

STATE OF HAWAII

Accounting Manual

SECTION 235: ESTABLISHMENT OF ESTIMATES

1. General Description. This section describes the processing steps of establishing and maintaining the budgetary accounts for the official receipt estimates of the approved biennium budget. The execution phase covers the two year period from the beginning of the new biennium period to the end of the second fiscal year.
2. Purpose. The general purpose for the recording of receipt estimates is to provide financial information concerning the monies anticipated to be available within the biennium period to finance the State's planned operations. More specifically, the purpose for this information is to:
 - (a) Provide the executive branch with information to plan the current and future operations of the State.
 - (b) Provide the Comptroller with the financial information required to establish the accounting records of the State.
 - (c) Provide departments and agencies with comparative information to control and manage their operations.
3. Biennium Period. The official estimates established in the central accounting records coincide with the two year period of the State biennium budget. The estimates are recorded separately by fiscal years. Upon completion of the first fiscal year, the second fiscal year estimates are transferred to the current fiscal year accounts. The cycle is repeated at the start of the next biennium period.
 - (a) Current Biennium Estimates.
 - (1) Prior to the start of the new biennium period, the Director of Finance, Department of Budget and Finance furnishes DAGS Accounting Division the estimated receipts for the current (first) fiscal year and ensuing (second) fiscal year of the current biennium.
 - (2) At the start of the new budget biennium period, DAGS Accounting Division establishes the first and second year estimated revenues and appropriations in the GENERAL LEDGER control accounts. The receipt estimates are also established in the computer-based SOURCE OF RECEIPT LEDGER file.
 - (b) Second Fiscal Year Estimates.
 - (1) The basis for the establishment of the estimates during the second fiscal year of the current biennium is the quarterly adjustments

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made to the second fiscal year estimates (see item 4, below).

- (2) Following the completion of the first fiscal year of operations, the updated ensuing fiscal year estimates are transferred to the current fiscal year accounts. During this period, no ensuing fiscal year estimates are recorded on the accounting records.
4. Quarterly Adjustments. The Director of Finance, Department of Budget and Finance issues periodic instructions to departments and agencies to correct and adjust the first and second year biennium estimates. On a quarterly basis these adjustments are furnished to DAGS Accounting Division for recording.