| STATE OF SOUTH CAROLINA | | |
| OFFICE OF THE COMPTROLLER GENERAL | | |

GAAP CLOSING PROCEDURES MANUAL

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PURPOSE AND OBJECTIVES

Refunds Receivable are amounts that non-State parties owe your agency at June 30 relating to past State overpayments. The State may have overpaid during the current year or during some prior year. When your agency subsequently receives payment, it will record the receipt using STARS Transaction Codes 230 or 231 (refunds of expenditure) or STARS revenue object codes such as 2701, 3801, and 3802.

The State uses Generally Accepted Accounting Principles (GAAP) to prepare its financial statements. GAAP requires that the State report Refunds Receivable outstanding at June 30. The purpose of this closing package is to obtain information from agencies regarding refund receivables so the State can properly report these balances in its financial statements.

AGENCY ACTION REQUIRED

o Complete one or more Refund Receivables and Related Accounts Summary Forms (GAAP Forms 3.5b.1 through 3.5b.3) if your agency had $1,000,000 or more in refunds of expenditure during the year. Refunds of expenditure include amounts that you deposit:

-- With STARS transaction codes 230 or 231.

-- As revenues under STARS revenue object codes such as:

* 2701, Refund--Defense of Indigents.

* 3801, Refund of Prior Year Expenditures.

* 3802, Refund--Case Services.

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.

KEY TERMS

Allowance for Uncollectible Receivables. Under GAAP, the State must report an Allowance for Uncollectible Receivables if applicable. The financial statements show Gross Refund Receivables less the Allowance amount. Your agency must estimate the allowance amount. To do this:

o Gather historical data on collection of Refund Receivables.

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o Evaluate the collectibility of Refund Receivables at June 30 based on 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 considers 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 Refunds Receivable. See the definition of Refunds Receivable below.

Deferred Revenue. Deferred Revenue is a liability account. Generally Accepted Accounting Principles require that we 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 Refund Revenues.

o Has Refunds Receivable in Governmental funds, as reported in the fund financial statements, that are measurable but not yet available. (Also see the definition of Availability Period.)

Refunds Receivable. Refunds receivable include amounts that non-State parties owe you at June 30 relating to past State overpayments. The State may have overpaid during the current year or during some prior year.

Examples include:

o Refunds of Medicaid overpayments from non-State service providers.

o Refunds that local entities owe the State as a result of:

-- Cost disallowances.

-- Failure to spend State grant amounts within the grant award period.

o Refunds due from vendors or other non-State parties.

Refunds Receivable include amounts:

- o For which you have issued a bill or statement showing payments due.

- o Amounts that you can reasonably estimate. You may wish to use historical data or other reasonable means to make these estimates.

Eventually, you will deposit Refunds Receivable in STARS either:

- o As refunds of expenditure (using STARS transaction code 230 or 231).

- o As revenue under a STARS object code such as:

    -- 2701, Refund--Defense of Indigents.

    -- 3801, Refund of Prior Year Expenditures.

    -- 3802, Refund--Case Services.

We divide Refunds Receivable into two groups for reporting purposes:

Current Refunds Receivable relate to amounts owed to the State on certain refund transactions through June 30 that the State expects to collect by the *next* June 30.

Non-Current Refunds Receivable relate to amounts owed to the State on certain refund transactions through June 30 that the State expects to collect *after* the next June 30.

ACCOUNTING PRINCIPLES AND POLICIES

General

The State's policy is to report on its June 30 balance sheet any miscellaneous net amounts receivable by the State from non-State parties. These amounts include Refunds Receivable for all agencies that received $1,000,000 or more in refunds during the year. (See Key Terms.)

In addition, it is the State's policy to record in its GAAP-basis books both the gross receivable amounts and the related Allowances for Uncollectible Refunds Receivable. (See Key Terms.)

