

**Forest Service Handbook
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**Forest Service Handbook 6509.11g – Service-Wide Appropriation Use Handbook
Chapter 70 - Trust Funds**

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Responsible Staff:

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Digest: Following is an explanation of the changes throughout the directive by section.

71: Adds program description to Cooperative Work Other Forest Service - Fund Codes CWKV and CWFS – Treasury Symbol 12X8028.

71.1: Adds program description to Knutson-Vandenberg – Fund and Program Codes CWKV and CWK2.

71.2: Incorporates direction from interim directive 6509.11g-2007-1, which includes managing and accounting for the original fund and program code CWFS and the new fund and program code CWF2.

76: Adds information regarding the Protection Act of 2000 requiring an interest-bearing fund known as the “Land Between the Lakes Trust Fund”.

Table of Contents

70.1 - Authority	3
70.4 - Responsibility.....	4
71 - Cooperative Work, Forest Service - Treasury Symbol 12X8028 - Fund Codes CWKV, CWFS, and CWF2.....	5
71.1 - Knutson-Vandenberg – CWKV Fund and CWKV and CWK2 Program Codes	6
71.2 - Cooperative Work, Other – CWFS and CWF2 Fund and CWFS and CWF2 Program Codes	7
71.21 - Policy.....	10
71.22 - Cooperative Work, Agreement-Based - Fund and Program Code CWFS	11
71.23 - Cooperative Work, Non-Agreement Based - Fund and Program Code CWF2	11
72 - Gifts, Donations, and Bequests for Forest and Rangeland Research - Fund and Program Code GDGD - Treasury Symbol 12X8034.....	13
73 - Gifts and Bequests, Department of Agriculture - Fund and Program Code GBGB - Treasury Symbol 12X8203.....	13
74 - Reforestation Trust Fund - Fund and Program Code RTRT - Treasury Symbol 12X8046 ...	13
75 - Federal Highway Trust Fund - Fund Codes HTAE, HTBW, HTCEN, HTEP, HTER, HTPR, HTRP, HTTI - Treasury Symbol 12-69X8083.....	13
76 - Land Between The Lakes Trust Fund - Fund and Program Code LBTV - Treasury Symbol 12X8039	13

This chapter describes all of the trust funds established by the Department of the Treasury for the Forest Service, including those used by the Forest Service that were established for all agencies of the Department of Agriculture. See chapter 80 of this handbook for descriptions of trust funds that are transferred to the Forest Service from outside the Department of Agriculture, such as the Federal Highway Trust Fund.

70.1 - Authority

1. Title 31, United States Code, section 1321 (31 U.S.C. 1321). Section 1321 of Title 31 of the United States Code authorizes Trust Funds.
2. Knutson-Vandenberg Act of June 9, 1930, as amended (16 U.S.C. 576-576b). This Act authorizes the use of collections from timber sale purchases for sale area improvement work, and for work anywhere within the region where the timber sale occurred.
3. The Act of June 30, 1914 (16 U.S.C. 498). This Act authorizes the acceptance of contributions for cooperative work in forest investigations, protection, management, and improvement of the National Forest System.
4. The Granger-Thye Act of April 24, 1950 (16 U.S.C. 572). This Act authorizes cooperation with other parties to perform work for permittees, agencies, organizations, and persons for work that the Forest Service is authorized to do, on lands of the United States.
5. The Roads and Trails Act of October 13, 1964 (16 U.S.C. 532-537). This Act authorizes the construction of roads using cooperative financing from other agencies.
6. The Act of June 6, 1968 (16 U.S.C. 693d). This Act authorizes the Secretary of Agriculture to cooperate with, and receive the cooperation of, public and private agencies and organizations and individuals in the development, administration, and operation of the Robert S. Kerr Memorial Arboretum and Nature Center in the Ouachita National Forest in Arkansas. The Secretary of Agriculture is authorized to accept contributions and gifts to further the purposes of the Act.
7. The Act of July 4, 1968 (16 U.S.C. 471h). This Act authorizes the Secretary of Agriculture to cooperate with, and receive the cooperation of, public and private agencies and organizations and individuals in the development, administration, and operation of the Cradle of Forestry in western North Carolina. The Secretary of Agriculture is authorized to accept contributions and gifts to further the purposes of the Act.
8. The Act of June 30, 1978 (16 U.S.C. 1643). This Act authorizes the acceptance and use of donated funds for research activities.
9. The Act of October 14, 1980, as amended (16 U.S.C. 1606a). This Act establishes the Reforestation Trust Fund which receives monetary resources through an annual warrant from Treasury, of monies received for certain customs duties and tariffs. The trust fund

