



Fiscal Systems and Consulting Unit



DEPARTMENT OF FINANCE  
STATE OF CALIFORNIA

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

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July 2024

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# **COURSE OBJECTIVE**

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Upon completion of this course, participants will have a better understanding on preparing the year-end financial reports for governmental cost funds and non-governmental cost funds.

# OVERVIEW



# OVERVIEW

- ❖ Purpose of Financial Reports
- ❖ Policies and Procedures
- ❖ Impacts of Late Reporting

# PURPOSE OF FINANCIAL REPORTS

- Financial reports provide information to both internal and external users.
- Financial reports assist the user by concisely presenting the day-to-day accounting information covering a specified period or point in time.
- Reporting requirements fulfill legal requirements and provide users with valuable information from which to assess the state's activities.

# PURPOSE OF FINANCIAL REPORTS

Financial reports are reviewed and/or submitted to various users:

- Department decision-makers – To evaluate programs, and increase/decrease/maintain funding.
- Department of Finance – Preparation of the next Governor's Budget.
- The Legislative Analyst's Office – To analyze the Governor's Budget and make recommendations to the Legislature.
- The State Controller's Office (SCO) – To prepare and issue reports based on Government Code section 12460:
  - The Budgetary/Legal Basis Annual Report (BLBAR) in accordance with the budget plan.
  - The Annual Comprehensive Financial Report (ACFR) on a Generally Accepted Accounting Principles (GAAP) basis.



# POLICIES AND PROCEDURES

- 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
- Budget Letter 24-11: Past Year Budget Adjustments and Fund Balance Reconciliation Budget Letter
- SCO Financial Reports Procedure Manual
- Finance Month-End and Year-End Session I trainings

# IMPACTS OF LATE REPORTING

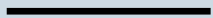
Failure to provide accurate and timely financial information:

- Impedes the timely preparation and presentation of the Governor's Budget to the Legislature.
- Creates distortion in budget details resulting from inaccurate or absence of required data or the use of estimates.
- Delays in the preparation and publication of the BLBAR and ACFR.
- Leads to inability to fund key programs.
- Creates distrust/loss of public confidence and reputational damage, which may impact credit rating and result in higher borrowing costs.
- Results in non-compliance with federal regulatory requirements, which may result in the suspension or termination of federal awards.

# IMPACTS OF LATE REPORTING

- SCO will report delinquent departments to the Legislature and the departments will be required to testify on correcting the deficiency.
- SCO may 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 prescribed due dates, as authorized by Government Code section 12461.2.

# YEAR-END REPORTS



# YEAR-END REPORTS

- SAM Section [7410](#) – Budgetary/legal basis classification divides funds into two main categories:
  - Governmental Cost Funds
  - Non-governmental Cost Funds
- SAM Section [7951](#) – Provides information on required year-end financial reports, their distribution, and applicable SAM references.
- The [Manual of State Funds](#) displays the administering agency, creation authority, fund classification, purpose, and other information related to the fund.

# YEAR-END REPORTS

Year-End Report	Governmental Cost Funds and Bond Funds	Non-Governmental Cost Funds	Report Distribution		
			SCO	STO	DOF
1 - Report of Accruals to Controller's Accounts	X		X		
2 - Accrual Worksheet	X		X		
3 - Adjustments to Controller's Accounts	X	X	X		
4 - Statement of Revenue (includes reconciliation with Controller's Accounts)	X		X		
5 - Final Reconciliation of Controller's Accounts with Final Budget Report/Agency Records	X		X		
6 - Final Budget Report	X	X			
7 - Pre-Closing Trial Balance	X	X	X		
8 - Post-Closing Trial Balance	X	X	X		
9 - Analysis of Change in Fund Balance (Statement of Operations)		X	X		
10 - Analysis and Reconciliation of Revolving Fund Accountability	X	X			
11 - Bank Reconciliation	X	X			
13 - Report of Expenditures of Federal Funds		X			X
14 - Report of Accounts Outside the State Treasury (one report per department)	X	X		X	
15 - Reconciliation of Agency Accounts with Transactions per State Controller	X		X		
18 - Statement of Changes in Capital Assets Group of Accounts (one report per fund)	X	X	X		
19 - Statement of Capital Assets Group of Accounts (one report per department)	X	X	X		
20 - Statement of Financial Condition		X	X		
22 - Statement of Contingent Liabilities	X	X	X		
Subsidiaries on File	X	X	X		
Material Variance Explanation Form	X	X	X		

# UPDATES FOR 2023-24 YEAR-END REPORTING

- Year-end financial reporting deadline is September 3, 2024.
  - All Funds due to the SCO.
  - Report No. 13 due to Finance's Fiscal Systems and Consulting Unit (FSCU).
  - Report No. 14 due to State Treasurer's Office (STO).
- Only electronic reporting package submissions will be accepted via email to [BLFinRep@sco.ca.gov](mailto:BLFinRep@sco.ca.gov).

