

State Controller's Office
Summary of Updated Financial Reporting Requirements
Fiscal Year Ended June 30, 2015

The following is a summary of what is updated in the *Budgetary/Legal (B/L) Year-End Financial Reports Procedure Manual*. The complete procedure manual is available on the State Controller's Office (SCO) website: http://www.sco.ca.gov/ard_reporting.html, and contains additional general information, sample reports, and detailed instructions for preparing your year-end reports.

Updated

- ❖ **Revisions to the year-end reports are due to the SCO by September 15, 2015.**
- ❖ **Special Reports**
 - **Report No. 14 – Report of Accounts Outside of the Treasury System**
 - Use revised form dated September 2014. The definition of balance (column 6) was changed from book balance to bank balance. See Instructions (6) on attached Appendix A.
 - Submit two copies to the SCO – one Excel version sent electronically and one hard copy with year-end reports. Excel version should be sent to the Budgetary/Legal mail box at BLFinRep@sco.ca.gov.
 - **Report No. 18 – Statement of Changes in Capital Assets Group of Accounts**
 - A checklist of departments required to submit Report 18 can be found on the SCO website.
 - Failure to submit Report 18 appearing on the checklist will result in a disqualification for excellence in financial reporting criteria.
 - **Report No. 19 – Statement of Capital Assets Group of Accounts**
 - A checklist of departments required to submit Report 19 can be found on the SCO website.
 - Failure to submit Report 19 appearing on the checklist will result in a disqualification for excellence in financial reporting criteria.
- ❖ **Supplemental Forms**
 - **Material Variance Explanation Form**
 - Submit one copy of Material Variance Explanation Form with your year-end reports.

Additional Information

- **ACCOUNTS RECEIVABLE (AR) REPORTING** – The SCO will be collecting AR data for FY 2014/15. Information will be available by August 2015 on the website located at: http://www.sco.ca.gov/ard_reporting.html
- For more information, please refer to the Department of Finance (DOF) Budget Letter 15-03 and 15-05. http://www.dof.ca.gov/budgeting/budget_letters/
 - Budget Letter 15-03 – BUDGETING AND ACCOUNTING RELATIONSHIP, COORDINATION, AND FUND RECONCILIATION
 - Budget Letter 15-05 – 2016-17 BUDGET PREPARATION GUIDELINES

Reminder:

Some of following requirements were new and/or updated for FY 2013-14 and are still in effect for this fiscal year 2014-15:

- ❖ **A Certification Letter** must be signed by the officer responsible for fiscal administration. This person should be different from the preparer of the financial statements.
- ❖ **Governor's Reorganization Plan (GRP) No. 2**
 - The GRP No. 2 departments are displayed on the GRP Table which lists the organization (org) number that is responsible on the FY 2014-15 financial reporting.
 - The GRP No. 2 departments are required to indicate the old org and new org number on the Certification Letter submitted for each fund.
- ❖ **Non-Governmental Cost Funds – Report 9 Analysis of Change in Fund Balance**
 - Report 9 has been required for Federal Trust Funds (0890) since FY 2013-14. Departments should continue to submit Report 9 for all non-shared funds.
- ❖ **CALSTARS Report H14 – Encumbrance Liability Reclassification to SCO**

Beginning with FY 2012-13, departments submitting automated statements have been required to also submit the Encumbrance Reclassification Report for SCO – H14 as a supplement to the CSYDB3-1.

 - This report will summarize the encumbrance reclassification entries for SCO.
 - This is NOT an automated CALSTARS report.
 - Departments are required to provide this supplemental report along with their year-end reports.
- ❖ **Due To/From Other Funds/Appropriations Supplementary Information Form**

The Due To/From Other Funds/Appropriation Supplementary Information Form is required to better assist the SCO with the reconciliation of the Due To and Due From GL accounts.

 - Please use the updated form which is available on the SCO website.
 - The GL accounts used for this report are: GL 1410, GL 1420, GL 3114, and GL3115.
 - Departments need to communicate and coordinate with each other to make sure their respective entries reconciled.
 - Submit two copies to the SCO – one electronically using Excel template available on the SCO website and one hard copy with your year-end reports.
- ❖ **Material Variance Explanation Form (MVEF)**

The Material Variance Explanation Form was updated in FY 2012-13 and requires departments to report the variances for Expenditures, Revenues, Transfers-In, and Transfers-Out.

 - An explanation for material variances is required if the variance amount is greater than or equal to \$1,000,000.00 AND the percentage of variance is greater than or equal to 10%.
 - If there is no activity on both PY and CY on Report 7 or CSTARG02 and Report 9, state “No activity” in the explanation boxes and submit the form regardless of activity.
 - Use the information on Report 9 to fill out the MVEF for Non Treasury Trust Funds.

If you have any questions, email Budgetary/Legal at BLFinRep@sco.ca.gov.