

SAM – TRUST AND AGENCY FUNDS – FEDERAL

DEFINITION OF FEDERAL FUNDS

17105

(From MM 80-18; New to SAM 3/82)

The following definition of Federal funds is to be used for the purpose of identifying those monies remitted to the State Treasury which must be deposited in the Federal Trust Fund:

Federal funds are all monies received directly from the United States Government, the expenditure of which is administered through or under the direction of any State agency and reported as Federal Trust Fund monies in the "Reconciliation with Appropriations" in the Governor's Budget. As discussed in SAM Sections 6131 and 6141.4, no distinction is made between Federal reimbursements and Federal grants; and, therefore, all money received directly from the United States Government, with the exception of revenues as defined below, is to be treated as a source of funds and reported as Federal Trust Fund monies in each department's budget. Revenue, as defined by SAM Section 6136, is an addition to cash or other current assets which does not increase any liability or reserve, nor represent the recovery of an expenditure, e.g., reimbursements and abatements, and should be accounted according to procedures contained in SAM Section 8200. Some examples of revenue are: sale of documents, sale of water, rentals of State property, sale of forest products, and sale of State public lands.

If for any reason a department has budget money received directly from the United States Government as a reimbursement, this money is also required to be deposited in the Federal Trust Fund. In these instances, the department should contact its Department of Finance budget analyst for possible reclassification of these monies from reimbursed expenditures to Federal Trust Fund source of funding. Only monies received directly from the Federal Government will be classified as Federal funds. Federal monies passed from one State agency to another will be classified by the second agency as reimbursements.