# UPDATES FOR 2023-24 YEAR-END REPORTING

- If a revised Report No. 1 or Report No. 3 is submitted, revised Report No. 7 and Report No. 8 are also required. If applicable, a revised Subsidiaries on File may also be required.
- Report No. 7, Subsidiaries on File, is renamed to Subsidiaries on File.
- FI\$Cal departments are required to submit FI\$Cal-generated Report No. 18 and Report No. 19 in Excel format.
  - Departments are strongly encouraged to keep identical PDF copies for their record.



# FI\$CAL GENERATED REPORTS

- ❖ [Report No. 4](#), Statement of Revenue
- ❖ [Report No. 6](#), Final Budget Report
- ❖ [Report No. 7](#), Pre-Closing Trial Balance
- ❖ [Subsidiaries on File](#)
- ❖ [Report No. 8](#), Post-Closing Trial Balance
- ❖ [Report No. 9](#), Analysis of Change in Fund Balance
- ❖ [Report No. 20](#), Statement of Financial Condition
- ❖ [Report No. 13](#), Report of Expenditures of Federal Funds
- ❖ [Report No. 14](#), Report of Accounts Outside the State Treasury
- ❖ [Report No. 18](#), Statement of Changes in Capital Assets Group of Accounts
- ❖ [Report No. 19](#), Statement of Capital Assets Group of Accounts

# REPORT NO. 4, STATEMENT OF REVENUE

Purpose: Presents a reconciliation of current year revenue recorded by the department with revenue recorded in the accounts maintained by the SCO as of June 30.

- Appropriate Legacy Receipt Codes are shown for the fund:
  - Governmental Cost Funds – Revenue Source 1XXXXX
  - Bond Funds – Operating Revenue Source 2XXXXX
- Balances agree with current year's Final (998) SCO/Agency Reconciliation Worksheet, and SCO balances.
- Current year revenue is positive on Report No. 4.

# REPORT NO. 4, STATEMENT OF REVENUE

- Only current year revenue is reported.
- Report No. 4 and Final (998) SCO/Agency Reconciliation Worksheet are used to validate and/or prepare the current year and prior year(s) revenue on Report No. 15.
- See [Year-End Report 4](#) for more information.

# REPORT NO. 6, FINAL BUDGET REPORT

Purpose: Presents a summary status of appropriations including expenditures, encumbrances, and balances as of June 30 for each appropriation.

- Report No. 6 is not submitted to SCO but is kept on file for year-end financial reporting and audit purposes. It is used to support past/prior year expenditures during the budget development process.
- Report No. 6 total budgetary expenditures, transfers out, and reimbursements match with Report No. 7.
- Report No. 6 is used to validate and/or prepare the Report Nos. 1, 5, 7, 13, and 15.
- See [Year-End Report 6](#) for more information.

# REPORT NO. 7, PRE-CLOSING TRIAL BALANCE

Purpose: Lists the general ledger account balances for real and nominal accounts, including accruals and adjustments, before nominal accounts close to fund balance.

- Special Deposit Funds require a consolidated report.
- Bond Funds with multiple sub-funds require a consolidated and separate report for each sub-fund.
- Report No. 7 is used to validate and/or prepare Report Nos. 4, 6, Subsidiaries on File, 8, 9, 13, 15, 20, and Material Variance Explanation Form.
- See [Year-End Report 7](#) for more information.

