

## FISCAL YEAR 2020

### Legacy

### IMPORTANT CLOSING DATES

This schedule provides important closing dates for fiscal year 2020 closing activity.

6/29/2020	Electronic fund transfer (EFT) requests to the State Treasurer by Noon. Please see the attached <a href="#">OST Memorandum</a> dated 05/20/2020.
6/30/2020	Last working day of the fiscal year, cash cutoff <ul style="list-style-type: none"> <li>• Cash receipts (A8-A form) requests to the State Treasurer by 3 pm</li> <li>• JV (A7-A form) transfer between treasury funds to the State Treasurer by 3 pm</li> </ul>
7/10/2020	Last Day for FMS Close - Preliminary Year-End (FM12)
7/15/2020	<ul style="list-style-type: none"> <li>• OBIS (Online Budget and Invoicing System) billings to SBCTC.</li> <li>• SMART Disclosure Forms open</li> </ul>
7/24/2020	<b>Deadline</b> to mail out Interagency billings (whether based on actuals or estimates) (per OFM)
7/30/2020	Last Day for FMS Final Close (colleges must completely finish with closing in FMS) (FM13)
7/31/2020- 8/06/2020	SMART Adjusting Phase available. ALL <b>SMART errors (MAES)</b> must be corrected by 8/06/2020.
8/07/2020 – 8/14/2020	SMART Adjusting phase available <b>only</b> for interagency receivable/payable entries.
8/20/2020	<p><b>All Disclosure Forms must</b> be completed and submitted</p> <p><b>All interagency receivable/payable must</b> be in balance</p> <p><b>Pollution Remediation</b> site status report due to OFM</p>
8/31/2020	AFRS Phase 1B closes. All adjusting entries made after Phase 1B require OFM approval (Due by 9/11/20).
9/11/2020	<b>Signed</b> State Disclosure Certification due to SBCTC (Due to OFM by Sept 17)
2/19/2021	<b>Signed</b> Federal Disclosure Certification due to SBCTC (Due to OFM by Feb 26)



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- Between FMS preliminary and final June close, [July 10 through July 30](#), colleges record accruals, balance their inter-agency and intra-agency (inter-college) receivables and payables, review their accounting data for accuracy, and correct any errors made in the previous twelve months.

Remember, if one college does not meet the closing deadlines or balance their records, the system (all colleges) as a whole will not meet the reporting requirements for the state.

- College's President and Chief Financial Officer must attest on the State and Federal Disclosure Certification Form that, among other things, the accounting data in FMS/AFRS is accurate and complete, balances are reconciled, and the college has a system of internal controls in place. In addition, the State Board is relying on the accuracy of each college's data to provide to OFM to produce an accurate state CAFR. Refer to FAM 50.80 and SAAM Chapter 90 for the closing process policy and procedures.
  - Regularly review interfund and interagency checklist reports in SMART. Communication among agencies and colleges is essential to maintain to ensure that receivables and payables are in balance statewide at year-end. Statewide interagency receivable and payable ledgers must reconcile. This includes GLs 1354 and 5154 only. FMS data is reported to AFRS by college. Other agencies utilize AFRS reports to see what each individual college has recorded as due to/from that agency. Refer to FAM 50.80.65 and SMART Checklists #402, 902, and 905.
  - SMART checklist #402. This report shows the GLs 1354 and 5154 that require Due To/From indicators.
  - SMART checklist #902. This report shows inter-agency receivables and payables as due to/from other state agencies, and what other agencies have recorded as due to/from the college.
  - SMART checklist #905. This report shows inter-college (intra-agency) receivables and payables as due to/from other community and technical colleges.

### **Interfund Receivables and Payables (Due to/from Other Funds)**

Interfund receivables and payables ledgers must reconcile. This includes GLs 1350 and 5150; 1353 and 5153; and 1355 and 5155. We encourage you to reconcile these ledgers prior to FMS Final Close (July 234), if possible. Refer to SMART Checklists #401, 403 and 404.

- SMART checklist #401. This report shows the GLs 1353 and 5153 that require due to/From indicators.
- SMART checklist #403. This report shows the Pooled Cash GLs 1355 and 5155 that require due to/From indicators. Refer to FAM 40.10.10.

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- SMART checklist #404. This report shows the Vender Payment Advance (VPA) GLs 1350 and 5150 that require due to/From indicators. Refer to FAM 50.65.

### FMS Final Close

During this final period in FMS, review financial records, make any necessary final adjusting entries directly into FMS.

### SMART adjustments

**Manual Adjusting Entries.** FY20's SMART adjusting phase is available up until **August 6, 2020**. Be sure to correct all SMART errors during this period.