balance is available for reforestation and other “treatment of acreage.” The Act’s provisions give investment authority to the Secretary of the Treasury for the trust fund balance.

10. The Act of October 10, 1978 (7 U.S.C. 2269). This Act authorizes agencies within the U.S. Department of Agriculture to accept donations for non-research activities. Department Regulation 5200-3, Gift Acceptance Policy, dated April 18, 2003, provides guidance on prohibited donations, prudential considerations for evaluating donations, and rejecting gifts. This regulation may be retrieved from the following website: <http://www.ocio.usda.gov/directives/index.html>.

11. The Land Between the Lakes Protection Act of 1998 (16 U.S.C. 460111). This Act transferred responsibility for the Land Between the Lakes National Recreation Area from the Tennessee Valley Authority to the Secretary of Agriculture, to be managed as a unit of the National Forest System. The Act established the Land Between the Lakes Advisory Board and the Land Between the Lakes Trust Fund. The Act’s provisions give investment authority to the Forest Service for the trust fund balance.

12. Healthy Forests Restoration Act of 2003 (Public Law 108-148, December 3, 2003). This Act improves the capacity of the Secretary of Agriculture to conduct hazardous fuels reduction projects on National Forest System lands aimed at protecting communities, watersheds, and certain other at-risk lands from catastrophic wildfire, to enhance efforts to protect watersheds and address threats to forest and rangeland health, including catastrophic wildfire.

70.4 - Responsibility

1. The Chief Financial Officer (CFO). The CFO is responsible for the quality and integrity of the financial data in the agency core financial system, Foundation Financial Information System (FFIS), and its subsidiary and mixed financial systems.
2. The Director of Financial Management. The Director of Financial Management is responsible for establishing policy, procedures, accounting elements, and ensuring that all posting models have been established in accordance to this directive.
3. The Director of Budget and Finance, Albuquerque Service Center (ASC-B&F). The Director of Budget and Finance, ASC-B&F, is responsible for providing advice to field units to facilitate full compliance with this directive and processing accounting transactions in FFIS.
4. The Reimbursable and Advance Collection Agreements (RACA) Branch, ASC-B&F. The RACA Branch, ASC-B&F, is responsible for managing trust related CWFS activity outlined in section 71.22.
5. The Budget Operations Branch, ASC-B&F. The Budget Operations Branch, ASC-B&F is responsible for establishing job codes for trust activities; fund/program code CWF2 (sec. 71.22).

6. The Timber Sales Accounting (TSA) and Collections Branch, ASC-B&F. The Timber Sales Accounting (TSA) and Collections Branch, ASC-B&F, is responsible for managing CWF2 trust activity (sec. 71.22), depending on the type of instrument and the prescribed business practice for that instrument.
7. The Financial Reports and Reconciliations Branch, ASC-B&F. The Financial Reports and Reconciliations Branch, ASC-B&F, is responsible for providing external reports to the Office of Management and Budget and to Department of Treasury.
8. The Internal Quality Assurance Branch, ASC-B&F. The Internal Quality Assurance Branch, ASC-B&F, is responsible for conducting internal reviews, at a minimum annually, to ensure non-agreement cooperative work is handled using fund/program code; and in accordance with policy and procedures outlined herein, CWF2 (sec. 71.22).

71 - Cooperative Work, Forest Service - Treasury Symbol 12X8028 - Fund Codes CWKV, CWFS, and CWF2.