# REPORT NO. 7, PRE-CLOSING TRIAL BALANCE

Report No. 7	GL Amount	Report No. 4 and Final (998) SCO Agency Reconciliation Worksheet	Total Amount and Balance Per Department Records	Report No. 6	Budgetary Expenditures Amount
GLAN 8000 Revenue <sup>1/</sup>	(5,000.17)	Current Year (CY) Revenue	(4,370.56)	TOTAL FOR REGULAR APPROPRIATIONS:	
GLAN 8100 Reimbursements <sup>2/</sup>	(8,129,163.28)	Prior Year(s) (PYs) Revenue	(629.61)	Enactment Year: 20RY	(4,580.32)
GLAN 9000 Appropriated Expenses <sup>3/</sup>	52,223,727.43	Total Fund Revenue (CY and PYs) <sup>1/</sup>	(5,000.17)	Enactment Year: 20PY	(28,792.09)
				Enactment Year: 20CY	52,257,099.84
				Total Fund Regular Appropriations <sup>3/</sup>	<u>52,223,727.43</u>
				TOTAL FOR SCHEDULED REIMBURSEMENTS:	
				Enactment Year: 20RY	-
				Enactment Year: 20PY	(4,375.13)
				Enactment Year: 20CY	(8,124,788.15)
				Total Fund Scheduled Reimbursements <sup>2/</sup>	<u>(8,129,163.28)</u>

- <sup>1/</sup> Revenue (GL 8000) on Report No. 7 agrees with CY Report No. 4 and the prior year(s) revenue per department records on the Final (998) SCO/Agency Reconciliations.
- <sup>2/</sup> Excluding the Federal Trust Fund, Reimbursements (GL 8100) on Report No. 7 agree with Report No. 6's sum 'Total for Scheduled Reimbursements, Budgetary Expenditures' amount.
- <sup>3/</sup> Appropriated Expenses (GL 9000) on Report No. 7 agree with Report No. 6's sum of 'Total for Regular Appropriations, Budgetary Expenditures' amount.
- The difference between the two reports could be the Statewide Assessment (Pro-Rata) and Federal Refunds to Reverted Appropriations (COA 5902000 crosswalks to GL 9000).

# SUBSIDIARIES ON FILE

Purpose: Provides the required subsidiary information for certain general ledger accounts to identify the other fund and/or organization number, or account number involved in an inter-fund and intra-fund transaction.

- SAM Section [7605](#) provides a list of general ledger (GL) accounts that require the fund and business unit to identify the inter-fund and intra-fund transaction and subsidiary account numbers (for certain general ledger accounts), signifying the accounts receivable accounts involved in the transaction.

# SUBSIDIARIES ON FILE

The accounts listed below require subsidiary number (BU and Fund Affiliate):

Legacy Account	Chart of Account	Account Title
1410	1240000	Due From Other Funds
1420	1240100	Due From Other Appropriations (Same Fund)
1730	1309200	Prepayment to Other Funds / Appropriations
2120	1222000	Advances to Other Funds
2170	1225900	Interfund Loans Receivable
3114	2010000	Due to Other Funds – Current
3115	2011000	Due to Other Appropriations Within the Same Fund
3120	2012000	Prepayments From Other Funds or Appropriations
4010	2500000	Advances From Other Funds - Noncurrent
4050	2500220	Interfund Loans Payable
5330	3500200	Reserve for Prepayment to Other Funds / Appropriations
9811	63xxxxx, 6521000, 6530000, and 6540000	Transfers From Other Funds
9812	62xxxxx, 6480000, and 6511000	Transfers to Other Funds



# SUBSIDIARIES ON FILE

The accounts listed below require a subsidiary account (alternate account):

Legacy Account	Chart of Account	Account Title
1390	1291000	Allowance for Uncollectible Accounts Receivable
1600	1290000	Provisions for Deferred Receivables

- Allowance for Uncollectible Accounts Receivable and Provisions for Deferred Receivables 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.
- See [YE Training Session I](#) for a list of commonly used accounts and alternate accounts.

# SUBSIDIARIES ON FILE

- The 'Due To' from Department A must reconcile with the corresponding 'Due From' from Department B.
- Subsidiaries on File is used to prepare and/or validate Report Nos. 1, 2, and 7.
- See [Year-End Subsidiaries on File](#) for more information.

# REPORT NO. 8, POST-CLOSING TRIAL BALANCE

Purpose: Lists the general ledger account balances for real accounts, including accruals and adjustments, after the nominal accounts close to fund balance.

- Special Deposit Funds require a consolidated report.
- Bond Funds with multiple sub-funds require a consolidated and separate report for each sub-fund.