**Due To/From.** The time frame from **8/7 - 8/14/2020** is available for interagency due to/from only. Please do not make any other adjustments after **8/14/2020**. We will only upload interagency due to/from entries to AFRS.

**Disclosure Forms** are required by OFM. They provide additional information required for the state CAFR that cannot be determined through review of the accounting data. The required **Disclosure Forms** will be available in the SMART system beginning **Wednesday, July 15, 2020** and they are to be completed by **Wednesday, September 11, 2020**.

Financial disclosure certification must be signed by college head (president or chancellor) and submitted to SBCTC. Scan and email your signed Financial Disclosure Certification to Lori Carambot at [lcarambot@sbctc.edu](mailto:lcarambot@sbctc.edu) by **Friday, September 11, 2020**.

If OFM or the state auditor should determine adjusting entries need to be made after the above deadline, a manual adjustment form will be provided for you to fill out.

### SBCTC CLOSING PROCESS

SBCTC receives the final CR2127 (trial balance report) then compares the balances from AFRS to reconcile the two systems' total balances by fund and by college.

SBCTC reviews each college's SMART program checklist for any errors. When the adjusting entries and disclosure forms are completed, SBCTC reviews the adjusting entries for accuracy and checks them against the checklist pages to make sure all necessary correcting entries are made. If an error is not corrected and the college will not do so, SBCTC will make the correction. If an expenditure entry is made to a treasury fund it is checked to make sure those funds are not overspent. When all adjusting entries are entered the calculated difference between AFRS and FMS becomes the system wide adjusting entry that SBCTC will make.

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SBCTC then reviews each disclosure form checking to make sure anything that must balance to amounts shown on the records does so and that all required information is present. The disclosure form data is accumulated and system level balances are checked against the balances shown, after adjustments, in the AFRS system. When everything is balanced, the system wide disclosure forms are input into OFM's web-based disclosure form system. The signed state and federal signature pages are submitted to OFM at the same time.

### Opening Entries

SBCTC inputs Phase 2 manual adjusting entries into AFRS but not into FMS. To keep the two systems in balance, either these entries must be reversed in AFRS in the new fiscal year, or FMS must make these entries as opening entry adjustments. Please indicate on your adjusting entries which ones you wish to have reversed. SBCTC reviews those entries to determine which ones are reversible and which ones the agency must make in FMS. The reversible entries will be different for a fiscal year than they are for a biennium year-end. Because AFRS operates on a biennial basis, revenue and expense entries that are reversible in the first year of the biennium may not be reversible in the second year. Fund 001 is on a fiscal year basis so there is no difference in the reversibility of an entry between a fiscal year end and a biennium end – entries affecting revenue or expenditures cannot be reversed.

- **First Year of the Biennium.** AFRS operates on a biennial basis and does not close revenue and expenditures to fund balance at the end of a fiscal year. These accounts carry forward from the first year of a biennium to the second year. FMS, however, does close revenue and expenditures to fund balance at the end of each year. This means a manual adjusting entry affecting an expenditure ledger would affect only the fund balance ledger in FMS in the new fiscal year and would never appear in FMS as an expenditure.

SBCTC monitors the treasury funds of each college to make sure expenditures do not exceed the allocation. The General Fund 001 is on an annual basis, and other treasury funds on a biennial basis. Therefore, FMS must record all expenditures. For this to happen AFRS must reverse the manual entry in the new fiscal year and the college must record it in FMS. This type of entry is made in AFRS during the closing process in the first year of the biennium and reversed in the second year of the biennium. At this point the expenditure balance in AFRS is zero at the biennial level. The college records the entry in FMS in the second year of the biennium and this entry goes to AFRS through the regular monthly processing. Both systems now have recorded one expenditure for the biennium and balance with each other.

As a rule (except in General Fund 001), all entries in the first year of a biennium that involve revenue or expenditures should be reversed so the college can make the entry into FMS in the new fiscal year. **Any first-year manual entry to revenue or expense in treasury capital funds MUST be reversed so that it can be entered in FMS (and AFRS) in the new fiscal year.**

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- **Second Year of the Biennium.** Both FMS and AFRS close revenue and expenditures to fund balance at the end of the biennium. Therefore, adjusting entries affecting these ledgers cannot be reversed. The college must make them as an opening entry adjustment to fund balance in the new fiscal year.
- **Both Years of the Biennium.** Adjusting entries that reclassify asset and/or liability accounts are usually reversed in the new fiscal year in AFRS. For instance, a college submits a manual adjusting entry to correct a due to/from indicator on GL 1354. They change the indicator from 350 to 353, for example. This general ledger appears on the FMS accounts receivable subledger and the payment has probably already been received and recorded. Because making this change in FMS after the payment has been recorded can be complicated, it is suggested that colleges ask for those entries to be reversed. Entries reclassifying debit liabilities to assets and credit assets to liabilities are also generally reversed.