The Cooperative Work, Forest Service trust fund is used to collect deposits received from partners and cooperators for protecting and improving resources of the National Forest System; as authorized by cooperative agreements. The deposits are used for a wide variety of activities that benefit and support programs in Forest and Rangeland Research, on National Forest System lands, and for other agency activities. Each cooperative deposit represents a separate trust account, subject to the terms and provisions of the agreement between the cooperator and the Forest Service. These funds are available for expenditure after deposit and are considered no-year appropriations. However, these funds are subject to annual OMB apportionment and are not automatically available to Forest Service without such normal budgetary processes for availability and use of agency funds.

A variety of work activities may be performed using funds deposited in advance by partners and cooperators. These activities include wildlife habitat enhancement; recreation program activities; research; fire prevention and education; construction, reconstruction, and maintenance of roads, trails, and other improvements; scaling services; fire protection; and other resource purposes as authorized by law.

Cooperative deposits are also received from a vast assortment of local, regional, and national organizations and individuals; by State and other public agencies; by industrial associations; and other private sources. The deposits are used to fund work performed under a variety of cooperative instruments that specify the mutual benefits of the work. These deposits leverage appropriated funds to increase the effectiveness of cooperative programs; as well as to complement the objectives of the Forest Service's appropriated resource management programs and cooperative research projects. These programs and projects may involve any aspect of forestry and vary widely as to scope and duration.

Cooperative road maintenance deposits may be made by commercial users of the national forest road system in lieu of actually performing their commensurate share of road maintenance. These deposits are used in conjunction with the other Forest Service road maintenance appropriations to provide maintenance of Forest System roads.

Deposits for administering and protecting non-Federal land within or near the national forests may be made by owners of non-Federal lands that are intermingled with, or adjacent to, the national forests. These deposits help landowners to manage their lands in accordance with good forest management practices and provide for wildfire protection on State and private lands intermingled with Federal ownership.

Cooperative contributions targeted for Forest Service expenditures are not deposited into the Treasury General Fund. Instead, these receipts are deposited into special Treasury accounts for disbursement, in compliance with the terms of each trust document. See FSM 1582 and FSH 1509.11 for the acts that authorize the Forest Service to enter into agreements and undertake such work.

71.1 - Knutson-Vandenberg – CWKV Fund and CWKV and CWK2 Program Codes

The Knutson-Vandenberg (K-V) fund is derived from timber sale receipts. CWKV funds are used for a variety of projects, including: reforestation; timber stand improvement (TSI) practices to enhance stand productivity, promote the reforestation, maintenance, or improvement of a variety of forestland ecological conditions, and maintain biological diversity; and protection and improvement of all other resource values on timber sale areas, including wildlife, soil, watershed, range and recreation. The first priority for use of K-V funds is reforestation of harvested areas.

Within the Forest Service region, in which a timber sale occurs, CWK2 funds can be used to perform watershed restoration; improve wildlife habitat; control insects, disease, and noxious weeds or invasive plants; provide community protection activities; and maintain forest roads.

Forest products sales are used in some cases to accomplish these authorized activities. In those cases, CWK2 would fund timber sale planning, preparation, administration, and/or support activities, including, but not limited to, engineering support and land line location.

Deposits for K-V funded work are made from timber sale receipts based upon Sale Area Improvement (SAI) plans. SAI plans describes the priorities for the use of K-V and are developed from approved environmental analyses. SAI plans illustrate the proposed activities and costs of the work to be completed in the timber sale area. K-V can only be deposited up to the amount identified in the SAI plan. On some timber sale areas, there may be insufficient timber value to collect enough K-V funds to perform all of the work identified on the SAI plan. Deposits for K-V work have to compete with other required deposits such as the National Forest Fund and other permanent and trust funds (e.g. Salvage Sale Fund, Timber Sale Pipeline Restoration Fund).

This Act authorizes the Secretary of Agriculture to require National Forest timber purchasers to make deposits to finance the cost of sale-area improvement work. As such, a portion of the amounts collected from the sale of National Forest timber will have to be paid to the States (16 U.S.C. 500). For direction concerning collections, availability and pooling, authorized uses, and limitations on uses of CWKV and CWK2 Funds, see FSH 2409.19, Renewable Resources Handbook.

