

## SAM—STATE CONTROLLER'S ACCOUNTS

### GENERAL (Revised 3/87)

8800

A general description of fund accounting in the State Controller's Office is presented in Sections 8800 to 8860. It is included in this manual to assist agency accounting personnel in understanding how their accounts coordinate with the central accounts maintained by the State Controller's Office to provide a comprehensive system of central accounts for the State. Descriptions of the Treasurer's accountability accounts and centralized State Treasury System accounts maintained by the State Controller's Office are contained in Sections 8880 and 8890.

The central fund accounts of the State are maintained by the Division of Accounting of the State Controller's Office. During the fiscal year they are kept on a cash basis and provide that office with the following information to the degree applicable for each fund: cash, investments, appropriation balances, disbursements (by appropriation if the fund is appropriated by specific appropriations), estimated revenue (or operating income) balances, and receipts by source. This information is needed to assure that money and, where applicable, specific appropriation for its expenditure exist whenever claims are presented for payment, and to prepare periodic financial reports.

The accounts are posted during the fiscal year on the basis of cash ordered into the funds in the treasury, transfers between funds, and warrants issued.

At the end of the fiscal year, each agency operating from a Governmental Cost Fund or a Bond Fund sends to the State Controller's Office a Report of Accruals to Controller's Accounts for each such fund from which it operates. This report is in essence a compound journal entry consisting of (1) current assets, current liabilities, and deferred credits accounted by the agency but not yet recorded in the central accounts and (2) application of these assets, liabilities, and deferred credits to the central accounts. The posting of all such accrual reports to the central accounts results in a consolidation of all assets, liabilities, and net worth for each Governmental Cost Fund on a modified accrual basis. This brings the central accounts to the same basis, for reporting purposes, as the agency's detailed accounts at June 30. It is called a "modified" accrual basis because revenues are accrued only if it is expected that they are billed and will be collected within one year after the end of the current fiscal year.

At the end of the fiscal year, agencies will submit to the State Controller's Office (for each of their funds) trial balances, operating statements analyzing changes in fund balances, and, upon request of the State Controller's Office, statements of financial condition. The State Controller's Office will check the balances of the accounts it keeps to the balances of such accounts as shown on these statements. It will incorporate into its annual report the data shown on the statements.