



Fiscal Systems and Consulting Unit



DEPARTMENT OF FINANCE  
STATE OF CALIFORNIA

# **FY 2023-24 YEAR-END SESSION I**

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May 2024

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# **COURSE OBJECTIVE**

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Upon completion of this course, participants will be better equipped to plan for the fiscal year-end and have a better understanding of the year-end process and accrual entries.

# OVERVIEW



# OVERVIEW

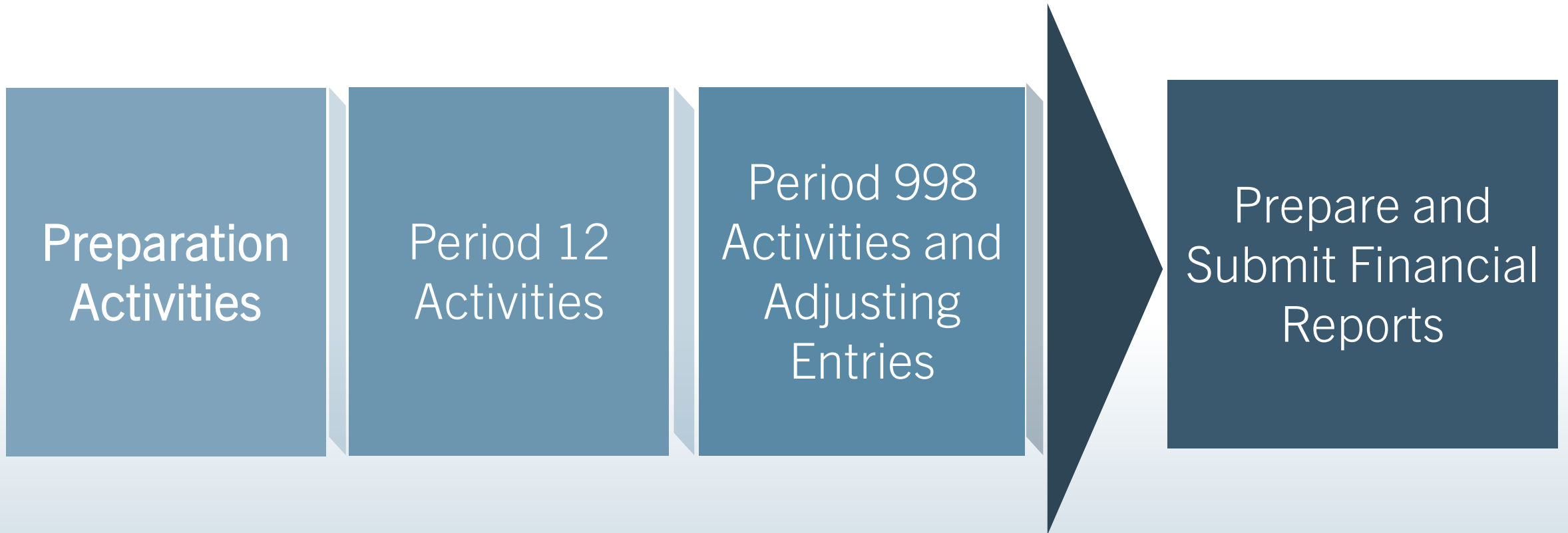
- ❖ Policies and Procedures
- ❖ Year-End Activities
- ❖ Tips for Successful Year-End

# POLICIES AND PROCEDURES

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- State Administrative Manual (SAM) Section 7900 et seq. provides requirements on periodic reconciliations and reports, including deadlines for reconciling, preparing, and submitting reports to the appropriate control agencies and other departments.
- Budget Letter 24-05: Year-End Financial Reporting Requirements.
- Past Year Budget Adjustments and Fund Balance Reconciliation Budget Letter.
- State Controller's Office (SCO) year-end procedures memo and Financial Reporting Procedure Manual.

# YEAR-END ACTIVITIES





# YEAR-END ACTIVITIES

Year-end work plan - establishes activities, due dates, and responsibilities for the timely completion of financial reports.

## Sample Year-End Work Plan<sup>1</sup>

2023-24 YEAR-END WORK PLAN					
	Activity	Due Date	Responsibility	Date Completed	Comments
<b>Before June</b>					
1.	Keep daily workload and monthly reconciliations current, resolve issues timely.	Ongoing	Accounting Branch, Business Services and IT (for Property)		SCO/Agency Reconciliation, General Ledger (GL) Account Balances/Fund Reconciliation, Plan of Financial Adjustments (PFA), Office Revolving Fund (ORF), Bank Reconciliation, Encumbrances, Accounts Receivable (AR), Reimbursements, Property.
2.	Schedule/conduct year-end meetings to discuss and update work plan.	Ongoing starting on 4/3/2024	Accounting Branch - GL		Ongoing, include all branches/units involved in the year-end processes.
3.	Review all reverting documents.	4/4/2024	Accounting Branch (AP, AR, GL)		Review contracts and purchase orders with Business Services.
4.	Review and adjust other outstanding documents.	Ongoing	Accounting Branch (AP, AR, GL)		Accounts Receivable, Accounts Payable, ORF Advances, Purchase Orders, etc.
5.	Run Labor Distribution (LD) process for period 9.	4/5/2024	Accounting Branch - GL		
6.	Last day to post transactions in period 9.	4/8/2024	Accounting Branch		Refer to Job Aid FI\$Cal.184 (Run Labor Distribution).
7.	Prepare to close submodules, confirm all subsystem transactions have been posted and sent to GL, check for GL/KK mismatches.	4/9/2024	Accounting Branch		Refer to Job Aids FI\$Cal.009 (Run the Month End Process) and FI\$Cal.425 (GL-KK Mismatch Identification).
8.	Close period 9 submodules (AP, AR, BI, PO, and LD).	4/10/2024	Accounting Branch - GL		Refer to Job Aid FI\$Cal.431 (MEC Automation Process).
9.	Run cost allocation for period 9.	4/11/2024	Accounting Branch - GL		Verify Clearing Account in the Budget Overview/Report No.6 is zero for all enactment years.

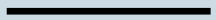
# TIPS FOR SUCCESSFUL YEAR-END

- ❖ Keep daily workload and reconciliations current.
  - Correct errors and reconciling items timely.
  
- ❖ Create and follow a work plan.
  - Establish internal deadlines based on the processing cutoff dates from SCO and FI\$Cal, and reporting deadlines from Finance.
  - Communicate deadlines to other divisions/branches within the department.
  - Coordinate activities among all divisions/branches/units involved in the year-end close process.
  - Monitor progress and follow-up.

# TIPS FOR SUCCESSFUL YEAR-END

- ❖ Ensure adequate staffing and training.
- ❖ Monitor cash and appropriation balances to prevent overspending and ensure sufficient balances to cover June expenditures.
- ❖ Submit transactions for reverting appropriations timely. Starting in May, consider posting expenditures and abatements for reverting appropriations in the ultimate funds.
- ❖ Process deposits, remittances, invoices, and billing timely to reduce accrual entries needed at year-end.
- ❖ Contact other state departments to confirm Due to/Due from amounts and Fund Affiliate for interagency agreements.

# PREPARATION ACTIVITIES



# PREPARATION ACTIVITIES

- ❖ Encumbrances
- ❖ Current Liabilities
- ❖ Accounts Receivable
- ❖ Other Areas for Review

# ENCUMBRANCES

- ❖ Reverted/reverting appropriations:
  - All encumbrances associated with appropriations that revert on or before 6/30/2024 must be liquidated before the period 12 Purchase Order module is closed.
  - Year-End Report No. 6, Final Budget Report, Encumbrance/Allocated Encumbrance column provides the total encumbrance balance in each appropriation.
  - Departments can use the Encumbrance Reclass Detail Report to obtain detailed encumbrance information.  
Navigation: Main Menu>FI\$Cal Processes>FI\$Cal Report>PO Reports> Encumbrance Reclass Detail Rpt

# ENCUMBRANCES

## ❖ Other appropriations:

- Departments must reconcile encumbrance balances to subsidiary reports and supporting documents as outlined in SAM Section 8340.

For additional information, refer to Finance's *Encumbrance Reconciliation* month-end training.<sup>[1](#)</sup>

- Purchase orders, contracts, and other procurement documents executed on or before 6/30/2024 and will be charged to fiscal year 2023, must be encumbered with the correct accounting date.

# ENCUMBRANCES

## ❖ Other appropriations (continued):

- All valid purchase orders for the reporting year must be dispatched and budget-checked.
- Review all outstanding documents and ensure the balance of each purchase order in FI\$Cal reflects the correct commitments for the reporting year; adjust as needed.