# REPORT NO. 8, POST-CLOSING TRIAL BALANCE

Fund Balance Closeout Concept:

	Accounts	Shared Funds	Non-Shared Proprietary Funds	Non-Shared Funds
Fund Balance Accounts	5530 - Fund Balance-Unappropriated 5540 - Retained Earnings 5570 - Fund Balance-Clearing	X	X	X
Cash & Nominal Accounts	1140 - Cash in State Treasury 65 - Unapp InterUnit Transfers* 8000 - Revenue 8100 - Reimbursements 9000 - Appropriated Expenses 9811 - Transfers from Other Funds 9812 - Transfers to Other Funds 9891 - Refunds to Reverted Approps 9998 - Supplementary Pension	X  X X X X X X X	  X X X X X X	  X X X X X X

\* Unappropriated InterUnit Cash Transfers (GL 65) for non-shared funds will appear on Reports Nos. 7, 8, and 20. The GL 65 balance represents cash carried forward prior to June 2020.

# REPORT NO. 8, POST-CLOSING TRIAL BALANCE

- For non-shared funds, asset and liability amounts agree with Report No. 7; and Fund Balance – Unappropriated (GL 5530) and Retained Earnings (GL 5540) have a zero or credit balance.
- Report No. 8 is used to prepare and/or validate the Report Nos. 1, 2, 7, 9, 15, and 20.
- See [Year-End Report 8](#) for more information.

# REPORT NO. 9, ANALYSIS OF CHANGE IN FUND BALANCE

Purpose: Provides the beginning fund balance for the fiscal year plus any additions (e.g., revenues), less any deductions (e.g., expenditures) to determine the fiscal year's ending fund balance.

- Report No. 9 is submitted to the SCO for the following funds:
  - A non-shared, non-governmental cost fund
  - Federal Trust Fund (0890)
  - Special Deposit Fund (0942)
  - Fiduciary Funds Outside the Centralized Treasury System (0990)
- Special Deposit Funds with multiple sub-funds require a separate report for each sub-fund.

# REPORT NO. 9, ANALYSIS OF CHANGE IN FUND BALANCE

- For non-shared funds, Unapp InterUnit Transfers (GL 65) and Cash in State Treasury (GL 1140) will not appear on Report No. 9 since they do not close out to the fund balance.
- For Federal Fund, revenue (inflows) must equal expenditures (outflows). Therefore, Report No. 9 should not show a fund balance.
- The beginning fund balance must equal the ending fund balance from the prior year's Report No. 9.
- Report No. 9 validates the current year's fund balance on Reports No. 7, 8, and 20.
- See [Year-End Report 9](#) for more information.

# REPORT NO. 20, STATEMENT OF FINANCIAL CONDITION

Purpose: Discloses the balances of the assets, liabilities, and fund equity as of June 30.

- Report No. 20 is submitted to the SCO for the following funds:
  - A non-shared, non-governmental cost fund
  - Federal Trust Fund (0890)
  - Special Deposit Fund (0942)
  - Fiduciary Funds Outside the Centralized Treasury System (0990)
- Special Deposit Funds with multiple sub-funds require a separate report for each sub-fund.



# REPORT NO. 20, STATEMENT OF FINANCIAL CONDITION

- Cash in State Treasury (GL 1140) and Unappropriated InterUnit Cash Transfers (GL 65) will appear on Report No. 20 for non-shared, non-governmental cost funds.
  - The sum of GL 65 and 1140 on Report No. 20 should have a debit balance and agree with the ending balance of GLs 1140 displayed on the SCO Fund Reconciliation.
- For the Federal Trust Fund, the combined balance amounts of GL 1140 and GL 65 agree with Report Nos. 7 and 8 and must equal the total of appropriation control 'C' accounts and grant (1944) 'C' accounts from the SCO/Agency Reconciliation.
- Report No. 20 is used to validate the Report Nos. 7 and 8.
- See [Year-End Report 20](#) for more information.

# REPORT NO. 13, REPORT OF EXPENDITURES OF FEDERAL FUNDS

Purpose: Provides the expenditure and encumbrance balances for each federal award by Assistance Listing Number (ALN) and program title.

- Expenditures must include accruals for all valid obligations incurred and receivables earned as of June 30.
- Encumbrances must include commitments that will become expenditures after June 30, when goods or services are received.
- Report No. 13 is submitted to the Department of Finance, Fiscal Systems and Consulting Unit for nongovernmental cost funds with federal award activity.

