

STATE OF SOUTH CAROLINA OFFICE OF THE COMPTROLLER GENERAL		
GAAP CLOSING PROCEDURES MANUAL		
MISCELLANEOUS REVENUES CLOSING PACKAGE	REFERENCE	3.4
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PURPOSE AND OBJECTIVES

The State uses Generally Accepted Accounting Principles (GAAP) to prepare its financial statements. The purpose of this closing package is to gather certain year-end accrual information regarding the State's various Miscellaneous Revenues. GAAP require the State to record material amounts of the following on its balance sheets and/or statements of net assets at June 30:

- o Accounts Receivable.
- o Allowances for Uncollectible Accounts Receivable.
- o Deferred Revenue.

For purposes of this closing package, Miscellaneous Revenues include revenues collected from parties external to State government, such as:

- o Licenses, fees, and permits.
- o Charges for the sale of goods and services.
- o Fines, penalties and forfeitures.

This closing package excludes the following:

- o Miscellaneous revenues described above that are received from other State agencies or from STARS subfunds.
- o Tax revenues. (See Section 3.2, Tax Revenues Closing Package.)
- o Grant, contribution, and donation revenues. (See Section 3.3, Grant and Contribution Revenues Closing Package.)
- o Interest and other investment income. (The State Treasurer provides all data relating to these revenues.)
- o General Fund Appropriations.
- o Bond/note proceeds.
- o Revenues resulting from lawsuits of the State against others. (See Section 3.13, Litigation Closing Package.)

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AGENCY ACTION REQUIRED

- **Determine whether your agency must complete this package.** Using Appendix E-2 (in Section 6.5 of this manual), identify all revenues your agency collected during the fiscal year that fall within the GAAP Revenue Codes listed in the table below:

Table 3.4.1

GAAP Revenue Code	GAAP Revenue Description	GAAP Reporting Threshold
0050	Licenses, Fees, and Permits	\$1 million or greater
0200	Charges for Services and Commodities	\$1 million or greater
0550	Fines, Forfeits, and Penalties	\$1 million or greater

-- If your agency collected \$1 million or more in revenues from non-State parties under any of the above GAAP revenue categories, then you must complete the package.

-- Otherwise, skip all of the remaining steps below; you should not complete the package.

NOTE: Include all revenues within a category when determining whether your agency meets the \$1 million minimum. For example, an agency that collected the following revenues for the sale of services and commodities from non-State parties must complete this package:

Sale of Goods	\$ 650,000
Sale of Services	420,000
Total for 0200 Category	<u>\$1,070,000</u>

- **Complete a summary form for each GAAP fund that collects Miscellaneous Revenues (see Key Terms).** Complete the applicable sections of the Miscellaneous Accounts Receivable and Related Accounts Summary Form (GAAP Form 3.4.1) for each Miscellaneous

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Revenue category meeting the GAAP reporting threshold set forth in Table 3.4.1.

- o **Return the completed forms** to the Comptroller General's Office no later than August 31. If you can return them earlier, please do so.

KEY TERMS

Accrual Basis. The basis of accounting determines when the effects of transactions or events are recognized (i.e., recorded in the accounts and reported in financial reports). Under GAAP, the State must use the accrual basis of accounting for Enterprise, Internal Service, and Trust funds and for Governmental funds when reported in the government-wide financial statements. The accrual basis of accounting requires governments to recognize the effects of transactions or events when those transactions or events take place (rather than when cash is received or paid). See ACCOUNTING PRINCIPLES AND POLICIES for more specific information regarding application of the accrual basis of accounting to Miscellaneous Revenues.

Allowance for Uncollectible Accounts Receivable. Under GAAP, the State must report an Allowance for Uncollectible Accounts Receivable if applicable. The financial statements show gross Miscellaneous Accounts Receivable less the Allowance amount. Your agency must estimate the Allowance. To do this:

- o Gather historical data on the collection of past Miscellaneous Accounts Receivable.
- o Evaluate the collectibility of Miscellaneous Accounts Receivable at June 30 based on the historical data.

