



WISCONSIN YEAR-END RECONCILIATION MANUAL
 Department of Administration – State Controller’s Office

Section	ASSETS
Subsection	Investments
Accounts	1201000 – 1299000
Effective Date	07/01/2016
Revision Date	07/01/2016

TRANSACTION SOURCES AND ACCOUNT VALIDATION PROCEDURES

Account Value	Account Name / Description
1202000	Public Bonds Principal (Gross)
1202000	Fixed Retirement Investment
1203000	Investment in Variable Fund
1205000	Public Bonds Discount
1209000	Public Bonds Premium
1210000	Invest Dist as Pool Shares
1221000	Private Bonds Principal(Gross)
1225000	Private Bonds Discount
1228000	Fixed Income Investments
1228100	Investment in External Pool
1228500	Fixed Income Premium
1228900	Fixed Income Discount
1229000	Private Bonds Premium
1231000	G.O. Bonds Principal (Gross)
1235000	G.O. Bonds Discount
1239000	G.O. Bonds Premium
1241000	I.M. Bonds Principal (Gross)
1245000	International Bonds Discount
1249000	International Bonds Premium
1251000	Notes Principal (Gross)

1255000	Notes Discount
Account Value	Account Name / Description
1259000	Notes Premium
1260000	Financial Futures Contracts
1265000	Preferred Securities
1267000	Convertible Securities
1268000	Securities Lending Collateral
1269000	Investments for Lottery Prizes
1270000	Stock Principal
1272000	Investment Options
1275000	Multi - Asset Class Investment
1276000	Swaps
1277000	Equity - International Manager
1279000	Limited Partnership Principal
1280000	Mortgage Loan Principal
1282000	Land Contracts
1285000	Real Estate Principal
1288000	Debt on Real Estate
1292000	University Trust
1299000	Other Misc Investments

These are the investment accounts that are available in the general ledger. Generally, agencies will record 1) investments at the purchase price at the time of acquisition, 2) investment income from cash disbursements received, and 3) cash proceeds when investments mature or are sold. Investments are generally not marked to market in the actuals ledger, with the exception of some SWIB administered investments. In order to reconcile investments, agencies should be reviewing bank or custodial account statements and comparing these against the activity in the investment accounts. Security purchases or sales and cash income received should agree the activity recorded to the investment accounts. Since investments are market to market, the total account value will deviate from the total book value of investments.



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Agencies should neither make mark-to-market adjustments nor fixed income amortization adjustments to investment values, but rather agencies should track the basis (purchase price) of investments.

In performing this reconciliation to account statements, it may be necessary to track things like stock splits or principal repayments – events which could change the share count or the principal amount of the securities held.

Some exceptions to these general rules follow. If you believe that your agency’s investment reporting policy is not compliant with these general rules, contact the Controller’s Office with documentation explaining the statutory or other reasons why investments should or have been reported, and what measures are undertaken to reconcile and verify the accuracy of the investment accounts.

EXCEPTIONS TO THE GENERAL PROCEDURES

Mark to Market

Agency 53600 – SWIB: The SWIB investments which are reported on-system in the ACTUALS ledger ARE marked to market monthly. In order to reconcile investments it is necessary to make monthly adjusting entries to distribute investment gains and losses. These entries are sent through the controller’s office and tied to the appropriate account statements so that the reported balance sheet amounts reconcile to the fair values.

Amortization of Fixed Income Securities

Agency 53600, 50700: Certain programs purchasing fixed income investments are required to amortize the premium or discount on these securities over the life of the investments. Amortization reduced the difference between the face value and purchase price so that at maturity, the carrying value equals the maturity value. In order to adjust the carrying value for this amortization, agencies should prepare investment amortization schedules at or around the time of purchase so that the premium or discount can be systematically amortized on a straight line basis over the life of the security under the assumption that the investment will be held to maturity. Agencies should compare the amortization schedules to the carrying value of the investments reported in the general ledger. Adjustments to the schedule and/or ledger may be required for securities sold or disposed of prior to maturity.

Off-System Accounts

Agencies 14500, 39500, 50500, 51500, and some other off-system programs. Certain investment accounts which are managed or in some ways administered by the state are nonetheless kept out of the ledger and maintained entirely ‘off-system’. As such there is nothing on-system to reconcile to; however, those agencies are responsible for reviewing the appropriate statements and activities as appropriate. These off-system accounts are generally reported in the State’s CAFR, but not the AFR, although some such accounts are purely custodial.