

CHANGES/UPDATES TO THE FISCAL POLICY AND PROCEDURES MANUAL

CHAPTER 3 RECEIPTS

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3-2 DOCUMENT FLOW OF CASH RECEIPTS

The department or agency will deposit monies received in a State Treasury bank account. ~~The depositing department~~ Non-AFNS agencies will then prepare and code Cash Receipt Form FRMS-7 in triplicate. AFNS agencies will enter cash receipt data in their accounting system using their departmental accounting codes and the system will generate a Cash Receipt Form FRMS-7 in triplicate with CAS accounting codes. This form, along with the deposit documentation, should be taken to the State Treasurer's Office. Often, monies may have been previously deposited in a State Treasury bank account but no cash receipt document was submitted or processed. The Treasury, however, was provided with documentation of the deposit. These uncertified deposits are commonly called "board items." When these deposits are to be certified by the Treasury, the department or agency will complete the Cash Receipt Form FRMS-7 and submit to the State Treasurer's Office. The Treasurer's Office will verify that the amount deposited (or previously deposited for "board items") agrees with the stated amount on the Cash Receipt Form. The Treasurer's Office will retain the second copy of the FRMS-7 and affix the State Treasurer's signature on the third copy, which will be returned to the agency as the departmental file copy.

The Treasurer's Office will submit the first copy of the FRMS-7 to the State Comptroller's Office. The Receipts Section of the Comptroller's Office will review the Cash Receipt Form for valid account coding and overall completeness. This copy of the form will be used to enter the revenue and receipt data into CAS the following day for non-AFNS agencies. Cash receipt documents submitted by AFNS agencies have been entered in their accounting system and the cash receipts will crosswalk to CAS and remain in the CAS suspense file until approved and processed by the Receipts Section. and will be retained by the Comptroller's Office.

~~The following day, receipts are keyed into CAS by the Comptroller's Office.~~ For any errors encountered, an accountant in the Receipts Section will contact the agency to obtain the necessary information to make the correction. Once the receipts have been corrected, the Receipts Section will approve the cash receipts and update them into CAS during the day. The following flow charts presents an overview of cash receipt processing (Exhibits 3-2-1 and 3-2-2).

EXHIBIT 3-2-1 CASH RECEIPT PROCESSING FOR AFNS AGENCIES

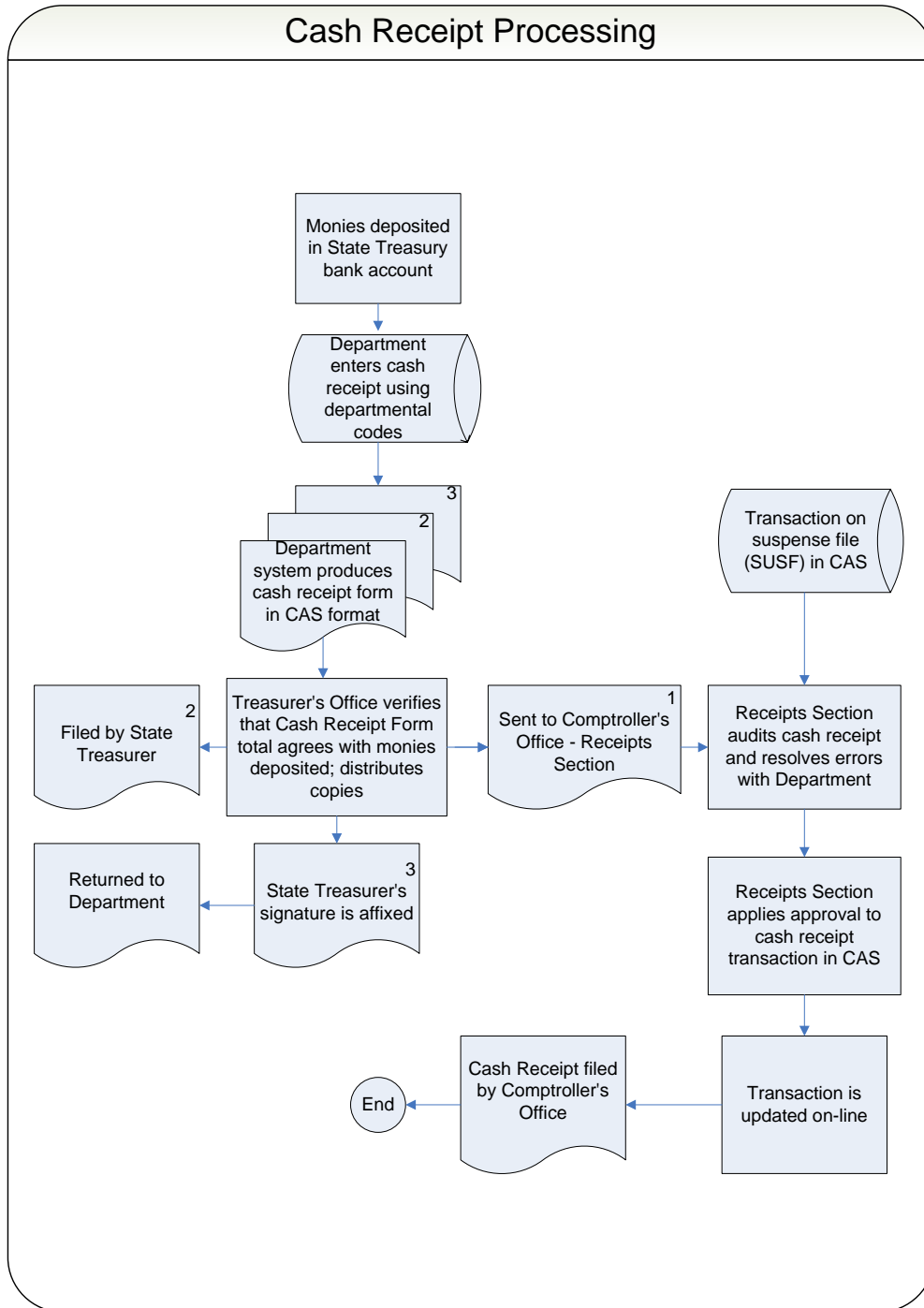
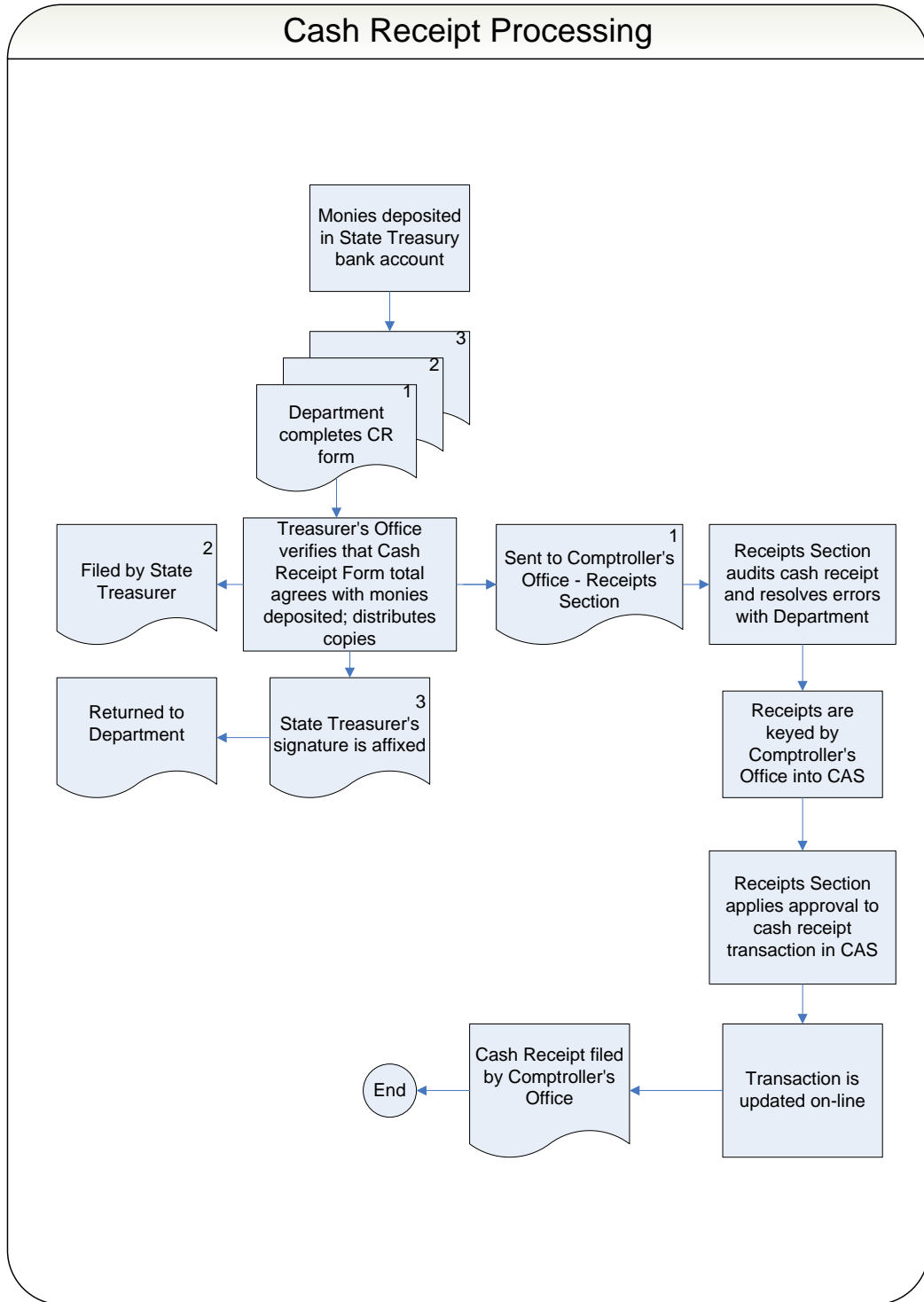


EXHIBIT 3-2-1 CASH RECEIPT PROCESSING FOR NON-AMS AGENCIES



3-3 TYPES OF CASH RECEIPTS AND ACCOUNTING EFFECTS

B. TYPES OF RECEIPTS

Receipts are categorized into three main types: revenues and other financing sources, balance sheet receipts, and refunds of ~~current year~~ disbursements.

1. REVENUE AND OTHER SOURCES

c. Refunds of Prior Year Disbursements

If a department receives a refund of monies disbursed in error in a prior year or during the 13th accounting period but received after the 13th accounting period for that year has closed, the deposit will be coded as a refund of prior year disbursements. The required codes are: fund, agency, and revenue source code 0684. The accounting effects of the deposit are a debit to the Cash account and a credit to the Prior Year Refunds account. If the prior year refund involves federal money, see Chapter 8, Section 8-8d Grant Accounting. Refunds of prior year disbursements received while the 13th accounting period for that year is open should be coded as shown in Section 3-3, B3b.

2. BALANCE SHEET RECEIPTS

c. Refunds of Salary Overpayments

A Salary Overpayment Refunds Form (Form FRMS-25) ~~and an extra~~ with a copy of the Cash Receipt Form (Form FRMS-7) attached will be submitted to the ~~Treasurer's Office as an attachment to the Cash Receipt Form. Two copies of the Salary Overpayment Refunds Form should be provided for each refund being deposited.~~ Payroll Section of the Comptroller's Office. This form provides the information needed to refund the taxes withheld to the department. The information on the form allows the correction of the employee's year-to-date earnings for correct reporting on the employee's W-2 form. After adjusting the payroll system, the Comptroller's Office will refund to the department the net amount of the overpayment refunded by the employee, the applicable withholding taxes, and the employer's share of the FICA and Medicare tax with an interfund transfer. A department will obtain refunds from vendors for the amounts deducted for the payment of retirement, insurance, or other deductions.

Page 3-5 thru Page 3-6 Delete the current information and insert the following:

3. REFUNDS OF DISBURSEMENTS

a. Disbursed and Refunded in Current Year

If a department receives a refund of monies disbursed in error during the current fiscal year and charged to the current budget year, such as an overpayment to a vendor, the cash receipt form must be coded exactly as the original disbursement and include: fund, agency, organization (if applicable), appropriation, activity, expenditure object, sub-object, and vendor code.

If a refund is being made by a state employee for overpayment of non-overnight travel expense reimbursement (object code 0300, sub-object 09), the employee's social security number must be entered as the vendor code. (Use the 9-digit social security number plus 2-digit suffix that is in the vendor file.) This code will allow CAS to adjust payments to accurately reflect annual payments, net of any refunds, on the employee's W-2 Form. By including the above codes, CAS will increase the available appropriation by the amount of the refund and decrease the respective expenditure.

The accounting effects of the deposit are a debit to the Cash account and a credit to the Expenditures account.

If the original disbursement was for payment of a purchase order, CAS will not reinstate the purchase order by the amount of the vendor refund. To reinstate the purchase order by the amount of the refund, a purchase order modification to SNAP must be entered (see Purchasing Section 4-7 of this Manual).

b. Disbursed in Prior Year, Refunded in 13th Accounting Period

If a department receives a refund of monies disbursed in error in the prior year but received in the current year while the 13th accounting period is open, two cash receipts will be required. The first cash receipt should be a zero dollar cash receipt and be coded (along with other required codes) to the 13th accounting period as follows:

<u>ACCOUNTING PERIOD 13XX</u>		<u>BUDGET FY _____</u>			
<u>LINE</u>	<u>EXP OBJ</u>	<u>SUB OBJ</u>	<u>BALANCE SHEET</u>	<u>AMOUNT</u>	<u>I/D</u>
<u>01</u>			1200 (or 1205 or 1203)	<u>XX</u>	<u>D</u>
<u>02</u>	<u>XX00</u>	<u>XX</u>		<u>XX</u>	<u>!</u>
			<u>TOTAL DEPOSIT</u>	<u>\$0.00</u>	

The resulting accounting entry is as follows:

Dr Accounts Receivable (BS Account 1200)
Cr Expenditure

The second cash receipt should be as follows (leave accounting period and budget fiscal year blank):

<u>ACCOUNTING PERIOD _____</u>		<u>BUDGET FY _____</u>			
<u>LINE</u>	<u>FUND</u>	<u>AGENCY</u>	<u>BALANCE SHEET</u>	<u>AMOUNT</u>	
<u>01</u>	<u>0XXX</u>	<u>XXX</u>	1200 (or 1205 or 1203)	<u>XX</u>	
			<u>TOTAL DEPOSIT</u>	<u>XX</u>	

The resulting accounting entry is as follows:

Dr Cash (BS Account 1001)
 Cr Accounts Receivable (BS Account 1200)

The net effect of these two receipts is to decrease the original prior year expenditure and to increase cash in the current fiscal year. The above coding should only be used when the 13th accounting period is open. When closed, the refund should be coded as a refund of prior year disbursements. (See Section 3-3, B1c.) If the prior year refund involves federal money, see Section 8-8d.

c. Disbursed and Refunded in 13th Accounting Period

If, during the 13th accounting period, a department receives a refund of monies disbursed in error during the current year but charged to the 13th accounting period, two cash receipts will be required. The first cash receipt should be a zero dollar cash receipt and be coded (along with other required codes) to the 13th accounting period as follows:

ACCOUNTING PERIOD 13XX		BUDGET FY			
<u>LINE</u>	<u>EXP OBJ</u>	<u>SUB OBJ</u>	<u>BALANCE SHEET</u>	<u>AMOUNT</u>	<u>I/D</u>
01			2901	XX	D
02	XX00	XX		XX	!
TOTAL DEPOSIT				\$0.00	

The resulting accounting entry is as follows:

Dr Vouchers Payable Adjustments (BS Account 2901)
 Cr Expenditure

The second cash receipt should be as follows (leave accounting period and budget fiscal year blank):

ACCOUNTING PERIOD		BUDGET FY			
<u>LINE</u>	<u>FUND</u>	<u>AGENCY</u>	<u>BALANCE SHEET</u>	<u>AMOUNT</u>	
01	0XXX	XXX	2901	XX	
TOTAL DEPOSIT				XX	

The resulting accounting entry is as follows:

Dr Cash (BS Account 1001)
 Cr Vouchers Payable Adjustments (BS Account 2901)

The net effect of these two receipts is to decrease the original 13th accounting period expenditure and to increase cash in the current fiscal year. The above coding should only be used when the 13th accounting period is open. When closed, the refund should be coded as a refund of prior year disbursements. (See Section 3-3, B1c.) If the prior year refund involves federal money, see Section 8-8d.

C. USE OF THE PROVIDER CODE

If a city, county, or county agent collects the monies being deposited, the cash receipt form should include a provider code to indicate the collecting entity.

If a county is the collecting entity, the three-digit code assigned to each county beginning with the letter C will be used. For example, Autauga County's code is C01.

If a city is the collecting entity, the six-digit code assigned to each city, beginning with the county code in which the city is located, will be used. For example, Baldwin County's code is C02. Bay Minette is a city in Baldwin County. Bay Minette's code is C02001.

