



XVI - E Advance Collections

This chapter provides an overview of Advanced Collections, the required accounting transactions, the remittance process, and how to perform a reconciliation of Advanced Collections.

ACCOUNTING FOR ADVANCE COLLECTIONS

Cash received for unearned Revenue and/or unearned Reimbursements is posted to GL 3400-Advance Collections if it is to be earned in a subsequent fiscal year. At the time the Revenue and/or Reimbursements are earned, the Advance Collections account is debited and the Revenue (GL 8000)/ Reimbursements (GL 8100) account is credited.

The following sections describe various accounting procedures for Advance Collections.

Post Advance Collection Receipt

The following Transaction Code (TC) is used to post the receipt of Advance Collections.

TC 109 Rec Receipt of Advance Collection
Dr. 1110 General Cash
Cr. 3400 Advance Collections

The Subsidiary is used to identify future Revenue (3410nnnn), Reimbursements (3420nnnn) or Operating Revenue (3430nnnn). For additional information about Subsidiary Accounting, refer to Volume 1 Chapter V, General Ledger Account Structure.

Tracking Unremitted Advanced Collections

Because Advance Collections (GL 3400) does not have Document File support, agencies must manually track Advance Collections if they have **not** been remitted to the State Treasurer's Office (STO).

Recognizing Revenue And Reimbursements

The following sections describe how to recognize Revenue or Reimbursements.

When Revenue/Reimbursements Are Recognized Before Cash Is Remitted:

Refer to the TCs in the table below to recognize Revenue or Reimbursements as earned if the Advanced Collections **have not been** remitted to the State Treasury (Advanced Collections are in GL 1110).

UNREMITTED ADVANCE COLLECTIONS			
DESCRIPTION	TC	DEBIT GL	CREDIT GL
Recognize unremitted Advance Collections as Revenue	184	3400	8000
Recognize unremitted Advance Collections as Reimbursements	164	3400	8100

The transactions that recognize earned Revenue and Reimbursements do not post to the H03/H05 reports (TCs 184 and 164). Since these reports are not cumulative and the entries are not reflected on subsequent reports, agencies must manually post the transaction amounts to their General Cash reconciliation in order to balance to the GL 1110 amount and to determine the correct remittance amounts

When Revenue/Reimbursements Are Recognized After Cash Is Remitted To STO:

Refer to the TCs in the table below to recognize Revenue or Reimbursements as earned if Advance Collections **have been** remitted to the STO.

REMITTED ADVANCE COLLECTIONS			
DESCRIPTION	TC	DEBIT GL	CREDIT GL
Recognize remitted Advance Collections as Revenue	193	3400	8000
Recognize remitted Advance Collections as Reimbursements	192	3400	8100

When Advanced Collections have been remitted, a request must be sent to the SCO to request that the funds be moved from GL 3400 to GL8000 or GL 8100. A Transaction Request (Form CA504) is used for this purpose. An example of the form is displayed in Exhibit XVI-E-5.

Upon receipt of the form, SCO transfers the funds from Advanced Collections to the appropriate Revenue or Reimbursement account. The SCO produces a Journal Entry, which is then posted to CALSTARS.

Return Of Advance Collections

The claim schedule process is used to return Advance Collections that have already been remitted to the State Treasury. Refer to the TCs below.

TC 296 Schedule (Auto) Return of Advance Collections
Dr. 3400 Advance Collections
Cr. 3021 Claims in Process **-OR-**

TC 297 Schedule (Manual) Return of Advance Collections
Dr. 3400 Advance Collections
Cr. 3021 Claims in Process

A General Cash check is issued to return Advance Collections that have not been remitted. TC 450 is used to post the check as shown in the next section.

Dishonored Check

When an Advance Collection check is dishonored by the bank, the following entries are posted:

TC 450 Rec Dishonored Check-Defer Advance Coll-Man Check
Dr. 3400 Advance Collections
Cr. 1110 General Cash

-AND-

TC 436 Establish Account/Receivable - Dishonored Checks
Dr. 1315 Accounts Receivable Dishonored Checks
Cr. 1600 Provision For Deferred Receivables

ADVANCE COLLECTIONS REMITTANCE PROCESS

Refer to the procedures below to remit Advance Collections to the State Treasury. For information about remitting Revenue or Reimbursements, refer to Chapter XVI-A in this volume.

