BUDGET LETTER

	NUMBER:	13-21
SUBJECT: PAST, CURRENT, AND BUDGET YEAR SCHEDULE 10S (SUPPLEMENTAL SCHEDULES OF APPROPRIATIONS)	**DATE ISSUED:**	August 26, 2013
REFERENCES: BUDGET LETTERS 13-11 AND 13-16	**SUPERSEDES:**	BL 12-25

TO: Departmental Budget and Accounting Officers
          Department of Finance Budget and Accounting Staff

FROM: DEPARTMENT OF FINANCE

The Department of Finance (Finance) will review the departments' submissions of their past year Schedule 10s for consistency with the year-end financial statements. Following Finance's review, departments must work with their Finance budget analyst to address any variances. Once Finance has processed a department's past year Schedule 10s, the departmental Budget Office will be provided a copy of the Schedule 10s for past, current, and budget years. For detailed instructions on the preparation of past year Schedule 10s, please refer to Budget Letter (BL) 13-11.

A. GENERAL

Based on the receipt of the completed past year Schedule 10s and Budget Revision 1 (BR-1) from departments, Finance anticipates distributing the "baseline" pass of the three-year Schedule 10s on a flow basis beginning September 2013. The "baseline" pass of the three-year Schedule 10s (consisting of the updated past year Schedule 10s and the initial current and budget year Schedule 10s) collects baseline information for the current and budget years, and should include approved baseline adjustments.

If departments have Capital Outlay appropriations, they will receive two packages: (1) Capital Outlay three-year Schedule 10s and (2) State Operations/Local Assistance three-year Schedule 10s. Departments must update these Schedule 10s pursuant to the instructions contained in this BL.

Detail of Appropriations and Adjustments Process: Departments must update their current and budget year Schedule 10s and submit them to their Finance budget analyst to receive an updated Detail of Appropriation and Adjustments (DAA) report prior to submitting their budget spreadsheet package. Although departments may submit additional subsequent passes of their Schedule 10s, they should not provide an excessive number of submissions. Finance processes the Schedule 10s and generates the DAA report and the Three-Year Expenditures by Fund report with each departmental Schedule 10s submission. Departments must use the rounded expenditure numbers in their latest version of the DAA report to build and tie the other fiscal statements contained within their budget spreadsheet prior to submitting the budget spreadsheet package to Finance. Please refer to Attachment I for the DAA report rounding rules.

B. INSTRUCTIONS APPLICABLE TO ALL THREE YEARS

1. All amounts must be rounded to thousands in the 2014-15 Governor's Budget spreadsheet. However, the past and current year Schedule 10s are displayed in **whole dollars**. Budget year Schedule 10s will be rounded to the nearest thousand, but the three zeros **will not be dropped**.

After receipt of the completed past year Schedule 10s from departments, Finance will:

a. Review, update, and print past year Schedule 10s.

b. Print the baseline pass of the current year Schedule 10s with authorized dollars (but without expenditures) including carryover and reappropriated amounts reported on the past year Schedule 10s.

c. Print the baseline pass of the budget year Schedule 10s without dollars.

2. The appropriation type ("ATYPE") and its description are located in the upper center of the Schedule 10 records. Attachment II describes the differences between carryovers and reappropriations.

3. For each appropriation, departments must verify that all expenditure authorizations are correct. This includes the following:

a. Verify the "Character" (state operations, local assistance, capital outlay, or unclassified) fund, appropriation identification (if a non-Budget Act item, the three-digit reference number following the organization code should match the State Controller's Office (SCO) records), and the description immediately following the appropriation identification number.

b. Verify the "Initial Authorization" dollar amounts by program, category, or project as authorized in the Budget Act or other authority.

c. Verify the "Adjustments": review entries for budget revisions (BRs) and budget executive orders, etc., correct any erroneous data, and/or add further adjustments to the appropriate Schedule 10 record, as necessary. Do **not** use a Schedule 10–Missing Record Report (DF-38) to add adjustments to an existing Schedule 10 record (see Section 5 for proper use of DF-38).

d. Post the dollar corrections made by any adjustments to the "Revised Appropriation Totals" by program, category, or project. Verify the "Authorized," "Expenditures," "Savings," and "Carryovers" amounts by the schedule detail.

e. If chaptered legislation **amends an existing appropriation** (e.g., the bill reads "in augmentation of Item XXXX-XXX-XXXX, Budget Act of 20XX"), record the corresponding "adjustment" on the Schedule 10 for the appropriation that is being amended (e.g., "Chapter X, Statutes of 20XX" with the dollar amount to the appropriate programs, categories, or projects in the "Authorized" column). If the legislation includes multiple appropriations, specify the section of the bill related to the adjustment to verify the authority. If the amended appropriation should be scheduled, but the legislation did not provide a schedule, then a BR to schedule the augmentation must be prepared and submitted to Finance.

f. Verify the "Year of Completion" (YOC), i.e., the last fiscal year of availability for encumbrance for each schedule in the appropriation. For example:

- If an appropriation is available through any point in time in fiscal year 2012-13, the YOC = 12.