### Refer to Job Aids:

FI\$Cal.243 - Closing a Purchase Order (PO) or a PO Line to Release Encumbrance Balances

FI\$Cal.290 - Change Order for PO

FI\$Cal.437 - Close a Purchase Order with a Remaining Encumbrance Sourced from a Departmental Contract to Revert Balance Back to the Contract



# CURRENT LIABILITIES

- ❖ Balances must be reviewed and reconciled against the supporting documents regularly to ensure validity.
  - Should reflect the outstanding encumbrances and obligations associated with expenditures, refunds, transfers, and other disbursements that are pending payment/transfer.
  
- ❖ Departments will monitor and review transactions to make sure claims and vouchers are proper and correct, and implement procedures designed to ensure timely, accurate, and cost-effective payment of obligations to vendors as outlined in SAM Section 8422.100.

# CURRENT LIABILITIES

- ❖ Departments should check the status of vouchers/claims submitted to the SCO on a regular basis and correct any errors promptly.
  - Use the Voucher Error & Status Report to check the status of vouchers entered in FI\$Cal.

Navigation: [Main Menu](#)>[Accounts Payable](#)>[Reports](#)>  
[Vouchers](#)>[Voucher Error & Status Report](#)

- ❖ Submit vouchers for valid invoices to the SCO timely and replenish the office revolving fund regularly to reduce the number of accruals and encumbrance adjustments needed at year-end.

# CURRENT LIABILITIES

- ❖ Reverted/reverting appropriations:
  - Appropriations that revert on or before 6/30/2024 cannot have any outstanding accounts payable at year-end.
  - Starting in May, departments should post transactions against reverting appropriations in the ultimate funds and submit them to the SCO before the processing deadline for reverting appropriations.
  - The reverting Clearing Account balance at SCO must be zero.

# ACCOUNTS RECEIVABLE

- ❖ Proper controls over receipts and receivables are essential for accurate reporting at year-end.
  - See SAM Section 8291.
  
- ❖ Departments are required to complete accounting, aging analysis, and reconciliation of receivables outstanding at the end of the month.
  - See SAM Section 8294.
  - For additional information, refer to Finance's *Accounts Receivable and Reimbursement Reconciliation* month-end training.<sup>1</sup>

# ACCOUNTS RECEIVABLE

- ❖ Reverted/reverting appropriations:
  - Accounts receivable for abatements and reimbursements associated with appropriations that revert on or before 6/30/2024 must be reclassified to Accounts Receivable - Other and offset by Provision for Deferred Receivable.
  - See [Year-End A-4](#) entry for more information.  
The reclassification of Accounts Receivable - Abatements posted in the Clearing Account/Primary Appropriation must be done timely to meet the SCO's processing deadline for reverting appropriations.
  - Use the Accounts Receivable Auto Reclass process in FI\$Cal (available in May - June) to reduce workload.  
Refer to Job Aid FI\$Cal.515 - AR Auto Reclass Process for ARs with Reverting Appropriations.

# ACCOUNTS RECEIVABLE

- ❖ Prior-year revenue accounts receivable:
  - All prior-year revenue accounts receivable that are still outstanding as of June 30 will be deferred.
  - See [Year-End A-9](#) entry for more information.
  
- ❖ Validate the total Provision for Deferred Receivable for each Alt-Account; the amount must be consistent with the total deferred amount for the corresponding accounts receivable.

# ACCOUNTS RECEIVABLE

- ❖ Analyze the supporting documents for Accounts Receivable Dishonored Checks and identify any amount considered to be collectible during the next year.
  - See [Year-End A-10](#) entry.
- ❖ Prepare and record billing timely to reduce the number of accrual entries at year-end.

# OTHER AREAS FOR REVIEW

❖ Keep other reconciliations current, including but not limited to:

Type of Reconciliation*	SAM Section
SCO/Agency Reconciliation (including Plan of Financial Adjustment (PFA) and Commitment Control to General Ledger Reconciliation)	7901, 7921
General Ledger Account Balance Reconciliation	7901, 7921
Office Revolving Fund	7901, 7922
Bank Reconciliation	7923, 8060
Property Reconciliation	7924

\*Refer to the corresponding month-end reconciliation training.



# OTHER AREAS FOR REVIEW

## ❖ Trial Balance

- Confirm the fiscal year beginning balances are correct.
- Identify abnormal balances and make the necessary corrections.

For additional information, refer to Finance's *PFA and SCO/Agency Reconciliation* month-end training pages 43-44.<sup>1</sup>

Departments can use the Ledger Activity Report to drill down to the source transactions.

Navigation: Main Menu > General Ledger > General Reports > Ledger Activity

# OTHER AREAS FOR REVIEW

## ❖ Trial Balance (continued)

- Account codes that do not crosswalk to any Uniform Codes Manual (UCM) on the year-end reports must have a zero balance before period 12 is closed.\*

Exceptions: 6510000 and 6520000 (Unappropriated InterUnit Cash Transfers In and Out) carryover balance from fiscal year 2019 in non-shared funds.

- Validate the cash account based on the type of fund (shared vs non-shared).
- Each fund can only have one fund balance account.

\*Accounts 2000300, 5610120, and 5620120 may have a balance in period 12 but must be zero after they are reclassified in period 998.

# OTHER AREAS FOR REVIEW

## ❖ Subsidiaries on File

The total of each account must agree with the Trial Balance.

Accounts with Required BU and Fund Affiliate Information	Notes
Due to/from Other Appropriations (2011000/ 1240100)	Must be within the same fund
Due to/from Other Funds (2010000/1240000)	Cannot be within the same fund
Transfers to/from Other Funds (62xxxxx, 63xxxxx, 6480000, 6511000, 6521000, 6530000, and 6540000)	Cannot be within the same sub-fund
Interfund Loans Receivable/Payable (1225900/2500220)	Cannot be within the same fund
Prepayments to/from Other Funds/Appropriations (1309200/2012000)	
Reserve for Prepayment to Other Funds/Appropriations (3500200)	
Advances to/from Other Funds (1222000/2500000)	Cannot be within the same fund

# OTHER AREAS FOR REVIEW

## ❖ Subsidiaries on File (continued)

Accounts with Subsidiary Alt-Accounts*	Alt-Account Description*
Provision for Deferred Receivables (1290000)	1200000998 Provision for Deferred A/R-Revenue 1200050998 Provision for Deferred A/R-Reimbursement 1200100998 Provision for Deferred A/R-Abatements 1200150998 Provision for Deferred A/R-Dishonored Checks 1209400998 Provision for Deferred Contingent A/R 1209900998 Provision for Deferred A/R-Other
Allowance for Uncollectible Accounts Receivable (1291000)	1200000999 Allowance for Uncollectible A/R-Revenue 1200050999 Allowance for Uncollectible A/R-Reimbursement 1200100999 Allowance for Uncollectible A/R-Abatements 1200150999 Allowance for Uncollectible A/R-Dishonored Checks 1209400999 Allowance for Uncollectible Contingent A/R 1209900999 Allowance for Uncollectible A/R-Other

\*The list only shows the commonly used accounts and alt-accounts.

# OTHER AREAS FOR REVIEW

- ❖ Subsidiaries on File (continued).
  - Provision for Deferred and Uncollectible Receivable accounts (129xxxx) must have the correct Alt-Account information and the total for each Alt-Account must agree with the deferred amount of the corresponding accounts receivable.
  - An accounts receivable that has been reclassified to Accounts Receivable - Other will have Provision for Deferred A/R-Other as an offset (Alt-Account 1209900998), not the original accounts receivable.

# OTHER AREAS FOR REVIEW

- ❖ All GL/KK mismatches must be corrected before period 12 is closed. See Job Aid FI\$Cal.425 - GL-KK Mismatch Identification.
- ❖ The Clearing Account for all enactment years in the CC\_Approp and Report No. 6 must be zero after the period's cost allocation is completed.
- ❖ Confirm no abnormal balance exists in current year revenues. Departments can run the DFQ\_KK\_01\_ACTIVITYLOG\_SUP\_PROJ query from the Revenue Detail (CC\_DTL\_REV) Ledger Group, and review the current enactment year recognized revenues (C\_DTL\_REC).
- ❖ Submit pending PFA to the SCO timely.

