

California State Library
Library Services and Technology Act (LSTA)

Financial Report (LSTA Form 8)
Instructions

1. Completing the Financial Report:

a. The columns for reporting are:

(1) Current Approved Budget - Enter total amount of budgeted funds for the grant year as awarded or as subsequently modified.

(2) through (5) Expenditures - Note the report periods in the box at the top left corner of the form. Check the appropriate box for the report you are submitting and enter amounts in the corresponding columns.

(6) Total Expended - The expenditures in columns 2, 3, 4, and 5 should automatically be calculated in column 6.

(7) Outstanding Encumbrances at Project End - This column is used only at the project end. Enter the total of all encumbrances outstanding, if any, after the project end date, i.e., expenses which have not at the time of this report been liquidated. If outstanding encumbrances are identified in the Outstanding Encumbrances at Project End column (column 7), a final liquidation report is required.

(8) Liquidation of Outstanding Project End Encumbrances - This column is used to report liquidation of encumbrances or obligations that were outstanding at the project end date.

(9) Unexpended/Unencumbered Balance - If all funds were expended by project end date, this column should be zero. Any remaining funds remaining in this column must be returned to the California State Library, according to instructions provided (see 5e. below).

b. The rows for reporting are:

(a) Salaries and Benefits - Total salaries and benefits for all project staff, except staff under contract. (Funds for contract staff are budgeted under operating expenses, row d.)

(b) Library Materials - Books, periodicals, audiovisual formats, microforms, other library materials and computer software.

(c) Equipment - Any item which costs over \$5,000 per unit.

(d) Operating Expenses - Contract services including database, reference services, publicity, maintenance of equipment and vehicles, building equipment lease and rental. Also, include expense for employees or consultants on contract. Other operating expenses: office and library supplies; communications costs; small equipment (i.e., costing less than \$5,000); duplication, travel; etc.

(e) Indirect Costs - Administrative charges or indirect costs as approved in the award letter.

2. Background Information

- a. Accounting System: The fiscal agency of the grantee is responsible for providing an accounting system that conforms to generally accepted accounting principles with established procedures. The system must support responsible project management and facilitate the submission of timely and accurate financial reports. Records of LSTA grants and grant years must be separately maintained and be readily available. The system must provide supporting documentation to substantiate allowable program costs throughout the life of the project.
- b. Retention of Records: Financial records for LSTA projects must be retained by the grantee for a period of three (3) years from the date the final expenditure report has been submitted.
- c. Equipment: The minimum value per item of Equipment is \$5,001. Approved items costing \$5,000 or under are considered small equipment and are reported under operating expenses.

3. Budget Modifications: The grantee is given the opportunity during the period of the project to respond to local or unforeseen developments by adjusting the categories of the approved budget.

- a. Any budget modifications, request for additional funds, or request for a reduction in the grant funding award must be discussed with the assigned State Library Grant Monitor and a Grant Award Modification (LSTA Form 4) must be submitted according to the instructions.
- b. Approval is by the State Librarian. Adjustments should be reported on the next financial report.
- c. Any adjustments in approved budgets must be documented and documentation retained in project accounts.

4. Encumbrances: Any valid encumbrances should be shown in the Outstanding Encumbrances at Project End column (column 7).

- a. Under federal regulations, an encumbrance or obligation is defined as a binding written commitment to do the following, which action occurs in the future:
 - Acquire real or personal property.
 - Obtain personal services by a contractor who is not an employee of the State or grantee.
 - Obtain the performance of work other than personal services.
- b. The following, therefore, are not considered legal encumbrances and their actions cannot occur beyond the date of encumbrance:
 - Personal services by an employee of the State or subgrantee.
 - Public utility costs.
 - Travel.
 - Rental of real or personal property.
- c. Encumbrances are not allowable beyond the project end date, with the following exceptions:
 - Those made by the fiscal authority to accrue funds from which to pay bills created before the project end date.
 - Those made for accounting services to cover compliance with the Single Audit Act provisions.
- d. Examples of encumbrances, allowed and not allowed, at the close of a project:
 - Books ordered before the project end date may be received and invoices paid until the close of the liquidation period, as funds are accrued to pay these bills.

- A telephone bill may be paid after the project end date but additional new calls may not be covered with grant funds.
 - Personal services contracts or other work arrangements may not be extended beyond the project end date by encumbrance, because work would be performed beyond the close of the project.
- e. The final 10% grant award if applicable, is payable only if the grant recipient fulfills all project reporting requirements and returns all unspent grant funds by the time specified in the grant program.
- f. Projects have 45 days following termination of the grant award period to liquidate funds obligated or encumbered. The report of liquidation (on LSTA Form 8) is due *no later than* 60 days after the project end date.

5. Project Closing Timetable:

- a. All federally funded program activity ceases on the project end date.
- b. All services must be performed and funds must be expended or encumbered by the project end date, or returned. Prior to the last weeks of the project, the grantee should discuss any planned final encumbrances with the grant monitor to ensure that the encumbrances are appropriate.
- c. April - Project End Date financial report is due within 30 days of the project end date.
- d. Final Program Narrative Report (LSTA Form 9) is due within 30 days of the project end date and covers the entire project year.
- e. Any project funds not expended or encumbered by the project end date must be returned to the State Library within 30 days of the project end date. A check payable to the California State Library must be remitted. The check must bear reference to LSTA and the grant award number of the project for which funds are being returned.
- f. Liquidation of encumbrances report is submitted on the Financial Report (LSTA Form 8). Any funds not liquidated are to be returned with the report within 60 days of the project end date.

6. Follow the link below to view important due dates in the LSTA Grant Guide for your project.
<http://www.library.ca.gov/grants/lsta/manage.html>

7. Send original (signed in blue ink) and TWO copies **by the due date** to:

California State Library
P.O. Box 942837
Sacramento, CA 94237-0001
Attention: Fiscal Office - LSTA

8. If other than U.S. Postal Service is used; the street address is:

California State Library
900 N Street
Sacramento, CA 95814
Attention: Fiscal Office - LSTA