

MONTANA OPERATIONS MANUAL		Vol	Year	No
	Management Memo Number	2	- 87	- 4
MANAGEMENT MEMO	Date Issued	05/01/87		
	Date Effective	05/01/87		
SUBJECT:	Accruing Investment Earnings in SBAS at Fiscal Year-end			

TO: All State Agencies

FROM: Accounting Division - Department of Administration

INTRODUCTION

This management memo (MM) revises the State's accounting policy for accruing investment earnings in SBAS at fiscal year-end (FYE) and supercedes MM 2-86-2.

AGENCY INVESTMENTS MANAGED BY BOARD OF INVESTMENTS

Board of Investments' Responsibilities

The Board of Investments will input documents to accrue investment earnings in SBAS at fiscal year-end as follows:

Entry 1 - On a Journal Voucher (JV) - SBAS Form 271, in the accounting entity (A/E) that receives/records the investment earnings during the year, the entry by control account (C/A) is:

D: C/A 1201 - Interest Receivable (Use 06527 as last 5 digits of SDL #.)

C: C/A 51XX - Revenues/Additions (Use an object of revenue tied to Revenue
Class 13XX - Investment Earnings.)

Entry 2 - During the cutoff period of the next fiscal year, the Board of Investments will input another JV to reverse Entry 1.

This entry is necessary because, in the fiscal year after the accrual, the Board of Investments will input SBAS documents distributing the accrued investment earnings to participants as revenue, rather than as a reduction of "Interest Receivable".

NOTE: The JV to establish the accruals (Entry 1) must be processed in the current fiscal year; the JV to reverse the accruals (Entry 2) should be processed in the subsequent fiscal year during the FYE cutoff period. Alternatively, agencies may request the Board of Investments to input Entry 2 at another time during the subsequent fiscal year with approval of the Governor's Budget Office.

University Units*

A/E 8XXXX D: C/A 51XX - Revenue	\$100,000
C: C/A 1201 - Interest Receivable	\$100,000
A/E 34XXX D: C/A 1201 - Interest Receivable	\$ 45,000
C: C/A 51XX - Revenue	\$ 45,000
A/E 71XXX D: C/A 1201 - Interest Receivable	\$ 55,000
C: C/A 51XX - Revenue	\$ 55,000

* Use a Distribution Voucher (SBAS Form 276) or JV if the distributions are intra-agency; use a No Warrant Transfer (SBAS Form 232) if the distributions are interagency.

OTHER AGENCY INVESTMENTS

Each agency should input documents (Entries 1, 3 and 4) to accrue investment earnings and distributions of accrued investment earnings in SBAS for investments which are not managed by the Board of Investments. (Do not use 06527 as SDL#.) Entry 2 should be input in the subsequent fiscal year to reverse the accrual; alternatively, agencies may reduce C/A 1201 in the subsequent fiscal year as the accrued earnings are received.

NOTE: C/A 1640 (Short-Term Investments Administered by Agencies) and C/A 1641 (Long-Term Investments Administered by Agencies) should be used for all agency investments not managed by the Board of Investments. All other 16XX C/As (except for C/As 1615, 1616 and 1619 which should be used for the State's Deferred Compensation Fund) may be used only by the Board of Investments.

CLOSING

Call the Accounting Division (444-3092) if you have any questions about this management memo.