Initially developed to facilitate compliance with the GASB requirement that Agency Funds contain no primary government monies at year-end, the practice of allowing claims on the SGFIP to continue to pass within governmental funds for approximately a ninety day period after the end of the fiscal year for cash received prior to July 1 has been extremely successful and will continue to be applied entity-wide.

The concept embraces the “single entity – primary government” view that claims on the state general fund investment pool related to receipts and payments occurring on or before June 30 of the fiscal year should continue to move within state sub-entities until the transaction reaches the sub-entity with end account reporting responsibility.

Policy: Transactions between funds accounted for in SHARE shall continue to impact claims on the SGFIP as long as the underlying cash which supports the transaction was received prior to the end of the fiscal year.

**Compliance with Economic Event Concept:**

When accounting for cash, the state records activity based on the date of the economic event. An economic event is typically identified by the transfer of payment from one party to another which causes cash to increase or decrease. The accounting date used to record the activity is the event date and is consistent with and documented by the bank date. This concept is applied to the state as the primary government entity. Cash received or disbursed by the state is usually identified by a transaction in the AR (Accounts Receivable), AP (Accounts Payable) or PR (Payroll) sub ledgers. These are the SHARE external facing modules.

Receipt and disbursement of cash causes the absolute amount of claims on and resources held by the SGFIP to change. No changes in that absolute amount should occur after June 30, and this policy does not change that rule. That is, bank dates continue to dictate if the event occurred during the fiscal year. What this policy allows is that the claim within the State shell can continue to move. This simplifies and eliminates intra entity eliminations and provides a more acute picture of sub entity claims on the SGFIP at the end of the fiscal year.

**Impact**

Transactions between the state and outside party where activity was completed prior to the end of the fiscal year, but where a calculation, assessment or other analytical process is required to determine what internal state entity is to receive the funds shall be accounted for in such a fashion that the inferred change in the claims on the SGFIP will be allowed to
calculate and settle. Additionally, if during the closing of the books, an error is discovered related to the recording of the claim on the SGFIP, that too should be corrected with the related impact on claims being inferred. The colloquialism used to describe this accounting process has been “old cash”.

**Examples of Old Cash Transactions**

- **Correction of a booking error.** For example, a cash deposit, “the metered event between the primary parties”, occurred on May 1. This resulted in a general ledger entry on the same date. It was discovered in July that the deposit was recorded in the wrong fund. The correction between funds does not record any “new cash” but there is an inferred change in the party receiving the SGFIP credit. The original economic event, the receipt of cash, occurred on May 1, an “inferred” entry impacting the claim on the SGFIP cash can occur in the prior fiscal year since all we are doing is correcting the original event.

- **Cash was deposited in the bank on or before June 30, but the deposit was not applied until July.** The general rule concerning cash is that the general ledger booking date must be consistent with bank date. AR entries occur early in the next fiscal year, however the entry impacts the prior year aligning book activity with bank activity. This is our normal business process.

- **Cash received by a state entity prior to the end of the fiscal year was recorded to suspense pending ownership determination.** If cash has been received prior to July 1, this establishes the economic event date between the primary parties. Assuming ownership determination occurs within a reasonable amount of time, i.e. normally within 60 days, an OPR shall be prepared that will debit the suspense account on the books of agency that originally received the deposit relieving the suspense amount and crediting a revenue account in fund established to recognize revenue. This entry will not only clear the suspense account and record revenue, but it will shift the claim on the SGFIP, placing it on the proper agency’s ledger for consolidated reporting.

  Comment: The cash was received prior to the end of the fiscal year, however proper ownership was not determined until after the fiscal year. If the State received the cash prior to July 1, it must be recorded in the proper fund prior to closing the state’s books. In the transaction above, the business unit receiving the cash from the outside party is acting on behalf of the state and the receipt date of cash becomes the date of the economic event at the state level.

- **Consistent with the State’s budgetary basis, all unspent funds linked to the General Fund should revert back to the General Fund as of June 30.** While agencies have until September 30th to make the determination, the economic event is the tolling of the fiscal year. Therefore, the reversion due to the general fund should be processed as OPRs and cleared as of June 30 if the entry is processed on or before 30 September 2018. Entries after that date shall be Fiscal Year 2019 transactions.

Issued 30 March 2018