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V Year-End Closing- Prepare Non-Governmental Fund Reports

This chapter describes the report requirements for non-governmental cost funds. The State Administrative Manual (SAM) Sections 13400 through 19464 describe the accounting and reporting requirements.

RECLASSIFY ENCUMBRANCES REPORTED AS ACCOUNTS PAYABLE

Encumbrances that are ultimately for a Non-Governmental Fund or any Bond Fund are reclassified from GL 3010 to the correct general ledger liability account (GLs 3110, 3210, 3220, 3290).

Refer to Chapter III, Year-End Closing – Fiscal Month 13 Processing, *Reclassify Encumbrance Reported as Accounts Payable* for detailed information about reclassifying encumbrances.

NON-GOVERNMENTAL YEAR-END FINANCIAL REPORTS

Several CALSTARS reports are used to prepare year-end financial reports for Non-Governmental Funds. Each fund must have a separate set of financial reports. This section describes the year-end financial reports and the specific CALSTARS reports for the most common types of Non-Governmental Funds. Departments should also review the Year-end Financial Reports Training Manual (Budgetary/Legal Basis) issued by the State Controller's Office (SCO) for additional instructions.

Chapter IV-A, Exhibit IV-A-1 lists the year-end financial reports for Non-Governmental Funds that must be submitted to the SCO or the State Treasurer's Office (STO).

Departments should review statements using the Manual Year-end Report Checklist prior to submitting financial statements to SCO. The checklist is displayed in Chapter IV-A, Exhibit IV-A-25. It can also be accessed on the Internet at www.dof.ca.gov/html/calstars/calsdocs/optools/yecklist.doc.

Although all of the sample financial reports shown include the completed certification signature blocks, this is no longer required. SCO requires that departments submit a certification letter instead of completing the certification signature blocks on individual financial reports. A separate certification letter is required for each fund submitted. Exhibit V-1 and V-2 display a examples of certification letters for a Non-Governmental Fund.

EXHIBIT V-1
CERTIFICATION COVER MEMO FOR NON-GOVERNMENTAL FUNDS

State of California

Memorandum

Date : July 31, 2012

To : State Controller's Office
Division of Accounting and Reporting
3301 "C" Street, Suite 700
Sacramento, CA 95816 B-8

From : Department of Air Quality (9990)
102 North Street
Sacramento, CA 95814
I.M. King, Director, IMKing@daq.ca.gov
U.R. Dunne, Chief of Accounting, URDunne@daq.ca.gov

Subject : CERTIFICATION OF YEAR-END FINANCIAL REPORTS

The following financial reports for the fiscal year end June 30, 2012, are enclosed:

NON-GOVERNMENTAL COST FUND (0698)

<u>Report No.</u>	<u>Description</u>
3	Adjustments to Controller's Accounts
7	Pre-Closing Trial Balance
8	Post-Closing Trial Balance
9	Analysis of Change in Fund Balance
20	Statement of Financial Condition

SPECIAL REPORTS

<u>Report No.</u>	<u>Description</u>
14	Bank and/or Savings and Loan Association Accounts Outside the State Treasury (Submitted with the General Fund)
18	Statement of Changes in Capital Assets
19	Statement of Capital Assets (Submitted with the General Fund)
22	<i>No Activity to Report</i> for Contingent Liabilities

Contact Person: I. Ben Tryin
Phone Number: (916) 555-1234
E-mail: IBTryin@daq.ca.gov

I certify (or declare) under penalty of perjury that the data on the attached statements is true and correct; and that I have not violated any of the provisions of Article 4, Chapter 1, Division 4, Title 1, Government Code (commencing with Section 1090).

Subscribed and executed this 31st day of July, 2012, at Sacramento, California.

Signature of Officer

Type or print name of Officer

Title of Officer

EXHIBIT V-2
CERTIFICATION COVER MEMO FOR FEDERAL TRUST FUNDS

State of California

M e m o r a n d u m

Date : July 31, 2012

To : State Controller's Office
Division of Accounting and Reporting
3301 "C" Street, Suite 700
Sacramento, CA 95816 B-8

From : Department of Air Quality (9990)
102 North Street
Sacramento, CA 95814
I.M. King, Director, IMKing@daq.ca.gov
U.R. Dunne, Chief of Accounting, URDunne@daq.ca.gov

Subject : CERTIFICATION OF YEAR-END FINANCIAL REPORTS

The following financial reports for the fiscal year end June 30, 2012, are enclosed:

FEDERAL TRUST FUND (0890)

<u>Report No.</u>	<u>Description</u>
3	Adjustments to Controller's Accounts
7	Pre-Closing Trial Balance
8	Post-Closing Trial Balance
9	Analysis of Change in Fund Balance
13	Report of Expenditures of Federal Funds
20	Statement of Financial Condition

SPECIAL REPORTS

<u>Report No.</u>	<u>Description</u>
14	Bank and/or Savings and Loan Association Accounts Outside the State Treasury (Submitted with the General Fund)
18	Statement of Changes in Capital Assets
19	Statement of Capital Assets (Submitted with the General Fund)
22	<i>No Activity to Report</i> for Contingent Liabilities

Contact Person: I. Ben Tryin
Phone Number: (916) 555-1234
E-mail: IBTryin@daq.ca.gov

I certify (or declare) under penalty of perjury that the data on the attached statements is true and correct; and that I have not violated any of the provisions of Article 4, Chapter 1, Division 4, Title 1, Government Code (commencing with Section 1090).

