

BUDGET LETTER

	NUMBER: 14-16
SUBJECT: PAST YEAR SCHEDULE 10s	DATE ISSUED: August 1, 2014
REFERENCES: BL 14-06, BL 14-07, BL 14-08, BL 14-15	SUPERSEDES: BL 13-11

TO: Departmental Budget and Accounting Officers
Department of Finance Budget and Accounting Staff

FROM: DEPARTMENT OF FINANCE

Deadlines and Deliverables

August 26, 2014	Departments submit updated past year Schedule 10s to the Department of Finance.
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With the deployment of Financial Information System for California (FI\$Cal) functionalities, this is the last time the past year Schedule 10s will be required. This applies to all departments. It provides the initial base for past year in the system. The Department of Finance (Finance) will provide each departmental Budget Officer with one copy of its 2013-14 past year Schedule 10s. If departments have Capital Outlay appropriations, two sets (Capital Outlay Schedule 10s and State Operations/Local Assistance Schedule 10s) will be provided by your Finance budget analyst.

Verification of Past Year Spending Authority

Upon receipt of the past year Schedule 10s, each department must determine that all expenditure authorizations were available during the 2013-14 fiscal year and have been **correctly reflected** in the Schedule 10s:

1. Compare the **appropriation identification number** (organization code-reference code-fund code) and scheduled **program numbers** as shown on the Schedule 10s with the 2013 Budget Act. For non-Budget Act appropriation item numbers, compare Schedule 10s and the Controller's records. Revise the Schedule 10s, as necessary, by lining through any incorrect appropriation identification and program numbers, and writing in the correct numbers as appropriate. Departmental budget officers are requested to coordinate with departmental accounting officers to accomplish this code/number correction effort. **Do not convert your program codes to conform to the new Chart of Accounts to be used with FI\$Cal at this time.** An upload template will be used to gather additional program and account code information after expenditure data for 2013-14 is collected on the past year Schedule 10s. The 2013-14 (past year) initial base upload template process will be similar to the 2014-15 and 2015-16 base processes. The information provided on the past year Schedule 10s will be used to populate the templates. Complete instructions will be provided with the 2013-14 templates after past year Schedule 10s information has been verified by Finance. Departments will then be asked to assist in converting to the new program structure.

2. Verify the initial authorized Budget Act scheduled amounts are consistent with the 2013 Budget Act. Amounts shown as authorized for Budget Act items must be the **same amounts as shown in the 2013-14 Final Budget Summary, which reflects Budget Act authorized dollars less any Governor's vetoes, as adjusted by any approved technical corrections.**
3. Verify adjustments for each appropriation. Include budget revisions, executive orders, and other adjustments applied to an appropriation for 2013-14 that have been approved by Finance. Be sure to include those that might not have been posted by the State Controller's Office (SCO).
4. Verify the revised appropriation totals, which provide a recap by schedule of the Initial Authorization as affected by any adjustments. Also, verify the Year of Completion (YOC) for each schedule.

Additional Instructions for Capital Outlay projects

1. Show construction dollars as a carryover if proceed to bid has been authorized or the encumbrance period has been extended, and the contract will be awarded in a subsequent fiscal year.
2. Construction dollars not allocated through fund transfer or through approval to proceed to bid in the first year of availability, unless otherwise extended, shall be shown as savings (as a positive number in the Schedule 10).
3. Show construction dollars as expended in the year the contract was or is expected to be awarded, including all associated costs necessary to complete the project. Funds not necessary for the completion of the project are considered project savings.
4. Design dollars encumbered via a design contract, including all associated costs, should be shown as fully expended in the year the design contract was or is expected to be awarded. Design dollars not associated with a contract should be shown as expended in the year the dollars were or are expected to be expended.
5. Project savings should generally be shown as savings. However, if either of the following apply, show funds as carryover:
 - a. The reversion of project savings is proposed in the following fiscal year.
 - b. Project savings are related to a lease-revenue bond funded project and the YOC has not expired.
6. If funding was previously shown as expended on a past year Schedule 10, no change is necessary.

If you have any questions regarding Capital Outlay project codes, please contact your Finance Capital Outlay budget analyst.

Corrections to the Schedule 10s

1. Handwrite directly on the appropriate Schedule 10 to account for any budget revisions and/or executive orders that are pending or have not been posted to date.

