



# V Year-End Closing- Prepare Nongovernmental Cost Fund Reports

This chapter describes the report requirements for nongovernmental 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 nongovernmental cost fund or any bond fund are reclassified from General Ledger (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 nongovernmental cost 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 nongovernmental cost 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 nongovernmental cost funds that must be submitted.

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-26. It can also be accessed on the Internet at [www.dof.ca.gov/html/calstars/calsdocs/optools/yecklist.doc](http://www.dof.ca.gov/html/calstars/calsdocs/optools/yecklist.doc).

Although all of the sample financial reports shown include the completed certification signature block, 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 examples of certification letters for a nongovernmental cost fund.

EXHIBIT V-1  
CERTIFICATION COVER MEMO FOR NONGOVERNMENTAL COST FUNDS

State of California

## Memorandum

Date : July 31, 2014

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](mailto:IMKing@daq.ca.gov)  
U.R. Dunne, Chief of Accounting, [URDunne@daq.ca.gov](mailto:URDunne@daq.ca.gov)

Subject : CERTIFICATION OF YEAR-END FINANCIAL REPORTS

The following financial reports for the fiscal year end June 30, 2014, are enclosed:

### **NONGOVERNMENTAL 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

### **SUPPLEMENTAL FORMS**

Due To/From Other Funds/Appropriations Supplementary Information Form  
Material Variance Explanation Form

Contact Person: I. Ben Tryin  
Phone Number: (916) 555-1234  
E-mail: [IBTryin@daq.ca.gov](mailto: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 31<sup>st</sup> day of July, 2014, 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

## Memorandum

Date : July 31, 2014  
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](mailto:IMKing@daq.ca.gov)  
U.R. Dunne, Chief of Accounting, [URDunne@daq.ca.gov](mailto:URDunne@daq.ca.gov)  
Subject : CERTIFICATION OF YEAR-END FINANCIAL REPORTS  
The following financial reports for the fiscal year end June 30, 2014, 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

### SUPPLEMENTAL FORMS

Due To/From Other Funds/Appropriations Supplementary Information Form  
Material Variance Explanation Form

Contact Person: I. Ben Tryin  
Phone Number: (916) 555-1234  
E-mail: [IBTryin@daq.ca.gov](mailto: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 31<sup>st</sup> day of July, 2014, at Sacramento, California.

\_\_\_\_\_  
Signature of Officer

\_\_\_\_\_  
Type or print name of Officer

\_\_\_\_\_  
Title of Officer

## PREPARATION OF STATEMENTS

Several of the reports required for nongovernmental cost funds are the same as the reports prepared for governmental cost 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 nongovernmental cost funds:

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

Report No. 3 is required if needed. Although Report No. 3 for nongovernmental cost funds uses the same format (Exhibits V-7 and V-8) as governmental cost funds, the content is somewhat different. Report No. 3 is required for nongovernmental 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 Nongovernmental 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 department's accounts into agreement with the SCO's June 30 balances.

The total debits must equal total credits. The "contra" entry is normally GL 3110 "Due To Other Funds" or GL 1400 "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 nongovernmental 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** nongovernmental 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 nongovernmental cost fund in its entirety (nonshared) or for an account within a nongovernmental cost 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 the Statewide D22 Fund Descriptor Table).

Report No. 9 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 Transaction Codes (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**

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

If applicable, departments submit a Report 18 for nongovernmental cost 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.

The CALSTARS Transaction Codes 490, 491, and 493 is used to record intangible assets acquired in or 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 nongovernmental cost fund in its entirety (nonshared) or for an account within a nongovernmental cost 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. 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.

## PREPARING STATEMENTS FOR TRUST AND AGENCY FUNDS - FEDERAL

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 cost funds or proprietary funds.

### Statement Requirements for the Federal Trust Fund

The following year-end statements are required for the Federal Trust Fund (Fund 0890):

#### **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-Fiscal Systems and Consulting Unit (FSCU) 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 Report 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**).

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 F level of detail field on the Report Selection Options screen (Command **G.3**):

- 0** - Will populate with information from the Catalog of Federal Domestic Assistance (CFDA) Descriptor Table (D39).
- 1** - Will populate with information (CFDA, SCO projects, and project-work phase) from the Project Control Table. Will provide a sub-total for each change of program and does not have a certification page.

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

- ☛ See State Administrative Manual section 7974.
- ☛ The expenditures reported are for funds (special revenue) received directly from the federal government, which are deposited in the Federal Trust Fund or appropriate federal agency trust fund.
- ☛ The expenditures reported are for funds (special revenue) 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 (not the federal budget 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

**Excess Revenue Collections From Other Governments**

Occasionally there is an excess collection of revenue from the federal government. If the excess collection is returned after June 30, an accrual entry reducing revenue must be made:

TC 552-Accrue YE Due to Other Govt (Excess Collections)  
    Dr. 8000 Revenue  
    Cr. Input GL 3210

The excess collection entries are reversed in the new year. Auto-reverse batches are recommended.