Prepare RA

Exhibit XVI-E-1 lists all the fields/areas of the RA that must be completed for the remittance of Advance Collections. Instructions are also included in the exhibit. Refer to Exhibit XVI-E-2 for an example of a completed RA.

Review and Transmit the RA

After the RA (Form CA-21A) is verified and signed, the RA is faxed to the SCO for processing. The SCO issues a Controller's Receipt document with a prefix of 'CRA' and processes the electronic withdrawal of funds from the agency's bank account.

Code the Posting Tag for Advance Collections Remittance

Exhibit XVI-E-3 lists the fields that must be coded on the General Purpose Posting Tag for the remittance of Advance Collections.

Record the SCO Receipt of the Remittance Advice

SCO generates a TC 47 Controller's Receipt document to record the electronic remittance and the withdrawal of cash from the agency's checking account. Agencies receive a Journal Entry (JE) confirming the receipt by the SCO. The JE (CRAⁿⁿⁿⁿⁿⁿ) should be posted at the same level of detail as the original remittance transaction.

Exhibit XVI-E-4 lists the fields that must be coded on the General Purpose Posting Tag to record the SCO JE.

EXHIBIT XVI-E-1
REQUIRED FIELDS FOR ADVANCE COLLECTIONS REMITTANCE ADVICE

Item	Description
CHECKING ACCOUNT NUMBER (CHECKING ACCOUNT NO.)	Enter the agency Checking Account Number in the Checking Account No. box.
REMITTANCE ADVICE NUMBER (REMITTANCE ADVICE NO.)	Enter a unique 5-digit number to the right of R in the Remittance Advice No. box. Each checking account number must have its own agency assigned range of RA numbers, which cannot be duplicated within the same fiscal year. The 5-digits must be numeric.
AGENCY	Enter the agency name. Use the full name of department, board or commission.
FOR CREDIT TO (FUND)	Enter the UCM Fund number and name if the remittance is only for one fund. If the RA is for more than one fund, enter Various .
APPROPRIATION DATA	Enter Advance Collections.
FUND	Enter the UCM Fund number in the first four positions of the field. Leave the last three positions blank unless a sub-fund is designated by SCO. (Example: 0942001, Special Deposit Fund.)
AGY	<u>Leave Agency Code blank.</u> (See REV/OBJ, below.)
FY	Enter the Fiscal Year to which the remittance applies. Leave blank if the remittance applies to the subsequent Fiscal Year.
ACCT	Enter the 4-digit General Ledger Account Code <ul style="list-style-type: none"> • 3410 - Revenue • 3420 - Reimbursements • 3430 - Operating Revenue
REV/OBJ	Enter the 6-digit Source code: <ul style="list-style-type: none"> • The Organization Code (<i>nnnn</i>); and, • 00 in the last 2 positions. (Example Organization 9990 = 999000)
AMOUNT	Enter the amount.
DESCRIPTION	Enter one of the following, as appropriate: <ul style="list-style-type: none"> • Revenue collected in advance; • Reimbursements collected in advance; or • Operating Revenue collected in advance.
COLLECTION PERIOD	Enter the beginning and ending dates of the collection period. The Collection Period should have no gaps between forms. For example, if the ending date on the last collection period was June 30, 20nn and there were no collections for July and August, September's RA should have collection dates of 'July 1, 20nn to September 30, 20nn. If 'old' cash is later discovered, e.g., in November for August collection, the cash should be remitted separately and display a collection period of "August 1, 20nn to August 31, 20nn."
NAME	Type the name, title and phone number of the person signing the form. Enter the signature. SCO would also like a contact name and phone number if different than the person signing.

