

BUDGET LETTER

SUBJECT: YEAR-END FINANCIAL REPORTING REQUIREMENTS		NUMBER: 18-06
REFERENCES: STATE ADMINISTRATIVE MANUAL SECTIONS 6400, 7900 ET SEQ., 19462, 19463; GOVERNMENT CODE SECTIONS 12460, 12461.2, 13310, AND 13344, BL 17-07, 17-28 AND 18-05		DATE ISSUED: March 29, 2018
		SUPERSEDES: BL 17-05

TO: Agency Secretaries
 Department Directors
 Departmental Budget and Accounting Officers
 Department of Finance Budget and Accounting Staff

FROM: DEPARTMENT OF FINANCE

This Budget Letter (BL) reminds and informs state departments of the year-end financial reporting requirements and deadlines for fiscal year 2017-18.

Deadlines and Deliverables	
July 31, 2018	General Fund, feeder funds (0081, 0084, 0085, 0086, 0089, 0090, 0091, 0094, and 0097) and economic uncertainty funds (0374 and 0375) due to the State Controller's Office (SCO).
August 20, 2018	All other funds due to the SCO.
August 20, 2018	Report of Accounts Outside the Treasury System, Report 14, due to the State Treasurer's Office (STO) and a copy to the SCO. Bank statements for accounts outside the State Treasury with balances indicating collateralization as of June 30 due to the STO.
August 20, 2018	Report of Expenditures of Federal Funds, Report 13, due to Department of Finance Fiscal Systems and Consulting Unit (FSCU), and a copy to the SCO.
September 4, 2018	Generally accepted accounting principles information, excluding independently audited financial statements, due to the SCO.
October 1, 2018	Independently audited financial statements due to the SCO. If the final statements are not available by October 1, a draft can be submitted on October 1, with final following on October 15.

Requirements for monthly reconciliations and year-end financial reports are included in State Administrative Manual (SAM) sections 7900 et seq. and the SCO's Year-End Financial Information manuals. These requirements should be reviewed in order to minimize problems. Departments should also develop a year-end work plan. Work plans are an essential tool in planning and monitoring financial activities to ensure the timely completion of monthly reconciliations and year-end financial reports.

Government Code (GC) section 12461.2 authorizes the SCO to withhold any or all operating funds from a department that fails to submit complete and accurate financial reports to the SCO within 20 days from the above due dates.

FI\$Cal Departments

Departments using the Financial Information System for California (FI\$Cal)/PeopleSoft for accounting functions will be required to submit financial reports produced from FI\$Cal. Finance will continue to provide assistance and year-end training for departments using FI\$Cal. Departments should work with their Finance accounting analyst/manager and FI\$Cal retention analyst to make arrangements for

additional support to meet the year-end deadlines. Departments may contact Finance, FSCU for guidance with accounting processes and policies including monthly reconciliations and year-end procedures at (916) 324-0385 or via e-mail at: fscuhotline@dof.ca.gov.

Additional information on available FISCAL training classes and training materials is available at: http://www.dof.ca.gov/Accounting/Consulting_and_Training/FISCAL_Training/.

CALSTARS Departments

Finance, California State Accounting and Reporting System (CALSTARS) training unit, is offering year-end training classes for CALSTARS departmental accounting staff involved in year-end financial reports preparation. CALSTARS Operations Memos (COM) 18-01 and 18-02 announced this year's training schedule. COM 18-03 contains the CALSTARS Schedule for Fiscal Year 2017-18 Year-End Closing. COMs are available on the CALSTARS website: http://www.dof.ca.gov/Accounting/CALSTARS/Operations_Memos/.

Other year-end resources include Volume 7 of the CALSTARS Procedures Manual at: http://www.dof.ca.gov/Accounting/CALSTARS/Procedures_Manual/ and a report checklist at: http://www.dof.ca.gov/Accounting/CALSTARS/User_Procedures/Checklist/. Assistance is also available from the CALSTARS Hotline at (916) 327-0100 or e-mail: hotline@dof.ca.gov.

Consistency between Governor's Budget and Year-End Financial Reports

GC section 12460 requires information in the SCO's Budgetary/Legal Basis Annual Report to account for funds on the same basis as that of the applicable Governor's Budget and Budget Act. GC section 13344 requires state departments to prepare and maintain financial and accounting data for inclusion in the Governor's Budget, Budget Act and related documents, and the Budgetary/Legal Basis Annual Report described in section 12460, according to the methods and bases provided in regulations, budget letters, and other directives of Finance. The SCO's Annual Report reflects a culmination of information submitted by departments. It is critical that departments' submittal of year-end financial reports to the SCO reflects correct and reconciled information.

As specified in SAM section 6400, it is important that fund balance, revenues, expenditures, and other data included in the past year's presentation of the Governor's Budget reconciles with similar data published in the SCO's Budgetary/Legal Basis Annual Report. Therefore, departments must ensure that data included in the budget documents reconcile with year-end financial reports. In very limited circumstances, there may be differences between the amounts in the Governor's Budget and the year-end financial reports (e.g., pending budget decisions or legislation).

Departments are required to submit fund balance reconciliation information to Finance during the development of the Governor's Budget. Last year's instructions for reconciling fund balances for the past year are available on Finance's website at:

http://www.dof.ca.gov/Accounting/Policies_And_Procedures/Fund_Reconciliation/ for your reference.

Information will be updated later this spring to reflect this year's process.

If you have questions regarding this BL, please contact the FSCU Hotline at (916) 324-0385 or e-mail: fscuhotline@dof.ca.gov.

/s/ Veronica Chung-Ng

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