**NOTE:** The liability accrual (GLs 3210) is not included on the DB1 Report. For reconciliation purposes, the amount of the TC 552 entry must be added to the SCO account balances.



EXHIBIT V-4  
REPORT NO. 3 CORRESPONDING TRANSACTIONS REPORT

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

STATE OF CALIFORNIA  
OFFICE OF THE STATE CONTROLLER  
TRANSACTION REQUEST

1

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

PAGE 1 OF 1

Agency: <b>DEPARTMENT OF AIR QUALITY (9990)</b>	Address: <b>102 North Street, Sacramento, CA 95814</b>	Agency Document Number: <b>13-098</b>
---	--	---------------------------------------

FUND	AGY	FY	M	REF / ITEM	FED CAT	P/N	C	CAT	PGM	ELE	COMP	TASK	ACCT	SCO USE	REV / OBJ	AMOUNT	D	C	A	T	O	B	SOURCE FUND
0001000	9990	2013		001					10							2,963.00	D	D					
DESCRIPTION				(UNKP) CHAPTER NUMBER/YEAR/ITEM				PROGRAM DESCRIPTION															
Correction TR Req 13-095				Chapter 33/11, Item 9990001-0001				AIR QUALITY STANDARD															
0890000	9990	2013		001					10							2,963.00	C	D					
DESCRIPTION				(UNKP) CHAPTER NUMBER/YEAR/ITEM				PROGRAM DESCRIPTION															
Correction TR Req 13-095				Chapter 33/11, Item 9990001-0890				AIR QUALITY STANDARD															
DESCRIPTION				(UNKP) CHAPTER NUMBER/YEAR/ITEM				PROGRAM DESCRIPTION															
DESCRIPTION				(UNKP) CHAPTER NUMBER/YEAR/ITEM				PROGRAM DESCRIPTION															
DESCRIPTION				(UNKP) CHAPTER NUMBER/YEAR/ITEM				PROGRAM DESCRIPTION															
DESCRIPTION				(UNKP) CHAPTER NUMBER/YEAR/ITEM				PROGRAM DESCRIPTION															

<b>TYPE OF TRANSACTION:</b> Correction to Transaction Request 13-095 <b>LEGAL AUTHORITY AND REASON FOR REQUEST:</b>  Transaction Request No. 13-095, Dated 6/17/14, was written incorrectly with a credit to the General Fund. It should have been a credit to the Federal Trust Fund.	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
	AUTHORIZED SIGNATURE: <i>U.R. Dunne</i>
	CONTACT PERSON: <b>U. R. Dunne, Accounting Administrator</b> PHONE FOR CONTACT: <b>445-0000</b>
	E-MAIL FOR CONTACT: <a href="mailto:URDunne@dqa.ca.gov">URDunne@dqa.ca.gov</a> DATE: <b>7/5/2014</b>

NOT TO BE USED AS A CONTROLLER'S REMITTANCE ADVICE CA 504 PC VERSION (03/2006)

1 Number refers to Report 3, Form 571 A.











EXHIBIT V-9 (Continued)  
 REPORT NO. 13 REPORT OF EXPENDITURES OF FEDERAL FUNDS

CSTARQ34 3900 (DEST: AA SPEC) PY, 0,0,0,1, \*\*\*\*\* RUN:07/29/14 TIME:06.00  
 PRIOR FISCAL YEAR: 2013 \*\*\*\*\* 1(FUND )\*\*\*\*\*