EXHIBIT XVI-E-2 -- ADVANCE COLLECTIONS EXAMPLE

STATE OF CALIFORNIA
**REPORT TO STATE CONTROLLER
 OF REMITTANCE TO STATE ACCOUNT**
 TC - 47

CHECKING ACCOUNT NO. 111	REMITTANCE ADVICE NO. R 1111
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AGENCY: DEPARTMENT OF AIR QUALITY	FOR CREDIT TO: (FUND) 0001 GENERAL FUND	APPROPRIATION DATA: Advance Collections
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FUND	AGY	FY	M	REF / ITEM	FED CAT	P / N	C	CAT	PGM	ELE	COMP	TASK	ACCT	REV / OBJ	AMOUNT	D C	DESCRIPTION	SOURCE FUND
0001		20nn											3420	999000	5,000.00		Reimbursements Collected In Advance	
														TOTAL		5,000.00		

TO STATE CONTROLLER: I hereby certify that the foregoing report is a correct statement of all monies received by the above named agency and on account of said Fund or Appropriation during the periods stated below in accordance with Section 12418 of the G

(Signed)	
OFFICIAL TITLE	
Accounting Administrator	
DATE	
10/5/20nn	
CONTACT	PHONE
John Doe	(916)445-9999

Collection period from September 1, 20nn to September 30, 20nn inclusive.

CA 21A (11-2004) PC Excel 97 Version

Original - State Controller's Office Duplicate - Agency Copy

EXHIBIT XVI-E-3
POSTING TAG FOR ADVANCE COLLECTIONS REMITTANCE ADVICE

FIELD NAME	INFORMATION
TC	Enter 105 . TC 105 debits GL 1115 and credits GL 1110.
FFY	Enter the current fiscal year.
VENDOR/S (Vendor Number/Suffix)	Enter the Vendor Number for the State Treasurer's Office.
DOC DATE (Current Document Date)	Enter the last date of the collection period on the RA. This ensures that the remittance transaction is posted correctly on the H05.
CUR DOC/S (Current Document/Suffix)	Enter the RA number (Rxxxxx) from the Remittance Advice box on the Form CA-21A.
PCA	Optional field - Enter the appropriate PCA.
AMOUNT	Enter the remittance amount.
CHECK	First 3 digits - Enter the 3-digit bank account number from the Checking Account No. box on the RA Fourth digit – Enter R Last 5 digits – Enter the 5-digit agency assigned number from the Remittance Advice box on the RA.
FUND SRCE (Fund Source)	Required only if PCA is not entered. Refer to the PCA Table through Command I.9 .
FUND/DTL (Fund/Fund Detail)	Required only if PCA is not entered. Refer to the PCA Table through Command I.9 .
METHOD	Required only if PCA is not entered. Refer to the PCA Table through Command I.9 .

EXHIBIT XVI-E-4
POSTING TAG FOR CONTROLLER'S RECEIPT JOURNAL ENTRY (CRAnnnnnn)

FIELD NAME	INFORMATION
TC	Enter TC 137 for Advance Collections. TC 137 debits GL 1140 and credits GL 1115.
FFY	Enter the appropriate year.
DOC DATE (Current Document Date)	Enter the journal entry (JE) date.
CUR DOC/S (Current Document/Suffix)	Enter the JE number (CRAXxxxxx).
PCA	Optional field - Enter the appropriate PCA.
AMOUNT	Enter the remittance amount.
FUND SRCE (Fund Source)	Required only if PCA is not entered. Refer to the PCA Table through Command I.9 or refer to the TC 105 entry that posted the RA.
FUND/DTL (Fund/Fund Detail)	Required only if PCA is not entered. Refer to the PCA Table through Command I.9 or refer to the TC 105 entry that posted the RA..
METHOD	Required only if PCA is not entered. Refer to the PCA Table through Command I.9 or refer to the TC 105 entry that posted the RA..