Availability Period. When reported in the fund financial statements, Governmental funds recognize revenues as soon as they are both measurable and available. Revenues are considered to be available at June 30 if they are collectible within the current fiscal year or soon enough thereafter to pay liabilities of the current fiscal year. The State's policy is to consider revenues to be available at June 30 if they are collected, or are expected to be collected, any time before the next June 30. Thus the State's availability period is one year.

Current Miscellaneous Accounts Receivables. See the definition of Miscellaneous Account Receivables below.

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Deferred Revenue. Deferred Revenue is a liability account. Under GAAP, the State must record Deferred Revenue (rather than Revenue) if at June 30 the State either:

- o Has collected cash, but is not yet entitled to recognize the related Miscellaneous Revenues.
- o Has Miscellaneous Accounts Receivable in Governmental funds, as reported in the fund financial statements, that are measurable but not yet available. (Also see the definitions of Availability Period and Modified Accrual Basis.)

Exchange Revenues. Exchange revenues result from transactions with external parties wherein each party receives and gives up essentially equal values. Revenues from sales of goods and services and license revenues are examples of exchange revenues.

Imposed Nonexchange Revenues. Revenue from Fines, Penalties, and Forfeits is considered to be an imposed nonexchange revenue. (See the definition of Nonexchange Revenues below.)

Liability. A liability is an obligation resulting from past transactions that will (or is likely to) result in future payments and/or reductions in future revenues.

Measurable. A revenue is measurable if, when you complete your closing package, you either:

- o Know the exact amount the State will realize (because the transaction is complete).
- o Have enough information to estimate the amount that you ultimately will receive.

Miscellaneous Accounts Receivable. Miscellaneous Accounts Receivable generally are Miscellaneous Revenues that your agency has earned during the fiscal year for which your agency did not receive payment as of June 30. Also see ACCOUNTING PRINCIPLES AND POLICIES. As of June 30 you either:

- o Have billed these non-State parties already.
- o Know that you *will* bill these parties for goods provided or services rendered (although you have not yet billed them).

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We divide Miscellaneous Accounts Receivable into two groups for reporting purposes:

- o *Current Miscellaneous Accounts Receivable* relate to Miscellaneous Accounts Receivable balances outstanding at June 30 that the State expects to collect by the next June 30.
- o *Non-Current Miscellaneous Accounts Receivable* relate to Miscellaneous Accounts Receivable balances outstanding at June 30 that the State expects to collect *after* the next June 30.

(Also see the definitions of Availability Period, Miscellaneous Revenues, Modified Accrual Basis, and Measurable.)

Miscellaneous Revenues. Miscellaneous Revenues to be reported in this package include all STARS revenues received from non-State government parties, such as:

- o License, fee, and permit revenue.
- o Charges for goods and services.
- o Fine, forfeit, and penalty revenue.

Miscellaneous Revenues recorded within this closing package 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.

Modified Accrual Basis. The basis of accounting determines when the effects of transactions or events are recognized (i.e., recorded in the accounts and reported in financial reports). Under GAAP, the State must use the modified accrual basis of accounting for Governmental funds when reported in the fund financial statements. The modified accrual basis of accounting requires the State to recognize and report revenues in the fiscal year in which they are both measurable and

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available. See definitions of Availability Period and Measurable above and ACCOUNTING PRINCIPLES AND POLICIES below for more specific information regarding application of the modified accrual basis of accounting to Miscellaneous Revenues.

Nonexchange Revenues. Nonexchange revenues result from transactions with external parties in which the State gives (or receives) value without directly receiving (or giving) equal value in exchange. Revenue from Fines, Penalties, and Forfeits is classified as an involuntary nonexchange revenue.

Program Revenues. In accordance with paragraph 1800.126 of the GASB Codification, program revenues are revenues that derive directly from (i.e., are generated by) the functions of State government or are obtained from parties outside the government's taxpayers or citizenry as a whole. Miscellaneous revenues as described in this closing package meet the definition of program revenues. GAAP require program revenue to be presented separately as a reduction of the total expense of the benefiting functional activities to arrive at the net expense of each. Also see ACCOUNTING PRINCIPLES AND POLICIES for Identifying and Reporting Program Revenues Not Generated by Your Agency.