Subscribed and executed this 31st day of July, 2012, at Sacramento, California.

Signature of Officer

Type or print name of Officer

Title of Officer

PREPARATION OF STATEMENTS

Several of the reports required for Non-Governmental Funds are the same as the reports prepared for Governmental Funds. However, Report No. 3 differs slightly in preparation. Fiduciary reporting for Federal Trust Funds and Other Trust and Agency Funds are discussed separately in this chapter.

The following reports are required for Non-Governmental Cost Funds:

Report No. 3-Adjustment to Controller's Accounts.

Report No. 3 is required if needed. Although Report No. 3 for Non-Governmental Funds uses the same format (Exhibits V-7 and V-8) as Governmental Funds, the content is somewhat different. Report No. 3 is required for Non-Governmental Cost Funds only when one or more of the following accounts must be adjusted:

- GL 1140** - Cash in State Treasury must always agree with the June 30 SCO Cash in State Treasury Account. If an error is detected in CALSTARS, it must be corrected. If there is an error(s) in the SCO account, GL 1140, must be footnoted on the Pre-Closing Trial Balance. The footnote must identify and explain the difference between the SCO balance and CALSTARS. In addition, a Report No. 3 must be submitted.
- GL 1210** - Deposits in Surplus Money Investment Fund (SMIF) must always agree with the June 30 SCO Deposits in Surplus Money Investment Fund Account. If an error is detected in CALSTARS, it must be corrected. If there is an error(s) in the SCO account, GL 1210, must be footnoted on the Pre-Closing Trial Balance. The footnote must identify and explain the difference between the SCO balance and CALSTARS. In addition, a Report No. 3 must be submitted.
- GL 1730.0512** - Prepayments to State Compensation Insurance Fund (from Category 96)
- GL 1730.0666000** - Prepayments to Service Revolving Fund (from Category 98)
- GL 2120** - Advances to Other Funds (from Category 95)

Report No. 3 for Non-Governmental Cost Funds is prepared when the department's account balances for the above GLs **do not agree** with the SCO's balances on June 30 due to an error on the SCO's records. Use Form 576A (see Exhibit V-3) to report adjustments. Form 576-B is not required. An explanation for each adjustment should be included with the completed form. Even though the adjustment is an SCO error, the reported adjustment should be the amount necessary to bring the

agency/department's accounts into agreement with the SCO's June 30 balances. The total debits must equal total credits. The "contra" entry is normally "Due to Other Funds" or "Due From Other Funds".

Report No. 7-Pre Closing Trial Balance

G02 Report. Refer to the example in Exhibit V-5.

NOTE: SCO uses this report as a computer input document to record accruals for Non-Governmental Cost Funds.

Report No. 8-Post-Closing Trial Balance

G02 Report. Refer to the example in Exhibit V-6. The G02 Report also includes the Subsidiaries on File. Refer to the example in Exhibit V-7.

G01-General Ledger Trial Balance Report

In addition to the Report No's. 7 and 8 (G02 Report), the SCO requests departments with **shared** Non-Governmental Cost Funds to submit a G01 Report (FM=PY, P=Y). Shared funds use General Ledger (GL) 5570, Fund Balance – Clearing Account. The SCO uses the G01 Report to help resolve problems when combining department reports to create the consolidated reports for the fund.

Report No. 9-Analysis of Change in Fund Balance

G04 Report. Refer to the example in Exhibit V-8.

Departments submit a Report No. 9, Analysis of Change in Fund Balance, when they account for a Non-Governmental Fund in its entirety (non-shared) or for an account within a Non-Governmental Fund in its entirety, such as, the Federal Trust Fund or the Special Deposit Fund.

A non-shared fund uses **GL 5530-Fund Balance-Unappropriated**, or **GL 5540-Retained Earnings** for proprietary funds (GAAP Indicator of **E** or **I** on D22 Fund Descriptor Table).

Report No. 9, Analysis of Change in Fund Balance, is also known as the Statement of Operations. The report displays the beginning fund balance, additions (e.g. revenues), deductions (e.g. expenditures), and the ending fund balance. The beginning fund balance on the Report No. 9 must equal the ending fund balance from the previous year's Report No. 9. Any discrepancies must be footnoted with an explanation of the changes made subsequent to submission of the previous year-end financial statements. Adjustments entered with TCs 581 and 582 will be automatically footnoted on Report No. 9. For more details on this report, refer to Volume 6, Chapter III, Exhibit III-G04, Analysis of Change in Fund Balance, for an example of Report No. 9 with automated footnotes.

