

STATE OF SOUTH CAROLINA
OFFICE OF THE COMPTROLLER GENERAL

GAAP CLOSING PROCEDURES MANUAL

MASTER CLOSING PACKAGE	REFERENCE	2.0
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PURPOSE AND OBJECTIVES

The purpose of this closing package is to help each agency determine which of the other closing packages it must complete. It also tells the Comptroller General's Office what closing packages to expect from each agency.

AGENCY ACTION REQUIRED

- o Read this closing package before you begin work on any other closing package.
- o **If your agency is the State Treasurer's Office**, complete the Master Closing Package, all closing packages indicated by the Master Closing Package, and the State Treasurer's Closing Packages. In addition, for the Local Government Investment Pool, submit audited financial statements no later than October 15. Do not complete a master closing package for the Local Government Investment Pool.
- o **If your agency is the Employment Security Commission**, submit audited financial statements no later than October 15 for the Unemployment Compensation Benefit Fund; complete the Master Closing Package and all closing packages indicated by the Master Closing Package for all other agency operations.
- o **If your agency is the Department of Commerce or the Budget and Control Board**, submit audited financial statements no later than October 15 in accordance with your agreement with the Comptroller General's Office; complete the Master Closing Package and all closing packages indicated by the Master Closing Package for all other agency operations.
- o **If your agency is a college, university, technical college, or listed below**, submit audited financial statements, including notes and all other related information, to the Comptroller General's Office no later than October 15 or as determined by the State Auditor's Office. Do not complete a master closing package.

Department of Commerce, Division of Public Railways
Department of Commerce, Division of Savannah Valley
Development
Department of Transportation
Education Assistance Authority
Employment Security Commission
Health Insurance Fund of the South Carolina Budget and
Control Board
Housing Authority

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Insurance Reserve Fund of the South Carolina Budget and Control Board
Jobs-Economic Development Authority
Lottery Commission
Medical Malpractice Patients' Compensation Fund
Patriots Point Development Authority
Ports Authority
Public Service Authority (Santee-Cooper)
Retirement Division of the South Carolina Budget and Control Board
Second Injury Fund
State Accident Fund
Tobacco Settlement Revenue Management Authority
Transportation Infrastructure Bank

This closing procedures manual does not apply to the agencies listed above. Instead, these agencies must comply with the policies and procedures outlined in *Policies-Financial Statements Incorporated into the State's CAFR*, prepared by the Comptroller General's Office and published on its Internet website.

- o **If your agency is not mentioned in the preceding paragraphs of this section**, complete the Closing Package Control Checklist (GAAP Form 2.0.1) and return it to the Comptroller General's Office no later than July 15. If you can return it earlier, please do so.

KEY TERMS

Capital Assets. Capital assets are defined as land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period (*GASB Codification Section 1400.103*). Capital assets also include assets purchased with Federal funds in which the Federal government retains a reversionary interest. In order to be considered capital assets, the assets must meet the State's capitalization policies as described in the Capital Assets Overview Closing Package (Section 3.8).

Cash. STARS includes much of the data the Comptroller General's Office needs regarding cash. For purposes of this closing package, therefore:

- o Cash excludes accounts shown on the STARS General Fund Control and Cash Status Report (CSA 404 Report).

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o Cash includes:

- Cash on hand (petty cash, for example).
- Deposits with financial institutions (checking account and composite reservoir bank account balances for example). (Also see the definition of Composite Reservoir Bank Accounts.)
- Cash or deposits your agency holds in a trustee capacity or as an agent for others.

Cash Conduit. The State serves as a cash conduit if it passes through grants or contributions to subrecipients but has **no** administrative or direct financial involvement in the program. According to paragraph 5 of GASB Statement 24, the State **has** administrative or direct financial involvement, however, if it (a) monitors secondary recipients for compliance with program-specific requirements, (b) determines eligible secondary recipients or projects, even if using grantor-established criteria, (c) has the ability to exercise discretion in how the funds are allocated, (d) finances some direct program costs because of a grantor-imposed matching requirement, or (e) is liable for disallowed costs. If your agency serves as a cash conduit in passing through grant/contribution funds to a non-State entity, you should account for these pass-through funds in a GAAP Agency Fund. (It is unusual for the State to serve as a cash conduit in passing through grants or contributions.)

