

INFORMATIONAL CIRCULAR NO.: 18-A-009

DATE: May 3, 2018

SUBJECT: Federal Funds – Fiscal Year-End Negative Cash Balances

EFFECTIVE DATE: Immediately

CONTACT: SMART processing questions Submit a [ManageEngine Service Desk](#) ticket
Accounting policy questions ARpreaudit@ks.gov

APPROVAL: DeAnn Hill (original signature on file)

SUMMARY: Establishing Policy for Fiscal Year-End Negative Cash Balances
for Federal Funds

This informational circular is being issued to announce [Policy Manual 8,004 Federal Funds – Fiscal Year-End Negative Cash Balances](#).

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

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 no longer required to maintain a zero or positive cash balance at fiscal year-end in federal funds. Recording an accounts receivable will eliminate the need for agencies to process journal adjustments that temporarily record federal fund expenditures elsewhere.

Agencies currently using SMART Project Costing in conjunction with Customer Contracts for reimbursement processing may continue to use the modules to track grant expenditures. Reimbursable transactions from the billing worksheet must be approved and have generated pending items in the Accounts Receivable module to meet the requirements of this circular.

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

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

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

DH:jc

RESOURCES:

Policy Manual [8,004 Federal Funds – Fiscal Year-End Negative Cash Balances](#)

Related SMART Accounts Receivable job aids are available online via [SMART Web](#).