ACCOUNTING PRINCIPLES AND POLICIES

General

Generally Accepted Accounting Principles relating to Miscellaneous Revenues appear in:

- o *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 1600.101 through 1600.115 relating to basis of accounting.
- o *Codification of Governmental Accounting and Financial Reporting Standards*, Sections N50.114, N50.115, N50.127b, and N50.127c relating to imposed nonexchange revenues such as Fines, Forfeits, and Penalties.
- o *Guide to Implementation of GASB Statement 34* (2000), Questions #115 and #132 relating to Licenses and Questions #118 and #132 relating to Fines, Forfeits, and Penalties.
- o *Guide to Implementation of GASB Statement 34 and Related Pronouncements* (2001), Questions #63 and #150 relating to Licenses

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and Questions #59, #60, #61, and #158 relating to Fines, Forfeits, and Penalties.

- o Paragraph 13 of Governmental Accounting Standards Board (GASB) Statement 38, *Certain Financial Statement Note Disclosures*.
- o Applicable pronouncements and interpretations of the Financial Accounting Standards Board (FASB), including *FASB Concepts Statement 5*, Paragraph 83b.

Basis of Accounting--General Recognition Principles

Requirements for recognizing Miscellaneous Revenue differ between the two kinds of GAAP financial statements that the State must present. Specifically:

For the fund financial statements:

- o Governmental and Agency Funds. These funds use the modified accrual basis of accounting (see KEY TERMS and additional descriptive information below). Although Agency funds do not record revenue, the modified accrual basis determines whether to record Accounts Receivable in those funds.
- o Enterprise, Internal Service, and Trust Funds. These funds use the accrual basis of accounting (see KEY TERMS and additional descriptive information below).

For the government-wide financial statements, the State is required to use the accrual basis of accounting for all GAAP funds, including Governmental and Agency funds.

The accrual basis of accounting requires the State to:

- o Record both Licenses, Fees, and Permits Revenue and Charges for Services and Commodities Revenue as well as a related Miscellaneous Accounts Receivable in the fiscal year in which the State earns these revenues, regardless of when the State receives payment. The State earns these revenues when both of the following conditions have been satisfied:
 - An exchange transaction has occurred.
 - The earnings process is complete or almost complete. (For *non-refundable* licenses and permits, the earnings process is deemed to be complete when the State receives the cash. In

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contrast, for *refundable* licenses and permits, the earnings process is deemed to be completed evenly over the period of months for which the State has issued the license or permit.)

- o Record Fines, Forfeits, and Penalties Revenue as well as a related Miscellaneous Accounts Receivable in the period when an enforceable legal claim to the related cash or other assets arises or when the cash or other assets is/are received, whichever occurs first.
- o Record Deferred Revenue if, at June 30, the State has collected cash or other assets but has not yet earned the related License, Fee, and Permit Revenue or Charges for Services and Commodities Revenue.

In contrast, the modified accrual basis of accounting requires the State to:

- o Record Miscellaneous Revenue as well as a related Miscellaneous Accounts Receivable in the fiscal year in which the cash or other asset becomes both measurable and available. Revenues are considered to be available at June 30 if they are collectible within the current fiscal year or soon enough thereafter to pay liabilities of the current fiscal year. The State's policy is to consider revenues to be available at June 30 if they are collected, or are expected to be collected, any time before the next June 30. (See KEY TERMS for definitions of Measurable and Availability Period.)
- o Record Deferred Revenue as well as a related Miscellaneous Accounts Receivable at June 30 if the related cash or other asset is measurable but not available at June 30.
- o Record Deferred Revenue as well as related cash (or other asset) at June 30 if the cash has been collected in advance of when the Miscellaneous Revenue is recognizable.