# REPORT NO. 13, REPORT OF EXPENDITURES OF FEDERAL FUNDS

- The 'Total Fund, Expenditures' column on Report No. 13 agrees with Report No. 6, Total Fund, Expenditures for Regular Appropriations and Transfers to Other Funds-Unspecified, excluding Scheduled Reimbursements.
- The 'Total Fund, Encumbrance' column on Report No. 13 agrees with Report No. 6, Total Fund, Encumbrance/Allocated Encumbrance less Prior Year Encumbrance Reversals.
- The 'Total Fund, Total' column on Report No. 13 agrees with Report No. 6, Total Fund, Budgetary Expenditures for Regular Appropriations and Transfers to Other Funds Unspecified, excluding Scheduled Reimbursements.
- Report No. 13 is validated by Report Nos. 6 and 7.
- See [Year-End Report 13](#) for more information.

# REPORT NO. 14, REPORT OF ACCOUNTS OUTSIDE THE STATE TREASURY

Purpose: Reports accounts outside the Centralized Treasury System (CTS) in which state money is deposited or must indicate that there are no accounts to report.

- Departments must submit one Report No. 14 per department.
- Departments must electronically submit Report No. 14 to the State Treasurer's Office (STO) through FI\$Cal.
- Do not include a copy of Report No. 14 in the year-end financial reports or list it on the Certification Letter submitted to the SCO.
- See [Year-End Report 14](#) for more information.

# REPORT NO. 18, STATEMENT OF CHANGES IN CAPITAL ASSETS GROUP OF ACCOUNTS

Purpose: Accounts for changes resulting from capital asset acquisitions and dispositions during the fiscal year.

- Report No. 18 is submitted to the SCO for each fund, except fiduciary funds.
- Beginning Balances on Report No. 18 must match the Ending Balances of the prior year's Report No. 18.
- Submit FI\$Cal-generated Report No. 18 in Excel format to SCO.

# REPORT NO. 18, STATEMENT OF CHANGES IN CAPITAL ASSETS GROUP OF ACCOUNTS

- Only submit one Report No. 18 for the same fund. Do not submit multiple Report No. 18s for the same fund.
- If the capital asset account beginning balance differs from the prior year's ending balance, departments must submit Report No. 18, Statement of Changes in Capital Assets Group of Accounts, Beginning Balance Differential Report.
  - Footnote that the differences are documented and explained in the Beginning Balance Differential Report.
  - A sample report is shown in SAM Section [7977](#) Illustration 2.
- See [Year-End Report 18](#) for more information.

# REPORT NO. 19, STATEMENT OF CAPITAL ASSETS GROUP OF ACCOUNTS

Purpose: Summarizes the information contained in each Report No. 18, Statement of Changes in Capital Assets Group of Accounts, and provides the total of all capital assets of a department.

- Only one Report No. 19 must be prepared and submitted to SCO for each department.
- Ensure balances correspond to Report No. 18.
- Submit FI\$Cal-generated Report No. 19 in Excel format to SCO.

# REPORT NO. 19, STATEMENT OF CAPITAL ASSETS GROUP OF ACCOUNTS

- Report No. 19 consolidates all capital assets of a department, whereas Report No. 18 provides the capital assets for each fund.
- The number of Report No. 18s a department submits must equal the number of funds reported in the department's Report No. 19.
- See [Year-End Report 19](#) for more information.



# NON-FI\$CAL GENERATED REPORTS

- ❖ [Report No. 22](#), Statement of Contingent Liabilities
- ❖ [Material Variance Explanation Form](#)
- ❖ [Report No. 3](#), Adjustments to Controller's Accounts
- ❖ [Report No. 2](#), Accrual Worksheet
- ❖ [Report No. 15](#), Reconciliation of Agency Accounts with Transactions per State Controller
- ❖ [Report No. 1](#), Report of Accruals to Controller's Accounts
- ❖ [Report No. 5](#), Final Reconciliation of Controller's Accounts with Final Budget Report

# REPORT NO. 22, STATEMENT OF CONTINGENT LIABILITIES

Purpose: This report includes all contingent liabilities not accrued by the department, including estimated liabilities such as federal audit exceptions, other audit exceptions, and pending litigation.

- Report No. 22 is required for all funds; if there are no contingent liabilities, indicate on the Certification Letter that there is “no activity to report.”
- For criteria for determining when to accrue and disclose contingent liabilities, refer to the SCO Year-End Financial Reports Procedure Manual (Budgetary/Legal Basis).
- See [Year-End Report 22](#) for more information.