DEPARTMENT OF AIR QUALITY  
 REPORT OF EXPENDITURES OF FEDERAL FUNDS  
 AS OF 06/30/14

\*\*\*\*\* PAGE 1

FUND: 0890 FEDERAL TRUST FUND

\*\*\*\*\*

SCO									
CFDA	PRJ	PROJ-WP	FFY	DESCRIPTION	EXPENDITURES	ENCUMBRANCES	TOTAL		
----	---	---	---	-----	-----	-----	-----		
.		000000 00	2009		3,017,393.94-	0.00	3,017,393.94-		
.		000000 00	2010		2,021,786.95-	0.00	2,021,786.95-		
*	.				5,039,180.89-	0.00	5,039,180.89-		
66.001	011	466001 09	2009	AIR POLLUTION CONTROL	273,579.63	900,731.57-	627,151.94-		
66.001	011	466001 09	2010	AIR POLLUTION CONTROL	161,354.19	133,470.01-	27,884.18		
66.001	011	466001 10	2010	AIR POLLUTION CONTROL	1,021,430.33	1,449,987.70-	428,557.37-		
66.001	011	466001 11	2011	AIR POLLUTION CONTROL	211,753.00	0.00	211,753.00		
66.001	011	466105 11	2011	AIR POLLUTION CNTL PGM GRANTS-SECT	869,657.76	2,336,251.90	3,205,909.66		
*66.001					2,537,774.91	147,937.38-	2,389,837.53		
66.034	011	466989 10	2010	PM 2.5 NETWORK MONITORING NON-ARR	586,827.29	0.00	586,827.29		
66.034	011	466989 11	2011	PM 2.5 NETWORK MONITORING NON-ARR	0.00	192,710.62	192,710.62		
*66.034					586,827.29	192,710.62	779,537.91		
66.039	011	466372 11	2011	NATL CLEAN DIESEL EMISS RED DERA-	0.00	3,379,790.84	3,379,790.84		
66.039	021	466834 11	2011	NATL CLN DIESEL EMISS.RED.PG-CATE	0.00	1,172,983.00	1,172,983.00		
*66.039					0.00	4,552,773.84	4,552,773.84		
66.606	011	466979 11	2011	CENTRAL CALIFORNIA OZONE STUDY	0.00	200,000.00	200,000.00		
*66.606					0.00	200,000.00	200,000.00		
*TOTAL FUND 0890 NON-ARRA					1,914,578.69-	4,797,547.08	2,882,968.39		
66.039	601	466039 11	2011	CLEAN DIESEL ASST PG-ARRA-RAILROA	3,838,536.00	0.00	3,838,536.00		
66.039	611	466283 11	2011	NATL CLEAN DIESEL -SMARTWAY LOAN-	58,368.00	0.00	58,368.00		
*66.039	ARRA				3,896,904.00	0.00	3,896,904.00		
66.040	601	466040 10	2010	CLEAN DIESEL GRANT PG. -DERRA-ARR	352,941.00	352,941.00-	0.00		
66.040	611	466501 11	2011	DIESEL EMISSION RED.ACT (DERA)-AR	0.00	352,941.00	352,941.00		
*66.040	ARRA				352,941.00	0.00	352,941.00		
*TOTAL FUND 0890 ARRA					4,249,845.00	0.00	4,249,845.00		
*TOTAL FUND 0890					2,335,266.31	4,797,547.08	7,132,813.39		
*TOTAL FEDERAL FUNDS					2,335,266.31	4,797,547.08	7,132,813.39		







## Report 9 - Fund Balance Adjustments

Before an 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 may 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-12 and V-13 are examples of a Report 7 and 9 illustrating the balances **before** an accrual for federal revenue 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:

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

4. Compare this calculation to the G04 (Report 9) fund balance total to confirm they equal.

5. Record an A-9 (revenue accrual) 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 fiscal 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:** 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 Exhibits V-14 and V-15) and review the updated balances. Report 9 Fund Balance Total **must** be zero. Proceed with completing financial statements for the Federal Trust Fund.









**PREPARING STATEMENTS FOR TRUST AND AGENCY FUNDS - OTHER**

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, it 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, it 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.

**Surplus Money Investment Fund (SMIF) Interest Adjustments for Special Deposit Fund**

Generally, Special Deposit Fund (0942) should not have any activity in any of the nominal accounts (i.e. 9000, 8000, 8100). If SMIF interest that was earned is deposited in a special deposit account that will be transferred into another fund, departments should record this as "Due To Other Funds" (GL 1400).

When the amount is transferred out, it would be a reduction to the receivable account (GL 1400) "Due To Other Funds". The SCO journal entry will require a transaction to be posted in both FM 13 and FM 01.

**Recording a Journal Entry for SMIF Interest in FM 13 (SCO JE received in July)**

TC 219 – Record Loan Made To Another Fund  
Dr. 1400 Due From Other Funds Or Appropriations  
Cr. 1140 Cash In State Treasury

TC 153 – Record SCO Receipt Of Deposit  
Dr. 1140 Cash In State Treasury  
Cr. 3500 Liabilities For Deposits

These entries are **not** reversed in the new fiscal year.

**Recording the SCO Journal Entry in FM 01**

TC 202 – Record Payment on Loan To Another Fund  
Dr. 1140 Cash In State Treasury  
Cr. 1400 Due From Other Funds Or Appropriations

Departments should use the SCO Fund Reconciliation Report to reconcile with CALSTARS. SCO balances in GL 1140 (Cash In State Treasury) and GL 1210 (Deposits In Surplus Money Investment Fund) should reconcile to CALSTARS balances in GL 1140 and 3500 (Liabilities For Deposits) in the G01 Report.

**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 (NTT) 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 NTT 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.