# OTHER AREAS FOR REVIEW

- ❖ Uncleared Collections in the CTS and state funds (2090100 and 2090110) - determine if outstanding amounts are identifiable.
- ❖ Revenue/Reimbursements Received in Advance (205xxxx) - determine if there are amounts that should be recognized as revenues/reimbursements.
- ❖ Other Prepaid Expenses (1309xxx) - determine if any of the balance should be recognized as expenditures.

# OTHER AREAS FOR REVIEW

- ❖ Review year-end information/instructions from Finance, SCO, and FI\$Cal as soon as they are available.
- ❖ Review departmental ChartFields and configurations (e.g., Reporting Structures, Cost Allocation configuration, Labor Distribution tables and configuration, Operating Budget structures, etc.)  
Determine if any changes are needed in the new fiscal year.  
Refer to the FI\$Cal Service Center (FSC) Configuration Modification Request Package for more information.



# **PERIODS 12 AND 998 ACTIVITIES AND PROCESSES**

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# **PERIODS 12 AND 998 ACTIVITIES AND PROCESSES**

- ❖ Period 12 Activities
- ❖ Periods 12 and 998 Processes
- ❖ Period 12 Reports and Reconciliations

# PERIOD 12 ACTIVITIES

- ❖ Departments should pay close attention to the SCO legacy and FI\$Cal processing deadlines and instructions and plan their activities accordingly.
- ❖ Ensure transactions are processed successfully or take corrective actions timely.
- ❖ Transactions submitted in FI\$Cal that fail Cash Validation/Cash Validation Appropriation Control (CV/CVAC) check must be corrected by the processing deadline, which varies based on the type of transaction.

# PERIOD 12 ACTIVITIES

- ❖ Transactions that miss the applicable cutoff date and are subsequently denied, unposted, or reversed will need to be recreated and submitted on or after July 1 with an accounting date within the new fiscal year.
  - The department may need to accrue the transactions in period 998.
- ❖ Vouchers submitted to the SCO but not approved by June 30 may result in a GL/KK mismatch.  
Departments need to contact the FSC for resolution.

# PERIOD 12 ACTIVITIES

- ❖ Monitor voucher status and determine if additional actions are needed.

Vouchers with CV/CVAC errors that are not resolved by the deadline will be reset by the SCO Audits. In this case, the department has the following options:

- Resubmit the voucher in the last week of June\*, or
- Submit a request to close the voucher and recreate it in the new fiscal year. Closing a voucher will reverse the associated entries in the system; therefore, the department needs to accrue the voucher as A-8 entry.

\*May result in GL/KK mismatch, see slide 36.

# PERIODS 12 AND 998 PROCESSES

Process	Responsibility
1) Period 12 pre-closing activities	Department
2) Close period 12 AM, PC, and GL	Department
Period 12 month-end close (MEC) automation process will automatically open period 998 MODACCRL.	
3) Budgetary Legal Ledger (BLL) and Cash Reclassification App Engine processes	Automated
4) Review period 12 BUDLEGAL reports and complete all reconciliations	Department
5) Post accrual/adjusting entries in period 998*	Department
6) Run cost allocation for period 998*	Department
7) Review period 998 BUDLEGAL reports and perform preliminary reconciliations	Department
8) Post PFA reclassification journals in period 998* MODACCRL	Department

\*The BLL App Engine will run twice a day from mid July – September. Transactions posted in period 998 MODACCRL will be copied to the BUDLEGAL ledger automatically if period 12 is closed.

# PERIODS 12 AND 998 PROCESSES

Process	Responsibility
9) Submit a request to the FSC to close period 998 MODACCRL	Department
10) Perform period 998 closing process	FSC
<ul style="list-style-type: none"> <li>• Verify all transactions from MODACCRL and DEPTADJ ledgers have been posted to BUDLEGAL</li> </ul>	
<ul style="list-style-type: none"> <li>• Run the process to allocate Account 2000300 in BUDLEGAL</li> </ul>	
<ul style="list-style-type: none"> <li>• Notify the department to proceed with encumbrance reclassification</li> </ul>	
11) Post encumbrance reclassification journals in period 998 DEPTADJ ledger	Department
12) Notify FSC when all journals have been posted	Department
13) Perform the remaining steps of the year-end close process and notify the department when completed	FSC
14) Perform final reconciliations	Department
15) Prepare and submit year-end reports	Department

# PERIOD 12 REPORTS AND RECONCILIATIONS

After period 12 is closed, departments must review the reports and complete all reconciliations (see [slides 24-29](#)).

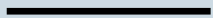
- ❖ Year-End Report No. 6, Final Budget Report
  - Confirm no appropriation is overspent.
  - The Clearing Account must be zero for all enactment years.
  - Reverted appropriations cannot have any encumbrance balance.  
The available balance must match the SCO reversion journal entry (prefix RV).



# PERIOD 12 REPORTS AND RECONCILIATIONS

- ❖ Confirm no variance between department's account balances and the corresponding balances per the SCO records.  
All reconciling amounts must be resolved by period 12, unless the department has Year-End Report No. 3, Adjustments to Controller's Accounts, to submit to the SCO.
- ❖ Confirm no variance on the Commitment Control to General Ledger Reconciliation. There cannot be any outstanding GL/KK mismatch.  
For additional information, refer to Finance's *PFA and SCO/Agency Reconciliation* month-end training page 41.<sup>1</sup>

# YEAR-END ADJUSTING ENTRIES



# YEAR-END ADJUSTING ENTRIES

- ❖ [Overview](#)
- ❖ [A-1](#): Record Undeposited Receipts
- ❖ [A-2](#): Adjust Revolving Fund Cash to Its Actual Cash Balance
- ❖ [A-3](#): Accrue Accounts Receivable Abatements and Reimbursements
- ❖ [A-4](#): Adjust Accounts Receivable Abatements and Reimbursements and Certain Collections When an Appropriation Reverts
- ❖ [A-6](#): Accrue Interest Earnings from Surplus Money Investment Fund and Condemnation Deposits Fund
- ❖ [A-8](#): Accrue Accounts Payable
- ❖ [A-9](#): Accrue Revenue
- ❖ [A-10](#): Adjust Income for Dishonored Checks
- ❖ [A-12](#): Adjust Appropriation Expenditures and Reimbursements for Deferred Billed Receivables
- ❖ [Other Year-End Adjusting Entries](#)

# OVERVIEW

To accurately reflect the department's financial position, several accrual/adjusting entries must be recorded at year-end, as illustrated in SAM Sections 10600-10650.

This section provides information on the common adjusting entries needed in FI\$Cal for Budgetary/Legal reporting.

Departments can refer to the Year-End Accrual Entries (YE-A) eLearnings on Finance's FI\$Cal Resources for Accounting webpage for detailed instructions on how to post each entry.<sup>[1](#)</sup>

# OVERVIEW

- ❖ Unless otherwise stated, departments will post Year-End A-1 through A-12 entries in the General Ledger module, MODACCRL ledger. Other year-end adjusting entries will be posted in the submodule or DEPTADJ ledger, depending on the type.

Favorites > Main Menu > General Ledger > Journals > Journal Entry > Create/Update Journal Entries

Header | Lines | Totals | Errors | Approval

Journal Date: **06/30/20XX**

Journal Description: (consistent naming convention)

Ledger Group: **MODACCRL or DEPTADJ**

Source\*: **ACC, ACJ, ENR, ECM**

Adjusting Entry\*: **Adjusting Entry**

Period\*: **998**

\*System defaults: blank Source, Non-Adjusting Entry, and current period. Changing Non-Adjusting Entry to Adjusting Entry will change the period to 998.

# OVERVIEW

- ❖ Departments must select “Adjusting Entry” from the dropdown menu to post journals in period 998.
- ❖ Include the appropriation information (enactment year, reference, program) on the accrual lines. This information will be useful for departments when completing the SCO/Agency Reconciliation.
- ❖ Use one of the following Journal Sources:
  - ACC - for standard year-end accrual entries that will be reversed in the new fiscal year.
  - ACJ - for year-end accrual entries that will not be reversed in the new fiscal year.
  - ENR - to accrue reimbursement receivables associated with encumbrances.
  - ECM - to enter encumbrance-only journals.
- ❖ Use the default Commitment Control Amount Type (Actuals and Recognized) to post accrued revenues and reimbursements in the General Ledger module.

# OVERVIEW

- ❖ Departments should use the auto-reversal functionality in FI\$Cal, when applicable.
  - See Job Aid FI\$Cal.491 - Auto Reversal Functionality and Recording Reimbursement Encumbrances.
  - Encumbrance-only journals must be reversed manually.
- ❖ Keeping a journal entry log and using a naming convention in the Journal Description will provide an audit trail, which will be useful for research and reconciliation purposes.