Claim. A claim is an application for payment of damages or a policy benefit resulting from the occurrence of an event, such as the destruction of, or damage to, an asset.

Claim-Paying Program. State claim-paying programs accept risks instead of paying insurance companies to accept these risks. Claim-paying programs do one of the following:

- o Contract with private insurance carriers to process and/or pay claims.
- o Pay claims directly.

The State Unemployment Compensation Program and the Victims' Compensation Fund are not claim-paying programs for closing package purposes.

Composite Reservoir Bank Accounts. Some agencies issue their own checks. Most of these agencies have one or more composite reservoir

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bank accounts. The State Treasurer sets up composite reservoir accounts, but these accounts differ from normal State Treasurer accounts. The State Treasurer writes checks against normal State Treasurer accounts. In a composite reservoir account, an agency writes checks against a pooled balance. The bank keeps available balances invested to the State's benefit until the checks clear. Composite reservoir accounts may carry negative balances.

Disallowance. Grantors routinely review and/or audit the programs they fund to be sure that recipients have followed all program rules. The review or audit may question certain costs. After some discussion, the State and the grantor will agree on settlement terms. Questioned costs become disallowances only when the State agrees to do one or both of the following:

- o Make current or future payments to the grantor.
 - The payments may be direct or indirect. For example, the State may pay indirectly by reducing future grant expenditure reports to offset earlier disallowed costs.
 - The payments may equal the amount of disallowed costs or include penalty amounts.
- o Accept current or future reductions in grant funds already awarded to the State.

Only the "end recipient" of grant funds within State government should report related disallowances. That is:

- o Your agency should not report disallowances related to grants it "passed through" to other State agencies.
- o Your agency should report disallowances related to grant funds that your agency either:
 - Directly expended for salaries, supplies, equipment, etc.
 - "Passed through" to a non-State organization.

(Also see definitions of Grantor, Grant, and "Passed Through" Funds.)

Grant. A grant consists of cash or other assets that a grantor contributes to the State. The grantor usually specifies that the State must use or expend the assets for particular programs, activities, or facilities. (Also see definition of Grantor.)

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Grant/Contribution Revenue. Grant/Contribution Revenues are amounts that the State receives from grantors. Generally, the *end recipient* within the State will report amounts in the Grant/Contribution Revenues Closing Package. For that closing package:

- o Grant Revenue includes amounts your agency receives to pay indirect costs. Amounts other than indirect cost that your agency passes through to other State subfunds or agencies are **not** Grant Revenues to your agency.
- o Amounts that your agency expends directly for goods/services under a grant or under a fee-for-service contract (subcontract) are not pass-through grants. In these cases, your agency is considered the end recipient of the grant funds.

Grantor. A grantor is an organization that provides grant funds to others. Examples of grantors who provide funds to State agencies include the Federal Government, the Corporation for Public Broadcasting, and The Duke Endowment. (Also see definitions of Grant.)

Interfund Payables. For purposes of this closing package, interfund payables are amounts your agency owes at June 30 to other agencies within the State's financial reporting entity (see definition below) or to a different subfund within your own agency with a different GAAP Fund code [such as if your agency's subfund 1001 (GAAP Fund 1001) owed money to your subfund 5055 (GAAP Fund 4005)].

Inventory. Inventory includes all materials, supplies, and other goods held for future use or sale. Inventories are short-lived assets. Agencies normally use or sell inventory items within one year. Land, buildings, construction in progress, equipment, and livestock held for breeding purposes are capital assets, not inventory. Breeding livestock valued at \$5,000 or more should be reported in the Capital Assets Closing Packages. The distinction between capital assets and inventories is not always clear-cut. Each agency must establish criteria for deciding whether it will treat specific items as capital assets or inventory. Report the following types of inventories:

- o Materials and supplies your agency plans to issue to other sections within your agency.
- o Merchandise for sale to the public, other agencies, or other governments.
- o Manufacturing inventories of raw materials, work in progress, and finished goods.
- o Harvested crops and livestock to be slaughtered within one year.
- o United States Department of Agriculture food supplies (commodities).

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Investment. The Cash and Investments Closing Package in Section 3.1 addresses only those investments that the State Treasurer's Office does not handle. Such investments may include marketable securities, savings accounts, certificates of deposit, money market certificates, or other financial instruments. Report your agency's investments as well as any investments your agency holds as a trustee or agent for others.

