SPECIAL ACCOUNTING PROCEDURES FOR TRUST AND AGENCY FUNDS OUTSIDE THE STATE TREASURY **19400**

(Revised 4/92)

Trust and Agency Funds outside the State Treasury, i.e., money or property in the custody of a State agency not required to be deposited in a fund in the State Treasury, generally fall into the following types:

1. State Veterans' Home Post Fund
2. Agriculture Marketing Act Trusts
3. Department of Employment Trust Funds
4. Guaranty Deposits
5. Private Trusts
6. Special Purpose Trusts

Since each of the first three types is accounted by only one agency, specific procedures related to them are not included in this manual. Certain special procedures applicable to the last three types of trusts listed above are prescribed in SAM Section 19410 through 19464.

In order to show appropriately the financial status and operations of certain Trust and Agency Funds, it has been necessary to prescribe in special manuals or special instructions memoranda the use of all or some commercial accounting principles such as:

1. Actually collectible operating income earned regardless of when collectible.
2. Accruing expenditures on the basis of services received and goods used—or goods received if there are insignificant differences between usage and receipts of goods.
3. Accounting for assets with no offsetting reserve and depreciating it.
4. Year-end reports 7,8, and 9 will be prepared for trust accounts outside the State Treasury. (See SAM Sections 7962 and 7963.)

Where special manuals or special instructions memoranda have been issued by the Department of Finance, Fiscal Systems and Consulting Unit, or its predecessor in the Department of General services, these instructions are still applicable except that (1) accounts prescribed in Section 7600 will supersede those shown in such manuals and memoranda unless the fund is of a type requiring accrual of collectible operating income earned regardless of when collectible. Funds requiring accrual of collectible operating income earned regardless of when collectible normally account for operating income as it is billed throughout the year and will continue to accrue income at the time and to the extent they now do.

Where such manuals and memoranda have not been issued general procedures described in Section 7100 to 8999 will be followed, as well as Journal Entries described in Section 10501 to 10553 to the extent they are applicable, modified for the use of some different General Ledger accounts as prescribed in Section 7600 (unless otherwise provided in Sections 19420 through 19464, which apply to guaranty deposits, private trusts, and special purpose trusts)—except that procedures regarding income accounting prescribed in Sections 8200-8290.9 will not be used if the fund is of a type requiring accrual of collectible operating income earned regardless of when collectible.

Separate General Ledger accounts will be maintained for each type of trust.