Generally Accepted Accounting Principles require that different fund types report their expenditures or expenses in different categories. The accounting entries to record Refunds Receivable also affect

expenditures or expenses. This is why there are different versions of each Form in this closing package for:

o Governmental Funds.

o Enterprise, Internal Service, and Trust Funds.

o Agency Funds.

Refunds Receivable include amounts that non-State parties owe the State at June 30 relating to past State overpayments. The State may have overpaid during the current year or during some prior year.

For example, Refunds Receivable include refunds of Medicaid overpayments from non-State service providers. These Refunds Receivable result from cost settlements with non-State Medicaid providers where:

o The State has overpaid the provider for services.

o At June 30, the provider still owes the State for these overpayments.

Refunds Receivable also include amounts that non-State recipients of State grants owe the State at June 30 as a result of:

o Cost disallowances resulting from audits or reviews.

o Failure to spend State grant amounts within the grant period.

Refunds Receivable also include amounts vendors or other payees owe your agency at June 30.

You should report amounts as Refunds Receivable in this closing package if:

o A non-State party owes the amount to the State at June 30.

o When you receive payment, you will deposit it in STARS in the new fiscal year either:

-- As a refund of expenditure (using STARS transaction code 230 or 231).

-- As a revenue under a STARS revenue object code such as:

* 2701, Refund--Defense of Indigents.

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* 3801, Refund of Prior Year Expenditures.

* 3802, Refund--Case Services.

Refunds Receivable--Medicaid

Section 16.24 of *Audits of State and Local Governmental Units* (May 1996, American Institute of Certified Public Accountants) stated:

Medicaid services may be administered by state or through local governments on behalf of the states. In either case, health care providers (for example hospitals, physicians, nursing homes, pharmacies) are required to follow guidelines established by the state. Various methods and formulas are used to reimburse providers ... for services rendered, including the following.

o Hospitals and nursing homes may be reimbursed for the costs of rendering the services, with costs based on retrospective cost reports filed by the provider.

o Hospitals and other providers may be paid a predetermined (prospective) amount for each service rendered, based on the nature and/or the complexity of the services.

o Non-hospital providers may be reimbursed based on the cost of the service (for example, physician office visit, prescription) up to a maximum cost per service.

At times, the state may make payments during the year to providers, particularly hospitals, based on interim reports. Settlements may be made at year-end, based on audited cost reports. Those settlements can be either receivables from or payables to the providers.

Report amounts that represent payables to providers in the Accounts Payable Closing Package. (See Section 3.12 of this manual.) Report amounts that represent receivables from non-State providers in this closing package.

For example, suppose that:

o Your agency uses STARS 11xx expenditure object codes (Case Services) when it pays Medicaid claims to providers.

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o Your agency records these expenditures in GAAP fund code 2005 (Departmental General Operating--Earmarked).

o At year-end, your cost settlement records show that you overpaid providers $1,000,000 and that they still owe this amount to you.

o Based on experience, you expect to collect only $950,000 of the $1,000,000.

Your agency would then report the following amounts on a Refunds Receivable and Related Accounts Summary Form--Governmental Funds (GAAP Form 3.5b.1).

o $1,000,000 as Gross Refunds Receivable under Current Expenditures. (Appendix C shows that STARS expenditure object codes 11xx are within the Current Expenditures category).

o $50,000 as the corresponding Allowance for Uncollectible Refunds Receivable.

Refunds of Expenditures--Other

Refunds Receivable may arise in other situations. For example, State grant recipients may owe the State money at June 30 as a result of:

o Cost disallowances.

o Failure to spend State grant amounts within the grant period.

Refunds Receivable also arise if your agency has overpaid a vendor or other non-State party and is still awaiting payment at June 30.

Reporting Refunds Receivable Determined to be Uncollectible.