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The Comptroller General's Office is already accounting for Miscellaneous Revenues that your agency collected during the fiscal year and deposited into STARS. However, agencies must report certain year-end adjustments to allow the State to comply with GAAP reporting standards. The following subsections outline the State's reporting requirements for the specific categories of Miscellaneous Revenues listed in Table 3.4.1 at the beginning of this closing package:

Licenses and Permits (GAAP Revenue Code 0050)

Revenues received from the issuance of licenses and permits represent exchange transactions (also see KEY TERMS). If (a) there is no obligation for your agency to perform any further service after issuing the license or permit **and** (b) there are no provisions to refund any portion of the amount collected, then your agency should recognize the license or permit Revenue in the fiscal year during which it collected the cash. That is, you will not report any Miscellaneous Accounts Receivable, Miscellaneous Revenues, or Deferred Revenue in this closing package for these situations.

In addition, your agency should not report any Miscellaneous Accounts Receivable or Miscellaneous Revenues if it bills for a license or permit *in advance of* the year when the license or permit period begins.

However, for GAAP reporting purposes, the State's policy is that an agency must report *Deferred Revenues* at June 30 if it has collected license or permit revenues in advance of the fiscal year (or years) to which they apply **and**:

- o Your agency or the State has an obligation to perform further services after issuing the licenses or permits, or
- o Provisions of law allow for a portion of the license or permit to be refunded in a future period in certain specific circumstances (or it has been the agency's practice to issue partial refunds in certain circumstances).

Agencies should record Deferred Revenue as described below in the "Recording Deferred Revenue" subsection.

Fees (GAAP Revenue Code 0050 Other than Licenses and Permits) and
Charges for Services and Commodities (GAAP Revenue Code 0200)

According to Section 1600.110 of the *Codification of Governmental Accounting and Financial Reporting Standards*: "Golf and swimming fees,

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inspection charges, parking fees and parking meter receipts, and the vast multitude of miscellaneous exchange revenues are best recognized when cash is received." This is because the provision of services by the government virtually coincides with the time of actual payment, so the accrual basis of accounting is the same as the cash basis of accounting and there are no receivables outstanding at June 30.

- o Therefore, for GAAP reporting purposes, agencies should **not** report Miscellaneous Accounts Receivable relating to miscellaneous exchange revenues such as those listed in Section 1600.110 above where the provision of the State's service essentially coincides with the time of actual payment by the customer or taxpayer. (See KEY TERMS for definition of exchange revenues.)

As a general principle, however, exchange revenues (including Charges for Services and Commodities) are to be reported in the fiscal year in which the exchange takes place, regardless of when cash is received.

Therefore, for GAAP reporting purposes, the State's policy is to:

- o Report Miscellaneous Accounts Receivable at June 30 if, at that date, your agency both:
 - Had provided goods/services **and**
 - Had not yet collected the related cash.
- o Estimate and report an Allowance for Uncollectible Accounts at June 30 if appropriate. The financial statements will show gross Accounts Receivable less the Allowance. The resulting balance represents the net amount of Miscellaneous Accounts Receivable at June 30 that your agency expects to collect in the future. Your agency must estimate the Allowance. You may wish to base your estimate on historical data. That is:
 - Gather historical data on the collection of Miscellaneous Accounts Receivable.
 - Evaluate the collectibility of Miscellaneous Accounts Receivable at June 30 based on the historical data.
- o Report as *Current* Miscellaneous Accounts Receivable that portion of Net Miscellaneous Accounts Receivable at June 30 that you expect to collect by June 30 of the *next* fiscal year.

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- o Report as *Non-Current* Miscellaneous Accounts Receivable that portion of Net Miscellaneous Accounts Receivable at June 30 that you expect to collect *after* June 30 of the next fiscal year.
- o Report Deferred Revenue if at June 30 you have collected cash but are not yet entitled to recognize the related Miscellaneous Revenues.

Agencies should record Deferred Revenue as described below in the "Recording Deferred Revenue" subsection.