If a county agent is the collecting entity, the six-digit code assigned to each county agent will be used. Examples of county agents include probate judges, tax collectors, and court clerks. For example, the Tax Collector for Autauga County is coded as C01100.

The provider codes that have been assigned by the Comptroller's Office can be viewed on-line. These codes are found in CAS in the Provider Table (PROV) (Section 3-6).

D. CORRECTING OR MODIFYING A DEPOSIT

1. GENERAL INSTRUCTIONS

Cash receipt modifications are used to correct or modify deposits. The department must complete a Cash Receipt Form (FRMS-7). A separate cash receipt form should be completed for each certificate being corrected or modified. Corrections or modifications must not be combined on a form used to record a new deposit.

The instructions for making a deposit also apply to correcting or modifying a deposit with the following additions. The department must check the MODIFICATION box on the FRMS-7. The certificate number used on the cash receipt form will be the certificate number assigned at the time of the original deposit. The account codes and line number used on the original deposit must be included. The dollar amount to be entered on a line should be the amount of the increase or the decrease. An existing line on a CR may not be decreased (or increased if the original line is negative) to an amount that is less than \$0. The column "I/D" should include an "I" for an increase or a "D" for a decrease. The total deposit amount or correction amount should be entered on the Total Deposit line.

If the deposit correction is to reclassify the deposit from one fund to another fund, the total deposit amount for the correction will be zero dollars. For example, the following deposit entry was made to Fund 0100 and should have been made to Fund 0200. The original incorrect entry was made on line 03. Therefore, the correction must also reference line 03. The correct deposit entry should be entered on the next available line, line 16 in this example.

<u>Line</u>	<u>Fund</u>	<u>Agency</u>	<u>Revenue Source</u>	<u>Line Amount</u>	<u>I/D</u>	<u>Total Deposit Amount</u>
<u>The original entry:</u>						
03	0100	010	0684	1000.00		4000.00
<u>To modify/correct the entry:</u>						
03	0100	010	0684	1000.00	D	
16	0200	010	0684	1000.00	I	
						0.00

2. MODIFICATION OF PRIOR YEAR DEPOSIT

A cash receipt modification may be used to correct a prior year deposit while the 13th accounting period is open. Modifications that do not add or remove cash to or from a fund should be coded to the 13th accounting period. Examples of this would include corrections of revenue sources, disbursement objects, and activity codes. However, modifications involving revenues and balance sheet accounts that reclassify a deposit from one fund to another fund should be coded to the prior budget year only. Leave the accounting period blank. Modifications involving expenditures that reclassify a deposit from one fund to another should be coded to the 13th accounting period. The budget fiscal year should be left blank. A second zero dollar cash receipt will also be required with the accounting period and budget fiscal year left blank.

Assume that a cash receipt for \$100.00 was certified in September 20XX to Fund 0100 and was coded to object/sub 0900 02 – Office Supplies. The department determines in October 20XX that an error was made and the correct fund was 0200.

Two cash receipts are required to record this error. The first cash receipt is a zero dollar cash receipt modification and should be coded as follows:

<u>ACCOUNTING PERIOD 13 XX BUDGET FY _____</u>						
<u>Fund</u>	<u>Agency</u>	<u>Object/ Sub</u>	<u>Balance Sheet</u>	<u>Amount</u>	<u>I/D</u>	<u>Total Deposit Amount</u>
0100	910	0900 02		100.00	D	
0100	910		2003	100.00	I	
0200	910		1203	100.00	D	
0200	910	0900 02		100.00	I	
						<u>0.00</u>

The resulting accounting entry is as follows:

Dr Fund 0100 Expenditure (Object/Sub Code 0900 02)	100.00	
Cr Fund 0100 Due to Other Funds (BS Account 2003)		100.00
Dr Fund 0200 Due From Other Funds (BS Account 1203)	100.00	
Cr Fund 0200 Expenditure (Object/Sub Code 0900 02)		100.00

The effect of the above entry is to increase expenditures and record a liability for Fund 0100 and to decrease expenditures and record a receivable for fund 0200.

The second cash receipt should be coded as follows (leave accounting period and budget fiscal year blank):

<u>ACCOUNTING PERIOD _____ BUDGET FY _____</u>						
<u>Fund</u>	<u>Agency</u>	<u>Balance Sheet</u>	<u>Amount</u>	<u>I/D</u>	<u>Total Deposit Amount</u>	
0100	910	2003	100.00	D		
0200	910	1203	100.00	I		
						<u>0.00</u>

The resulting accounting entry is as follows:

Dr Fund 0100 Due to Other Funds (BS Account 2003)	100.00	
Cr Fund 0100 Cash (BS Account 1001)		100.00
Dr Fund 0200 Cash (BS Account 1001)	100.00	
Cr Fund 0200 Due From Other Funds (BS Account 1203)		100.00

The effect of the above entry is to reverse the balances in BS accounts 2003 and 1203 created by the first cash receipt modification, increase cash in fund 0200 and decrease cash in fund 0100 in the current fiscal year.

3. BAD CHECKS

a. Checks Deposited and Returned during Current Fiscal Year

Checks deposited that have been returned by the bank for insufficient funds during the current fiscal year will require two cash receipts to be prepared. The first cash receipt will be for a negative amount and be prepared by the Treasurer's Office using the balance sheet account 1215 (Bad Checks Receivable). Assume a \$100 bad check was originally deposited to Fund 0346. The first cash receipt will be coded as follows:

Accounting Period _____ Budget FY _____

<u>Fund</u>	<u>Agency</u>	<u>Balance Sheet</u>	<u>Amount</u>	<u>I/D</u>	<u>Total Deposit Amount</u>
0346	053	1215	100.00	D	(100.00)

The resulting accounting entry is as follows:

Dr. Bad Checks Receivable (BS Account 1215)	100.00	
Cr. Cash (BS Account 1001)		100.00

The cash receipt will update the Central Accounting System (CAS) and will remove cash from the agency's fund. The fund used will be a predetermined fund that the agency has advised the State Treasurer to use for bad checks. The negative receipt should be posted in the agency's accounting system using either the agency's standard numbering sequence or the State Treasurer's certificate of deposit number.

When the original account coding of the bad check is determined, a zero dollar certificate of deposit must be submitted by the agency to correct the coding used by the State Treasurer on the first receipt. This certificate of deposit can be submitted as a modification to the original cash receipt number used when the bad check was first deposited or a new receipt number may be used. The first line of the cash receipt document should indicate the original account coding of the bad check and have a "D" in the "I/D" column. The second line should reflect balance sheet account 1215 and have an "I" in the "I/D" column. Assume the \$100.00 bad check indicated above was originally deposited to revenue source 0525. The second cash receipt should be coded as follows:

Accounting Period _____ Budget FY _____

<u>Fund</u>	<u>Agency</u>	<u>Rev Source</u>	<u>Balance Sheet</u>	<u>Amount</u>	<u>I/D</u>	<u>Total Deposit Amount</u>
0346	053	0525		100.00	D	
0346	053		1215	100.00	I	
						0.00

The resulting accounting entry is as follows:

Dr. Revenue (Rev. Source Code 0525)	100.00	
Cr. Bad Checks Receivable (BS Account 1215)		100.00

The above correction should be submitted as soon as possible and processed before the end of the current fiscal year. If, however, it is not submitted until the 13th accounting period (for the amount recorded in the prior year to balance sheet account 1215), the certificate of deposit should be coded to the 13th accounting period. The increase and decrease must be to the same fund if the receipt is coded to the 13th accounting period. If the increase and decrease are to different funds, the certificate of deposit should be coded to the prior budget fiscal year and the accounting period should be left blank.

b. Checks Deposited in Prior Fiscal Year but Returned during 13th Accounting Period

Checks deposited in the prior fiscal year that have been returned by the bank for insufficient funds during the 13th accounting period will require two cash receipts to be prepared. The first cash receipt will be for a negative amount and be prepared by the Treasurer's Office using the balance sheet account 1006 (Cash-Reductions for Bad Checks). Assume a \$50.00 bad check was originally deposited to Fund 0346 in the prior fiscal year but was returned by the bank in the 13th accounting period. The first cash receipt will be coded as follows (accounting period and budget fiscal year left blank):

Accounting Period _____ Budget FY _____

<u>Fund</u>	<u>Agency</u>	<u>Balance Sheet</u>	<u>Amount</u>	<u>I/D</u>	<u>Total Deposit Amount</u>
0346	053	1006	50.00	D	(50.00)

The resulting accounting entry is as follows:

Dr. Cash-Reductions for Bad Checks (BS Account 1006)	50.00	
Cr. Cash (BS Account 1001)		50.00

The Cash receipt will update the Central Accounting System (CAS) and will remove cash from the agency's fund. The fund used will be a predetermined fund that the agency has advised the State Treasurer to use for bad checks. The negative receipt should be posted in the agency's accounting system using either the agency's standard numbering sequence or the State Treasurer's certificate of deposit number.

When the original account coding of the bad check is determined, a zero dollar certificate of deposit coded to the 13th accounting period must be submitted by the agency to correct the coding used by the State Treasurer on the first receipt. This will also correct the overstatement of revenue in the prior year due to the deposit of the bad check. This

certificate of deposit can be submitted as a modification to the original cash receipt number used when the bad check was first deposited in the prior fiscal year or a new receipt number may be used. The first line of the cash receipt document should indicate the original account coding of the bad check and have a "D" in the "I/D" column. The second line should reflect balance sheet account 1006 and have an "I" in the "I/D" column. Assume the \$50.00 bad check indicated above was originally deposited to revenue source 0679. The second cash receipt should be coded to the 13th accounting period as follows:

<u>Accounting Period</u> 13XX		<u>Budget FY</u> _____				
<u>Fund</u>	<u>Agency</u>	<u>Revenue Source</u>	<u>Balance Sheet</u>	<u>Amount</u>	<u>I/D</u>	<u>Total Deposit Amount</u>
0346	053	0679		50.00	D	
0346	053		1006	50.00	I	
						0.00

The resulting accounting entry is as follows:

Dr.	Revenue (Rev. Source Code 0679)	50.00
	Cr. Cash-Reductions for Bad Checks (BS Account 1006)	50.00

The above correction should be submitted before the end of the 13th accounting period. The increase and decrease must be to the same fund. The fund used on both lines should be the fund used when the bad check was originally deposited in the prior year. If the fund number used by the State Treasurer on the first receipt (the negative certificate of deposit indicated above) was incorrect, it will be the agency's responsibility to modify or correct the Treasurer's negative cash receipt by moving the negative amount to the correct fund. This will ensure that the fund used on the second receipt (the 13th accounting period \$0.00 certificate of deposit) will agree with the State Treasurer's negative cash receipt as corrected.

4. ADJUSTMENTS TO PRIOR YEAR CASH IN THE 13TH ACCOUNTING PERIOD

After the end of the fiscal year, no adjustment can be made to cash (Balance Sheet Account 1001) in the 13th accounting period for an overstatement or understatement of cash in the prior year that is due to an error made in the amount of the original certification. However, during the 13th accounting period, this overstatement or understatement of cash in the prior year should be corrected as follows:

Assume that a cash receipt for \$100.00 was certified in September 20XX to Fund 0100 and was coded to revenue source 0402 – Miscellaneous Tags. The department is notified in October 20XX that, due to an error in the addition of the checks that made up the deposit, the actual amount deposited in the bank was only \$90.00.

Two cash receipts are required to record this \$10.00 decrease in cash. The first cash receipt is a zero dollar cash receipt modification and should be coded as follows:

ACCOUNTING PERIOD 13 XX		BUDGET FY _____				
<u>Fund</u>	<u>Agency</u>	<u>Revenue Source</u>	<u>Balance Sheet</u>	<u>Amount</u>	<u>I/D</u>	<u>Total Deposit Amount</u>
0100	910	0402		10.00	D	
0100	910		1005	10.00	I	
						0.00

The resulting accounting entry is as follows:

Dr Revenue (Rev Source Code 0402) 10.00
 Cr Cash-Corrections to Treasury Cash (BS Account 1005) 10.00

The effect of the above entry is to reduce revenues and cash (BS Account 1005) for FY XX.

The second cash receipt should be coded as follows (leave accounting period and budget fiscal year blank):

ACCOUNTING PERIOD _____ BUDGET FY _____

Fund	Agency	Balance Sheet	Amount	I/D	Total Deposit Amount
0100	910	1005	10.00	D	(10.00)

The resulting accounting entry is as follows:

Dr Cash-Corrections to Treasury Cash (BS Account 1005) 10.00
 Cr Cash (BS Account 1001) 10.00

The effect of the above entry is to reverse the negative amount in BS Account 1005 created by the first cash receipt modification and decrease cash (BS Account 1001) in the current fiscal year.

If, in the example above, the actual amount of the bank deposit was \$110.00, two cash receipts would be required to record this \$10.00 increase in cash. The first cash receipt is a zero dollar cash receipt modification and should be coded as follows:

ACCOUNTING PERIOD 13 XX BUDGET FY _____

Fund	Agency	Revenue Source	Balance Sheet	Amount	I/D	Total Deposit Amount
0100	910		1005	10.00	D	
0100	910	0402		10.00	I	
						0.00

The resulting accounting entry is as follows:

Dr Cash-Corrections to Treasury Cash (BS Account 1005) 10.00
 Cr Revenue (Rev Source Code 0402) 10.00

The effect of the above entry is to increase revenues and cash (BS Account 1005) for FY XX.

The second cash receipt should be coded as follows (leave accounting period and budget fiscal year blank):

ACCOUNTING PERIOD _____ BUDGET FY _____

Fund	Agency	Balance Sheet	Amount	I/D	Total Deposit Amount
0100	910	1005	10.00	I	10.00

The resulting accounting entry is as follows:

Dr Cash- (BS Account 1001)	10.00	
Cr Cash-Corrections to Treasury Cash (BS Account 1005)		10.00

The effect of the above entry is to reverse the positive amount in BS Account 1005 created by the first cash receipt modification and increase cash (BS Account 1001) in the current fiscal year.

CHAPTER 6 EXPENDITURES AND DISBURSEMENTS

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F. PAYMENT FOR REIMBURSEMENT OF TRAVEL EXPENSES

1. In-State Travel

b. Reimbursement for Mileage Expenses

Effective ~~January 1, 2010~~ July 1, 2011, persons traveling on official business for the state or any of its departments, institutions, boards, bureaus, commissions, councils, committees, or other like agencies in privately owned vehicles shall receive ~~\$.50~~ \$.555 per mile in lieu of their actual expenses for transportation. Officers and employees of the state are entitled to mileage allowance from their base to destination and return or for miles actually traveled from home to destination and return, whichever is less. For travel related expenses, your base is defined as a city or town.

Mileage is to be reported in whole miles, rounded to the nearest whole number. To calculate the amount to be reimbursed, all mileage listed on the in-state travel form must be totaled and then multiplied by the applicable rate. The reimbursement rate for mileage expenses is equal to the mileage rate allowed by the Internal Revenue Code for income tax deductions. Employees based in the city of Montgomery are required to use State Motor Pool vehicles rather than privately owned vehicles. Reimbursement for mileage will not be paid unless the employee has a "for cause" exemption approved by the Director of Finance or a certification from the State Motor Pool that no motor pool car was available for use. A copy of the applicable document should be submitted with the travel claim. An exception applies when the traveler will be away from his base a maximum of 50 miles (one-way). In this case, it is not necessary to obtain a State Motor Pool exemption.

Note, any motor pool exemptions will need to be resubmitted and approved by the Finance Director for the time frame of one calendar year (January 1 – December 31). Travel exemptions should be resubmitted for each calendar year. All requests should be limited in scope.

Employees who travel in either a State or privately owned vehicle will be reimbursed for the amount paid for storage of the automobile while on travel status (Attorney General's Opinion issued September 8, 1952).

Pages 6-18 through 6-23 Delete the current information and insert the following:

d. IN-STATE TRAVEL - Actual and Necessary Expenses

1) IN-STATE TRAVEL AUTHORIZATION FOR ACTUAL AND NECESSARY EXPENSES

In-state travel for reimbursement of actual and necessary expenses is authorized in the Code of Alabama 1975, §36-7-21. The following guidelines apply to in-state travel for actual and necessary expenses.

