



# WISCONSIN ACCOUNTING MANUAL

Department of Administration – State Controller’s Office

<b>Section</b>	<b>03</b>	<b>BUDGETING</b>	<b>Effective Date</b>	<b>7/1/2015</b>
<b>Sub-section</b>	<b>08</b>	<b>Appropriation Overdraft Review</b>	<b>Revision Date</b>	<b>8/12/2021</b>
<b>SAM Ref</b>	<b>3-5</b>			

## BACKGROUND

Pursuant to [s. 20.903\(2\)\(a\)](#), Wis. Stats., liabilities may be created in program revenue and corresponding segregated revenue appropriations at the end of the fiscal year in an amount not to exceed unexpended monies plus accrued accounts receivable, inventory, work in process, and for a limited number of specified appropriations, equipment and buildings. Appropriations that end the fiscal year with overdrafts that do not have assets in the categories outlined in [s. 20.903\(2\)\(a\)](#), Wis. Stats., that equal or exceed the overdraft are unsupported.

In accordance with [s. 16.513](#), Wis. Stats., unsupported overdrafts require the filing of a plan by the respective agency to assure that there are sufficient moneys, or other assets in the categories specified in [s. 20.903\(2\)\(a\)](#), Wis. Stats., to meet projected expenditures.

At the conclusion of each fiscal year, the SCO and State Budget Office work together to complete the annual appropriation overdraft review process, which helps to ensure that the State meets the statutory reporting requirements under [s. 16.513](#), Wis. Stats.

## POLICIES

1. It is the responsibility of each state agency that administers a program revenue or segregated revenue appropriation to monitor such appropriations to ensure that any overdrafts are supported by the assets specified in [s. 20.903\(2\)\(a\)](#), Wis. Stats.
2. For each program revenue and segregated revenue appropriation, and applicable clearing and custody appropriation, that ends the fiscal year with an overdraft, the applicable agency must complete a Statement of Program & Segregated Revenue Overdraft Coverage form (Overdraft Coverage Statement), which outlines how the overdraft is supported. These Overdraft Coverage Statements must be submitted to the SCO for review during the annual appropriation overdraft review process.
3. For each appropriation determined to have ended the fiscal year with an unsupported overdraft, the applicable agency must submit an unsupported overdraft plan to DOA that details how the unsupported overdraft will be corrected.
4. The State Budget Office reviews and approves agency unsupported overdraft plans before sending the plans to the Joint Committee on Finance for consideration.

## PROCEDURES

1. In advance of the annual appropriation overdraft review process, the SCO will send a memorandum to agency financial managers, which will outline detailed instructions and the related deadlines. The e-mail correspondence accompanying the annual memorandum will also include the Overdraft Coverage Statement to be completed by agencies for each applicable appropriation that ended the fiscal year in overdraft. This communication will typically occur in August of each year.