When refunds receivable are determined to be permanently uncollectible, your agency should reduce both its Gross Refunds 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 Refunds Receivable deemed uncollectible and for removing them from the reported Refund 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 whose ultimate collection is remote. Agencies should make this determination independently of laws or regulations. The accounting process of reducing both the gross Refunds Receivable and the related Allowance

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for Uncollectible Refunds 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 Refunds Receivable on its books for a period of up to ten years. However, based on an analysis of past collection history, the agency determines that the likelihood of collecting on accounts older than two years is possible, but remote. As a result, the agency's management subtracts the amount of all accounts older than 2 years old from the Refunds Receivable and Allowance balances it reports on the GAAP closing package summary forms.

WORKING PAPERS

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

   o How you computed each amount.

   o The source(s) of data for each amount.

   o Methods you used to estimate amounts.

GENERAL INSTRUCTIONS--REFUNDS RECEIVABLE AND RELATED ACCOUNTS SUMMARY FORM (ALL VERSIONS)

o There are three versions of the Refunds Receivable and Related Accounts Summary Form.

-- Refunds Receivable and Related Accounts Summary Form--Governmental Funds (GAAP Form 3.5b.1).

* Governmental Funds have GAAP fund codes x001-x074. (See Appendixes A and F.)

* Complete a separate Form for each of these GAAP funds that your agency uses to deposit refunds. Make as many copies as necessary of the blank Form.

* Exhibit 3.5b (A) shows a sample completed Form. Detailed instructions for completing this version of the Form follow the Exhibit.

-- Refunds Receivable and Related Accounts Summary Form--Enterprise, Internal Service, or Trust Fund (GAAP Form 3.5b.2).

* Enterprise Funds have GAAP fund codes x075-x099, Internal Service Funds have GAAP fund codes x100-x149, and Trust Funds have GAAP fund codes x155-x210. (See Appendixes A and F.)

* Complete a separate Form for each of these GAAP funds that your agency uses to deposit refunds. Make as many copies as necessary of the blank Form.

* Exhibit 3.5b (B) shows a sample completed Form. Detailed instructions for completing this version of the Form follow the Exhibit.

-- Refunds Receivable and Related Accounts Summary Form--Agency Fund (GAAP Form 3.5b.3).

* These funds have GAAP fund codes x250-x269. (See Appendix A.)

* Complete a separate Form for each of these GAAP funds that your agency uses to deposit refunds. Make as many copies as necessary of the blank Form.

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* Exhibit 3.5b (C) shows a sample completed Form. Detailed instructions for completing this version of the Form follow the Exhibit.

o Report only refunds due from non-State parties.

o Do not report any amounts on these Forms for refunds of expenditure you deposited during STARS Fiscal Month 13. (The Comptroller General's Office will automatically record these amounts as receivables.)

o Complete a Form for each GAAP fund that records either:

   -- STARS refunds of expenditure (STARS transaction code 230 or 231).

   -- Revenue under STARS revenue object codes such as 2701, 3801, or 3802.

   If you have no Refunds Receivable to report for a GAAP fund, enter zeros on the Form. By doing this you certify that your review for Refunds Receivable:

   -- Included all applicable GAAP funds.

   -- Considered all aspects of reporting (receivables and allowance for uncollectible receivables).

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

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.

STATE OF SOUTH CAROLINA
REFUNDS RECEIVABLE AND RELATED ACCOUNTS   EXHIBIT
SUMMARY FORM – GOVERNMENTAL FUNDS   3.5b (A)
At June 30, _2002_ **(1)**   Page 1 of 1

(2)
Agency: _A99_   _Sample Agency_
          Code   Name

(3)
Prepared: _8/20/2002_   By: _J. P. Junior_   Title: _Accountant I_   Phone: _734-1234_
           Date   Employee Name

(3)
Approved: _8/28/2002_   By: _I. M. Senior_   Title: _Dir. of Accounting_   Phone: _734-2345_
           Date   Employee Name

(4)   **(5)**
GAAP Fund Code: _4005_   GAAP Fund Name: _General Operating - Federal_

