

**STATE ACCOUNTING OFFICE
RECONCILIATION OF FUND BALANCE PROCEDURES
FISCAL YEAR 2005**

NOTE: This file is to be completed by each state organization, as described below, **not** receiving a financial statement audit performed by an independent CPA firm. Organizations receiving independent audits may choose to utilize this form to compile information for their auditors, but such organizations are not required to return completed forms to SAO.

Analysis of transactions in fund balance/net assets accounts is required to provide sufficient information as to where such transactions are to be reflected in State-level budgetary and GAAP financial statements. The Reconciliation of Fund Balance Worksheet (Form_Fund Balance Worksheet.xls) provides a mechanism for State organizations to provide this information to the State Accounting Office (SAO).

Appropriated organizations are required to provide analysis of transactions in fund balance accounts *by transaction type* for each budget unit (A1, B1, etc.) and *by original revenue/expenditure SCOA* for the organization as a whole (Business Unit). **Non-appropriated organizations** are required only to provide analysis of transactions in fund balance/net assets accounts *by original revenue / expenditure/expense SCOA*. See detailed instructions below.

Access Form_Fund Balance Worksheet. Save a copy and rename it using the organization's entity code number inserted before the form name (for example SAO's fund balance worksheet would be renamed to "407Form_Fund Balance Worksheet.xls").

APPROPRIATED ORGANZATIONS

PEOPLESOFT ORGANIZATIONS

1. Identify Beginning Balances

- a. Identify beginning balances for each budget unit through use of PeopleSoft general ledger report GLXXX044D for the account range 300000 – 399999. PeopleSoft organizations do not need to reconcile the beginning general ledger fund balance to the prior year balance included in their audit/management report as this will be performed by SAO. See note, below. Audit adjustments posted to fund balance accounts by the organization during FY 2005 will be identified below.

NOTE: All prior year audit adjustments not made subsequently by an entity and that will not be posted against revenue or expenditures of the current period will affect ending fund balance. In other words, if an entry to beginning fund balance is required to agree with the prior year report and the other side of the entry is to a balance sheet account, it will affect ending fund balance for fiscal year 2005.

- b. Enter beginning fund balance amounts from general ledger reports into the beginning fund balance "Per General Ledger" section of the "Fund Balance Analysis" sheet for each budget unit.

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2. Detail Fund Balance Activity

- a. Enter the excess of revenues over (net credit) / under (net debit) expenditures for each budget unit onto the "Excess (Deficiency) of Funds Available over (under) Expenditures" line of the "Fund Balance Analysis" sheet in the "Per General Ledger" column.
- b.
 - 1) Run PeopleSoft query SAO_RPT_SUR_001 to obtain fund balance activity that posted directly to fund balance accounts. Query requires input of the business unit number and fiscal year.
 - 2) Copy results of query to "F. B. Changes-PSoft" sheet.
 - 3) Sort query data on "F. B. Changes-PSoft" sheet by fund and subtotal by fund.
 - 4) Enter the adjustments to fund balance subtotal for each budget unit to "Total Net Adjustments to Fund Balance" line of the "Fund Balance Analysis" sheet in the "Per General Ledger" column.

The beginning balance posted in Step 1, plus the excess of revenues over/under expenditures and this net adjustment to fund balance is ending fund balance. Verify that this calculated ending fund balance equals the difference in assets and liabilities per the GL44D report for each budget unit.

- c. For budget unit transactions only (funds A1, B1, etc.), identify each fund balance transaction by type. On the "F.B. Changes-PSoft" sheet, for each of these transactions, in the "Reason for Entry" column, identify addition and deduction type by selecting from the drop-down box options. Offsetting transactions within a single budget unit do not need to be identified, be certain that all unidentified transactions within a single budget unit net to zero. The following categories have been predefined:
 - a) Audit Adjustments Posted to Fund Balance (Additions)
 - b) Adjustments to Prior Year's Expenditures/Payables
 - c) Prior Year's Checks Voided
 - d) Reimbursement of Prior Year's Expenditures
 - e) Increase in Inventories
 - f) Other Additions (Provide Detail)
 - g) Audit Adjustments Posted to Fund Balance (Deductions)
 - h) Unreserved Fund Balance (Surplus) Returned to OTFS
 - i) Adjustments to Prior Year's Revenues/Receivables
 - j) Decrease in Inventories
 - k) Other Deductions (Provide Detail)
- d. Subtotal the transactions by type for each budget unit. Enter the total for each transaction type on the appropriate line in the "Summary of Adjustments / Reclassifications" column of the appropriate "Fund Balance Analysis" sheet. Enter, in the opposite direction, the total of all adjustments on the "Total Net Adjustments to Fund Balance" line in the "Summary of Adjustments / Reclassifications" column such that the "Per Report" balance of this line is zero, the effect being that the total adjustments have been distributed among the analyzed line items.