**Fiscal Year 20XX-XX Year-End Entry Log**

Date Entered	Date Posted	User's Initials	Journal ID	Journal Date	Journal Description	Amount
7/11/20XX	7/12/20XX	AA	11001196	6/30/20XX	YE A-8: Personal Services (June Overtime and Temp Help)	267,722.73
7/11/20XX	7/12/20XX	AA	11002913	6/30/20XX	YE A-8: Travel CalATERS	4,275.31
7/11/20XX	7/12/20XX	DC	11013700	6/30/20XX	YE A-6: Accrue SMIF	49,610.07
7/12/20XX	7/12/20XX	AA	11022288	6/30/20XX	YE A-8: Private Suppliers (No Active PO)	48,247.11
7/12/20XX	7/12/20XX	NT	11022298	6/30/20XX	YE A-8: State Suppliers (No Active PO)	1,469.22
7/12/20XX	7/13/20XX	ES	11023267	6/30/20XX	YE A-2: Adjust Revolving Fund Cash	1,201.55

# A-1: RECORD UNDEPOSITED RECEIPTS

Purpose: Record receipts not deposited as of June 30 in the ultimate fund.

Journal Source: ACC (reverse in the new year)

Debit 1100000 Cash on Hand

Credit 12xxxxx Accounts Receivable

Credit 205xxxx Revenue/Reimbursements Received in Advance

Credit 2090110 Uncleared Collections - State Fund

Credit 4xxxxxx Revenues/Reimbursements

Credit 5xxxxxx Appropriation Expenditures

Credit 590xxxx Refunds to Reverted Appropriations



# A-2: ADJUST REVOLVING FUND CASH TO ITS ACTUAL CASH BALANCE

Purpose: Adjust the department's revolving fund cash balance as of June 30 in the advancing fund.

During the fiscal year, revolving fund activities occur in the CTS fund; at year-end, these activities must be reflected in the fund advancing cash to the office revolving fund.

Common A-2 entries:

1. Record year-end revolving fund cash (to reverse the original advance)

Debit 1101200 Revolving Fund Cash

Credit 1222100 Advances to Agency & Office Revolving Fund\*

Journal Source: ACJ, this entry is not reversed in the new fiscal year.

\*Use the same ChartFields as the outstanding balance to offset it at the detail level.

## **A-2: ADJUST REVOLVING FUND CASH TO ITS ACTUAL CASH BALANCE**

2. Record cash on hand for receipts to reimburse the office revolving fund not deposited as of June 30.

Debit 1100000 Cash on Hand

Credit 1101200 Revolving Fund Cash

3. Record year-end expense advances outstanding as of June 30 not included in the A-8 accrual entry.\*

Debit 1301100 Expense Advances

Credit 1101200 Revolving Fund Cash

\*Combine unreimbursed expense, travel, and salary advances that are not accrued in the A-8 entry.

## A-2: ADJUST REVOLVING FUND CASH TO ITS ACTUAL CASH BALANCE

4. Record unreplenished revolving fund expenses accrued as expenditures in the A-8 entry.

This entry reduces accounts payable by the amount previously paid by the revolving fund.

Debit 2000100 Accrued Accounts Payable  
Credit 1101200 Revolving Fund Cash

Entries 2, 3, and 4 should be posted with Journal Source “ACC” and reversed in the new fiscal year.

# A-2: ADJUST REVOLVING FUND CASH TO ITS ACTUAL CASH BALANCE

Revolving Fund Reconciliation and Year-End Adjusting Entries (A-2)

Revolving Fund Reconciliation as of 6/30/20XX (Period 998)				Period 998 Adjusting Entries in the Advancing Fund		
	CTS Trial Balance COA	Amount	Total	Entry #	Debit	Credit
<b>Cash</b>						
Revolving Fund Cash	1101200	79,443.48				
Cash on Hand:						
Petty Cash	1100000	100.00				
AR - CalATERS Advance Replenishment in Process	1200375	800.00		2	1100000	1101200
Undeposited Receipts (not including amount in Account 1200375)	N/A	400.00				
			80,743.48			
<b>Advances</b>						
Expense Advances	1301100	12,193.68				
Travel Advances	1301200	1,440.00				
Salary Advances	1301300	6,022.84				
<b>Less:</b>						
Undeposited Receipts (not including amount in Account 1200375)		(400.00)				
Unreplenished amount accrued in A-8		(12,193.68)				
<b>Outstanding Advances as of June 30 (not accrued)</b>			7,062.84	3	1301100	1101200
<b>Outstanding Advances Accrued in A-8 Entry</b>			12,193.68	4	2000100	1101200
<b>Total Office Revolving Fund</b>			100,000.00	1	1101200	1222100

# **A-3: ACCRUE ACCOUNTS RECEIVABLE ABATEMENTS AND REIMBURSEMENTS**

Purpose: Accrue reimbursements and abatements due to the department but not yet recorded/billed as of June 30.

## Journal Sources:

- ACC - to accrue abatements and reimbursements associated with expenditures.
- ENR - to accrue reimbursements receivable resulting from encumbrances.

Departments will reverse Year-End A-3 entries in the new fiscal year and create accounts receivable items/billing for abatements and reimbursable expenditures in the Accounts Receivable module.

# A-3: ACCRUE ACCOUNTS RECEIVABLE ABATEMENTS AND REIMBURSEMENTS

## Reimbursements Receivable Resulting from Encumbrances

SCO requires that departments identify the encumbrance amount included in the total accrual on Year-End Report No. 1, Report of Accruals to Controller's Accounts.

Departments can use the DFQ\_KK\_16\_REIMB\_RECON\* query or the Program Disbursement Activity (PDA)\*\* report to identify the total reimbursements receivable that must be accrued at year-end.

The query should be run after all Year-End A-8 entries have been posted in period 998 to ensure all expenditures are captured. Additionally, departments should review the above query/report after the period 998 cost allocation is completed and accrue additional reimbursable expenditures and/or encumbrances if applicable.

\*This query only displays transactions posted with Project IDs; when compared to Report 6, the difference should equal the transactions posted with no Project ID.

\*\*When using the PDA report, run the report from CC\_DETAIL and CC\_DTL\_REV separately and include the adjustment period. The total by appropriation should match Report 6.

# A-3: ACCRUE ACCOUNTS RECEIVABLE ABATEMENTS AND REIMBURSEMENTS

## Reimbursements Receivable Resulting from Encumbrances (continued)

Sum of Sum Amount		Ledger			Grand Total	
Program	Project	Activity	C_DTL_REC	C_DTL_EXP	C_DTL_ENC	
6770028	0000000000000643	0000000000000001	(1,422,355.00)	1,422,355.00	0.00	
		0000000000000002	(69,578.00)	69,578.00	0.00	
		0000000000000645	0000000000000001	(93,716.00)	93,716.00	0.00
			0000000000000002	(204,998.00)	204,998.00	0.00
			0000000000000003	(159,291.00)	159,291.00	0.00
		6775	0000000000000651	0000000000000001	(2,179,954.45)	2,513,316.77
6780	0000000000000652	0000000000000001	(6,654,488.37)	6,673,788.37	386.40	19,686.40
6785019	0000000000000653	0000000000000001	(1,264,157.38)	1,264,157.38	0.00	0.00
<b>Grand Total</b>			<b>(12,048,538.20)</b>	<b>12,401,200.52</b>	<b>386.40</b>	<b>353,048.72</b>

**PivotTable Fields**

Choose fields to add to report:

Search

Ledger  
 Business Unit  
 ENY  
 Approp Ref  
 Fund  
 Account

Drag fields between areas below:

FILTERS	COLUMNS
ENY Fund Approp Ref	Ledger
ROWS	VALUES
Program Project Activity	Sum of Sum ...

A-3 Entries:	
Expenditures (ACC)	\$19,300.00
Encumbrances (ENR)	<u>386.40</u>
<b>Total</b>	<b>\$19,686.40</b>

# A-3: ACCRUE ACCOUNTS RECEIVABLE ABATEMENTS AND REIMBURSEMENTS

The Year-End A-3 entry posts to the same account codes used to establish accounts receivable abatements and reimbursements.

