

**PREPARATION OF PLAN OF FINANCIAL ADJUSTMENT****8452.1**

(Revised 06/09)

Government Code Section 11251 is the general statute that authorizes the use of a PFA. Other statutes which authorize the use of a PFA for specific funds are: Government Code Section 16365 for the Federal Trust Fund; Education Code Section 12060 for the Vocational Education Federal Fund; and Health and Safety Code Section 100390 for the Public Health Federal Fund.

The format to be used for a general PFA is contained in SAM Section 8452.1 Illustration 1; and for the Federal Trust Fund, SAM Section 8452.1 Illustration 2. Each PFA must follow this format. Of course, the statute references, funds, and appropriations will vary. Also, each PFA requested under Government Code Section 11251 should request approval only from the State Controller.

The following items are to be included in a PFA:

1. The first paragraph should include a request for approval of PFA, and a statement of the period of time for which PFA is to be effective. This period of time can be for a limited period (one, two, three years) or it can be continuous from year-to-year as SAM Section 8452.1 Illustration 1 indicates. Departments should review their PFA each year and cancel those PFA which are no longer needed by notifying SCO, in all cases, and DOF only for those requiring their approval.
2. Identify the funds and/or appropriations covered by PFA. If PFA is to be continuous and one of the appropriations covered by the plan is appropriated yearly, care should be taken to identify the yearly appropriation and not the specific appropriation of a particular year. For example, the ten digit item code (\_\_\_\_-\_\_\_\_-\_\_\_\_) numbers of a support appropriation should be used to identify a department's yearly support appropriation and not the year and chapter number of the current budget act. If the appropriation covered is made by other than budget act legislation, the year and chapter must be stated.
3. Also to be included is a declaration by the department that a cost allocation plan will be used to allocate the costs covered by the PFA. A description of the cost allocation plan and the types of costs covered must be filed with the State Controller. Those departments that have more than one PFA only need to file one cost allocation plan description unless a different plan is utilized for each different PFA. The description should include the type of costs being allocated and the methodology used to allocate the costs. Refer to SAM Section 9205 through 9228 for guidelines on allocating costs. Although these sections refer to allocating line-item costs to programs, the same principles apply to allocating shared costs between funds and/or appropriations.
4. The frequency of transfer requests between the funds and/or appropriations covered by PFA must be included. Transfers must be made monthly. The period covered by the transfer must be clearly stated. For example, if an estimated transfer is submitted for July, it must indicate JULY ESTIMATES. When the estimate is cleared, the transfer request must indicate JULY ACTUAL.

## SAM—DISBURSEMENTS

### 8452.1 Illustration 1

State Controller  
Division of Accounting  
3301 C Street, Suite 506  
Sacramento, CA 95816

Attention: \_\_\_\_\_, Chief

(Department/Board/Commission)  
(address)

PLAN OF FINANCIAL ADJUSTMENT (No. \_\_\_\_\_)

We request that you approve the following Plan of Financial Adjustment (PFA) under Government Code Section 11251 to begin \_\_\_\_\_ and to continue until \_\_\_\_\_, unless amended or rescinded.

1. As used herein, the following terms have the meanings set forth below:
  - a. "Agency" means the Department of \_\_\_\_\_.
  - b. "Primary Appropriation" means the main Budget Act appropriation for the support of the Department (e.g., Item \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_).
  - c. "Special Appropriation" means any appropriation other than the main support appropriation in the Budget Act or an appropriation from other legislation (if Budget Act Special Appropriation, state item \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_; if other legislation, state Chapter \_\_\_\_\_, Statutes of \_\_\_\_\_).
  - d. "Covered Expenditures" means the expenditure incurred by the department properly chargeable to the Primary Appropriation or Special Appropriations.
2. All covered expenditures may be paid, in the first instance, from the Primary Appropriation.
3. On the basis of data set forth in the records maintained by the Agency and in accordance with the plan of cost allocation employed by it, the Agency will determine and record the amounts expended from the Primary Appropriation that are properly chargeable to the Primary Appropriation or Special Appropriations.
4. Once a month, the department will file a request with the State Controller to transfer from the Primary Appropriation as established under "1," above, an amount which equals expenditures determined under "3," above which are chargeable to the Special Appropriations.
5. At any time after the end of a period covered by previous requests for transfer of funds, the Agency may file with the State Controller requests for transfer to make final adjustments after the close of such period.
6. Requests for transfer under this plan will be accompanied by such supporting detail as may be normally required by the State Controller.

**SAM—DISBURSEMENTS**

Requests for transfers under this plan will be addressed to the State Controller's Office, Division of Accounting, 3301 C Street, Suite 506, Sacramento, CA 95816, and be certified in the following language:

I hereby certify under penalty of perjury that I am duly appointed, qualified and acting officer of the herein named State agency, department, board, commission, office or institution; that the within transfer is in all respects true, correct, and in accordance with all applicable provisions or restrictions in the Budget Act or other statute pertaining to the particular appropriation.

Approved by State Controller

By \_\_\_\_\_

(Signature) \_\_\_\_\_

Title \_\_\_\_\_

(Title) \_\_\_\_\_

Date \_\_\_\_\_

(Telephone) \_\_\_\_\_

Telephone \_\_\_\_\_