EXHIBIT XVI-E-5

STATE CONTROLLER'S USE ONLY			STATE OF CALIFORNIA OFFICE OF THE STATE CONTROLLER TRANSACTION REQUEST												STATE CONTROLLER'S USE ONLY								
DOCUMENT NO.	DATE C C C C M M D D	MSG Code													TC Code	VERIFIED BY:							
JE																DATE:							
			PAGE 1 OF 1																				
Agency: DEPARTMENT OF AIR QUALITY						Address: 99 EAST FIRST STREET						Agency Document Number: G99-01											
FUND	AGY	FY	M	REF / ITEM	FED CAT	P/N	C	CAT	PGM	ELE	COMP	TASK	ACCT	SCO USE	REV / OBJ	AMOUNT	D	C	A	T	O	B	SOURCE FUND
0001													3410		999000	5,000.00	D						
				Revenue Collected In Advance																			
0001	9990	20nn													125600	5,000.00	C						
				Other Regulatory Fees																			
				(DNRP) CHAPTER NUMBER YEAR ITEM																			
				PROGRAM DESCRIPTION																			
				(DNRP) CHAPTER NUMBER YEAR ITEM																			
				PROGRAM DESCRIPTION																			
				(DNRP) CHAPTER NUMBER YEAR ITEM																			
				PROGRAM DESCRIPTION																			
				(DNRP) CHAPTER NUMBER YEAR ITEM																			
				PROGRAM DESCRIPTION																			
				(DNRP) CHAPTER NUMBER YEAR ITEM																			
				PROGRAM DESCRIPTION																			
TYPE OF TRANSACTION: Transfer of earned revenue collected in advance.																	I hereby certify under penalty of perjury that I am the duly appointed, qualified, and acting officer of the herein named State agency, department, board, commission, office or institution; that the within transfer is in all respects true, correct, and in						
Legal Authority And Reason For Request: In accordance with SAM Section 10525, please transfer revenue collected in advance to revenue earned. Remitted on R11111, 4/1/20nn.																	AUTHORIZED SIGNATURE:						
												CONTACT PERSON: John Doe			PHONE FOR CONTACT: (916) 445-9999								
												E-MAIL FOR CONTACT:			DATE: 7/1/20nn								
NOT TO BE USED AS A CONTROLLER'S REMITTANCE ADVICE																	CA 504 PC VERSION (03/2006)						

RECONCILIATION OF REMITTED ADVANCE COLLECTIONS

When Advance Collections are remitted, SCO posts the remittances to GL 3410, 3420, or 3430. CALSTARS (GL 3400) and SCO's balances must be reconciled monthly. If Advance Collections are remitted to a non-shared special fund, the SCO Fund Reconciliation Report (FC-320-35-P) can be used to perform the reconciliation. Refer to Exhibit XVI-E-6 for an example of the report. If Advance Collections are remitted to a shared fund, e.g., General Fund, the Selected Accounts Report (FC-320-23-P) can be used. Refer to Exhibit XVI-E-7 for an example of this report.

The Fund Reconciliation Report is automatically distributed monthly with the SCO balances. The Selected Accounts Report is not sent, however, unless the agency submits a written request to the SCO. The request must include the Fund number, the GL accounts needed, and how often the report is needed (monthly).

The General Ledger Account Reconciliation (CALSTARS 104) form, shown in Exhibit XVI-E-8, is used to complete the reconciliation as described below:

1. Identify fund, general ledger and month being reconciled.
2. Write the Ending Balance on the line 'Balance per SCO' for the identified general ledger account from the Fund Reconciliation Report (FC-320-35-P) or the Amount 4 column of the Selected Accounts Report (FC-320-23-P).
3. Identify Unremitted Cash by reviewing the H03 Report, General Cash Receipts and Disbursements Register; and the H05 Report, SCO Remittance Advice Worksheet. Refer to the *Considerations* section at the beginning of this chapter.
4. Identify Cash in Transit by reviewing remittances sent, but not received by SCO. List outstanding remittances by RA number. Treat these items as additions (+), as they will increase Advance Collections.
5. If claim schedules are prepared against this account, identify Claims Filed by reviewing schedules that have been submitted but not paid by SCO. List outstanding schedules by schedule number. Treat these items as reductions (-), as they will decrease Advance Collections. The DB1 Report may be used to identify outstanding claim schedules.
6. List any outstanding correction letters or identified SCO errors in the 'Adjustment to SCO Accounts' lines.
7. Total items 2 through 6 above to determine the SCO Adjusted Balance.
8. Post 'Balance Per CALSTARS' from the G01, Trial Balance of General Ledger Accounts Report, or S01, Subsidiaries on File Report, as appropriate.
9. Enter each reconciliation adjustment in 'Adjustments to CALSTARS'. Items that increase cash are treated as a plus (+) and items that decrease cash are treated as a minus (-).
10. Total 7 and 8 above to determine 'CALSTARS Adjusted Balance'.