Report No. 18-Statement of Changes in Capital Assets (if applicable)

G05 Report ordered at fund detail (F=2) level. Refer to the example in Exhibit V-10.

Departments submit a Report 18 for Non-Governmental funds using the Capital Assets Group of Accounts (GLs 2310-2499) in Fund 0997. This report shows the beginning balance, additions, deletions and resulting ending balance for each of

the capital asset accounts. Report No. 18 should be submitted with the financial reports for each fund that has investments in capital assets.

In Fiscal Year 2009, SCO implemented a new reporting requirement for Intangible Assets in accordance with Governmental Accounting Standard Board No. 51. The main changes are Intangible Assets, which in the past was not reported in Report 18 and 19, must be included on the Report 18 and 19 and any Intangible Assets already reported must be reclassified at a lower level (i.e. Computer Software, Land Use Rights, Copyrights/Patent, Trademarks, etc.).

The CALSTARS Transaction Codes 490, 491, and 493 will be use to record Intangible Assets acquired or developed after July 2009.

The CALSTARS Transaction Codes 601 and 602 will be used to record **retroactive** Intangible Assets and other adjustments. These transaction codes will adjust the beginning balance column in Report 18.

The following accounting events are examples of the CALSTARS Transaction Codes used for recording retroactive and reclassifying Intangible Assets.

Recording a *retroactive* Intangible Assets

TC 601 – Load Debit Balance GLA
Dr. 24nn Intangible Assets (nn= Refer to Uniform Codes Manual)
Cr. 9998 Start of System Clearing Account

TC 602 – Load Credit Balance GLA
Dr. 9998 Start of System Clearing Account
Cr. 5200 Investment in Capital Assets

Recording a *reclassification* of an Intangible Asset

TC 602 – Load Credit Balance GLA
Dr. 9998 Start of System Clearing Account
Cr. 2400 Intangible Asset

TC 601 – Load Debit Balance GLA
Dr. 24nn Intangible Assets (nn= Refer to Uniform Codes Manual)
Cr. 9998 Start of System Clearing Account

NOTE: If there are no capital assets for a fund, it should be noted in the certification letter for Report No. 18.

Report No. 20-Statement of Financial Condition

G04 Report. Refer to the example in Exhibit V-11.

Departments submit a Report No. 20, Statement of Financial Condition, when they account for a Non-Governmental Fund in its entirety (non-shared) or for an account within a Non-Governmental Fund in its entirety, such as, the Federal Trust Fund or the Special Deposit Fund. Report No. 20, Statement of Financial Condition provides the balances of the assets, liabilities, and fund equity as of June 30.

REVISIONS TO REPORTS

After submitting year-end reports to the SCO, departments must report any material differences relating to prior year accruals. For Non-Governmental Cost Funds, materiality applies only to cash. Agencies/Departments should immediately contact the SCO to see what is required. Typically, the SCO will require revised Report No. 7, and Report No. 8, but the SCO may only require forms 571E and 571F, Revisions to Accruals and Adjustments to Controller's Accounts, to be prepared. Revisions are due to the SCO by the end of September.

Instructions for completing the Form 571E and 571F may be found in Volume 7, Chapter IV-A, *Revisions To Reports* section.

PREPARE TRUST AND AGENCY FUNDS-FEDERAL STATEMENTS

Trust and Agency Funds-Federal are classified as fiduciary funds. Accounting and reporting requirements are found in SAM Sections 17100-17400. Expenditure and income accruals are prepared in the same manner as governmental or proprietary funds.

Statement Requirements for the Federal Trust Fund

The following year-end statements are required for the Federal Trust Fund:

Report No. 3-Adjustment to Controller's Accounts

Report No. 3 (Form 576-A) is required if needed. Refer to the example in Exhibits V-3 and V-4. For more information, refer to section *Preparation of Statements, Report No. 3*, at the beginning of this chapter.

Report No. 7-Pre Closing Trial Balance

G02 Report. Refer to the example in Exhibit V-5.

GL 1140-Cash in State Treasury must always agree with the June 30 SCO Cash in State Treasury Account. If an error is detected in CALSTARS, it must be corrected. If there is an error(s) in the SCO account, GL 1140, must be footnoted on the Pre-Closing Trial Balance. The footnote must identify and explain the difference between the SCO balance and CALSTARS. In addition, a Report No. 3 must be submitted.

Report No. 8-Post-Closing Trial Balance

G02 Report. Refer to the example in Exhibit V-6. The G02 Report also includes the Subsidiaries on File. Refer to the example in Exhibit V-7.