2. Correct any erroneous data by marking up the Schedule 10. Ensure edits are legible. Remember: Do not update the programs for the FI\$Cal Chart of Accounts. This will be done at a later date.
3. Complete Form DF-38, "Schedule 10—Missing Record Report," for missing appropriation records (e.g., chaptered bills). The DF-38, revised July 2011 (copy attached), is available on the Internet at <http://www.dof.ca.gov/budgeting/forms>. However, if you do not have access to the Internet, make a copy of the attachment and handwrite information on the form.

Verification and Reconciliation of Past Year Expenditures

After verifying information as described above, record actual past year expenditures by schedule and in total under the "Expenditures" heading in the Revised Appropriation totals section. ***These must reconcile to dollar amounts reported to the SCO on the year-end financial statements. (If source documents other than year-end financial statements are being used by departments, these source documents must be approved by your Finance budget analyst prior to submittal of past year Schedule 10s.)*** Departments must provide a written explanation of any discrepancies to their Finance budget analyst. Unapproved discrepancies may require a revision of the past year Schedule 10s or year-end financial statements. The Schedule 10 amounts will be shown in the Governor's Budget as past year actual expenditures. Please note that for budgeting purposes, **encumbrances are reported as expenditures on individual department Schedule 10s**. All savings must be reflected **by schedule** under the "Savings" heading in the Revised Appropriation totals section.

Departments must submit their Final Budget Report (Year-end Report 6) documentation to their Finance budget analyst to verify past year actual expenditures. For nongovernmental cost funds, expenditures may need to be reconciled with other appropriate documentation if they don't reconcile to the Report 6. Please note: New for 2013-14 past year activities is a standard reconciliation form, DF-304, for nongovernmental cost funds that will **not** have a Fund Condition Statement in the 2015-16 Governor's Budget. The DF-304 must be submitted with the past year Schedule 10s (see BL 14-06).

CALSTARS departments may also use the N10 report, "Schedule 10 Summary Worksheet," to reconcile the Finance past year Schedule 10s. This N10 report may be submitted as an attachment to the past year Schedule 10s in place of the Final Budget Report for expenditure verification.

In addition, past year Schedule 10s must contain accurate expenditure information that will tie to any related Detailed Fund Balance Report (DF-303) prepared by the department if there is a Fund Condition Statement. Instructions for reconciling funds for the past year and preparation of the DF-303 and DF-304 are available on the Finance website at: <http://www.dof.ca.gov/accounting/Fund%20Reconciliation/>.

After departments have posted all revisions, the **original copy** of the completed past year Schedule 10s must be submitted to the appropriate Finance budget analyst. Departments should keep a copy for their records.

Deadline

All past year Schedule 10s are due to Finance ***no later than, Tuesday, August 26, 2014*** for all departments (regardless of funding sources). For an accurate and successful transition to FI\$Cal, all budget and accounting deadlines must be strictly adhered to. Missed deadlines will not be allowed. Documentation for verifying past year expenditures should be provided at the same time. For certain nongovernmental cost funds that require documentation in addition to Year-end Report 6, separate arrangement may be made with your Finance budget analyst as to exact timing and reports. See the schedule of deadlines and deliverables in BL 14-05, "2015-16 Budget Preparation Guidelines," for submitting year-end financial statements to the SCO, and the deadlines for submitting past year fund reconciliation documents at the link in the section above.

Upon receipt from departments, Finance analysts will review the backup documentation and verify the Schedule 10s. Upon completion of their review, analysts will begin forwarding the Schedule 10s to Financial Operations (FO) on a flow basis.

Instructions for providing the initial base amounts for 2014-15 and 2015-16 expenditures have been provided to all departments via in-person sessions. Further instructions will be provided related to baseline and policy adjustments. Current year and budget year Schedule 10s will no longer be used.

Revenues, Transfers and Loans Data

The initial base amounts for revenues, transfers, and loans (as of 2014 Budget Act) have been or will be provided centrally by Finance to the Project. Instructions for baseline adjustments will be provided separately at a later date. Policy adjustments should be submitted in a Budget Change Proposal Decision Package (please see Budget Letter 14-15). Schedule 10Rs will no longer be used.

Questions

If you have any questions, please contact your Finance budget analyst.

/s/ Veronica Chung-Ng

Veronica Chung-Ng
Program Budget Manager

Attachment

