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*Comptroller*

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DATE: May 15, 2020  
TO: All State Agencies  
FROM: Sandra Zinck, Director, General Accounting Division  
SUBJECT: Fiscal 2020 Annual Closing Package

The closing package is organized in two sections. (1) The first section describes the statutory closing procedures for the R\*STARS system and the additional information needed to adjust the statutory financial reports to generally accepted accounting principles (GAAP basis). (2) The second section describes the reports used to reconcile statutory and GAAP balances, and data needed to maintain supplemental account balances (i.e., Receivables, Payables, and Deferred Revenues) in R\*STARS.

For fiscal year 2020, the following closing procedures will be in effect for state agencies:

#### **YEAR END CLOSING - TIMELINE**

- **FINAL FMIS FY2020 BATCH:** R\*STARS will shut down at its normal time on Tuesday, June 30, 2020. A batch cycle will be run for the work of June 30, and the rollover of financial balances to the new fiscal year will begin. R\*STARS will not be available on July 1st, 2020. After the rollover has been completed, R\*STARS will be available on July 2<sup>nd</sup>, 2020 and the nightly batch cycle will run. RSTARS will be available **on July 3<sup>rd</sup> and 4<sup>th</sup>, but there will be no nightly batch cycle on these days.**
- **FMIS FY2020 JE CUTOFF:** Agencies have until **July 24** to record all cash transfer, account receivable, accrued revenue, voucher payable, other payable, accrued expenditure and fixed assets transactions for fiscal year 2020. The last day to post cash receipt transactions is July 7 (See cash transactions on page 1-7). All transactions applicable to fiscal year 2020 that are recorded in July should be processed with an effective date of June 31, 2020, or earlier. Transactions with a June 31 effective date will be posted in fiscal month 13.
- **CAPITAL PROJECT CUTOFF:** For Capital Project Fund, invoices being paid should identify the period of service covered for the capital project purchase or construction.

There is a cut-off date of Friday, August 21, 2020 for accruing capital project transmittals applicable to fiscal year 2020. For capital project invoices to be recorded in the proper fiscal year, your accounts payable department should be advised that it is important that all invoices received by the cut-off date applicable to fiscal year 2020 be submitted as indicated. The invoice should be paid with an **AY of 2020** and **identify the period of service covered by the invoice**. Also, these expenditures should be accrued as fiscal year 2020 expenditures with an **effective date of June 31, 2020** (see accrued expenditures on page 1-12).

- **DBM/AGENCY REVIEW:** DBM is requiring the agency's Chief Financial Officer, (or Budget Officer or designee), to meet with their Budget Analyst to review encumbrances **prior to the agency's closing package submission to GAD**. Agencies must schedule this meeting to allow enough time for a review without delaying their closing process. Included under the Encumbrances section is a letter dated April 24, 2020 from DBM to GAD outlining the guidelines for this review (see page 1-16).

#### **YEAR END CLOSING - PROCESS**

- **GRAVITY SOFTWARE REQUIREMENT:** All agencies should use Gravity software to submit the closing schedules and data electronically to GAD. **Gravity Closing Schedules for FY2020 will be made available by the beginning of June**. You will receive a separate correspondence regarding the use of Gravity for FY2020. If you have any issues regarding the access and use of the Gravity software, please contact Ms. Elana Schulman at 410-260-7887 or [ESCHULMAN@marylandtaxes.gov](mailto:ESCHULMAN@marylandtaxes.gov).
- **CLOSING PACKAGE SUBMISSION:** Only the chief fiscal officer for each financial agency is to submit the closing checklist, GAAP closing schedules and G-8 forms to the General Accounting Division. The annual closing checklist is on page 1-4. The G-8 form is on page 1-5. Units of a financial agency should not submit closing checklists and G-8 forms to the General Accounting Division.
- **BUDGETARY APPROPRIATED FUND REPORTING:** Again, for this fiscal year, many of the GAAP Closing Schedules require the budgetary appropriated fund that would have been affected if such transactions were reported in the budgetary accounting system (R\*STARS) during the fiscal year.
- **CLOSING PACKAGE TUTORIAL:** Accounting information for State Agencies is available on GAD's website at <https://www.marylandtaxes.gov/state-agency->

[accounting/index.php](#). Annual Closing Power Point Presentation (with audio) will be available on GAD's website at (<https://www.marylandtaxes.gov/state-agency-accounting/accounting-procedures.php>). Then open R\*STARS information. This is available for agencies to review at any time in lieu of formal training sessions.

- **CLOSING TRANSACTIONS:** All closing transactions will be entered by either: (1) state agencies, or (2) as a result of an R\*STARS automated process. (See state policy on accounts payable, accrued expenditures, and encumbrances concerning automated processes, page 1-11).
- **SUPPLEMENTAL SCHEDULE SUPPORT REQUIREMENT:** Data for the separate categories of receivables and payables shown on the supplemental schedules must be maintained in R\*STARS at the general ledger account and/or the document type level.
- **RECOMMENDED REPORTS:** Included in Part 2 (Reports) is a listing of essential/recommended reports (See page 2-3). These recommended reports and the frequencies of requests, as well as a discussion on the use of “drill-down” in R\*Stars, have been included to reduce the total number of nightly reports requested. A reduction in requested reports will assure the nightly batch cycle is completed in a timely manner. The failure to complete a nightly batch cycle will cause a reduction in system availability the next day and/or the termination of the previous night's requested reports.
- **WORKDAY REPORTING:** For completion of GAAP Closing Schedule K, Accrued Annual Leave, reports in WorkDay such as the Fiscal Year Prompt Annual Leave Earned and Used Report can be used to provide the earned and used leave along with the ending balance prior to FICA. GAD recommends running the workday reports during the first week of July. This report lists all current employees as of the current run date, so employees that transferred into the agency during the year will be included when run for dates 7-1 through 6-30. The SPMS Annual Comp Leave Balance Liability-Terminated Employees Report should also be run for 7-1 through 6-30 and may be helpful for recent retirees who may require an accrual in R\*STARS as well as for employees that left during the year for an adjustment to the annual leave. This report also lists amounts prior to FICA. Please continue to use last year's ending annual leave balance reported to GAD as this year's beginning balance and verify that all the amounts tie prior to submitting the Schedule K.

- **SINGLE AUDIT REPORTING REQUIREMENT:** For fiscal year 2020, CliftonLarsonAllen LLP will conduct the statewide audit of the financial statements and the single audit of federal grants in accordance with Uniform Grants Guidance codified in Title 2, Part 200 of the Code of Federal Regulations. As in the past, state agencies are required to prepare Schedule G and Schedule G-1, if applicable, for all federal assistance received in fiscal year 2020. All COVID-19 Federal Fund activity should be separately identified on Schedule G and Schedule G1. COVID-19 activities reported on Schedule G should reconcile to agency fund 0525 account balances in RSTARS. Agencies can run DAFRG100 report at fund level 4 to see agency fund 0525 general ledger account balances. These schedules are to be prepared whether the federal activities are recorded in R\*STARS appropriated fund 0005. Data on these schedules must agree with the program level data shown in R\*STARS for federal funds, and reconciling items must be disclosed and fully explained on the form. This information must be provided in a timely manner for the audit report to meet federally mandated deadlines.

#### **YEAR END CLOSING - ACCOUNTING**

- **SPECIFIC APPROPRIATION RECLASSIFICATIONS:** Any unexpended appropriations for Comptroller Object codes 0152 (Health Insurance) and 0154 (Retirees Health Insurance Premiums) in the General Fund and the Higher Education and Special Funds (that do not have legal authority to retain funds) are not to be reverted. Instead, these funds must be transferred to the State Employees and Retirees Health and Welfare Benefits Fund. This will require agencies to record a cash transfer journal entry as part of year end close to record expenditures to these object codes in your agency and to record revenue using TC 410 to Financial Agency F10, AY 20, PCA 53005, and Object 9291.
- **SECTION 17 of SENATE BILL 190 (FY 2021 Budget Bill):** includes language that restricts the use of specific comptroller objects appropriations for their intended purpose and cannot be realigned for other purposes. The respective language is as follows:

SECTION 17 AND BE IT FURTHER ENACTED, That funds appropriated to the various State agency programs and subprograms in Comptroller Objects 0152 (Health Insurance), 0154 (Retirees Health Insurance Premiums), 0175 (Workers' Compensation), 0217 (Health Insurance), 0305 (DBM Paid Telecommunications), 0322 (Capital Lease Telecommunications), 0839 (HR Shared Services), 0874 (Office of Attorney General Administrative Fee), 0876 (DoIT IT Services Allocation), 0894

(State Personnel System Allocation), 0897 (Enterprise Budget System Allocation), and 1303 (rent paid to DGS) are to be utilized for their intended purposes only. Notwithstanding any other provision of law, the Secretary of Budget and Management may transfer amounts appropriated in Comptroller Objects 0152, 0154, 0217, 0305, 0322, and 0876 between State departments and agencies by approved budget amendment in fiscal 2020 and fiscal 2021. All funds budgeted in or transferred to Comptroller Objects 0152 and 0154, and any funds restricted in this budget for use in the employee and retiree health insurance program that are unspent shall be credited to the fund, in accordance with Section 2-516 of the State Personnel and Pensions Article of the Annotated Code of Maryland.

Questions arising from the completion of the closing checklist or any other closing procedures should be directed to Ms. Elana Schulman (410-260-7887) or Mr. George Cherupil (410-260-7888) of the General Accounting Division.

This closing document may be found on the General Accounting Division's Web site:

<https://www.marylandtaxes.gov/state-agency-accounting/accounting-procedures.php>.

See *Appendix C* by opening Accounting Procedures Manual and Forms and click on Appendix C.

## 2020 FMIS CLOSING SCHEDULE OF DEADLINES

The documents needed for the fiscal year 2020 R\*Stars closing and the deadlines for posting closing entries are as follows:

**To Be Received/  
Posted By:**

Notify the General Accounting Division, in writing if your financial agency will calculate and post your year end payroll accrual (see page 1-13).	May 29, 2020
Submit final budget amendments to the Department of Budget and Management	June 15, 2020
Last day to post fiscal year 2020 receipts	July 7, 2020
Post final interagency cash adjustments	July 15, 2020
Schedule encumbrance review with DBM Budget Analyst	< July 17, 2020
Agencies post final year-end closing entries	July 24, 2020
Financial agencies submit year-end closing checklist, G-8 forms and agency closing to DBM form to GAD <b>using Gravity software.</b>	August 3, 2020
Submit agency closing to DBM form to DBM	August 3, 2020
Financial agencies submit GAAP closing schedules to GAD <b>using Gravity software</b>	August 10, 2020
GAAP closing schedules G and G-1 <b>using Gravity software</b>	August 12, 2020
Record fiscal year 2020 capital projects invoices through	August 21, 2020

Agencies submit the fiscal year 2020 Fees and user Charges data **using Gravity software**

August 31, 2020

R\*STARS  
YEAR-END CLOSING PACKAGE

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STATE OF MARYLAND

FISCAL YEAR 2020

**R\*STARS YEAR END CLOSING PACKAGE**

**PART 1 – CLOSING INSTRUCTIONS**

**R\*STARS**

**YEAR-END CLOSING CHECKLIST  
FOR THE FISCAL YEAR ENDING JUNE 30, \_\_\_\_\_**

1. For the fiscal year being closed all transactions have posted to history and there are no transactions remaining on the "IT" file or the error file.
2. All budget amendment transactions have been posted by GAD or the agency. The agency closing to DBM form has been sent to DBM and a copy also attached for GAD.
3. All budgetary accounts receivable and accrued revenue transactions have been recorded in accordance with the state policy on accounts receivable and accrued revenues. For federal and reimbursable funds, revenues have been recognized in the same accounting period as the expenditures.
4. All accounts receivable and accrued revenue transactions not recorded in accordance with the state policy on accounts receivable and accrued revenues have been identified for GAAP reporting purposes.
5. All budgetary accounts payable, accrued expenditure and encumbrance transactions have been recorded in accordance with the state policy on accounts payable, accrued expenditures and encumbrances. For federal and reimbursable funds, expenditures have been recognized in the same accounting period as the revenues.
6. Encumbrances have been adjusted to include only those objects that may be encumbered.
7. Appropriation balances remaining at the end of the fiscal year are available to be reverted.
8. All accounts payable, accrued expenditure and encumbrance transactions not recorded in accordance with the state policy on accounts payable, accrued expenditures and encumbrances have been identified for GAAP reporting purposes.
9. All fund balances carried over to the next fiscal year are in accordance with state statute, regulation or policy. All fund balances not carried over have been transferred to another fund as provided by state statute, regulation or policy or have been transferred to the general fund.
10. All fixed assets additions, disposals and transfers have been posted in the fixed asset subsystem for the fiscal year being closed.
11. There are no negative appropriation balances.
12. All program 099 chargeback clearing accounts have been properly cleared.
13. Account balances have been reviewed by GAAP fund on the DAFR8580 report and are accurate.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature,  
Chief Financial Officer

\_\_\_\_\_  
Financial  
Agency Code

\_\_\_\_\_  
Telephone No.

\_\_\_\_\_  
Email Address

**GAD Form G-8**

**CERTIFICATION OF SPECIAL FUND AND/OR NON-BUDGETED FUND BALANCES**

**Agency Name:** \_\_\_\_\_ **Financial Agency Code:** \_\_\_\_\_

1. The Special Fund balances listed below are not subject to transfer to the state's General Fund due to exemption (cite specific legal reference or other authority for each amount forwarded) as follows:

Report the fund balances by Appropriation number *or* by Agency fund.

DAFRG110 Appn #	DAFRG100 Agency Fund #	DAFRG110/DAFRG100 Ending Fund Balance	DAFRG110/DAFRG100 Encumbrances GL Accounts 2735 & 2738	Carry Forward \$ Ending FB less Encumbrances	Description	Legal or Other Reference
Total						

2. Negative Non-Budgeted cash amounts at June 30 listed on R\*STARS DAFRG900 report result from conditions as follows:

Appn #	Amount	Justification

\_\_\_\_\_  
Date

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Title

AGENCY CLOSING TO DBM FORM\*

**June 30, \_\_\_\_\_**

Agency Name: \_\_\_\_\_  
 Agency Financial Officer: \_\_\_\_\_

Agency Code: \_\_\_\_\_  
 Date: \_\_\_\_\_

**Budget Amendments in Process:** (check one)

- There are no budget amendments in process for this financial agency.
  
- The following budget amendments in process (list each one separately) include any previously submitted amendments that have not been posted by GAD for this financial agency:

BUDGET AMENDMENT NO.		FUND CODES (AMOUNTS IN DOLLARS)			
<u>DBM</u>	<u>AGENCY</u>	_____	_____	_____	_____
		\$	\$	\$	\$
Fund Totals		\$	\$	\$	\$

\* This form is to be submitted to:  
 Department of Budget and Management  
 Office of Budget Analysis  
 45 Calvert Street, Annapolis, MD 21401

\* A copy of this form shall also be submitted to GAD with the closing checklist.

## CASH TRANSACTIONS

### GENERAL

In order to establish accurate cash balances at June 30, 2020, strict cash cutoff procedures must be observed. These procedures are required in order to avoid material audit adjustments by the independent auditor.

### RECEIPTS

All cash received by any state agency on or before June 30, 2020, should be promptly deposited and recorded in R\*STARS with an effective date of June 31, 2020, or earlier. The last day to post fiscal year 2020 receipts is July 7, 2020. Cash receipts received after June 30, 2020, should also be promptly deposited and recorded in R\*STARS with an effective date of July 1, 2020, or later.