Fines, Forfeits, and Penalties (GAAP Revenue Code 0550)

Section N50.104b of the *Codification of Governmental Accounting and Financial Reporting Standards* classifies Fines, Forfeits and Penalties as imposed nonexchange revenues (see KEY TERMS). Sections N50.114 and N50.115 of the *Codification* generally require Miscellaneous Accounts Receivable and Miscellaneous Revenues from fines, forfeits, and penalties to be recognized in the earliest fiscal year when the State has an enforceable legal claim to the cash or other asset or in the fiscal year when the State receives the cash or other asset, whichever occurs first.

Enabling legislation or related regulations should help to define when an enforceable legal claim occurs, which may vary by type of imposition and from one jurisdiction to another. Although GAAP do not specifically define when an enforceable claim exists, conditions that would constitute an enforceable legal claim for fines, forfeits, and penalties include any of the following:

- o The expiration of the time during which an individual may contest a court summons, at which time the fine/penalty is automatically imposed.
- o The offender pays the fine/penalty before the court date.
- o A court imposes the fine/penalty.

For GAAP reporting purposes:

- o Report Miscellaneous Accounts Receivable at June 30 if, at that date, your agency met both of the following conditions:
 - It had an enforceable legal claim to cash or other assets relating to Fines, Forfeits, or Penalties.

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-- It had not yet collected the related cash or other assets.

- o Estimate and report an Allowance for Uncollectible Accounts at June 30 if appropriate. The financial statements will show gross Accounts Receivable less the Allowance. The resulting balance represents the net amount of Miscellaneous Accounts Receivable at June 30 that your agency expects to collect in the future. Your agency must estimate the allowance. You may wish to base your estimate on historical data. That is:

-- Gather historical data on the collection of past Miscellaneous Accounts Receivable.

-- Evaluate the collectibility of Miscellaneous Accounts Receivable at June 30 based on the historical data.

- o Report as *Current* Miscellaneous Accounts Receivable that portion of Net Miscellaneous Accounts Receivable at June 30 that you expect to collect by June 30 of the next fiscal year.
- o Report as *Non-Current* Miscellaneous Accounts Receivable that portion of Net Miscellaneous Accounts Receivable at June 30 that you expect to collect *after* June 30 of the next fiscal year.
- o Report Deferred Revenue if, at June 30, you had both:
 - Collected the cash or other asset.
 - Did not yet have an enforceable legal claim to the collected cash or other asset.

Reporting Accounts Receivable Determined to be Uncollectible

When accounts receivable are determined to be permanently uncollectible, your agency should reduce both its Accounts Receivable and Allowance account balances by an equal amount. The management at each State agency is responsible for establishing its own internal policies and procedures for identifying Accounts Receivable deemed uncollectible and removing them from the reported Accounts Receivable and Allowance balances. In some cases, State or Federal laws and other regulations may specify requirements for removing accounts receivable from your agency's books. However, for GAAP reporting purposes, agencies must review and adjust their year-end receivable balances for accounts for which ultimate collection is remote. This determination should be made independently of laws or regulations. The accounting process of reducing both the gross Accounts Receivable and the related

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Allowance for Uncollectible Accounts Receivable that your agency reports on its closing package forms has no effect on the validity of the debt owed to the State or on your agency's continuing collection efforts.

For example, assume that an agency's internal policy is to retain Accounts Receivable on its books for a period of up to 10 years. However, based on an analysis of past collection history, the agency determines that the likelihood of collecting on accounts older than 2 years is possible, but remote. As a result, the agency's management subtracts the amount of all accounts older than 2 years from both the Accounts Receivable and Allowance balances that it reports on the GAAP closing package summary forms.

Recording Deferred Revenue

Section 3.2.2.0 of the *STARS Agency User's Manual* includes procedures for recording Deferred Revenue. That section has been updated to comply with the new GAAP reporting requirements. If you have not reported Miscellaneous Revenues received in advance as Deferred Revenue under the procedures in Section 3.2.2.0, then you will need to prepare STARS journal entries prior to the end of the current fiscal year to report the applicable Deferred Revenue amounts.