Entry	Account	Reimbursements	Abatements
Debit	1200050 Accounts Receivable - Reimbursements	√	
Debit	1200100 Accounts Receivable - Abatements		√
Debit	124xxxx Due from Other Funds/Appropriations <sup>2</sup>	√	√
Debit	1260000 Due from Federal Government	√	
Debit	1261000 Due from School Districts	√	√
Debit	1262000 Due from Other Governmental Entities	√	√
Credit	4400000 Federal Government Receipts	√	
Credit	48xxxxx Reimbursements	√	
Credit	5xxxxxx Appropriation Expenditures		√



# A-3: ACCRUE ACCOUNTS RECEIVABLE ABATEMENTS AND REIMBURSEMENTS

## Refunds of over-collected reimbursements

Any over-collected reimbursements that will be refunded in the new fiscal year should be accrued as part of the Year-End A-3 entry by debiting reimbursement and crediting the applicable liability account, as follows:

Debit 4400000 Federal Government Receipts  
Credit 2020000 Due to Federal Government

Debit 48xxxxx Reimbursements  
Credit 2000100 Accrued Accounts Payable  
Credit 201xxxx Due to Other Funds/Appropriations<sup>2</sup>  
Credit 2021000 Due to Local Governments  
Credit 2024000 Due to Other Governmental Entities

# **A-4: ADJUST ACCOUNTS RECEIVABLE ABATEMENTS AND REIMBURSEMENTS AND CERTAIN COLLECTION WHEN AN APPROPRIATION REVERTS**

Purpose: Reclassify accounts receivable items associated with appropriations that revert on or before 6/30/2024 to Accounts Receivable - Other (1209900) and Provision for Deferred A/R-Other (1290000, Alt Account 1209900998).

- ❖ When reclassifying abatements posted in the Clearing Account/Primary Appropriation, such as payroll accounts receivable, departments must consider the time needed for running cost allocation to ensure that PFA can be submitted to the SCO before the cutoff for reverting appropriations.

# A-4: ADJUST ACCOUNTS RECEIVABLE ABATEMENTS AND REIMBURSEMENTS AND CERTAIN COLLECTION WHEN AN APPROPRIATION REVERTS

- ❖ Departments will perform this reclassification in the Accounts Receivable module by creating a \$0 accounts receivable item (an item with reversing and correcting lines that net to zero), as outlined in Finance's *YE - A-4 Manually Reclassify AR Abatements and Reimbursements for Reverted Appropriations* eLearning.<sup>1</sup>

An automated process is available in FI\$Cal from May through June to assist departments with this reclassification, see Job Aid FI\$Cal.515.

# **A - 4: ADJUST ACCOUNTS RECEIVABLE ABATEMENTS AND REIMBURSEMENTS AND CERTAIN COLLECTION WHEN AN APPROPRIATION REVERTS**

Common scenarios and transactions related to the A-4 entry

**1. Reclassify the reverting accounts receivable in the Accounts Receivable module at year-end:**

**a) Close the existing accounts receivable**

Debit 48xxxxx Reimbursements

Debit 5xxxxxx Appropriation Expenditures

Credit 12xxxxx Accounts Receivable

**b) Reclassification entry**

Debit 1209900 Accounts Receivable - Other

Credit 1290000 Provision for Deferred Receivables\*

\*Use Alt-Account 1209900998 for Provision for Deferred A/R-Other.

# **A-4: ADJUST ACCOUNTS RECEIVABLE ABATEMENTS AND REIMBURSEMENTS AND CERTAIN COLLECTION WHEN AN APPROPRIATION REVERTS**

2. Record payment received after the reclassification, before the reversion:

a) Reduce the Accounts Receivable - Other in the Accounts Receivable module

Debit 1290000 Provision for Deferred Receivables\*

Credit 1209900 Accounts Receivable - Other

b) Deposit and apply payment/remit as an abatement or a reimbursement

Debit 1109300 Pending Cash Transfers - Accounts Receivable

Credit 48xxxxx Reimbursements

Credit 5xxxxxx Appropriation Expenditures

\*Use Alt-Account 1209900998 for Provision for Deferred A/R-Other.

# **A-6: ACCRUE INTEREST EARNINGS FROM SURPLUS MONEY INVESTMENT FUND AND CONDEMNATION DEPOSITS FUND**

Purpose: Accrue interest receivable from the Surplus Money Investment Fund and the Condemnation Deposits Fund as of June 30.

The SCO issues journal entries in July for the interest earned applicable to the fourth quarter of the prior fiscal year. Departments will use the journal entry as a supporting document for the accrual.

Journal Source: ACC (reverse in the new year).

The SCO journal entry will interface to FI\$Cal in July and offset the accrual reversal.

# A-6: ACCRUE INTEREST EARNINGS FROM SURPLUS MONEY INVESTMENT FUND AND CONDEMNATION DEPOSITS FUND

Accounting entry:

Debit 1240000 Due from Other Funds\*2

Credit 4160000 Investment Income - Condemnation  
Deposits Fund

Credit 4163000 Investment Income - Surplus Money  
Investments

\*Use BU Affiliate 9990 and Fund Affiliate 0681 or 0910 for Surplus Money Investment Fund or Condemnation Deposits Fund, respectively.

# A-8: ACCRUE ACCOUNTS PAYABLE

Purpose: Accrue goods and services received but not scheduled for payment as of June 30.

In FI\$Cal, there are three sources of transactions that impact accounts payable balances at year-end:

- Purchase orders budget checked and dispatched as of June 30.
- Vouchers approved by the SCO but not paid as of June 30.

Budget checking will record transactions in the Commitment Control, the accounts payable journal entry will post in the General Ledger module when the voucher is approved by the SCO and posted in FI\$Cal.

- Year-end accrual/adjusting entries.



# A-8: ACCRUE ACCOUNTS PAYABLE

Departments will use invoices and SCO direct transfer journal entries to accrue actual obligations and use other documents to support estimated accruals.

If the accrued expenditure is associated with a purchase order, the department will reduce the encumbrance amount by creating an encumbrance-only journal.

## Journal Sources:

- ACC - to record accrued expenditures.
- ECM - to reduce the encumbrance amount for accrued expenditures with open purchase orders. Use “Encumbrance” Commitment Control Amount Type.

Both entries are reversed in the new fiscal year.

# A-8: ACCRUE ACCOUNTS PAYABLE

Accrual entries:

## ❖ Private entities

Debit 51xxxxx Personal Services

Debit 53xxxxx Operating Expense and Equipment

Credit 2000100 Accrued Accounts Payable

## ❖ California state departments, including CSU and CSU Trustees

Debit 53xxxxx Operating Expense and Equipment

Credit 2010000 Due to Other Funds<sup>2</sup>

Credit 2011000 Due to Other Appropriations<sup>2</sup>

# A-8: ACCRUE ACCOUNTS PAYABLE

Accrual entries (continued):

## ❖ Other Governments

Debit 53xxxxx Operating Expense and Equipment

Credit 2020000 Due to Federal Government

Credit 2021000 Due to Local Governments\*

Credit 2024000 Due to Other Governmental Entities\*\*

\*Local governments include cities and counties.

\*\*Other governmental entities include school districts, community colleges, UCs/regents, and other state governments.

# A-8: ACCRUE ACCOUNTS PAYABLE

Encumbrance reduction entry:

Credit 53xxxxx Operating Expense and Equipment

All encumbrance-only journal entries offset to Accounts Payable (2000000) and should be reclassified to the appropriate liability account if the associated supplier is not a private entity.

The encumbrance reduction entry must use the same ChartField values as the corresponding accrual. Departments can include the following information to use as a reference in the encumbrance reclassification:

- Purchase Order number in the Journal Line Reference field
- Liability account code in the Transactions Description field
- BU Affiliate and Fund Affiliate - for state department suppliers

# A-9: ACCRUE REVENUE

Purpose: Departments will use this year-end entry to accrue revenues earned but not billed as of June 30, accrue over-collected revenues that will be refunded after June 30, and to adjust/record deferred revenues.

Common A-9 entries:

## 1. Accrue revenues earned but not received or billed as of June 30

Debit 1200000 Accounts Receivable - Revenue

Debit 124xxxx Due from Other Funds/Appropriations<sup>2</sup>

Debit 126xxxx Due from Other Governments

Credit 41xxxxx Revenues

# A-9: ACCRUE REVENUE

## 2. Accrue over-collected revenues to be refunded after June 30

Debit 41xxxxx Revenues

Credit 2000100 Accrued Accounts Payable

Credit 201xxxx Due to Other Funds/Appropriations<sup>2</sup>

Credit 202xxxx Due to Other Governments

## 3. Defer current year billed revenues not expected to be collectible in the ensuing fiscal year

Debit 41xxxxx Revenues

Credit 1290000 Provision for Deferred Receivables\*

Departments will post entries 1, 2, and 3 in the General Ledger module with Journal Source “ACC” (reverse in the new fiscal year).