# MATERIAL VARIANCE EXPLANATION FORM

Purpose: Identifies and provides explanations for material variances between prior year (PY) and current year (CY) Expenditures (GL 9000), Revenue (GL 8000), Transfers In (GL 9811) and Transfers Out (GL 9812) balances.

- If a fund has multiple sub-funds, departments must submit only one MVEF at the main fund level, not per sub-fund.
- The SCO requires a MVEF for all fund's year-end financial reports, even if there is no activity to report or if all amounts are zero.

# MATERIAL VARIANCE EXPLANATION FORM

- The prior and current year's Reports No. 7 are used to prepare the MVEF.
- Fiduciary Funds Outside the Centralized Treasury System (Fund 0990, also known as Non-Treasury Trust Funds) use prior and current year's Report No. 9.
- See [Year-End Material Variance Explanation Form](#) for more information.

# REPORT NO. 3, ADJUSTMENTS TO CONTROLLER'S ACCOUNTS

Purpose: Identifies adjustments needed to correct the SCO's central records as of June 30.

- Transactions correct in FI\$Cal but incorrect in SCO legacy as of June 30 are considered Report No. 3.
- Departments must submit a transaction request to the SCO Bureau of Accounting and Consulting to correct the SCO cash basis records on department accounts.
  - All adjusting entries must be accompanied by an attachment (e.g., journal entry, transaction request, budget revision, etc.).
  - Departments must identify in the Reason for Request that these are SCO Legacy-only corrections with NF as the document prefix to not interface back to FI\$Cal as GL 108 interface.

# REPORT NO. 3, ADJUSTMENTS TO CONTROLLER'S ACCOUNTS

- For nongovernmental cost funds, use only Report No. 3 Form 576A for adjustments to:
  - Cash in State Treasury (GL 1140)
  - Deposits in Surplus Money Investment Fund (GL 1210)
  - Prepayments to Other Funds (GL 1730)
  - Advances to Other Funds (GL 2120).
- Only report the difference in amounts needed to reconcile the department's balances with SCO cash basis records as of June 30.

# REPORT NO. 3, ADJUSTMENTS TO CONTROLLER'S ACCOUNTS

- For governmental cost funds, the adjustments are reported on Report No. 3 Forms 576A and 576B and other reports as follows:
  - Revenue adjustments will be reported on Report No. 4.
  - Expenditure adjustments will be reported on Report No. 5.
  - The adjustments must also be reported on Report No. 15.

# REPORT NO. 3, ADJUSTMENTS TO CONTROLLER'S ACCOUNTS

- For governmental cost funds, the amounts reported should be adjustments needed to correct account balances on SCO records as of June 30.
  - The adjustment amounts on the 576B tab of the Excel workbook agree with those reported on Report Nos. 5 and 15 and the supporting attachments.
  - Debits and credits on the 576B tab of the Excel workbook for each fund agrees with the debits and credits on the Transaction Request.
- Report No. 3 is used to prepare adjustments on Report Nos. 4, 5, and 15.
- See [Year-End Report 3](#) for more information.



# REPORT NO. 2, ACCRUAL WORKSHEET

Purpose: Provides departments with a uniform and systematic method of compiling year-end accruals.

- The accruals consist of the assets, liabilities, and deferred credits reflected in the department's records but not recorded in the SCO cash basis accounts as of June 30.
- Report No. 2 excludes certain general ledger (GL) accounts maintained by the SCO, such as Cash in State Treasury (GL 1140), Deposits in Surplus Money Investment Fund (GL 1210), and similar accounts.
- The report is organized as follows:
  - Column totals record general ledger real account activity.
  - Row totals record nominal account activity.

# REPORT NO. 2, ACCRUAL WORKSHEET

- For Revenue Collected in Advance (GL 3410), Reimbursements Collected in Advance (GL 3420), or Uncleared Collections (GL 3730), the amount reported does not include the amounts previously remitted to SCO; the amount reported should include only the amount in General Cash (GL 1110).
- Miscellaneous Accounts and the Revolving Fund Adjustment lines should net to zero in the Net Total Accruals per Agency column.
- The Final (998) SCO/Agency Reconciliation, Report No. 8, and Subsidiaries on File are used to prepare Report No. 2.
- Use Report No. 2 to prepare Report Nos. 1 and 15.
- See [Year-End Report 2](#) for more information.