Legally Separate. Legally separate entities include those that are not part of State government as well as the following State component units: Connector 2000 Association, Inc.; South Carolina Children's Trust Fund; South Carolina Lottery Commission; the South Carolina State Ports Authority; Savannah Lakes Regional Loan Fund; and South Carolina Public Service Authority. (State supported universities and area technical colleges are not legally separate.)

Liability. A liability is an obligation resulting from past events that will (or is likely to) result in future payments and/or reductions in future revenues. A liability at June 30 is classified as current if it is payable on or before the next June 30. Otherwise the liability is classified as long-term.

Litigation. Litigation includes disputes or legal contests carried out and resolved through the judicial process. In everyday language, litigation and lawsuits mean nearly the same thing. The Litigation Closing Package in Section 3.13 concentrates on:

- o Litigation matters that at June 30 will or may result in claims against the State's current or future resources. This includes lawsuits that at June 30 are:
 - Settled but not yet paid.
 - In-progress.
 - Appealed or expected to be appealed.
 - Threatened.
- o Settled and in-progress lawsuits of the State against others at June 30 that probably will result in a gain to the State.
- o Major changes in lawsuit status that occur in the six months after June 30 (July 1 through December 31).

Measurable. A receivable or a revenue is considered to be measurable if its amount can be reasonably estimated.

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Miscellaneous Commitments. Commitments arise from contracts and other irrevocable promises to pay money or provide goods and services to a party outside State government. Commitments represent the amount of the unperformed portions of the contracts or promises at June 30. (A commitment becomes a liability only when the contract is performed.) *Miscellaneous* commitments do not include construction commitments as defined in the Key Terms of Section 3.8 of this manual. An example of a miscellaneous commitment is where an agency has a contract with a software company to develop an in-house accounting system. Agencies should report only miscellaneous commitments for which contracts were signed or promises were made on or before June 30 of the current fiscal year and the unperformed amounts of all commitments for the agency at June 30 totaled more than \$2 million.

Miscellaneous Loss Contingency. Loss contingencies are situations involving uncertainty as to possible loss. The uncertainty will be resolved when certain events occur or fail to occur. Loss contingencies may result from litigation, grant audit disallowances, and uncollectible receivables. Other closing packages, however, cover these situations. An example of a miscellaneous loss contingency is the potential loss resulting from guarantees of others' debts (loan guarantee programs).

Miscellaneous Loss Liability. Loss situations that represent known liabilities at June 30 are loss liabilities. Loss liabilities may result from such things as litigation or grant audit disallowances. Other closing packages, however, cover these situations. Also, some losses (such as uncollectible receivables) cause decreases in assets rather than increases in liabilities. Other closing packages also address these losses. Examples of miscellaneous loss liabilities include known losses resulting from insurance deductibles or from guarantees of others' debts.

Miscellaneous Revenues. Any revenues that are not tax revenues or grant revenues are miscellaneous revenues for purposes of this closing package. This category includes, for example:

- o Licenses, fees, and permit revenue.
- o Charges for services and commodities.
- o Fines, forfeits, and penalty revenue.

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Miscellaneous Revenues do not include:

- o State appropriations and other revenues you receive from another State agency or another STARS subfund.
- o Tax revenues.
- o Grant, contribution, or donation revenues. (See Section 3.3, Grant and Contribution Revenues Closing Package.)
- o Bond/note proceeds.
- o Interest and other investment income.

The State Treasurer's Office will provide all data relating to interest and investment income. Other agencies, therefore, should not include interest and investment income when reporting miscellaneous revenues. (Also see definitions of Revenues, Tax Revenues, and Grant Revenues.)

Pass-Through Grants. To say that grant funds were passed through means that a State agency distributed the grant funds to grant subrecipients (either State agencies or non-State organizations such as municipalities and counties). Grant funds used to pay State or non-State organizations under fee-for-service contracts (subcontracts) are **not** pass-through grants.

Pledge. Pledges are promised donations or contributions of cash or other assets that non-governmental entities, including individuals, voluntarily make to governments.

Prepaid Expenses. Prepaid expenses include expenditures for goods and services whose usage period extends beyond June 30 of the current fiscal year and were paid for in the current fiscal year. Common types of prepaid expenses include rent, postage, and subscriptions, etc.