\*Use Alt-Account 1200000998 for Provision for Deferred A/R-Revenue.

# A-9: ACCRUE REVENUE

## 4. Defer all prior year billed revenues

### a) Close the existing revenue receivable balance

Debit 41xxxx Revenues

Credit 1200000 Accounts Receivable – Revenue

Credit 124xxxx Due from Other Funds/Appropriations<sup>2</sup>

Credit 126xxxx Due from Other Governments

### b) Establish a deferred receivable

Debit 1200000 Accounts Receivable – Revenue

Debit 124xxxx Due from Other Funds/Appropriations<sup>2</sup>

Debit 126xxxx Due from Other Governments

Credit 1290000 Provision for Deferred Receivables\*

Credit 1290010 Provision for Deferred Due from Other Funds\*

Credit 1290020 Provision for Deferred Due from Other\*  
Governments

\*Use the Alt-Account 1200000998, 1290010000, or 126XXXX998, depending on the debit line.

# A-9: ACCRUE REVENUE

## 4. Defer all prior year billed revenues (continued)

Departments will perform this reclassification in the Accounts Receivable module by creating a \$0 accounts receivable item as outlined in the YE - A-9 eLearning (Accrue Revenue).<sup>1</sup>

If using FI\$Cal's auto-reclassification process, the prior year billed revenues due from other funds/appropriations and other governments will reclassify to Accounts Receivable - Other. Therefore, departments need to reclassify Accounts 124xxxx and 126xxxx manually.



# A-10: ADJUST INCOME FOR DISHONORED CHECKS

Purpose: Adjust the deferred receivables for dishonored checks identified as being collectible in the ensuing fiscal year.

Journal Source: ACC (reverse in the new fiscal year)

Debit 1290000 Provision for Deferred Receivables\*

Credit 201xxxx Due to Other Funds/Appropriations<sup>2</sup>

Credit 205xxxx Revenue/Reimbursements Received in Advance

Credit 2090110 Uncleared Collections - State Fund

Credit 41xxxxx Revenues

Credit 48xxxxx Reimbursements

Credit 5xxxxxx Appropriation Expenditures

Credit 590xxxx Refunds to Reverted Appropriations

\*Use Alt-Account 1200150998 for Provision for Deferred A/R-Dishonored Checks.

# A-12: ADJUST APPROPRIATION EXPENDITURES AND REIMBURSEMENTS FOR DEFERRED BILLED RECEIVABLES

Purpose: Adjust the appropriation expenditure and reimbursement accounts for billed receivables not expected to be collectible during the ensuing fiscal year.

Journal Source: ACC (reverse in the new fiscal year)

Debit 48xxxxx Reimbursements

Debit 5xxxxxx Appropriation Expenditures

Credit 1290000 Provision for Deferred Receivables\*

\*Use Alt-Account 1200050998 or 1200100998 for Provision for Deferred A/R-Reimbursement or Provision for Deferred A/R-Abatements, respectively.

# OTHER YEAR-END ADJUSTING ENTRIES

## ❖ Unremitted Deposits

Money received and deposited in a department's CTS account but not remitted/credited to the appropriate state fund(s) as of June 30 must be recognized in the ultimate fund(s) for year-end reporting purposes.

Purpose: Reflect the amount of general cash as of June 30 in the appropriate state fund.

Journal Source: ACC (reverse in the new fiscal year)

FI\$Cal departments should pay special attention when submitting deposits or applying payments at year-end to identify any transactions submitted but not recognized at the State Treasurer's Office and/or SCO by June 30. Review the CTS fund Trial Balance to determine the unremitted cash (excluding revolving fund cash) for inclusion in this year-end entry.

# OTHER YEAR-END ADJUSTING ENTRIES

## ❖ Unremitted Deposits (continued)

Debit 1101000 General Cash - CTS Accounts

Credit 12xxxxx Accounts Receivable

Credit 2090110 Uncleared Collections - State Fund

Credit 2050000 Unearned Revenue

Credit 2052000 Unearned Reimbursements

Credit 41xxxxx Revenues

Credit 48xxxxx Reimbursements

Credit 5xxxxxx Appropriation Expenditures

Credit 590xxxx Refunds to Reverted Appropriations

# OTHER YEAR-END ADJUSTING ENTRIES

## ❖ Transfers and Loans

Purpose: Accrue the amounts transferable between funds as of June 30.

Journal Source: ACC (reverse in the new fiscal year)

### Operating Transfer In/Out

- Transferee Fund\*

Debit 1240000 Due from Other Funds<sup>2</sup>

Credit 63xxxxx Unappropriated Operating Transfers from Other Funds<sup>2</sup>

Credit 6521000 Unappropriated Transfers from Other Funds<sup>2</sup>

Credit 653xxxx Loans/Repayments from Other Funds<sup>2</sup>

Credit 654xxxx Revenue Transfers from Other Funds<sup>2</sup>

\*When the transfer is for loan repayment, the department will also reduce the loans receivable and accrue any interest earned as of June 30.

# OTHER YEAR-END ADJUSTING ENTRIES

## ❖ Transfers and Loans (continued)

### ○ Transferor Fund\*

Debit 62xxxxx Appropriated Operating Transfers to Other Funds<sup>2</sup>

Debit 6480000 Transfer to Other Funds - Unspecified<sup>2</sup>

Debit 6511000 Unappropriated Transfers to Other Funds<sup>2</sup>

Debit 6512xxx Unappropriated Transfers Out<sup>2</sup>

Credit 2010000 Due to Other Funds<sup>2</sup>

\*When the transfer is for loan repayment, the department will also reduce the loan principal and accrue any interest expense payable as of June 30.

# OTHER YEAR-END ADJUSTING ENTRIES

## ❖ Transfers and Loans (continued)

### Expenditure Transfers

In this type of transfer, an expenditure in one fund is credited and transferred to another fund. The credit in the transferee fund is known as a “less funding provided by” entry.

- Transferee Fund (the fund receiving the cash)

Debit 1240000 Due from Other Funds<sup>2</sup>

Credit 5438000 Loans, Transfers, and Other Disbursements

- Transferor Fund

Debit 5438000 Loans, Transfers, and Other Disbursements

Credit 2010000 Due to Other Funds<sup>2</sup>

# OTHER YEAR-END ADJUSTING ENTRIES

## ❖ Prepayments to Architecture Revolving Fund

Purpose: Adjust the prepayments to Architecture Revolving Fund to reflect the outstanding amount at year-end.

The notice of Architecture Revolving Fund (ARF) transfer creates the following accounting entries in FI\$Cal:

- Expenditures

  - Debit 5xxxxxx Appropriation Expenditures

  - Credit 6510000/6520000 Unappropriated Interunit Cash  
Transfer In/Out

- Prepayments

  - Debit 1309200 Prepayments to Other Funds/Appropriations

  - Credit 3500000 Reserve for Prepaid Items



# OTHER YEAR-END ADJUSTING ENTRIES

## ❖ Prepayments to Architecture Revolving Fund (continued)

Departments should reduce the prepayment and reserve balances periodically as invoices are received to ensure the period 998 Trial Balance reflects the amount outstanding as of June 30.

Journal Source: ACJ (not reversed).

Debit 3500000 Reserve for Prepaid Items

Credit 1309200 Prepayments to Other Funds/Appropriations\*2

Departments will post the same accounting entry when the project is completed and the remaining prepaid balance is refunded.

\*Use BU Affiliate 7760 and Fund Affiliate 0602.

# OTHER YEAR-END ADJUSTING ENTRIES

## ❖ Deposit Liabilities

Deposit liabilities are liabilities for cash or other property held in trust for depositors, including guaranty deposits.

Purpose: Reclassify additions and deductions to Trust and Agency Fund accounts for monies held in trust and report the amount as Deposits (206xxxx).

During the fiscal year, departments use the following accounts to record the additions and deductions\*:

- 5610120 - Other Deductions (Unspecified)
- 5620120 - Other Trust and Agency Funds Additions (Unspecified)

\*Departments need to reverse any transactions posted to 5610120 and 5620120 that are not related to monies held in trust and re-enter them with the appropriate expenditure accounts.

# OTHER YEAR-END ADJUSTING ENTRIES

## ❖ Deposit Liabilities (continued)

Journal Source: ACJ (not reversed in the new fiscal year).

