



# ***FMIS***

# ***R\*STARS Closing***

## **Fiscal Year 2024**

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# ***GAD: FMIS – R\*STARS Closing*** **Welcome**



Please review the following slides in conjunction with the annual closing instructions.

# ***GAD: FMIS – R\*STARS Closing***

## **Deadline Dates**

The major deadline dates for the fiscal year budgetary closing process are shown.

### **I. Payroll accrual – May 31**

Payroll accruals are calculated by Central Payroll for all state agencies. However, if your agency prefers to calculate and post the payroll accruals instead, you need to advise the General Accounting Division in writing by May 31st. GAD will then exempt the Central Payroll Division's calculations from posting to R\*STARS.

### **II. Cash/adjusting transactions – July 12/July 31**

Any cash or other adjusting transactions between your financial agency and other financial agencies should be completed on or before July 12<sup>th</sup>, or the next business day when it falls on a weekend. Any cash or other adjusting transactions within your own financial agency should be completed on or before the date shown.

### **III. Close – August 9**

Budgetary closing documents must be submitted to GAD on or before the date above.

# GAD: FMIS – R\*STARS Closing DBM Requirements



- **Meet with DBM for encumbrance review.**

For the fiscal year being closed, DBM requires financial agencies to meet with their analyst to review certain encumbrance balances as outlined in the annual closing instructions. Specifically, DBM will review all prior years' encumbrances. They will also review current general and special fund encumbrances greater than \$50,000. DBM will advise GAD of any disallowances which must be adjusted by the agency prior to final closing.

- **Pay balance – objects 0152 and 0154 to SERHWBF**

- General Fund and
- Any Special and Higher Education Funds that do not retain funds at YE
- Certain appropriation balances remaining in objects 0152 (Employees Health Insurance) and 0154 (Retirees Health Insurance) must be expended by the agency and transferred to the State Employees and Retirees Health and Welfare Benefits Fund. Such cash adjusting entries are required for *all general fund* balances and any *special fund balances* where specific legal authority does *not exist to retain* those special funds. Also, DBM will advise Higher Education agencies of any balances required to be transferred.

- **Accrue Objects 0305 & 0322 based on DBM estimates**

DBM will provide final estimates for the fiscal year being closed to state agencies for object 0305 and 0322 (telecommunication costs). These estimates should be recorded as accrued expenditures in the fiscal year ending June 30th.

- **Submit Agency Closing to DBM form**

All budget amendments that have NOT been recorded by GAD in R\*STARS by June 1st, must be identified on the Agency Closing to DBM form. This form must be submitted to DBM. All budget amendments listed on this form must be entered in R\*STARS by the agency as budget amendments in process. The detail procedure for these entries will be provided later in this presentation.

# ***GAD: FMIS – R\*STARS Closing*** **R\*STARS Closing Checklist**



One of the required Budgetary Closing documents is the *R\*STARS Closing Checklist*.

Detailed instructions are included in the Annual Closing Package.

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## **IT File**



- The Internal Transaction (IT) File is a file that processes all interfacing, manual, and generated transactions through R\*STARS. This file stores transactions that identify errors and error-free transactions. While error-free transactions are in this file, they can be posted but are subject to change, having action codes appended to them, or subsequent generated transactions processed from them prior to being balanced and released.
- All transactions for the fiscal year being closed must be balanced and released from this file with the exception of Voucher Payable transactions where the due date on the transaction has not occurred.
- IT file transactions are identified on the 530 Batch Header Screen and the 520 Batch Detail Screen. Report available as well QAFR7230.

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## **Budget Amendments**



- Any budget amendments not posted by GAD by **May 21<sup>st</sup>** must be posted by the agencies as Budget Amendments in Process in R\*STARS and listed on the *Agency Closing to DBM form*.
- Each budget amendment must:
  - listed separately.
  - Provide net totals for each fund affected in a separate column.
  - Provide the total of each fund for all budget amendments.

# ***GAD: FMIS – R\*STARS Closing*** **Receivables/Payables**



- All receivable and payable transactions recorded at year-end must be recorded in accordance with state policies which are documented in the annual closing instructions.



# ***GAD: FMIS – R\*STARS Closing Appropriations***



Any appropriation balances remaining after all accounts payable and allowable encumbrances have been recorded will be reverted automatically by GAD at the end of the year.

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## **GAAP Accounts Payable**

- GAAP Payables are defined as those goods and services provided during the fiscal year ending June 30th which could *not* be recorded as part of budgetary closing due to *a lack of appropriation authority*.
- Such payables must be reported as a GAAP Payable to assure they are included in the State's GAAP financial report.

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## **Fund Balances**

- At the end of a fiscal year any **special fund balances** remaining for which the agency does not have legal authority to retain must be allocated by the agency to the **general fund**, or *another fund* if specified by legal authority.
- Allocations must be **done prior to final closing**.
- Fund balances that can be retained by state agencies due to legal authority must be identified and submitted on the **G-8 form**.