State agencies are required to report deferred revenues for each STARS revenue object code collected in advance of the earnings process only if it meets the \$1 million reporting threshold for reporting Miscellaneous Revenues. Refer to the AGENCY ACTION REQUIRED section on page 2 of this package for the GAAP reporting thresholds for Miscellaneous Revenues.

Note: For budgetary accounting reasons, receipts applicable to the State's Budgetary General Fund should not be reported as Deferred Revenue on STARS. In these instances, please contact the Central State Financial Reporting Division of the Comptroller General's Office to discuss alternative procedures for reporting Deferred Revenue for GAAP reporting purposes.

Identifying and Reporting Program Revenues Not Generated by Your Agency

The State must associate its program revenues (see Key Terms) with the agency functions that **generated** the revenues. Accordingly, your agency must identify in its Miscellaneous Accounts Receivable and Related Accounts Summary Form (GAAP Form 3.4.1) any portion of its reported Net Accounts Receivable that was generated by *another* agency. Further,

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each agency collecting program revenues (including Miscellaneous Revenues) must provide detailed information (Agency and STARS Revenue Object Codes) for any receivable balances *generated by* a different agency.

A revenue is considered to be ***generated by*** your agency if your agency is the one that primarily pays costs related to the revenue and/or if it operates programs that directly lead to the collection of the revenue. For example, although the State Treasurer's Office may collect court fines, these are program revenues of another agency/function (such as the Highway Patrol) that is responsible for ***generating*** the court fines through its activities (i.e., ticketing traffic violators). Accordingly, if the State Treasurer's Office reports court fines receivable within this closing package, it must indicate the portion of that receivable (probably the entire amount) that was generated by the other agency.

WORKING PAPERS

All working papers are subject to possible audit. The agency should keep copies of the completed summary forms. In addition, the agency should keep working papers to support each amount on those forms. For example, your agency should thoroughly document:

- o How you obtained each amount.
- o The source(s) of data for each amount.
- o Methods used to arrive at estimated amounts.

In addition, retain all Treasurer's receipts with related documentation.

GENERAL INSTRUCTIONS--MISCELLANEOUS ACCOUNTS RECEIVABLE AND RELATED ACCOUNTS SUMMARY FORM (GAAP FORM 3.4.1)

- o Complete a separate Miscellaneous Accounts Receivable and Related Accounts Summary Form (GAAP Form 3.4.1) for each GAAP fund that your agency uses to record reportable Miscellaneous Revenue meeting the GAAP reporting threshold in Table 3.4.1. Make as many copies as necessary of the blank Form.

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- o If you have no Accounts Receivable or related accounts to report for a GAAP fund, enter zeros on the Form. By doing this you certify that your review of miscellaneous revenues:

- Included all applicable GAAP funds.

- Considered all reporting aspects (receivables, allowance for uncollectible accounts, and deferred revenue).

The Comptroller General's Office needs this certification for audit purposes.

- o Report only for revenues that are classified within the following GAAP revenue codes: 0200-Charges for Services and Commodities; 0550-Fines, Forfeits, and Penalties; or 0050-Fees (Other than Licenses and Permits).

- o Review the Accounting Principles and Policies section of this closing package carefully before you attempt to complete the Forms. Do not enter amounts on the Forms for:

- Revenues that should use the cash basis of accounting.

- Resources you receive from other State agencies or other STARS subfunds.

- o Summarize amounts on the Forms by:

- GAAP fund code. (See Appendix F for permanent improvement projects and Appendix A for all other activity.)

- GAAP revenue code. (See Appendix E.)

- o Round all dollar amounts to the nearest whole dollar.

- o Return the completed Form(s) to the Comptroller General's Office no later than August 31. If you can return them earlier, please do so.

- o The person who completes and signs the Form(s) should keep a copy. The Comptroller General's Office will contact this person if there are any questions.

- o Exhibit 3.4 (A) shows a sample completed Form. Detailed instructions for completing the Form follow the Exhibit.

