

8200 GENERAL
(Revised 2/99)

As used in this chapter the term "income" refers to revenue, reimbursements, or abatements. Instructions in this chapter apply to all such income of all funds unless other accounting treatment is provided for by law or special instructions issued by the Department of Finance (DOF), Fiscal Systems and Consulting Unit (FSCU).

8210 REVENUE
(Revised 2/99)

During the fiscal year, revenue accounts will be credited on a cash basis as of the date the remittances received or amounts transferred from other funds are determined to be earned.

Amounts due the State and earned as of June 30, **whether billed or unbilled**, will be accrued as revenue if it is estimated to be collected within the ensuing fiscal year (see SAM 10610). For those amounts that are unbilled, the receivable will also be accrued (see SAM 10602). Amounts earned but estimated not to be collected within the ensuing fiscal year will be fully deferred and will not be accrued as revenue.

Adjustments will be made to the June 30 account balances if it is determined in July that cash received on or before June 30 was actually earned prior to July 1. If these amounts were originally recorded as an accounts receivable, the receivable will also be reduced.

Unless otherwise provided, cash received is earned as follows:

1. Fees for an original or renewal registration, license, permit, or certificate are earned upon registration or issuance unless a renewal receipt is issued in a fiscal year which precedes the first day of the renewal year. Agencies will account for the issuance of renewal receipts as follows:
 - a. Credit the revenue account of the fiscal year in which the renewal receipt is issued if the renewal receipt is issued in the same fiscal year as the renewal year.
 - b. Credit a revenue collected in advance account if the renewal receipt is issued in a fiscal year which precedes the first day of the renewal year.
2. An application fee, filing fee, or other fee which by law or administrative practice is not subject to refund is earned when the remittance is received.
3. A fee for a specific service is earned upon the performance of the service.

Revenue collected in advance received on or before June 30, but not earned as of that date will be accounted as revenue of the fiscal year in which it is earned. On or after July 1, an entry will be made crediting a revenue account and debiting a revenue collected in advance account.

If unearned revenue is remitted to the State Treasury before July 1 of the fiscal year in which it is earned, it will be reported on the Report to State Controller of Remittance to State Treasurer Form CA 21 (remittance advice), as Account No. 3410 Revenue Collected in Advance, or Account No. 3430 Operating Revenue Collected in Advance. On or after July 1 of the fiscal year in which revenue so remitted is earned, agencies will request the State Controller's Office (SCO) to transfer the applicable amount to the appropriate Revenue or Operating Revenue account.

8212 SUBSIDIARY REVENUE ACCOUNTING
(Revised 2/99)

Subsidiary revenue accounts will be maintained in a Revenue Ledger. Entries to these subsidiary accounts will be made monthly from distribution column totals in the General Cash Receipts Register, Clearance Register, Claims Filed Register, or from journal entries. Where subsidiary revenue accounts are so numerous as to make recording of revenue by type in registers unwieldy, only daily revenue totals will be recorded in the registers. The analysis of such amounts will be posted to the Revenue Ledger from the detail shown on collections reports, clearance documents, revenue refund claims, etc.

8213 SUBSIDIARY REVENUE ACCOUNTS

(Revised 2/99)

Subsidiary revenue accounts provide accounting information which is used to prepare financial statements and other fiscal reports. The first four digits of the six-digit subsidiary revenue code represent the minimum level required for state financial reporting purposes. The last two digits may be used by departments requiring greater detail. A complete listing of all subsidiary revenue accounts is in the Uniform Codes Manual (UCM).

8214 SUBSIDIARY OPERATING REVENUE ACCOUNTING

(Revised 2/99)

Subsidiaries for operating revenue accounts will be maintained in an Operating Revenue Ledger. Entries to these subsidiary accounts will be made monthly from distribution column totals in the General Cash Receipts Register, Clearance Register, Claims Filed Register, or from journal entries. Where subsidiary revenue accounts are so numerous as to make recording of revenue by type in registers unwieldy, only daily revenue totals will be recorded in the registers. The analysis of such amounts will be posted to the Operating Revenue Ledger from the detail shown on collection reports, clearance documents, revenue refund claims, etc.

8215 SUBSIDIARY OPERATING REVENUE ACCOUNTS

(Revised 2/99)

Subsidiary operating revenue accounts provide accounting information which is used to prepare financial statements and other fiscal reports. The first digit of the operating revenue six-digit code is a two (2). The second and third digits are coded to show the type of operating revenue. The fourth digit shows the source of operating revenue. The last two digits may be coded by the department when greater detail is required. A complete listing of all subsidiary operating revenue accounts is in the UCM.

8240 REFUNDS

(Revised 2/99)

Refunds are generally authorized by Government Code (GC) Sections 13140 through 13144. Any fee or excess payment may be refunded (a) from any unremitted balance of receipts of the same nature in the state agency's checking account or (b) from the revenue account in the fund where the original receipt was credited. Individual refund claims in excess of \$10,000 which will be submitted to the SCO for payment must be approved in advance by the DOF and the SCO prior to submission.