GAAP Account Code	GAAP Revenue Category (Account)/Description **(Use Appendix C to determine proper Category)**	Amount	
	Intergovernmental Expenditures (1110)		
0-xxxx-0-1150 2-xxxx-0-1110	Gross Refunds Receivable	$ _0_	**(7)**
	Less:		
2-xxxx-0-1110	Allowance for Uncollectible Refunds Receivable	$ _0_	**(8)**
0-xxxx-0-1151	Net Refunds Receivable:	$ _0_	**(9)**
0-xxxx-0-1152	Current Net Refunds Receivable	$ _0_	**(10)**
0-xxxx-0-1150 2-xxxx-0-1110 0-xxxx-0-2080	Non-Current Net Refunds Receivable	$ _0_	**(11)**
(6) 0-xxxx-0-1150 2-xxxx-0-_1010_	**Current Expenditures (Use Appendix B to determine GAAP Account Code)** Gross Refunds Receivable	$ _150,000_	**(7)**
	Less:		
2-xxxx-0-_1010_	Allowance for Uncollectible Refunds Receivable	$ _0_	**(8)**
0-xxxx-0-1151	Net Refunds Receivable:	$ _150,000_	**(9)**
0-xxxx-0-1152	Current Net Refunds Receivable	$ _150,000_	**(10)**
0-xxxx-0-1150 2-xxxx-0-_1010_ 0-xxxx-0-2080	Non-Current Net Refunds Receivable	$ 0	**(11)**

GAAP Form 3.5b.1, Rev. 6/30/02

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COMPLETING THE REFUNDS RECEIVABLE AND RELATED ACCOUNTS SUMMARY
 FORM--GOVERNMENTAL FUNDS (GAAP FORM 3.5b.1)

REF   EXPLANATION

Note: Governmental Funds have GAAP fund codes x001-x074. (See
Appendixes A and F. Appendix F lists your agency's permanent
improvement projects and the GAAP fund code for each.)

 (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. Keep a
     copy of the Form.

 (4) Enter the four-digit GAAP fund code. See Appendix A or F (see
     note above).

 (5) Enter the name of the GAAP fund. (See Appendix A.)

 (6) First, look up the STARS expenditure object code on Appendix C to
     determine whether to enter the corresponding amounts into the
     Intergovernmental or Current Expenditures section. If you must
     enter amounts into the Current Expenditures Section, use
     Appendix B to determine the last four digits of the GAAP Account
     Code.

 (7) Enter the amount for the total Gross Refunds Receivable for each
     expenditure category described on the Form. (See Appendix C.) Do
     not report any amounts on this Form for refunds of expenditures
     you deposited during STARS Fiscal Month 13. (The Comptroller
     General's Office will automatically record these amounts as
     receivables.)

 (8) Enter the amount for the Allowance for Uncollectible Refunds
     Receivable. Evaluate the collectibility of the amount reported as
     Gross Refunds Receivable in item (7) above. Your agency must
     estimate the amount determined to be uncollectible. This amount
     should be reported as your Allowance for Uncollectible Refunds
     Receivable. Use historical data on revenue collectibility to make
     this determination.

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REF   EXPLANATION

(9)   Enter the amount of <u>Net Refunds Receivable</u> at June 30. Reduce the amount of Gross Refunds Receivable reported in item (7) by the Allowance for Uncollectible Refunds Receivable reported in item (8). The balance represents the Net Refunds Receivable.

(10) Enter the amount of <u>Current Refunds Receivable</u>:

   o For Net Refunds Receivable 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 year.)

(11) Enter the amount of <u>Net Non-Current Refunds Receivable</u>:

   o For Net Refunds Receivable others owe you at June 30.

   o For which you expect to receive payment beyond one year (i.e. AFTER FM12 of the subsequent period.)

NOTE: The sum of items (10) and (11) must equal item (9).