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SUMMARY FORM
At June 30, 2002 (1)

EXHIBIT
3.4 (A)
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Agency: <u>(2)</u> <u>A99</u> <u>Sample Agency</u> Code Name	
Prepared: <u>(3)</u> <u>8/29/2002</u> By: <u>J. P. Junior</u> Title: <u>Accountant I</u> Phone: <u>734-1234</u> Date Employee Name	
Approved: <u>(3)</u> <u>8/31/2002</u> By: <u>I. M. Senior</u> Title: <u>Dir. of Accounting</u> Phone: <u>734-2345</u> Date Employee Name	
(4)	(5)
GAAP Fund Code: <u>2001</u> GAAP Fund Name: <u>General Fund - Earmarked</u>	
GAAP Revenue Name (Code)/Description	Amount
FEES (Other than Licenses & Permits) (0050)	
Gross Accounts Receivables	\$ <u>1,000</u> (6)
Less: Allowance For Uncollectible Accounts	\$ <u>150</u> (7)
Net Accounts Receivable	\$ <u>850</u> (8)
Current Net Receivable	\$ <u>850</u> (9)
Non-Current Net Receivable	\$ <u>0</u> (10)
Net Accounts Receivable Generated by Other Agencies	\$ <u>0</u> (11)
CHARGES FOR SERVICES AND COMMODITIES (0200)	
Gross Accounts Receivables	\$ <u>42,500</u> (6)
Less: Allowance For Uncollectible Accounts	\$ <u>1,100</u> (7)
Net Accounts Receivable	\$ <u>41,400</u> (8)
Current Net Receivable	\$ <u>38,200</u> (9)
Non-Current Net Receivable	\$ <u>3,200</u> (10)
Net Accounts Receivable Generated by Other Agencies	\$ <u>0</u> (11)
FINES, FORFEITS, PENALTIES (0550)	
Gross Accounts Receivables	\$ <u>25,850</u> (6)
Less: Allowance For Uncollectible Accounts	\$ <u>3,500</u> (7)
Net Accounts Receivable	\$ <u>22,350</u> (8)
Current Net Receivable	\$ <u>21,250</u> (9)
Non-Current Net Receivable	\$ <u>1,100</u> (10)
Net Accounts Receivable Generated by Other Agencies	\$ <u>4,500</u> (11)

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COMPLETING THE MISCELLANEOUS ACCOUNTS RECEIVABLE AND RELATED ACCOUNTS
SUMMARY FORM (GAAP FORM 3.4.1)

REF	EXPLANATION
(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.
(4)	Enter the four-digit GAAP fund code. (See Appendix F for permanent improvement projects and Appendix A for all other activity.)
(5)	Enter the name of the GAAP Fund. (See Appendix A or F.)
(6)	Enter the gross amount of Accounts Receivable that others owe you at June 30. Enter amounts for each GAAP revenue code described on the Form. See Appendix E-2 in Section 6.5 for a list of STARS revenue object codes to include in each GAAP revenue code. Please refer to the ACCOUNTING PRINCIPLES AND POLICIES section of this closing package for the specific GAAP reporting requirements for revenues reported under each GAAP revenue code described on the Form.
(7)	Enter the amount of the Allowance for Uncollectible Accounts. Evaluate the collectibility of the amount reported as Gross Receivables in item (6) above. Your agency must estimate the amount it considers to be uncollectible. Report the amount of your estimate as your Allowance for Uncollectible Accounts. Use historical data on revenue collectibility to make this estimate.
(8)	Enter the amount of Net Receivables at June 30. Reduce the amount of Gross Receivables reported in item (6) above by the Allowance for Uncollectible Accounts reported in item (7). The balance represents Net Receivables. This is the amount that you will split into the components described as items (9) and (10) below.

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EXPLANATION

- (9) Enter the amount of Current Net Receivables:
- o For Net Receivables that others owe you at June 30.
 - o For which you expect to receive payment within the next twelve months (i.e. FM01 - FM12 of the subsequent fiscal year.)
- (10) Enter the amount of Non-Current Net Receivables:
- o For Net Receivables that others owe you at June 30.
 - o For which you expect to receive payment in months subsequent to the Current Receivable period (i.e. AFTER FM12 of the subsequent period.)