# ***GAD: FMIS – R\*STARS Closing*** **Fixed Assets**



All new fixed assets acquired during the fiscal year being closed must be recorded in the R\*STARS Fixed Assets Subsystem based on an *individual agency's threshold*.

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## **Negative Appropriations**

- **During the fiscal year**, agencies can record encumbrances in excess of their unexpended appropriation balance.
- **However, at *year end***, the unencumbered balance must be *zero or a positive amount*.
- Appropriations must not be negative.

# ***GAD: FMIS – R\*STARS Closing*** **Chargeback Clearing/Program 099**



All cash balances in an agency's chargeback clearing accounts program 099 must be allocated to the proper accounts for the fiscal year being closed.

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## **GAAP Trial Balance**

- Agencies should review DAFR8580 (Balance Sheet) and DAFR8590 (Operating Statement) reports for significant variances between this year and the prior year.
- Agencies should research such variances for audit and for other disclosures. Are the variances reasonable based on fiscal year activity?

# ***GAD: FMIS – R\*STARS Closing*** **Submitted by Financial Agency**



The Closing Checklist, G-8 Form, and the Agency Closing to DBM form, must be **submitted at the Financial Agency level only** and not by units within a Financial Agency to the General Accounting Division.



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## **GAD Form X-18**

- A GAD X-18 form for each financial agency must be on file. This may be submitted at the batch agency level.
- The Form X-18 provides contact information to GAD and is available on <https://www.marylandtaxes.gov/state-agency-accounting/accounting-procedures.php>  
[https://www.marylandtaxes.gov/forms/state-accounting/static-files/APM/x-18\\_20160210.pdf](https://www.marylandtaxes.gov/forms/state-accounting/static-files/APM/x-18_20160210.pdf)
- The form should be sent to Kelly Isaacson in GAD. That email address is [GADACFR@marylandtaxes.gov](mailto:GADACFR@marylandtaxes.gov)

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## **GAD Form G-8**

- Form G-8, included as part of the R\*STARS closing package, must be submitted by each financial agency in either of two cases.
  - If your agency has **special funds which should be retained at year-end**, these should be reported. Please **cite the legal authority** for retaining the fund balances for special funds.
  - If your agency has **non-budgeted funds with a negative cash balance**, report these funds and the justification for this balance.
    - If applicable, these balances should be reported on the appropriate GAAP closing schedule to adjust the State's financial statements.

# ***GAD: FMIS – R\*STARS Closing Receipts***

- The effective date for cash received on or before June 30<sup>th</sup> *which is being recorded after year-end* is **June 31st.**
- Agencies have until **July 5<sup>th</sup>** to record cash received on or before June 30<sup>th</sup>.
- Cash collected July 1st or later should be recorded in the **next fiscal year.**

# ***GAD: FMIS – R\*STARS Closing Chargebacks***

- Chargeback (failed) deposits occurring on or before June 30th will be recorded by the Treasurer's Office with an **effective date of June 31st**.
- The State Treasurer's Office will debit/credit the chargeback account (Program 099) for all bank corrections.
- The agency should move the amount from the chargeback account to the account where the deposit was originally posted to **zero balance the chargeback account at year-end**.

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## **Check Cancellation**

- Check cancellations are recorded as of the effective date entered by the Treasurer’s Office.
- Cancellations by June 30th are recorded as cash receipts of the fiscal year being closed.
- Cancellations may be accrued in the fiscal year being closed.

# ***GAD: FMIS – R\*STARS Closing*** **Transfers and Adjusting Entries**



- An agency has until **July 12** to record all transfers and adjusting entries affecting other financial agencies.
- An agency has until **July 31st** to record all transfers and adjusting entries within their own agency.
- All transfers or adjusting entries made after June 30th should have an effective date of **June 31<sup>st</sup> (month 13)**.

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## **R\*STARS Rollover**

- Financial Accounts FY 2024 balances will rollover to FY 2025 after posting on June 28th.
- R\*STARS expedite cycle will run at 11 AM and will close at normal time on June 28th.
- R\*STARS not be available June 29th to June 30th.
- R\*STARS available on July 1st.
- No batch cycle on July 4th.

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## **Budget Amendments**

- Agencies may record all Budget Amendments in process beginning **May 22**.
- Use T/C 027 to **increase** appropriation.
- **Decreases** to appropriations should use T/C 027R.



# ***GAD: FMIS – R\*STARS Closing*** **Budget Amendments in Process**

- Agencies may view budget amendments in process on the 62 appropriation screen (balance type 04).
- Budget amendments must be approved by DBM.

# ***GAD: FMIS – R\*STARS Closing*** **Reversions of Appropriations**

- Appropriations not authorized to be retained are **automatically reverted.**
- GAD will run a computer program after all agencies are closed to record all reversions.

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## **Review DAFR 6000 & 5990**



- All agencies should review the DAFR 6000 and DAFR 5990 reports for overspent encumbered balances.
  - Check **current and prior fiscal year appropriation balances.**
- The DAFR 6000 has ALL appropriations, expenditures and encumbrances.
- The DAFR 5990 has ONLY over encumbered balances.
  - The system does not prevent agencies from over encumbering balances.