### CHARGEBACKS

Chargebacks recorded through June 30, 2020, will be recorded with an effective date of June 31, 2020, or earlier. Cash balances in chargeback clearing accounts at June 30, 2020, must be allocated to the proper accounts as fiscal year 2020 adjusting entries.

### CHECK CANCELLATIONS

Check cancellations processed by the State Treasurer's Office and Central Payroll Bureau with an effective date of June 31, 2020, or earlier will be considered as cash receipts for fiscal year 2020.

### TRANSFERS

All adjustments that affect cash transfers (GL Account 0062) that were not recorded by June 30, 2020, can be recorded as cash transactions in fiscal year 2020 by recording the transactions in July with an effective date of June 31, 2020 or earlier. Adjustments between distinct R\*STARS financial agencies (interagency) for fiscal year 2020 **must be final posted in R\*STARS by July 15, 2020**. Any interagency adjustments not final posted by July 15, 2020, should be accrued unless all financial agencies affected by the adjustment agree to a cash adjustment instead of accruals. Any accruals of interagency adjustments will have to be entered as cash transfer transactions in fiscal year 2021. Adjustments between units of the

same R\*STARS financial agency (intra-agency) for fiscal year 2020 can be recorded as cash adjustments through the end of July (or until the agency closes).

Those TC's that debit cash transfers post during the nightly batch cycle ahead of those TC's that credit cash transfers because of different posting sequence indicators on the transaction codes. As a result, expenditures that are credited update appropriation balances prior to debiting expenditure charges against the same appropriation number. This should allow fewer errors for appropriation edits, thus reducing the possibility of the cash transfer document being rejected due to cash not netting to zero.

However, if an agency uses "R" Reverse codes on both transactions, the TC that normally credits expenditures will now cause a charge to expenditures and will still process first because the posting sequence indicator is based on the TC used without regard to the effect the "R" Reverse code will have on expenditures.

Additionally, if an agency uses a TC that debits expenditures and credits cash transfers as the first entry and then follows with the same TC with an "R" reverse code, the expenditure charge will process first because both transactions used the same TC, thus resulting in the same posting sequence indicator occurring and not allowing the credit to expenditures to post ahead of the expenditure charge.

The failure of any transaction to pass all edits will cause the entire cash transfer document to error because it will not net to zero.

## **DISBURSEMENTS**

Disbursements are based on the date of the check, which is based on the payment due date entered on the vouchers payable transaction.

All checks dated after June 30, 2020, for invoices received for **goods** and services **prior to July 1**, should be recorded as payables in fiscal year **2020**. (See Accounts Payable).

## **APPROPRIATIONS**

### **BUDGET AMENDMENTS IN PROCESS**

All final budget amendments for the fiscal year must be submitted to the Department of Budget and Management by June 15, 2020. Transaction code 027 has been established for agencies to record budget amendments in process that were not recorded in R\*STARS by the end of the fiscal year. The effective start date for TC 027 is March 30, 2020 to accommodate COVID-19 budget posting needs. Decreases to appropriations for budget amendments in process should be recorded with TC 027 and an "R" Reverse code. Budget amendments in process will be reported as Balance Type 04 on the 62 Appropriation Inquiry screen. GAD will verify that the subsequently approved budget amendments reconcile to the budget amendments in process transactions recorded by the state agencies. Additional transactions will be required for any differences.

### **REVERSIONS**

Appropriation balances remaining after recording all final appropriation, expenditure, and approved encumbrance transactions will be reverted. This will be done as the final step of the R\*STARS closing process by the General Accounting Division. State agencies are not required to enter a transaction.

## **ACCRUALS**

### **STATE POLICY ON ACCOUNTS RECEIVABLE AND ACCRUED REVENUES**

At the close of each fiscal year, all accounts receivable and accrued revenues applicable to that fiscal year shall be recorded in R\*STARS. Accounts receivable entries are recorded for goods and services provided by the agency prior to July 1, provided they were billed prior to July 1. Accrued revenues are similar to accounts receivable in which goods and services have been provided prior to July 1; however, the amounts were not billed or the exact amount to be billed has not been determined. If the exact amount has not been determined, an estimate of the amount due should be recorded.

For most state agencies, revenues should be recognized when they become both measurable and available (modified accrual basis) unless otherwise determined by statute or policy. Available means collectible (to pay liabilities) within 60 days of the end of the fiscal year. For



federal grants and reimbursable funds, the timing of expenditures is the prime factor for determining whether to record an accrued revenue or deferred revenue. Specifically, revenue should be recognized in the same accounting period as the expenditure is made.

Proper detail documentation of accrued revenues (e.g. an itemized list) shall be maintained by the agencies to support their accounting transactions and for audit.

### **ACCOUNTS RECEIVABLE**

As stated in the policy, accounts receivable is recorded for goods and services provided prior to July 1 for which a billing has been sent or prepared. Agencies can record these accounts receivable during the month of July with an **effective date of June 31, 2020**. This procedure will cause the transaction to post to fiscal month 13 in fiscal year 2020. An effective date earlier than June 31, 2020, will cause the transaction to post to a fiscal month prior to fiscal month 13 in fiscal year 2020.

Only valid accounts receivable should be reported. Any receivables considered uncollectible by the agency should be turned over to the Central Collection Unit. Any receivables that are transferred to the Central Collection Unit should either be written off or fully recorded with an offset to an allowance account.

Agencies have two options when recording accounts receivable. The recommended option is to use one of the existing general ledger accounts and TC's available for posting accounts receivable on a transaction basis. The subsequent collection would increase cash and reduce the account receivable. No reversing entries would be recorded in the new fiscal year with this option.

The alternative option would be to record these transactions as accrued revenues as stated below, except that the exact amount will be known.

### **ACCRUED REVENUES**

As stated in the policy, accrued revenues are similar to accounts receivable in which goods and services have been provided prior to July 1; however, billings have not been prepared or the exact amounts have not been determined. Agencies should estimate the amounts due and record accrued revenue entries (transaction code 801), which will result in reversing entries being recorded in the new fiscal year. Detail documentation must be maintained to support all accounting entries recorded as accrued revenues.

Agencies who recorded accounts receivable during the fiscal year in R\*STARS for which the revenue is not normally recognized for statutory accounting purposes need to record an accrued revenue reduction (transaction code 801 with an “R” reverse code). Such accounts receivable may be the result of the uncertainty of collection, i.e., the receivable is not both measurable and available, or for some other reason.

The appropriation year (AY) recorded on the accrued revenues reversing entries will be the same AY recorded for the initial accrued revenue transaction during fiscal year 2020 in all cases. The subsequent cash transactions recorded in FY 2021 should include the same AY as the reversing entries.

### **INVESTMENT ACCRUALS**

Accrued revenue entries for investment income recorded in R\*STARS from individual investment documents will be made by GAD. The entries to record accrued interest income will be based upon investment balances maintained by the State Treasurer’s Office. GAD will also record the appropriate reversing entries in the new fiscal year.

The final monthly interest allocation made by the State Treasurer’s Office on selected agencies’ daily cash balances will be made as a cash transfer adjustment with an effective date of June 31, 2020.

### **STATE POLICY ON ACCOUNTS PAYABLE, ACCRUED EXPENDITURES, AND ENCUMBRANCES**

At the close of the fiscal year, all accounts payable and accrued charges applicable to the fiscal year being closed shall be recorded in R\*STARS. Accounts payable are recorded for goods and services received prior to July 1 for which an invoice has been received. Accrued expenditures are similar to accounts payable in that goods and services have been received prior to July 1; however, the related invoices have not been received. If the invoices have not been received, then the amount of the expenditures should be estimated. Agencies must be careful to accrue only valid accrued expenditures. Proper detail documentation (e.g. an itemized list) of accrued expenditures shall be maintained by the agencies to support their accounting transactions and for audit.

In the event there is any appropriation balance remaining after recording all accounts

payable and accrued expenditures, such balance may be used to record allowable encumbrances. Encumbrances are defined as approved purchase orders, contracts or other commitments for goods that have not been provided or for services that have not yet been rendered to the state. Outstanding purchase requisitions and request for proposals at June 30 are not contractual agreements and, therefore, are not considered encumbrances. See the encumbrance instructions in a later section for guidance as to which major objects may and may not be encumbered.

Any appropriation balance remaining after recording accounts payable, accrued expenditures and encumbrances will be reverted automatically by the General Accounting Division.

### **ACCOUNTS PAYABLE**

As stated in the policy, accounts payable are recorded for goods and services received prior to July 1 for which an invoice has been received. Agencies can record these accounts payable during the month of July by processing invoices for payment in R\*STARS **with an effective date of June 31, 2020**. This procedure will cause vouchers payable transactions to post to fiscal month 13 in fiscal year 2020. An effective date earlier than June 31, 2020, will cause the transaction to post to a fiscal month prior to fiscal month 13 in fiscal year 2020.

**This procedure should also be used for Capital Projects Fund invoices.** In addition, ***all invoices covering capital project payments should identify the period of service being rendered.*** Capital Projects Fund payments submitted after July and before the cut-off date of Friday, August 21, 2020, for purchases or construction through June 30, 2020, should be submitted with a **June 31, 2020 effective date** creating an *AY of 2020* and **each payment should likewise identify the period of service covered by the invoice.** These expenditures also should be accrued as fiscal year 2020 expenditures with an **effective date of June 31, 2020** (see accrued expenditures, below).

**The above option is recommended for invoices received in July and August for recording accounts payable transactions applicable to fiscal year 2020.** The alternative option would be to record accrued expenditures as stated below except that the exact amount will be known.

### **ACCRUED EXPENDITURES**

As stated in the policy, accrued expenditures are similar to accounts payable in that goods

and services have been received prior to July 1; however, the related invoices have not been received. Agencies should estimate the amount of the expenditures and record accrued expenditure entries (transaction codes 803 or 809), which will result in reversing entries being recorded in the new fiscal year. Detail documentation must be maintained to support all accounting entries recorded as accrued expenditures. Additionally, subsequent invoices received for the accrued expenditure entries must be recorded in the new fiscal year as vouchers payable transactions.

The appropriation year (AY) recorded on the accrued expenditures reversing entries will be the same AY recorded for the initial accrued expenditure transaction during fiscal year 2020 in all cases. The subsequent vouchers payable transactions should include the same AY as the reversing entries.

Also, if an agency has recorded accounts payable that are not due to be paid until a year or more after year end, a reclass for the long-term portion should be recorded using transaction code 827.

#### **PAYROLL CHARGES AND ACCRUALS**

For the regular payroll for the pay period ending June 2, 2020, accrued expenditures will be recorded in the agencies' accounts that will represent the final estimated salary and fringe benefits expenditures for the period June 17 to June 30. These additional charges will represent 14/14 of the payroll for the pay period ending June 2, 2020 and will be recorded in R\*STARS as charges to expenditures and credits to salaries and fringe benefits payable.

The full payroll for the pay periods ending June 2, 2020 and June 16, 2020 will be charged entirely to fiscal year 2020 since the disbursement dates occur prior to July 1. The full payroll for the pay period ending June 30, 2020 will be charged entirely to the 2021 fiscal year when paid. Additionally, a reversal entry equal to the accrual for fiscal year 2020 will be recorded in fiscal year 2021 to offset 14/14 of the expenditure charges recorded on the payroll for the pay period ending June 30, 2020.

For the contractual payroll for the pay period ending May 26, 2020, accrued expenditures will be recorded in the agencies' accounts which will represent the final estimated salary and fringe benefits expenditures for the fiscal year for the period June 10 to June 30. These additional charges will represent 21/14 of the payroll for the pay period ending May 26, 2020 and will be recorded in R\*STARS as charges to expenditures and credits to salaries and fringe benefits payable.

The full contractual payroll for the pay period ending June 09, 2020 will be charged entirely to fiscal year 2020 since the disbursement dates occur prior to July 1. The full payroll for the pay periods ending June 23, 2020 and July 7, 2020, will be charged entirely to fiscal year 2021 when paid. Additionally, a reversal entry equal to the estimated accrual for fiscal year 2020 will be recorded in fiscal year 2021 to offset 21/14 of the expenditure charges recorded on the payroll for the pay periods ending June 23, 2020 and July 7, 2020.

All payroll reversal entries will be recorded to appropriation year (AY) 21 in fiscal year 2021.

Agencies have three options for posting payroll accruals. The first option is to have the Central Payroll Bureau do the accrual calculation as stated above. The second option is similar to the first but allows agencies to record additional accruals if they have information that is more accurate than the CPB estimates. The third option is that agencies can choose to calculate and post their own payroll accruals instead of the accruals calculated by CPB. Agencies that choose the third option will need to advise GAD in writing of this choice prior to June 1.

Compensated absences due to employees who terminated employment by June 30 should be recorded as an accrued expenditure (TC 805) in R\*STARS.

## **ENCUMBRANCES**

As stated in the policy, the remaining balance of appropriations after the accrual of all expenditures may be recorded as an encumbrance. For contracts partially completed, the completed portion shall be accrued and the uncompleted portion may be encumbered. Lease purchase or rental contracts applicable to periods after June 30 **may not** be encumbered. In those specific instances, where state law provides that the remaining balance of general fund appropriations does not lapse at the close of the fiscal year, such balances may be recorded as an encumbrance. In addition, the DBM wants agencies to encumber capital appropriations in their operating budget accounts in those instances where the funds are needed to complete the project(s). Agencies may use TC 808 to record an encumbrance in the Document Financial and General Ledger files or may use TC 804 where the encumbrance will only be recorded in the General Ledger file. In either case, such encumbrance will be liquidated at the beginning of the new fiscal year. Otherwise, agencies may encumber funds only for those major objects listed below. Please note that **not all** transactions chargeable to these major objects may be encumbered and that DBM will review final encumbrance balances recorded by state agencies as outlined in their letter dated April 24, 2020 to GAD

(see page 1-16). Agencies should use TC 804 to adjust existing encumbrance balances at a summary level for those objects that may not be encumbered at year end. See below for further information.

## **ENCUMBRANCE POLICY FOR MAJOR OBJECTS**

Transactions for major objects .01, .04, .05, .06, .09 and .13 are to be recorded on the accrual basis (in the accounting period for which goods and services have been received) and may not be encumbered. Transactions for other major objects may be encumbered, with certain restrictions.

### **.02 – Technical and Special Fees**

Special Payments Payroll and contracts for recurring routine services generally billed on a monthly basis may not be encumbered. Charges under these contracts for services performed prior to June 30 should be accrued.

### **.03 – Communications**

Only on contracts for the purchase of equipment chargeable to this object. Routine communication charges are to be recorded as accrued expenditures in the accounting period for which goods and services have been received and may not be encumbered.

### **.07 – Motor Vehicle Operation and Maintenance**

Only on contracts approved by the Board of Public Works for the purchase of motor vehicles ordered but not delivered. Routine motor vehicle operating and maintenance charges are to be expended in the accounting period for which goods and services have been received and may not be encumbered.

### **.08 – Contractual Services**

Contracts for recurring routine services generally billed periodically may not be encumbered.

### **.10 – Equipment – Replacement**

### **.11 – Equipment – Additional**

### **.12 – Grants, Subsidies and Contributions**

Shared tax revenues, formula type grants established in the statute, and other specific obligations established in the Annotated Code or the budget bill shall be considered payables and not encumbered.