# REPORT NO. 15, RECONCILIATION OF AGENCY ACCOUNTS WITH TRANSACTIONS PER STATE CONTROLLER

Purpose: Assures the accuracy and completeness of a department's year-end financial reports by presenting a reconciliation of a department's nominal accounts (i.e., revenue, reimbursement, expenditure, and transfers accounts) with transactions per the SCO as of June 30.

- SCO will refer to this report to obtain additional information that may help resolve any discrepancies in Report No. 1 and/or Report No. 3.

# REPORT NO. 15, RECONCILIATION OF AGENCY ACCOUNTS WITH TRANSACTIONS PER STATE CONTROLLER

- Reports/information used to prepare Report No. 15:
  - Final (998) SCO/Agency Reconciliation
  - SCO Agency Reconciliation Report (Tab Run) or DFQ\_GL\_15\_SCO\_ENDING query
  - SCO Prior Year Accrual Summary Report or prior year's Report No. 15
  - Report Nos. 2, 3, 4, 6, and 7
- See [Year-End Report 15](#) for more information.

# REPORT NO. 1, REPORT OF ACCRUALS TO CONTROLLER'S ACCOUNTS

Purpose: Provides the SCO with accrual amounts reflected in the department's records but not posted in the accounts maintained by the SCO as of June 30.

- Report No. 1 is used as a system input document by SCO to post accruals to the year-end account balances.
  - Form 571 A reports accruals to asset, liability, and deferred credit accounts.
  - Form 571 D reports accruals to revenue, reimbursement, expenditure, and transfer accounts.
- It also reports the amount and source of funding for any encumbrances included in the accruals so the SCO can establish an appropriate reserve of fund balance for the fund's net encumbrances.

# REPORT NO. 1, REPORT OF ACCRUALS TO CONTROLLER'S ACCOUNTS

- For accruals to Due From Other Funds/Appropriations (GL 1410/1420) and Due To Other Funds/Appropriations (GL 3114/3115), the subsidiary numbers reflect the fund/BU number of the other fund/BU involved, respectively.
- The Final (998) SCO/Agency Reconciliation (AP Input Table), DFQ\_GL\_01\_JOURNAL\_DETAIL query, Reports Nos. 2, 6, and Subsidiaries on File are used to prepare Report No. 1.
- Use Report No. 1 to prepare Report No. 5.
- See [Year-End Report 1](#) for more information.

# REPORT NO. 5, FINAL RECONCILIATION OF CONTROLLER'S ACCOUNTS WITH FINAL BUDGET REPORT/AGENCY RECORDS

Purpose: Presents a reconciliation of a department's appropriation balances with the SCO account balances as of June 30.

- The difference between the SCO and the department account balances may consist of:
  - Expenditure, reimbursement, and transfer accruals as reported on Report No. 1.
  - Adjustments as reported on Report No. 3.
  - Pending budget revisions, allocation orders, and/or executive orders.
- Report No. 5 is available on the SCO's website for departments to download for each appropriation on the SCO records as of June 30.

# REPORT NO. 5, FINAL RECONCILIATION OF CONTROLLER'S ACCOUNTS WITH FINAL BUDGET REPORT/AGENCY RECORDS

- Reimbursement, expenditure, and transfer accruals agree with the corresponding appropriation line item on Report Nos. 2 and 15.
- Adjustments to SCO's accounts and accruals are posted to both the Expenditures and Appropriation Balance columns.
- The total in the Expenditure column on each Report No. 5 should equal the Total Reference line of Report No. 6, Budgetary Expenditure column for that appropriation.
- The Appropriation Balance column on each Report No. 5 should equal the Total Reference line of Report No. 6, Balance column for that appropriation except for the reverted year.
- Report Nos. 1, 2, 3, 6, and 15 are used to prepare and/or validate Report No. 5.
- See [Year-End Report 5](#) for more information.



# TIPS FOR SUCCESSFUL YEAR-END

- Complete final 998 reconciliations timely and accurately before preparing year-end financial reports.
- Maintain good communication within your department to meet year-end workplan deadlines.
- Communicate and coordinate with other departments to ensure the 'Due To and Due From' entries reconcile.

# TIPS FOR SUCCESSFUL YEAR-END

- Contact SCO to resolve reporting questions before year-end reports are due.
- Refer to the SCO Financial Reports Procedure Manual and use the checklist to validate reports before submitting them to SCO.
- SAM Section [7981](#) – If, after issuing the year-end financial reports, a department determines that there are material differences relating to prior year funds, the department shall immediately contact the SCO for instructions.

# 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

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