Revenues. Revenues are increases in net assets. For purposes of this closing package, the following items are not revenues:

- o State Appropriations.
- o Amounts you received from other subfunds or agencies within State government except for grant revenues passed through to your agency.
- o Bond or note proceeds.

(Also see definitions of Tax Revenues, Grant/Contribution Revenues, and Miscellaneous Revenues).

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Risk Management. Risk Management is the process of managing an organization's activities to minimize the adverse effects of certain losses. Organizations are subject to risks of loss arising from events such as:

- o Damages to or destruction of assets from causes such as fire, natural disasters, theft, vandalism, etc.
- o Injuries to employees.
- o Torts (wrongful acts, injuries, or damage, not involving a breach of contract, for which civil actions can be brought).

Refer to Appendix G for a list of the State's risk management activities of which the Comptroller General's Office is currently aware. (The Comptroller General's Office has determined that the Victims' Compensation Fund, the SUPERB Fund, the SUPERB Financial Responsibility Fund, and the Department of Agriculture's Warehouse Receipts Guarantee Fund and the Grain Producers' Guarantee Fund are State benefit programs as opposed to risk management activities.)

Self-Insurance. Self-insurance is the retention of risk of loss by an entity rather than transferring that risk to a third party through the purchase of an insurance policy. An agency may *intentionally* self-insure all or some of its risks or *unintentionally* self-insure by under-insuring a risk of loss. Self-insurance is sometimes accompanied by the setting aside of assets to pay the costs of losses when they arise. In reality, self-insurance is no insurance.

State's Financial Reporting Entity. The State's financial reporting entity, for purposes of this closing package, includes all State agencies that use the STARS accounting system as well as the following non-STARS agencies:

- o Connector 2000 Association, Inc.
- o Department of Commerce, Division of Public Railways.
- o Department of Commerce, Division of Savannah Valley Development.
- o Education Assistance Authority.
- o Governor's School for the Arts Foundation.
- o Jobs-Economic Development Authority.

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- o Lottery Commission.
- o Ports Authority.
- o Public Service Authority (Santee-Cooper).
- o Savannah Lakes Regional Loan Fund.
- o Teacher Loan Program of the South Carolina Student Loan Corporation.

Tax Revenues. Tax revenues are revenues you collect from non-State parties and deposit using STARS revenue object codes 0101 through 0645, 1602, 4601, 4701, and 7301. Some examples of tax revenues include:

- o Alcoholic liquors, beer, and wine taxes.
- o Business license taxes.
- o Gasoline and motor vehicle taxes.
- o Individual and corporate income taxes.
- o Insurance taxes.
- o Sales and use taxes.

For purposes of this closing package, the following are not tax revenues to your agency:

- o Taxes that another State agency transfers to your agency. These are interfund transactions.
- o Sales taxes that your agency collects from the sale of goods and remits to the South Carolina Department of Revenue. The Comptroller General's Office obtains all GAAP data for sales taxes from the Department of Revenue.

Example: The Department of Revenue collects the 1% Sales Tax for the Education Improvement Act. It then transfers this revenue to the Department of Education. The Department of Revenue reports its collections as tax revenues. The Department of Education will not report any tax revenues.

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WORKING PAPERS

All working papers may be subject to audit. The agency should keep copies of the completed Closing Package Control Checklist (GAAP Form 2.0.1). In addition, the agency should keep any working papers that support answers to questions on the Checklist. Appropriate documentation and the level of detail will vary according to circumstances.

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GENERAL INSTRUCTIONS--CLOSING PACKAGE CONTROL CHECKLIST (GAAP FORM 2.0.1)

- o Re-read the "Agency Action Required" section above to verify that your agency must complete the Closing Package Control Checklist (GAAP Form 2.0.1).
- o If your agency must complete the Closing Package Control Checklist (GAAP Form 2.0.1), read, complete, and return the Closing Package Control Checklist (GAAP Form 2.0.1) before you begin work on any other closing package.
- o Work through the questions and instructions on the Checklist one at a time, from top to bottom.
- o Answer each question on the Checklist only after you read and understand the related definitions of Key Terms. Careful reading of these definitions is essential.
- o Send the completed Checklist to the Comptroller General's Office no later than July 15. If you can return it earlier, please do so.
- o The person who completes and signs the Checklist should keep a copy. The Comptroller General's Office will telephone this person if there are any questions. You will also need a copy of the completed Checklist to determine which closing packages to complete later.
- o Exhibit 2.0 (A) shows a sample completed Checklist. Detailed instructions for completing the Checklist follow the Exhibit.