LARRY HOGAN  
*Governor*

BOYD K. RUTHERFORD  
*Lieutenant Governor*

DAVID R. BRINKLEY  
*Secretary*

MARC L. NICOLE  
*Deputy Secretary*

April 24, 2020

Sandra Zinck  
Director, General Accounting Division  
Comptroller of the Treasury  
80 Calvert St., Room 200  
Louis L. Goldstein Treasury Building  
Annapolis, MD 21404

Dear Ms. Zinck:

The Department of Budget and Management (DBM) requests your assistance in continuing the addendum to the R\*STARS closing instructions to notify state agencies that the Office of Budget Analysis (OBA) will review encumbrances of state agencies within the guidelines outlined below.

In order to carry out this responsibility, the OBA analyst will meet with the agency Chief Financial Officer to review encumbrances prior to the agency's closing package submission to the General Accounting Division. Agencies should notify the OBA analyst of the agency's planned closing schedule in order to coordinate the encumbrance review and allow sufficient time for the review. The encumbrances will be reviewed if they meet the following criteria:

1. All FY 2019 and prior year encumbrances
2. All FY 2020 general and special fund encumbrances greater than \$50,000

Please include this memorandum as part of your closing package instructions and training for state agencies. If you need additional information, please contact Kurt Stolzenbach, Assistant Director, at (410) 260-7416 or by e-mail at [kurt.stolzenbach@maryland.gov](mailto:kurt.stolzenbach@maryland.gov). Thank you for your assistance in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Jonathan Martin".

Jonathan Martin  
Executive Director

## **R\*STARS ENCUMBRANCE CLEAN-UP**

This process should begin after agencies have completed the ADPICS encumbrance clean up. Therefore, agencies should have completed the investigation of balances remaining for open purchase orders in ADPICS and should have an understanding of the status of all open encumbrances. Valid user classes for this process are 01, 11, 21 and 99.

Agencies should compare the ADPICS Open PO Report (PCHR212) with the R\*STARS Encumbrance Status Report (D100-150 and the DAFR 6050). Any differences between the ADPICS and R\*STARS reports should be investigated, and the following actions taken, as appropriate.

- Establish an R\*STARS encumbrance

Use TCODE 203 to establish an encumbrance in R\*STARS. Valid document types and batch types can be viewed on the 28B profile. For the carry forward of an interagency transfer, the document type **MUST** be “PI” with a batch type of “3” (See below for further instructions).

- Increase the R\*STARS encumbrance

Use TCODE 205 to increase the encumbrance amount recorded in R\*STARS to match the remaining encumbrance balance in ADPICS. This entry should be recorded with a document type of “EZ” and a batch type of “3”.

- Decrease the R\*STARS encumbrance

Use TCODE 208 to decrease the encumbrance amount recorded in R\*STARS to match the remaining encumbrance balance in ADPICS. This entry should be recorded with a document type of “EZ” and a Batch Type of “3”.

- Cancel the R\*STARS encumbrance

Use TCODE 206 to liquidate the encumbrance amount recorded in R\*STARS. This entry should be recorded with a document type of “EZ” and a batch type of “3”. For a final liquidation, the modifier should be “F”.

Discrepancies between the ADPICS and R\*STARS encumbrances may often be the result of interagency transfers. This condition occurs because the purchase order that was created in ADPICS for an interagency transfer is subsequently canceled in ADPICS. However, the



encumbrance remains in R\*STARS, and therefore, will appear on the R\*STARS D100 and not the ADPICS PCHR212. Also, when agencies make a payment that liquidates an encumbrance for an amount that is different than the remaining balance of the encumbrance, R\*STARS may record the transaction for the remaining balance and not the amount recorded in ADPICS. The agencies have the following options when dealing with interagency transfers:

- Cancel the R\*STARS encumbrance using the steps above; or
- Carry the encumbrance into FY 2021. The carry forward of the encumbrance requires manual entries in R\*STARS that duplicate the automated process in ADPICS via the 8300 change order process. Specifically, close the original AY 20 encumbrance using TC CODE 206. In a **separate batch**, create a new encumbrance for AY 21 using the document type “PI”, a batch type of “3”, and an **EFFECTIVE DATE OF 07/01/2020**. The new document can be created to reference the same remaining document number as the original encumbrance document.

Example:

Cancel Original Encumbrance:

<u>Document Sfx</u>	<u>Reference Sfx</u>	<u>Batch Type</u>	<u>Mod</u>	<u>Effective Date</u>	<u>TCODE</u>	<u>AY</u>	<u>Amount</u>
EZxxxxxx	xxx P1000100	001	3	F	06/15/2020	20	\$500.00

Carry Forward with a New Encumbrance:

<u>Document Sfx</u>	<u>Effective Date</u>	<u>Batch Type</u>	<u>TCODE</u>	<u>AY</u>	<u>Amount</u>
P1000100 001	07/01/2020	3	203	21	\$500.00

Agencies should carefully forward the encumbrance with a **FY 2021 EFFECTIVE DATE and AY 21**.

## 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.** Detail directions are included in the *Accounting Procedures Manual*, Section 3.15. Agencies must reconcile the balances contained in the fixed asset subsystem to the balances recorded in R\*STARS. The 530 screen must be reviewed to ensure all entries, including depreciation expense, have posted. Before “transfers” can be recorded the transferring and the receiving agency must agree on the balance to be recorded since some agencies will be using the subsystem for all fixed assets and some only for the \$50,000 minimum requirement.

All items acquired through capital leases by state agencies, including capital leases managed by the State Treasurer’s Office, must be recorded in the fixed assets subsystem with an acquisition method (Acq. Meth) indicator set to a 5.

All capital expenditures for fixed assets must be entered in the fixed assets subsystem as Construction in Progress (CIP) if the project is not completed. This also includes capital projects managed by the Department of General Services. Agencies need to review the DAFRA100 and/or DAFRG200 series reports to determine that any Construction in Progress expenditure balances at June 30 have been recorded in the R\*STARS fixed assets subsystem. Review the Comptroller object 1400 series expenditures to determine all capital expenditures have been recorded as either CIP or another specific fixed assets category in the subsystem.

CIP projects completed during the fiscal year should be transferred out in the subsystem using TC Code T12 on the 73A Fixed Asset Property Record Suspense screen. After the T12 entry has processed during a nightly batch cycle, agencies should then record the transfer in for processing in the next batch cycle using TC Code T10 on the 73A Fixed Asset Property Record Suspense screen identifying the fixed asset category affected by the transfer.

Fixed assets transferred from one institution to another within a financial agency should not be recorded as transfer in/ transfer out in the subsystem. Change the location and accountable officer identified with the fixed asset in the subsystem instead.

Insure that any disposals of fixed assets during the fiscal year have been recorded in the subsystem.

Finally, review the DAFR4451 Fixed Asset Suspense Activity report to assure no entries are pending, and reconcile fixed assets in the DAFR8190 report to the DAFRG100 report.

## **HISTORY FILE**

It is essential that all transactions for fiscal year 2020 have posted 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. Transactions that have not final posted to the history file by the end of the closing process may have to be deleted, which could cause an agency's final closing balances to change.

## **RECORDING AND POSTING YEAR END TRANSACTIONS**

### **SECURITY REQUIREMENTS**

In order to record year-end accruals in R\*STARS, users must have at least one 96A security profile record with an appropriate user class. Moreover, the security record having that appropriate user class must allow the user to post to prior years.

The R\*STARS user classes listed below allow users to record year-end accrued revenue or accrued expenditure transactions. Individuals who lack one of the user classes below, but who need to enter accrual transactions, must request security changes or additions from the FMIS Help Desk.

#### **User Classes Allowing Year End Accrual Postings:**

- 01 Master User Class
- 06 Accounts Receivable (accrued revenue only)
- 07 Cash Receipts
- 08 Journal Entries
- 11 Master User Class with Agency Action Code Authority Level 1
- 21 Master User Class with Agency Action Code Authority Level 2

## **GENERAL**

Cash, accounts receivable, and accounts payable transactions normally recorded during the year can also be recorded in fiscal month 13 in accordance with state policies and procedures outlined earlier in this document. However, before recording year-end accrued revenues and accrued expenditures, agency accounting managers should consider a variety of topics, the consideration of which will provide for a well-organized approach to recording such accruals. These topics are:

- Batch Type
- Transaction Codes
- Document Types
- Document Numbering
- Effective Date
- Transaction Entry Methods
- Approving Year End Accruals

After deciding on a methodology for each of the variables listed above, agency accounting managers should document the values for each of them. This documentation will help simplify the tasks of entering the accruals and reviewing the subsequent reversal transactions.

## **BATCH TYPES**

All year-end accrued revenues and accrued expenditures must be recorded using batch type 2, 4 or 5. Agency personnel recording accruals will enter one of these values on the 500 Create a Batch Header screen.

## **TRANSACTION CODES**

### **Accrued Revenue**

Accrued revenue is similar to accounts receivable in which goods and services have been provided prior to July 1. However, users may also record accrued revenue when a bill has not been sent or prepared by this date, provided the agency has delivered the goods or services. If a bill has not been sent or prepared, the amount of the accrued revenue must be estimated. If an agency has not previously recognized accrued revenue by recording an accounts receivable, it should record year-end accrued revenue using transaction code 801.

If an agency has previously recorded an account receivable in R\*STARS, but the revenue should not be recognized for statutory accounting purposes, the agency needs to record a reduction of accrued revenue at year end using transaction code 801R. Reasons for recording a reduction of accrued revenue include the uncertainty of collection, the revenue is not both measurable and available, or some other factor.

### **Deferred Revenue**

Deferred revenue should be recorded when revenue has been collected this fiscal year, but will not be earned and recognized until next fiscal year. This entry should be recorded using transaction code 807.

### **Accrued Expenditures**

Accrued expenditures are similar to accounts payable in which goods and services have been received prior to July 1. However, agencies may also record accrued expenditures when an invoice has not been received by this date, provided a vendor has delivered the goods or services. If an invoice has not been received, the amount of the accrued expenditures must be estimated. Agencies should use transaction code 803 to record expenditure accruals. To record an accrued expenditure **and** to liquidate an encumbrance document, agencies should use transaction code 809 instead of transaction code 803.

### **Payroll Accruals**

Payroll accruals differ from other expenditure accruals in that an agency may select from three options:

1. Let the Central Payroll Bureau calculate the accrual and allow the payroll interface to post this accrual into R\*STARS;
2. Let the Central Payroll Bureau calculate the accrual and allow the payroll interface to post this accrual into R\*STARS. In addition, agencies record payroll accruals so that the combined entries of the CPB estimates and the agency's entries provide more accurate results.
3. Agencies calculate their own payroll accrual and post the amounts directly into R\*STARS.

Agencies selecting the first option need only wait for the transactions to post through the

Central Payroll Bureau interface. No additional work is necessary. The interfaced accruals will post with transaction code 806 and document type YB, which is an untracked document type.

Agencies selecting option two will have a combination of interfaced and manual accrual entries. The interfaced accruals that are the CPB estimates will post with transaction code 806 and document type YB, which is an untracked document type. The manual accruals need to be posted on one of the R\*STARS Financial Data Entry Screens or through an agency interface. The manual accruals should be posted using transaction code 805 and a document type of YY, which is a tracked document type. (Note that document numbers for tracked document types must be unique).

Agencies selecting option three will need to advise GAD in writing of this choice prior to June 1. Agencies will need to calculate their payroll accrual entries and post them either on one of the R\*STARS Financial Data Entry Screens or through an agency interface. These manual accruals should be posted using transaction code 805 and a document type of YY, which is a tracked document type. (Note that document numbers for tracked document types must be unique.)

Agencies should use TC 805 and document type YY to record compensated absences amounts owed to employees who terminated employment by June 30.

### **Year-End Encumbrances (Summary Level)**

Encumbrances for which a detail document does not exist and encumbrances for interfacing agencies which are not maintained at a document level in R\*STARS, may be recorded as year-end encumbrances using transaction code 808. This will result in encumbrances being recorded at a summary level (document type YZ) in the R\*STARS document file, in fiscal year 2020 with the entry being automatically liquidated in fiscal year 2021. Agencies have the option to record these encumbrances using TC 804, in which case the encumbrance will be recorded only in the General Ledger and not in the document file. This entry will be automatically liquidated in fiscal year 2021 to reduce the encumbrance balance to zero.

## **Reclasses of Accounts Receivable and Payable Balances**

There are six transaction codes to record reclasses of accounts receivable and accounts payable. The reclasses recorded in fiscal year 2020 will be reversed in fiscal year 2021. The six reclass categories are:

- Taxes receivable – use transaction code 821
- Due from local government – use transaction code 822
- Due from federal government – use transaction code 823
- Long term receivable – use transaction code 824
- Due to local government – use transaction code 826
- Accounts payable – long term – use transaction code 827

Agency personnel must record their year-end accruals and reclasses using the transaction codes created specifically for year-end. Users having the appropriate security will be able to use any of the year-end transaction codes. The table on the next page lists these transaction codes, their titles and general ledger impact.

<b>TC</b>	<b>TITLE</b>	<b>DOC TYPES</b>	<b>GENERAL LEDGER IMPACT</b>
801	REVENUE ACCRUALS	YK,YL,YM,YN,YP YQ,YR,YT,YV,YW	DR 0500 ACCOUNTS RECEIVABLE-YEAR-END CR 3101 ACCRUED REVENUE
803	EXPENDITURE ACCRUALS	YA,YC,YD,YE,YG, YH,YI,YJ,YS	DR 3501 ACCRUED EXPENDITURES CR 1200 ACCOUNTS PAYABLE-YEAR END
804	ENCUMBRANCES (SUMMARY LEVEL)	YZ	DR 2738 ENCUMBRANCE CONTROL-SUMMARY CR 3018 ENCUMBRANCE OFFSET-SUMMARY
805	NON-INTERFACED PAYROLL ACCRUALS	YY	DR 3501 ACCRUED EXPENDITURES CR 1311 SALARIES AND FRINGE BENEFITS PAYABLE
806	INTERFACED PAYROLL ACCRUALS	YB	DR 3501 ACCRUED EXPENDITURES CR 1311 SALARIES AND FRINGE BENEFITS PAYABLE
807	DEFERRED REVENUES	YF	DR 3100 REALIZED REVENUE CONTROL-CASH CR 1604 DEFERRED REVENUE
808	ENCUMBRANCES (SUMMARY DF POSTING)	YZ	DR 2735 ENCUMBRANCE CONTROL CR 3011 ENCUMBRANCE OFFSET
809	EXPENDITURE ACCRUALS AND LIQUIDATION OF ENCUMBRANCES	YA,YC,YD,YE,YG, YH,YI,YJ,YS	DR 3501 ACCRUED EXPENDITURES CR 1200 ACCOUNTS PAYABLE YEAR-END DR 3011 ENCUMBRANCE OFFSET; CR 2735 ENCUMBRANCE CONTROL
810	ADJUST YEAR-END ENCUMBRANCES SUMMARY DOCUMENT FILE POSTING	YZ	DR 3011 ENCUMBRANCE OFFSET CR 2735 ENCUMBRANCE CONTROL
821	RECLASS FOR TAXES RECEIVABLE	YK	DR 0553 TAXES RECEIVABLE CR 0500 ACCOUNTS RECEIVABLE YEAR-END
822	RECLASS FOR DUE FROM LOCAL GOVERNMENT	YL	DR 0548 DUE FROM LOCAL GOVERNMENT CR 0500 ACCOUNTS RECEIVABLE YEAR-END
823	RECLASS FOR DUE FROM FEDERAL GOVERNMENT	YN	DR 0543 DUE FROM FEDERAL GOVERNMENT CR 0500 ACCOUNTS RECEIVABLE YEAR-END
824	RECLASS FOR LONG TERM RECEIVABLE	YP,YQ,YR	DR 0579 LONG TERM RECEIVABLE CR 0500 ACCOUNTS RECEIVABLE YEAR-END
826	RECLASS FOR DUE TO LOCAL GOVERNMENT	YC	DR 1200 ACCOUNTS PAYABLE YEAR-END CR 1248 DUE TO LOCAL GOVERNMENT
827	RECLASS FOR ACCOUNTS PAYABLE LONG-TERM	YG	DR 1200 ACCOUNTS PAYABLE YEAR-END CR 1700 ACCOUNTS PAYABLE LONG-TERM



## DOCUMENT TYPES

Year-end accrual document types have been created to maintain various receivable and payable categories for supplemental data in R\*STARS. Specifically, the R\*STARS document types will appear on either the Supplemental Revenue Accrual report (DAFR6360) or the Supplemental Expenditure Accrual report (DAFR6300).