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## **Special Revenue Fund Balances**

- Agencies should transfer special revenue fund balances to the general fund that may not legally be retained.
- Use T/Codes 400 and 401 to transfer revenue to the general fund.
  - T/Code 400 debits cash and credits transfers in.
  - T/Code 401 debits transfers out and credits cash.

# ***GAD: FMIS – R\*STARS Closing Revenues***

- Accounts receivable and accrued revenues at year-end should be recorded as stated in the closing package.
- Accrued revenue is similar to accounts receivable in which **goods and services have been provided prior to July 1<sup>st</sup>**, but a bill has not been sent or prepared by this date.

# ***GAD: FMIS – R\*STARS Closing*** **Federal, Reimbursable Funds**

- **Federal and reimbursable funds** should be recorded per State policy.
  - These revenues should be recognized in the same year as the expenditures.
  - **At year-end, the fund balance for these funds should be zero.**
- For federal fund revenues, you may have either a federal accounts receivable or deferred revenue at year-end.
  - With an accounts receivable, the federal government owes you money.
  - For deferred revenue, you either have an advance or you owe the federal government money.

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## **Accounts Receivable**

- If an account receivable is established at year-end, no reversal will occur in the next year.
- If accrued revenues are recorded, an automatic reversal will occur.

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## **Accrued Revenue**

- Accrued revenue at year-end can be recorded in month 13 in R\*STARS
  - Use T/C 801 which will debit accounts receivable and credit accrued revenue.
  - T/C 801 will automatically reverse in the next fiscal year.
  - The reversal of T/C 801 will have the same Appropriation Year as the accrual.
  - T/C 801R is no longer accepted. Use T/C 800 to record reductions.
- Year-end accrual and reversal T/Cs and document types are detailed in the closing package.
- Cash receipts will have the same AY as the accrual and reversal.



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## **Accrued Revenue/Accounts Receivable Reductions**

- Reductions to accrued revenue/accounts receivable for uncollectible amounts should be recorded using T/Codes 113R or 456.
  - T/Code 113R debits revenue and credits accounts receivable.
  - T/Code 456 debits revenue and credits allowance for doubtful accounts.
- Transfers to CCU should be written off or recorded as doubtful accounts.
- Revenues not collectible within 60 days of year-end should be deferred in R\*STARS.

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## Record Long-Term A/R & Defer Uncollected Revenue

- Accounts receivable expected to be received **after 60 days** should be recorded as long-term **accounts receivable** and **deferred revenue**.
- If accounts receivable was **previously recorded**, use **T/Codes 824 and 807**.
  - T/Code 824 debits long-term accounts receivable and credits year-end accounts receivable.
  - T/Code 807 debits revenue and credits deferred revenue.
- If accounts receivable **is not already recorded**, use **T/Code 825** to debit long-term accounts receivable and credit deferred revenue.
- T/Codes will reverse in the next year.

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## **Investment Accruals**

- If your agency owns investments retained by the State Treasurer, the year-end interest accrual will be recorded by GAD and automatically reversed in the new fiscal year.
- If your agency has cash pooled with the State Treasurer, the interest allocation will be recorded by the Treasurer's Office.

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## **Accounts Payable**

- At the end of the fiscal year, all accounts payable and accrued expenditures should be recorded in R\*STARS.
- Accounts payable are based on invoices received for **goods or services received on or before June 30th.**
- Accrued expenditures are recorded for goods or services received by June 30<sup>th</sup> for which **no invoice** has been received.
- Record year-end accounts payable and accrued expenditures with an **effective date of June 31st.**
- Agencies have until August 9 to record expenditures for capital projects in R\*STARS.
  - If you have payments for capital projects in excess of **\$100,000** after this date **or** after your closing, contact GAD so we can include any such invoices in the State’s financial statements.

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## **Order of Recording Appropriated Balances**

- The order of recording appropriated balances is as follows:
  - Accounts Payable
  - Accrued Expenditures
  - Encumbrances
- Therefore, if you have accounts payable in excess of your appropriated balance, you cannot record encumbrances.

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## **Accrued Expenditures**

- Accrued expenditures should be recorded using T/Codes 803 or 809.
  - T/Code 803 debits accrued expenditures and credits year-end accounts payable.
  - T/Code 809 debits accrued expenditures and credits year-end accounts payable with encumbrance adjustments.
- The reversal will be made to the same Appropriation Year.
- If you do not expect payment to be made until a year or more after year-end, reclassify accounts payable to a long-term payable using T/Code 827.
  - T/Code 827 debits year-end accounts payable and credits accounts payable long-term.
  - All journal entries will reverse the following year.

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## **Payroll Accruals**



Your agency has three options for accruing payroll:

1. Central Payroll Bureau (CPB) accrues payroll.
2. CPB accrues payroll and agency does adjusting entries.
3. Agency does own accrual: Notify GAD by May 31 if intend to do your own accrual.

