

## Chapter 10200 - Basis of Accounting

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### 10200 GENERAL (Revised 5/85)

Governmental Funds are accounted on the basis described below.

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### 10210 EXPENDITURES (Revised 2/99)

All agency expenditure accounts will be maintained on an appropriation expenditure basis to be consistent with appropriation accounting in the State Controller's Office and to provide detailed budget reports reflecting transactions affecting the appropriations.

Expenditures will be accounted and accrued as pertaining to the fiscal year in which the obligation to make the expenditure was created. For further detail, refer to SAM Section 10608.

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### 10220 ABATEMENTS OF EXPENDITURES (Revised 2/99)

Only the following receipts will be accounted for as abatements:

1. Refunds of overpayments of salaries (including (a) any receipts described in SAM Section 8536 received either directly from the employee, or from the State Compensation Insurance Fund, and not given to the employee because to do so would overpay him/her and, (b) employing state agency subrogation receipts described in SAM Section 8775);
2. Rebates from vendors or from third parties for defective merchandise, return of merchandise, return of empty containers, promotional purposes (e.g., incentives to purchase products or services), or other reasons;
3. Jury duty and witness fees;
4. Property damage or loss recoveries;
5. Sales tax collected-where an agency is supported by a legislative appropriation specific in amount, otherwise, the collection is to be credited to account number 3790, Other Current Liabilities (see SAM Section 8725 for accounting instructions);
6. Sales of items which were budgeted as an abatement (all other receipts from sales of items will be credited to revenue);
7. Merit award payments received from another agency or fund;
8. Employee payments for private use of state resources such as personal long distance telephone charges;
9. Denied boarding compensation payments from airline companies to individuals who are denied boarding on a flight. Such payments are to be credited to the travel expense allotment;
10. Repayments from employee organizations to reimburse departments for employee leave of absence time spent on collective bargaining issues (see SAM Section 8594.4 for accounting instructions); and
11. Other abatements-Departments must obtain written approval from Department of Finance, Fiscal Systems and Consulting Unit for situations not classified above.

Only the eleven above described types of transactions require that expenditure figures be adjusted. Therefore, only those transactions are to be accounted as abatements. The coding structure for these abatements are located in the Receipts Section of the Uniform Codes Manual. Agencies at times are reimbursed by other agencies, persons, etc., for materials or services furnished or for payments made to others on behalf or because of such agencies, persons, etc. Such items are not to be accounted as abatements.

All abatements will be credited to the expenditure account originally charged (or to a prior year appropriation adjustment account if the expenditure account has been closed) and will augment the appropriations, unless reverted, and funds from which the payments were made except:

1. Receipts from sales of items which were budgeted as abatements will be abated to the appropriations from which the replacement items are purchased;
  2. Sales tax collections (SAM Section 8725); and
  3. Rebates from vendors for return of empty containers will be abated to the current year expenditure account and augment the current year appropriations, unless the rebates are large amounts, result from transactions which are not of a regular recurring nature, and can be identified as an expenditure from a specific appropriation.
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### 10230 INCOME (Revised 2/99)

Revenues are accrued at June 30 if they have been earned and are expected to be collected within one year after the end

of the current fiscal year. See SAM Sections 8200 through 8290.7 for further details regarding the basis, and mechanics, of accounting income. Instructions in that chapter apply to income of Governmental Funds.

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#### **10240 PRIOR YEAR APPROPRIATION ADJUSTMENTS**

(Revised 2/99)

Agencies will accrue as of each June 30 all items not already accrued that eventually will be credited or charged to appropriations and executive orders of the fiscal year just ended. Adjustments due to differences between the amount of expenditures, abatements, or reimbursements accrued as of each June 30 and actual expenditures, abatements, or reimbursements, will be debited or credited to a Prior-Year Appropriation Adjustments account. Adjustments will be accounted on an appropriation-wide basis without regard to allotment because allotment accounting ceases with respect to a fiscal year upon closing the books for that year. (This paragraph will not apply to appropriations available for more than one fiscal year unless the adjustment becomes apparent after the period of availability has expired. For such appropriations, adjustments will be accounted as current fiscal year expenditures and reimbursements if they occur during the period of availability of the appropriation.)

Accruing expenditures and reimbursements as of each June 30 and accounting for the actual transactions as prior year appropriation adjustments permits the June 30 expenditure and reimbursement figures to be considered final upon closing the books. This eliminates the need to re-open accounts and prepare new statements because of minor differences between the accrual amounts and actual amounts. To prevent material differences, agencies will use considerable judgment and care in accruing expenditures and reimbursements as of June 30.

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#### **10250 MISCELLANEOUS**

(Revised 2/99)

Amounts representing advances to the Architecture Revolving Fund, State Highway Account, State Transportation Fund, and Water Resources Revolving Fund will be fully reserved.