If you want a manual adjusting entry reversed in the new fiscal year, simply check “Yes” on the SMART adjustment form. If it is possible to do the reversal, it will be done. Remember that no revenue or expenditure accruals may be reversed in the first year of the biennium for all state funds (001/057/060/08A/11A/24J/489); and in the second year of the biennium, **no** revenue or expenditure entries can be reversed at all.

#### Notes:

If you have BOTH reversible (“Yes”) and non-reversible (“No”) adjusting entries, input these entries into separate batches in SMART. Do not combine them into one batch. [If you have any permanent/nonreversible adjusting entry in SMART, provide us the coding necessary to input it into FMS in the new fiscal year.](#)

[Not all state fund entries can be reversed in the new fiscal year. These state funds can’t hit cash GL-1110. It would hit GL-71XX instead if it’s related to cash \(FMS GL-4310\).](#)

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### OPENING THE NEW FISCAL YEAR

#### Opening Entry Differences

For entries not reversed in AFRS the college must adjust their opening entry balances in the new fiscal year to equal the balances in AFRS. In other words, the colleges' opening entry balances must be adjusted to reflect any un-reversed manual adjustments.

- Special transaction codes in FMS record opening entry adjustments. These transaction codes start with "A", "R", and "S."
- **Do not** use the "S" transaction codes to make opening adjusting entries. The "S" transaction codes are system generated and carry forward year-end balances from the subledger to generate opening balances. This does NOT mean that entries made with this code will post TO the subledger. **Note: If you use the "S" transaction code for a receivable opening entry adjustment, your subledger and general ledger will be out of balance and you may end up with the same opening entry error in the next year.**
- Use transaction codes "A" and "R" to make your opening adjusting entries. If you need to make an opening entry adjustment to a general ledger that also needs to appear on the subledger you need to make it using an "R" transaction code.

SBCTC calculates the opening fund balance by closing revenues and expenditures. After each college's data is updated for reversing and closing entries, a version of your GA 1409 report is produced and included in each college's Year-end Closing/Opening reports (see below). This report will show all opening balances, adjusting entries, reversing entries, closing entries, and opening balances. You can tell what happened to each fund by reviewing these reports. They are called the "Close to Open" spreadsheets.

SBCTC reviews each college's GA 1409 reports starting with November month end to make sure their opening balances are correct. If the opening balances are not corrected, SBCTC emails a report showing the differences. These reports are sent along with the other monthly reports. The reports are called "Fund GL Compare" and "Fund GL To/From Compare." Together they are referred to as opening entry difference reports.

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#### Year-end Closing/Opening Reports

SBCTC prepares year-end closing/opening reports for each college. The reports contain copies of everything regarding the agency's year-end closing. The report has six sections.

1. **Opening Entries.** A listing of all opening entry adjustments that needs to be made. These adjustments are calculated using the opening balance amounts on your most current month end GA 1409. These amounts are compared to your opening balances as shown in the next section of the report. Each month thereafter you will receive a copy of this report based on your most current GA 1409 until all opening entry balances have been corrected.
2. **Close To Open.** As stated above the reports in this section come from the year-end database used by SBCTC to close the year. There are separate sheets for the four different sections of the GA 1409 report.
  - a. Trial Balance -The first section is at the Account, GL level.
  - b. Expenditures - The second section is at the Account, Appropriation, GL, and Sub-object level.
  - c. Revenue - The third section is at the Account, GL, and Revenue Source level.
  - d. Subsidiary - The fourth section is at the Account, GL, and Subsidiary Account level.
3. **Adjusting Entries.** This section includes copies of all manual adjusting entries whether made by the college or SBCTC.
4. **Checklist.** A copy of the SMART program checklist used by SBCTC to review the college is in this section. Each college should review this checklist to prevent making the same errors in the future. Checklists with no errors will be excluded.
5. **Disclosure Forms.** All completed disclosure forms are in this section. SBCTC may have made notes on them if corrections were necessary or clarification was required. Each college should review these forms for future reference.
6. **AFRS Interagency Payable/Receivable Report.** This report comes from AFRS data only. It shows what AFRS had recorded for your college as due to/from other state agencies as of final year-end reports.

Colleges will receive their reports in [November, 2020](#). Once the college receives its report, they should make all opening entry adjustments **as soon as possible**. Don't wait!