"Persons traveling in the service of the state or any of its departments, institutions, boards, bureaus, commissions, councils, committees or other like agencies...within the State of Alabama for purposes of attending or assisting in hosting a convention, conference, seminar, or other meeting of a national organization of which the state is a dues-paying member that is held within the state shall be allowed all of their actual and necessary expenses, in addition to the actual expenses for transportation. In-state travel authorized under this section is subject to the same documentation requirements as out-of-state travel...T(t)he travel shall first be fully authorized in writing by the Governor..." or other designated official as prescribed by law. The traveler must complete a Request for In State Travel (Form FRMS-5A). This form is mandatory for use for travel beginning on or after October 1, 2011. While emphasis on efficient and effective state government is emphasized, the guidelines are detailed and are expected to be followed. Employees who travel without pre-approval may be personally responsible for their expenditures. Before seeking approval for in-state travel, particular emphasis should be placed on the following:

- a) Travel only when absolutely necessary. Use alternative means to obtain the information including use of telephone calls, video conferences, letters and e-mail.
 - Only essential travel expenses required for the conduct of official state business will be reimbursed.
- b) Use the most economical and efficient means of transportation.
 - Absent a specific exemption, employees based in Montgomery should use motor pool and/or departmental vehicles.
- c) Plan and coordinate travel
If absolutely necessary to send two or more employees, transportation costs should be shared.
 - Travel to and from the destination by a single vehicle.
 - If absolutely necessary to travel by taxi service or car rental, these should be shared while at the event.
- d) Requests for reimbursement above the limitations on actual and necessary expenses set forth in this section must be approved by the designated official prior to travel.

The Request for In-State Travel must be amended, submitted to and approved by the Governor if there are deviations from the originally approved travel itinerary. Personal travel taken in conjunction with (before, during or after) official in-state travel must be on the Request for In-State Travel and approved by the Governor or other designated official as per the instructions. Refer to the Comptroller's website Online Forms under Reports and Forms for the following forms and instructions pertaining to In-State travel for actual and necessary expenses:

- 1) FRMS-5A Request for In-State Travel (Pre-Approval)
- 2) Request for In-State Travel Instruction Matrix
- 3) In-State Travel Form (FRMS-6D)
- 4) Meal Reimbursement Form

Note, any existing travel exemptions (excluding motor pool exemptions) will need to be resubmitted and approved by the Governor's Office for the time frame of one calendar year (January 1 – December 31). Travel exemptions should be resubmitted for each calendar year. All requests should be limited in scope.

2) IN-STATE TRAVEL EXPENSES FOR ACTUAL AND NECESSARY EXPENSES

The Request for In-State Travel (Form FRMS-5A) approved by the Governor or other designated official as prescribed by law should be attached when submitting the voucher. Use the Statement of Official In State Travel (Form FRMS 6D). These forms, any additional forms such as the Meal Reimbursement Form, receipts, itinerary and any other attachments to the voucher should be audited by the employee's department before submission to the Comptroller's Office. Signatures of both the department head and the notarized signature of the traveler are required on the Statement of Official In State Travel form.

a) Expenses for Personal Service Charges

The amount paid as tips for personal service charges, such as food service and baggage handling, should be included on the travel expense form. The amount of these expenses should not exceed the usual and customary charges for these services. Refer to the Comptroller's website for guidelines on tipping. The cost of tips paid for meals should be included on the travel expense form as part of the cost of the meal. The service cost for a hotel room, if included in the hotel billing, should be included in the price paid for the hotel room. The cost of tips paid for the transfer of baggage should be itemized on the travel expense form in the miscellaneous section with the date paid (Attorney General's Opinion issued July 14, 1975).

b) Mileage Expenses

Reimbursement for mileage expenses for persons traveling in privately owned vehicles is covered by Code of Alabama 1975, §36-7-22, as amended.

Effective July 1, 2011, the mileage reimbursement rate is \$.555 per mile. Use of the electronic mileage map calculation is required and must be attached as submitted to and approved by the Governor's Office. This method of transportation must be approved by the governor or designated official on the Request for In State Travel. Employees who are authorized to travel in either a State or privately owned vehicle shall be reimbursed for the amount of parking paid while on travel status (Attorney General's Opinion issued September 8, 1952)

Mileage is to be reported in whole miles (round to nearest whole dollar). The total number of miles is to be calculated and then multiplied by the current mileage rate for the entire travel statement.

c) Mode Of Transportation

Each department is responsible for selecting the mode of transportation, preferably the least costly to the State, and obtaining approval from the Governor. After the department selects the mode of transportation and obtains approval from the Governor deviations are not allowed. The traveler is entitled to reimbursement for actual and necessary expenses incurred based on the authorized mode of travel. Reimbursement will not be made for private automobile use when the approved mode is department-owned or motor pool vehicle.

d) Reimbursement of Meal Expenses

Individuals who travel inside the State of Alabama in the service of the State should submit an itemized travel expense form to the department on Form FRMS-6D. The traveler must also have an In-State Travel Authorization in writing from the Governor, where applicable, or other designated

officer (Code of Alabama 1975, §36-7-21, as amended). The original approved Request for In-State Travel must accompany the travel expense form and a copy of the approved Request for In-State Travel must accompany any related expenses paid separately such as transportation regardless of whether the related expense is paid to the employee or not.

Individuals will not be reimbursed for alcoholic beverages. Request for reimbursement for additional meals is not allowable when included in registration fee.

Effective October 1, 2011, meal reimbursements will be capped and will require an itemized receipt for expenses. The only exception for an itemized meal receipt is: A meal less than \$10.00 may be claimed with a simple note stating a meal was purchased for a certain amount, at a certain establishment on a certain date and time and that no alcohol is being claimed for reimbursement. The traveler will certify that the request for reimbursement for meals was for actual expenses incurred in the performance of official travel for the State of Alabama. See the website for the Meal Reimbursement Form.

The following caps for meals include tips and are as follows:

Breakfast is capped at \$10.00

Lunch is capped at \$15.00

Dinner is capped at \$25.00

e) Receipts Required

Receipts will be required for the following expenditures, except where the disclosure of the identity of the traveler would be detrimental to the State's interest:

Vehicle rental (the State does not pay for rental insurance), and gasoline purchases.

Motel / hotel lodging (single rate only).

Registration fees with itemized breakdown. Request for reimbursement for additional meals is not allowed when included in registration fee.

Meals (traveler only) (Note exception for meals under \$10.00 under reimbursement for meal expenses.)

Operating expenses of state-owned vehicles, such as gasoline, oil, and emergency repairs. Repairs must be itemized and conform to Purchasing requirements (Section 6-5, B).

Parking Fees, Taxi Fees and Miscellaneous expenses. Receipts must be itemized. Taxi fees should be shared whenever possible during an event. Miscellaneous expenses must conform to Purchasing requirements (Section 6-5, B).

6) Completing And Assembling The Voucher

The Form FRMS-6D must be signed by the traveler and notarized. The specific law authorizing actual expenses for in-state travel or the national organization in which the State is a dues paying member should be cited on the travel expense form. The Comptroller's Office requires that the hour of departure from and the hour of return to base be shown on the itemized travel form for audit purposes. The Form FRMS-6D that is signed, notarized, and approved, and the authorization to travel (Request for Out-of-State) along with any required receipts, should be attached to the voucher. All documents supporting the voucher should be securely stapled to the voucher in the top left-hand corner and, if needed, in the top center if it is a portrait voucher, and approximately halfway down the side if it is a landscape voucher. Attach supporting documentation so it will be visible for auditing. Attach small receipts to 8 ½ by 11 paper and do not obscure data on the receipt with tape. If the official travel is attendance at a conference or other planned event, attach a copy of the itinerary.

EXHIBIT 6-5-2 REQUEST FOR IN-STATE TRAVEL ACTUAL EXPENSES

Form FRMS-6
Rev 4/1999

Original for Comptroller

STATE OF ALABAMA STATEMENT OF OFFICIAL IN-STATE TRAVEL

Department/Agency Code Number Division Funds

APPROVED _____
Department Head

Above Space for Name, Address & SSN of Traveler

Month And Date	POINTS OF TRAVEL		Private Car Miles	Hour of Departure From Base		Hour of Return To Base		Amount Per Diem Claimed
	From	To		AM	PM	AM	PM	
	Include County of Destination							

<p>TOTAL NUMBER OF MILES TRAVELED</p> <p><small>Detail miscellaneous expense and furnish receipts when required. This space for departmental approval, etc. Use extra sheets when necessary.</small></p>	<p>TOTAL PER DIEM CLAIMED</p> <p>MILEAGE (# of miles x mileage rate)</p> <p>MISCELLANEOUS EXPENSE</p> <p>TOTAL THIS EXPENSE ACCOUNT</p> <p>I HEREBY CERTIFY that the travel and expense indicated hereon was accomplished in the performance of official duties pursuant to travel granted me</p> <p>Signature of Traveler _____</p> <p>Sworn to and subscribed before me this _____ day of _____</p> <p>Notary Public _____</p>
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EXHIBIT 6-5-3 REQUEST FOR IN-STATE TRAVEL ACTUAL EXPENSES

FRMS-5A
Rev. 09/2011

STATE OF ALABAMA REQUEST FOR IN-STATE TRAVEL

DEPARTMENT OF _____ Date _____

Dear Governor _____:

Request is respectfully made for authorization to travel to the city of _____
State of _____
County _____
 for the purpose of attending a Conference Meeting Job Specific Training (Agenda Attached)

Home Base City _____ Work Base City _____

Date & Time of Departure/Return From Base _____
day date time - day date time

Date & Time of Your Business Participation _____
day date time - day date time

Date & Time of Personal Travel _____
day date time - day date time

I will personally pay for the above expenses while on personal time. I will receive no reimbursement from any entity and will record the time as annual leave.

Sign: _____ Employee Approved: _____ Director

ESTIMATED COST

Mode of Transportation:			
Car: From: _____ To: _____ Roundtrip Mileage: _____			
Motorpool <input type="checkbox"/> # of days _____ * \$15 + Mileage _____ (* \$0.35)		\$	-
Passenger <input type="checkbox"/> Agency Vehicle <input type="checkbox"/> Gas \$ _____ Driver: _____		\$	-
Personal <input type="checkbox"/> (explanation) _____ Mileage: _____ (* \$0.555)		\$	-
Air: From: _____ To: _____ Carrier _____			
Ticket \$ _____ Bags \$ _____ Parking \$ _____ Extras/Tips \$ _____ Fees \$ _____		\$	-
Car Rental: <input type="checkbox"/> Car Company: _____ # of Days: _____		\$	-
Taxi \$ _____ Shuttle \$ _____ Other \$ _____ (explanation) _____ Extras/Tips \$ _____		\$	-
Lodging (Specify hotel): _____			
# of Nights: _____ @ \$ _____ +15% tax \$ _____ + Parking \$ _____ Extras/Tips \$ _____		\$	-
Meals: # of Meals: (not counting those provided) _____ Breakfast @ \$10 _____ Lunch @ \$15 _____ Dinner @ \$25 _____		\$	-
Conference & Registration fees Early Bird Date: _____ Deadline Date: _____		\$	-
Other expenses (explanation) _____		\$	-
GRAND TOTAL		\$	-

EXPENSES WILL BE PAID FROM:

Agency/Board State Funds _____ % Name: _____ Federal Funds _____ % Name: _____
 Other _____ % Name: _____

Employee Non-Employee Board Member Guest
 Approved: _____ Division Head / Date _____
 Signature: _____ Approved: _____ Agency Director / Date _____
 Name: _____ Approved: _____ Governor / Date _____
(Please type or print)

2. OUT-OF-STATE TRAVEL

a. Out-of-State Travel Authorization

Out-of-state travel is authorized in the Code of Alabama 1975, §36-7-21. The following guidelines apply to out-of-state travel.

"Persons traveling in the service of the state or any of its departments, institutions, boards, bureaus, commissions, councils, committees or other like agencies...outside the state of Alabama shall be allowed all of their actual and necessary expenses, in addition to the actual expenses for transportation; provided that such travel shall have first been fully authorized in writing by the governor..." or other designated official as prescribed by law. The traveler must complete a Request for Out of State Travel (Form FRMS-5). This form is mandatory for use for travel beginning on or after October 1, 2011. Employees who travel without pre-approval may be personally responsible for their expenditures. Before seeking approval for out-of-state travel, particular emphasis should be placed on the following:

- 1) Travel only when absolutely necessary. Use alternative means to obtain the information including use of telephone calls, video conferences, letters and e-mail.
 - Only essential travel expenses required for the conduct of official state business will be reimbursed.
- 2) Use the most economical and efficient means of transportation.
 - Absent a specific exemption, employees based in Montgomery should use motor pool and/or departmental vehicles.
 - Airline travel is economy seating. No business class or first-class travel.
- 3) Plan and coordinate travel
 - If absolutely necessary to send two or more employees, transportation costs should be shared.
 - Travel to and from the destination by a single vehicle.
 - If absolutely necessary to travel by taxi service or car rental, these should be shared while at the event.
- 4) Requests for reimbursement above the limitations on actual and necessary expenses set forth in this section must be approved by the designated official prior to travel.

The Request for Out-of-State Travel must be amended, submitted to and approved by the Governor if there are deviations from the originally approved travel itinerary. Personal travel taken in conjunction with (before, during or after) official out of state travel must be on the Request for Out-of-State Travel and approved by the Governor or other designated official as per the instructions. Refer to the Comptroller's website Online Forms under Reports and Forms for the following forms and instructions pertaining to Out of State travel:

- 1) FRMS-5 Request for Out of State Travel (Pre-Approval)
- 2) Request for Out of State Travel Instruction Matrix
- 3) Request for Out of State Travel Form Example
- 4) Out of State Travel Form
- 5) Out of State Travel Example
- 6) Meal Reimbursement Form

Note, any existing travel exemptions (excluding motor pool exemptions) will need to be resubmitted and approved by both the Governor's Office for the time frame of one calendar year (January 1 – December 31). Travel exemptions should be resubmitted for each calendar year. All requests should be limited in scope.

b. Out-of-State Travel Expenses

The Request for Out-of-State Travel (Form FRMS-5) approved by the Governor or other designated official as prescribed by law should be attached when submitting the voucher. Use the Statement of Official Out of State Travel (Form FRMS 6A). These forms, any additional forms such as the Meal Reimbursement Form, receipts, itinerary and any other attachments to the voucher should be audited by the employee's department before submission to the Comptroller's Office. Signatures of both the department head and the notarized signature of the traveler are required on the Statement of Official Out of State Travel form.

1) Expenses for Personal Service Charges

The amount paid as tips for personal service charges, such as food service and baggage handling, should be included on the travel expense form. The amount of these expenses should not exceed the usual and customary charges for these services. Refer to the Comptroller's website for guidelines on tipping in the Out of State Example under Online Forms. The cost of tips paid for meals should be included on the travel expense form as part of the cost of the meal. The service cost for a hotel room, if included in the hotel billing, should be included in the price paid for the hotel room. The cost of tips paid for the transfer of baggage should be itemized on the travel expense form in the miscellaneous section with the date paid (Attorney General's Opinion issued July 14, 1975).

2) Mileage Expenses

Reimbursement for mileage expenses for persons traveling in privately owned vehicles is covered by Code of Alabama 1975, §36-7-22, as amended.

Effective July 1, 2011, the mileage reimbursement rate is \$.555 per mile. Use of the electronic mileage map calculation is required and must be attached as submitted to and approved by the Governor's Office. This method of transportation must be approved by the governor or designated official on the Request for Out of State Travel. Employees who are authorized to travel in either a State or privately owned vehicle shall be reimbursed for the amount of parking paid while on travel status (Attorney General's Opinion issued September 8, 1952)

Mileage is to be reported in whole miles (round to nearest whole dollar). The total number of miles is to be calculated and then multiplied by the current mileage rate for the entire travel statement.

3) Mode Of Transportation

Each department is responsible for selecting the mode of transportation, preferably the least costly to the State, and obtaining approval from the Governor. After the department selects the mode of transportation, and obtains approval from the Governor, deviations are not allowed. The traveler is entitled to reimbursement for actual and necessary expenses incurred based on the authorized mode of travel. Reimbursement will not be made for private automobile use when the approved mode is commercial or for commercial travel when the approved mode is private automobile use.

4) Reimbursement of Meal Expenses

Individuals who travel outside the State of Alabama in the service of the State should submit an itemized travel expense form to the department on Form FRMS-6A (Exhibit 6-5-4). The traveler must also have an Out-Of-State Travel Authorization in writing from the Governor (Request for Out-of-State Travel, Exhibit 6-5-5), where applicable, or other designated officer (Code of Alabama 1975, §36-7-21, as amended). The original approved Request for Out-of-State Travel must accompany the travel expense form and a copy of the approved Request for Out-of-State Travel must accompany any related expenses paid separately such as transportation regardless of whether the related expense is paid to the employee or not.

Individuals will not be reimbursed for alcoholic beverages. Request for reimbursement for additional meals is not allowable when included in registration fee.

Effective October 1, 2011, meal reimbursements will be capped and will require an itemized receipt for expenses. The only exception for an itemized meal receipt is: A meal less than \$10.00 may be claimed with a simple note stating a meal was purchased for a certain amount, at a certain establishment on a certain date and time and that no alcohol is being claimed for reimbursement. The traveler will certify that the request for reimbursement for meals was for actual expenses incurred in the performance of official travel for the State of Alabama. See the website for the Meal Reimbursement Form.