Refund Claims

Claim schedules filed for refunds of revenue will be processed as follows:

Refunds of amounts that were remitted in a previous fiscal year or as prior year revenue, will be filed against the prior year revenue account. Refunds of amounts that were remitted in the current fiscal year as current year revenue, will be filed against the current year revenue account.

8241 OVERPAYMENTS AND UNDERPAYMENTS

(Revised 12/09)

In agencies where the receipt of cash requires that a liability account (e.g., uncleared collections or revenue collected in advance) be credited pending the earning of a remittance, the credit will be for the amount of cash received.

Overpayments

In accordance with applicable provisions of law, overpayments may be: (1) applied against other amounts due the State from the payers, (2) refunded automatically, or (3) held pending receipt of refund requests.

GC Section 16302.1 permits state agencies to remit overpayments of \$10.00 or less to the Treasury as miscellaneous

revenue or operating revenue, subject to the right of the payer to make a claim for refund if otherwise authorized by law.

Unless the overpayment is being applied to other amounts due the State from the payers, agencies using GC Section 16302.1 will credit revenue or operating revenue for the amount received. The appropriate revenue or operating revenue subsidiary account will be credited for the applicable amount. The overpayment will be credited to miscellaneous revenue in the revenue or operating revenue subsidiary account.

Underpayments

Agencies will credit revenue or operating revenue for the amount received. The appropriate revenue or operating revenue subsidiary account will also be credited for the amount received except if the payment is for a press-numbered document of fixed value. For this situation, the appropriate revenue or operating revenue subsidiary account will be credited for the fixed value. The underpayment will be debited to miscellaneous revenue in the revenue or operating revenue subsidiary account. Any remittance advice showing a debit to miscellaneous revenue or operating revenue for this reason will state that it is due to net underpayments.

See SAM Section 8776.6 for information on collection of amounts owed to the state.

8281 STATE CONTROLLER'S WARRANTS

(Revised 12/03)

State Controller's warrants that remain uncashed for one year will be cancelled by the SCO and credited to an escheat revenue account in the fund from which they were drawn.

State Controller's warrants that have been returned as unclaimed and for which the claimant cannot be located will also be cancelled and remitted to an escheat revenue account in the fund from which they were drawn.

Agencies will maintain a subsidiary ledger of all amounts credited to and disbursed from the escheat revenue accounts. Subsequent claims made by payees within 2 years of the date the warrant was cancelled will be processed by filing a claim schedule against an escheat revenue account. For those amounts credited in the current fiscal year, the claim schedule shall be filed against the current year escheat revenue account. For those amounts credited in a prior fiscal year, the claim schedule shall be filed against the prior year escheat revenue account. The SCO will process the claims regardless of the balances in the escheat revenue accounts.

Expenditure claims made by payees more than 2 years after the cancellation date of the warrants will be processed in the same manner as claims against a reverted appropriation (See SAM Section 8422.7). Revenue refund claims by payees more than 2 years after the cancellation date of the warrants will be processed in accordance with SAM Section 8240.

8283 MISCELLANEOUS UNCLAIMED TRUST DEPOSITS

(Revised 12/03)

Unless otherwise provided by law, pursuant to GC Section 16374, amounts of unclaimed money on deposit for 2 years in the unclaimed trust account of the Special Deposit Fund will be transferred by SCO to the General Fund. SCO will account these transfers as General Fund revenue. Agencies will not account General Fund revenue arising from this source.

8284 REVENUE FROM INVESTMENTS

(Revised 3/87)

Upon receipt of interest on investment securities, SCO will issue to agencies concerned a SCO receipt showing the amount of interest received and appropriate adjustments of accrued interest purchased, premium, and discount. The entry will be recorded by the agency as of the month indicated by SCO receipt. The scientific method for amortization of premium and discount is used.

Early in July of each year, SCO will issue to agencies concerned adjusting journal entries to accrue income to June 30 of the prior year on both interest bearing and non-interest bearing securities. Agencies will record these entries as of June 30.

(Separate arrangements have been made with agencies accounting the State Compensation Insurance Fund, Legislators' Retirement Fund, State Employees' Retirement Fund, and Teachers' Retirement Fund.)

8284.1 SURPLUS MONEY INVESTMENT FUND

(Revised 6/04)

Interest on investments of the Surplus Money Investment Fund is apportioned to other funds quarterly by the SCO (GC Section 16475). The administering agency for the funds receiving interest will receive the SCO Notice of Transfer posting the interest in the month following the end of the quarter. Agencies will account for the interest as revenue or operating revenue in the applicable funds (see SAM Section 10532). Agencies will accrue the June 30 interest as described in SAM Section 10605.