11. The SCO Adjusted Balance and the CALSTARS Adjusted Balance should be the same. If not, all reconciliation adjustments have not been identified. Continue the review until the balances are the same. A HG1, General Ledger Analysis Report, may be used to help identify adjusting items.
12. Both the person performing the reconciliation and the reviewer should sign and date the form.

EXHIBIT XVI-E-6

FC32035P 9990
 MAIL CODE: 9990
 REPORT NO: FC-320-35-P
 FUND: 0011000 CLEAN AIR FUND
 ACCOUNT NBR TITLE

STATE CONTROLLERS OFFICE
 FUND RECONCILIATION REPORT
 PERIOD ENDING 12-31-20nn

PAGE NO: 208
 PROCESS DATE: 12-31-20nn

ACCOUNT NBR	TITLE	BEGIN BAL	DEBITS	CREDITS	ENDING BAL
DATE	POSTING REF -----DESCRIPTION-----				
1140	CASH IN STATE TREASURY	1,584.54			
12-17-20nn	29-0028766			1,000.00	
1140	ACCOUNT TOTAL	1,584.54		1,000.00	584.54
1210	DEPOSITS IN SMIF	1,499,000.00			
12-17-20nn	29-0028766		1,000.00		
1210	ACCOUNT TOTAL	1,499,000.00	1,000.00		1,500,000.00
3410	REVENUE COLLECTED IN ADVANCE	174,818.50-			
3410	ACCOUNT TOTAL	174,818.50-			174,818.50-
5510	FUND EQUITY-APPROPRIATED	2,159,791.69			
5510	ACCOUNT TOTAL	2,159,791.69			2,159,791.69
5530	FUND EQUITY-UNAPPROPRIATED	1,183,867.86-			
5530	ACCOUNT TOTAL	1,183,867.86-			1,183,867.86-
6030	APPROPRIATIONS	2,159,791.69-			
6030	ACCOUNT TOTAL	2,159,791.69-			2,159,791.69-
8000	REVENUE OR OPERATING INCOME	197,597.50-			
8000	ACCOUNT TOTAL	197,597.50-			197,597.50-
9010	STATE OPERATIONS	102,777.23			
9010	ACCOUNT TOTAL	102,777.23			102,777.23
9892	PRIOR YEAR INCOME ADJUSTMENTS	46,077.91-			
9892	ACCOUNT TOTAL	46,077.91-			46,077.91-
	FUND TOTAL		1,000.00	1,000.00	

EXHIBIT XVI-E-8

CALSTARS 104
(New 9/00)

STATE OF CALIFORNIA

CALSTARS GENERAL LEDGER ACCOUNT RECONCILIATION

ORG	FUND	GL	AS OF (DATE):		
				Amount	

Balance per SCO: *(use actual sign)*
(from Agency and Fund Reconciliation Report
or Selected Account Report) _____

Unremitted Cash: *(H03/H05)* _____

Cash in Transit:
(Review remittances sent to SCO but not
received by month-end)

RA# _____

Claims Filed: *(DB1)*
(Review claim schedules submitted to SCO but not paid)

Sch# _____

Adjustments to SCO accounts:	<u>DATE</u> <u>CORRECTED</u>	
_____	_____	_____
_____	_____	_____
_____	_____	_____

SCO ADJUSTED BALANCE _____

Balance Per CALSTARS: *(G01/S01)* _____

Adjustments to CALSTARS	<u>DATE</u> <u>CORRECTED</u>	
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

CALSTARS ADJUSTED BALANCE _____

Performing Signature _____
Date

Reviewing Signature _____
Date