- If an appropriation is available through any point in time in fiscal year 2013-14, the YOC = 13.

The YOC is shown in the "Revised Appropriation Totals" section and to the left of the schedule amount in the "Authorized" column. Please be aware that **the YOC can vary between programs, categories, or projects within an item.**

4. Capital Outlay Projects

   Capital Outlay projects are to be coded pursuant to the coding structure outlined in the State Administrative Manual (SAM) Section 6839. Departments must not use "00" as the two-digit code to designate the program or element. The Schedule 10s should reflect the latest project codes as of the 2013 Budget Act. However, if the codes are incorrect, departments need to make appropriate changes on the Schedule 10s.

   Capital Outlay projects—(excluding Caltrans):

   a. Show construction dollars as a carryover if proceed to bid has been authorized or the encumbrance period has been extended and the contract will be awarded in a subsequent fiscal year.

   b. Construction dollars not allocated through fund transfer or through approval to proceed to bid in the first year of availability, unless otherwise extended, shall be shown as savings.

   c. Show construction dollars as expended in the year the contract was or is expected to be awarded, including all associated costs necessary to complete the project. Funds not necessary for the completion of the project are considered bid savings.

   d. Design dollars encumbered via a design contract, including all associated costs, should be shown as fully expended in the year the design contract was or is expected to be awarded. Design dollars not associated with a contract should be shown as expended in the year the dollars were or are expected to be expended.

   e. All funds proposed in the budget year or carried over from prior fiscal years should generally be shown as expended in the budget year, however, dollars expected to be expended in a subsequent fiscal year, such as the awarding of a construction contract, should be shown as a carryover in the budget year.

   f. Project savings should generally be shown as savings. However, if either of the following apply, show funds as carryover:

      o The reversion of project savings is proposed in the following fiscal year.

      o Project savings are related to a lease-revenue bond funded project and the YOC has not expired.

   g. If funding was previously shown as expended on a Schedule 10, no change is necessary.

   If you have any questions regarding Capital Outlay project codes, please contact your Finance Capital Outlay budget analyst.

5. The Schedule 10–Missing Records Report, DF-38, last updated July 2011 (copy attached), will be used only in the event an appropriation is not reflected on a Schedule 10. In addition to the information requested on the top of the DF-38, departments must reflect the (1) Initial Authorization; (2) Adjustments; and (3) Revised Appropriation Totals including Expenditures,

Savings, and Carryovers. Also, the YOC and title of programs, categories, or projects must be shown. (See Sample DF-38 attached.)

6. It is not necessary for departments to manually update the Schedule 10 character and department summary totals. The Schedule 10 system will calculate these totals, which will be reflected on the updated Schedule 10s.

C. INSTRUCTIONS APPLICABLE TO PAST YEAR

Actual expenditures reported by departments on the past year Schedule 10s are considered final and these expenditures must reconcile to the dollar amounts reported to the SCO in the year-end financial statements. No changes are to be recorded on these Schedule 10s without prior approval from Finance (your Finance Program Budget Manager and Finance's Financial Operations unit). In this case, the adjustment and all subsequently changed totals must be clearly noted on the Schedule 10s.

D. INSTRUCTIONS APPLICABLE TO CURRENT YEAR

1. Actual past year carryovers or reappropriations must be reflected on Schedule 10s. If no record exists for posting carryover dollars, create the carryover record by preparing a DF-38. Please note: the current year initial authorized dollars must match the past year carryover amount by schedule.

2. The department must record the estimated full year expenditures, savings, and carryovers in the "Revised Appropriation Totals" section.

E. INSTRUCTIONS APPLICABLE TO BUDGET YEAR

1. Budget year Schedule 10s are generated on the basis of current year appropriation records, but without dollar amounts. These Schedule 10s include potential carryovers from the current year.