NOTE: Fund may have Transfers-In/Out (GL 9814/9815) activity along with other nominal accounts. GL 5530, Fund Balance-Unappropriated must be zero.

Report No. 9-Analysis of Change in Fund Balance

G04 Report. Refer to the example in Exhibit V-8.

NOTE: SCO requires this report to show the “Fund Balance” total as zero at year-end. See the special section in this chapter entitled “Report 9 – Fund Balance Adjustment” illustrating the accrual process to comply with this requirement.

Report No. 13-Report of Expenditures of Federal Funds

Report No. 13 is required to be submitted to Department of Finance with a copy to the SCO with other year-end reports. The report will also identify any remaining expenditure activity in the American Recovery and Reinvestment Act (ARRA). In CALSTARS, Report No. 13 is produced by the **Q34, Report of Expenditures of Federal Funds**. Refer to the example in Exhibit V-9. The Certification Statement on the Q34 must be signed when submitted to Department of Finance – FSCU. The Q34 Report displays the total budgetary expenditures in support of the amount displayed on Report No. 7, Pre-Closing Trial Balance (part of the G02 Report). The Q34 Report uses the title of each project from the D40-Federal Catalog Table and displays direct program costs, department administrative cost recoveries (Object Detail **421-427**) and the Statewide Indirect Cost recoveries (Object Detail **439**).

Agencies/Departments should review their Project Control Tables listing (CSB950-2) for Federal Funds to assure the Q34 report is accurate.

The only available reporting period option for the Q34 Report is **PY**. The report is available only from July 1 until the department sets the OC Table Run YEC Indicator to **C**.

When requesting the Q34 Report, there are two options available within the **P** level of detail field on the Report Selection Options screen (Command **G.3**):

- 0** - List all grants/projects and amounts with total, certification and page-break by fund.
- 1** - Same as **0** above, but with a sub-total for each change of program.

The following checks should be made on Report No. 13:

- ☒ The expenditures reported are for funds received directly from the federal government, which are deposited in the Federal Trust Fund upon receipt of the reporting department.
- ☒ The expenditures reported are for the state fiscal year.
- ☒ The grand total of expenditures for this report equals GL 9000-Expenditures on the Pre-Closing Trial Balance for the Federal Trust Fund.

Report No. 18-Statement of Changes in Capital Assets (if applicable)

G05 Report ordered at fund detail (F=2) level. Refer to the example in Exhibit V-10.

Report No. 20-Statement of Financial Condition

G04 Report. Refer to the example in Exhibit V-11

EXHIBIT V-3
REPORT NO. 3 ADJUSTMENT TO CONTROLLER'S ACCOUNTS

REPORT NO. 3 Form 576 A (Rev. 3/10)

Adjustments to Controller's Accounts

June 30, 2012

Page 1 of 1

SCO USE ONLY			
Document No.	C C Y Y M M D D	Fund	Agency
B			

Agency Name and Number <p style="text-align: center;">DEPARTMENT OF AIR QUALITY (9990)</p>	Fund Name and Number <p style="text-align: center;">FEDERAL TRUST FUND (0890)</p>
Name of Contact Person, Title <p style="text-align: center;">U.R. Dunne, Accounting Administrator</p>	Telephone Number <p style="text-align: center;">445-0000</p>
Email Address <p style="text-align: center;"><u>URDunne@daq.ca.gov</u></p>	

ACCOUNT TITLE	ACCOUNT	AMOUNT	D C
DUE FROM OTHER FUNDS	*1410 0001	2,963.00	D
DUE FROM OTHER APPROPRIATIONS	1420		
DUE TO OTHER FUNDS	*3114		
DUE TO OTHER APPROPRIATIONS	3115		
CASH IN STATE TREASURY	1140	2,963.00	C
Net Credits/Debits			—

ORIGINAL - State Controller's Office, Division of Accounting and Reporting

***Specify the funds to which this pertains**

EXHIBIT V-4
REPORT NO. 3 CORRESPONDING TRANSACTIONS REPORT

STATE CONTROLLER'S USE ONLY		
DOCUMENT NO.	DATE C C C C M M D D	MSG Code
JE		

STATE OF CALIFORNIA
OFFICE OF THE STATE CONTROLLER
TRANSACTION REQUEST

STATE CONTROLLER'S USE ONLY	
TC Code	VERIFIED BY:
	DATE:

PAGE 1 OF 1

Agency: DEPARTMENT OF AIR QUALITY (9990)	Address: 102 North Street, Sacramento, CA 95814	Agency Document Number: 11-098
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FUND	AGY	FY	M	REF / ITEM	FED CAT	P/N	C	CAT	PGM	ELE	COMP	TASK	ACCT	SCD USE	REV / OBJ	AMOUNT	D	C	SCO USE	SOURCE FUND		
																			A	T	O	B
0001000	9990	2011		001					10							2,963.00	D	D				
				DESCRIPTION					(DNKP) CHAPTER NUMBER/YEAR/ITEM	PROGRAM DESCRIPTION												
				Correction TR Req 11-095					Chapter 33/11, Item 9990001-0001	AIR QUALITY CONTROL												
0890000	9990	2011		001					10							2,963.00	C	D				
				DESCRIPTION					(DNKP) CHAPTER NUMBER/YEAR/ITEM	PROGRAM DESCRIPTION												
				Correction TR Req 11-095					Chapter 33/11, Item 9990001-0001	AIR QUALITY CONTROL												
				DESCRIPTION					(DNKP) CHAPTER NUMBER/YEAR/ITEM	PROGRAM DESCRIPTION												
				DESCRIPTION					(DNKP) CHAPTER NUMBER/YEAR/ITEM	PROGRAM DESCRIPTION												
				DESCRIPTION					(DNKP) CHAPTER NUMBER/YEAR/ITEM	PROGRAM DESCRIPTION												
				DESCRIPTION					(DNKP) CHAPTER NUMBER/YEAR/ITEM	PROGRAM DESCRIPTION												
				DESCRIPTION					(DNKP) CHAPTER NUMBER/YEAR/ITEM	PROGRAM DESCRIPTION												

TYPE OF TRANSACTION:	Correction to Transaction Request 11-095	I hereby certify under penalty of perjury that I am the duly appointed, qualified, and acting officer of the herein named State agency, department, board, commission, office or institution; that the within transfer is in all respects true, correct, and in	
LEGAL AUTHORITY AND REASON FOR REQUEST:	Transaction Request No. 11-095, Dated 6/17/12, was written incorrectly with a credit to the General Fund. It should have been a credit to the Federal Trust Fund.	AUTHORIZED SIGNATURE: <i>U.R. Dunne</i>	
		CONTACT PERSON: U. R. Dunne, Accounting Administrator	PHONE FOR CONTACT: 445-0000
		E-MAIL FOR CONTACT: URDunne@dqa.ca.gov	DATE: 7/5/2012

NOT TO BE USED AS A CONTROLLER'S REMITTANCE ADVICE

CA 504 PC VERSION (03/2006)

EXHIBIT V-6
 REPORT NO. 8 POST CLOSING TRIAL BALANCE-FEDERAL FUNDS

CSTARG02 9990 (DEST: A1 CTL1) PY, ,0,0,0,1, ***** RUN:07/31/12 TIME:17.45
 PRIOR FISCAL YEAR: 2011 0(ORG)***** 1(FUND) FUND(ALL)*****

DEPARTMENT OF AIR QUALITY
 POST-CLOSING TRIAL BALANCE (REPORT 8)
 AS OF 06/30/12

***** PAGE 10
 FUND: : 0890 FEDERAL TRUST FUND

GLAN	ACCOUNT TITLE	DEBITS	CREDITS	GLAN	SUBSIDIARY FILE GLAN
----	-----	-----	-----	----	----
1140	GENERAL CASH	1,612,907.42	0.00	1140	
1319	ACCOUNTS RECEIVABLE OTHER	554,196.00	0.00	1319	
1380	CONTINGENT RECEIVABLES	302,331.00	0.00	1380	
1410	DUE FROM OTHER FUNDS	18,586.49	0.00	1410	1400
1510	DUE FROM THE FEDERAL GOVERNMENT	20,589,627.57	0.00	1510	1500
1590	DUE FROM OTHER GOVERNMENTAL ENTITIES	982,844.00	0.00	1590	1500
1600	PROVISION FOR DEFERRED RECEIVABLES	0.00	856,527.00	1600	1600
3010	ACCOUNTS PAYABLE	0.00	4,183,739.58	3010	
3020	CLAIMS FILED	0.00	1,665,550.69	3020	
3114	DUE TO OTHER FUNDS	0.00	5,992,463.09	3114	3110
3220	DUE TO LOCAL GOVERNMENT	0.00	6,745,384.74	3220	
3290	DUE TO OTHER GOVERNMENTAL ENTITIES	0.00	4,616,827.38	3290	
*TOTAL FUND	0890	24,060,492.48	24,060,492.48		

REPORT AS OF JUNE 30 INCLUDES YEAR-END ACCRUALS PURSUANT TO THE STATE ADMINISTRATIVE MANUAL.

I CERTIFY (OR DECLARE) UNDER PENALTY OF PERJURY THAT THE FOREGOING IS TRUE AND CORRECT AND THAT I HAVE NOT VIOLATED ANY OF THE PROVISIONS OF ARTICLE 4, CHAPTER 1, DIVISION 4, TITLE 1, GOVERNMENT CODE (COMMENCING WITH SECTION 1090).

SUBSCRIBED AND EXECUTED THIS 31st DAY OF July, 2012 AT SACRAMENTO, CALIFORNIA.