The following caps for meals include tips and are as follows:

Breakfast is capped at \$10.00

Lunch is capped at \$15.00

Dinner is capped at \$25.00

5) Receipts Required

Receipts will be required for the following expenditures, except where the disclosure of the identity of the traveler would be detrimental to the State's interest:

Commercial transportation (economy fare), vehicle rental (the State does not pay for rental insurance), and gasoline purchases.

Motel / hotel lodging (single rate only).

Registration fees with itemized breakdown. Request for reimbursement for additional meals is not allowed when included in registration fee.

Meals (traveler only) (Note exception for meals under \$10.00 under reimbursement for meal expenses.)

Operating expenses of state-owned vehicles, such as gasoline, oil, and emergency repairs. Repairs must be itemized and conform to Purchasing requirements (Section 6-5, B).

Parking Fees, Taxi Fees and Miscellaneous expenses. Receipts must be itemized. Taxi fees should be shared whenever possible during an event. Miscellaneous expenses must conform to Purchasing requirements (Section 6-5, B).

6) Completing And Assembling The Voucher

The Form FRMS-6A must be signed by the traveler and notarized. The Comptroller's Office requires that the hour of departure from and the hour of return to base be shown on the itemized travel form for audit purposes. The Form FRMS-6A that is signed, notarized, and approved, and the authorization to travel (Request for Out-of-State) along with any required receipts, should be attached to the voucher. All documents supporting the voucher should be securely stapled to the voucher in the top left-hand corner and, if needed, in the top center if it is a portrait voucher, and approximately halfway down the side if it is a landscape voucher. Attach supporting documentation so it will be visible for auditing. Attach small receipts to 8 ½ by 11 paper and do not obscure data on the receipt with tape. If the official travel is attendance at a conference or other planned event, attach a copy of the itinerary.

EXHIBIT 6-5-5 REQUEST FOR OUT-OF-STATE TRAVEL ACTUAL EXPENSES

FRMS-5
Rev. 09/2011

STATE OF ALABAMA REQUEST FOR OUT-OF-STATE TRAVEL

DEPARTMENT OF _____ Date _____

Dear Governor _____:
Request is respectfully made for authorization to travel to the city of _____ State of _____ Country _____
for the purpose of attending a Conference Meeting Job Specific: Training (Agenda Attached)

Home Base City _____ Work Base City _____

Date & Time of Departure/Return From Base _____ day _____ date _____ time - _____ day _____ date _____ time

Date & Time of Your Business Participation _____ day _____ date _____ time - _____ day _____ date _____ time

Date & Time of Personal Travel _____ day _____ date _____ time - _____ day _____ date _____ time

I will personally pay for the above expenses while on personal time. I will receive no reimbursement from any entity and will record the time as annual leave.

Sign: _____ Employee Approved: _____ Director

ESTIMATED COST

Mode of Transportation:										
Car:	From:	_____	To:	_____	Roundtrip Mileage:	_____				
	Motorpool	<input type="checkbox"/>	# of days	_____	* \$15 + Mileage	_____	(* \$0.35)	\$	_____	-
	Passenger	<input type="checkbox"/>	Agency Vehicle	<input type="checkbox"/>	Gas \$	_____	Driver:	_____	\$	-
	Personal	<input type="checkbox"/>	(explanation)	_____	Mileage:	_____	(* \$0.555)	\$	_____	-
Air:	From:	_____	To:	_____	Carrier	_____				
	Ticket \$	_____	Bags \$	_____	Parking \$	_____	Extras/Tips \$	_____	Fees \$	_____
	Car Rental:	<input type="checkbox"/>	Car Company:	_____	# of Days:	_____		\$	_____	-
	Taxi \$	_____	Shuttle \$	_____	Other \$	_____	(explanation)	_____	Extras/Tips \$	_____
	Lodging (\$specify hotel):	_____								
	# of Nights:	_____	@ \$	_____	+15% tax \$	_____	+ Parking \$	_____	Extras/Tips \$	_____
	Meals:	# of Meals: (not counting those provided)	_____	Breakfast @ \$10	_____	Lunch @ \$15	_____	Dinner @ \$25	_____	\$
	Conference & Registration fees	Early Bird Date:	_____	Deadline Date:	_____			\$	_____	-
	Other expense (explanation)	_____								
									GRAND TOTAL	\$
										-

EXPENSES WILL BE PAID FROM:

Agency/Board _____
State Funds _____ % Name: _____ Federal Funds _____ % Name: _____
Other _____ % Name: _____

Employee Non-Employee Board Member Guest
Signature _____ Traveler / Date _____ Approved _____ Division Head / Date _____
Name _____ (Please type or print) Approved _____ Agency Director / Date _____
Approved _____ Governor / Date _____

EXHIBIT 6-5-5

OUT OF-STATE TRAVEL

ACTUAL EXPENSES REIMBURSEMENT

Form FRMS-6A
Rev 04/1999

Original for Comptroller

STATE OF ALABAMA

STATEMENT OF OUT-OF-STATE TRAVEL

Department/Agency _____ Code Number _____ Division _____ Funds _____

Name of Traveler _____ Social Security Number _____ Official Station or Base _____

Address of Traveler (including street, city, state, and zip code) _____

The mileage and subsistence expense indicated in this expense account has been previously authorized and has been checked for compliance.

I Heretly Certify That the Within Account in the Amount of \$ _____ is correct, due and unpaid.

APPROVED:

Signature of Payee _____
Sworn to and subscribed before me this _____ day of _____

_____ Departmental

Notary Public _____

RECAPITULATION OF EXPENSES

Travel Expenses	Amount	Emergency and Necessary Expenses Incurred in Connection with Travel	Amount
Commercial Transportation (incl rental car/gas) 0400-02	\$ _____	Total other expenses such as postage, tax, telephone, parking, baggage handling, tolls, registration fees, etc.	\$ _____
Mileage, private car 0400-01	\$ _____		
Meals and Lodging 0400-03	\$ _____		
SUBTOTAL TRAVEL EXPENSES	\$ _____	GRAND TOTAL TRAVEL EXPENSES	\$ _____

ITEMIZED STATEMENT OF NECESSARY TRAVELING EXPENSES INCURRED FOR PERIOD _____ TO _____

Date mm/dd/yy	Points of Travel		Hour of Depart/Return	Private Car Miles	Fare or mileage Amount	SUBSISTENCE			Total Meals	Lodging	Total Meals & Lodging	Emergency & Necessary Expense Amount & Detail
	From City/State	To City/State				Breakfast	Lunch	Supper				
TOTALS												

F. ADVANCE TRAVEL/PREPAID TRAVEL

Code of Alabama 1975, §36-7-24 and 36-7-25, as amended, authorizes advances for travel and prepayment of travel expenses for officers and employees of the state when traveling within or outside of the state on official business. Travel advances are defined as payments made directly to the traveler prior to the travel event. Prepayment of travel expenses is defined as payments made directly to a vendor or to an employee prior to the travel event. It will be the department's responsibility to maintain detail accounting records of travel advances and prepaid travel expenses for audit purposes.

3. PROCESSING THE INITIAL PAYMENT VOUCHER

When processing a payment voucher for prepaid expenses (~~paid directly to a vendor~~), the expenditure object code relating to that expenditure should be used (i.e., conference registration should be 0900 16, etc). A properly completed and signed form FRMS-4 is to be attached for each employee for whom prepaid expenses are being made.

P. DISBURSEMENTS CHARGED TO BALANCE SHEET ACCOUNTS

A payment voucher for health insurance refunds to the employee should follow guidelines in Chapter 7-9D of this manual as to which balance sheet account to use. Suppress the employee's social security number in all situations and attach a copy of the journal voucher reflecting the deposit into the balance sheet account. ~~Employees who participate in the Flexible Benefits Plan are only entitled to the amount originally paid by the employee less employee's portion of FICA and Medicare Tax. Supporting documentation attached to the voucher must include a statement that the employee was on the Flexible Benefits Plan.~~

6-15 TABLE LOOK-UP

A.	OPRQ	Open Purchase Requisition Table
B.	OPOH	Open Purchase Order Header Table
C.	OPOL	Open Purchase Order Line Table
D.	OPOD	Open Purchase Order by Document Table
E.	OPVH	Open Payment Voucher Header Table
F.	OPVL	Open Payment Voucher Line Table
G.	OPVD	Open Payment Voucher Header by Document Table
H.	OPVV	Open Payment Voucher by Vendor Name Table
I.	VEND	Vendor Index Table
J.	VEN2	Common Vendor Table
K.	VREQ	Vendor Request Table
L.	VREG	Vendor Registration Table
L.M.	VNAM	Vendor Name Table
M.N.	WREC	Warrant Reconciliation Table
N.O.	VZIP	Vendor Zip Code Table

CHAPTER 7

PAYROLL/PERSONNEL

Page 7-5

7-3 DEPARTMENTAL (CONTINUED)

- ~~8. Ensuring that employees who are eligible for Advanced Earned Income Credit Payments, as defined by IRS regulations, have a completed Earned Income Credit Advance Payment Certificate; IRS Form W-5 (Exhibit 7-3-1)) on file. An employee may have only one certificate in effect with the State of Alabama. If an employee is married and his or her spouse also works, each spouse should file a separate Form W-5. The Form W-5 remains in effect until the end of the calendar year in which it was filed. **Eligible employees must file a new Earned Income Credit Advance Payment Certificate each year.**~~

~~A Form W-5 may be obtained from the Internal Revenue Service at: <http://www.irs.gov/pub/w-5>. If that link becomes invalid at some time in the future, drill down for the W-5 form, under Forms and Publications, on the main IRS website at <http://www.irs.gov/>. To place an order for forms to be mailed, go to <http://www.irs.gov/formspubs>. The form can also be obtained by calling the Internal Revenue Service at 1-800-829-3676.~~

89. Ensuring all data entered for the employee is correct. It is mandatory that the correct name, social security number and address be entered for an employee. This data is used for reporting salary and tax information to the Internal Revenue Service, the Alabama Department of Revenue and the Social Security Administration. The address is used for mailing warrants/advices, IRS Form W-2 Wage and Tax Statements and any additional correspondence which may be needed to employees.

If an employee has been entered with an incorrect social security number, agency personnel must immediately notify the Payroll section of the Comptroller's office in writing, providing a copy of the employee's social security card. If the employee's name or address is incorrect, authorized agency personnel can update, in GHRS, the ENCH screen for a name change or the ADDR screen for an address change.

7-6 PAY TYPES

A. LONGEVITY PAY

In accordance with Code of Alabama 1975, §36-6-11, as amended, all State of Alabama employees and law enforcement officers, whether merit system or not, are entitled to receive a lump sum payment for longevity if the employee has accumulated at least five years total eligible service time and is in an active pay status as of December 1 of the current calendar year. Eligible service time includes time worked and paid by any of the following: the State Comptroller; the Comptroller for the Alabama State Port Authority; or, prior to August 25, 1990, the Comptroller for the Department of Mental Health and Mental Retardation.

No temporary time worked; leave without pay, except for Military leave without pay or long leave without pay for medical purposes, as allowed by the Family Medical Leave Act (FLMA), or time worked as an independent contractor will be credited for eligible service time. In the case of long leave without pay for medical leave, the longevity counter will be adjusted, as detailed in the annual longevity memo issued each year by the Comptroller, to give the employee 2/3 credit for time not worked due to an on-the-job injury.

The Code of Alabama 1975, §36-6-11, was amended in 2006 by the legislative passage of Act 2006-420. The amendment dealt with longevity pay amounts for varying service levels. A new category of service for 25+ years of service was added for which the longevity pay was set at \$700. The 2006 amendment further provided that beginning October 1, 2006, and continuing each fiscal year thereafter in which an employee DOES NOT RECEIVE A COST OF LIVING INCREASE, each service level amount will be increased by \$100 per year to a maximum of \$1,000 for 25 years of service so long as an employee remains in service.

Cost of living increases or adjustments are commonly referred to as COLA, so this acronym will be used interchangeably with cost of living increase in this manual.

The following amounts reflect the longevity payments for FY44 12 ~~and the potential changes thereafter until the maximum specified by the amendment is reached:~~

FY 44 12 LONGEVITY PAY INCREMENTS

5 + years of service	\$500 600
10 + years of service	\$600 700
15 + years of service	\$700 800
20 + years of service	\$800 900
25 + years of service	\$900 1000 (as granted in ACT 2006-420)

EXAMPLES OF REVISED LONGEVITY AMOUNTS:

For the next Fiscal Year in which no COLA is received, the following schedule of longevity payments will be applicable:

5 + years of service	\$600
10 + years of service	\$700
15 + years of service	\$800
20 + years of service	\$900
25 + years of service	\$1,000*

*After \$1,000 is reached for the 25 + year level, each service level amount will remain as is noted in this chart (unless/until future legislation dictates a change).

Pages 7-12 through 7-14

7-6 PAY TYPES

A. LONGEVITY PAY

Generally, the amount of longevity pay for permanent part-time employees is calculated using the percentage of full-time hours worked and the length of service. ~~For example, if a 50% employee works 1,040 hours a year and the employee has 6 years of service, then the employee is eligible to receive \$250.00 (\$500 X .5). One time Payment forms, for all part-time employees, must be completed and forwarded to the Payroll Section of the Comptroller's Office by the deadline established in the annual longevity memo issued by the Comptroller's Office. The employee's full-time percentage is set on the ESMT in the "% full time" field. The pro-rated amount is calculated by multiplying the percentage shown in the "% full time" field by the amount of longevity payment that the employee would have received had he been a full-time employee. For example, Employee A works 75% of the total work hours every semi-monthly pay period. He has 126 months in the longevity counter. His "percent full time" on the report shows .75. To calculate the amount due for Employee A, multiply \$700 x .75 = \$525.00. The employee's full-time percentage is based on the employee's status as of December 1. One-Time Payment forms, for all part-time employees, with the calculated amount of the longevity payment must be completed and forwarded to the Payroll Section of the Comptroller's Office by the deadline established in the annual longevity memo issued by the Comptroller's Office.~~

B. LONGEVITY OVERTIME PAY

Federal tax is withheld at a flat rate of 25 percent and state tax is withheld at a flat rate of 3 percent. If the employee's regular pay is subject to FICA, ~~and/or Medicare and/or retirement~~, the longevity overtime pay is also subject to those withholdings.

C. SUBSISTENCE PAY

Federal tax is withheld at a flat rate of 25 percent. Subsistence payments are exempt from state tax. ~~If the employee's regular pay is subject to FICA, Medicare, and/or retirement, the subsistence pay is also subject. If the employee's regular pay is subject to FICA and/or Medicare, the subsistence pay is also subject to those withholdings.~~

D. OVERTIME

~~Overtime payments are taxed at a flat rate of 25 percent for federal taxes and a flat rate of 3 percent for state taxes. If the employee's regular pay is subject to FICA, Medicare, and/or retirement, any overtime payment is also subject to FICA, Medicare and/or retirement.~~

Federal tax is withheld at a flat rate of 25 percent and state tax is withheld at a flat rate of 3 percent. If the employee's regular pay is subject to FICA and/or Medicare, the overtime pay is also subject to those withholdings.

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7-11 PAYROLL DEDUCTIONS

B. EMPLOYEE DEDUCTIONS

4. Any employee who elects to make a voluntary contribution to an employee organization can terminate that voluntary contribution by providing written notice two months ~~30 days~~ in advance to the ~~appropriate~~ payroll clerk in the employee's department or to the appropriate officials as specified by the State Comptroller.

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C. DEDUCTION FREQUENCIES

For employees paid on a semi-monthly basis, either current or in arrears, the following deductions will be taken every payday: federal and state taxes, retirement contributions, liens, flexible spending account deductions, deferred compensation, child support, bankruptcies, and liens. On the payday which is normally paid on the 1st of the month or the 1st payday of the month, the following deductions will be taken for these employees: credit union, charitable contributions, dues and parking fees, ~~and savings bonds~~. On the payday that is normally paid on the 16th of the month or the last payday of the month, the following deductions will be taken for these employees: voluntary insurance and state health insurance.

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5. MILEAGE EXPENSE REIMBURSEMENT

The State of Alabama's current mileage rate is ~~50 cents~~ \$.555 effective ~~January 1, 2010~~ July 1, 2011. Since the amount is equal to the federal standard mileage rate, the amount of compensation for mileage reimbursement is not reportable for W-2 purposes.

6. PER DIEM ALLOWANCE

~~The lowest federal maximum per diem rate for any area in Alabama is \$80.00. Therefore, The state's maximum overnight per diem allowance of \$75.00 is deemed substantiated and is not subject to FICA/Medicare taxes, federal withholding taxes, or state withholding taxes and not reportable for W-2 purposes.~~

The non-overnight per diem for travel that does not require an overnight stay, is calculated as follows: a) for a trip of from six to twelve hours the traveler shall be paid a meal allowance of \$11.25 (15% of the regular per diem rate) and b) for travel in excess of twelve hours duration the traveler shall be

paid \$30.00, which represents one meal allowance and one-fourth of the per diem allowance. The non-overnight per diem is subject to Federal withholding taxes and is included in Box 1 of Form W-2. If the employee's regular pay is subject to FICA and/or Medicare, the non-overnight per diem is also subject to those withholdings (Boxes 1,3 and/or 5).