71.2 - Cooperative Work, Other – CWFS and CWF2 Fund and CWFS and CWF2 Program Codes

The “Cooperative Work, Forest Service” Trust Fund includes deposits authorized under the Knutson-Vandenberg (K-V) Act (sec. 71.1), and collections authorized by various other statutory authorities (sec. 70.1, numbered paragraphs 3 through 7, and 12). These funds are available for expenditure after deposit and are considered no-year appropriations. However, these funds are subject to annual OMB apportionment and are not automatically available to Forest Service without such normal budgetary processes for availability and use of agency funds.

1. Cooperative Work, Other, includes two major types of agreements:
 - a. Agreements with a direct project-to-customer relationship such as, a local non-profit wildlife organization that finances a wildlife habitat improvement project.
 - b. Agreements where funds from multiple cooperators are pooled for later spending on like projects, such as timber sale contract-related erosion control and road maintenance projects.
2. These two major types of agreements recognize revenue and transaction activity differently, some classified by the Office of Management and Budget (OMB) as offsetting collections and some classified as offsetting receipts. To clearly distinguish between these accounting and reporting classifications, and to accurately report on program activity to the OMB and to the Department of the Treasury (Treasury), two fund and program codes were established for Cooperative Work, Other; CWFS (sec. 71.22) and CWF2 (sec. 71.23). The detailed differences between the two programs are displayed in section 71.2, exhibit 01.

71.2 - Exhibit 01

Distinguishing Factors Between CWFS And CWF2 With Regard To Characteristics And/Or Processing Responsibilities

Description	CWFS	CWF2	Remarks
Job Code Structure	<p>CWFSxxfy CWFS = program xx = alpha-numeric identifier assigned by the Reimbursable and Advance Collections (“RACA” Branch) fy = last 2 digits of fiscal year</p> <p><i>Agreements established in FY 2006 and prior years, in order to maintain continuity:</i> FSxxxxfy FS = last 2 characters of program CWFS xxxx = (alpha-numeric number assigned), fy = last 2 digits of fiscal year</p>	<p>FSrptgyf FS = holdover from CWFS structure not changed for 2007 until new structure examined. rptg = RPTG number assigned within the job code) fy = last 2 digits of fiscal year</p> <p>Previously established job codes under fund/program CWFS prior to the change to CWF2 in FY07 will continue to use the old structure, but cite the Fund CWF2, Program CWF2 within the underlying accounting elements. [This decision was driven by the need to keep consistency within TSA (Timber Sale Accounting).]</p>	<p>Example: Cooperative Road Maintenance account depositing funds pooled from multiple timber sale purchasers for use in future road maintenance projects.</p>
Job Code Requests	ASC-B&F, RACA via receipt of new collection agreements or subject to the RACA job code rollover process for multi-year agreements.	ASC-B&F, Budget Operations using established Job Code Request procedures	
Budget Authority	ASC-B&F Fund Control records based on field requests to WO Program and Budget, verified by available cash balance analysis and RACA analysis of agreements.	ASC-B&F, Fund Control records based on field requests to WO Program and Budget, verified by available cash balance.	
Billings	ASC-B&F, RACA (Transaction Codes BA or AB) billing documents	ASC-B&F, TSA & Collections via SUDS (BF) TSA (Transaction Code TM) FTRS (AB) OTC Manual (AB) based on pre-established business practice	

Forest Service Handbook 6509.11g – Service-Wide Appropriation Use Handbook

Chapter 70 - Trust Funds

Amendment: 6509.11g-2009-3

Effective date: May 01, 2009

71.2 - Exhibit 01--Continued

Description	CWFS	CWF2	Remarks
Collection Accounting Adjustments	ASC-B&F, RACA	<p>ASC-B&F, Receivables (Portfolio Management)</p> <p>Adjustments should not be done merely for the purposes of bringing forward CWF2 cash balances from one BFY to the new BFY (except a one time adjustment between CWFS and CWF2 as part of transition when CWF2 was established). Cash balances roll forward as part of annual close.</p>	When an adjustment involves both CWFS and CWF2, submit to ASC Accounts Receivables and a handoff to ASC-B&F, RACA will be made if deemed appropriate.
Expenditure Accounting Adjustments	ASC-B&F, RACA	ASC-B&F, SWAM	
Refunds of Unused Collections	ASC-B&F, RACA	ASC-B&F, TSA and Collections if TSA related ASC. Miscellaneous Payments for all others	