Departments will record the reclassifications in the DEPTADJ ledger, with Target Ledger “BL” for posting to the BLBAR and BUDLEGAL ledgers.

Business Unit	Ledger Grp	Fund	ENY	Approp Ref	Program	Rptg Structure	Account	Alt Acct	Amount	Budg Dt
8860	DEPTADJ	4321	1945	901	43214321	43212009	2060000	2060000000	439,034.48	06/30/20XX
8860	DEPTADJ	4321	1945	901	43214321	43212009	5610120	5610120001	(439,034.48)	06/30/20XX
8860	DEPTADJ	4321	1945	901	43214321	43212009	5620120	5620120001	490,004.88	06/30/20XX
8860	DEPTADJ	4321	1945	901	43214321	43212009	2060000	2060000000	(490,004.88)	06/30/20XX

# OTHER YEAR-END ADJUSTING ENTRIES

## ❖ Deposit Liabilities (continued)

Report No. 7 before and after the reclassification:

### Before Reclassification

REPORT 7 - PRE-CLOSING TRIAL BALANCE			
Department of Finance - 8860			
Fund 4321			
Fiscal Year 20XX - XX			
As of 06/30/20XX			
<b>Business Unit:</b>	8860 - Department of Finance	<b>Report ID:</b>	RPTGL157
<b>Fund:</b>	4321 - Training Support Fund	<b>Run Date:</b>	07/27/20XX
		<b>Run Time:</b>	14:45:11
		<b>Adjustment Period:</b>	998
		<b>Ledger:</b>	BUDLEGAL
ACCOUNT	ACCOUNT TITLE	DEBITS	CREDITS
3510	Deposits - General		2,454,022.20
5610120	Other Deductions (Unspecified)	439,034.48	
5620120	Other Trust and Agency Funds A		490,004.88
65	Unapp InterUnit Transfers	2,504,992.60	
<b>Fund</b>	<b>4321</b>	<u>2,944,027.08</u>	<u>2,944,027.08</u>

### After Reclassification

REPORT 7 - PRE-CLOSING TRIAL BALANCE			
Department of Finance - 8860			
Fund 4321			
Fiscal Year 20XX - XX			
As of 06/30/20XX			
<b>Business Unit:</b>	8860 - Department of Finance	<b>Report ID:</b>	RPTGL157
<b>Fund:</b>	4321 - Training Support Fund	<b>Run Date:</b>	07/27/20XX
		<b>Run Time:</b>	14:45:11
		<b>Adjustment Period:</b>	998
		<b>Ledger:</b>	BUDLEGAL
ACCOUNT	ACCOUNT TITLE	DEBITS	CREDITS
3510	Deposits - General		2,504,992.60
65	Unapp InterUnit Transfers	2,504,992.60	
<b>Fund</b>	<b>4321</b>	<u>2,504,992.60</u>	<u>2,504,992.60</u>

**PERIOD 998 CLOSING AND FINAL  
RECONCILIATIONS**

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# **PERIOD 998 CLOSING AND FINAL RECONCILIATIONS**

- ❖ Period 998 Allocation and Preliminary Reconciliation
- ❖ Reclassification of Pending PFA
- ❖ Encumbrance Liability Reclassification
- ❖ Final Reconciliations
- ❖ New Year Reminders

# PERIOD 998 ALLOCATION AND PRELIMINARY RECONCILIATION

After all accruals and adjustments have been validated and posted, departments will run the period 998 cost allocation process to distribute expenditures and encumbrances to the ultimate funds.

Before initiating the process, FI\$Cal departments should review the period 998 cost allocation configuration and statistic journal, if applicable.

Refer to Job Aid FI\$Cal.008 - Create and Maintain Allocations or contact the FSC for assistance with configuration changes.

# PERIOD 998 ALLOCATION AND PRELIMINARY RECONCILIATION

- ❖ After period 998 allocation:
  - Confirm zero balance in the Clearing Account for all enactment years.
  - If needed, departments can post manual allocation journals using SCO Transaction Type CARE, Source 11N, and account 1110101 (Intraunit Accrual Account-LD/PFA Allocation) as an offset.
  - Review the DFQ\_KK\_16\_REIMB\_RECON query or the PDA report to identify any additional reimbursement receivable from the allocated costs that may need to be accrued. Refer to the Year-End A-3 entry on [slides 53-56](#).



# PERIOD 998 ALLOCATION AND PRELIMINARY RECONCILIATION

- ❖ After period 998 allocation (continued):
  - Review Report No. 6 to confirm that none of the appropriations are overspent.

If an appropriation is overspent, the department must take corrective actions before preparing year-end reports. Under no circumstances should the accounting office reverse accruals, expenditures, or encumbrances that are legitimate costs of a program.

# PERIOD 998 ALLOCATION AND PRELIMINARY RECONCILIATION

- ❖ Review period 998 reports and complete a preliminary SCO/Agency Reconciliation.
- ❖ Year-End Report No. 4, Statement of Revenue
  - Current year revenues must be positive on the report.
- ❖ Year-End Report No. 7, Pre-Closing Trial Balance
  - Follow the steps for reviewing Trial Balance (see [slides 25-26](#)). Compare the UCM and Chart of Accounts (COA) versions of the report to ensure the totals match.
  - Account 2000300 (Accounts Payable - Encumbrance) may have a balance at this point. However, it must be zero after period 998 MODACCRL is closed and the FSC has run the allocation process.

# PERIOD 998 ALLOCATION AND PRELIMINARY RECONCILIATION

- ❖ Subsidiaries on File  
Confirm the subsidiary fund, account, and business unit information is correct. See [slides 27-29](#).
- ❖ Year-End Report No. 18, Statement of Changes in Capital Assets Group of Accounts, and Year-End Report No. 19, Statement of Capital Assets Group of Accounts  
Confirm the reports have accurate information.  
If there is a variance between Report No. 18 beginning balance and the prior year ending balance, departments are required to submit a Report No. 18, Statement of Changes in Capital Assets Group of Accounts, Beginning Balance Differential Report. See SAM Section 7977.

# RECLASSIFICATION OF PENDING PFA

At year-end, departments will reclassify and report pending PFA as Due to/Due from Other Funds/Appropriations.

- Post the reclassification journal in the MODACCRL ledger, using Journal Source “ACC” (reverse in the new year).
- Use period 998 PFA Reconciliation as the source document and reclassify the pending PFA for all applicable budget periods (reverted appropriations must have a zero balance).

For additional information, refer to Finance’s *PFA and SCO/Agency Reconciliation* month-end training and *PFA Reconciliation Procedure*.<sup>1</sup>

- Include the appropriation information (enactment year, reference, program) on the debit and credit lines. This information will be useful for departments when completing the SCO/Agency Reconciliation.

# RECLASSIFICATION OF PENDING PFA

Example of PFA reconciliation (showing one budget period, some rows are hidden)

PFA RECONCILIATION WORKSHEET		Fund:	0001	0001	0001	0001	0001	0001	9740	3314	Total
BU 8860 Department of Finance		ENY:	20XX	20XX	20XX	20XX	20XX	20XX	20XX	1990	
FY 20XX-XX		Reference:	001 (001)	001 (001)	001 (001)	001 (001)	001 (001)	001 (001)	001 (001)	501 (501)	
As of 06/30/20X2 (Period 998)		Program:	9999 (99)	6770 (10)	6780 (20)	6785 (30)	9900100 (40.01)	9900200 (40.02)	6770 (10)	6770 (10)	
Carryover Balance	Pending PFA as of 06/30/20X1		7,881,588.38	(3,015,495.26)	(812,527.05)	(649,098.13)	(1,379,185.17)	1,379,185.17	(2,708,925.73)	(695,542.21)	0.00
Period 1	PFA-eligible transactions		795,727.07	(279,337.20)	(143,883.98)	(87,033.44)	(97,943.35)	97,943.35	(281,504.08)	(3,968.37)	(0.00)
	SCO JE \$PF0000365	7/26/20X1	(7,544,670.84)	2,873,062.00	840,120.07	625,447.92	1,277,241.47	(1,277,241.47)	2,510,498.64	695,542.21	0.00
Period 2	PFA-eligible transactions		124,641.36	(45,197.04)	(25,777.09)	(9,959.16)	(7,850.92)	7,850.92	(43,708.07)	0.00	0.00
Period 3	PFA-eligible transactions		287,824.25	(108,868.27)	(54,786.96)	(23,059.63)	(45,175.17)	45,175.17	(101,109.39)	0.00	(0.00)
	SCO JE \$PF0001753	9/28/20X1	(795,727.07)	279,337.20	143,883.98	87,033.44	97,943.35	(97,943.35)	281,504.08	3,968.37	0.00
	SCO JE \$PF0001785	9/29/20X1	(124,641.36)	45,197.04	25,777.09	9,959.16	7,850.92	(7,850.92)	43,708.07		0.00
Period 4	PFA-eligible transactions		2,742.20	(1,974.74)	627.14	(442.17)	(866.22)	866.22	(952.43)	0.00	(0.00)
	SCO JE \$PF0002147	10/17/20X1	(287,824.25)	108,868.27	54,786.96	23,059.63	45,175.17	(45,175.17)	101,109.39		0.00
Period 11	PFA-eligible transactions		(2,496.53)	2,054.85	(137.70)	(58.81)	(455.40)	455.40	1,297.45	(659.26)	0.00
Period 12	PFA-eligible transactions		23,149.09	(8,699.61)	(4,445.73)	(1,890.62)	(3,363.67)	3,363.67	(8,113.13)	0.00	0.00
Period 998	PFA-eligible transactions		34,492.98	(13,718.13)	(5,702.38)	(2,425.40)	(4,751.48)	4,751.48	(12,113.43)	(533.64)	0.00
<b>Pending PFA as of 06/30/20X2 (Period 998)</b>			426,556.06	(176,514.28)	11,604.83	(30,450.44)	(115,265.73)	115,265.73	(229,469.63)	(1,726.54)	(0.00)