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D. OTHER REPORTABLE ITEMS

1. ADVANCED EARNED INCOME CREDIT

~~Advanced Earned Income Tax Credit was discontinued as of January 1, 2011. State employees who earn less than \$35,535 (\$40,545 married filing jointly) annually in 2010 and who have one or more qualifying children are eligible for Advanced Earned Income. These payments are reflected on the employee's W-2 as a separate item in **Box 9**. The advance payments do not constitute the payment of compensation and should not be treated as a reduction of withholding or an increase in compensation. [See section 7-3 # 8.](#)~~

CHAPTER 8

GENERAL ACCOUNTING

PLEASE NOTE

Chapter 8, which covers General Accounting issues, has been revised significantly. The sections on Journal Vouchers (8-2) and Cash Transfers (8-3) remain unchanged. The rest of the chapter has been revised to focus on accounting issues that are needed on a daily basis for processing routine transactions. Instructions for CAFR reporting which do not affect legal fiscal matters involving budgets or cash have been eliminated and will be addressed in an annual mail out. Please refer to our website at <http://comptroller.alabama.gov> under Procedures by selecting Fiscal Policy and Procedures for the new Chapter 8 portion of the Fiscal Policy and Procedures Manual or [follow this link](#).

8-1 INTRODUCTION

The statewide central accounting system (CAS) enables the State to accumulate data for several purposes including budgetary control, budgetary reporting, and financial reporting. In general, the state operates on a budgetary basis during the fiscal year.

The general accounting procedures for items such as the preparation of journal vouchers, cash transfers, operating leases, capital leases, fixed assets (including depreciation), investments, and prior period adjustments are discussed below. The discussion includes the proper methods to account for the above mentioned items during the fiscal year.

Subsequent to the fiscal year-end, the Comptroller's Office will request accruals and other adjustments for the Comprehensive Annual Financial Report (CAFR). The accruals and other adjustments allow the Comptroller's Office to prepare the CAFR in conformity with generally accepted accounting principles (GAAP) as required by the Governmental Accounting Standards Board (GASB). Additional instructions for accruals and adjustments needed to prepare the CAFR will be sent during the thirteenth accounting period.

8-2 JOURNAL VOUCHERS

A. PURPOSE OF JOURNAL VOUCHERS

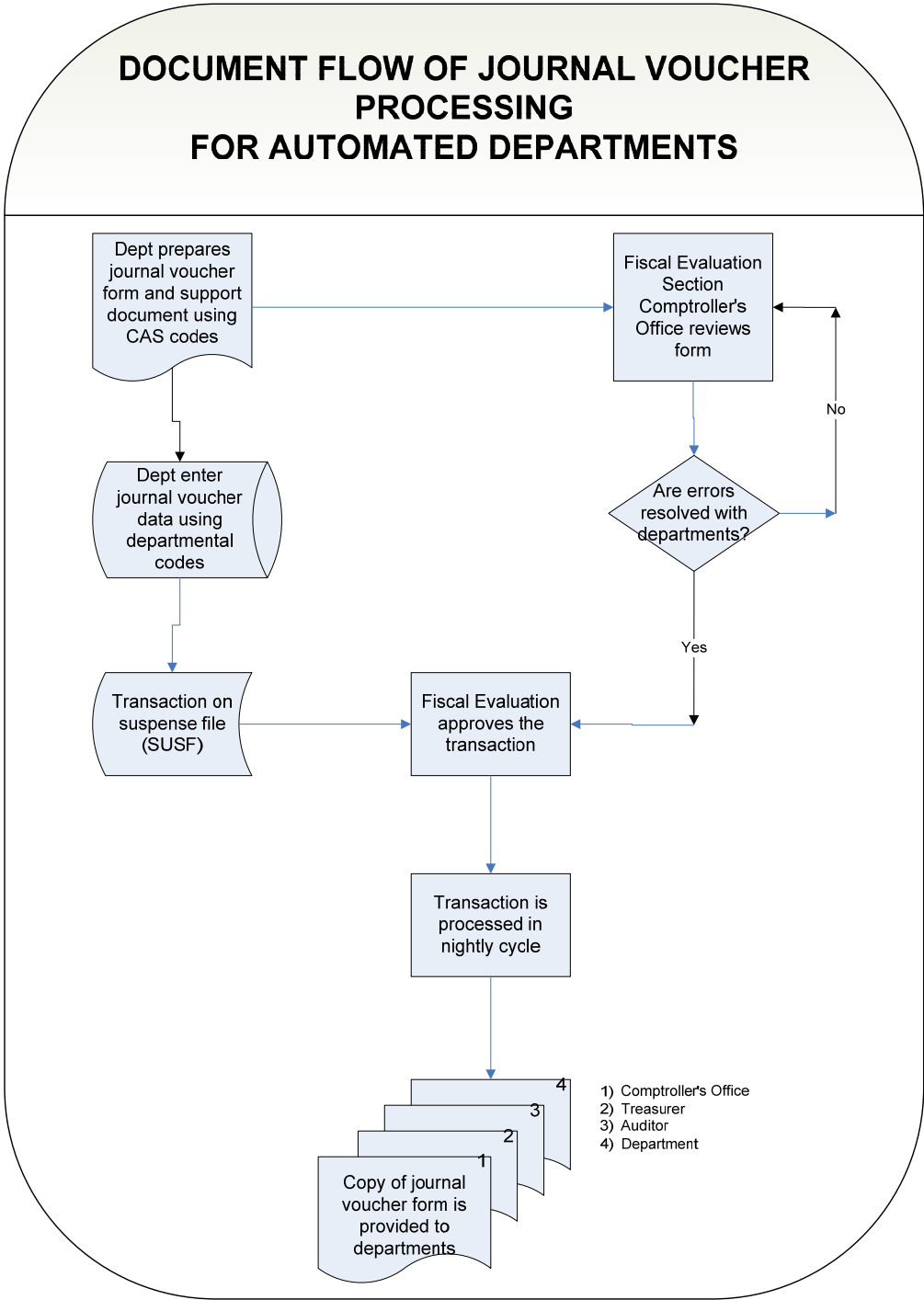
Journal vouchers are used to record accounting events that are not recorded by other CAS transactions. In CAS, a journal voucher transaction (JV) is used to enter accounting journal entries to the state-level accounting system.

B. DOCUMENT FLOW OF JOURNAL VOUCHER PROCESSING

All departments will prepare journal voucher forms using CAS accounting codes and submit them to the Comptroller's Office complete with attached supporting documentation. Those departments without an automated accounting system will send the completed journal voucher forms with documentation to the Comptroller's Office for direct entry into CAS, approval, and processing. Those departments with an automated accounting system will enter the journal voucher data in their system using their departmental accounting codes. The transactions will then crosswalk to CAS codes and remain on the CAS suspense file until approved and processed by the Comptroller's Office. One copy of the approved journal voucher form is filed in the Comptroller's Office.

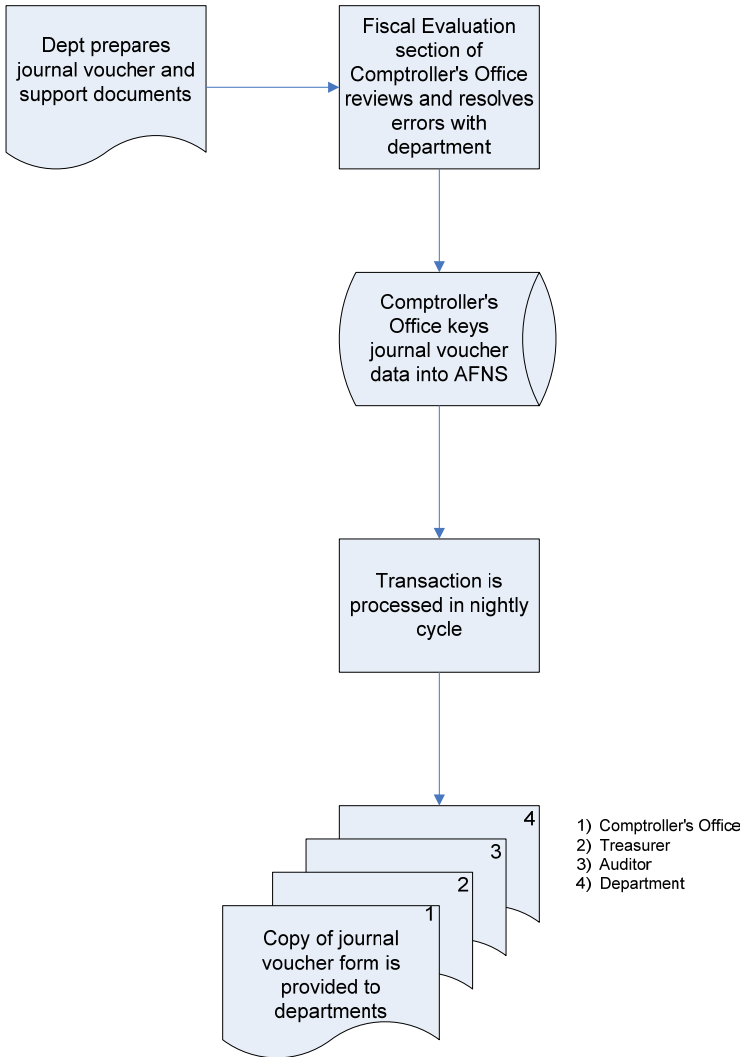
The following flow charts (Exhibits 8-2-1 and 8-2-2) provide an overview of journal voucher processing for departments with automated and non-automated accounting systems.

**EXHIBIT 8-2-1
DOCUMENT FLOW OF JOURNAL VOUCHER PROCESSING
FOR AUTOMATED DEPARTMENTS**



**EXHIBIT 8-2-2
DOCUMENT FLOW OF JOURNAL VOUCHER PROCESSING
FOR NON-AUTOMATED DEPARTMENTS**

**DOCUMENT FLOW OF JOURNAL VOUCHER
PROCESSING
FOR NON-AUTOMATED DEPARTMENTS**



C. TYPES OF JOURNAL VOUCHERS AND ACCOUNTING EFFECTS

Journal voucher transactions are used for:

1. Corrections to accounting distribution codes on previously entered expenditure transactions;
2. Cost allocation processing;
3. GHRS accounting entries posted to the state-level accounting system (CAS) and payroll offsetting entries posted by departments to CAS;
4. Recording fixed asset, inventory, and receivables information in CAS, including accruals for the CAFR; and
5. Recording year-end accounts payable in CAS for each fund.

Departments may use journal vouchers to correct errors and to record other accounting transactions that affect the departmental accounting system only. The FRMS system is designed to electronically process journal entries from the departmental accounting systems to CAS; however, certain transactions may have no net effect on CAS. If departments send all journal voucher transactions electronically, the Fiscal Management section will process only those transactions that have a net effect on CAS. Transactions that have no net effect on CAS should be entered at the department level using an "OT" journal voucher (example: JV 053 OT0530000001). OT journal vouchers do not pass through integration to CAS.

All journal voucher transactions in CAS must be self-balancing; that is, the transaction must include equal debit and credit amounts within each fund. The journal voucher may contain multiple debit and credit entries but must balance within each fund. A journal voucher transaction must include an account type (asset, liability, expense / expenditure, revenue, fund balance) for each line of the journal voucher because each account type requires a different processing procedure in CAS. As part of the transaction, a two-digit account type is used to indicate the type of transaction:

- 01 Asset
- 02 Liability
- 03 Fund Balance
- 22 Expense / Expenditure
- 23 Expenditure / Asset (Capitalized Expenditure)
- 24 Expense (non-budgeted items)
- 31 Revenue

1. Journal Vouchers To Correct Errors

Most of the journal vouchers used by departments will be to correct account-coding errors. These journal vouchers will be entered into the department accounting system and will be passed electronically to CAS, where final approval will be given by the Fiscal Management Section of the Comptroller's Office. A journal voucher form (FRMS-20), with supporting documentation, will be forwarded to the Comptroller's Office for audit purposes. The journal voucher must include the debit entries and credit entries to correctly produce the required accounting effects. If there are no problems, the Fiscal Management Section will approve the journal voucher transaction in CAS. Departments with automated accounting systems that are not AFNS systems (non-AMS), will batch the journal voucher transactions by agency before electronic transmission to CAS in order to facilitate processing.

Journal vouchers prepared by departments without automated accounting systems will be processed by completing journal voucher forms, using CAS codes, and forwarding them to the Comptroller's Office for audit, approval, and entry into the CAS system. Supporting documentation is required for journal vouchers that are to correct expenditures charged to incorrect object codes for travel and for corrections between fiscal years. Documentation will provide the Comptroller's Office with justification for the requested changes.

Journal vouchers will not be used to process routine corrections to previously entered receipt transactions (cash receipts); the Cash Receipt Modification document will be used. Section 3-3, (D) of this Manual provides instructions and procedures to process these corrections.

2. Journal Vouchers To Record Cost Allocation Processing

Cost allocation journal vouchers produced by departmental systems will be loaded into FRMS pending approval by the Comptroller's Office. No backup documentation is required for these journal vouchers, nor will journal voucher forms be required. These transactions must be identified by prefixing the transaction number with the letters CA (for cost allocation). Approval will be applied by the Comptroller's Office to allow these transactions to update the state-level accounting system.

3. Journal Vouchers To Record GHRIS Payroll Transactions

Journal vouchers are created by GHRIS during payroll processing. These journal vouchers are posted to CAS automatically without action by the departments. These journal vouchers do not require approval by the Comptroller's Office.

4. Journal Vouchers To Record Balance Sheet Transactions

Departments will submit balance sheet information on a periodic basis to the Comptroller's Office. These balance sheet entries will be examined for accuracy and completeness. Information (e.g., fixed asset, inventory, and receivables) from departmental balance sheet accounts will be obtained and provided to the Comptroller's Office on journal vouchers. The Comptroller's Office will enter and approve these transactions.

5. Journal Vouchers To Record Year-End Accounts Payable

As part of the end of year procedures, the departments will submit end-of-year accounts payable forms to the Fiscal Management Section of the Comptroller's Office. This form will provide the estimated liability of the department for the current fiscal year by fund, agency, appropriation unit, organization (if applicable), and object. The Comptroller's Office will review these forms for correctness and completeness. It is important that departments estimate accounts payable at the end of the year as accurately as possible, because the information is used to reserve funds to meet remaining fiscal year obligations before the accounting books are closed.

D. HOW TO COMPLETE THE JOURNAL VOUCHER FORM (FRMS-20)

A journal voucher form (Form FRMS-20) is shown as Exhibit 8-2-3. The instructions for item numbers 1 through 28 explain completion of the form.

1. Enter the Journal Voucher Number.

___ Three digits for agency code of the department.

_____ First digit for the current fiscal year (for example 1 = fiscal year 2010-2011, 2 = 2011-2012) second through fourth digits are your agency code and the remaining seven digits for the number sequence used by the department. This number can only be used once during the fiscal year.

2. Batch Number - If the department has an automated accounting system and does not use AFNS, then enter a six-digit batch number. Otherwise, leave blank.
3. Date - Leave blank, the system infers the date the day the journal voucher is accepted in CAS.
4. Accounting Period - Leave blank. The current accounting period will be inferred.
5. Budget Fiscal Year - Leave blank.
6. AC TP - For each line of the journal voucher, enter the two-digit account type to indicate the type of transaction. Valid account types are:
 - 01 Asset
 - 02 Liability
 - 03 Fund Balance (Limited use. Do not use with type 22, 23, 24, or 31 offsets.)
 - 22 Expense/Expenditure
 - 23 Expenditure/Asset (Capitalized Expenditure)
 - 24 Expense (non-budgeted items)
 - 31 Revenue
7. FUND - Enter the four-digit code of the fund to be adjusted by the journal voucher.
8. AGCY - Enter the three digit code of the agency (or department) to be adjusted by the journal voucher.
9. ORG - Enter the four-digit organization code assigned by the EBO. This code should be entered only where funds are budgeted to the organization level rather than the appropriation unit level. Otherwise, leave blank.
10. APPR - If this is an expense/expenditure adjustment, enter the three digit code of the department's appropriation unit to be adjusted. Otherwise, leave blank.
11. ACTIVITY - If this is an expense/expenditure adjustment, enter the four digit code of the departmental activity code to be adjusted. Otherwise, leave blank.
12. OBJ/REV - Enter the four-digit code of the expenditure object to be adjusted. An expenditure object code must be used for an expense/expenditure transaction. A revenue source code must be used on transactions that adjust a revenue transaction.