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- e. Total ending fund balance “Per REPORT” should equal the “Per General Ledger” amount, i.e., the analysis of the transactions in the fund balance accounts should not change ending fund balance.
- f. On the “F.B. Changes-PSoft” sheet, in the “Original Expense/Revenue Account(s)*” column, identify the original revenue/expenditure account (SCOA) associated with the fund balance account transactions of all funds. This information is required for SAO to make the appropriate adjustments to report financial information in conformity with GAAP.

3. Detail Ending Fund Balance

Based on the completion of the “Fund Balance Analysis” sheets performed above, and on review of GL44D for any nonbudgeted general ledger funds, detail composition of ending fund balance of each fund on “Reserves” sheet, identifying the amount of surplus and identifying and documenting the amount of the following requested reserves (if applicable):

- a. State
 - 1) Written request
 - 2) Documentation supporting calculation of amount
 - 3) Intended usage
 - 4) Legal authorization

Submit requests for reservations of state funds to the Department of Audits and Accounts, send a copy of this request to SAO at the e-mail address indicated, below.

- b. Federal
 - 1) List of reserves by grant/contract
 - 2) Cause for reserve (advance, excess cash, performance-based agreement, etc.)
 - 3) For performance-based, ensure all revenues have been accrued.
- c. Other
 - 1) Listing of reserves by fund source
 - 2) Documentation supporting legal and/or contractual requirements.
 - 3) If generated by state or federal funded program, reserves must be approved.

NON-PEOPLESOFT ORGANIZATIONS

1. Identify Beginning Balances

- a. Identify beginning balances for all fund balance accounts used in the accounting system. It will be the responsibility of all Non-PeopleSoft entities to post any prior year audit adjustments to beginning fund balance accounts in order to agree with the organizations’ prior year audit or management report.
- b. Enter beginning fund balance amounts from general ledger reports into the beginning fund balance “Per General Ledger” section of the “Fund Balance Analysis” sheet for each budget unit.

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2. Detail Fund Balance Activity

- a. Enter the excess of revenues over (net credit) / under (net debit) expenditures for each budget unit onto the “Excess (Deficiency) of Funds Available over (under) Expenditures” line of the “Fund Balance Analysis” sheet in the “Per General Ledger” column.
- b. Prepare a detail of all transactions posted to fund balance accounts, by budget unit, on the “F.B. Changes-NonPSoft” sheet. Post total of these adjustments to “Total Net Adjustments to Fund Balance” line of the “Fund Balance Analysis” sheet in the “Per General Ledger” column for each budget unit.

The beginning balance posted in Step 1, plus the excess of revenues over/under expenditures and this net adjustment to fund balance is ending fund balance. Verify that this calculated ending fund balance equals the difference in assets and liabilities per the GL44D report for each budget.

- c. Perform Steps 2.c. through 2.f. for Appropriated PeopleSoft organizations on the “F. B. Changes-NonPSoft sheet” and the appropriate “Fund Balance Analysis” sheet, except as follows. Any transaction classified as prior year audit adjustments should be posted to the appropriate beginning fund balance line item (reserved or unreserved) instead of remaining as a fund balance addition or deletion. If all audit adjustments have been posted to the general ledger, beginning fund balance “Per Report” should tie to the prior year audit / management report.

3. Detail Ending Fund Balance

Perform Step 3 for Appropriated PeopleSoft organizations.