# ***GAD: FMIS – R\*STARS Closing***

## **Payroll Accruals- Regular Pay**

- Central Payroll Bureau will accrue the regular payroll.
- The regular payroll for the Pay Period Ending June 11 will be disbursed in the fiscal year being closed.
- The regular payroll for the Pay Period Ending June 25 will be disbursed in the next fiscal year.

### **CPB Accrual**

- Regular – Accrue 19/14 days X PPE May 28 payroll.
- Regular – PPE June 11 disbursed in fiscal year being closed.
- Regular – PPE June 25 disbursed in next fiscal year.



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## **Payroll Accruals (cont'd)**

- CPB will accrue the contractual payroll as shown on the slide.
- The contractual payroll for PPE shown will be disbursed in the fiscal year being closed.
  - The contractual payroll for the next PPE will be disbursed in the next fiscal year.
- Contractual – Accrue 12/14 days X PPE June 04 payroll.
- Contractual – PPE June 18 disbursed in fiscal year being closed.
- Contractual – July 02 disbursed in next fiscal year.

# ***GAD: FMIS – R\*STARS Closing***

## **Payroll Accruals (cont'd)**

- All accruals and reversals post to salaries and fringe benefits payable.
- All reversals and disbursements in the new fiscal year will be reflected in the next Appropriation Year.

# ***GAD: FMIS – R\*STARS Closing***

## **Compensated Absences**

- At year-end, all agencies should accrue leave payouts made in July for all employees that ended employment at the end of the fiscal year.
- Agencies should use T/Code 805, which debits expenditures and credits salaries and fringe benefits payable.
  - T/Code 805 will reverse in the next AY.

# ***GAD: FMIS – R\*STARS Closing Encumbrances***

- During the fiscal year, differences between ADPICS and R\*STARS may occur. **Now is the time to correct those differences.** Do not wait until the end of the fiscal year.
- To identify differences between the 2 systems, compare encumbrance balances in the ADPICS open Purchase Order report to the R\*STARS encumbrance status reports DAFR6320 or DAFR6050.

# ***GAD: FMIS – R\*STARS Closing Encumbrances***

- Agencies must adjust their **year end encumbrance balances** for any disapprovals made by DBM and any changes required under the Encumbrance policy stated on pages 1-55 and 1-56 of the annual closing instructions.
- Agencies have the option to adjust their encumbrance balances at fiscal year end at the *General Ledger level only* **without** changing their individual encumbrance document balances.
  - This can be done by using TCode 804R to reduce their encumbrance balance.
  - It may be necessary to adjust the document level balances in the new fiscal year.
- **All final encumbrance balances** at the end of the fiscal year **must be** reviewed and **approved by DBM**.

# ***GAD: FMIS – R\*STARS Closing***

## **Fixed Assets**

- All new fixed assets that meet the agency’s threshold for recording fixed assets must be entered in the R\*STARS Fixed Assets Subsystem.
  - The data in the subsystem will update the R\*STARS General Ledger Accounts for fixed assets.
- To reconcile balances between the subsystem and the general ledger:
  - Compare the Subsystem DAFR8190 *detail* report or the DAFR8110 *totals* report **to the** R\*STARS DAFRG100 General Ledger report.

# ***GAD: FMIS – R\*STARS Closing***

## **General Ledger Accounts**

- General Ledger 0811 (Land Improvements)
- General Ledger 0812 (Art & Historical Treasures)
- General Ledger 0813 (Structures & Improvements)
- General Ledger 0814 (Infrastructure)
- General Ledger 0815 (Equipment)
- General Ledger 0817 (Construction in Progress)
- General Ledger 3015 (Investments in Fixed Assets)
  - contra general ledger account for all of the fixed assets general ledger account classifications.

# ***GAD: FMIS – R\*STARS Closing***

**Depreciation Disposals/**

**Trade in Donations Software Capitalization**



- When entering fixed assets data into the R\*STARS Subsystem, you must take into account any depreciation, disposals, or trade ins.
- Record fixed asset data for any donated assets, or software capitalizations that may have occurred.



# ***GAD: FMIS – R\*STARS Closing***

## **Capital Leases**

- All capital leases for equipment must be entered using acquisition method #5. Enter the entire principal amount.
- Applies to capital leases managed by STO or by your agency.

# ***GAD: FMIS – R\*STARS Closing***

## **Capital Projects**

- Capital Projects expenditures resulting in a fixed asset to the State must be entered into the Fixed Assets subsystem in R\*STARS.
  - **Includes any capital project expenditures made by the Department of General Services on your agency's behalf.**
  - Must be done **prior** to certifying the R\*STARS closing checklist.
  - If you are *subsequently notified* of capital expenditures resulting in fixed assets made through DGS, you should **continue to enter** them in the subsystem ***until your agency is closed by GAD.***

# ***GAD: FMIS – R\*STARS Closing***

## **Fixed Asset Transfers**

- Transfers of fixed assets from one Financial Agency to another should be recorded **if** both Financial Agencies are recording fixed assets at the same threshold level in the subsystem **and** both agencies are in the GAAP General or Special Fund.
  - If so, identify the other agency when recording the transfer.
  - *If not*, then the agencies involved should record an *addition or a disposal instead of a transfer*.
- If a **Construction in Progress is completed** during the fiscal year, do a **transfer** from the Construction in Progress account **to the appropriate Fixed Asset account**.
- Transfers of fixed assets from your agency to the State Agency for **Surplus Property** should be **recorded by your agency as a *disposal*** and not as a transfer.

