



ACCOUNTING POLICY AND PROCEDURES (APP) MANUAL

TOPIC: Section 14 – Federal Funds 2.0	EFFECTIVE DATE: 04/01/1983
TITLE: Administration of Joint Funded Programs and Excess Federal Revenue	REVISION DATE: 11/05/2012
AUTHORIZED BY: Director, Bureau of Fiscal Services	

BACKGROUND

During budget preparation, the best information available is used to estimate the level of non-GPR (general purpose revenue) funds (federal funds and specified PRO funds) that will be realized. In many instances, the amount of GPR funding appropriated for a program is based on that estimated level of non-GPR funding.

Generally, the policy of DHS is to budget non-GPR funding available while at the same time saving state GPR. The goal is combined with the need for appropriate DOA (Department of Administration) oversight of program level changes and unanticipated material variances in federal funds.

Under s.16.54(12)(a), Wisconsin Statutes, the Department must submit a plan to DOA at year end to use or lapse the funds determined to be excess federal reimbursement. DOA then notifies the Joint Committee on Finance of the approved plan.

Details on the funds described and background follows.

Definitions

Discretionary. Funds that are available within the legal bounds allowed for its use within the original purpose and appropriation authority. These are usually federal grant or community aids monies for which it is not practical to fully commit or expend on a routine basis but have flexibility to allow use for similar purposes. These funds are usually identified by divisions and earmarked in community aids statutes.

Excess Federal Reimbursement. Unplanned or unanticipated federal Revenues usually derived from past costs which are federally reimbursed, but were originally charged to another source (usually GPR). Federal reimbursement is typically for prior year state GPR costs and over and above biennial budget amounts. The use of these funds is contingent upon notification/approval to the Department of Administration and the Joint Committee on Finance. These funds are usually identified by the Bureau of Fiscal Services.

POLICY

1. The following rules apply for appropriations where GPR funds have been appropriated as either a match for, supplement to, or a budgeted state share to non-GPR funds.
 - a. If non-GPR funds actually realized are **less** than the original estimate, all appropriated GPR funds may be used to meet the program needs, even if this means a greater proportion of GPR funding is used than originally assumed (except if a statute specifies

a maximum match ratio). All under spending for the program would be considered GPR, and as such, would lapse to the general fund unless legally carried over by statute.

- b. If non-GPR funds (usually federal) actually realized are **greater** than the original estimate, total commitments should be limited to the original combined level of GPR/non-GPR authorized unless a variation is authorized by DOA or Joint Finance. If a GPR matching ratio is required by the non-GPR funding source, GPR would be utilized at this ratio during the fiscal period. Only after the **non-GPR** funds are exhausted would GPR be used to bring the total spending up to the total authorized. Where federal funds do exceed the budgeted level and there is a GPR component, the specific appropriation law determines the amount of GPR to lapse at year end. Generally it is the amount equal to the non-GPR increase that would lapse to the general fund at year end or be reported to DOA and the Joint Committee on Finance (JFC) as excess federal revenue before commitment or use.
 - c. If non-GPR funds realized are greater than budgeted or if reimbursements are realized where there is no GPR share or component, federal funding may be carried forward to the following fiscal year if it is allowed under the statutory and grant authority for that program(See 16.54(9)(b) as an example)
2. If non-GPR actually realized over the budgeted level is received after the close of the state FY and GPR has already been spent, the amount realized is lapsed or reported as excess federal revenue to DOA and JFC.
 3. If non-GPR funds actually realized are "materially" less than estimated, such that the department will, of necessity, substantially alter the service level of the program, communication to that effect should be reported by the division to OPIB and possibly DOA.
 4. If there is non-GPR (excess federal revenue) to be reported to DOA and JFC and not lapsed, under current policies, it is general policy to be retained for federal disallowances, not used for operating costs.
 5. Any notification disclosing excess federal revenue to Department of Administration and Joint Committee on Finance will be prepared by DES (Division of Enterprise Services), Bureau of Fiscal Services.

ATTACHMENT

Excess Federal Reimbursement

REFERENCES

Wis. Stat. §§ [16.54 \(12\) \(a\)](#), [20.435 \(8\) \(mm\)](#) and [16.54 \(9\) \(b\)](#)

CONTACTS

[Director, Bureau of Fiscal Services](#)

ATTACHMENT

EXCESS FEDERAL REIMBURSEMENT

DEFINITION Unplanned or unanticipated federal reimbursement for past GPR Costs. May include audit settlements, unbudgeted federal cash brought in by DHS which is over and above biennial budget amounts. The reimbursements usually cross the state fiscal year and federal fiscal year, and the uses are contingent upon notification/approval to DOA and JFC.

STATUTORY, AUDIT AND POLICY BACKGROUND

- I. State Accounting. Excess Federal Reimbursement is governed by s. 16.52 (2) and s.16.54(12)a.

"Except in the case of program revenue and continuing appropriations, any refund of a disbursement to a general purpose revenue appropriation, applicable to any prior fiscal year, received between these dates may not be credited to any appropriation but shall be considered as a non-appropriated receipt. General purpose revenue (GPR) earned, as defined in s. 20.001 (4) is not available for expenditure, whether or not applied to the fiscal year in which received."

Section 16.54(12)a allows for the use of excess federal funds (primarily for disallowance coverage)after DHS submits a plan for approval.

The state accounting directions and the appropriation reconciliation require that non-appropriated receipts lapse to the general fund unless approved under s.16.54(12)a.

- II. Accounting Guidelines. Two references are pertinent:

- A. **Disclosure**. "The overall goal of accounting and financial reporting for governmental units is to provide: (1) financial information useful for making economic, political and social decisions, and demonstrating accountability and stewardship; and (2) information useful for evaluating managerial and organizational performance For accounting the use and disposition of resources entrusted to public officials." ("Objectives of Accounting and Financial Reporting for Governmental Units," National Council on Governmental Accounting.)
- B. **Governmental Generally Accepted Accounting Principles (GAAP)** do not deal specifically with how revenue such as excess federal reimbursement should be recorded. However, Principle I of Governmental GAAP does state that the "accounting system must make it possible to both: (a) present fairly and with full disclosure . . . and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions." Since we have a specific statute that deals with this type of revenue, GAAP requires that we comply with it.