

BUDGET LETTER

SUBJECT: YEAR-END FINANCIAL REPORTING REQUIREMENTS	NUMBER: 22-05
REFERENCES: STATE ADMINISTRATIVE MANUAL SECTIONS 6400, 7900 ET SEQ., 19462, AND 19463; GOVERNMENT CODE SECTIONS 12460, 12461.2, 13310, AND 13344; BL 21-11 AND 19-04	DATE ISSUED: April 13, 2022
	SUPERSEDES: BL 21-04

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

FROM: DEPARTMENT OF FINANCE

This Budget Letter (BL) reminds and informs state departments of new year-end financial reporting requirements and deadlines for fiscal year 2021-22.

Deadlines and Deliverables

August 31, 2022

- All funds due to the State Controller's Office (SCO).
- Report of Expenditures of Federal Funds, Report 13: Departments must submit report to Finance's Fiscal Systems and Consulting Unit (FSCU). Reports may be submitted electronically to: FSCUHotline@dof.ca.gov.
- Report of Accounts Outside the State Treasury, Report 14: Departments must electronically submit report through FI\$Cal. If additional reporting requirements are necessary, those instructions will be released by June 30, 2022.

Additional GAAP reporting instructions and deadlines will be released at a later date.

Reconciliation and Reporting Requirements

Requirements for monthly reconciliations and year-end financial reports are included in Finance training, State Administrative Manual (SAM) Sections 7900 et seq. and the SCO's Year-End Financial Information manuals. Departments should review these requirements to minimize reconciliation and reporting problems. Departments must develop a year-end work plan. Work plans are an essential tool in planning and monitoring financial activities to ensure the timely completion of monthly reconciliations and year-end financial reports. Upon request, departments must provide a copy of their year-end work plan to Finance.

It is imperative that departments submit timely and accurate financial reports to the SCO. Failure to do so may have a negative impact on the state's annual financial reports, which may affect the state's credibility among investors, increase the cost of state borrowing, and impact the state's ability to obtain federal funding. 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 above due dates, as authorized by Government Code section 12461.2.

FI\$Cal Departments

Finance will continue to provide assistance and year-end training for departments using FI\$Cal. Departments should work with their Finance accounting analyst/manager and FI\$Cal relations coordinator to make arrangements for additional support to meet the year-end deadlines. Departments may contact FSCU for assistance with accounting processes and policies, including monthly reconciliations and year-end procedures at (916) 324-0385 or via e-mail at: FSCUHotline@dof.ca.gov.

Additional information on Finance FI\$Cal training classes and training material is available at: <https://www.dof.ca.gov/Accounting/Fiscal-Resources-For-Accounting/>.

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

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

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

Departments are required to submit fund balance reconciliation information to Finance during the development of the Governor's Budget in the Fall.

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

/s/ Thomas Todd

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Program Budget Manager