# RECLASSIFICATION OF PENDING PFA

Reclassification entry:

Appropriations with debit pending PFA balance on the reconciliation:

Debit 124xxxx Due from Other Funds/Appropriations<sup>2</sup>

Credit 1110110 Intraunit Pending PFA Accrual

Appropriations with credit pending PFA balance on the reconciliation:

Debit 1110110 Intraunit Pending PFA Accrual

Credit 201xxxx Due to Other Funds/Appropriations<sup>2</sup>

After the reclassification journals are posted, accounts 1110101 and 1110110 must net to zero on the Trial Balance.

Departments will contact the FSC to close period 998 MODACCRL when all journals have been posted.

# ENCUMBRANCE LIABILITY RECLASSIFICATION

Source	Offset Account		
	DEPTADJ	BUDLEGAL During the fiscal year	BUDLEGAL After 2000300 (Accounts Payable -Encumbrance) allocation
PO Module Transactions			
California state departments	2000000	2000300	2000000 (Accounts Payable)
Federal Government	2020000	2000300	2020000 (Due to Federal Government)
Local Governments	2021000	2000300	2021000 (Due to Local Governments)
Other Governmental Entities	2024000	2000300	2024000 (Due to Other Governmental Entities)
Encumbrance Journals	2000000	2000300	2000000 (Accounts Payable)

Departments are responsible for reclassifying the balance posted to Accounts Payable (2000000) to the appropriate liability accounts if the transactions are related to suppliers that are not private entities.

# ENCUMBRANCE LIABILITY RECLASSIFICATION

Journal Source: ACC (reverse in the new fiscal year)

Post the reclassification journals in the DEPTADJ ledger after the FSC has completed the allocation of account 2000300.

Use Target Ledger “BL” for posting into the BLBAR and BUDLEGAL ledgers.

Departments can use the DFQ\_PO\_05A\_ENC\_RECLASS\_DETAIL to assist with the reclassification and refer to the *Encumbrance Liability Reclassification* year-end eLearning for more information.<sup>1</sup>



# ENCUMBRANCE LIABILITY RECLASSIFICATION

Reclassification of transactions originating from the PO module\*:

Debit 2000100 Accrued Accounts Payable

Credit 201xxx Due to Other Funds/Appropriations<sup>2</sup>

Reclassification of transactions originating from encumbrance journals (e.g., encumbrance allocation, encumbrance reduction journals associated with Year-End A-8 entry)\*:

Debit 2000100 Accrued Accounts Payable

Credit 201xxx Due to Other Funds/Appropriations<sup>2</sup>

Credit 2020000 Due to the Federal Government

Credit 2021000 Due to Local Governments

Credit 2024000 Due to Other Governmental Entities

\*The above journal entries apply to transactions increasing encumbrances. Use the reversed sign for transactions that reduce encumbrances.

# FINAL RECONCILIATIONS

- ❖ Upon completion of the year-end close process by the FSC, departments will perform final period 998 reconciliations before preparing year-end financial statements.  
Refer to [slides 40-41](#).
- ❖ Update the online Month End Close Status page in FI\$Cal to report the completion of period 998 activities and year-end close process.

# NEW YEAR REMINDERS

- ❖ Confirm the beginning balances on the following reports match the recently closed period 998 ending balances:
  - Report No. 6
  - Trial Balance
- ❖ Labor Distribution tables and configuration:
  - Ensure the necessary tables for the new fiscal year are established and the configuration is correct before running the labor distribution for period 1.
  - Refer to Job Aid FI\$Cal.255 - LD Configuration Roll-Over Process: Establishing New Year LD Configuration Tables.

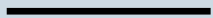
# NEW YEAR REMINDERS

- ❖ Appropriations and cost allocation:
  - Review the SCO Agency Reconciliation Report against the Budget Act to ensure the report reflects the new budgets and reappropriated items.
  - Review the department's approved PFA to determine if any items should be added or removed.
  - Review the new fiscal year PFA Tree report, see Job Aid FI\$Cal.440 - FI\$Cal PFA Functionality.
  - Requests to update PFA memo and/or Tree configuration should be submitted to [PFARRequests@dof.ca.gov](mailto:PFARRequests@dof.ca.gov). See SAM Sections 8452 - 8452.2.

# NEW YEAR REMINDERS

- ❖ Appropriations and cost allocation (continued):
  - Review the cost allocation configuration in FI\$Cal and contact the FSC if changes are needed for the new fiscal year.
  - If applicable, prepare and post statistic journals before running period 1 cost allocation.
  - Refer to Job Aid FI\$Cal.008.

# **IMPORTANCE OF MEETING YEAR-END CLOSE DEADLINES**



# IMPORTANCE OF MEETING YEAR-END CLOSE DEADLINES

Monthly reconciliation deadlines ensure departments safeguard the state's assets and provide reliable data in their financial reports. It is imperative that departments submit timely and accurate year-end financial reports for the state to accomplish its statewide statutory responsibilities.

❖ **Monthly reconciliation and timely and accurate year-end financial reporting provide the following benefits:**

- The State Controller's Office will have reliable data to publish in their annual reports.
- The Department of Finance (Finance) will have reliable financial data to build the budget and meet the deadlines for the Governor's Budget.
- Finance will have the information necessary to meet statewide Single Audit Act reporting requirements.
- The state will have the information necessary to meet bond disclosure requirements.
- Departments will stay in compliance with the requirements in SAM Section 7901.
- Departments will be able to meet Single Audit management certification requirements.

# IMPORTANCE OF MEETING YEAR-END CLOSE DEADLINES

- ❖ Adverse impacts resulting from failure to provide accurate and timely financial information:
  - May impede the timely preparation and presentation of the Governor's Budget to the Legislature.
  - May create distortion in budget details resulting from inaccurate or absence of required data, or the use of estimates.
  - Delay in the preparation and publication of the Budgetary-Legal Basis Annual Report as required by Government Code Section 12460.
  - May lead to inability to fund key programs.
  - Distrust/loss of public confidence and reputational damage, which may impact credit rating and result in higher borrowing costs.
  - Non-compliance with federal regulatory requirements, which may result in the suspension or termination of federal awards.
  - SCO will report delinquent departments to the Legislature and the departments will be required to testify on correcting the deficiency.



# NOTES

1. Department of Finance - FI\$Cal Resources for Accounting  
<https://dof.ca.gov/accounting/fiscal-resources-for-accounting/>.

2. Journal entries posted to Due to/Due from Other Funds/ Appropriations and Transfers to/from Other Funds must include the BU and Fund Affiliate values. The system will capture and display the information on the Subsidiaries on File report. Including the information on both the debit and the credit lines will be helpful for research purposes.

# QUESTIONS

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If you have any questions, contact the FSCU Hotline.

Email: [FSCUHotline@dof.ca.gov](mailto:FSCUHotline@dof.ca.gov)

Phone: (916) 324-0385

# MAILING LISTS

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Subscribe to the Department of Finance's FI\$Cal Resources for Accounting and Training mailing lists at

<https://dof.ca.gov/department-mailing-lists/>