Users may post accruals using any of the tracked document types from the list. Unique document types have been created for each class of year-end accrual: revenue, expenditure and payroll. Each of the document types listed on the preceding page may only be used with the associated transaction code. For example, document type YM is permitted only when recording revenue accruals with transaction code 801.

### REVENUE ACCRUAL DOCUMENT TYPES

YF DEFERRED REVENUE  
YK TAXES  
YL DUE FROM LOCAL GOVERNMENTS  
YM FEES FROM PUBLIC  
YN DUE FROM FEDERAL GOVERNMENT  
YP DUE FROM OTHER AGENCIES  
YQ DUE FROM OTHER FUNDS/PROGRAMS  
YR OTHER REVENUE ACCRUAL  
YT OTHER REVENUE ACCRUAL  
YV OTHER REVENUE ACCRUAL  
YW OTHER REVENUE ACCRUAL

### EXPENDITURE ACCRUAL DOCUMENT TYPES

YA VENDOR INVOICE  
YB SALARIES PAYABLE (INTERFACED)\*  
YC DUE TO LOCAL GOVERNMENTS  
YD DUE TO OTHER AGENCIES  
YE DUE TO OTHER FUNDS/PROGRAMS  
YG OTHER EXPENDITURE ACCRUAL  
YH OTHER EXPENDITURE ACCRUAL  
YI OTHER EXPENDITURE ACCRUAL  
YJ OTHER EXPENDITURE ACCRUAL  
YS OTHER EXPENDITURE ACCRUAL  
YY SALARIES PAYABLE (USER CREATED)  
YZ ENCUMBRANCES (SUMMARY LEVEL)

\* Indicates an untracked document type

## DOCUMENT NUMBERING

Agencies should decide upon a document numbering scheme. They may do this either by using R\*STARS automatic document incrementing or by establishing one of their own.

To use R\*STARS automatic document incrementing, a user having profile maintenance ability for the D59 document increment profile should link to D59, enter his/her financial

agency, the document type they want automatically incremented and the last number used with that document type. After entering this information, they must press F10 Save. This process will establish automated document number incrementing for the user's financial agency.

Once automated document number incrementing has been established for a given document type, transactions entered in Edit Mode 2 will require that users enter only the document type in the current document field each time they want to change the document number. R\*STARS will generate the next available document number for the **financial agency** and append it to the document type entered in the current document field. (Note: R\*STARS will not increment current document suffixes.) Finally, even if an agency has opted to use automated document incrementing, users may nonetheless enter their own document number(s) to override this feature.

Agencies opting to define their own document numbering scheme may use any method they desire. They may employ any combination of six numbers and/or letters. The sole system requirement is that every new document number be unique. This requirement is identical to that for any other tracked document such as accounts receivable, encumbrances or cash receipts.

### **TRANSACTION EFFECTIVE DATE**

At the document/transaction level, transaction effective dates identify the fiscal month and year in which accounting events post. To post year-end accruals into fiscal month 13 of FY 2020, the transaction effective date must be June 31, 2020. Alternatively, agencies may record accruals in fiscal month 12 by using any day in June as the effective date. Year-end accruals should not be recorded in any other month because doing so will generate reversals in the month following the effective date of the original accruals.

Recording year-end accruals in June rather than month 13 has no significant financial impact. However, GAD believes agencies will find it easier to obtain accurate and useful year-end accrual reports if all accruals have been posted using June 31, 2020, as the effective date. If an agency elects not to record year-end accruals in month 13, any valid date from June 1, 2020, to June 30, 2020, will suffice to post the accruals to month 12 in FY 2020 and have them reverse in the next fiscal year.

## **TRANSACTION ENTRY METHODS**

Agency personnel have three methods of recording year-end accrual transactions: on-line transaction entry using edit modes 0, 1 or 2; on-line fast entry in edit mode 0 or 1, using the fast entry accrual screen; or by interfacing transactions from an agency accounting system. Each of these methods is discussed below.

### **Standard On-Line Entry**

This method does not differ from transaction entry of any other R\*STARS event. One need only create and save a batch header, enter the transactions, and balance and release the batch. Users requiring additional information about this method should refer to the R\*STARS Data Entry Guide and/or R\*STARS Reference Manual, or contact the FMIS Service Desk.

### **On-Line Fast Entry**

An Accrual Fast Entry Screen (Screen 513) is available to state agencies. This screen permits users to enter up to 15 lines of code for a given document before saving the screen. Users may then proceed with additional pages of transactions for that document. Saving a Batch Header with 2, 4 or 5 in the batch type field and A in the fast entry field accesses this screen. This screen is accessible only via edit modes 0 or 1, and it does not support automated document incrementing.

### **Interfaced Year-End Accruals**

The process for interfacing year-end accruals does not differ from interfacing any other transaction(s), except that the batch date, batch effective date should be June 31, 2020, and June 30, 2020, respectively. The FMIS Agency Interface Requirements document provides detailed specifications for developing an interface to R\*STARS.

Regardless of the method(s) selected for entering the accrual transactions, accounting managers are encouraged to log each accrual batch to help them better track R\*STARS accrual activity. (A suggested format for logging the batches is shown in Appendix A.)

## **APPROVING YEAR END ACCRUAL DOCUMENTS**

Agencies have the option to establish agency action codes (D44 Action Codes Profile) for approval of accrual transactions. This method does not differ from transaction entry of any

other R\*STARS event. One needs only to append the appropriate action code(s) created by each state agency.

## **AUTOMATED REVERSAL OF ACCRUALS AND RECLASSES**

### **OVERVIEW**

As previously discussed, agency personnel will enter year-end accrual and reclass transactions in R\*STARS. When the accrual transactions post to the history file, R\*STARS will automatically generate FY 2021 transactions to reverse the accruals and reclasses. During the next batch cycle, these reversal transactions will be released and will attempt to post to history. Any errors detected by the system will be reported on the R\*STARS DAFR2151 Error Report and the related transactions will appear on the 530 View Batch Headers Screen.

### **CHARACTERISTICS OF REVERSAL TRANSACTIONS**

R\*STARS uses one of 15 possible transaction codes to record each reversal. Their characteristics and relationship to the accruals that affected them are shown on the next page.

**YEAR-END ACCRUAL AND REVERSAL TRANSACTION CODES AND  
GENERAL LEDGER IMPACTS**

<b>ACCRUAL T-CODES</b>	<b>ACCRUAL GL IMPACT</b>	<b>REVERSAL T-CODES</b>	<b>REVERSAL GL IMPACT</b>	<b>REVERSAL DOCUMENT TYPES</b>
801	DR 0500 ACCOUNTS RECEIVABLE YEAR END CR 3101 ACCRUED REVENUE	811	DR. 3101 CR. 0500	Y1
803	DR 3501 ACCRUED EXPENDITURES CR 1200 ACCOUNTS PAYABLE	813	DR. 1200 CR. 3501	Y3
804	DR 2738 ENCUMBRANCE CONTROL SUMMARY CR 3018 ENCUMBRANCE OFFSET SUMMARY	814	DB 3018 CR 2738	Y4
805	DR 3501 ACCRUED EXPENDITURES CR 1311 SALARIES AND FRINGE BENEFITS PAYABLE	815	DR. 1311 CR.3501	Y5
806	DR 3501 ACCRUED EXPENDITURES CR 1311 SALARIES AND FRINGE BENEFITS PAYABLE	816	DR. 1311 CR.3501	Y6
807	DR 3100 REALIZED REVENUE CONTROL CASH CR 1604 DEFERRED REVENUE	817	DR 1604 CR 3100	Y7
808	DR 2735 ENCUMBRANCE CONTROL CR 3011 ENCUMBRANCE OFFSET	818	DB 3011 CR2735	Y8
809	DR 3501 ACCRUED EXPENDITURES CR 1200 ACCOUNTS PAYABLE DR 3011 ENCUMBRANCE OFFSET CR 2735 ENCUMBRANCE CONTROL	819	DR. 1200 CR. 3501 DR.2735 CR 3011	Y9
821	DR 0553 TAXES RECEIVABLE CR 0500 ACCOUNTS RECEIVABLE YEAR END	831	DR 0500 CR 0553	Z1
822	DR 0548 DUE FROM LOCAL GOVERNMENT CR 0500 ACCOUNTS RECEIVABLE YEAR END	832	DR 0500 CR 0548	Z2
823	DR 0543 DUE FROM FEDERAL GOVERNMENT CR 0500 ACCOUNTS RECEIVABLE YEAR END	833	DR 0500 CR 0543	Z3
824	DB 0579 LONG TERM RECEIVABLES CR 0500 ACCOUNTS RECEIVABLE YEAR END	834	DR 0500 CR 0579	Z4
825	DB 0579 LONG TERM RECEIVABLES CR 1604 DEFERRED REVENUE	835	DB 1604 CR 0579	Z5
826	DR 1200 ACCOUNTS PAYABLE YEAR END CR 1448 DUE TO LOCAL GOVERNMENT	836	DR 1248 CR 1200	Z6
827	DR 1200 ACCOUNTS PAYABLE YEAR END CR 1700 ACCOUNTS PAYABLE - LONG TERM	837	DR 1700 CR 1200	Z7

NOTE: Transaction code 810 is not listed above because it has no generated reversing entry related to it. It is used to adjust documents created by transaction code 809.

## **ACTION REQUIRED FOR AGENCY PERSONNEL**

Since the reversal transactions are entirely automated, agency personnel should have little to do. If the accruals were created properly, the reversals also will be created and processed correctly. However, agency personnel should monitor the reversals using the following R\*STARS features:

- DAFR2251 Posted Transaction Detail Report – used to review daily output. This is one of the two control reports on which the reversals will appear.
- DAFR2151 Error Report – used to identify fund and coding errors on transactions. Because the reversals resulted from accruals that successfully posted to the history file, the reversals could only appear here if agency personnel altered their profiles during the day the reversals were on the IT file.
- View a Batch Screen (Screen 520) – used to view, on-line, the reversal transactions. Agency personnel may examine the transaction details using this means only during the time between the reversals' initial posting and their subsequent final posting.
- View Batch Headers (Screen 530) – used to identify and select batch headers. Agency personnel may use this screen to locate and recall the batches of reversals. Agency personnel need to ensure that all generated accrual reversals successfully post and clear off the View Batch Headers (Screen 530).



STATE OF MARYLAND

FISCAL YEAR 2020

**R\*STARS YEAR END CLOSING PACKAGE**

**PART 1 – GAAP CLOSING**



## **GAAP CLOSING PROCEDURES**

A GAAP closing schedules control sheet and representation form should be completed for each GAAP fund within a state agency. Answer all statements on the form. If any statements are answered “Yes” complete the appropriate schedule(s) according to page ii of the introduction for submission to the General Accounting Division.

Most of the GAAP Closing Schedules have a column for Appropriated Fund. Agencies need to include what Appropriated Fund would be affected by the GAAP entry in order to determine the impact of GAAP entries statewide on the budgetary closing balances.

The State must report its pollution remediation obligations. Accordingly, each agency needs to provide a list, if applicable, of such obligations and the estimated cost of completion (net of recoveries). A pollution remediation obligation is an obligation to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities. Once the State is named or evidence exists it will be named in a lawsuit, is in violation of a pollution prevention-related permit or license or legally obligates itself to clean-up activities, the total estimated liability must be reported. The Attorney General’s Office has been requested to provide information on lawsuits. The agency finance officer should contact the agency’s assistant attorney general to make the list of pollution remediation obligations as accurate and complete as possible. GAD will submit the list to the fiscal officers, as Schedule L from the GAAP Closing Package, for appropriate update as to status and estimated costs. If there is no change from the prior year response(s), please provide an explanation. Please contact GAD for further assistance as needed.

As in the past, Schedule G and Schedule G-1, if applicable, must be completed by agencies for all federal assistance received in fiscal year 2020, regardless of whether or not the federal activities are recorded in R\*STARS in fund 0005. Data on these schedules must agree with the appropriation number level data shown in R\*STARS for federal funds (report DAFR9090). If the federal activity has not been recorded in R\*STARS in fund 0005 or there is some other discrepancy, a reconciliation between the agency’s records and R\*STARS and an explanation of the reconciling items must be provided. The Schedule G Reconciliation Form must be completed and submitted with the Schedule G. This information must be provided in a timely manner in order for the audit report to meet federally mandated deadlines.

Ensure the CFDA Number and the Grant Name is correct for each grant on your Schedule G. CFDA Numbers can be checked by:

- (a) reviewing correspondence with federal agencies
- (b) reviewing grant agreements
- (c) talking to federal agencies
- (d) checking the federal Web site at [www.cfda.gov](http://www.cfda.gov)

All forms applicable to GAAP closing procedures should be forwarded to GAD no later than August 10th and for Schedules G and G-1, due date is August 12th. One copy of such forms should be forwarded to GAD and one copy should be retained by the agency for its files.

During the course of the statewide audit and/or the single audit of federal grants, agencies may be requested by the auditors to sign representation letters specific to individual agencies or departments. These written representations are part of the auditor's tests of assertions made in the financial statements concerning proper classifications, descriptions and disclosures. It is therefore important to understand the representations being made and promptly prepare and sign the letters. Please send a courtesy copy of these representation letters to GAD.