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**STATE OF SOUTH CAROLINA
CLOSING PACKAGE CONTROL CHECKLIST
For the Fiscal Year Ended June 30, 2002 (1)**

EXHIBIT
2.0 (A)
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Agency:	<u>(2) A99</u>	<u>(2) Sample Agency</u>			
	Code	Name			
Prepared:	<u>(3) 07/08/2002</u>	By: <u>(3) J. P. Junior</u>	Title: <u>(3) Accountant</u>	Phone: <u>(3) 734-1234</u>	
	Date				
Approved:	<u>(3) 07/10/2002</u>	By: <u>(3) I. M. Senior</u>	Title: <u>(3) Director of Accounting</u>	Phone: <u>(3) 734-2345</u>	
	Date				

1. Did the total expenditures your agency processed on STARS disbursement vouchers this fiscal year equal or exceed \$5 million? YES NO
 If YES:
 - a. Your agency must complete the Accounts Payable Closing Package. (See Section 3.12)
 - b. Go on to 2 below.
 If NO: Go on to 2 below.

2. Does your agency have noncancelable operating leases (see Key Terms in Sec. 3.19) in effect at June 30 that have a combined total liability greater than \$200,000 for all future years? YES NO
 If YES:
 - a. Your agency must complete the Operating Leases Closing Package using the computer printout received from the Comptroller General's Office. (See Section 3.19)
 - b. Go on to 2a below.
 If NO: Go on to 2a below.

- 2a. Does your agency have copiers leased under either the 1995 or 1999 State copier contracts? YES NO
 If YES:
 - a. Did your agency split charges between (a) the lease payment object codes (0403 and 0408) and (b) object codes 0203 (Equipment Service) and 0303 (Supplies)? YES NO
 - b. Go on to 3 below.
 If NO: Go on to 3 below.

3. Does your agency have any employees who earn annual leave? YES NO
 If YES:
 - a. Your agency must complete the Compensated Absences Closing Package. (See Section 3.17)
 - b. Go on to 4 below.
 If NO: Go on to 4 below.

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Agency:	<u>(2) A99</u>	<u>(2) Sample Agency</u>	
	Code		Name
<p>4. Does your agency have any capital assets (see Key Terms)? YES <input checked="" type="checkbox"/> NO <input type="checkbox"/></p> <p style="margin-left: 20px;">If YES: a. Your agency must complete the Capital Assets Overview Package. (See Section 3.8) That closing package will direct you to additional capital assets packages that your agency must complete.</p> <p style="margin-left: 40px;">b. Go on to 5 below.</p> <p style="margin-left: 20px;">If NO: Go on to 5 below.</p>			
<p>5. Does your agency have any cash or investments (see Key Terms)? YES <input checked="" type="checkbox"/> NO <input type="checkbox"/></p> <p style="margin-left: 20px;">If YES: a. Your agency must complete the Cash and Investments Closing Package. (See Section 3.1)</p> <p style="margin-left: 40px;">b. Go on to 6 below.</p> <p style="margin-left: 20px;">If NO: Go on to 6 below.</p>			
<p>6. During the fiscal year, did your agency collect and deposit \$1 million or more in revenues from non-State parties for Licenses, fees and permits or \$1 million or more in revenues from non-State parties for Charges for services and commodities or \$1 million or more in revenues from non-State parties for Fines, forfeits, and penalties? YES <input checked="" type="checkbox"/> NO <input type="checkbox"/></p> <p style="margin-left: 20px;">If YES: a. Your agency must complete the Miscellaneous Revenues Closing Package. (See Section 3.4)</p> <p style="margin-left: 40px;">b. Go on to 7 below.</p> <p style="margin-left: 20px;">If NO: Go on to 7 below.</p>			

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Agency:	<u>(2) A99</u>	<u>(2) Sample Agency</u>	
	Code	Name	

7. Did your agency receive \$750,000 or more of grant/contribution revenues (see Key Terms) including any grant/contribution funds subsequently passed through (see Key Terms) to subrecipients during the fiscal year? YES x NO

If YES: a. Your agency must complete the Grant/Contribution Revenues Closing Package. (See Section 3.3)

b. Did your agency serve as a cash conduit (see Key Terms) in passing through grant/contribution funds to non-State parties during the fiscal year? YES x NO

If YES: c. Indicate the total amount passed through by GAAP fund code in a schedule or other attachment to be returned to the Comptroller General's Office on or before September 30. The schedule or other attachment should show one total by GAAP fund code for amounts passed through to non-State entities (as a cash conduit).

d. Go on to 8 below.