71.21 - Policy

1. CWFS. If there is a direct project-to-customer relationship, typically involving a long-term liability on the part of the Forest Service to perform work for the contributor, CWFS should be used and the activity managed by the Reimbursable and Advance Collections (“RACA”) Branch of ASC-B&F. Examples are:

- a. Revenue generating agreements under the purview of FSM 1580.
- b. Special use permits with collection provisions under the Granger-Thye fee offset where the Forest Service has a liability to perform work for the permit holder specifically tied to the permit (however, these should typically be accompanied by a collection agreement).

2. CWF2.

- a. Use CWF2 when the terms of the authorizing instrument (such as a permit or sale contract) allow for deposits from multiple contributors to be pooled and expended for the intended purpose. The majority of these pooled collections are not subject to refunds; in accordance with the provisions of the respective authorizing instrument. Examples are:

(1) Timber sale contracts with provisions for cooperative work such as road maintenance, surface rock replacement, erosion control, and road reconstruction;

(2) Special use permits other than Granger-Thye offset, road use permits, gravel permits, minerals use permits, etc., with provisions for collections for cooperative work;

(3) Plant-a-Tree donations;

(4) Seed testing; and

(5) Forest health screening.

- b. Use CWF2 when the point of revenue recognition occurs immediately upon collection rather than after work is performed. Examples are:

(1) Timber/Stewardship Contracts with provisions for contract scaling. Although these have a direct project-to-customer relationship and may be subject to refund, the funds are expended almost immediately upon collection. They also fall under an authorized exception not to be managed using Project Cost Accounting System (“PCAS”) processes to record advance liability.

(2) Activities in paragraph 2(a) above that are not pooled.

(3) Patent Licensing (Forest Products Lab).

(4) Facility Rental Fees.

(5) Surveillance.

71.22 - Cooperative Work, Agreement-Based - Fund and Program Code CWFS

Fund and program code CWFS is used for deposits that are based on specific collection agreements requiring a project-to-customer relationship be maintained, typically using a non-pooled account. Such work could include multi-funded projects by more than one customer, but with the customer relationship maintained through the use of Project Cost Accounting System (“PCAS”) linkages from the project job code to the customer agreement. Maintain a separate record for each collection agreement and use all deposits only for the purposes stated in the agreement. Do not obligate these funds before the actual deposit is made by the cooperator. Should deficits occur through administrative error, ensure that they are covered by adjusting the charges to the applicable appropriated funds.

Job codes for collection agreements are normally linked in PCAS and/or using PCAS-related RPTGs such as 7xxx, 8xxx, 9xxx, AGxx, AHxx, and AIxx. CWFS is used to account for these agreements. When linked in PCAS, the advance deposit is initially recorded as a liability and revenue is recognized as work is performed and expenditures are incurred.

If the deposits are merged into a non-PCAS common pooled account, such as the timber-sale related road maintenance and erosion control, then fund and program code CWF2 must be used (sec. 71.23).

71.23 - Cooperative Work, Non-Agreement Based - Fund and Program Code CWF2

Fund and program code CWF2 must be used for deposits that are not based on specific collection agreements, are merged into a non-Project Cost Accounting System (“PCAS”) common pooled account, and not typically refunded. Revenue is recognized upon collection. CWF2 accounting is required for these deposits to ensure correct processing of transactions and accurate reporting to the OMB and Treasury. Examples of activity included in CWF2 are displayed in section 71.23, exhibit 01.