GAAP CLOSING SCHEDULES  
CONTROL SHEET

For the fiscal year ending June 30, \_\_\_\_

Printed Name	Telephone No.	Financial Agency	GAAP Fund No.		
				YES	NO
<u>Schedule</u>					
(A) Available Financial Statements - This agency has their financial statements audited on a GAAP basis. ....				_____	_____
(B) Cash Not Recorded in R*STARS - This agency has cash not recorded in R*STARS (excluding cash in separate bank accounts recorded in R*STARS general ledger account 0405).....				_____	_____
(C) Receivables - This agency has receivables exceeding \$100,000 that are not recorded in R*STARS.....				_____	_____
(D) Clearing and Suspense Accounts - This agency has balances in clearing and suspense accounts exceeding \$100,000 in R*STARS. ....				_____	_____
(E) Inventory Transactions and Balances - This agency had annual activity in inventory transactions and ending balance exceeding \$250,000.....				_____	_____
(F) Payables and Commitments – 1) This agency has payables not recorded in R*STARS and/or commitments against future years’ appropriations. 2) The agency has capital lease obligations for this fiscal year and/or future fiscal years. ....				_____	_____
(G) Federal Grants - This agency was entitled to or received a federal grant during the past fiscal year (including federal grants received from other state agencies and federal grants paid to sub-grantees). ....				_____	_____
(H) Other Assets and Liabilities - This agency has other assets and liabilities exceeding \$100,000 not included in R*STARS or in any of the above categories.....				_____	_____
(I) Special and Extraordinary Items - This agency has special or extraordinary items exceeding \$3,000,000 not included in R*STARS.....				_____	_____
(J) Explanation of Material Differences – This agency has differences between the current and prior years for receivables, payables, revenue sources, and total expenditures that exceed \$5,000,000 and a 5% change from the prior year balance. ....				_____	_____
(K) Accrued Annual Leave Calculation is attached. All agencies must complete this schedule.....				_____	_____
(L) Pollution Remediation Obligations - This agency has pollution remediation obligations estimated to cost \$1,000,000 or greater, per site.....				_____	_____
(M) Tax Abatement Disclosure: Governmental Accounting Standard Board (GASB) Statement No.77- This agency has a promise to forego tax revenues, as a result of an agreement with an individual or entity.....				_____	_____

GAAP CLOSING SCHEDULES  
REPRESENTATION

For the fiscal year ending June 30, \_\_\_\_

Financial Agency \_\_\_\_\_

GAAP Fund No. \_\_\_\_\_

REPRESENTATION

The information provided for Statutory and GAAP closing has been prepared from the financial records of \_\_\_\_\_ (Agency Name) and to the best of my knowledge and belief, accurately represents the information requested.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name and Title

\_\_\_\_\_  
Telephone No.

\_\_\_\_\_  
Email Address

Schedule A

AVAILABLE FINANCIAL STATEMENTS  
June 30, \_\_\_\_\_

Agency Number: \_\_\_\_\_ Agency Name: \_\_\_\_\_

Date: \_\_\_\_\_ Telephone Number: \_\_\_\_\_

Preparer: \_\_\_\_\_

If audited or unaudited financial statements will be prepared for your organization or any segment thereof for the current fiscal year, please provide two copies of the financial statements to the General Accounting Division. In addition, please provide the General Accounting Division with the name, address, and telephone number of the auditor, and the date the financial statements are expected to be issued. The other GAAP schedules need not be provided for programs with audited financial statements, except for Schedule K if the annual accrued leave is not separately disclosed and Schedule G for federal funds.

Description of the  
Nature of Financial  
Report: \_\_\_\_\_

Date of  
Expected  
Issuance: \_\_\_\_\_

Auditor/  
Issuer: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Schedule B

CASH NOT RECORDED IN R\*STARS

June 30, \_\_\_\_

Agency No. \_\_\_\_\_ Agency Name \_\_\_\_\_

Date \_\_\_\_\_ Telephone Number \_\_\_\_\_

Preparer \_\_\_\_\_

Cash recorded on the R\*STARS trial balance (DAFRG110) should reflect cash on deposit in State bank accounts at June 30. To establish the correct cash balances at June 30, the State has instituted strict cash cut off procedures. (See statutory closing instructions). There are some State agencies or activities which maintain cash accounts that are not recorded in R\*STARS. Please provide the following information for such accounts (Cash advances shown in R\*STARS general ledger account number 0405 should not be recorded on this schedule):

<u>Bank and</u> <u>Account Number</u>	<u>Appropriated</u> <u>Fund</u>	<u>Description</u> <u>of Account</u>	<u>Amount</u>
--	------------------------------------	---	---------------

Total Cash		_____
		\$ _____
		=====

GAAP adjustments resulting from information included on this schedule will be coded directly by GAD personnel.

Schedule C

ACCOUNTS RECEIVABLE

June 30, \_\_\_\_

Agency No. \_\_\_\_\_

Agency Name \_\_\_\_\_

Date \_\_\_\_\_

Telephone Number \_\_\_\_\_

Preparer \_\_\_\_\_

As part of the R\*STARS closing procedures, agencies accrue revenues for any cash received and deposited subsequent to June 30 which has traditionally been included in current year statutory revenues. In addition, an agency may have accounts receivable at June 30 which have not been included in the statutory closing balances, but should be recorded in the GAAP financial statements.

GAAP accounts receivable can be characterized as amounts due from taxpayers or other unrelated persons for taxes or services performed during current and past fiscal years. The receivable balance must be divided between short-term (collectible within 60 days), current (between 60 days and one year) and long term amounts (over one year). Allowance for doubtful accounts should be computed for each receivable category. The following schedule should include all GAAP receivables, which in total exceed \$100,000. This schedule should not include federal grants receivable since this information is to be included on Schedule G, or, amounts due from other State agencies.

**Description**

**Balance June 30, Not recorded in R\*STARS:**

<u>Account Title/Purpose/Appropriated Fund</u>	<u>Gross Amount</u>	<u>(Allowance)</u>	<u>Net Amount</u>
<u>Short-Term Receivable</u>			

Current Receivable

Long term Receivable

Total Receivable	\$ _____	\$ _____	\$ _____
	=====	=====	=====

<u>Gross Amount</u>	<u>(Allowance)</u>	<u>Net Amount</u>
---------------------	--------------------	-------------------

Summary:

Total short term and current receivable	\$ _____	\$ _____	\$ _____
---	----------	----------	----------

Total long term receivable	\$ _____	\$ _____	\$ _____
----------------------------	----------	----------	----------

GAAP adjustments resulting from information included on this schedule will be coded directly by GAD personnel.

Schedule D

CLEARING AND SUSPENSE

June 30, \_\_\_\_

Agency No. \_\_\_\_\_ Agency Name \_\_\_\_\_

Date \_\_\_\_\_ Telephone Number \_\_\_\_\_

Preparer \_\_\_\_\_

State agencies record "clearing and suspense" amounts (amounts pending final disposition) in various R\*STARS account numbers. For GAAP purposes, "clearing and suspense" accounts, exceeding \$100,000, included in the final R\*STARS reports must be analyzed and adjusted to a zero balance. (However, all clearing and suspense amounts should be adjusted promptly by the agencies in the new fiscal year). If not cleared, negative balances should be shown on statutory close-out Form G-8. Positive balances, if any, should be reported below. If the balance is recorded as fund balance, advise whether it should be reclassified as a liability.

Complete the following schedule for all amounts included in "clearing and suspense" accounts.

R*STARS <u>APPN</u>	Appropriated <u>Fund</u>	Nature <u>of Balance</u>	<u>Dollar Amount</u>	
			<u>Assets</u>	<u>Liabilities</u>
			_____	_____
			\$	\$
			=====	=====

GAAP adjustments resulting from information included on this schedule will be coded directly by GAD personnel.



Schedule E

INVENTORY ACTIVITY AND BALANCES

June 30, \_\_\_\_

Agency No. \_\_\_\_\_ Agency Name \_\_\_\_\_

Date \_\_\_\_\_ Telephone Number \_\_\_\_\_

Preparer \_\_\_\_\_

On the following schedule, describe the type and nature of all significant inventory transactions (total of all activity during the year with ending balances exceeding \$250,000), by Appropriated Fund, in which your organization has participated.

Description:

<u>Appropriated</u> <u>Fund</u>	Balance, <u>July 1</u>	<u>Activity During the Fiscal Year Ending</u>		Balance, <u>June 30</u>
		<u>Increase</u>	<u>Decrease</u>	

GAAP adjustments resulting from information included on this schedule will be coded directly by GAD personnel.

Schedule F

ACCOUNTS PAYABLE AND COMMITMENTS

June 30, \_\_\_\_

Agency No. \_\_\_\_\_ Agency Name \_\_\_\_\_

Date \_\_\_\_\_ Telephone Number \_\_\_\_\_

Preparer \_\_\_\_\_

If an agency did not record its accounts payable and accrued expenditures in accordance with the State Policy on Accounts Payable, Accrued Expenditures, and Encumbrances, then the following information is needed to record these liabilities on a GAAP basis. If an agency has capital lease obligations during the fiscal year and/or capital lease obligations for future fiscal years, then schedule F-1 must also be completed.

(a) GAAP Accounts Payable:

A state agency or activity may have accounts payable at June 30 which were not recorded in the statutory closing process due to a lack of funding or for other reasons. (Examples: in addition to normal trade payables an unrecorded payable might be the portion of taxes collected by the state and allocated to sub-divisions, or amounts such as federal withholding taxes remitted by subdivisions to the state for payment to the federal government). These amounts represent GAAP payables and should be recorded. Briefly describe the nature of the amounts included (by appropriated fund), including an estimate of payment timeframe, i.e., whether it will be paid within one year:

<u>Agency/ Appn.No.</u>	<u>Appropriated Fund</u>	<u>Description</u>	<u>Amount</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

GAAP adjustments resulting from information included on this schedule will be coded directly by GAD personnel.

Schedule F (continued)

Agency No. \_\_\_\_\_ Date \_\_\_\_\_

Preparer \_\_\_\_\_ Telephone Number \_\_\_\_\_

(b) Commitments:

“Commitments” are defined as existing arrangements to enter into future transactions or events. Commitments include maintenance, construction and service contracts, non-capitalized (operating) leases, commitments for leasing office space (do not include commitments maintained by the Department of General Services), and other significant commitments. These do not include encumbrances.

“Commitments” are not recorded in the state’s GAAP financial statements, but are disclosed in the notes thereto. Complete the following schedule for each of the agency’s commitments.”

Please complete the following for each individual commitment over \$100,000:

<u>Description/ Vendor</u>	<u>Federal Participation Percentage</u>	<u>Total Contract Amount</u>	<u>Amount Paid or Encumbered June 30</u>	<u>Unencumbered Amount June 30</u>
--------------------------------	---	----------------------------------	--	--

_____	_____	_____
\$	\$	\$
=====	=====	=====

Schedule F-1

Capital Lease Obligations

June 30, \_\_\_\_\_

Agency No. \_\_\_\_\_ Agency Name \_\_\_\_\_  
 Date \_\_\_\_\_ Telephone Number \_\_\_\_\_  
 Preparer \_\_\_\_\_

If a lease financing meets one or more of the following four criteria at its inception, the lease shall be classified as a capital lease: (1) The lease transfers ownership of the property to the lessee (user) by the end of the lease term, (2) The lease allows the lessee (user) to purchase the property at a bargain price, (3) The term of the lease is 75 percent or more of the estimated useful economic life of the property, or (4) The present value of the lease payments at time of acquisition is 90 percent or more of the fair value of the property.

If a lease meets any of the aforementioned criteria, complete this schedule for each lease giving all of the information requested below by each fiscal year for the remaining life of the lease. This schedule can be used as a cover sheet, if desired, for attached listings as long as all of the requested data is provided. Agencies should not include any participation they may have in leases managed by the State Treasurer's Office.

Name of Facility or Description of Equipment \_\_\_\_\_  
 Name of Lessor \_\_\_\_\_  
 Contract No. \_\_\_\_\_ Type of Debt \_\_\_\_\_  
 Interest Rate(s) \_\_\_\_\_ Cost of Asset \_\_\_\_\_ Date of Acquisition \_\_\_\_\_  
 or acceptance of lease

<u>Fiscal Year</u>	<u>Annual Lease Payments</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
Lease Totals	\$ _____ =====	\$ _____ =====	\$ _____ =====

GAAP adjustments resulting from information included on this schedule will be coded directly by GAD personnel.

ENDING RECEIVABLE:                      Appropriated Fund 0005    Amount

DAFRG100 General Ledger Accounts:

0500 through 0599

1604

Total Ending Receivable per DAFRG100

Total Ending Receivable per Schedule G

Difference (Total Ending Receivable per DAFRG100 less Total Ending Receivable per Schedule G)

Explanation of Ending Receivable Difference:

EXPENDITURES:                      Appropriated Fund 0005    Amount

DAFRG100 General Ledger Accounts:

3500 and 3501- Total Expenditures per DAFRG100

Total Expenditures per Schedule G

Difference (Total Expenditures per DAFRG100 less Total Expenditures per Schedule G)

Explanation of Expenditure Difference:

Signature \_\_\_\_\_ Date: \_\_\_\_\_ Telephone Number: \_\_\_\_\_

Schedule H

Other Assets or Liabilities

June 30, \_\_\_\_\_

Agency No. \_\_\_\_\_ Agency Name \_\_\_\_\_

Date \_\_\_\_\_ Telephone Number \_\_\_\_\_

Preparer \_\_\_\_\_

In completing the GAAP closing instructions, an agency may identify assets or liabilities, the recording of which has not been provided for on any other GAAP closing schedule. Such items may include investments not maintained by the State Treasurer, loan receivables due in excess of one year, claims payables, liability for termination benefits, etc. For these assets or liabilities, which exceed \$100,000, please complete the following schedule. Please include appropriated fund for each item.

Description of Nature of <u>Assets or Liabilities</u>	Appropriated <u>Fund</u>	<u>Amount</u>	
		<u>Assets</u>	<u>Liabilities</u>

Total	\$ _____	\$ _____
-------	----------	----------

GAAP adjustments resulting from information on this schedule will be coded directly by GAD personnel.



Schedule J

EXPLANATIONS OF MATERIAL DIFFERENCES

June 30, \_\_\_\_

Agency No. \_\_\_\_\_ Agency Name \_\_\_\_\_

Date \_\_\_\_\_ Telephone Number \_\_\_\_\_

Preparer \_\_\_\_\_

From DAFR8580 and DAFR8590: Explanations should be for total receivables, total payables, gaap revenue source or total expenditure balances with changes greater than \$5,000,000 and 5% from the prior year.

Title of Account	Account class or GAAP source	Current Year Amount	Prior Year Amount	Difference Amount %	Explanation*
					A
					B
					C
					D
					E
					F
					G
					H
					I
					J

\*A: \_\_\_\_\_

\_\_\_\_\_

\*B \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



## ACCRUED ANNUAL LEAVE

June 30, \_\_\_\_\_

Preparer \_\_\_\_\_ Telephone No. \_\_\_\_\_ Date \_\_\_\_\_ GAAP Fund No. \_\_\_\_\_

All agencies must complete this schedule, including agencies with separately audited financial statements.

Annual leave accrual – This year’s beginning balance should equal last year’s ending balance. The dollar values for the amounts earned and used should be calculated by multiplying the employees’ hourly rates by the number of hours earned and used during the fiscal year. Included in employees’ hourly rates should be the state’s portion of FICA taxes, which is 7.65 percent of the base salary rate. The ending balance should equal the total dollar amount for unused annual leave for each employee, consisting of each employee’s current hourly rate, plus FICA, times the balance of unused annual leave hours at year end.

If the amount of leave earned and used is not available from the timekeeping system, it must be estimated. In estimating leave earned, years of service and hourly rates including FICA must be considered. Estimated leave used should include both leave taken and paid, irrespective of whether that leave was included in the beginning balance or earned during the year.

In addition, agencies must estimate and report in dollars the amount of the leave liability due within one year. The dollar amount of leave used during the prior fiscal year may be an estimate for the amount to be used the next year, adjusted for retirements and terminations and reduced for leave taken and paid that was earned during the year.