# ***GAD: FMIS – R\*STARS Closing***

## **Fixed Assets**

- Review the DAFR4451 (Fixed Asset Suspense Activity Report) report to determine if any fixed assets have not been finalized and interfaced to the appropriate general ledger account.
- When recording fixed assets in the subsystem, enter at the unit level which is the first 3 characters of the appropriation code followed by xx.
- Update the subsystem for any major impairments of a fixed asset due to a disaster.

# ***GAD: FMIS – R\*STARS Closing***

## **IT File**

- All **transactions remaining in the IT file** (Screens 530 and 520) for the fiscal year being closed must be cleared by balancing and releasing those transactions causing them to go from the IT file to the history file.
  - The exception are Voucher Payable transactions entered for the year being closed for which the disbursement due date has not occurred.
  - Once the disbursement transaction is generated, the related voucher payable transaction will be automatically cleared from the IT file.
- Agencies can run the **QAFR7220** report which will identify the **IT file transactions** for the **old fiscal year** other than voucher payable transactions.

# ***GAD: FMIS – R\*STARS Closing***

## **YE Accruals**



- To record year end accrual transactions in R\*STARS, the user **must** have user class:
  - 01
  - 06
  - 07
  - 08
  - 11
  - 21

# ***GAD: FMIS – R\*STARS Closing Categories***

- Agencies must maintain separate categories of receivables or payables.
  - Record transactions in different general ledger accounts, **or**,
  - Record year end receivables and payables under generic year end general ledger accounts and maintain different document types for each category.

# GAD: FMIS – R\*STARS Closing Categories (cont'd)

- When using an effective date from June 1 to June 30, it will result in the transaction being included on your fiscal month 12 reports.
- If you desire to **segregate** certain **year end transactions** from normal June transactions, agencies can opt to record transactions with an **effective date of June 31st** which will result in those transactions being included on your fiscal **month 13 reports**.
- Agencies have several options to record transactions in R\*STARS.
- They may enter transactions as edit mode 0, 1, or 2.
  - Edit mode 0 transactions are not edited or posted until after they are balanced and released and are processed during the nightly cycle.
  - Edit mode 1 transactions are edited at the time they are entered but are not posted until after they are balanced and released and processed during the nightly batch cycle.
  - Edit mode 2 transactions are edited and posted as they are entered online real time. This is the most efficient process; however, *cash adjusting entries* must be processed as *edit mode 0 or 1*.
- Another method of entering accrual transactions are from other systems maintained by agencies that are interfaced to R\*STARS. These interfaced transactions enter R\*STARS during the nightly batch cycle.
- GAD recommends that agencies log all of their accrual transaction batches for documentation and audit support. A *sample* of an **Accrual Log** is shown on **page 1-75** of the annual closing instructions.



# ***GAD: FMIS – R\*STARS Closing Categories (cont'd)***

- Agencies can establish approval requirements for year end accrual transactions.
  - The D44 Action Code profile should be used to create any action codes needed.
  - Process is the same as any action codes created for recurring transactions processed during the year.

# ***GAD: FMIS – R\*STARS Closing*** **Accrual/Reclass Transactions**

- For any Accrual or Reclass transactions to final post in the year being closed, such transactions must be:
  - Error free
  - Balanced
  - Released
  - All required action codes appended
- Once that has happened the transactions will go from the IT (Internal Transaction) File to the R\*STARS History file.
- After a year end accrual transaction has posted to the history file, on the next day's batch cycle an automated reversal entry will be generated in the new fiscal year. Agencies should not delete any reversing entries.

# ***GAD: FMIS – R\*STARS Closing*** **Agencies Should Review**

- Agencies can review their daily:
  - R\*STARS DAFR2251 report to see what accrual transactions have posted.
  - R\*STARS DAFR2151 report for any errors still waiting to be corrected.
- Alternatively, review screen 520 for any Batch details remaining for the old year.

## ***GAD: FMIS – R\*STARS Closing*** **Agencies Should Review (cont'd)**

- Agencies can review screen 530 for any Batch headers applicable to the old year or the QAFR7220 report which excludes Voucher Payable documents applicable to the old year.

## ***GAD: FMIS – R\*STARS Closing*** **Agencies Should Review (cont'd)**

- Annual closing instructions provides a listing of recommended reports for reviewing the annual closing process.
- Agencies should limit the volume of report requests to assure the nightly batch cycle will process by the next day and that the reports requested will be available in View Direct.

