

Chapter 13400 - Special Accounting Procedures

13400 PROPRIETARY AND FIDUCIARY FUNDS

(Revised and Renumbered from 18400 5/85)

Each Proprietary and Fiduciary Fund (except for the Special Deposit Fund) was established for a special purpose and is accounted by only one agency. Therefore, no special accounting procedures relating to these funds are prescribed in this manual. In order to show appropriately the financial status and operations of certain Proprietary and Fiduciary 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. Accruing 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 all assets with no offsetting reserve and depreciating it.

Where special manuals or special instructions memoranda have been issued by the Fiscal Systems and Consulting Unit of the Department of Finance, these instructions are still applicable except that (1) accounts prescribed in SAM Section 7600 will supersede those shown in such manuals and memoranda and (2) procedures regarding income accounting prescribed in SAM Sections 8200-8290.9 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 SAM Sections 7100 to 8999 will be followed, as well as Journal Entries described in SAM Sections 10500 to 10599 to the extent that they are applicable, modified for the use of some different General Ledger accounts as prescribed in SAM 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**.

14400 FUNDS WITH PROCEEDS FROM SALE OF BONDS

(Revised 5/85)

The accounting treatment for funds with a major source of revenue from proceeds from sale of bonds varies according to the provisions of the Bond Act authorizing the issuance of the bonds and by practical application of generally accepted accounting principles where they are not in conflict with any provisions of the Bond Act.

The State Controller's Office keeps the fund balance and accounts by appropriation for the State Construction Program Fund and for the State Beach, Park, Recreational and Historical Facilities Fund. Agencies account the funds in the same manner that they account the General Fund except that Operating Expenditures is used instead of Appropriation Expenditures and fixed assets are capitalized in the General Fund.

For the Public School Building Loan Fund, the State School Building Aid Fund, and the State School Building Fund, the Office of Local Assistance, Department of General Services maintains specially designed detail accounts for apportionments made to school districts and for the unapportioned balances of the funds.

The State Controller's Office maintains accounts of apportionment's made to each grade level of each school district, of interest accrued and repayments due. It also maintains summary accounts for each fund showing deposits, disbursements and transfers, and resulting treasury transactions and balances.

16400 RETIREMENT FUNDS

(Revised 5/85)

Each Retirement Fund was established for a special purpose and is accounted by only one agency. Therefore, no special accounting procedures relating to these funds are prescribed in this manual.

When special manuals or special instructions memoranda have been issued by the Fiscal Systems and Consulting Unit of the Department of Finance staff 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 and (2) procedures

regarding income accounting prescribed in Sections 8200-8290.9 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 Sections 7100 to 8999 will be followed, as well as Journal Entries described in Sections 10500 to 10599 to the extent that they are applicable, modified for the use of some different General Ledger accounts as prescribed in Section 7600-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**.

Earned collectible operating income of retirement funds is accrued **regardless of when collectible**.