Beginning balance	\$ _____
Earned	\$ _____
Used	\$ _____
Ending balance	\$ _____
Number of employees	_____
Amount due within one year	\$ _____

Annual leave expenditures related to employees terminated or retired at year end and other benefits that will be paid to the employee in July should be accrued as part of the budgetary closing process at year end. The number of days of leave to be paid in July should be included in the “used leave” calculation discussed above. If the expenditures to be paid in July were not fully accrued, please provide the amount for benefits paid that should have been, but were not, accrued (separate and label for each appropriated fund). \$ \_\_\_\_\_

Schedule L

Pollution Remediation Obligations (Required by GASB Statement 49) - Directions:

<b>Listing:</b>
Include sites with a cost estimate, which includes all costs for remediation of the site, of approximately \$1,000,000 or greater. If no range is reasonably estimable - provide a general description of the site and remediation activity.
<b>Obligating Events (requiring reporting of the liability) are:</b>
a. Pollution creates an imminent danger to public.
b. State is in violation of a pollution prevention permit.
c. State is named or will be named as a responsible or potentially responsible party for sharing costs.
d. State is named or will be named in a lawsuit to compel the State to participate in remediation.
e. State legally obligates itself to perform remediation. (Please consult with your agency's assistant attorney general).
<b>Measurement of Pollution Remediation Liabilities:</b>
a. Based on expected remediation outlays expected to be incurred to settle the liabilities.
b. Measured at their current value, based on reasonable and supportable assumptions.
c. Measured using the expected cash flow technique.
d. Explain methods and assumptions used for the estimate.
<b>Re-measurement: (Done each fiscal year.)</b>
a. When major benchmarks are met, costs need to be re-evaluated. (Or when new information indicates changes are needed.)
b. Amount should be reduced as applicable for expenses paid during the year.
<b>Accounting for Recoveries:</b>
a. Recoveries that are not yet realized or realizable should reduce the measurement of the liability.
b. Recoveries that are realizable should be recognized as a receivable. (Or cash if realized.) The offset of the receivable will be to increase the liability. (GAD will do this entry.)
c. An insurance recovery generally is "realizable" when the insurer admits or acknowledges coverage. A negotiated cost sharing agreement may be treated similarly - depending on other variables.

Schedule L\_1.

New information should be coordinated with the agency's Attorney General.

Agency: _____	(A)	(B)	(C)	(D)	(E)	(F)	(G)
Fiscal Year End: <u>June 30,</u> <u>2020</u>							
Pollution Site / Description and Location of Project	Obligating Event (Describe.)	Status of Clean-up Activities	Estimated Liability / Remaining Costs beginning balance, 07/01/2019	Estimated Liability / Remaining Costs ending balance, 6/30/2020	Methods and Assumptions Used for Estimates	Amount of Estimated Recoveries Agency Used to Reduce Liability	Amount of Estimated <i>Realizable</i> Recoveries .*
*GAD will do entry.							

\_\_\_\_\_  
Preparer and Title

\_\_\_\_\_  
Agency

\_\_\_\_\_  
Date

\_\_\_\_\_  
Telephone No.

Schedule M

Tax Abatements (Required by GASB Statement 77) - Directions:

<b>GASB 77 defines a tax abatement to be</b>
a. A promise to forego tax revenues
b. As a result of an agreement (whether or not in writing) with an individual or entity
c. Individual or entity promises to take a specific action after the agreement has been entered into
d. The action contributes to economic development or otherwise benefits the government or its citizens
<b><i>*If GASB 77 is applicable to your agency, please provide us the following information.</i></b>
<b>1. What are your abatement programs, including specific individuals or entities receiving the tax abatements? This information must be provided for each abatement program for which there was a tax filing during the current fiscal year. (see schedule M-1)</b>
a. Name of program
b. Purpose of program
c. Period of program (Date it was entered in to and date it will expire)
d. Name of recipient
e. Tax being abated
f. Authority to abate taxes
g. Eligibility criteria
h. Existence of recapture provisions including the conditions under which abated taxes become eligible for recapture
i. Types of commitments to which recipients are committed in exchange for abatement
j. Dollar amount of taxes abated, including abatement mechanism and rate, for the current fiscal year as a result of tax abatement agreements
k. Number of tax filings for credit in the current fiscal year
l. Associated commitments made by the abating government (e.g. infrastructure)
m. Information omitted due to legal prohibitions ( if applicable)
<b>2. If you have tax abatements, submit supporting documentation for the type and amount, including tax filing reports, websites, other published reports, and copies of the agreements. These include tax abatements entered into by your agency or for which your agency collects information on behalf of other state agencies from income tax returns, property assessments, etc.</b>

<b>3. Are there tax abatement agreement(s) made by other governments that limit the amount of revenue that you can collect? If yes, provide the following information for each abatement program, including specific individuals or entities receiving the tax abatements for each program. (see Schedule M-2)</b>
a. Name of government
b. Tax being abated
c. Dollar amount of taxes abated, including abatement mechanism and rate, for the current fiscal year as a result of tax abatement agreements
d. Dollar amounts received or receivable from other governments associated with (and offsetting) abated taxes, for the current fiscal year as a result of tax abatement agreements
e. Number of tax filings for credit in the current fiscal year
f. Information omitted due to legal prohibitions (if applicable)
g. Copies of the agreements

\_\_\_\_\_  
Preparer and Title

\_\_\_\_\_  
Agency

\_\_\_\_\_  
Date

\_\_\_\_\_  
Telephone Number

Tax Abatement Disclosure

Tax abatement programs, including specific individuals or entities receiving the tax abatement

Fiscal Year Ended June 30, \_\_\_\_\_

Agency No:

Agency Name:

Date:

Telephone number:

Contact:

a. Name of program:

b. Purpose of program:

c	d	e	f	g	h	l	j	k	l	m
Period of program	Name of recipient	Tax being abated	Authority to abate taxes	Eligibility criteria	Existence of recapture provision	Type of commitments	Dollar amount of taxes abated	Number of tax filings for credit	Associated commitments	Information omitted due to legal prohibitions

Tax Abatement Disclosure  
 Tax abatement agreement(s) made by other governments  
 Fiscal Year Ended June 30, \_\_\_\_\_

Agency No:  
 Date:  
 Contact:

Agency Name:  
 Telephone number:

a	b	c	d	e	f	g
Name of government	Tax being abated	Dollar amount of taxes abated, including abatement mechanism and rate, for the current fiscal year	Dollar amounts received or receivable from other governments associated with abated taxes, for the current fiscal year	Number of tax filings for credit in the current fiscal year	Information omitted due to legal prohibitions	Copies of the agreements (Y/N/A)

STATE OF MARYLAND

FISCAL YEAR 2020

**R\*STARS YEAR END CLOSING PACKAGE**

**PART 2 – REPORTS AND INQUIRY SCREENS**



## R\*STARS YEAR END REPORTS

### **OVERVIEW**

The Year-End Close Committee developed a listing of essential and recommended reports and their recommended frequency for requesting the reports. The primary purpose for this listing was to reduce the number of requestable reports processed during the nightly batch cycle to assure the nightly batch cycle was completed in a timely manner. Completing the nightly batch cycle on time will prevent possible reductions in system availability the next day and/or the possibility of the nightly requestable reports not being processed.

The Year-End Close Committee listing appears on the next page followed by Report Descriptions and Report Samples of those reports shown.

Using the Drill Down feature of R\*STARS will allow agencies to identify documents and transactions for specific balance types shown on the 61, 62, 63, 66, 69 and 80 inquiry screens. Agencies should use these screens whenever possible instead of running requestable reports that list transactions. This will help assure that the nightly batch cycle is completed in a timely manner.

**YEAR-END CLOSE COMMITTEE**

**ESSENTIAL/RECOMMENDED REPORTS**

<b>NOTES</b>	<b>NUMBER</b>	<b>FREQUENCY</b>	<b>DESCRIPTION</b>
GAD Essential	DAFR6000	by date/as needed	Statement of Unencumbered Appropriation Balance
GAD Essential	DAFR8580	end of YEC	GAAP Balance Sheet
GAD Essential	DAFR8590	end of YEC	GAAP Operating Statement
GAD Essential	DAFR9040	* weekly/Saturday	Statement of Changes in Total Fund Balance
GAD Essential	DAFR9100	* weekly/Saturday	Statement of Changes in Total Fund Balance
GAD Recommended	DAFR5990	weekly/Saturday	Agency Appropriations Overexpended Balance
GAD Recommended	DAFRG100	weekly/Saturday	Statewide Trial Balance by Appropriated Fund/General Ledger
GAD Recommended	DAFRG400	** weekly/Saturday	Statement of Agency Revenue by Program and Fund
GAD Recommended	DAFRG500	** weekly/Saturday	Expenditures Detail Report by Unit, Appropriation Number, and Fund
GAD Recommended	DAFRG510	** weekly/Saturday	Revenue Detail Report by Unit, Appropriation Number, and Fund
GAD Recommended	DAFRG260(160)	weekly/Saturday	Comparison of YTD Expenditures/Revenue by Comptroller Object
User Agency Rec.	DAFRG200	** weekly/Saturday	Agency Budget Report by Program, Organization and Fund
User Agency Rec.	DAFRG300	** weekly/Saturday	Revenue Status Report by Program, Organization and Fund
User Agency Rec.	DAFRT100	** weekly/Saturday	Expenditures Detail Report by Program, Organization and Fund
User Agency Rec.	DAFRT200	** weekly/Saturday	Revenue Detail Report by Program, Organization, and Fund

\* The DAFR9040 and DAFR9090 reports are the same. The DAFR9040 provides data by each AY for an appropriation number and fund. The DAFR9090 consolidates data by all AY's of the same appropriation number and fund.

\*\* The noted reports may be duplicative. Agencies need to determine which are needed. In most cases, agencies do not need revenue and expenditures reports printed in multiple levels. For example, the DAFRG500 displays information similar to DAFRT100 but in a different format.

## **REPORT DESCRIPTIONS**

### **DAFR6000 AGENCY APPROPRIATION UNENCUMBERED BALANCE**

This report provides summary totals for each appropriation number and fund combination. At year-end, agencies should use "E", for encumbrances only, in the Special Select 1 field on their 91 Report Request Profile. This report can be run as needed.

### **DAFR8580/8590 GAAP BALANCE SHEET REPORT/ OPERATING STATEMENT REPORT**

These reports provide balance sheet and revenue and expenditure totals for the current and prior years by GAAP Fund. Agencies are required to review these reports prior to submitting their Annual Closing Checklist. These reports should only be requested prior to submitting the Annual Closing Checklist.

### **DAFR6320 ALLOCATION OF ENCUMBRANCES**

This report provides a listing of year-end encumbrances (NOTE: Request this report at Organization Level 0 and Fund Level 3. Also, Special Select 1 should have an "S" in the first field. Requesters may limit the report's output to a single six-digit STARS Agency by placing the STARS six-digit agency code in the first Special Select 2 field.) This report can be run as needed.

### **DAFR9040 STATEMENT OF CHANGES IN TOTAL FUND BALANCE**

This report includes beginning fund balance, revenues, expenditures, transfers, and a calculated ending fund balance for each AY, appropriation number, and fund combination. Agencies should include an Appropriated Fund range that excludes fund 0001 on their 91 Report Request Profile since the General Fund balance is determined at a statewide and not an agency basis. This report should only be run during the Saturday batch cycle if needed.

### **DAFR9090 STATEMENT OF CHANGES IN TOTAL FUND BALANCE**

This report includes beginning fund balance, revenues, expenditures, transfers, and a calculated ending fund balance for all AY's of the same appropriation number and fund. Agencies should include an Appropriated Fund range that excludes fund 0001 on their 91 Report Request Profile since the General Fund balance is determined at a statewide and not an agency level. This report should only be run during the Saturday batch cycle if needed.

### **DAFR5990 AGENCY APPROPRIATION OVEEREXPENDED BALANCE**

This report provides the same information as the DAFR6000 report but only reports those appropriation numbers that have a deficit ending balance for one of the funds included in the request. This report should only be run during the Saturday batch cycle if needed.

### **DAFRG100 TRIAL BALANCE BY APPROPRIATED FUND**

This report provides general ledger account balances and activity for each fund and Financial Agency. This report should only be run during the Saturday batch cycle if needed. The DAFRG130 provides a trial balance for each appropriation number and fund or agency fund.

## **DAFRG400 STATEMENT OF AGENCY REVENUE BY PROGRAM AND FUND**

This report provides Estimated Revenue and Revenue information by AY, appropriation number, and fund. Agencies should either request this report or the DAFRG300 report described below. This report should only be run during the Saturday batch cycle if needed.

## **DAFRG500 EXPENDITURE DETAIL REPORT**

This report provides detail transactions for budget, expenditures, and encumbrances for each AY, appropriation number, and fund combination. Agencies should either request this report or the DAFRT100 series reports described below. This report should only be run during the Saturday batch cycle if needed.

## **DAFRG510 REVENUE DETAIL REPORT**

This report provides detail transactions for estimated revenues and revenues for each AY, appropriation number, and fund combination. Agencies should either request this report or the DAFRT200 series reports described below. This report should only be run during the Saturday batch cycle if needed.

## **DAFRG260(160) COMPARISON OF YEAR TO DATE (with prior year) EXPENDITURES/REVENUES BY COMPTROLLER OBJECT**

This report provides a comparison of prior year expenditures and revenues to current year expenditures and revenues by Financial Agency, Unit, Comptroller Source/Group, and Comptroller Object. This report should be reviewed periodically for appropriate and consistent recording of object codes.

## **DAFRG630 BUDGET EXPENDITURES AND ENCUMBRANCES BY APPROPRIATION, FUND AND OBJECT**

This report provides budget, expenditures, and encumbrances summary information by expenditure object and is sorted by appropriation year, appropriation number, fund and object.

## **DAFRG200 AGENCY BUDGET BY PROGRAM, ORGANIZATION AND FUND**

This report provides agency budget, expenditure, and encumbrance information by expenditure object and is sorted by Program, Organization, and Fund. The DAFRG210, DAFRG220, DAFRG230, DAFRG240 and DAFRG250 reports are also requestable. These reports provide the same information as the DAFRG200 but are sorted differently or may include Index and/or PCA codes. Refer to the D64 Report Control Profile or the Maryland Report Guide for more information on these reports. Agencies should try to choose the report that best suits their needs. These reports should only be run during the Saturday batch cycle if needed.

## **DAFRG300 AGENCY REVENUE BY PROGRAM, ORGANIZATION AND FUND**

This report provides estimated revenue and revenue information by revenue object and is sorted by Program, Organization, and Fund. The DAFRG310, DAFRG320, DAFRG330, DAFRG340, and DAFRG350 reports are also requestable. These reports provide the same information as the DAFRG300 but are sorted differently or may include Index and/or PCA codes. Refer to the D64 Report Control Profile or the Maryland Report Guide for more information on these reports. Agencies should try to choose the report that best suits their needs. Agencies should either request one of these reports or the

DAFRG400 report described above. These reports should only be run during the Saturday batch cycle if needed.

#### **DAFRT100 EXPENDITURE DETAIL BY PROGRAM, ORGANIZATION AND FUND**

This report provides detail expenditure transactions and is sorted by Program, Organization, and Fund. The DAFRT110, DAFRT130, DAFRT140, DAFRT140, and DAFRT150 reports are also requestable. These reports provide the same information as the DAFRT100 but are sorted differently or may include Index and/or PCA codes. Refer to the D64 Report Control Profile or the Maryland Report Guide for more information on these reports. Agencies should try to choose the report that best suits their needs. Agencies should either request one of these reports or the DAFRG500 report described above. These reports should only be run during the Saturday batch cycle if needed.

#### **DAFRT200 REVENUE DETAIL BY PROGRAM, ORGANIZATION AND FUND**

This report provides detail revenue transactions and is sorted by Program, Organization, and Fund. The DAFRT210, DAFRT220, DAFRT230, DAFRT240, and DAFRT250 reports are also requestable. These reports provide the same information as the DAFRT200 but are sorted differently or may include Index and/or PCA codes. Refer to the D64 Report Control Profile or the Maryland Report Guide for more information on these reports. Agencies should try to choose the report that best suits their needs. Agencies should either request one of these reports or the DAFRG510 report described above. These reports should only be run during the Saturday batch cycle if needed.