# ***GAD: FMIS – R\*STARS Closing***

## **Financial Inquiry Screens**

- GAD recommends that agencies use the Financial Inquiry Screens available in R\*STARS.
  - The screens have drill down capabilities which allow data inquiry to determine documents and/or transactions that support a reported balance.
- The two Financial Inquiry screens GAD uses most frequently for closing are:
  - Screen 62 - Appropriation Inquiry.
  - Screen 89 - Summary General Ledger accounts.

# GAD: FMIS – R\*STARS Closing Inquiry Types

- When using Financial Inquiry screens, it is possible to obtain balances several ways.
  - Inquiry **Type MC** means **Cumulative Inception to Date**.
    - provides data for the account requested from the beginning of the account's inception to the date of the inquiry.
    - For example, an Inquiry Type MC for an appropriation record for AY 23 requested on May 10<sup>th</sup> would reveal balances through May 10, of the current year.
  - Inquiry **Type MY** for **year-to-date**, the request would reveal balances on that account from July 1st to May 10<sup>th</sup> of the *current year only*.
  - Inquiry **Type MA** for **monthly activity**, the request would reveal balances on that account for the month of May of the current year.
  - If the inquiry type is left **blank**, the system will **default** the Inquiry Type to **MC**.

# ***GAD: FMIS – R\*STARS Closing***

## **Edit Mode**

- Edit mode 2 for on-line real time processing of transactions:
  - Financial Inquiry screens will be **updated immediately** upon saving when you receive the message, “Transaction Successfully Written”.
- Edit mode 0 or 1:
  - Financial Inquiry **screens will *not* be updated** until **after** they have been balanced and released and processed during the **nightly batch cycle**.



# ***GAD: FMIS – R\*STARS Closing***

## **Drill Down**

- The **Drill Down** feature is available on financial inquiry screens **61, 62, 63, 66, 69, and 80**.
- Drill down will allow a person to view documents and transactions that support the individual balances on these screens.
- Drill down instructions begins on page 2-11 of the annual closing instructions.
  - Drill down will allow you to go 1, 2, or 3 levels below for any balance type.
  - The **1st level** will identify **all documents** that support the balance type for which you are making an inquiry.
  - The **2<sup>nd</sup> level of inquiry** will allow you to drill down on a **specific document** to view the transactions within that document.
  - The **3<sup>rd</sup> level of inquiry** will allow you to view **one of the transactions** and will provide the accounting event record on the 84 screen that identifies all of the data elements related to that specific transaction.

# ***GAD: FMIS – R\*STARS Closing*** **General Ledger Account 3060**

- General Ledger **Account 3060 identifies the Beginning Fund Balance** for a fiscal year.
- **On June 30<sup>th</sup> of each year**, the cumulative balances in various R\*STARS files **will be rolled forward to the new fiscal year.**
  - The net total of the beginning fund balance, revenues, expenditures, and operating transfers (nominal transactions) in R\*STARS General Ledger files at June 30<sup>th</sup> will be rolled forward to General Ledger 3060 in the new fiscal year.
  - This new account balance can be viewed on the 89 Summary General Ledger screen by entering 3060 on the Comptroller GL line and can be viewed by either State Fund Group, Appropriated Fund, or by Fund level.
  - To do this, change the Inquiry Type from MC to MY, change Detail/Summary from a D to an S and hit enter.
    - The amount in the Beginning Balance column will represent the beginning balance of the new fiscal year, which in effect, is the ending fund balance of the year being closed.
- **After June 30<sup>th</sup>**, any additional revenue, expenditure, or operating transfer transactions entered in the old fiscal year **will update the Beginning Balance on the 89 screen for GL 3060 in the new fiscal year.**
  - Edit mode 2 transactions will update the GL 3060 account on-line real time while edit mode 0 or 1 transactions will not update the GL 3060 account until after those transactions are posted in R\*STARS during a nightly batch cycle.
  - This process is covered on page 2-11 of the annual closing instructions.

# ***GAD: FMIS – R\*STARS Closing***

## **GAD Will Use**

- GAD uses the following reports frequently at close:
  - DAFR 6000 - Review year end appropriation balances.
  - DAFR 9090- Review year end fund balances.
  - DAFR G900- Review cash balances.
- GAD recommends agencies, at a minimum, to review these reports.

# ***GAD: FMIS – R\*STARS Closing***

## **Budgetary Closing Documents to GAD**

- The Budgetary Closing process requires 3 documents to be submitted to GAD by each Financial Agency.
  - Closing Checklist
  - G-8 form
  - Agency Closing to DBM form
- Copies of **supporting documents** such as budget amendments or encumbrances, any reports, or any screen prints should be *retained by the agency* and **SHOULD NOT** be submitted to GAD.
  - The security and review procedures that are available to GAD makes the submission of such supporting data unnecessary unless specifically requested by GAD personnel.

# ***GAD: FMIS – R\*STARS Closing***

## **GAAP Closing Schedules**

- GAAP Closing Schedules are used to convert statutory records to GAAP and to prepare the State’s financial statements (Annual Report and Single Audit).
  - Closing Schedules, **from each financial agency**, are due to GAD by end of day August 9 using Workiva.
  - Schedules G & G-1 are due by August 9.
  - Any additional or required supporting documentation should be attached with the related closing schedule in Workiva.
  - Please identify all amounts reported by appropriated fund.

