BUDGET LETTER

NUMBER:	14-06
SUBJECT: YEAR-END FINANCIAL REPORTING REQUIREMENTS	**DATE ISSUED:** April 28, 2014
REFERENCES: STATE ADMINISTRATIVE MANUAL SECTIONS 6400, 7900 ET SEQ., 19462, 19463; GOVERNMENT CODE SECTIONS 12460, 12461.2, 13344, AND BL 14-04	**SUPERSEDES:** BL 13-05

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

FROM: DEPARTMENT OF FINANCE

This Budget Letter (BL) reminds and informs state departments of existing and new year-end financial reporting requirements and deadlines for fiscal year 2013-14.

Deadlines and Deliverables

July 31, 2014	General Fund, feeder funds (0081, 0084, 0085, 0086, 0089, 0090, 0091, 0094, and 0097) and economic uncertainty funds (0374 and 0375) due to the State Controller's Office (SCO).
August 20, 2014	All other funds due to the SCO.
August 20, 2014	Report of Accounts Outside the Treasury System, Report 14, due to the State Treasurer's Office (STO) and a copy to the SCO. Bank statements for accounts outside the State Treasury with balances indicating collateralization as of June 30 due to the STO.
August 20, 2014	Report of Expenditures of Federal Funds, Report 13, due to Department of Finance (Finance) Fiscal Systems and Consulting Unit (FSCU), and a copy to the SCO.
September 2, 2014	Generally accepted accounting principles information, excluding independently audited financial statements, due to the SCO.
October 1, 2014	Independently audited financial statements due to the SCO. If the final statements are not available by October 1, a draft can be submitted on October 1, with final following on October 15.

New Requirements for 2013-14

1. Departments shall prepare a Final Budget Report, Report 6, for all funds. Departments will be required to submit the Report 6 along with a new reconciliation form, Form DF-304, with their past year Schedule 10s for non-governmental cost funds that will not have a Fund Condition Statement to Finance in accordance with BL 14-04.

2. Report 14 and State Administrative Manual (SAM) section 7975 (http://sam.dgs.ca.gov/) have been revised and require the inclusion of the tax identification number(s) under which bank accounts were established. Each department head or designee will be required to sign the Report 14; submit the original to STO and a copy to the SCO. As specified in SAM sections 19462 and 19463, accounts outside the State Treasury with balances indicating collateralization as of June 30 are required to submit bank statement(s) to the STO, Collateral Management Section.

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

Finance, California State Accounting and Reporting System (CALSTARS) training unit, is offering year-end training classes for CALSTARS departmental accounting staff involved in year-end financial reports preparation. CALSTARS Operations Memos (COM) 14-01 and 14-02 announced this year's training schedule. COM 14-03 contains the CALSTARS Schedule for Fiscal Year 2013-14 Year-End Closing. COMs are available on the CALSTARS website: http://www.dof.ca.gov/accounting/calstars/procedures/operations_memos/.

Other year-end resources include Volume 7 of the CALSTARS Procedures Manual at: http://www.dof.ca.gov/html/calstars/calsdocs/MANUAL/VOLUME-7/v7toc.pdf and a report checklist at: http://www.dof.ca.gov/html/calstars/optools.htm. Assistance is also available from the CALSTARS Hotline at (916) 327-0100 or e-mail: hotline@dof.ca.gov.

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

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

GC section 12460 requires information in the SCO's Budgetary/Legal Basis Annual Report to account for funds on the same basis as that of the applicable Governor's Budget and Budget Act. GC section 13344 requires state departments to prepare and maintain financial and accounting data for inclusion in the Governor's Budget, Budget Act and related documents, and the Budgetary/Legal Basis Annual Report described in section 12460, according to the methods and bases provided in regulations, budget letters, and other directives of Finance. The SCO's Annual Report reflects a culmination of information submitted by departments. It is critical that departments' submittal of year-end financial reports to the SCO reflect 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 schedules 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 reconciliation information to Finance during the development of the Governor's Budget. Instructions for reconciling funds for the past year are available on Finance's website at: http://www.dof.ca.gov/accounting/Fund%20Reconciliation/.

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

/s/ Veronica Chung-Ng

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