If NO: Go on to 8 below.

If NO: Did your agency receive pledges (see Key Terms) greater than \$750,000 during the fiscal year that were not received by June 30, but at June 30 were verifiable, measurable (see Key Terms), and probable of collection? YES x NO

If YES: Your agency must complete the Grant/Contribution Revenues Closing Package. (see Section 3.3)

If NO: Go on to 8 below.

8. Did your agency collect and deposit any tax revenues (see Key Terms) during the fiscal year? YES x NO

If YES: a. Your agency must complete the Tax Revenues Closing Package. (See Section 3.2)

b. Go on to 9 below.

If NO: Go on to 9 below.

9. Do non-State parties owe your agency money at June 30 for loans or notes? YES x NO

If YES: a. Your agency must complete the Loan Receivables Closing Package. (See Section 3.5a)

b. Go on to 10 below.

If NO: Go on to 10 below.

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Agency:	<u>(2) A99</u>	<u>(2) Sample Agency</u>	
	Code	Name	

10. Did your agency collect more than \$1 million of expenditure refunds during the fiscal year? YES NO

If YES: a. Your agency must complete the Refund Receivables Closing Package. (See Section 3.5b)

b. Go on to 11 below.

If NO: Go on to 11 below.

11. Did your agency EITHER:

a. Have inventory (see Key Terms) on hand at year-end estimated at \$100,000 or more? OR

b. Receive or disburse United States Department of Agriculture food supplies (commodities) valued at \$100,000 or more during the fiscal year? YES NO

If YES: a. Your agency must complete the Inventory Closing Package. (See Section 3.6)

b. Go on to 12 below.

If NO: Go on to 12 below.

12. Has your agency been involved in any litigation (see Key Terms) or made payments to private attorneys during the fiscal year? YES NO

If YES: a. Your agency must complete the Litigation Closing Package. (See Section 3.13)

b. Go on to 13 below.

If NO: Go on to 13 below.

13. Did your agency collect any revenues from non-State parties under operating leases involving State-owned assets during the fiscal year? YES NO

If YES: a. Your agency must complete the Operating Lease--Lessor Closing Package. (See Section 3.20)

b. Go on to 14 below.

If NO: Go on to 14 below.

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Agency:	<u>(2) A99</u>	<u>(2) Sample Agency</u>	
	Code	Name	

14. Did your agency reach an agreement with any grantor during the fiscal year regarding a grant disallowance situation? (See Key Terms for definitions of Disallowance, Grant, and Grantor. If your agency is involved in a fee for service contract with a Federal agency and a cost is rejected, this situation should be reported on the Miscellaneous Loss Liabilities Closing Package. See Question 16.)

YES x NO

If YES: a. Your agency must complete the Grant Disallowances Closing Package. (See Section 3.14)

b. Go on to 15 below.

If NO: Go on to 15 below.

15. Does your agency have claims in excess of \$100,000 for EITHER:

a. Any self-insured risk (see Key Terms) to which it is exposed? OR

b. Any claim-paying program (see Key Terms) it manages?

YES x NO

If YES: a. Your agency must complete the Claims Closing Package. (See Section 3.15)

b. Go on to 16 below.

If NO: Go on to 16 below.

16. Did your agency either (a) incur any miscellaneous loss liabilities or miscellaneous loss contingencies (see Key Terms) during the fiscal year in excess of \$100,000 or (b) have any miscellaneous commitments (see Key Terms) with outstanding June 30 balances in excess of \$2 million?

YES x NO

If YES: a. Your agency must complete the Miscellaneous Loss Liabilities, Loss Contingencies, and Commitments Closing Package. (See Section 3.16)

b. Go on to 17 below.

If NO: Go on to 17 below.