## OTHER R\*STARS REPORTS

In addition to the reports recommended by the Year End Close Committee, the following reports are available for R\*STARS users performing year-end closing activities:

- DAFM522 Revenue/Expenditure Accrual Report (This is an on-line report-520 View A Batch screen.)
- DAFR4451 Fixed Asset Suspense Activity Report
- DAFR6250 Closing Statement Report
- DAFR6260 Document Summary Expenditure Accrual Report
- DAFR6270 Transaction Detail Expenditure Accrual Report
- DAFR6280 Document Summary Revenue Accrual Report
- DAFR6290 Transaction Detail Revenue Accrual Report
- DAFR6300 Supplemental Expenditure Accrual Report
- DAFR6360 Supplemental Revenue Accrual Report
- DAFR7200 Daily Transaction Register (requestable by document type)
- DAFR7840 Document Transaction Detail (requestable by document type)
- DAFR8190 Detail Schedule of Changes in Fixed Assets by GL, Function and Agency
- DAFRA100 Capital Project Authorization Balances
- DAFRD100 DAFRD150 Encumbrance/Pre-Encumbrance Status Reports
- DAFRD200 – DAFRD250 Accounts Receivable Status Reports (allows identification of accrued expenditures or revenues related to accounts receivable)
- DAFR2251 Posted Transaction Detail (Control Report – Not Requestable)
- DAFR2261 Daily History Detail (Control Report – Not Requestable)
- QAFR7220 Agency Based IT File Batch Headers (identifies documents on the IT file other than Voucher Payable documents)

Agency personnel may request other reports if necessary, to complete their review and verification of the accuracy of the year end accruals that have been posted in R\*STARS. However, to assure that the nightly batch cycle will be completed in a timely manner, agencies should limit the number and frequency of requests for these reports. Some of the reports such as the DAFR6300 and DAFR6360 should probably be requested at the end of closing only. Reports identified as DAFRXXXX are requestable through the 91 R\*STARS Report Request screen. The period(s) of an agency's request should be based upon the effective date of the accrual transactions. Transactions recorded with effective dates of June 1, 2020, through June 30, 2020, will be included on period 12 reports. Transactions with an effective date of June 31, 2020, will be included on period 13 reports. Please consult the *Maryland Report Guide* for assistance.

The General Accounting Division plans to use the DAFR6000 Statement of Unencumbered Appropriation Balance and DAFR9090 Statement of Changes in Total Fund Balance reports to monitor agencies balances. The General Accounting Division recommends that agencies, at a minimum, review these two reports.



## ON-LINE INQUIRY SCREENS

In addition to the reports listed above, there are two financial inquiry screens to help verify closing balances.

- 62 Appropriation Financial Inquiry
- 89 Summary General Ledger Account Inquiry

The General Accounting Division also plans to use these inquiry screens to monitor agencies appropriation balances at the appropriated fund level and agencies fund balances at the appropriated fund and agency fund levels. The General Accounting Division recommends agencies utilize these screens to promptly ascertain that their year end accrual entries have been posted properly and perhaps limit the number of requests for reports.

The 62 screen provides information by Appropriation Year, Appropriation No., and Appropriated Fund at the Detail (D) level. (See "Using Drill Down") The same information is available at the Summary (S) level which provides information for all Program Codes within an Appropriated Fund or for all Appropriated Fund codes within an Appropriation Number.

The 89 screen provides information at the Comptroller General Ledger or Agency General ledger level and at either the Agency Fund, Appropriated Fund, or Fund Group levels. Information at the Detail (D) level shows balances for each Org. Code, TC, Grant/PH, or Proj/PH levels. Information at the Summary (S) level provides information for all Org. Code, TC, Grant/PH, and Proj/PH levels combined.

GAD recommends that 62 screen inquiries and 89 screen inquiries be done at the Summary (S) level.

Balances from the inquiry screens can be requested three different ways based upon the Inquiry Type. The Inquiry Types are:

- MC – Cumulative Inception-to-Date  
Using this type will provide balances from inception. These balances may cross several fiscal years.
- MY – Year-to-date  
Using this type will provide balances from July 1, of the fiscal year being requested.
- MA – Monthly Activity  
Using this type will provide balances for the month being requested.

GAD recommends that inquiry types MC (inception-to-date) be used for the 62 screen and MY (fiscal year data) or MA (monthly activity data) be used for the 89 screen. Transactions entered under edit mode 2 will update these screens as soon as the transactions are written. Transactions entered under edit mode 0 or 1 will update these screens after the transactions have been processed in the nightly batch cycle.

Once the new fiscal year is opened on July 1, agencies can request Comptroller GL 3060 (Beginning Fund Balance) for the new fiscal year on the 89 screen. The balance in this account represents the ending fund balance of the previous fiscal year. This account is updated in the new fiscal year

whenever the nominal accounts are updated in the fiscal year being closed. Edit mode 2 transactions in the old fiscal year will update GL 3060 in the new fiscal year immediately while edit mode 0 or 1 transactions will update GL 3060 in the new fiscal year after the nightly batch cycle.

## **USING DRILL DOWN FEATURE OF R\*STARS**

The R\*STARS drill down inquiry feature enables users to view varying levels of detail that support financial balances on the following financial screens:

- **61 Agency Budget Financial Inquiry**
- **62 Appropriation Financial Inquiry**
- **63 Cash Control Financial Inquiry**
- **66 Grant Financial Inquiry**
- **69 Agency/Fund Record Inquiry**
- **80 Project Financial Inquiry**

Three additional screens may be accessed when drill down inquiries are made. They are:

- **11 Document Summary Inquiry** – shows documents supporting a balance type selected from a financial inquiry screen.
- **60 Transaction Summary Inquiry** – shows transactions supporting a document selected from the 11 Document Summary Inquiry screen.
- **84 Accounting Event Record Inquiry** – shows information, either input or looked up, supporting a transaction selected from the 60 Transaction Summary Inquiry screen.

The drill down inquiry process is presented below using the 62 Appropriation Financial Inquiry screen as an example. In order to access drill down documents, the Detail/Summary indicator must be set to "D" (detail) inquiry mode. Also drill down screens are always in active interrupt which means other financial inquiry screens or profiles can not be accessed when you are using the 11, 60 or 84 screens.

```

S062 V2.0      MD PRD      R*STARS ACCOUNTING SYSTEM      07/19/20 03:29 PM
LINK TO:      APPROPRIATION FINANCIAL INQUIRY      MESSAGE: N      DB2W
AGY: E00 APPN YEAR: 20 APPN #: A0201 ACCOUNTING CONTROL AND REPORTING
APPR FUND: 0001 FUND:      COMP SRCE/GRP:      OBJ/COMP OBJ:
PRG CD: A211 LVL: 02 ACCT CONT & REP      ORG CD:      LVL:
  INQ TYPE: MC INQ YEAR: 20 INQ MONTH: 13 DETAIL/SUMMARY: D
CASH BASIS BUD:      1,850,788.77      NET CASH ACT:      2,978,024.23-
ACCR BASIS BUD:      1,947,718.46      REM APPN ALLOT:      3,221,255.56-
  ENC BASIS BUD:      1,610,557.44      ACCR CSH AVAIL:      1,947,718.46
  ENC CASH AVAIL:      1,610,557.44
BT      TITLE      AMOUNT      BT      TITLE      AMOUNT
01 APPN ORIG      4,976,148.00
02 AP REVISIO      18,600.00-
08 AP REVERSI      148,715.00
15 CASH EXPEN      2,978,024.23
17 ACCRUED EX      96,929.69-
18 ENCUMBRANC      340,161.02
19 PRE-ENCUMB      .00
F1-HELP F2-DOC INQ F5-NEXT F6-MSG F9-INTERRUPT      ENTER-INQUIRE      CLEAR-EXI
  
```

In this example, we want to drill down on BT (Balance Type) 15. Position the cursor under the first digit for BT 15 to view the documents supporting this balance type. Press F2, and the 11 Document

Summary Inquiry screen will be displayed with documents that posted to Balance Type 15.

```

S011 V2.0      MD PRD      R*STARS ACCOUNTING SYSTEM      07/19/20 03:45 PM
LINK TO:      ACTIVE      DOCUMENT SUMMARY INQUIRY      DB2W
AGENCY: E00 FISCAL YR: 20 MO: 13 DAY: 31 BT: 15 CASH EXPEN
  BT AMT:      2,978,024.23
  AY AFND PGMC APPN#
KEY: 14 0001 A210 A0201
EFFECTIVE DATE DOC AGY      DOC NUMBER      REFERENCE DOC      BALANCE/AMOUNT
20190318      E01      JA009254      35317.29
20190318      E01      ZE204863      D3204863      485.71
20190318      E01      ZE204864      D3204864      518.70
20190318      E01      ZE204904      D3204904      14.54
20190315      E01      ZE201818      V3201818      579.00
20190315      E01      ZE204815      D3204815      48.23
20190315      E01      IA002917      1525.15
20190315      E01      ZE204835      D3204835      25.84
20190315      E00      PR100101      98641.41
20190315      E01      ZE204739      D3204739      79.74
20190314      E01      ZE201802      V3201802      323.40
20190314      E01      ZE204694      D3204694      292.60
Z06 RECORD SUCCESSFULLY RECALLED
F1-HELP F2-TRANS INQ F3-PRIOR INQ F7-PRIOR F8-NEXT F9-INTERRUPT ENTER-INQUIRE
  
```

Documents are listed in 'effective date' order showing the latest effective date first, followed by documents processed on previous effective dates.

Users may select a different month and day at the top of the screen to more closely access the desired documents. Press F8 to scroll to the next page(s) or press F7 to scroll back to the previous page(s). Press F3 to return to the financial inquiry screen.

To view detail transactions within a selected document, position the cursor under the first digit of the effective date for the document you desire. In this example, we are selecting the payroll document with an effective date of 20200315. Press F2, and the 60 Transaction Summary Inquiry screen will be displayed with transactions that are contained in that document.

S060 V2.0		MD PRD	R*STARS ACCOUNTING SYSTEM		03/20/20 10:58 AM	
LINK TO:		ACTIVE	TRANSACTION SUMMARY INQUIRY		DB2W	
AGENCY: E00		FISCAL YEAR: 20	EFF DATE: 20200315		SFX: 001	
REC TYPE: A		DOC AGY: E00	DOC NO: PR100101		REF DOC:	
AY AFND PGMC APPN#						
KEYS: 03 0001 A210 A0201						
SFX	EFF DATE	VENDOR NO/MC	VENDOR NAME	TC	AMOUNT	R
001	20190315			360	73915.59	
001	20190315			360	5421.86	
001	20190315			360	14106.79	
001	20190315			360	3467.97	
001	20190315			360	567.15	
001	20190315			360	2886.50	
001	20190315			360	210.00	
001	20190315			360	88.57	
END OF DATA REACHED						
F1-HELP F2-AE DETAIL F3-PRIOR INQ F7-PRIOR F8-NEXT F9-INTER ENTER-INQUIRE						

The 60 Transaction Summary Inquiry screen accesses records from the 'A' (active) accounting event table and is identified at the top of the screen as Rec Type with an indicator of 'A'. If the document selected is not in the active accounting event table, the 60 Transaction Summary Inquiry screen will be blank with a message at the bottom that reads 'No records found'. If that occurs, change the Rec Type indicator from 'A' to 'I' (inactive) and press the 'Enter' key. Transactions will then appear on this screen from the inactive accounting event table.

Press F8 to scroll to the next page(s) or press F7 to scroll back to the previous page(s). Press F3 to return to the 11 Document Summary Inquiry screen.

To view information related to a specific transaction, position the cursor under the first digit of the SFX for the transaction you desire. In this example, we are selecting the first transaction listed. Press F2, and the 84 Accounting Event Record Inquiry screen will be displayed with information input or looked up with that transaction.

S084 V2.0 MD PRD R\*STARS ACCOUNTING SYSTEM 03/02/20 10:34 AM  
 LINK TO: ACCOUNTING EVENT RECORD INQUIRY DB2W  
 ACTIVE  
 BATCH: AGENCY E00 DATE 022520 TYPE P NO 002 SEQ NO 00001 REC TYPE: A STATUS: A  
 GL: DR1 3500 CR1 0065 DR2 CR2 DR3 CR3 DR4 CR4  
 DOC DATE: EFF DATE: 022520 DUE DATE: SERV DATE:  
 CUR DOC/SFX: PR080076 001 REF DOC/SFX: MOD: AGENCY: E00  
 TRANS CODE: 360 INDEX: 10000 PCA: 02110 AY: 20 COMP/AGY OBJ: 0101 0101  
 AMOUNT: 92022.20 RVS: DISCOUNT: .00 FO: W PDT:  
 DOC AGY: E00 CI: PROP #: 1309:  
 INV-NO: DT: DESC: RGE00A02 20200217 PR 00101  
 VEND/MC: NAME:  
 ADDRESS1: ARN:  
 ADDRESS2: DMI:  
 CITY: ST: ZIP: CONT NO:  
 PMT-NO: DT: AP NO: A0201 FUND: 0001 GL AC/AGY: 3500  
 GRANT NO/PH: SUB GRANTEE: PROJ NO/PH:  
 MPCD: 00000001026 AGY CD-1: 2: 3:  
 DEBT/INVEST ISSUE #: PMT TYPE: INT TM: 0 BK:  
 DISC-DT: TM: PEN-DT: TM: PEN AMT: .00  
 LAST PROC - DT: 02252020 TIME: 1740 APPROVAL DT: 022520  
 F1-HELP F2-85 F3-CUST INQ F4-86 F5-NEXT F6-PRIOR INQ F9-INTR CLEAR-EXIT

To return to the 60 Transaction Summary Inquiry screen, press F6.

Using the R\*STARS drill down feature will provide immediate access to transactions and should help reduce the number of report requests submitted during the nightly batch cycle; especially the larger reports that list individual transactions.

## GAD'S REVIEW OF THE CLOSING PROCESS

To assist Financial Agencies in completing their closing checklist and G-8 form, some of GAD's review of available screens and reports are provided below. GAD's review is done primarily at the Financial Agency level and not at the Unit level.

### SCREENS

GAD relies heavily on the 89 Summary General Ledger Account Inquiry screen to perform much of the review.

#### 89 Screen

#### BUDGET AMENDMENTS IN PROCESS:

Insert the following data on the 89 screen then hit enter:

- Financial Agency Code
- Comptroller GL= 2700
- Appr Fund= 0001, 0003, 0005, 0009, 0040, or 0043
- TC= 027
- Inq Type= MY
- Detail/Summary= S
- Inq Year= 20
- Inq Month= 13

Any amounts in the ending balance column represent the total of budget amendments in process by Appropriated Fund for the Financial Agency. GAD uses these amounts to determine the totals by fund of the individual amounts shown as balance type 04 on the 62 Appropriation Financial Inquiry screen. GAD will subsequently verify that the actual budget amendments processed equal these amounts. Financial Agencies should verify that the budget amendments submitted equal these amounts.