U. R. Dunne
 SIGNATURE OF OFFICER

U. R. DUNNE
 TYPE OR PRINT NAME OF OFFICER

ACCOUNTING ADMINISTRATOR
 TITLE OF OFFICER

EXHIBIT V-8
 REPORT NO. 9 ANALYSIS OF CHANGE IN FUND BALANCE-FEDERAL FUNDS

CSTARG04 9990 (DEST: A1 CTL1) PY, ,0,0,0,1, ***** RUN:07/31/12 TIME:17.45
 PRIOR FISCAL YEAR: 2011 0(ORG)***** 2(BYFDT) FUND(ALL)*****

DEPARTMENT OF AIR QUALITY
 ANALYSIS OF CHANGE IN FUND BALANCE
 FOR THE FISCAL YEAR ENDED 06/30/12
 REPORT 9

***** PAGE 56
 FUND : 0890 FEDERAL TRUST FUND

FUND BALANCE,	JULY 1, 2011	0.00
ADDITIONS:		
8000	REVENUE/OPERATING REVENUE	194,996,057.00
		TOTAL ADDITIONS
		194,996,057.00
DEDUCTIONS:		
9000	OPERATING EXPENDITURES	194,996,057.00
		TOTAL DEDUCTIONS
		194,996,057.00
FUND BALANCE,	June 30, 2012	0.00

REPORT AS OF JUNE 30 INCLUDES YEAR-END ACCRUALS PURSUANT TO THE STATE ADMINISTRATIVE MANUAL.

I CERTIFY (OR DECLARE) UNDER PENALTY OF PERJURY THAT THE FOREGOING IS TRUE AND CORRECT AND THAT I HAVE NOT VIOLATED ANY OF THE PROVISIONS OF ARTICLE 4, CHAPTER 1, DIVISION 4, TITLE 1, GOVERNMENT CODE (COMMENCING WITH SECTION 1090).

SUBSCRIBED AND EXECUTED THIS 31st DAY OF July, 2012 AT SACRAMENTO, CALIFORNIA.

U. R. Dunne
 SIGNATURE OF OFFICER

U. R. DUNNE
 TYPE OR PRINT NAME OF OFFICER

ACCOUNTING ADMINISTRATOR
 TITLE OF OFFICER

EXHIBIT V-11
 REPORT NO. 20 STATEMENT OF FINANCIAL CONDITION-FEDERAL FUNDS

CSTARG04 9990 (DEST: A1 CTL1) PY, ,0,0,0,1,	***** 2 (BYFDT) FUND (ALL)*****	***** RUN:07/31/12 TIME:17.45
PRIOR FISCAL YEAR: 2011	0 (ORG)*****	
DEPARTMENT OF AIR QUALITY		REPORT 20
STATEMENT OF FINANCIAL CONDITION		
AS OF 06/30/12		
*****		PAGE 57
FUND : 0890	FEDERAL TRUST FUND	

ASSETS		
CASH:		
1140	CASH IN STATE TREASURY	1,612,907.42
ACCOUNTS RECEIVABLE:		
1319	ACCOUNTS RECEIVABLE OTHER	554,196.00
1380	CONTINGENT RECEIVABLES	302,331.00
1400	DUE FROM OTHER FUNDS OR APPROPRIATIONS	18,586.49
1500	DUE FROM OTHER GOVERNMENTS	21,572,471.57
1600	PROVISION FOR DEFERRED RECEIVABLES	856,527.00CR
TOTAL ASSETS		23,203,965.48
LIABILITIES AND FUND EQUITY		
LIABILITIES:		
3010	ACCOUNTS PAYABLE	4,183,739.58
3020	CLAIMS FILED	1,665,550.69
3110	DUE TO OTHER FUNDS OR APPROPRIATIONS	5,992,463.09
3220	DUE TO LOCAL GOVERNMENTS	6,745,384.74
3290	DUE TO OTHER GOVERNMENTAL ENTITIES	4,616,827.38
TOTAL LIABILITIES		23,203,965.48
TOTAL LIABILITIES AND FUND EQUITY		23,203,965.48

Report 9 - Fund Balance Adjustments

Before an Agency/Department is able to submit year-end reports on the Federal Trust Fund, SCO requires statements show that Federal revenues and reimbursements match expenditures. Expenditures include accruals at year-end therefore, it is required for a department that receives Federal Funds to record a revenue accrual to match those expenditures.

NOTE: This procedure should be one of the last steps in preparation of financial statements for the Federal Trust Fund and **only** after FM 13 accruals, adjustments and Cost Allocation have been completed.

INSTRUCTIONS FOR ADJUSTING THE FUND BALANCE ON REPORT 9:

Exhibits V-16 and V-17 are examples of a Report 7 and 9 illustrating the balances **before** an accrual for Federal Revenues is recorded.

NOTE: Although it is rare that Reimbursements are included in Federal Funds, there are cases where they do exist. For that purpose, we have included them in these Exhibits. Reimbursements are also calculated when determining how much Federal revenue will need to be accrued.