# ***GAD: FMIS – R\*STARS Closing*** **GAAP Closing Control Sheet**

- **Control Sheet** is submitted by Financial Agency:
  - Lists all of the possible schedules that an agency may be required to submit.
  - Agency indicates “yes” or “no” if the schedule is applicable.
  - If “yes”, the agency should submit the accompanying schedule.
- Representation of Agency Management:
  - **Signed by Chief Financial Officer** indicating the information is complete and accurate and provides contact information.

# GAD: FMIS – R\*STARS Closing Schedules A, B, C & D

- **Schedule A** identifies any separately submitted financial statements along with:
  - entity name submitting the statements.
  - if audited, the auditor and date the audit will be completed.
  - The other GAAP schedules need not be provided for programs with audited financial statements **EXCEPT** for
    - **Schedule K**, if the annual leave is not separately disclosed.
    - **Schedule G**, for federal funds.
- **Schedule B** lists cash not in R\*STARS.
- **Schedule C** is for accounts receivable.
  - If you have total accounts receivable of **\$100,000** or more, not recorded in R\*STARS:
    - record them as short-term (collectible within 60 days).
    - current (between 60 days and one year).
    - long term (over one year).
  - Report all accounts by gross amount, allowance, and net amount.
- **Schedule D** is for clearing and suspense balances.
  - All clearing accounts should be closed out in R\*STARS at year-end.
  - If you have balances **exceeding \$100,000** in a clearing account, they must be reported on this schedule.

# GAD: FMIS – R\*STARS Closing Schedules E & F

- **Schedule E** is inventory balances.
  - Inventory is materials and supplies, maintenance parts, or assets held in the ordinary course of business which are not recorded in the Fixed Asset Subsystem.
  - Inventory should be **reported for beginning or ending balances greater than \$250,000.**
- **Schedule F** reports all GAAP payables and commitments.
  - All accounts payable and accrued expenditures should be reported in R\*STARS at year-end.
  - However, if due to insufficient budget or for other reasons they were not, report them here.
    - Indicate if they will not be paid within a year.
  - State policy provides that amounts due at closing be recorded in the following order:
    - Accounts payable
    - Accrued expenditures
    - Encumbrances
  - To the extent any program for which accounts payable or accrued expenditures are reported on Schedule F has encumbrances, they will be backed out by GAD.
  - Commitments over \$100,000 should be reported on Schedule F.
    - Commitments are defined as existing arrangements to enter into future transactions or events, but exclude encumbrances.
    - If you have leases which are administered by the Department of General Services, do *not* include them here.



# ***GAD: FMIS – R\*STARS Closing***

## **Schedules F-1**



- Financial lease obligations must be recorded on Schedule F-1.
  - Criteria for capitalizing a capital lease is stated on schedule.
- If you have leases which are administered by the State Treasurer's Office, do *not* include them on schedule F-1.

# ***GAD: FMIS – R\*STARS Closing Schedules G***



- Instructions for federal fund Schedules G and G-1 are sent to agencies separately.
- The agency should check:
  - CFDA (Assistance Listing) number
  - Grant name
  - Separately disclose ARPA and COVID-19 funds by reviewing correspondence and grant agreements.
- Consult Federal website for grant questions

# ***GAD: FMIS – R\*STARS Closing***

## **Schedule G (cont.)**

- Focus on Schedule G, column G breaking out the grant award as required on the Data Collection Form.
- Descriptions of codes are as follows:
  - Direct award = D.
  - Received from a state agency or political subdivision = S.
  - Passed thru to a state agency or political subdivision = P.

# ***GAD: FMIS – R\*STARS Closing*** **Schedule G (cont.)**

- Schedule G, column H is also required.
- Note on separate lines on schedule whether grant is for:
  - Research and Development Expenditures
  - Other Expenditures

# ***GAD: FMIS – R\*STARS Closing***

## **Schedule G (cont.)**

- Schedule G Reconciliation Form forms the basis for the Single Audit Report.
- **Federal revenue and expenditures in the Single Audit Report must equal the CAFR.**
- **To reconcile federal funds** in R\*STARS to Schedule G:
  - Run the DAFRG100 for fund 05.
  - Take accounts receivable general ledger accounts 0500 to 0599 and add deferred revenue account 1604 to determine total accounts receivable per R\*STARS.
  - Subtract Schedule G receivables.
  - Any difference must be explained. If the difference is found prior to closing, make adjustments in R\*STARS and correct the closing package. Otherwise, GAD will adjust the closing package or make the GAAP adjustment.
- To reconcile expenditures:
  - Take amounts from accounts 3500 and 3501, fund 05, on the DAFRG100 and enter the total on the reconciliation, enter the Schedule G expenditures, subtract the two, and explain any difference.