13. SUB OBJ/REV - Enter the two-digit code for each line that has a 4-digit expenditure object (OBJ) code to be adjusted.
14. BS ACCT - If this is a balance sheet adjustment, enter the four-digit code to be used to record, reclassify, or correct a balance sheet account. Otherwise, leave blank.
15. REPT CATG - Leave blank.
16. DESCRIPTION - If the transaction is to adjust an expense/expenditure or a refund of revenue, enter the eight digit warrant number. Otherwise, optional departmental data may be entered in this field.
17. V/P CODE - If the transaction is to correct a specific payment voucher transaction, enter a V for vendor code. This letter must be entered if a vendor code is entered for item 18. If the journal voucher transaction is to correct a transaction involving a provider code, enter a P.
18. VENDOR/PROVIDER - If the transaction is to correct a specific payment voucher transaction, enter the 11 digit vendor code of the original payment. If the journal voucher transaction is to correct a transaction involving a provider code, then enter the three, four or six digit provider code used in the original transaction. A vendor code must be used when correcting entries relating to object 0300 (travel). Vendor codes must be used when changing expenditures between major object codes and sub-object codes (with the exception of payroll codes), or moving expenditures between agencies.
19. DEBIT AMOUNT - Enter the dollar amount of the accounts being debited.
20. CREDIT AMOUNT - Enter the dollar amount of the accounts being credited.
21. TOTALS - Enter the total of the debits.
22. TOTALS - Enter the total of the credits.

Debit totals and credit totals must be equal within each fund.
23. Explanation - Enter information to describe the purpose of the journal voucher transaction.
24. Submitted By - Enter the name of the individual responsible for the journal voucher.
25. Date - Enter the date that the journal voucher form is completed.
26. Phone - Enter the telephone number of the individual responsible for the journal voucher.
27. Audited By - For use by the Comptroller's Office.
28. Date Audited - For use by the Comptroller's Office.

EXHIBIT 8-2-3 JOURNAL VOUCHER FORM (FRMS-20)

FRMS-20
REV 04/1999

Comptroller will distribute as follows
 White - Comptroller
 Yellow - Treasurer
 Pink - Auditor
 Gold - Department

STATE OF ALABAMA
 DEPARTMENT OF FINANCE
 State Comptroller
 Montgomery, AL 36130

JOURNAL VOUCHER NUMBER _____

BATCH NUMBER _____

DATE _____

ACCOUNTING PERIOD _____ BUDGET FY _____

JOURNAL VOUCHER

AC TP	FUND	AGCY	ORG	APPR	ACTI- VITY	OBJ/ REV	SUB O/R	BS ACCT	REPT CATG	DESCRIPTN	V/ P	VENDOR/ PROVIDER	DEBIT AMOUNT	CREDIT AMOUNT
TOTALS														

Explanation: _____

Submitted by: _____ Audited by: _____
 Date: _____ Phone: _____ Date Audited: _____

8-3 CASH TRANSFERS

If a department has been appropriated funds to be transferred from the General Fund, the Education Trust Fund (ETF), or another fund, the department will request that a transfer be made by the Comptroller's Office. The department will complete a Request for Cash Transfer (FRMS-51). The request must include the fund from which the transfer is requested and the fund to which the transfer is to be made. The request for "Transfer From" must include the following accounting codes: fund, agency, organization, appropriation, activity, and expenditure object and sub-object or balance sheet code. The request for "Transfer To" must include the following accounting codes: fund, agency, revenue source or balance sheet code. The matching object/sub-object/revenue source combination listed below must be used. The following codes are not inclusive, but serve as examples of how the coding structure should be used:

Obj/Sub-Obj	1600-05	Appropriated Operating Transfers out of General Fund
Rev Src	0801	Appropriated Operating Transfers in from General Fund

Obj/Sub-Obj	1600-05	Appropriated Operating Transfers out of the ETF
Rev Src	0802	Appropriated Operating Transfers in from the ETF

There are agencies that produce Intra Fund Class Transfers and/or General Fund Transferred Cash entries. These cash transfers are used between two funds with the same fund class type only. The request for "Transfer From" must include the following accounting codes: fund, agency, organization, appropriation, activity, and expenditure object and sub-object. The request for "Transfer To" must include the following accounting codes: fund, agency, organization, appropriation, activity, and expenditure object and sub-object. The expenditure object and sub-object will be the same for the transfer from and the transfer to side of the entry. The following are the accounting code structure used for these entries.

Obj/Sub-Obj	1600-40	Intra Fund Class Transfers
Obj/Sub-Obj	1600-41	General Fund Transferred Cash

Exhibit 8-3-1 is form document FRMS-51, which is the prescribed form for Cash Transfers. Each transfer has an assigned transfer identification number. When a new transfer needs to be processed, the department must contact the Comptroller's Office to have their transfer information entered in the CAS transfer system and develop their transfer identification number. The transfer system holds both CAS and AFNS transfer accounting codes. The system is designed to send departmental transfer data back to each department and update CAS accounting tables. Once the transfer has been approved in CAS the nightly cycle picks-up the departmental coding from the transfer tables and sends an OT JV back to the department to update the expenditure or receipt side of the transaction. An example of the JV number is as follows: OT010265001. The OT keeps the journal voucher from trying to integrate back to CAS; the third through the fifth position is the agency code, the sixth through eighth position is the Julian date, and the ninth through the eleventh position is assigned by the transfer system. NOTE: if accounting codes need to be changed on existing transfers, the department must contact the Comptroller's Office to make the necessary change(s) in the transfer system.

EXHIBIT 8-3-1 CASH TRANSFER FORM (FRMS-51)

FRMS-51 Rev 01/10

STATE OF ALABAMA
DEPARTMENT OF FINANCE
DIVISION OF CONTROL AND ACCOUNTS
REQUEST FOR CASH TRANSFER

Check in red for coding changes

Agency _____ Date _____
Requested by _____ Work# _____

Comptroller Use Only
(TRHD) Transfer ID #
930 TR _____

Transfer Amount \$ _____

Transfer From (TGVL) Send Y N

LN	AT	Fund	Agcy	Orgn	Sub Org	Appr	Actv	Exp/Rv Obj	Sub Obj	BS Acct	Job#	Rept Cat	Ln Amount
DEPT	01	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	\$ _____
CAS	01	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	\$ _____

Transfer To (TRCL) Send Y N

LN	AT	Fund	Agcy	Orgn	Sub Org	Appr	Actv	Exp/RV Obj	Sub Obj	BS Acct	Job#	Rept Cat	Ln Amount
DEPT	01	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	\$ _____
CAS	01	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	\$ _____

Transferred by: _____ Date _____
State Comptroller's Office

8-4 LEASES

Leases are classified as either operating or capital leases. A lease agreement is classified as a capital lease (in-substance purchase) when substantially all of the risks and benefits of ownership are assumed by the lessee. A capital lease is, for the most part, viewed as an installment purchase. The lease must be non-cancelable to qualify as a capital lease. The existence of a fiscal funding clause in a lease agreement would necessitate an assessment of the likelihood of lease cancellation through exercise of the fiscal funding clause. If the likelihood of exercise of the fiscal funding clause is assessed as being remote, a lease agreement containing such a clause would be considered a non-cancelable lease; otherwise, the lease would be considered cancelable and thus classified as an operating lease. The lease must also meet one or more of the following four criteria to be classified and accounted for as a capital lease:

1. The lease transfers ownership of the property.
2. The lease contains a bargain purchase option.
3. The lease term is equal to 75% or more of the estimated economic life of the leased property.
4. The present value of the minimum lease payments equals or exceeds 90% of the fair value of the leased property.

(Note: Criteria three and four cannot be used in the last 25% of the life of the asset.)

Leases that do not meet any of the four criteria above are classified and accounted for as operating leases. Payments on operating leases should be coded to object/sub-object codes 0600 01 through 0600 13 and/or 0600 99 depending on the type of capital asset.

The entries required to record and account for a capital lease vary depending on whether the type of fund involved is included in a proprietary fund category (internal service and enterprise funds), a fiduciary fund category (pension, private-purpose trust, and agency funds), or governmental fund category (general, special revenue, debt service, capital projects, and permanent funds). Regardless of the category of fund involved, capital leases should be recorded at the lower of the present value of the minimum lease payments or fair market value.

The accounting procedures related to leases are discussed below.

A. GOVERNMENTAL FUND CATEGORY

The following details the requirements to account for capital leases that involve funds in the governmental fund category:

1. The following journal entry should be made in the first year of a capital lease agreement (note that this entry may be made in the 13th accounting period as part of the CAFR process):

Dr Expenditure (account type 24, object 1200, 1300, or 1400, the appropriate capital lease sub-object depending on the type of capital asset, and include the Q or QA number in the first 12 characters of the description field)

Cr Capital Lease Proceeds (Type 31, revenue object 0751)
2. Payment vouchers to the vendors must be broken down into multiple lines showing the amount of principal and interest paid. Code principal payments to object/sub-object(s) 0600 63 through 0600 89, depending on the type of capital asset, and code interest payments to object/sub-object 0600 90.
3. The capital asset should be included as an addition to the appropriate capital lease asset class (balance sheet account) on the State Auditor's automated inventory system, Protégé FA7, in the year it is acquired. If ownership transfers to the State by the end of the lease term, then in the year the liability is liquidated change the class (balance sheet account) in Protégé from the capital lease asset to the related capital asset (the amount entered should be the same as when the capital lease was initially recorded). If ownership does not transfer to the State by the end of the lease term, then in the year the liability is liquidated the asset should be removed from Protégé FA7.

B. PROPRIETARY AND FIDUCIARY FUND CATEGORIES

The following details the requirements to account for capital leases that involve funds in the proprietary and fiduciary fund categories:

1. In the first year of a capital lease agreement, the capital asset and the related liability should be recorded in the fund with the following journal entry:

Dr Capital Assets (BSA 1663-1689)
Cr Capital Leases - Current (BSA 2012)
Cr Capital Leases - Long-Term (BSA 2505)

This information may be provided as part of the CAFR process. The current portion is the amount due at 9/30 for the next fiscal year. Include the QA number in the first 12 characters of the description field of the balance sheet account for personal property but not for real property.
2. In order to comply with budgetary requirements, capital lease principal payments are made to expenditure object/sub-object(s) as an account type 22. Principal payments should be coded to object/sub-object(s) 0600 63 through 0600 89 depending on the type of fixed asset. Interest payments should be coded to object/sub-object 0600 90.

3. To report the principal payments correctly on a GAAP basis, the payments to the expenditure object/sub-object(s) must be reversed as an account type 24 and the capital lease obligation must be reduced. This adjustment may be provided as part of the CAFR process.

Assume that principal payments on a building capital lease in the amount of \$10,000 are made during the 20X0 fiscal year. The payments are made from Fund 0434 and the agency is 010. The accounting effect resulting from the payments is as follows:

Dr	Exp Obj/Sub-Obj 0600 63 (acct type 22)	10,000	
Cr	Cash (BSA 1001)		10,000

The journal voucher required to report the principal payments on a GAAP basis is as follows:

ACCOUNTING PERIOD 13 X0 BUDGET FY X0

AC			OBJ/	SUB	BS	DEBIT	CREDIT
TP	FUND	AGCY	REV	O/R	ACCT	AMOUNT	AMOUNT
02	0434	010			2012	10,000	
24	0434	010	0600	63			10,000

4. An entry must be made to setup the current portion (portion due in the next fiscal year) of the capital lease obligation at the end of each fiscal year. This adjustment may be provided as part of the CAFR process. Assume that \$8,000 is due in the next fiscal year (FY 20X1) on a capital lease obligation. The journal entry to setup the current portion of the capital lease obligation is as follows:

ACCOUNTING PERIOD 13 X0 BUDGET FY X0

AC			OBJ/	SUB	BS	DEBIT	CREDIT
TP	FUND	AGCY	REV	O/R	ACCT	AMOUNT	AMOUNT
02	0434	010			2505	8,000	
02	0434	010			2012		8,000

The balance in Capital Leases - Current and Long-Term should be checked after the above entry to assure that the correct balances are reported.

Capital lease assets should be depreciated in the same manner as other capital assets. Balance sheet accounts 1693 through 1719 should be used to record depreciation on capital lease assets. Once the related liability has been fully liquidated, the capital asset and accumulated depreciation should be moved from the capital lease balance sheet accounts to the regular capital asset and depreciation accounts. See the capital asset section in this chapter for more information on depreciating capital assets.

8-5 CAPITAL ASSETS

The procedures for accounting for capital assets vary depending on the fund type (governmental or proprietary) involved and the type of property (real or personal) involved.

A. PROCEDURES APPLICABLE TO BOTH GOVERNMENTAL AND PROPRIETARY FUNDS

GENERAL INFORMATION

State law requires the State Auditor to maintain an inventory of all personal property valued at \$500 or more. Weapons are included regardless of cost and certain personal property or agencies are exempt by statute in CODE Sections 36-16-1, et seq. Generally, all purchases of personal property should be coded to major objects 1300 or 1400. Generally, all purchases of real property should be coded to major object 1200. Items costing less than \$500 usually should be coded to major object 0900.

The cost of a capital asset includes the purchase price as well as all normal and reasonable expenditures necessary to get the asset in place and ready for use. Such expenditures could include freight, installation, or modifications needed to place the asset in use. Donated capital assets should be booked at the fair market value at the date of donation. Capital assets acquired from Surplus Property or by transfer will be valued at the original acquisition cost to the State. However, if the Surplus Property was previously federal property, the cost recorded should be what was paid by the state agency purchasing the asset.

PROPERTY NUMBER

Property, regardless of fund type, that is purchased using object codes 1200, 1300 and 1400 must include the property number in the first 12 characters of the "Description" field on the payment voucher. (1200 07, 1200 08, and 1200 11 are exempt from this requirement along with sub-object 79 in 1200, 1300 and 1400). Property which is acquired using other object codes (such as self-constructed) should also include the property number in the first 12 characters description field. When paying for multiple assets on a single payment voucher, a line for each property number must be coded including multiple lines for different accounting distributions per asset if needed.

Auditor Property Numbers (for State Auditor inventoried property) are formatted as follows:

QAxx-1234567, where xx is the Auditor's two digit agency code, the fifth character is always a hyphen and the remaining seven characters are the Auditor's property number, preceded by zeros if necessary to fill all of the remaining seven characters after the hyphen.

Personal property purchases data, where applicable, is submitted to the State Auditor monthly and is checked against the property reported to them for discrepancies. Contact Chris McCracken at (334) 242-7097 or by email at chris.mcrackin@auditor.alabama.gov if you have questions.

Comptroller Property Numbers (for all capital assets not inventoried by the State Auditor) are formatted as follows:

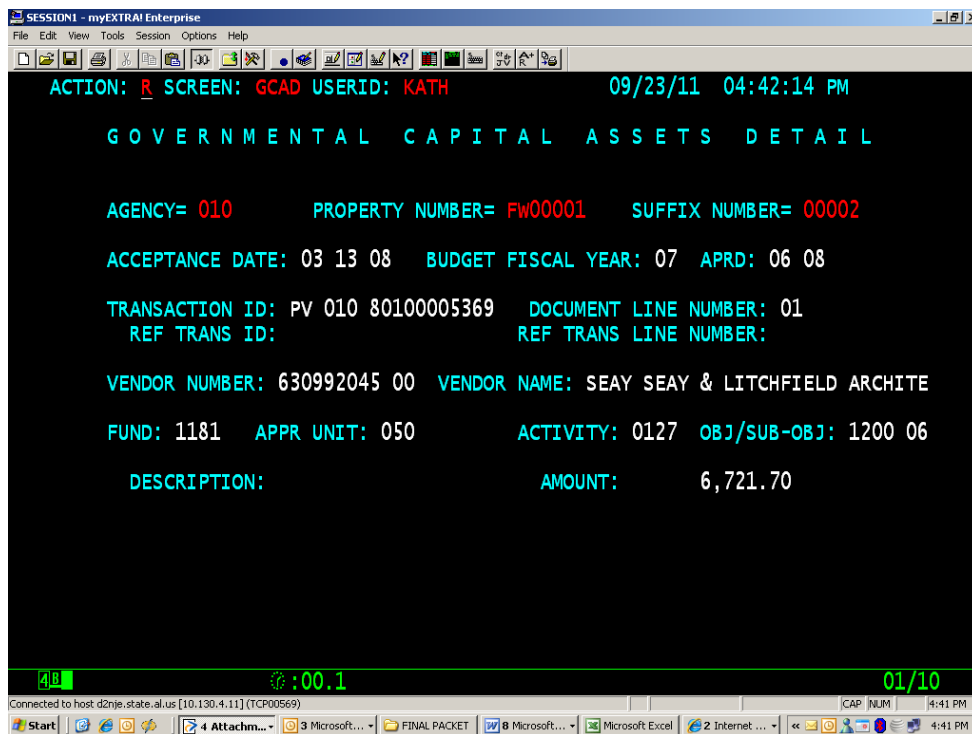
Qxxx-1234567, where xxx is the CAS three digit agency code, with a hyphen as the fifth character and the remainder of the property number is assigned by the agency.