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REFUNDS RECEIVABLE AND RELATED ACCOUNTS SUMMARY FORM   EXHIBIT
ENTERPRISE, INTERNAL SERVICE, OR TRUST FUND   3.5b (B)
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(2)
Agency: *A99*   *Sample Agency*
            Code   Name

(3)
Prepared: *8/29/2002*   By: *J. P. Junior*   Title: *Accountant I*   Phone: *734-1234*
            Date   Employee Name

(3)
Approved: *8/31/2002*   By: *I. M. Senior*   Title: *Dir. of Accounting*   Phone: *734-2345*
            Date   Employee Name

(4)   **(5)**
GAAP Fund Code: *4099*   GAAP Fund Name: *Other Enterprise - Federal*

GAAP Account Code	GAAP Revenue Name (Code)/Description	Amount	
0-xxxx-0-1150	**Contractual Services (2030)**		
2-xxxx-0-2030	Gross Refunds Receivable	$ *5,000*	**(6)**
2-xxxx-0-2030	Less: Allowance For Uncollectible Refunds Receivable	$ *1,000*	**(7)**
0-xxxx-0-1151	Net Refunds Receivable	$ *4,000*	**(8)**
	Current Net Refunds Receivable	$ *3,000*	**(9)**
0-xxxx-0-1152	Non-Current Net Refunds Receivable	$ *1,000*	**(10)**
0-xxxx-0-1150			
0-xxxx-0-1150	**Supplies (2032)**		
2-xxxx-0-2032	Gross Refunds Receivable	$ *0*	**(6)**
2-xxxx-0-2032	Less: Allowance For Uncollectible Refunds Receivable	$ *0*	**(7)**
0-xxxx-0-1151	Net Refunds Receivable	$ *0*	**(8)**
	Current Net Refunds Receivable	$ *0*	**(9)**
0-xxxx-0-1152	Non-Current Net Refunds Receivable	$ *0*	**(10)**
0-xxxx-0-1150			
0-xxxx-0-1150	**Fixed Charges (2034)**		
2-xxxx-0-2034	Gross Refunds Receivable	$ *0*	**(6)**
2-xxxx-0-2034	Less: Allowance For Uncollectible Refunds Receivable	$ *0*	**(7)**
0-xxxx-0-1151	Net Refunds Receivable	$ *0*	**(8)**
	Current Net Refunds Receivable	$ *0*	**(9)**
0-xxxx-0-1152	Non-Current Net Refunds Receivable	$ *0*	**(10)**
0-xxxx-0-1150			

GAAP Form 3.5b.2, Rev. 6/30/2002

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REFUNDS RECEIVABLE AND RELATED ACCOUNTS SUMMARY FORM   EXHIBIT

ENTERPRISE, INTERNAL SERVICE, OR TRUST FUND   3.5b (B)

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

(4)   **(5)**

GAAP Fund Code: *4099*   GAAP Fund Name: *Other Enterprise - Federal*

GAAP Account Code	GAAP Revenue Name (Code)/Description	Amount	
0-xxxx-0-1150	**Utilities (2036)**		
2-xxxx-0-2036	Gross Refunds Receivable	$ 0	**(6)**
2-xxxx-0-2036	Less: Allowance For Uncollectible Refunds Receivable	$ 0	**(7)**
0-xxxx-0-1151	Net Refunds Receivable	$ 0	**(8)**
	Current Net Refunds Receivable	$ 0	**(9)**
0-xxxx-0-1152	Non-Current Net Refunds Receivable	$ 0	**(10)**
0-xxxx-0-1150			
0-xxxx-0-1150	**Purchases (2040)**		
2-xxxx-0-2040	Gross Refunds Receivable	$ 0	**(6)**
2-xxxx-0-2040	Less: Allowance For Uncollectible Refunds Receivable	$ 0	**(7)**
0-xxxx-0-1151	Net Refunds Receivable	$ 0	**(8)**
	Current Net Refunds Receivable	$ 0	**(9)**
0-xxxx-0-1152	Non-Current Net Refunds Receivable	$ 0	**(10)**
0-xxxx-0-1150			
0-xxxx-0-1150	**Capital Outlay (9000)**		
2-xxxx-0-9000	Gross Refunds Receivable	$ 0	**(6)**
2-xxxx-0-9000	Less: Allowance For Uncollectible Refunds Receivable	$ 0	**(7)**
0-xxxx-0-1151	Net Refunds Receivable	$ 0	**(8)**
	Current Net Refunds Receivable	$ 0	**(9)**
0-xxxx-0-1152	Non-Current Net Refunds Receivable	$ 0	**(10)**
0-xxxx-0-1150			