Non-APPROPRIATED ORGANZATIONS

PEOPLESOFT ORGANIZATIONS

1. Identify Beginning Balances

- a. Identify beginning balances through use of PeopleSoft general ledger report GLXXX044A for the account range 300000 – 399999. PeopleSoft organizations do not need to reconcile the beginning general ledger fund balance to the prior year balance included in their audit/management report as this will be performed by SAO. See note, below. Audit adjustments posted to fund balance accounts by the organization during FY 2005 will be identified below.

NOTE: All prior year audit adjustments not made subsequently by an entity and that will not be posted against revenue or expenditures of the current period will affect ending fund balance. In other words, if an entry to beginning fund balance is

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required to agree with the prior year report and the other side of the entry is to a balance sheet account, it will affect ending fund balance for fiscal year 2005.

- b. Enter beginning fund balance amounts from general ledger reports into the beginning fund balance “Per General Ledger” section of the “Fund Balance Analysis nonappropriated” sheet.

2. Detail Fund Balance Activity

- a. Enter the excess of revenues over (net credit) / under (net debit) expenditures onto the “Excess (Deficiency) of Funds Available over (under) Expenditures” line of the “Fund Balance Analysis nonappropriated” sheet in the “Per General Ledger” column.
- b.
 - 1) Run PeopleSoft query SAO_RPT_SUR_001 to obtain fund balance activity that posted directly to fund balance accounts. Query requires input of the business unit number and fiscal year.
 - 2) Copy results of query to “F. B. Changes-NonPSoft” sheet
 - 3) Enter the total adjustments to fund balance to “Total Net Adjustments to Fund Balance” line of the “Fund Balance Analysis nonappropriated” sheet in the “Per General Ledger” column.

The beginning balance posted in Step 1, plus the excess of revenues over/under expenditures and this net adjustment to fund balance is ending fund balance. Verify that this calculated ending fund balance equals the difference in assets in liabilities per the GL44A report.

- c. On the “F.B. Changes-NonPSoft” sheet, in the “Original Expense/Revenue Account(s)” column, identify the original revenue/expenditure account (SCOA) associated with the fund balance account transactions of all funds. This information is required for SAO to make the appropriate adjustments to report financial information in conformity with GAAP.

3. Detail Ending Fund Balance

Perform Step 3 for Appropriated PeopleSoft organizations

NON-PEOPLESOFT ORGANIZATIONS

1. Identify Beginning Balances

- a. Identify beginning balances for all fund balance accounts used in their particular accounting system. It will be the responsibility of all Non-PeopleSoft entities to post any prior year audit adjustments to beginning fund balance accounts in order to agree with the organizations’ prior year audit or management report. These entries will be identified in Step 2, below.

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- b. Enter beginning fund balance amounts from general ledger reports into the beginning fund balance “Per General Ledger” section of the “Fund Balance Analysis” sheet for each budget unit.

2. Detail Fund Balance Activity

- a. Enter the excess of revenues over (net credit) / under (net debit) expenditures for each budget unit onto the “Excess (Deficiency) of Funds Available over (under) Expenditures” line of the “Fund Balance Analysis” sheet in the “Per General Ledger” column.
- b. Prepare a detail of all transactions posted to fund balance accounts, by budget unit, on the “F.B. Changes-NonPeopleSoft” sheet. Post total of these adjustments to “Total Net Adjustments to Fund Balance” line of the “Fund Balance Analysis” sheet in the “Per General Ledger” column for each budget unit.

The beginning balance posted in Step 1, plus the excess of revenues over/under expenditures and this net adjustment to fund balance is ending fund balance. Ending fund balance should equal the difference in assets in liabilities.

- c. On the “F.B. Changes-NonPSOft” sheet, in the “Original Expense/Revenue Account(s)*” column, identify the original revenue/expenditure account (SCOA) associated with the fund balance account transactions of all funds. This information is required for SAO to make the appropriate adjustments to report financial information in conformity with GAAP.

3. Detail Ending Fund Balance

Perform Step 3 for Appropriated PeopleSoft organizations

Upon completion, e-mail the completed form to SAO_Reporting@sao.ga.gov. Do not submit paper copies of this form.