

Chapter 17000 - Trust and Agency Funds - Federal

17101 FEDERAL TRUST FUND (From MM 80-18; New to SAM 3/82)

Chapter 1284, Statutes of 1978 (AB 3322), created the Federal Trust Fund effective July 1, 1979. The purpose of this fund is to provide a single depository for all Federal funds deposited in the State Treasury. Information such as sources of funds from individual Federal agencies and programs is available on a statewide basis. This fund also has the capability to track Federal funds from the authorization process to the receipt and disbursement process.

All State agencies receiving monies directly from the United States Government are required to deposit these monies in the Federal Trust Fund with the exception of those State agencies which have specific statutory authority to maintain Federal funds outside the State Treasury. Whenever any law provides that specific Federal funds be deposited in a specific State Treasury fund, the Federal funds shall first be deposited in the Federal Trust Fund and then transferred to the specific State Treasury fund designated by the statute.

17105 DEFINITION OF FEDERAL FUNDS (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.

17110 APPROPRIATION OF FEDERAL FUNDS (New 3/82)

Government Code 13338 provides for the Budget Act appropriation of Federal funds received by the State and deposited in the State Treasury. The Budget Act must provide the authority for both direct expenditures from the Federal Trust Fund and transfers to other funds.

Departments will account for these funds at the grant and appropriation schedule level. Any amount received from the Federal Government exceeding the amount appropriated is subject to the provisions in Section 28 of the Budget Act.

17115 TO ESTABLISH AND MAINTAIN A FEDERAL TRUST FUND ACCOUNT (Revised 12/04)

To establish a new Federal Trust Fund account, or to amend an existing account, departments will complete a Request to Establish or Amend Federal Trust Fund Account form, AUD-10A. The AUD 10A form is available on the SCO website: <http://www.sco.ca.gov/ard/state/aud10a.pdf>. Completed forms will be sent to the SCO, Division of Accounting and

Reporting for approval.

17125 FEDERAL TRUST FUND DEPOSITS

(New 3/82)

Federal Trust Fund deposits are to be processed on Controller's Remittance Advices, CA21, separate from other deposits. Such remittance advices will include appropriate account title and codes.

17130 YEAR-END REPORTING

(Revised 06/10)

All departmental Federal Trust Fund accounts are maintained on a modified accrual basis throughout the year. Under the modified accrual basis of accounting, expenditures are accounted for in the period in which goods and services are received and a liability is incurred. Expenditures are accrued at June 30 for all valid obligations incurred as of June 30 but not yet paid. Liabilities may be incurred at any time throughout the year; however, accruals are posted only at year-end. Accounts receivable are accrued at June 30 if they have been earned and are expected to be collected within one year after the end of the current fiscal year. The accrual process brings the State Controller's Office accounts, which are maintained on a cash basis, in line with departmental accounts.

General instructions in SAM covering the State's fiscal procedures are applicable to the Federal Trust Fund.

17135 FEDERAL TRUST FUND GENERAL LEDGER ENTRIES

(Revised 9/82)

To record a receivable for Federal funds:

Debit

1510 Due from Federal Government

Credit

8020 Federal Grants and Contracts

To record the receipt of Federal funds:

Debit

1110 General Cash

Credit

1510 Due from Federal Government

(If no receivable had been established, the receipt would be recorded as a debit to Account 1110 and a credit to Account 8020.)

To record remittance of Federal funds to the State Treasury:

Debit

1150 Cash in Transit to State Treasury

Credit

1110 General Cash

To record remittance of Federal funds to the State Treasury:

Debit
1140 Cash in State Treasury

Credit
1150 Cash in Transit to State Treasury

To record appropriated expenditures from the Federal Trust Fund. This will occur when: (1) expenditures of Federal funds are made directly from the Federal Trust Fund or (2) the disbursement is accounted as an expenditure in the Federal Trust Fund and cash is transferred to another fund to be accounted as a reimbursement.

Debit
9000 Appropriation Expenditures

Credit
1140 Cash in State Treasury

To record disbursement of money from the Federal Trust Fund when the appropriation is for transfer to another fund:

Debit
9812 Operating Transfers Out

Credit
1140 Cash in State Treasury

To record a payable when Federal funds are appropriated and expended from the Federal Trust Fund.

Debit
9000 Appropriation Expenditures

Credit
3010 Accounts Payable, or
3110 Due to Other Funds or Appropriations, or
3210 Due to Federal Government, or
3220 Due to Local Government

To record a payable when the authorized or appropriated expenditure of Federal funds occurs in another fund:

Debit
9812 Operating Transfers Out

Credit
3110 Due to Other Funds or Appropriations

17400 TRUST AND AGENCY FUNDS-FEDERAL AND OTHER SPECIAL ACCOUNTING PROCEDURES (Revised 5/87)

Each Trust and Agency Fund-Federal and Other (with the exception of 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.

Where special instructions memoranda have been issued by the Fiscal Systems and Consulting Unit, Department of Finance, or its predecessor in the Department of General Services, these instructions are still applicable except that (1) accounts prescribed in SAM Section 7600 will supersede those shown in such memoranda and (2) procedures regarding income accounting prescribed in SAM Sections 8200-8290.9 will supersede those shown in such 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 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 10501 to 10553 to the extent that they are applicable, modified for the use of some different General Ledger accounts as prescribed in SAM Section 7600-except that procedures regarding income accounting 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.