GCAD AND GCAS TABLES

Information on transactions with Comptroller property numbers coded as "Qxxx-" in governmental type funds will be used to populate the GCAD and GCAS tables in CAS. As long as payment vouchers for the purchase of real property are coded correctly then real property will be reported correctly. Departments should review the GCAD and GCAS tables, along with the monthly FRMS report for GCAS and GCAD property, and submit journal entries to correct the accounting information and amounts. Changes to acquisition date and entry of disposal dates should be done directly on the GCAS table. The Location field and a Notes field are available for departmental use. Contact Phyllis Zimmerman at (334) 353-3722 or by e-mail at Phyllis.Zimmerman@Comptroller.Alabama.Gov with any questions.

GCAD Table

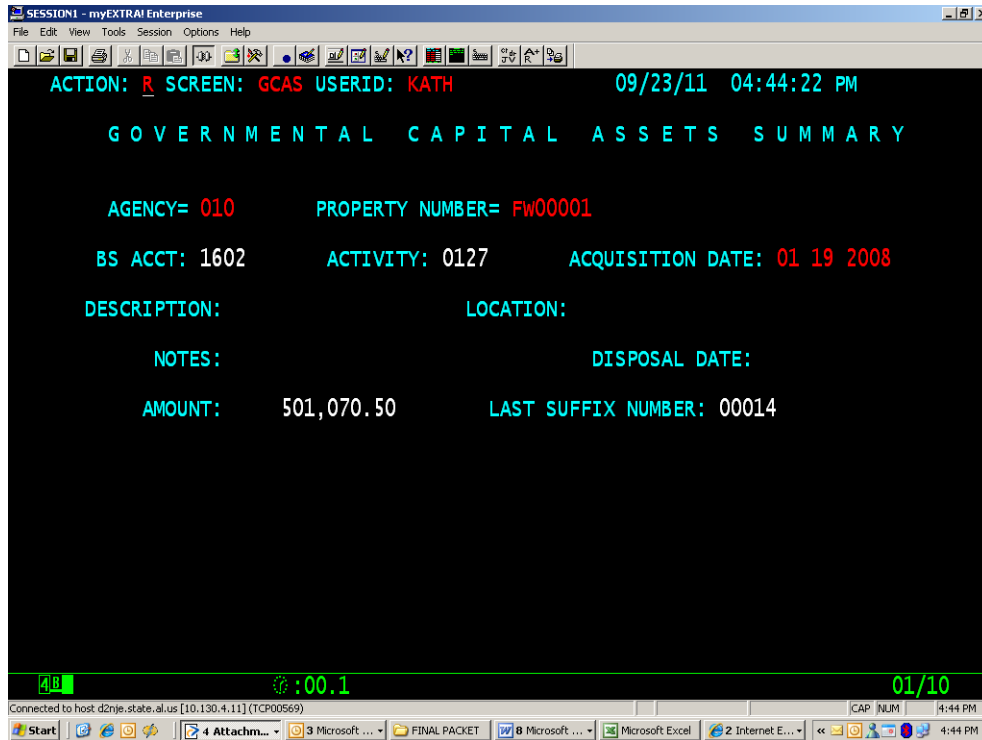
Every transaction (payment vouchers (PV), journal vouchers (JV), and cash receipts (CR)) involving real property in a governmental type fund is saved in the GCAD table, a sample of which follows:



The SUFFIX NUMBER field is a sequential counter incremented each time a transaction line is coded to a property number and added to the table. The rest of the fields are copied from the transaction. None of the fields can be changed as this table reflects an exact history of transactions involving the property number. Errors in coding must be corrected with a new correcting transaction (JV or zero dollar PV or CR modification, as normal procedures require).

GCAS Table

Transactions involving real property also update the GCAS table during the nightly cycle. The GCAS table tracks the net amount coded to an item of real property, along with fields necessary for CAFR reporting and several text fields for departmental use. A sample of GCAS appears below, followed by a description of the fields:



BS ACCT: inferred from the sub-object on the last transaction line processed. For example, sub-object 1200 01 Land infers the BS Acct of 1601 for Land. The correlation between BS Acct and sub-object should generally be obvious, but in case you need to confirm the relationship, it can be found in the "KIND" field of the SOB2 table.

ACTIVITY: comes from the last transaction line processed, so errors in coding will be replaced by a correcting transaction.

ACQUISITION DATE: the acceptance date of the first document processed for a particular property number. For CAFR purposes, any date within the correct fiscal year is accurate. If departments wish to change to a more precise date, this field can be changed directly on the GCAS screen.

DESCRIPTION: from the last 18 characters of the last line's description field (after the "Q number"). Note that putting anything in the trailing 18 characters is optional but it is a means by which departments can automate loading descriptive information to GCAS. The DESCRIPTION field cannot be edited on line on the GCAS screen. Please see LOCATION and NOTES for user editable fields that can capture supplemental information.

LOCATION: 30 characters for departmental use entered directly on GCAS.

NOTES: 30 characters for departmental use entered directly to GCAS.

DISPOSAL DATE: date of the asset disposal, entered directly to GCAS by the department.

AMOUNT: reflects the net balance of all GCAD records for this AGENCY and PROPERTY NUMBER.

CONSTRUCTION-IN- PROGRESS

Items recorded to 1200 06, Construction-in-Progress, are assigned BS Account 1602 and a property number. When the project is complete a disposal date should be entered in GCAS under the old (C-I-P) property number and a new property number is to be assigned for the completed project. The new property number is set up by submitting a JV that debits account type 24 to 1200 02 (or other appropriate object code) with the new "Q number" and credits 1200 02 without the "Q number". The amount of the completed construction costs being transferred over to the completed asset will be the amount used in this JV.

Interest paid during the construction period for governmental assets should not be capitalized.

POST ACQUISITION EXPENDITURES

Expenditures that do not increase the capacity or operating efficiency are not capitalized as they are generally recorded as repairs and maintenance. For example, installing new carpet, paint, or shingles would be repairs and maintenance, object 0500.

Expenditures that increase the capacity or operating efficiency or extend the useful life of an asset, if they are substantial, are capitalized. Those expenditures are referred to as betterments, and are discussed below. For example, adding an additional floor to a building would be a betterment. Minor expenditures usually are treated as period costs even though they may have the characteristics of betterments.

ADDITIONS/BETTERMENTS/IMPROVEMENTS

A new GCAS property number should be assigned to the addition/betterment/improvement construction project. While the project is under construction, costs are to be coded to object code 1200 06, Construction in Progress (CIP). Upon project completion, a disposal date should be entered in GCAS under the CIP property number. A new property number should be assigned to the completed project. The new property number is set up by submitting a JV that debits account type 24 to 1200 02 (or other appropriate object code) with the new "Q number" and credits 1200 02 without the "Q number". The amount of the completed construction costs being transferred over to the completed asset will be the amount used in this JV. Please note the asset number of the related property being added to/improved in the Notes field of the GCAS table.

ASSET IMPAIRMENT

Impairment is indicated when events or changes in circumstances suggest that the service utility of a capital asset may have both significantly and unexpectedly declined. Common indicators of potential impairment include evidence of physical damage, changes in laws or regulations and changes in environmental factors, technological changes or evidence of obsolescence, changes in the manner or expected duration of use of a capital asset, and construction stoppage.

If an event or circumstance indicates that a capital asset may be impaired please contact Phyllis Zimmerman at 334-353-3722 or Phyllis.Zimmerman@Comptroller.Alabama.Gov .

CHANGES IN USEFUL LIFE

Estimated useful life is the period of time over which an asset's cost will be depreciated. It may be revised at any time but any revision must be accounted for prospectively, in current and future periods only.

If you have a change in useful life for an asset contact Phyllis Zimmerman either by telephone or e-mail with the property number, the original estimated useful life and the new estimated useful life.

B. PROPRIETARY FUND PROCEDURES

GENERAL INFORMATION

Proprietary funds use the full accrual basis of accounting. Capital assets of a proprietary-type fund are recorded within the fund. Proprietary funds set their own criteria for capitalization according to the needs of their business, but must still comply with the State Auditor's inventory requirements. Consequently, items costing under \$500 should be coded to object 0900 and items costing \$500 or more should be coded to 1200, 1300, or 1400 even if they are not capitalized. Assets should be capitalized by coding the payment voucher as an account type 23 transaction. The payment voucher is coded as an account type 23 transaction by coding both the expenditure object/sub-object (object 1200, 1300, or 1400 and the appropriate sub-object) and balance sheet account on the same line. Capital assets purchased using an account type 23 transaction will be included in the fund's balance sheet and will not be reflected as an expense for CAFR reporting purposes. The capital asset purchase will be reflected as an expense for budgetary purposes.

DEPRECIATION

Depreciation is recorded for capital assets of proprietary-type funds. The straight-line method of depreciation is recommended; however, departments may use any acceptable method of depreciation. The accumulated depreciation balance sheet account that corresponds to the capital asset account (balance sheet accounts 1633 through 1659 and 1693 through 1719) should be used to record the increase in accumulated depreciation and the depreciation expense is coded to object/sub-object 1700 99. For example, assume the depreciation on automobiles for the fiscal year ended 20X7 is \$100. Also, assume the fund is 0434 and the agency is 010. The journal voucher to record the depreciation expense and related increase in accumulated depreciation should be completed as follows:

ACCOUNTING PERIOD 13 X7 BUDGET FY X7

AC TP	FUND	AGCY	OBJ/ REV	SUB O/R	BS ACCT	DEBIT AMOUNT	CREDIT AMOUNT
24	0434	010	1700	99		100	
01	0434	010			1635		100

Gain/Loss on Sale of Capital Assets In Proprietary Funds

Gains and losses are recognized on the sale of capital assets in proprietary-type funds. Also, the capital asset and related depreciation should be removed from the fund. Revenue source code 0715 - Gain/Loss on Sale of Capital Assets should be used to record gains and losses on the sale of capital assets. The above mentioned procedures can be accomplished on a cash receipt when the proceeds from the sale of the capital asset are deposited.

Assume an automobile (balance sheet account 1605) with a purchase price of \$1,000 and accumulated depreciation (balance sheet account 1635) of \$700, thus having a net book value of \$300, is sold for \$400. The fund is 0434 and the agency is 010.

A gain of \$100 should be recognized when the proceeds are deposited (Note: an I on a cash receipt line represents a credit and a D represents a debit). The cash receipt should be completed as follows:

ACCOUNTING PRD		BUDGET FY ____					
FUND	AGCY	OBJ/ REV	SUB O/R	BS ACCT	AMOUNT	I/D	
0434	010			1605	1,000	I	
0434	010			1635	700	D	
0434	010	0715			100	I	

The accounting entry resulting from the above cash receipt is as follows:

Fund 0434, agency 010

Dr	Cash (BSA 1001)	400	
Dr	Accum Depr (BSA 1635)	700	
Cr	Capital Assets - Autos (BSA 1605)		1,000
Cr	Gain on Sale of Capital Asset (RSRC 0715)	100	

8-6 INVESTMENTS

Investments should be classified based on the type of investment and the length of the original maturity period. Short-term investments have an original maturity period (maturity period from the date of purchase) of less than one year and long-term investments have an original maturity period of one year or greater. Short-term investments should be coded to balance sheet account(s) 1102 through 1131 depending on the type of investment. Long-term investments should be coded to balance sheet account(s) 1152 through 1198 depending on the type of investment. Investments purchased after the fiscal year-end cutoff date, but prior to October 1 should be coded to the 13th accounting period.

GASB Statement 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, as amended, establishes accounting and financial reporting standards for investments in:

INTEREST-EARNING INVESTMENT CONTRACTS
 EXTERNAL INVESTMENT POOLS
 OPEN-END MUTUAL FUNDS
 DEBT SECURITIES
 EQUITY SECURITIES

Statement 31, as amended, requires the above investments to be reported at fair value for financial reporting purposes. Money market investments and participating interest-earning contracts that have a remaining maturity at the time of purchase of one year or less may be reported at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Money market investments are short-term, highly liquid debt instruments including commercial paper, bankers' acceptances, and U.S. Treasury and agency obligations.

CAFR instructions will be sent at year-end to record the change in fair value of investments. Maintain investments at cost during the year.

EXAMPLE OF A PURCHASE OF AN INVESTMENT:

Assume that an investment in U.S. Treasury Securities (balance sheet account 1154) was purchased for \$1,250 that includes \$50 in accrued interest. The payment is made from fund 0434 and the agency is 010. The payment voucher would be coded as follows:

		ACCOUNTING PERIOD __ __		BUDGET FY ____		
<u>FUND</u>	<u>AGCY</u>	<u>OBJ/ REV</u>	<u>SUB O/R</u>	<u>BS ACCT</u>	<u>AMOUNT</u>	<u>I/ D</u>
0434	010			1204	50	I
0434	010			1154	1200	I

The entry resulting from the above payment voucher is as follows:

Dr	Investments (BSA 1154)	1,200
Dr	Interest Receivable (BSA 1204)	50
Cr	Vouchers Payable	1,250

EXAMPLE OF THE SALE OF AN INVESTMENT:

Assume that the same investment is sold for \$1,850 that includes \$150 in accrued interest. The proceeds from the sale of the investment should be deposited as follows (note that an I on a cash receipt is a credit and a D on a cash receipt is a debit; 0621 is the revenue source for realized gains and 0622 is the revenue source for interest income):

		ACCOUNTING PERIOD ___ ___		BUDGET FY ___		
<u>FUND</u>	<u>AGCY</u>	<u>OBJ/ REV</u>	<u>SUB O/R</u>	<u>BS ACCT</u>	<u>AMOUNT</u>	<u>I/ D</u>
0434	010	0621			500	I
0434	010	0622			100	I
0434	010			1204	50	I
0434	010			1154	1200	I

The entry resulting from the above cash receipt is as follows:

Dr	Cash (BSA 1001)	1,850	
Cr	Interest Income (rev source 0622)		100
Cr	Realized Gain (rev source 0621)		500
Cr	Interest Receivable (BSA 1204)		50
Cr	Investments (BSA 1154)		1,200

8-7 PRIOR PERIOD ADJUSTMENTS

Prior period adjustments are made to reflect the correction of material errors to balance sheet accounts in a prior financial statement. Because such amounts are the products of errors from a prior period, they are not properly included as part of the results of operations of the current period. Instead, such adjustments are properly reported as a direct adjustment to equity – beginning of the fiscal year to restate the amount to what it would have been if the error had not occurred. Examples of errors that could result in a prior period adjustment are:

Errors in mathematical calculations.

Errors in application of an accounting principle, e.g. not accruing revenue that was measurable and available in a governmental fund type.

Errors in the use of known facts.

Prior period adjustments could be found during payment voucher processing, cash receipts processing, or monthly balance sheet analysis. If an error that appears to be a prior period adjustment is found then discuss it with the accountant in your agency that is responsible for CAFR journal vouchers. It is possible that they included the amount in an accrual journal voucher either in the exact amount or as a part of an estimated amount. If they included it in a CAFR journal voucher for the prior year then it is not a prior period adjustment.

If it is determined that there is a prior period adjustment, then proper coding is required for the related payment vouchers, cash receipts, or journal vouchers. If the error was an understatement of an expenditure in a prior year and it is being recorded with a payment voucher, then record it to the proper major object code and use sub-object 75. If an expenditure was overstated in a prior year and it is being recorded with a cash receipt, then record the cash receipt to revenue source 0684 or 0828 as appropriate for budget purposes. Then reclassify it with a journal voucher (debit 0684 or 0828, and credit the appropriate major object code, sub-object 75, account type 24). If the prior period adjustment was an understatement of revenue in a prior year, then record the prior period adjustment to revenue source 0875. If revenue was overstated in a prior year and it is being recorded on a payment voucher then record it to 1600 95. Use professional judgment when errors are found in balance sheet accounts to determine if the error was expenditure or revenue related. Do not credit account type 22 (increase on a cash receipt) unless the original payment voucher was in the same budget fiscal year. Do not debit a revenue source code on a payment voucher (increase to a payment voucher) unless the original receipt was in the same budget fiscal year.

8-8 GRANT ACCOUNTING

The following provides guidance on coding federal grants, refunds of grants disbursed from federal revenues, pass-through federal grants, and local grants:

A. FEDERAL GRANTS AND REIMBURSEMENTS

All federal revenues received directly from the federal government should be coded to the appropriate federal revenue code. Federal grants received on a reimbursement basis should be coded using revenue codes 0858 or 0859 as discussed below. Other federal grants received should be coded using revenue code 0838 or 0839 or 0840.

0838 Federal Capital Grants - Federal grants of financial resources or capital assets restricted to capital purposes for a specific program. Capital purposes means restricted to the purchase, construction, or renovation of capital assets associated with a specific program.

0839 Federal Operating Grants - Federal grants of financial resources which may be used in a specific program for either operating or capital expenditures or both at the discretion of the State.

0840 Federal Grants, Multipurpose – Rarely, if ever, used by an individual department receiving federal grants because most departments fit into one function of government. Multipurpose federal grants (those which finance more than one function of government) do not specifically identify both the function and the amounts to be spent on each function. Multipurpose federal grants that identify both the function and the amounts should be coded to 0838 and 0839 according to the amounts identified in the grant award or grant application.

