

R*STARS Closing Review

GENERAL ACCOUNTING DIVISION



COMPTROLLER
of MARYLAND
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INTRODUCTION

The Comptroller of Maryland has the responsibility for the “general superintendence of the fiscal affairs of the State”. Accordingly, each agency must ensure that they close their accounts accurately and in compliance with the requirements established by the General Accounting Division (GAD). These closing instructions are available at <http://compnet.comp.state.md.us/gad>. On the web site, select FORMS and MANUALS. The instructions are located under the Accounting Procedures Manual – Appendix C – Closing Instructions – Statutory and GAAP.

YEAR-END CLOSING CHECKLIST/G-8

The Year-End Closing Checklist must be completed and signed by the agency’s chief fiscal officer, indicating that the agency has completed each task.

The G-8 form is a Certification of Special Fund and/or Non-Budgeted Fund Balances. If the agency has Special Funds that are not subject to transfer to the State’s General Fund, then the agency cites the specific legal reference or other authority that allows the agency to retain the fund balance. Negative Non-Budgeted Fund cash balances as of June 30, are listed with justifications for the negative amount.

BUDGET AMENDMENTS

Starting June 1, agencies must post their budget amendments in process using T/C 027. These transactions will be verified to approved budget amendments.

RECEIPTS

All cash received by a state agency on or before June 30 should be promptly deposited and recorded in R*STARS. Cash receipts received after June

30 should be deposited and recorded in R*STARS with an effective date of July 1 or later.

CHARGEBACKS/ CHECK CANCELLATIONS

Cash balances in charge back clearing accounts, program 099, at June 30, must be allocated to the proper accounts as fiscal year end adjusting entries. Check cancellations processed by the State Treasurer’s Office and Central Payroll Bureau with an effective date of June 31 or earlier will be considered as cash receipts for the prior fiscal year.

TRANSFERS

All adjustments that effect cash transfers (GL Acct 0062) can be recorded as cash transactions in the prior fiscal year by recording the transaction in July with an effective date of June 31 or earlier. Adjustments between distinct R*STARS financial agencies (interagency) must be posted by July 15th. Any interagency adjustment not posted before the deadline date should be accrued unless all financial agencies affected agree to a cash adjustment instead of an accrual.

ACCOUNTS RECEIVABLE

Accounts receivable are recorded for goods and services provided prior to July 1 for which a billing has been sent or prepared.

ACCRUED REVENUES

Accrued revenue is recorded for goods and services provided prior to July 1 and the billings have not been prepared or the exact amount has not been determined. Agencies should estimate the amount due and record the accrued revenue entry with a transaction code of 801. Using this T/C will result in a reversing entry being recorded in the new fiscal year. Detailed documentation

must be maintained to support these transactions. Revenues not receivable within 60 days of year end should be deferred and recorded as long term receivables.

ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES

All accounts payable and accrued charges applicable to the fiscal year being closed shall be recorded in R*STARS. Accounts payable are for goods and services received prior to July 1 for which an invoice has been received. Invoices paid during July for the prior fiscal year services should be processed with a June 31 or prior effective date. Accrued expenditures are for goods and services received prior to July 1, but the invoice has not been received. The automatic reversals of the accruals will credit the appropriation year of the accrual entry. Accordingly, once the invoice is received, agencies should charge the correct appropriation year when paying the invoice, or a correcting journal entry will be needed. Proper detail documentation of accrued expenditures shall be maintained by the agency for audit purposes.

PAYROLL CHARGES AND ACCRUALS

Payroll and fringe benefit expenditures will be estimated through June 30. Agencies may have Central Payroll do the accrual calculation, and they may adjust the accrual if needed. Or, agencies may calculate and post their own payroll accruals.

ENCUMBRANCES

For partially completed contracts, the completed portion shall be accrued and the uncompleted portion may be encumbered. The closing instructions contain the list of objects that may be encumbered at year-end.

FUND BALANCES

Federal funds and reimbursable funds must have a zero fund balance at year end. The 89 Screen, g/l account 3060, for the next fiscal year, may be used to check this.

FIXED ASSETS

All agencies, except those with separately issued financial statements, must comply with the Comptroller's directive to use the fixed asset subsystem of R*STARS. Please refer to the Accounting Procedures Manual, Section 3.15 for detailed directions.

HISTORY FILE

It is essential that all transactions for the prior fiscal year post to the R*STARS history file. Transactions on the error file or the "IT" file must be corrected and/or final approved, balanced and released in order to post to the history file. During the close out period, agencies should monitor the 530 screen (or the QAFR7220) daily to ensure that it is clear, except for payments awaiting their due date.

GAAP SCHEDULES/ SCHEDULE G

All GAAP Schedules must be completed – all revenues and expenditures not included in R*STARS have been reported appropriately. Agencies must ensure that all federal fund activity has been included accurately on the Schedule G and that it reconciles to R*STARS.

APPROPRIATION BALANCES

Agencies should review the DAFR6000 and DAFR5990 to ascertain that there are no negative appropriation balances and all remaining balances may revert.

ASSISTANCE INFORMATION

To locate additional information, reference <http://www.dbm.maryland.gov>. Click on "Technology" and "Applications Systems Management (ASM)" for R*STARS application user and technical subjects. For detailed accounting procedures information, reference: <http://compnet.comp.state.md.us/gad/agencyinfo/> Questions concerning R*STARS screens, profile and reports should be directed to the ASM Service Desk at 410-260-7778. Accounting questions may be directed to 410-260-7504.