2. If new appropriation, carryover, or reappropriation records are to be created in the budget year, prepare a DF-38. **Do not** record the new appropriation on an existing Schedule 10 record by changing the item number, description, etc.

3. If an existing record on the Schedule 10 will not be used in the budget year, **do not** remove the page from the Schedule 10 package. Instead, cross out the record and annotate "delete." Financial Operations must delete these unnecessary records from the computer files. These records will not be included in subsequent passes of the Schedule 10s.

4. For potential Capital Outlay budget year Budget Act appropriations, the baseline budget year Schedule 10s will not reflect the project detail from the corresponding current year Schedule 10s. The new budget year project detail must be added by departments. However, if the current year Schedule 10s reflect expenditure authority for projects available beyond the current year (YOC greater than current year), the budget year "Carryover" (ATYPE 3-0) Schedule 10 record will include these projects, but without dollar amounts. Departments must enter proposed amounts by program, category, or project in the "Authorized" column and the total proposed expenditure amounts in the "Expenditures" column **in the Revised Appropriation Totals section only**. IT IS NOT NECESSARY TO REPEAT THE DATA IN THE INITIAL AUTHORIZATION SECTION.

5. All budget year amounts must be rounded to the nearest thousand with three zeros included. Any current year carryover amounts will be rounded in this manner in the budget year Schedule 10s.

If you have any questions or need technical assistance, please call your Finance budget analyst.

/s/ Veronica Chung-Ng

Veronica Chung-Ng
Program Budget Manager

Attachments

Detail of Appropriations and Adjustments Report Rounding Rules

Departments **must** use the rounded dollars from the Detail of Appropriations and Adjustments report to tie to the dollars reported in the other fiscal statements in the department's budget spreadsheet. The Detail of Appropriations and Adjustments report program uses the standard rounding rules—if the number is five hundred or more, round up; if it is less than five hundred, round down. These rules should assist departments in identifying where rounding problems may occur within the other fiscal statements in their spreadsheets.

Like adjustments using the same authority within an item: Schedule 10 whole dollars are summed and the total is rounded and displayed on the appropriate adjustment line printed in the Detail of Appropriations and Adjustments report.

For example, a department might submit multiple budget revisions, requiring the State Controller's Office to increase or decrease expenditure authority in an item pursuant to specific Budget Act provisional language. Each budget revision processed by the department is a separate adjustment in the Schedule 10s. However, the adjustments are displayed under one authority in the Detail of Appropriations and Adjustments. Therefore, pursuant to the Detail of Appropriations and Adjustments rounding rules, every Schedule 10 adjustment using the same provisional authority within that item is summed together, and the total of these adjustments is rounded to thousands and displayed in the Detail of Appropriations and Adjustments under that authority.

Unique or individual adjustments with different authority: Non-Budget Act authority may increase or decrease a department's expenditure authority. For this situation, the Detail of Appropriations and Adjustments report should equal the rounded Schedule 10 and the authority is displayed as one adjustment line in the Detail of Appropriations and Adjustments.

Total Expenditures: The Detail of Appropriations and Adjustments report program sums all the rounded dollars displayed (by year, by fund, and by character) to calculate the "Total Expenditures."

Total Expenditures, All Funds (by character): The Detail of Appropriations and Adjustments report program calculates this dollar amount by summing the rounded Detail of Appropriations and Adjustments Report Total Expenditures line for each fund for that character.

Total Expenditures, All Funds (State Operations and Local Assistance): This dollar amount is calculated by summing the State Operations and Local Assistance Total Expenditures lines.

Capital Outlay: The same Detail of Appropriations and Adjustments rounding rules apply for Capital Outlay.

Carryovers and Reappropriations

Carryover (ATYPE = 3)

This Schedule 10 record is for funds available for expenditure in the years following the initial year of appropriation (YOA), i.e., the first fiscal year funds are available for encumbrance or expenditure.

Example:

Appropriation in legislation available for three years beginning in 2013-14:

Fiscal Year	Appropriation Name	ATYPE and Description
1st Year:		
2013-14	Chapter X, Statutes of 2013	2 = Financial Legislation
2nd Year:		
2014-15	Chapter X, Statutes of 2013	3 = Carryover
3rd Year:		
2015-16	Chapter X, Statutes of 2013	3 = Carryover

Reappropriation (ATYPE = 4)

This Schedule 10 record is for expenditure of funds authorized or proposed to be authorized by a "reappropriation item" in the Budget Act, or as authorized in other legislation, following the initial appropriation (authorization) year.