8284.2 CONDEMNATION DEPOSITS FUND

(Revised 6/04)

Interest on investments of the Condemnation Deposits Fund is apportioned quarterly by the SCO (GC Section 16429).

Agencies that have deposited moneys in the Condemnation Deposits Fund will account for interest revenue transferred from that fund in the same manner as described in SAM Section 8284.1 for surplus money investments.

8286 ACCOUNTING FOR AUDIT ASSESSMENTS

(Revised 2/99)

As a result of audit examinations, persons or other entities are often assessed amounts to be paid or returned to the State. Some statutes and/or administrative procedures provide for a period during which the audit finding may be protested. After resolving protests or after the protest period expires, the audit assessment becomes final.

Prior to their being final, audit assessments will be established in the accounting records as a contingent receivable as of the date the audit assessment is ready to be made known formally to the entity being assessed. Such receivables will be fully deferred. See SAM Section 8776.12. Upon being made final, audit assessments will be recognized as valid receivables. If it is an abatement or reimbursement receivable, instructions in SAM Sections 8287, 10407 and 10408 will be followed. Revenue receivables will be accrued in accordance with SAM Section 8290.4.

8287 PROPER CREDITING OF ABATEMENTS AND REIMBURSEMENTS

(Revised 2/99)

Unless otherwise provided by law, abatements and reimbursements will be credited to appropriations as follows: Abatements will be credited back to the appropriation from which they were drawn. Reimbursements for services will be credited back to the appropriation current at the time the expense was incurred in performing such service.

If the appropriation to which an abatement or reimbursement is properly creditable has reverted, the credit will be to Account No. 9891, Refunds to Reverted Appropriations. See SAM Section 10473.

8290 ACCRUAL OF INCOME

(Revised 2/99)

As of June 30 each year, income, as defined in SAM Section 8200, earned but not received will be accrued as of the fiscal year just ended if it is estimated to be collectible within one year after the end of the current fiscal year. Such amounts are considered earned as of June 30 of the year just ended.

8290.1 BILLED ACCOUNTS RECEIVABLE

(Revised 3/87)

Billed accounts receivable are those receivables represented by an invoice and established in an accounts receivable

account. This includes interest on accounts receivable actually applied as of June 30 and assessments actually established in accounts receivable even though the protest period has not expired.

8290.2 INTEREST ON INVESTMENTS
(Revised 3/87)

Interest earned as of June 30 on investments will be recorded in accounts receivable and accrued as revenue as of that date. Interest earned by funds not accounted in their entirety by one agency will be accounted only by SCO. Agencies that account funds in their entirety will account interest earned by such funds in the manner prescribed in SAM Sections 8284, 8284.1, and 8284.2.

8290.3 INTEREST ON LOANS
(Revised 3/87)

Interest earned as of June 30 on loans to other funds and other governmental jurisdictions will be recorded in accounts receivable and be accrued as of that date. For interfund loans, the agency accounting the interest revenue will inform the borrowing agency of the amount for it to accrue as an expense of the fiscal year just ended.

8290.4 ACCOUNTS RECEIVABLE
(Revised 2/99)

During the fiscal year (1) Accounts Receivable-Revenue for Governmental Funds, (2) Accounts Receivable-Operating for other than Governmental Funds with no management need to accrue operating revenue when earned, and (3) certain other accounts (where there is no need to do otherwise for budgetary-reimbursement or abatement-considerations or other management reasons) will be fully deferred. As of June 30 each year, the deferral account will be adjusted in the manner described in SAM Section 10610 to accrue revenue. The offsetting credit resulting from the adjustment to the deferral account will be applied to the proper revenue account for the fiscal year just ended.

8290.6 INTERFUND TRANSFERS
(Revised 3/87)

Amounts transferable as of June 30 and revenue accrued as of June 30 that will be transferred to other funds when collected will be accrued as Account No. 9812, Operating Transfers Out, by the transferer fund and Account No. 9811, Operating Transfers In, by transferee fund.

8290.7 ACCRUAL REVERSAL
(Revised 2/99)

As of July 1 each year, amounts accrued as of June 30 will be reversed as follows:

1. The full deferral will be re-established on accounts receivable adjusted in accordance with SAM Section 8290.4.
 2. The net offsetting amount required in this reversing entry will be applied to Account No. 9892, Prior Year Revenue Adjustments account. (See SAM Section 10611.)
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8299.1 ROUNDING FIGURES
(Revised 2/99)

Government Code Section 16302.2 provides that "Upon approval of the Director of Finance, any state agency with respect to any amount required to be shown on any form prescribed by the agency, or any amount of credit or refund, or any

amount to be collected as a deficiency or underpayment of any tax, penalty, interest, license or other fee, or any other payment, may provide by regulation for the disregard of the fractional part of a dollar, unless it amounts to fifty cents (\$0.50) or more, in which case it shall be increased to one dollar (\$1)."

Requests for approval should be sent to Department of Finance, Fiscal Systems and Consulting Unit.