



Administrative Regulations

Number AR20-2
Issue 3

Subject: Procedures for Porcessing Trust Moneys.

I. PURPOSE:

The purpose of this regulation is to establish procedures for recording the receipt and disbursements of trust and special depository moneys, and the disposition of unexpended balances from such deposits.

II. SCOPE

This regulation is applicable to all City departments and offices directly responsible to the City Manager. In the interest of uniformity, effectiveness, and completeness, it is requested that elective offices and other independent offices and departments also comply with this regulation.

III. DEFINITIONS OF TRUST AND SPECIAL DEPOSIT ACCOUNTS:

A. Agency Account

When the City receives money with the stipulation that it perform some service and refund the unexpended balance of the money an Agency Account is set up. When the service is performed, the cost of the service should be charged to the Department's expenditures, and the equivalent amount should be reclassified from the trust account to revenue.

The unexpended balance in the trust should be refunded and the trust account closed. The estimated revenue must be budgeted and the expenditure appropriated by City Council. An example of this type of agency account is a request by a citizen to move a street light.

Another form of agency account is when moneys are collected, held for a brief period of time, and then disbursed to authorized recipients, with no revenue or expenditure being recognized by the City. An example would be sales tax which the City collects on sales of items to the public, and annually disburses to the State of California.

B. Expendable Trust

An expendable trust is one whose principal and interest income may be expended in the course of the department's designated operations. It requires a document stating that the moneys must be held in trust. The portion of the trust to be spent during the fiscal year must be appropriated by City Council in a separate expenditure organization number specifically designated for the trust and an equivalent amount set up as estimated revenues. As expenditures are made, revenue should be reclassified out of the trust to the appropriate revenue account. An example is the Mabel Norton Meyers Trust, which is designated for the purchase and rebinding of library books.

C. Non-expendable Trust

A non-expendable trust is one which only the income can be spent in the course of the designated operations. The principal must be kept in tact.

IV. ESTABLISHMENT OF A TRUST ACCOUNT

A. All requests to establish a trust account must be submitted in writing to Financial Management, Accounting, outlining the justification for establishing the trust account; the specific purpose for which

the trust account is to be established; limitations, if any, on disbursements; and the disposition of trust moneys after completion of the trust's purpose. A copy of the written agreements, Council action, or other documentation relating to the establishment of the trust should be attached to the letter.

B. If the terms of the agreement satisfy the requirements for establishing trust accounts, Accounting will assign an account number to the trust within the applicable fund.

HANDLING OF TRUST- MONEYS

A. Plans and Specifications Deposits

The plans and specifications will specify the required deposit for the loan of said plans and specifications and number of days subsequent to the bid opening date, as set forth in the "Notice Inviting Bids", which the Contractor is allowed to return the plans and specifications without forfeiture of his deposit. If the bid opening date is advanced, the contractor must be allowed an additional period of time equal to the number of days the bid opening is advanced to return said plans and specifications to the City.

B. Receipt of Money

Upon receipt of a Plans and Specifications deposit, either by mail or in person, the authorized departmental employee must prepare an official City of Long Beach receipt, acknowledging the actual amount of money received. The department receipt must indicate the date said plans and specifications will be returned to the City. If deposits are received by mail, the City may forward plans and specifications to the contractor by regular mail service.

C. Depositing Funds with City Treasurer

Procedures for making deposits with the City Treasurer are set forth in Administrative Regulation 21-1.

D. Return of Plans and Specifications

All copies of the plans and specifications must be returned or postmarked on or prior to the date set forth on the departmental receipt. If the bid opening date is advanced, additional time will be allowed as provided by paragraph V, A, of this regulation. However, the bidder to whom an award of contract is made will not be required to return copies of plans and specifications issued to him under deposit. The City will refund the deposit of the successful bidder upon approval by the City Council of a contract award. Additional copies of the plans and specifications, in quantities commensurate with his needs to perform the required work, will be furnished to the contractor.

E. Refund of Plans and Specifications Deposits

If the plans and specifications are returned in a satisfactory condition within the allowed time, a Direct Payment Request will be prepared to refund the deposit. The Direct Payment Request providing for the refund must be substantiated by copy of the departmental receipt. Procedures for preparing Request for Direct Payment are set forth in the Financial Management System - Accounting Manual.

VI. OTHER TRUST AND SPECIAL DEPOSITS

Trust or Special Deposits for specific purposes will be recorded as separate items and subjected to individual accounting control, with disbursements and the disposition of unexpended balances being maintained in accordance with the terms of the deposit. If specific account codes are not known, Financial Management, Accounting must be contacted for appropriate account codes.

A. Receipt of Money

Upon receipt of trust or Special Deposit money, the authorized departmental employee will prepare an official City of Long Beach receipt, acknowledging the actual amount of money received and outlining the terms and conditions for which the City has accepted the money.

B. Disbursements

(1) Approved disbursements will be processed in accordance with established accounting procedures and in accordance with the terms and conditions of each separate trust deposit.

(2) When City funds are expended for a specific trust account in accordance with the terms thereof, transfers may be made from the trust account to revenue in the appropriate City fund for these expenditures. Such transfers must have supporting data sufficient in detail to substantiate each transaction.

VII. RECORD KEEPING AND DISPOSITION OF BALANCE - ALL TRUST MONEYS

A. Records

(1) The department having jurisdiction over the trust account will be responsible for maintaining adequate records of trust account activity.

(2) Prior to the close of the fiscal year, the responsible department will be required to reconcile to and verify the trust account balance as reflected in the city's accounting records.

B. Disposition of Balances - All Trust Moneys

Prior to the close of the fiscal year, the department having jurisdiction over the Trust Account will determine if there are accounts with unexpended balances which are subject to refund to the depositor, or transfer to the appropriate fund as revenue. Procedures for disposing of unexpended balances follows:

(1) Refund to Depositor

Any unexpended trust fund balance may be refunded to the person who deposited the money in accordance with the terms and conditions of each separate trust deposit. Unexpended balances subject to refund are accomplished by processing a Direct Payment Request initiated by the department head having jurisdiction over the trust account, providing that a written request is received from the claimant.

(2) Transfer to Appropriate City Fund

If the terms of the deposit do not provide for the refund of any unexpended balance, the department shall prepare a journal voucher to transfer the trust account balances into revenue in the appropriate City fund in accordance with the terms and conditions of each separate trust deposit. Adequate documentation justifying the transfer must be attached to the journal voucher. The journal voucher should then be forwarded to Financial Management, Accounting.