17. At June 30, have any events occurred for which your agency has yet to pay the related insurance deductible?

YES x NO

If YES: a. Your agency must complete the Miscellaneous Loss Liabilities, Loss Contingencies, and Commitments Closing Package. (See Section 3.16)

b. Go on to 18 below.

If NO: Go on to 18 below.

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Agency:	<u>(2) A99</u>	<u>(2) Sample Agency</u>	
	Code	Name	
<p>18. Will your agency pay IDT's and/or disbursement vouchers for amounts that were <u>payable on or before the preceding June 30</u> to another agency within the State's financial reporting entity (see Key Terms), or to subfunds within your agency with different GAAP fund codes during FM 01 or FM 02 totaling \$100,000 or more? (The Department of Health and Human Services should exclude Medicaid reimbursements.)</p> <p style="text-align: right;">YES <input checked="" type="checkbox"/> NO <input type="checkbox"/></p> <p>If YES: a. Your agency must complete the Interfund Payables Closing Package. (See Section 3.18)</p> <p style="padding-left: 40px;">b. Go on to 19 below.</p> <p>If NO: Go on to 19 below.</p>			
<p>19. Does your agency administer the Insurance Company Deposits Account?</p> <p style="text-align: right;">YES <input checked="" type="checkbox"/> NO <input type="checkbox"/></p> <p>If YES: a. Prepare a Statement of Changes in Assets and Liabilities and submit it to the Comptroller General's Office no later than September 30.</p> <p style="padding-left: 40px;">b. Go on to 20 below.</p> <p>If NO: Go on to 20 below.</p>			
<p>20. Did your agency pay any disbursement vouchers AFTER June 30 in FM12 or FM13 that were for \$75,000 or more for goods and services received after June 30? (NOTE: These amounts <i>should</i> have been paid in the new fiscal year.)</p> <p style="text-align: right;">YES <input checked="" type="checkbox"/> NO <input type="checkbox"/></p> <p>If YES: a. Submit copies of these vouchers along with the Accounts Payable Closing Package by September 15. Attach a note stating that the items were received AFTER June 30, and explain why the items were paid for in the old fiscal year (FM12 or FM13).</p> <p style="padding-left: 40px;">b. Go on to 21 below.</p> <p>If NO: Go on to 21 below.</p>			

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Agency:	<u>(2) A99</u>	<u>(2) Sample Agency</u>	
	Code	Name	
<p>21. The Comptroller General's Office obtains certain GAAP data from the State Treasurer's Office relating to bonds and notes payable to parties outside of State government. The types of bonds and notes are as follows:</p> <ul style="list-style-type: none"> School Bonds State Institution Bonds and Notes Capital Improvement Bonds Richard B. Russell Dam Debt Lease Revenue Bonds State Treasurer's Office Master Lease Program <p>Does your agency have any bonds or notes outstanding and payable to parties outside State government at June 30 or any other borrowings from parties outside the State NOT listed above?</p> <p style="text-align: right;">YES <u> x </u> NO <u> </u></p> <p>If YES: a. Describe the situation in a letter or other attachment when you return this Closing Package Control Checklist to the Comptroller General's Office.</p> <p style="padding-left: 40px;">b. Go on to 22 below.</p> <p>If NO: Go on to 22 below.</p>			

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Agency: (2) A99 (2) Sample Agency
Code Name

22. The State Treasurer's Office Master Lease Program provides financing, through First Union/Wachovia and Bank of America, for equipment purchases of \$100,000 or greater. Borrowings under this program are notes rather than leases for accounting and reporting purposes.

Did your agency have any loans under the State Treasurer's Office Master Lease Program as of June 30 or at any time during the fiscal year? YES x NO

If YES: a. Did your agency pay off early any loans under the State Treasurer's Office Master Lease Program during the fiscal year ended June 30? YES x NO

If YES, indicate the Lease ID #(s), amount(s), and payment date(s) in a letter or attachment returned with the Closing Package Control Checklist.

b. Did your agency have any loan proceeds held in an escrow account at June 30 for any loans under the State Treasurer's Office Master Lease Program? YES x NO

If YES, complete the required portion of the Cash and Investments Closing Package. (See Section 3.1)

c. Did your agency have an escrow account for the State Treasurer's Office Master Lease Program that was closed out during the fiscal year? YES x NO

If YES, indicate the Lease ID #(s) and the date the escrow account was closed in a letter or attachment returned with the Closing Package Control Checklist.

d. Go on to 23 below.