S089 V2.0		MD PRD	R*STARS ACCOUNTING SYSTEM		07/26/20 01:48 PM
LINK TO:		SUMMARY GENERAL LEDGER ACCOUNT INQUIRY			DB2W
AGENCY: K00		DEPARTMENT OF NATURAL RESOURCES			
COMPTROLLER GL: 2700		APPROPRIATION CONTROL			
AGENCY GL:					
STATE FUND GROUP:					
APPR FUND: 0003		SPECIAL FUND			
FUND:					
ORG:		TC: 027			
GRANT/PH:		PROJ/PH:			
DEBT/INV ISSUE #:		NACUBO FUND/SUBFUND:			
INQ TYPE: MY (MA, YA, MY, YY, MC, YC)		DETAIL/SUMMARY: S			
INQ YEAR: 20		INQ MONTH: 13			
BEGINNING BALANCE		DEBIT	CREDIT	ENDING BALANCE	
.00		.00	459,791.00	459,791.00	
F1-HELP	F5-NEXT	F9-INTERRUPT	ENTER-INQUIRE	CLEAR-EXIT	

```

S089 V2.0    MD PRD    R*STARS ACCOUNTING SYSTEM    07/26/20 02:15 PM
LINK TO:    SUMMARY GENERAL LEDGER ACCOUNT INQUIRY    DB2W
    AGENCY: K00    DEPARTMENT OF NATURAL RESOURCES
    COMPTROLLER GL: 2700    APPROPRIATION CONTROL
    AGENCY GL:
STATE FUND GROUP:
    APPR FUND: 0005    FEDERAL FUND
    FUND:
    ORG:    TC: 027
    GRANT/PH:    PROJ/PH:
DEBT/INV ISSUE #:    NACUBO FUND/SUBFUND:
    INQ TYPE: MY (MA, YA, MY, YY, MC, YC)    DETAIL/SUMMARY: S
    INQ YEAR: 20    INQ MONTH: 13
BEGINNING BALANCE    DEBIT    CREDIT    ENDING BALANCE
    .00    .00    5,000.00    5,000.00
F1-HELP    F5-NEXT    F9-INTERRUPT    ENTER-INQUIRE    CLEAR

```

GAD uses the 62 Appropriation Financial Inquiry Screen only for obtaining information on Budget Amendments In Process (Balance Type 04) or when checking balances for one or two specific appropriation numbers in question. GAD relies more on the DAFR5990 Agency Appropriation Over expended Balance Report to determine which appropriation balances may be over expended. Samples of the 62 Appropriation Financial Inquiry screen appear later in this section.

**DUE FROM FEDERAL GOVERNMENT:**

Insert the following data on the 89 screen then hit enter:

- Financial Agency Code
- Comptroller GL= 0500
- Appr Fund= 0005
- Inq Type= MY
- Detail/Summary= S
- Inq Year= 20
- Inq Month= 13

The ending balance on this inquiry should be zero since all federal receivables in fund 0005 should be recorded in General Ledger Accounts 0542 or 0543. Accrued revenue entries are originally recorded with TC 801 which posts to General Ledger Account 0500 (Year-End Accounts Receivable). Any balance remaining in this General Ledger Account for Appropriated Fund 0005 should be re-classified using TC 823.

```

LINK TO:                SUMMARY GENERAL LEDGER ACCOUNT INQUIRY                DB2W
      AGENCY: K00        DEPARTMENT OF NATURAL RESOURCES
      COMPTROLLER GL: 0500    YEAR END ACCOUNTS RECEIVABLE
      AGENCY GL:
STATE FUND GROUP:        GENERAL FUND STATE FUND GROUP
      APPR FUND: 0005        FEDERAL FUND
      FUND:                FEDERAL FUND
      ORG:                 TC:
      GRANT/PH:            PROJ/PH:
DEBT/INV ISSUE #:        NACUBO FUND/SUBFUND:
      INQ TYPE: MY (MA, YA, MY, YY, MC, YC)  DETAIL/SUMMARY: S
      INQ YEAR: 20  INQ MONTH: 13
BEGINNING BALANCE        DEBIT                CREDIT                ENDING BALANCE
      .00                2,424,837.26        2,424,837.26        .00
F1-HELP        F5-NEXT        F9-INTERRUPT        ENTER-INQUIRE        CLEAR-EXIT
    
```

If the ending balance is not zero, record entries using TC 823 to bring the balance to zero. If the correcting entries are made in edit mode 2, the results can be verified by inquiring again after the transactions have been successfully written. It is not necessary to record reclasses for each appropriation number since all reclasses are reversed in the next fiscal year. However, if a Financial Agency has more than one GAAP Fund with federal receivables, there must be a reclass to at least one appropriation number for each GAAP fund.

**FUND BALANCES:**

When the new fiscal year opens on July 1st, all of the nominal accounts of the fiscal year being closed will close to General Ledger Account 3060 (Beginning Fund Balance) in the new fiscal year. Any updates to the nominal accounts in the year being closed will simultaneously update General Ledger Account 3060 in the new fiscal year. Therefore, looking at the balance in General Ledger Account 3060 in the new fiscal year will give you the ending fund balance of the year being closed. GAD does the following review of fund balances for Special, Federal, and Reimbursable funds.

**FUND BALANCE-SPECIAL FUND:**

Insert the following data on the 89 screen then hit enter:

- Financial Agency Code
- Comptroller GL= 3060
- Appr Fund= 0003
- Inq Type= MY
- Detail/Summary= S
- Inq Year= 21
- Inq Month= 01



LINK TO: SUMMARY GENERAL LEDGER ACCOUNT INQUIRY DB2W

AGENCY: K00 DEPARTMENT OF NATURAL RESOURCES

COMPTROLLER GL: 3060 BEGINNING FUND BALANCE

AGENCY GL:

STATE FUND GROUP:

APPR FUND: 0003 SPECIAL FUND

FUND:

ORG: TC:

GRANT/PH: PROJ/PH:

DEBT/INV ISSUE #: NACUBO FUND/SUBFUND:

INQ TYPE: MY (MA, YA, MY, YY, MC, YC) DETAIL/SUMMARY: S

INQ YEAR: 21 INQ MONTH: 01

BEGINNING BALANCE	DEBIT	CREDIT	ENDING BALANCE
28,772,420.21	.00	.00	28,772,420.21

F1-HELP F5-NEXT F9-INTERRUPT ENTER-INQUIRE CLEAR-EXIT

The amount in the beginning balance column should equal the total amount for section 1 of the G-8 form which requires agencies to list any carryover of Special Fund fund balances.

#### FUND BALANCE – FEDERAL FUND:

Insert the following data on the 89 screen then hit enter:

- Financial Agency Code
- Comptroller GL= 3060
- Appr Fund= 0005
- Inq Type= MY
- Detail/Summary= S
- Inq Year= 21
- Inq Month= 01

LINK TO: SUMMARY GENERAL LEDGER ACCOUNT INQUIRY DB2W

AGENCY: K00 DEPARTMENT OF NATURAL RESOURCES

COMPTROLLER GL: 3060 BEGINNING FUND BALANCE

AGENCY GL:

STATE FUND GROUP:

APPR FUND: 0005 FEDERAL FUND

FUND:

ORG: TC:

GRANT/PH: PROJ/PH:

DEBT/INV ISSUE #: NACUBO FUND/SUBFUND:

INQ TYPE: MY (MA, YA, MY, YY, MC, YC) DETAIL/SUMMARY: S

INQ YEAR: 21 INQ MONTH: 01

BEGINNING BALANCE	DEBIT	CREDIT	ENDING BALANCE
.00	.00	.00	.00

F1-HELP F5-NEXT F9-INTERRUPT ENTER-INQUIRE CLEAR-EXIT

For the Federal Fund, the amount in the beginning balance column must be zero since revenues are only recognized when an expenditure occurs.

**FUND BALANCE-REIMBURSABLE FUND:**

Insert the following data on the 89 screen then hit enter:

- Financial Agency Code
- Comptroller GL= 3060
- Appr Fund= 0009
- Inq Type= MY
- Detail/Summary= S
- Inq Year= 21
- Inq Month= 01

LINK TO: SUMMARY GENERAL LEDGER ACCOUNT INQUIRY DB2W

AGENCY: K00 DEPARTMENT OF NATURAL RESOURCES

COMPTROLLER GL: 3060 BEGINNING FUND BALANCE

AGENCY GL:

STATE FUND GROUP:

APPR FUND: 0009 REIMBURSABLE FUND

FUND:

ORG: TC:

GRANT/PH: PROJ/PH:

DEBT/INV ISSUE #: NACUBO FUND/SUBFUND:

INQ TYPE: MY (MA, YA, MY, YY, MC, YC) DETAIL/SUMMARY: S

INQ YEAR: 21 INQ MONTH: 01

BEGINNING BALANCE	DEBIT	CREDIT	ENDING BALANCE
.00	.00	.00	.00

F1-HELP F5-NEXT F9-INTERRUPT ENTER-INQUIRE CLEAR-EXIT

For the Reimbursable Fund, the amount in the beginning balance column must be zero since revenues are only recognized when an expenditure occurs.

## 62 Screen

GAD uses the 62 Appropriation Financial Inquiry screen to obtain the detail appropriation number records that show amounts in Budget Amendments in Process (Balance Type 04). This data is entered in an excel spreadsheet to (1) determine by fund that all the detail records from the 62 screen equal the total obtained by fund from the 89 screen and (2) that the actual budget amendments subsequently received agree with the balances obtained from the 62 screen by appropriation number and fund.

Budget Amendments in Process:

Insert the following data on the 62 screen then hit enter:

- Financial Agency Code
- Appn Year= 20
- Appropriation Number
- Appr Fund= 0001, 0003, 0005, 0009, 0040, or 0043
- Inq Type= MY
- Inq Year= 20
- Inq Month= 13
- Detail/Summary= S

S062 V2.0 MD PRD R\*STARS ACCOUNTING SYSTEM 07/28/20 10:27 AM  
LINK TO: APPROPRIATION FINANCIAL INQUIRY MESSAGE: N DB2W  
AGY: K00 APPN YEAR:20 APPN #: A0401 STATE-WIDE OPERATION  
APPR FUND: 0003 FUND: COMP SRCE/GRP: OBJ/COMP OBJ:  
PRG CD: LVL: 03 STATE-WIDE OPERATI ORG CD: LVL:  
INQ TYPE: MY INQ YEAR: 20 INQ MONTH: 13 DETAIL/SUMMARY: S  
CASH BASIS BUD: 610,764.10- NET CASH ACT: 1,140,594.48-  
ACCR BASIS BUD: .00 REM APPN ALLOT: 3,923,259.00-  
ENC BASIS BUD: .00 ACCR CSH AVAIL: 520,830.40-  
ENC CASH AVAIL: 520,830.40-

BT	TITLE	AMOUNT	BT	TITLE	AMOUNT
01	APPN ORIG AM	3,616,968.00	20	CASH TRSF IN	2,503,370.79
03	AP REVISIONS	100,000.00			
04	BA'S IN PROC	210,291.00			
11	EST. COLL. R	3,923,259.00			
12	CASH REVENUE	900,097.81			
15	ACCRUED REVE	4,038,760.58-			
15	CASH EXPENDI	4,533,033.11			
17	ACCRUED EXPE	610,764.10-			
18	ENCUMBRANCE	.00			
19	PRE-ENCUMB O	4,145.00			

F1-HELP F2-MSG F5-NEXT F9-INTERRUPT ENTER-INQUIRE CLEAR-EX

S062 V2.0 MD PRD R\*STARS ACCOUNTING SYSTEM 07/29/20 10:47 AM  
LINK TO: APPROPRIATION FINANCIAL INQUIRY MESSAGE: N DB2W  
AGY: K00 APPN YEAR:20 APPN #: A1501 GENERAL DIRECTION  
APPR FUND: 0003 FUND: COMP SRCE/GRP: OBJ/COMP OBJ:  
PRG CD: LVL: 03 GENERAL DIRECTION ORG CD: LVL:  
INQ TYPE: MY INQ YEAR: 20 INQ MONTH: 13 DETAIL/SUMMARY: S  
CASH BASIS BUD: 61,148.56 NET CASH ACT: 11,092.09  
ACCR BASIS BUD: .00 REM APPN ALLOT: 173,020.30-  
ENC BASIS BUD: .00 ACCR CSH AVAIL: 86,111.18-  
ENC CASH AVAIL: 86,111.18-

BT	TITLE	AMOUNT	BT	TITLE	AMOUNT
01	APPN ORIG AM	88,910.00	20	CASH TRSF IN	67,628.00
03	AP REVISIONS	67,628.00			
04	BA'S IN PROC	253,500.00			
08	AP REVERSION	36,064.70			
11	EST. COLL. R	210,035.00			
15	CASH REVENUE	56,295.82			
15	ACCRUED REVE	49,550.15			
15	CASH EXPENDI	115,841.74			
17	ACCRUED EXPE	261,148.56			
18	ENCUMBRANCE	.00			

INTERRUPTED FUNCTION RESTARTED

F1-HELP F2-MSG F5-NEXT F9-INTERRUPT ENTER-INQUIRE CLEAR-EX

The total of the Balance Type 04 amounts on the above two screens is \$459,791.00 which equals the amount on the 89 screen for General Ledger Account 2700, TC 027 and Appropriated Fund 0003.

S062 V2.0 MD PRD R\*STARS ACCOUNTING SYSTEM 07/19/20 10:00 AM

LINK TO: APPROPRIATION FINANCIAL INQUIRY MESSAGE: N DB2W

AGY: K00 APPN YEAR:20 APPN #: A1501 GENERAL DIRECTION

APPR FUND: 0005 FUND: COMP SRCE/GRP: OBJ/COMP OBJ:

PRG CD: LVL: 03 GENERAL DIRECTION ORG CD: LVL:

INQ TYPE: MY INQ YEAR: 20 INQ MONTH: 13 DETAIL/SUMMARY: S

CASH BASIS BUD: 2,118.65- NET CASH ACT: 5,153.33

ACCR BASIS BUD: .00 REM APPN ALLOT: 4,025.14-

ENC BASIS BUD: .00 ACCR CSH AVAIL: 2,310.15

ENC CASH AVAIL: 2,310.15

BT	TITLE	AMOUNT	BT	TITLE	AMOUNT
01	APPN ORIG AM	4,950.00			
04	BA'S IN PROC	5,000.00			
08	AP REVERSION	4,964.86			
11	EST. COLL. R	9,950.00			
15	CASH REVENUE	15,257.15			
15	CASH EXPENDI	7,103.79			
17	ACCRUED EXPE	2,118.65-			

F1-HELP F2-MSG F5-NEXT F9-INTERRUPT ENTER-INQUIRE CLEAR-EX

The total of the Balance Type 04 amount on the above screen is \$5,000.00 which equals the amount on the 89 screen for General Ledger Account 2700, TC 027, and Appropriated Fund 0005.

## REPORTS

GAD relies upon the following reports in its review:

- DAFR5990 Agency Appropriation Over expended Balance Report  
Determine that an agency does not have any over expended appropriation balances for budgetary funds.
- DAFRG900 Statement of Cash Balances by Appropriation Number and Fund  
Determine that negative cash balances for funds 0007 or 0070 have been included in section 2 on the G-8 Form.
- DAFR9090 Statement of Changes in Total Fund Balance  
Determine that the ending balances for all Clearing Accounts are zero.
- DAFR8580 GAAP Balance Sheet Report  
Compare current year payables and receivables to prior year. Variances greater than \$5,000,000 and 5 percent for any GAAP Class subtotals may require an explanation from the agency.
- DAFR8590 GAAP Operating Statement Report  
Compare current year revenues and expenditures to prior year. Variances greater than \$5,000,000 and 5 percent for any revenue GAAP Source/Object subtotals or total expenditures may require an explanation from the agency.