchange revenues are reported on an accrual basis.

II.4.8.4 Disposition of Collections

This section of the statement accounts for the disposition of the revenue reported in the preceding section.

Amounts Transferred to Others. Identify the specific agencies to which collections were transferred and the amounts transferred.

Amounts Yet to be Transferred. Report the change in liability for revenue yet to be transferred. The liability may exist because the revenue has been accrued--and is receivable--but has not yet been collected, or because collections already made have not yet been transferred to the entity for which collected as of the end of the reporting period.

Amounts of Refunds and Other Payments. Report the amounts of refunds and other payments made. This line is normally not applicable to exchange revenue.

Amounts Retained by the Collecting Entity. In some cases, collecting entities are permitted to retain a portion of amounts collected. Amounts retained shall be separately reported by the collecting entity as a disposition of collections.

II.4.8.5 Net Custodial Activity

The total of the Sources of Collections section (total revenue) shall equal the total of the Disposition of Collections section (total disposition of revenue). The net custodial activity shall always equal zero.