GAAP Form 3.5b.2, Rev. 6/30/2002

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COMPLETING THE REFUNDS RECEIVABLE AND RELATED ACCOUNTS SUMMARY FORM --
ENTERPRISE, INTERNAL SERVICE, OR TRUST FUND (GAAP FORM 3.5b.2)

REF   EXPLANATION

Note: Enterprise, Internal Service, and Trust Funds have GAAP fund
codes x075-x210. (See Appendixes A and F. Appendix F lists your
agency's permanent improvement projects and the GAAP fund code for
each.)

(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. Keep a
    copy of the Form.

(4) Enter the four-digit GAAP fund code. See Appendix A or F (see
    note above).

(5) Enter the name of the GAAP fund. See Appendix A or F (see note
    above).

(6) Enter the amount for total Gross Refunds Receivable for each
    expenditure category described on the Form. (See Appendix D.) Do
    not report any amounts on this Form for refunds of expenditures
    you deposited during STARS Fiscal Month 13. (The Comptroller
    General's Office will automatically record these amounts as
    receivables.)

(7) Enter the amount for the Allowance for Uncollectible Refunds
    Receivable. Evaluate the collectibility of the amount reported as
    Gross Refunds Receivable in item (6) above. Your agency must
    estimate the amount determined to be uncollectible and report this
    amount as its Allowance for Uncollectible Refunds Receivable. Use
    historical data on revenue collectibility to make this
    determination.

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REF   EXPLANATION

(8)   Enter the amount of <u>Net Refunds Receivable</u> at June 30. Reduce the amount of the Gross Refunds Receivable reported in item (6) by the Allowance for Uncollectible Refunds reported in item (7). The balance represents the Net Refunds Receivable.

(9)   Enter the amount of <u>Current Refunds Receivable</u>:

  o For Net Refunds Receivable 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 year.)

(10) Enter the amount of <u>Non-Current Refunds Receivable</u>:

  o For Net Refunds Receivable others owe you at June 30.

  o For which you expect to receive payment beyond one year (i.e. AFTER FM12 of the subsequent period.)

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

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REFUNDS RECEIVABLE AND RELATED ACCOUNTS SUMMARY FORM   EXHIBIT
AGENCY FUND   3.5b (C)
At June 30, *2002* **(1)**   Page 1 of 1

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

(3)
Prepared: *8/29/2002* By: *J. P. Junior* Title: *Accountant I* Phone: *734-1234*
              Date   Employee Name

(3)
Approved: *8/31/2002* By: *I. M. Senior* Title: *Dir. of Accounting* Phone: *734-2345*
              Date   Employee Name

(4)   **(5)**
GAAP Fund Code: *4251* GAAP Fund Name: *Other Agency Funds - Federal*

GAAP Account Code	GAAP Revenue Name (Code)/Description	Amount
0-xxxx-0-1150		
0-xxxx-0-2100	Gross Refunds Receivable	$ *42,000* **(6)**
0-xxxx-0-2100	Less: Allowance For Uncollectible Refunds Receivable	$ *5,000* **(7)**
0-xxxx-0-1151	Net Refunds Receivable	$ *37,000* **(8)**
	Current Net Receivable	$ *37,000* **(9)**
0-xxxx-0-1152	Non-Current Net Receivable	$ *0* **(10)**
0-xxxx-0-1150		

GAAP Form 3.5b.3, Rev. 6/30/2002

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COMPLETING THE REFUNDS RECEIVABLE AND RELATED ACCOUNTS SUMMARY FORM--
   AGENCY FUND (GAAP FORM 3.5b.3)

REF	EXPLANATION

Note: Agency Funds have GAAP fund codes x250-x269. (See Appendix A.)

