

SAM - INCOME

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GENERAL

8200

(Revised 04/2016)

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 ([Finance](#)), Fiscal Systems and Consulting Unit ([FSCU](#)).

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REVENUE

8210

(Revised 04/2016)

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 section [10610](#), Entry A-9, Revenue Is Accrued. For those amounts that are unbilled, the receivable will also be accrued, see SAM section [10602](#), Entry A-3, Accounts Receivable Abatements and Reimbursements Are Accrued. 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. Departments 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.

(Continued)

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(Continued)

REVENUE

8210 (Cont. 1)

(Revised 04/2016)

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 recorded 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, departments will request the State Controller's Office ([SCO](#)) to transfer the applicable amount to the appropriate Revenue or Operating Revenue account.

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REVENUE ACCOUNTING

8212

(Revised 04/2016)

Revenue accounts will be maintained in a Revenue Ledger. Entries to revenue accounts will be made from the General Cash Receipts Register, Clearance Register, Claims Filed Register, or from journal entries. 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.

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REVENUE ACCOUNTS

8213

(Revised 04/2016)

Revenue account codes provide accounting information which is used to prepare financial statements and other fiscal reports. The first four digits of the six-digit revenue account 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 list of all revenue account codes is in the Uniform Codes Manual ([UCM](#)).

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OPERATING REVENUE ACCOUNTING

8214

(Revised 04/2016)

Operating revenue accounts will be maintained in an Operating Revenue Ledger. Entries to operating revenue accounts will be made from the General Cash Receipts Register, Clearance Register, Claims Filed Register, or from journal entries. 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.

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OPERATING REVENUE ACCOUNTS

8215

(Revised 04/2016)

Operating revenue account codes 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 list of all operating revenue account codes is in the [UCM](#).

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REFUNDS

8240

(Revised 04/2016)

Refunds are generally authorized by Government Code (GC) sections [13140 through 13144](#). Any fee or excess payment may be refunded (1) from any unremitted balance of receipts of the same nature in the state department's checking account or (2) 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 Finance 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.

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OVERPAYMENTS AND UNDERPAYMENTS

8241

(Revised 04/2016)

In departments 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 departments 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, departments using GC section 16302.1 will credit revenue or operating revenue for the amount received. The appropriate revenue or operating revenue account code will be credited for the applicable amount. If no appropriate revenue account code is available, the overpayment will be credited to miscellaneous revenue in the revenue or operating revenue account.

Underpayments

Departments will credit revenue or operating revenue for the amount received. The appropriate revenue or operating revenue account code 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 account code will be credited for the fixed value. The underpayment will be debited to miscellaneous revenue in the revenue or operating revenue 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](#), Non-Employee Accounts Receivable, for information on collection of amounts owed to the state.

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STATE CONTROLLER'S WARRANTS

8281

(Revised 04/2016)

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.

Departments will maintain a subsidiary ledger of all amounts credited to and disbursed from the escheat revenue accounts. Subsequent claims made by payees within two 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 two 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, Invoices Payable From Reverted Appropriations](#). Revenue refund claims by payees more than two years after the cancellation date of the warrants will be processed in accordance with SAM section [8240, Refunds](#).

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MISCELLANEOUS UNCLAIMED TRUST DEPOSITS (Revised 04/2016)

8283

Unless otherwise provided by law, pursuant to GC section [16374](#), amounts of unclaimed money on deposit for two 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. Departments will not account General Fund revenue arising from this source.

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INCOME FROM INVESTMENTS

8284

(Revised 04/2016)

Upon receipt of interest on investment securities, [SCO](#) will issue to departments a SCO receipt showing the amount of interest received and appropriate adjustments of accrued interest purchased, premium, and discount. The entry is recorded by the department as of the date on the SCO receipt. The scientific method for amortization of premium and discount is used.

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

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

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SURPLUS MONEY INVESTMENT FUND

8284.1

(Revised 04/2016)

Interest on investments of the Surplus Money Investment Fund is apportioned to other funds quarterly by the SCO pursuant to GC section [16475](#). The administering department for the funds receiving interest will receive the SCO Notice of Transfer in the month following the end of the quarter. Departments will account for the interest as revenue or operating revenue in the applicable funds, see SAM section [10532](#), Entry 32—[Interest Earnings On Investments Of The Surplus Money Investment Fund And Condemnation Deposits Fund]. Departments will accrue the June 30 interest as described in SAM section [10605](#), Entry A-6, Receivables Due From Surplus Money Investment Fund and Condemnation Deposits Fund Are Accrued for Interest Earnings.

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CONDEMNATION DEPOSITS FUND

8284.2

(Revised 04/2016)

Interest on investments of the Condemnation Deposits Fund is apportioned quarterly by the SCO pursuant to GC section [16429](#).

Departments that have money deposited 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, Surplus Money Investment Fund.

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ACCOUNTING FOR AUDIT ASSESSMENTS

8286

(Revised 04/2016)

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 Chapter [8700](#), Miscellaneous Accounting Procedures. Upon being made final, audit assessments will be recognized as valid receivables. If it is an abatement or reimbursement receivable, follow the instructions in SAM sections [8287](#), [10407](#) and [10408](#). Revenue receivables will be accrued in accordance with SAM section [8290.4](#), Accounts Receivable.

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PROPER CREDITING OF ABATEMENTS AND REIMBURSEMENTS

8287

(Revised 04/2016)

Unless otherwise provided by law, abatements and reimbursements will be credited to appropriations. 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](#), Refunds To Reverted Appropriations.

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ACCRUAL OF INCOME (Reviewed 04/2016)

8290

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.

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BILLED ACCOUNTS RECEIVABLE

8290.1

(Reviewed 04/2016)

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.

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INTEREST ON INVESTMENTS

8290.2

(Revised 04/2016)

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 department will be accounted only by [SCO](#). Departments 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](#).

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INTEREST ON LOANS (Revised 04/2016)

8290.3

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

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ACCOUNTS RECEIVABLE

8290.4

(Revised 04/2016)

During the fiscal year (1) Accounts Receivable—Revenue for Governmental Funds, (2) Accounts Receivable—Operating Revenue for Non-Governmental Funds that do not need to accrue operating revenue when earned, and (3) certain other accounts (where there are no budgetary—reimbursement or abatement—considerations) will be fully deferred.

As of June 30 each year, the deferral account will be adjusted in the manner described in SAM section [10610](#), Entry A-9, Revenue Is Accrued. 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.

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INTERFUND TRANSFERS

8290.6

(Revised 04/2016)

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

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ACCRUAL REVERSAL (Revised 04/2016)

8290.7

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](#), Entry A-9R, Entry A-9 Is Semi-Reversed.

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ROUNDING FIGURES

8299.1

(Revised 04/2016)

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 Finance, [FSCU](#).