1. Order a G02 (Report 7 and 8) and a G04 (Report 9) for the Federal Trust Fund only.
2. On the G04 report, determine how much revenue will need to be accrued by the Fund Balance Total.

NOTE: Prior to recording the revenue accrual, the Fund Balance total should always show a Debit Balance (DR).

3. On the G02 report (Report 7), make the following calculations:

$$\text{GLAN 9000} - (\text{GLAN 8000} + \text{8100}) = \text{Accrual Amount}$$

4. Compare this calculation to the G04 (Report 9) Fund Balance Total to confirm they equal.
5. Record an A-9 (Revenue Accruals) transaction for each Federal Revenue Source as needed:

Recording at the PCA or Appropriation level:

TC 128 – Record Due From Other Governments – Revenue
 Dr. 1500 Due From Other Governments
 Cr. 8000 Revenue/Operating Revenue

Recording at the Summary level:**TC 551** – Accrue Year-End Revenue Due From Other Governments

Dr. 1500 Due From Other Governments

Cr. Cr. 8000 Revenue/Operating Revenue

These entries are reversed in the new year.

NOTE 1: To have these entries automatically reversed during the Year-End Open (YEO) process, they must be coded according to the Automated Accrual Reversal Process requirements discussed in Chapter II, section *Use of Fiscal Month 13 for Year-End Adjustments*.

NOTE 2: Agencies/Departments should record an accrual for each Federal Revenue Source to match the expenditures for their programs.

Once the transactions have posted, request a new Report 7 and 9 (see Exhibit 18 and 19) and review the updated balances. Report 9 Fund Balance Total **must** be zero. Proceed with completing financial statements for the Federal Trust Fund.

EXHIBIT V-15
 REPORT NO. 9 ANALYSIS OF CHANGE IN FUND BALANCE-FEDERAL FUNDS (AFTER ACCRUAL)

CSTARG04 9990 (DEST: A1 CTL1) PY, ,0,0,0,1, ***** RUN:07/31/12 TIME:17.45
 PRIOR FISCAL YEAR: 2011 0(ORG)***** 2(BYFDT) FUND(ALL)*****
 DEPARTMENT OF AIR QUALITY
 ANALYSIS OF CHANGE IN FUND BALANCE REPORT 9
 FOR THE FISCAL YEAR ENDED 06/30/12

***** PAGE 56
 FUND : 0890 FEDERAL TRUST FUND

FUND BALANCE,	JULY 1, 2011	0.00
ADDITIONS:		
8000	REVENUE/OPERATING REVENUE	194,580,057.00
8100	REIMBURSEMENTS	416,000.00
	TOTAL ADDITIONS	194,996,057.00
DEDUCTIONS:		
9000	OPERATING EXPENDITURES	194,996,057.00
	TOTAL DEDUCTIONS	194,996,057.00
FUND BALANCE,	JUNE 30, 2012	0.00

Expenditures and Revenue/Reimbursements are now equal. The Fund Balance will be zero.



REPORT AS OF JUNE 30 INCLUDES YEAR-END ACCRUALS PURSUANT TO THE STATE ADMINISTRATIVE MANUAL.

I CERTIFY (OR DECLARE) UNDER PENALTY OF PERJURY THAT THE FOREGOING IS TRUE AND CORRECT AND THAT I HAVE NOT VIOLATED ANY OF THE PROVISIONS OF ARTICLE 4, CHAPTER 1, DIVISION 4, TITLE 1, GOVERNMENT CODE (COMMENCING WITH SECTION 1090).

SUBSCRIBED AND EXECUTED THIS 31st DAY OF July, 2012 AT SACRAMENTO , CALIFORNIA.

U. R. Dunne
 SIGNATURE OF OFFICER

U. R. DUNNE
 TYPE OR PRINT NAME OF OFFICER

ACCOUNTING ADMINISTRATOR
 TITLE OF OFFICER

PREPARE TRUST AND AGENCY FUNDS-OTHER STATEMENTS

Trust and Agency Funds-Other are classified as fiduciary funds. Accounting and reporting requirements are found in SAM Sections 18420-18426. The most common use of fiduciary funds is the Special Deposit Fund.

Statement Requirements for Special Deposit Funds

Report No. 9 and Report No. 20 are required for each Special Deposit Fund account. CALSTARS departments must maintain accountability by establishing a D23 Fund Detail Descriptor Table entry for each account in the Special Deposit Fund (0942). However, only **one** overall Report No. 7 and Report No. 8 is submitted at fund level to the SCO.

The following statements are required for the Special Deposit Fund:

Report No. 3-Adjustment to Controller's Accounts

Report No. 3 is required if needed. Refer to the example in Exhibits V-3 and V-4. For more information, refer to section *Preparation of Statements, Report No. 3*, at the beginning of this chapter.