If NO: Go on to 23 below.

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Agency:	<u>(2) A99</u>	<u>(2) Sample Agency</u>	
	Code	Name	

23. The Comptroller General's Office obtains GAAP data relating to long-term inter-agency/interfund loans from the State Treasurer's Office and the Budget and Control Board as follows:

Installment Purchase Program Notes
Insurance Reserve Fund Loans
Capital Improvement Bond Proceeds Loans

Does your agency have:

a. Any notes or loans payable outstanding at June 30 to other State agencies (including State universities and technical colleges) under any program NOT listed above? YES x NO

b. Any loans or notes receivable at June 30 from other State agencies (including State universities and technical colleges) under any program NOT listed above? YES x NO

If YES to either: a. Describe the situation in a letter or other attachment when you return this Closing Package Control Checklist to the Comptroller General's Office.

b. Go on to 24 below.

If both are NO: Go on to 24 below.

24. Did your agency owe more than \$25,000 to other parties in refunds of revenue (excluding income tax refunds) at June 30 but not paid by the end of the fiscal year for which this form is being completed? YES x NO

If YES: a. Provide a description of the transaction(s) and an estimate of the amount(s) in a letter or other attachment when you return this Closing Package Control Checklist to the Comptroller General's Office.

b. Go on to 25 below.

If NO: Go on to 25 below.

25. Does your agency participate in or administer any risk management activities (see Key Terms) other than those listed in Appendix G of the GAAP Closing Procedures Manual? YES x NO

If YES: a. Describe the situation in a letter or other attachment when you return this Closing Package Control Checklist to the Comptroller General's Office. Be sure to fully describe the activity and whether you self-insure the activity, purchase insurance to cover the activity, or provide insurance coverage to other entities for this activity. Also, please include the name and phone number of a person within your agency that we may contact to obtain additional information, if necessary.

b. Go on to 26 below.

If NO: Go on to 26 below.

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Agency:	<u>(2) A99</u>	<u>(2) Sample Agency</u>	
	Code	Name	

26. Will the August payrolls include payments due to employees, including retirees, who terminated State employment on or before June 30? YES NO

If YES: a. Prepare a schedule of payments for these employees which shows total gross pay by subfund. Do not list employees individually. If there are any payments for these employees that will be made after August, include their totals in the schedule and provide an explanation of the circumstances. Also, please include the name and phone number of a person within your agency that we may contact, if necessary. Return the schedule to the Comptroller General's Office with the completed Closing Package Control Checklist or no later than August 15.

b. Go on to 27 below.

If NO: Go on to 27 below.

27. Does your agency have either of the following situations:

a. Does your agency make payments for salaries or fringe benefits to a third party for employees of another entity that is legally separate (see Key Terms) from the State of South Carolina?

OR

b. Does another entity that is legally separate from the State of South Carolina make payments for salaries or fringe benefits to a third party for your employees or for volunteers who work to carry out your agency's programs? YES NO

If YES: a. Provide a description of the transaction(s) and an estimate of the amount(s) for the fiscal year ended June 30 in a letter or other attachment when you return the completed Closing Package Control Checklist to the Comptroller General's Office.

b. Go on to 28 below.

If NO: Go on to 28 below.

28. At June 30, did your agency have one or more individual prepaid expense items with a remaining balance exceeding \$75,000 at year-end that will not be renewed annually? YES NO

If YES: a. Submit copies of the disbursement voucher(s) along with an explanation of the time period covered by the payment(s) and your calculation of the prepaid portions to the Comptroller General's Office with the completed Closing Package Control Checklist or no later than August 15.

b. Go on to 29 below.

If NO: Go on to 29 below.

29. Send a copy of the completed Closing Package Control Checklist to the Comptroller General's Office. Keep a copy for yourself so you will know which closing packages your agency must complete this year.

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COMPLETING THE CLOSING PACKAGE CONTROL CHECKLIST (GAAP FORM 2.0.1)

<u>REF</u>	<u>EXPLANATION</u>
(1)	Enter the fiscal year for which this form applies.
(2)	Enter the agency name and three-character STARS agency code.
(3)	Complete all information regarding preparation of this form. The Finance Director or Executive Director should approve the form before sending it to the Comptroller General's Office.