Example:

Year	Appropriation Name	ATYPE and Description
1st Year:		
2012-13	XXX Budget Act appropriation	1 = Budget Act Item
2nd Year:		
2013-14	Item XXXX-XXX-XXXX/2012, as reappropriated by Item XXXX-490, Budget Act of 2013	4 = Reappropriation

STATE OF CALIFORNIA
SCHEDULE 10—MISSING RECORD REPORT
DF-38 (REV 7/11)

Department of Finance
915 L Street
Sacramento, CA 95814
IMS Mail Code: A-15

Please use whole dollars.

FISCAL YEAR	SPECIAL NOTE

DEPARTMENT	FUND

ITEM NUMBER	YEAR OF APPROPRIATION	ITEM TITLE

DOF CODE

CHARACTER—Select one
- ☐ 1 State Operations
- ☐ 2 Local Assistance
- ☐ 3 Capital Outlay
- ☐ 4 Unclassified

PROP 98—Select one
- ☐ Y ☐ N ☐ Z

PROP 98 POT

STATE MANDATES
- ☐ YES ☐ NO

TYPE OF APPROPRIATION—Select one

- ☐ 1-0 Budget Act Item
- ☐ 1-2 Budget Act Loan (Non-Add)
- ☐ 1-5 Budget Act Expenditure Transfer
- ☐ 1-7 Budget Act Transfer (Non-Add)
- ☐ 2-0 Financial Legislation Appropriation
- ☐ 2-2 Financial Legislation Loan (Non-Add)
- ☐ 2-5 Financial Legislation Expenditure Transfer
- ☐ 2-7 Financial Legislation Transfer (Non-Add)
- ☐ 3-0 Carryover
- ☐ 3-2 Carryover Loan (Non-Add)
- ☐ 3-7 Carryover Transfer (Non-Add)
- ☐ 4-0 Reappropriation
- ☐ 5-0 Statutory (continuous) Appropriation
- ☐ Other

SCHEDULE NUMBER	SCHEDULE NAME *(Program, category or project title.)*	YOC*	AUTHORIZED	EXPENDITURES	SAVINGS	CARRYOVERS

*YOC = Year of Completion

STATE OF CALIFORNIA
SCHEDULE 10—MISSING RECORD REPORT
DF-38 (REV 7/11)

SAMPLE

Department of Finance
915 L Street
Sacramento, CA 95814
IMS Mail Code: A-15

Please use whole dollars.

FISCAL YEAR	SPECIAL NOTE
(Current Year)	

DEPARTMENT	FUND
Health Care Services	General Fund

ITEM NUMBER	YEAR OF APPROPRIATION	ITEM TITLE
4260-601-0001	*(Original Year)*	Pending Legislation (or Chapter XX, Statutes of XXXX)

DOF CODE

CHARACTER—*Select one*
- ☐ 1 State Operations
- ☐ 2 Local Assistance
- ☐ 3 Capital Outlay
- ☐ 4 Unclassified

PROP 98—*Select one* ☐ Y ☐ N ☐ Z

PROP 98 POT

STATE MANDATES ☐ YES ☐ NO

TYPE OF APPROPRIATION—*Select one*
- ☐ 1-0 Budget Act Item
- ☐ 1-2 Budget Act Loan (Non-Add)
- ☐ 1-5 Budget Act Expenditure Transfer
- ☐ 1-7 Budget Act Transfer (Non-Add)
- ☒ 2-0 Financial Legislation Appropriation
- ☐ 2-2 Financial Legislation Loan (Non-Add)
- ☐ 2-5 Financial Legislation Expenditure Transfer
- ☐ 2-7 Financial Legislation Transfer (Non-Add)
- ☐ 3-0 Carryover
- ☐ 3-2 Carryover Loan (Non-Add)
- ☐ 3-7 Carryover Transfer (Non-Add)
- ☐ 4-0 Reappropriation
- ☐ 5-0 Statutory (continuous) Appropriation
- ☐ Other

SCHEDULE NUMBER	SCHEDULE NAME *(Program, category or project title.)*	YOC*	AUTHORIZED	EXPENDITURES	SAVINGS	CARRYOVERS
	Initial Authorization					
	Unscheduled		5,600,000			
	Revised Appropriation Totals					
	Unscheduled	15	5,600,000	5,600,000		

*YOC = Year of Completion