Report No. 7-Pre Closing Trial Balance

G02 Report. Refer to the example in Exhibit V-16.

GL 1140-Cash in State Treasury must always agree with the June 30 SCO Cash in State Treasury Account. If an error is detected in CALSTARS, it must be corrected. If there is an error(s) in the SCO account, GL 1140, must be footnoted on the Pre-Closing Trial Balance. The footnote must identify and explain the difference between the SCO balance and CALSTARS. In addition, a Report No. 3 must be submitted.

GL 1210-Deposits in Surplus Money Investment Fund must always agree with the June 30 SCO Deposits in Surplus Money Investment Fund Account. If an error is detected in CALSTARS, it must be corrected. If there is an error(s) in the SCO account, GL 1210, must be footnoted on the Pre-Closing Trial Balance. The footnote must identify and explain the difference between the SCO balance and CALSTARS. In addition, a Report No. 3 must be submitted.

Report No. 8-Post Closing Trial Balance

G02 Report. Refer to the example in Exhibit V-17.

Report No. 9-Analysis of Change in Fund Balance

G04 Report ordered at fund detail level (F=2). Refer to the example in Exhibit V-18.

Report No. 18-Statement of Changes in Capital Assets (if applicable)

G05 Report ordered at fund detail (F=2) level. Refer to the example in Exhibit V-10.

Report No. 20-Statement of Financial Condition

G04 Report ordered at fund detail level (F=2). Refer to the example in Exhibit V-19.

Statement Requirements for Other Trust and Agency Funds-Other

Required year-end statements for the other funds within this grouping vary slightly from the statements for the Special Deposit Fund. Refer to SAM Sections 18426-19305 for these reporting requirements.

Non-Treasury Trust Funds

The SCO defines Non-Treasury Trust Funds as money or property in the custody of a state department that is not required to be remitted to the State Treasury. This includes monies deposited in accounts within the Centralized State Treasury System (i.e., department CTS bank accounts) which are not remitted to the State Treasury, as well as monies deposited in bank accounts outside the State Treasury (i.e., those listed on Report No. 14). In CALSTARS, these monies should be accounted in Fund 0990, Fiduciary Funds Outside Centralized Treasury System.

Refer to SAM Sections 19400-19464 for the accounting and reporting requirements. The SCO requires the following year-end statements for Non-Treasury Trust funds:

Report No. 7-Pre Closing Trial Balance

G02 Report.

Report No. 8-Post Closing Trial Balance

G02 Report.

Report No. 9-Analysis of Change in Fund Balance

G04 Report.

Report No. 20-Statement of Financial Condition

G04 Report.

EXHIBIT V-19
 REPORT NO. 20 STATEMENT OF FINANCIAL CONDITION
 SPECIAL DEPOSIT FUND

CSTARG04 9990 (DEST: A1 CTL1) PY, ,0,0,0,2, ***** RUN:07/31/12 TIME:17.45
 PRIOR FISCAL YEAR: 2011 0(ORG)***** 2(BYFDT) FUND(ALL)*****
 DEPARTMENT OF AIR QUALITY (9990)
 STATEMENT OF FINANCIAL CONDITION REPORT 20
 AS OF 06/30/12

***** PAGE 57
 FUND : 0942 SPECIAL DEPOSIT FUND
 FUND DETAIL: 01 SETTLEMENT FEES

ASSETS

CASH:

1140	CASH IN STATE TREASURY	1,452,181.51
TOTAL ASSETS		1,452,181.51

LIABILITIES AND FUND EQUITY

LIABILITIES:

3500	LIABILITIES FOR DEPOSITS	1,452,181.51
TOTAL LIABILITIES		1,452,181.51
TOTAL FUND EQUITY		0.00
TOTAL LIABILITIES AND FUND EQUITY		1,452,181.51

REPORT AS OF JUNE 30 INCLUDES YEAR-END ACCRUALS PURSUANT TO THE STATE ADMINISTRATIVE MANUAL.

I CERTIFY (OR DECLARE) UNDER PENALTY OF PERJURY THAT THE FOREGOING IS TRUE AND CORRECT AND THAT I HAVE NOT VIOLATED ANY OF THE PROVISIONS OF ARTICLE 4, CHAPTER 1, DIVISION 4, TITLE 1, GOVERNMENT CODE (COMMENCING WITH SECTION 1090).

SUBSCRIBED AND EXECUTED THIS 31st DAY OF July, 2012 AT SACRAMENTO, CALIFORNIA.

U. R. Dunne
 SIGNATURE OF OFFICER

U. R. DUNNE
 TYPE OR PRINT NAME OF OFFICER

ACCOUNTING ADMINISTRATOR
 TITLE OF OFFICER

Note:
 Not all Fund 0942 Fund Detail accounts are shown in this exhibit. As a result, the CSTARG04 does not agree with the CSTARG02 displayed in Exhibits V-20 and V-21