

STATE OF KANSAS – Office of the Chief Financial Officer
POLICY MANUAL – Federal Funds - Fiscal Year-End Negative Cash Balances

Date Issued 05/2018

Filing Number 8,004

SUBJECT

Federal Funds - Fiscal Year-End Negative Cash Balances

PURPOSE

This policy requires the recording of accounts receivable for fiscal year-end negative cash balances for federal funds pending a reimbursement request.

AUTHORITATIVE REFERENCES

K.S.A. 75-3728 K.S.A. 75-3730

K.S.A. 75-3728 and K.S.A. 75-3730 generally obligate the Director of Accounts and Reports (Department of Administration) to provide records showing at all times by funds, accounts and other pertinent classifications, the amounts appropriated, the estimated revenues, actual revenues or receipts, the amounts available for expenditure, the total expenditures, the unliquidated obligations, actual balances on hand and the unencumbered balances of allotments or appropriations for each state agency.

GENERAL INFORMATION

Historically, the Department of Administration required all funds to have a cash balance of zero or positive at the fiscal year-end. Upon written request to the Office of the Chief Financial Officer certain federal funds have been permitted to carry a negative fund cash balance during the fiscal year, on the condition that the fund be restored to a zero or positive cash balance at fiscal year-end.

Many federal block grants have been replaced with reimbursement grants. This has created hardships for agencies required to maintain a zero or positive federal fund cash balance at fiscal year-end.

Effective immediately, when a negative cash balance is anticipated in a federal fund at fiscal year-end and reimbursement from the federal agency has not been received and posted, agencies are required to record an accounts receivable in SMART for the amounts expended but not yet reimbursed by the federal agency.

Agencies are still required to seek reimbursements on a timely basis.

When a federal fund has a negative cash balance and reimbursement from the federal agency has not been received and posted:

- A SMART accounts receivable entry must be recorded, which may include requests for reimbursement for expenditure transactions associated with grants, cost-reimbursement contracts, cooperative agreements, and/or federal direct appropriations; and
- Documentation to support the reimbursement request must be attached in SMART to the accounts receivable transaction.

STATE OF KANSAS – Office of the Chief Financial Officer
POLICY MANUAL – Federal Funds - Fiscal Year-End Negative Cash Balances

Date Issued 05/2018

Filing Number 8,004

Once the federal reimbursement is received, the deposit transaction restores the fund's cash balance, and reverses the accounts receivable entry.

Note: A review of the statewide financial reporting impact of PM 8,004 will be conducted prior to May 2019 and periodically thereafter.

RESOURCES

Related SMART Accounts Receivable job aids are available online via SMART Web at:
<http://www.smartweb.ks.gov/training/accountsreceivable>

Accounts Receivable – Deposits:

- **Entering an AR (Pending Item) Deposit** - Description: This job aid provides instructions to enter an AR deposit (with a pending item).

Accounts Receivable – Receivables:

- **Online Pending Item (Receivable) Entry** - Description: This job aid provides the steps to manually enter a pending item online.
- **Writing Off a Receivable (Pending Item)** - Description: This job aid provides the steps to create a maintenance worksheet to write-off a pending item.

CONTACT SOURCES

Department of Administration
[Office of the Chief Financial Officer](#)

For Policy Questions: Email Statewide Agency Audit Services Team at ARpreaudit@ks.gov

For SMART Processing Questions: Submit a [ManageEngine Service Desk](#) ticket.