# ***GAD: FMIS – R\*STARS Closing Schedules H***

- Schedule H reports other assets and liabilities in excess of \$100,000.
- Address the **requirements of GASB #47, if applicable.**
  - **Under GASB Statement #47, we recognize a liability and expense on the financial statements for the value of **voluntary termination** benefits when an offer is accepted and the amount can be estimated and for **involuntary termination** benefits when a plan of termination has been approved by those with the authority to commit the government to the plan, the plan has been communicated to the employees, and the amount can be estimated.**

# GAD: FMIS – R\*STARS Closing Schedules I

- Extraordinary items are **unusual in nature** and **infrequent in occurrence**.
- Special items are subject to management's control and **meet one of the criteria** for an extraordinary item.
- **Schedule I**, Special and Extraordinary Items, should be completed whenever any of the above items exceed **\$3,000,000**.
- Effects of GASB Statement #42, Accounting for **Impairment of Capital Assets**, in the State's financial statements, should be reported on **schedule I**.
  - If you have a large decline in the service utility of a capital asset and the event is unexpected, record the loss on Schedule I if the impairment or expected insurance recovery is over **\$500,000**.
  - A capital asset impairment should be processed through the Fixed Asset System.

# ***GAD: FMIS – R\*STARS Closing***

## **Schedule J**

- **Schedule J** compares current and prior year GAAP account balances.
  - Report total receivables, total payables, GAAP revenue sources and total expenditures on Schedule J.
- Research of **material differences** is done to:
  - Determine the propriety of the balances.
  - Used to prepare the Management’s Discussion and Analysis in the State’s Annual Report.
- To complete this schedule, run the DAFR 8580 and 8590 reports.
  - The DAFR 8580 is the balance sheet report.
  - The DAFR 8590 is the operating statement report.
  - Report the current and prior year balances from the DAFR reports on Schedule J.



# ***GAD: FMIS – R\*STARS Closing***

## **Schedule K Accrued Annual Leave**

- Schedule K is for accrued vacation leave. For each employee, multiply unused annual leave hours times their hourly rate plus FICA and total for all employees to determine the total agency liability. The leave liability on the Schedule K must be reported for the entire agency as the beginning balance, add leave earned, less leave used, equaling the ending liability. ***Please make sure these amounts tie!***
- If your agency uses the WorkDay system, these reports may assist you: Fiscal Year Prompt Annual Leave Earned and Used Report along with the SPMS Annual Comp Leave Balance Liability-Terminated Employees Report.
- The prompt annual leave report can be used to provide the earned and used leave along with the ending balance prior to FICA. Employees that transferred into the agency during the year will be included when run from 7-1 through 6-30.
- The Terminated Employees report should be noted for annual leave balances only. This report may be helpful for recent retirees who may require an accrual in RSTARS 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. WorkDay reports list all **current** employees as of the date the report is actually run, so GAD recommends running the workday reports during the first week of July.
- All amounts listed on the Schedule K should be reported in **dollars**, not hours. You must use each employee's **actual** salary rate, not an average salary rate. Use *last year's agency ending balance* reported to GAD as **this year's beginning balance on the Schedule K**.
- Also, report the *number* of employees and the *estimated liability* to be paid in *one year*.
- Payouts of compensated absences in the next fiscal year for employees terminated or retired as of June 30th should be reported on this schedule *if not accrued* in R\*STARS!

# ***GAD: FMIS – R\*STARS Closing***

## **Schedule L**

- **Schedule L** reports the requirements of GASB Statement #49, Accounting for Pollution Remediation Obligations.
- The end of year balance will need to be coordinated with the agency's Attorney General's office.
- **Report only** if the estimated cost of remediation is **\$1,000,000 or more** per site.

# ***GAD: FMIS – R\*STARS Closing***

## **Pollution Obligation Issues (Schedule L)**



- Schedule L requires that each agency address:
  - Obligating events.
  - Methods.
  - Assumptions used to measure liability.
  - Recoveries.

# ***GAD: FMIS – R\*STARS Closing***

## **Schedule M**

- **Schedule M** Tax Abatement is required by GASB Statement 77.
- GASB 77 defines a tax abatement to be a promise to forgo tax revenues as a result of an agreement with an individual or an entity, whether or not it is a written or an oral agreement. An individual or entity promises to take a specific action after the agreement has been entered into, and these actions contribute to economic development or will otherwise benefit the government or its citizens.
- If GASB 77 is applicable to your agency, please file the **Schedule M-1** along with the Schedule M.
- If your agency has agreements made by governments other than state agencies, please file a **Schedule M-2** along with Schedule M.
  - If your government has multiple tax abatement programs, then fill out a Schedule M-1 and/or a Schedule M-2 for each program as needed.
- Submit all supporting documents, including a copy of each agreement to GAD.

# ***GAD: FMIS – R\*STARS Closing Questions?***



E-mail questions to: [GADACFR@marylandtaxes.gov](mailto:GADACFR@marylandtaxes.gov) or call 410-260-7813

GAD Website:

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

Closing Document:

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

*Open Accounting Procedures Manual and Forms and click on Appendix C.*

This Presentation:

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

*Open R\*STARS Information and click on 2024 Closing.*