71.23 - Exhibit 01**Examples of Types of Activity Recorded Using CWF2**

TYPICALLY POOLED FUNDS – TIMBER SALES ACCOUNTING (TSA) RELATED	
EXAMPLES OF WORK TYPES	RPTG
Road Maintenance	RMxx
Erosion Control	ECxx
Surface Rock Replacement	SRxx
Road Reconstruction	RExx

TYPICALLY POOLED FUNDS – NON-TIMBER SALES ACCOUNTING (TSA) RELATED	
EXAMPLES OF WORK TYPES	RPTG
Special Uses (Granger-Thye typically – other than fee offset)	SPxx
Plant-a-Tree (unless tied to a collection agreement which will use CWFS, for example, Arbor Day Foundation)	TREE
Road Use Permits	CWxx
Gravel Permits	CWxx
Pipeline Permits	CWxx
Seed Testing	CWxx
Forest Health Screening	CWxx

TYPICALLY NON-POOLED FUNDS	
EXAMPLES OF WORK TYPES	RPTG
Patent Licensing (Forest Products Lab)	CWxx
Timber/Stewardship Contract Scaling	TPxx
Wilderness Map Collections (Should be considered for MAPS fund)	CWxx
Cabin Rental Fees (Should represent old collections until they are expended; new collections are in the new Recreation Fee Legislation funds)	CWxx
Bunkhouse Rental Fees	CWxx
Facility Rental Fees	CWxx
Minerals Cost Reimbursement	CWxx or AGxx
Surveillance	CWxx

72 - Gifts, Donations, and Bequests for Forest and Rangeland Research - Fund and Program Code GDGD - Treasury Symbol 12X8034

Use Gifts, Donations, and Bequests for Forest and Rangeland Research funds (fund code GDGD) to establish or operate any forest and rangeland research facility within the United States, or to perform any forest or rangeland research activity as set forth under the Forest Research appropriation guidelines in chapter 10 of this handbook.

73 - Gifts and Bequests, Department of Agriculture - Fund and Program Code GBGB - Treasury Symbol 12X8203

Gifts and Bequests, Department of Agriculture (fund code GBGB) is a no-year trust fund appropriation available upon deposit for use as requested by the donor; use GBGB funds in conjunction with any other available funds. Also, see FSM 1584 and FSH 1509.11, chapter 80 for in-kind and other nonmonetary agreement procedures.

74 - Reforestation Trust Fund - Fund and Program Code RTRT - Treasury Symbol 12X8046

The Reforestation Trust Fund (fund code RTRT) receives its budgetary resources from periodic transfers by the U.S. Treasury of tariffs from exported timber. Such deposits may not exceed \$30 million dollars in a fiscal year. Amounts are invested and reinvested by the ASC-B&F Staff in U.S. Treasury interest bearing Government securities. The interest income is added to fund code RTRT for use by the Secretary of Agriculture for reforestation and timber-stand improvement activities that are described in chapter 30 of this handbook.

75 - Federal Highway Trust Fund - Fund Codes HTAE, HTBW, HTCEN, HTCP, HTER, HTPR, HTRP, HTTI - Treasury Symbol 12-69X8083

The Federal Highway Trust Fund is a transfer appropriation from the Department of Transportation and is described in chapter 80 of this handbook.

76 - Land Between The Lakes Trust Fund - Fund and Program Code LBTW - Treasury Symbol 12X8039

The Land Between the Lakes Protection Act of 1998 (16 U.S.C. 460lll) transferred management of the Land Between the Lakes National Recreation Area (LBLNRA) from the Tennessee Valley Authority (TVA) to the Forest Service. The Protection Act called for LBLNRA to be managed as a unit of the National Forest System (NFS). Section 531 of the Act established a special interest-bearing fund known as the “Land Between the Lakes Trust Fund. As provided in this

law, the TVA initially deposited annual amounts in the trust fund from 1998 to 2005 in order to help future financing of the following work: public education, grants, and internships related to the recreation, conservation, and multi-use land management in the LBLNRA and for promotion of the LBLNRA in cooperation with development districts, chambers of commerce, and State and local governments.