0858 Federal Capital Reimbursements - Federal reimbursements for amounts spent for capital purposes. Capital purposes means restricted to the purchase, construction, or renovation of capital assets associated with a specific program.

0859 Federal Operating Reimbursements - Federal reimbursements for amounts spent for the operation of specific programs.

Example: Fund 0300, agency 010 receives a federal grant in the amount of \$1,000,000. It is determined that the grant is for operating purposes of one federal program. The cash receipt to record the federal revenue is as:

		ACCOUNTING PERIOD __ __		BUDGET FY ____		
<u>FUND</u>	<u>AGCY</u>	<u>OBJ/</u> <u>REV</u>	<u>SUB</u> <u>O/R</u>	<u>BS</u> <u>ACCT</u>	<u>AMOUNT</u>	<u>I/</u> <u>D</u>
0300	010	0839			1,000,000	
		(or 0859)				

The resulting accounting entry is as follows:

Dr	Cash	1,000,000
Cr	Federal Revenue	1,000,000

B. FEDERAL PASS-THROUGH GRANTS

Revenues received by one state agency from another state agency as a pass-through grant from the federal government should be coded using the appropriate interfund procedures.

Example: Agency A (Fund 0300, Agency 010) receives federal funds and provides a grant to Agency B. Agency A should recognize federal revenue by coding the cash receipt as follows

ACCOUNTING PERIOD __ __ BUDGET FY ____

<u>FUND</u>	<u>AGCY</u>	<u>OBJ/ REV</u>	<u>SUB O/R</u>	<u>BS ACCT</u>	<u>AMOUNT</u>	<u>I/ D</u>
0300	010	0839			1,000,000	
		(or 0859)				

The resulting accounting entry is as follows:

Dr	Cash	1,000,000	
Cr	Federal Revenue		1,000,000

Agency A would disburse the funds to Agency B as a grant using the appropriate interfund procedures. Agency B should follow the proper interfund procedures to post the invoice to the IFSH table as follows:

Seller Agency = 001 Buyer Agency = 010 Invoice Total:1,000,000

Seller Invoice Information:

FUND	AGCY	RSRC
0200	010	0825

Agency B (Fund 0200, Agency 001) should recognize federal pass-through grant revenue to revenue code 0825 on the AFNS IN or the CAS IFSH. Agency A's type 2 payment voucher to disburse the grant would be coded as follows:

ACCOUNTING PERIOD __ __ BUDGET FY ____

<u>FUND</u>	<u>AGCY</u>	<u>OBJ/ REV</u>	<u>SUB O/R</u>	<u>BS ACCT</u>	<u>AMOUNT</u>	<u>I/ D</u>
0300	010	1100	08		1,000,000	

The resulting accounting entries are as follows:

Agency A:

Dr	Grant Expenditures	1,000,000	
Cr	Interfund Vouchers Payable		1,000,000

Agency B:

Dr	Interfund Receivable	1,000,000	
Cr	Federal Pass-through Grant		1,000,000

C. LOCAL GRANTS

Grants received from local cities and counties should be coded using revenue codes 0868 or 0869 or 0870.

0868 Local Government Capital Grants – Local government grants and contributions of financial resources or capital assets restricted to capital purposes for a specific program. Capital purposes means restricted to the purchase, construction, or renovation of capital assets associated with a specific program.

0869 Local Government Operating Grants – Local government grants and contributions of financial resources which may be used in a specific program for either operating or capital expenditures or both at the discretion of the State.

0870 Local Government Grants, Multipurpose – Rarely used as most departments fit into one function of government. Multipurpose local grants (those that finance more than one function of government) do not specifically identify both the function and the amounts to be spent on each function. Multipurpose local grants that identify both the function and the amounts should be coded to 0868 and 0869 according to the amounts identified in the grant.

Example: Fund 0300, Agency 010 receives a grant from the City of Montgomery. It is determined that the grant is for operating purposes of one federal program. The cash receipt to deposit the funds should be coded as follows:

ACCOUNTING PERIOD __ __ BUDGET FY ____

<u>FUND</u>	<u>AGCY</u>	<u>OBJ/</u> <u>REV</u>	<u>SUB</u> <u>O/R</u>	<u>BS</u> <u>ACCT</u>	<u>AMOUNT</u>	<u>I/</u> <u>D</u>
0300	010	0869			1,000,000	

The resulting accounting entry is as follows:

Dr	Cash	1,000,000	
Cr	Local Grant Revenue		1,000,000

D. REFUNDS OF EXPENDITURES MADE FROM FEDERAL GRANTS

The entries required for refunds of expenditures made from federal funds vary depending upon when the refunds are received and whether the grant period is still open. The following provides guidance on coding refunds for each situation:

1. If an agency receives a refund related to federal grants in the same fiscal year the original disbursement was made and the grant period is still open, then the refund should be coded as a refund of disbursements.

Example: Fund 0300, Agency 010 disburses a grant (object/sub-object 1100 23) in the amount of \$1,000 in January 20X9 and receives a refund of the grant in August 20X9. The cash receipt to record the refund should be coded as follows:

		ACCOUNTING PERIOD		BUDGET FY		
<u>FUND</u>	<u>AGCY</u>	<u>OBJ/</u> <u>REV</u>	<u>SUB</u> <u>O/R</u>	<u>BS</u> <u>ACCT</u>	<u>AMOUNT</u>	<u>I/</u> <u>D</u>
0300	010	1100	23		1,000	

The resulting accounting entry is as follows:

Dr	Cash	1,000	
Cr	Grant Expenditures	1,000	

2. If an agency disburses a grant related to federal funds during the first twelve months of the fiscal year, the grant period is still open, and the refund is received in the 13th accounting period, then two cash receipts should be completed. The first cash receipt should be completed to accrue a receivable in the 13th accounting period offset with a reduction in expenditures. The second cash receipt is completed to deposit the funds into the current fiscal year offset with the receivable.

Example: Fund 0300, Agency 010 disburses a grant (object/sub-object 1100 23) related to federal funds in October 20X8 (FY 20X8) in the amount of \$1,000. The grant is refunded back to the agency in October 20X9 and the grant period is still open. The cash receipt to accrue the receivable and reduce the expenditures in FY 20X8 is as follows (Note the receivable balance sheet account would depend on the type of entity the refund is due from):

		ACCOUNTING PERIOD		BUDGET FY		
<u>FUND</u>	<u>AGCY</u>	<u>OBJ/</u> <u>REV</u>	<u>SUB</u> <u>O/R</u>	<u>BS</u> <u>ACCT</u>	<u>AMOUNT</u>	<u>I/</u> <u>D</u>
0300	010			1200	1,000	D
0300	010	1100	23		1,000	I

The resulting accounting entry in FY 20X8 is as follows:

Dr	Accounts Receivable	1,000	
Cr	Grant Expenditures		1,000

The cash receipt to deposit the funds in FY 20X9 should be coded as follows:

ACCOUNTING PERIOD __ __ BUDGET FY ____

<u>FUND</u>	<u>AGCY</u>	<u>OBJ/</u> <u>REV</u>	<u>SUB</u> <u>O/R</u>	<u>BS</u> <u>ACCT</u>	<u>AMOUNT</u>	<u>I/</u> <u>D</u>
0300	010			1200	1,000	

The resulting accounting entry in FY 20X9 is as follows:

Dr	Cash	1,000				
Cr	Accounts Receivable		1,000			

3. If an agency disburses a grant in the 13th accounting period, the grant period is open, and the refund is received in the 13th accounting period, then a cash receipt coded to the 13th accounting period should be completed debiting vouchers payable adjustments and crediting expenditures. The deposit to the current fiscal year should be offset with a credit to vouchers payable adjustments.

Example: Fund 0300, Agency 010 disburses a grant from federal funds in the 20X8 13th accounting period. The grant is refunded back to Fund 0300, Agency 010 while the 20X8 13th accounting period and the grant period are still open.

The cash receipt to reduce vouchers payable and expenditures should be coded as follows:

ACCOUNTING PERIOD 13 X8 BUDGET FY X8

<u>FUND</u>	<u>AGCY</u>	<u>OBJ/</u> <u>REV</u>	<u>SUB</u> <u>O/R</u>	<u>BS</u> <u>ACCT</u>	<u>AMOUNT</u>	<u>I/</u> <u>D</u>
0300	010			2901	1,000	D
0300	010	1100	23		1,000	I

The resulting accounting entry in FY 20X8 is as follows:

Dr	Vouchers Payable Adjustment	1,000				
Cr	Grant Expenditures		1,000			

The cash receipt to deposit the funds into FY 20X9 should be coded as follows:

ACCOUNTING PERIOD __ __ BUDGET FY ____

<u>FUND</u>	<u>AGCY</u>	<u>OBJ/</u> <u>REV</u>	<u>SUB</u> <u>O/R</u>	<u>BS</u> <u>ACCT</u>	<u>AMOUNT</u>	<u>I/</u> <u>D</u>
0300	010			2901	1,000	

The resulting accounting entry in FY 20X9 is as follows:

Dr	Cash	1,000				
Cr	Vouchers Payable Adjustments	1,000				

4. If an agency receives a refund related to federal grants in a fiscal year subsequent to the fiscal year in which the original disbursement was made, the thirteenth accounting period for the year in which the original disbursement was made is closed, and the grant period is still open, then the refund should be deposited as a prior year refund of federal receipts, revenue source code 0828.

Example: Fund 0300, Agency 010 receives a refund of disbursements in the amount of \$1,000 in fiscal year 20X9. The disbursement was made in fiscal year 20X8 and the 13th accounting period for the 20X8 fiscal year is closed. The grant period related to the original disbursement is still open. The cash receipt to record the deposit of the refund should be coded as follows:

		ACCOUNTING PERIOD				BUDGET FY	
<u>FUND</u>	<u>AGCY</u>	<u>OBJ/</u>	<u>SUB</u>	<u>BS</u>	<u>AMOUNT</u>	<u>I/</u>	<u>D</u>
0300	010	REV	O/R	ACCT	1,000		
		0828					

The resulting accounting entry is as follows:

Dr	Cash	1,000	
Cr	Refund of Prior Year Federal Receipts	1,000	

5. If an agency receives a refund related to federal grants in a fiscal year subsequent to the fiscal year in which the original disbursement was made, the thirteenth accounting period for the year in which the original disbursement was made is closed, the grant period is closed, and the agency is required to submit the refund to the federal government, then the refund should be deposited to liability account 2004, "Due to Other Governments." The payment voucher to issue the refund to the federal government should also be coded to liability account 2004.

Example – Fund 0300, Agency 010 disburses a grant from federal funds in October 20X7 in the amount of \$1,000. The grant is refunded back in January 20X9 and the grant period is closed.

The cash receipt to deposit the refund should be coded as follows:

		ACCOUNTING PERIOD				BUDGET FY	
<u>FUND</u>	<u>AGCY</u>	<u>OBJ/</u>	<u>SUB</u>	<u>BS</u>	<u>AMOUNT</u>	<u>I/</u>	<u>D</u>
0300	010	REV	O/R	ACCT	1,000		
				2004			

The resulting accounting entry is as follows:

Dr	Cash	1,000	
Cr	Due to Other Governments	1,000	

The payment voucher to refund the funds to the federal government is as follows:

ACCOUNTING PERIOD		__ __		BUDGET FY			__ __	
<u>FUND</u>	<u>AGCY</u>	<u>OBJ/</u>	<u>SUB</u>	<u>BS</u>	<u>ACCT</u>	<u>AMOUNT</u>	<u>I/</u>	<u>D</u>
0300	010	REV	O/R	2004	2004	1,000		

The resulting accounting entry is as follows:

Dr	Due to Other Governments	1,000	
Cr	Vouchers Payable		1,000

6. If an agency receives a refund related to federal grants in the same fiscal year in which original disbursement was made, the grant period is closed and the agency is required to submit the refund to the federal government, then the refund should be deposited as a refund of disbursements. The payment voucher to issue the refund to the federal government should be coded as a reduction of federal revenue.

Example - Fund 0300, Agency 010 disbursed a grant related to federal funds in October 20X7 in the amount of \$1,000. The grant is returned in July 20X8 (the same fiscal year as the disbursement) and the grant period is closed.

The cash receipt to deposit the refunded grant should be coded as follows (assume the original disbursement was coded to object/sub-object 1100 23):

ACCOUNTING PERIOD		__ __		BUDGET FY			__ __	
<u>FUND</u>	<u>AGCY</u>	<u>OBJ/</u>	<u>SUB</u>	<u>BS</u>	<u>ACCT</u>	<u>AMOUNT</u>	<u>I/</u>	<u>D</u>
0300	010	1100	23			1,000		

The resulting accounting entry is as follows:

Dr	Cash	1,000	
Cr	Grants Expenditures	1,000	

The payment voucher to refund the funds to the federal government should be coded as follows (assume the federal grant was deposited to revenue source 0839 when originally received):

ACCOUNTING PERIOD		__ __		BUDGET FY			__ __	
<u>FUND</u>	<u>AGCY</u>	<u>OBJ/</u>	<u>SUB</u>	<u>BS</u>	<u>ACCT</u>	<u>AMOUNT</u>	<u>I/</u>	<u>D</u>
0300	010	0839				1,000		

The resulting accounting entry is as follows:

Dr	Federal Revenues	1,000	
Cr	Vouchers Payable		1,000

7. In some instances, an agency will receive a refund related to federal grants and the grant period will be closed. The federal government will authorize additional expenditures under a current grant and reduce the future drawdown by the amount of the refund. The following describes how to code the refund:

a. If the refund is received in the same fiscal year the original disbursement was made, then the refund should be deposited as a refund of disbursements.

Example - Fund 0300, Agency 010 disbursed a grant from federal funds in October 20X7 in the amount of \$1,000. The grant is refunded back in January 20X8 (the same fiscal year as the original disbursement). The grant period is closed; however, the federal government authorizes additional expenditures. The cash receipt to deposit the refunded grant should be coded as follows (assume original disbursement was coded to object/sub object 1100 23):

		ACCOUNTING PERIOD		BUDGET FY			
<u>FUND</u>	<u>AGCY</u>	<u>OBJ/ REV</u>	<u>SUB O/R</u>	<u>BS ACCT</u>	<u>AMOUNT</u>	<u>I/ D</u>	
0300	010	1100	23		1,000		

The resulting accounting entry is as follows:

Dr	Cash	1,000
Cr	Grant Expenditures	1,000

b. If the refund is received in 13th accounting period of the same fiscal year in which the disbursement was made, two cash receipts are required. The first cash receipt should be coded to the 13th accounting period and should reduce federal revenues and expenditures. The second cash receipt should be coded to the current fiscal and should be coded to federal revenue as described in 8-18(A) Federal Grants and Reimbursements.

Example- Fund 0100, Agency 010 received federal funds in fiscal year 20X7 that were deposited to revenue source 0839. A grant was disbursed from the funds in fiscal year 20X7 in the amount of \$1,000 that was coded to 1100 23. The grant was refunded in fiscal year 20X8 (the 13th accounting period for 20X7 is open) and the grant period is closed. The federal government authorized additional expenditures.

The first cash receipt to eliminate the federal revenues and expenditures recognized in FY 20X7 should be coded as follows:

		ACCOUNTING PERIOD		BUDGET FY X7			
<u>FUND</u>	<u>AGCY</u>	<u>OBJ/ REV</u>	<u>SUB O/R</u>	<u>BS ACCT</u>	<u>AMOUNT</u>	<u>I/ D</u>	
0300	010	1100	23		1,000	I	
0300	010	0839			1,000	D	

The resulting accounting entry is as follows:

Dr	Federal Revenue	1,000
Cr	Grant Expenditures	1,000

The second cash receipt to record federal revenue in the current fiscal year should be coded as follows:

ACCOUNTING PERIOD __ __ BUDGET FY ____

<u>FUND</u>	<u>AGCY</u>	<u>OBJ/ REV</u>	<u>SUB O/R</u>	<u>BS ACCT</u>	<u>AMOUNT</u>	<u>I/ D</u>
0300	010	0839			1,000	I

The resulting accounting entry is as follows:

Dr	Cash	1,000	
Cr	Federal Revenues		1,000

c. If the refund is received in a fiscal year subsequent to the fiscal year in which the disbursement was made and the 13th accounting period for the year in which the original disbursement was made is closed, then the refund should be coded to a revenue source as described in 8-18(A) Federal Grants and Reimbursements.

The cash receipt would be coded as follows:

ACCOUNTING PERIOD __ __ BUDGET FY ____

<u>FUND</u>	<u>AGCY</u>	<u>OBJ/ REV</u>	<u>SUB O/R</u>	<u>BS ACCT</u>	<u>AMOUNT</u>	<u>I/ D</u>
0300	010	0839			1,000	I

The resulting accounting entry is as follows:

Dr	Cash	1,000	
Cr	Federal Revenues		1,000