NOTE: The sum of items (9) and (10) must equal item (8).

- (11) Enter the amount of Net Accounts Receivable reported in item (8) that were generated by another agency. Enter amounts for each agency and STARS Revenue Object Code responsible for generating the revenue associated with the Net Accounts Receivable. Also see ACCOUNTING PRINCIPLES AND POLICIES section of this closing package for Recording Program Revenue.

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GENERAL INSTRUCTIONS--MISCELLANEOUS REVENUES CLOSING PACKAGE, REVIEWER
CHECKLIST (GAAP FORM 3.4.2)

- o The purpose of the Reviewer Checklist is to help your agency perform an effective review of the completed closing package forms **before** you submit them to the Comptroller General's Office. An effective review is essential to minimizing closing package errors. As such, it is an important internal control. **Completion of this Checklist is required.**
- o Retain the completed checklist for audit along with your other working papers; **do not** return it to the Comptroller General's Office.
- o Your agency's Finance Director, Executive Director, or another reviewer should complete the Reviewer Checklist. The reviewer **must** be someone other than the preparer.
- o Each question on the Reviewer Checklist is designed so that a "No" answer indicates a potential problem. Generally, when the reviewer responds "No," he/she should return the closing package form to the preparer to be corrected and resubmitted. If you believe that a "No" answer to a particular question is unavoidable or acceptable in your unique situation, however, attach an explanation to the completed checklist and retain it with the completed checklist.
- o This checklist is not all-inclusive. It is designed only to detect the most frequent types of errors. It may not identify all possible errors.
- o Exhibit 3.4 (B) shows a sample completed Reviewer Checklist (GAAP Form 3.4.2).

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STATE OF SOUTH CAROLINA
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REVIEWER CHECKLIST
Fiscal Year 2002

EXHIBIT
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Reviewer's Signature: <i>I. M. Senior</i>
Date Last Review Step Was Completed: 8/31/2002

The following questions apply to all Miscellaneous Revenue Closing Package forms.

REVIEW STEP	YES/NO
Is the reviewer of the Miscellaneous Revenues Closing Package someone other than the person who prepared it?	<i>Yes</i>
Did the preparer and reviewer <i>sign</i> the Miscellaneous Revenues Closing Package forms (not just type or rubber-stamp their names)?	<i>Yes</i>
Did the preparer and reviewer show their titles and telephone numbers?	<i>Yes</i>
Can all amounts reported on the Miscellaneous Revenues Closing Package forms be traced back to official agency accounting records or to working papers?	<i>Yes</i>
Do the completed closing package forms reflect implementation of all changes in closing package instructions for this year, if any, that apply to your agency?	<i>Yes</i>
Are differences between the closing package amounts reported in the current-year and those reported last year either (1) small or (2) explained (as to reasons) in working papers retained for audit purposes?	<i>Yes</i>
Did you determine whether your agency had \$1 million or more in revenue object codes that translate to GAAP revenue codes 0050, 0200, or 0550 (using Appendix E-2)?	<i>Yes</i>
Did you complete a Form for each GAAP fund that collects any miscellaneous revenues?	<i>Yes</i>
Did you make sure that <u>none</u> of the reported revenue amounts were received from another State agency?	<i>Yes</i>

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REVIEWER CHECKLIST
Fiscal Year 2002

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REVIEW STEP	YES/NO
Did you report only those revenues that translate to GAAP revenue codes for Fees (0050), Charges for Services and Commodities (0200), and Fines, Forfeits, and Penalties (0550)?	<i>Yes</i>
Does your Accounts Receivable amount include both current and non-current receivables?	<i>Yes</i>
Did you report an Allowance for Uncollectible Accounts, if applicable?	<i>Yes</i>
Did you report Deferred Revenue on STARS for your agency's applicable Miscellaneous Revenues collected at June 30, but not yet earned?	<i>Yes</i>