(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. Keep a copy of the Form.

(4) Enter the four-digit GAAP fund code. (See Appendix A.)

(5) Enter the name of the GAAP fund. (See Appendix A.)

(6) Enter the amount of total Gross Refunds Receivable for this GAAP fund. Do not report any amounts on this Form for refunds of expenditures you deposited during STARS Fiscal Month 13. (The Comptroller General's Office will automatically record these amounts as receivables.)

(7) Enter the amount of the Allowance for Uncollectible Refunds Receivable. Evaluate the collectibility of the amount reported as Gross Refunds Receivable in item (6) above. Your agency must estimate the amount determined to be uncollectible and report this amount as its Allowance for Uncollectible Refunds Receivable. Use historical data on revenue collectibility to make this determination.

(8) Enter the amount of Net Refunds Receivable at June 30. Reduce the amount of Gross Refunds Receivable reported in item (6) by the Allowance for Uncollectible Refunds Receivable reported in item (7). The balance represents the Net Refunds Receivable.

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REF   EXPLANATION

(9) Enter the amount of <u>Current Refunds Receivable</u>:

  o For Net Refunds Receivable 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 year.)

(10) Enter the amount of <u>Non-Current Refunds Receivable</u>:

  o For Net Refunds Receivable others owe you at June 30.

  o For which you expect to receive payment beyond one year (i.e. AFTER FM12 of the subsequent period.)

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

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GENERAL INSTRUCTIONS-- REFUNDS RECEIVABLE CLOSING PACKAGE, REVIEWER CHECKLIST (GAAP FORM 3.5b.4)

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 3.5b (D) shows a sample completed Reviewer Checklist (GAAP Form 3.5b.4).

STATE OF SOUTH CAROLINA

REFUND RECEIVABLES CLOSING PACKAGE   EXHIBIT

REVIEWER CHECKLIST   3.5b (D)

For the Fiscal Year Ended June 30, _2002_   Page 1 of 1

Reviewer's Signature:	*I. M. Senior*
Date Last Step Was Completed:	*8/15/02*

REVIEW STEP	YES/NO
Is the reviewer of each for someone other than the person who prepared it?	*YES*
Did the preparer and reviewer *sign* the Refund Receivables forms (not just type or rubber-stamp their names)?	*YES*
Did the preparer and reviewer show their titles and telephone numbers?	*YES*
Can all amounts reported on each Refund Receivables Closing Package form be traced back to official agency accounting records or to working papers?	*YES*
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?	*YES*
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?	*YES*
Do amounts reported as Refund Receivables at June 30 exclude amounts owed from other State agencies?	*YES*
Do amounts reported as Refund Receivables at June 30 <u>exclude</u> any refunds of expenditures deposited in fiscal month 13? (Note: The Comptroller General's Office will automatically record these amounts as receivable.)	*YES*
Are your agency's refund receivables reported under the proper GAAP expenditure category? (Note: You must first determine the STARS expenditure object codes from which the refunds were originally paid. Then, refer to Appendix C (for Governmental Funds) and Appendix D (for Enterprise, Internal Service, or Trust Funds) for GAAP expenditure categories corresponding to these STARS expenditure object codes.)	*YES*
Did you report an estimated Allowance for Uncollectible Refund Receivables if applicable?	*YES*
Did you report both the Current and Non-Current portions of your Net Refund Receivables if applicable?	*YES*

GAAP Form 3.5b.4, Rev. 6/30/02