

**DATE:** May 3, 2006  
**TO:** Agency Addressed (No. 16, 2005-06)  
**FROM:** Douglas A. Darling, Director  
Division of Accounting and Auditing  
Department of Financial Services  
**SUBJECT:** FISCAL YEAR CLOSEOUT

The following dates and times have been established for processing transactions affecting the 2005-06 fiscal year. All times are Eastern Daylight Savings Time.

**MYFLORIDAMARKETPLACE (MFMP)**

**MFMP transactions must be received in the Bureau of Auditing's queue by 5:00 P.M. on June 23, 2006, in order to be processed as current year disbursements.**

**PAYROLLS**

All payrolls and related transactions submitted in accordance with your Agency payroll calendar for June 2006 will be processed as 2005-06 transactions.

All negative balances must be cleared by the close of business June 30, 2006. Agencies must input their data into Departmental FLAIR by the close of business on June 28, 2006 in order for the voucher to be posted on June 30, 2006. Agencies that have negative balances on June 30, 2006, and no vouchers pending, must provide the Bureau of State Payrolls with one account code so that these balances can be cleared. We will be unable to post to multiple accounts.

We strongly recommend that agencies closely monitor account balances in order to avoid delays in paying employees at the end of the fiscal year.

**ON-DEMAND PAYROLLS**

Any transactions entered and approved by 5:00 P.M. on June 30, 2006 will be processed as fiscal year 2005-06 disbursements.

**CLASS C PAYROLLS**

We await the final outcome of 2006 Legislation regarding Class C Travel. Last fiscal year, the Implementing Bill for fiscal year 2005-06 General Appropriations Act prohibited the reimbursement for Class C travel.

## **CASH DISBURSEMENTS**

1. Vouchers presented to the Bureau of Auditing for payment by 5:00 P.M. June 30, 2006 will be processed as 2005-06 disbursements.
2. Disbursement transactions below the voucher audit threshold must be input into Departmental FLAIR by 6:00 P.M. June 29, in order to be processed as 2005-06 disbursements.
3. Vouchers input into Departmental FLAIR on or before June 29, but not delivered to the Bureau of Auditing by 5:00 P.M. June 30 will be deleted from the Department of Financial Services' pre-audit file. These vouchers will have to be corrected in FLAIR and resubmitted as 2006-07 vouchers.
4. Departmental FLAIR will not process disbursement transactions entered on June 30. Departmental FLAIR will generate a Transaction 58 for all vouchers producing disbursements. Consequently, all disbursement transactions including purchasing card and invoice tracking entered into Departmental FLAIR on June 30 will return to approval level 008. FLAIR will purge the voucher print file on the night of June 30 to ensure that no vouchers will print on July 1, 2006.
5. Batch disbursement transactions processed through Departmental FLAIR must be presented to Production Control by 1:00 P.M. Thursday, June 29 in order for the resulting voucher schedules to be available for printing on the morning of June 30.
6. Expense tape batch input into the Central Accounting System must be delivered to Production Control by 1:00 P.M. June 30, 2006. The Bureau of Auditing must receive the supporting documentation by 5:00 P.M. on the same day.

## **CASH RECEIPTS**

1. The Treasury will receive bank deposit slips that have been validated by 2:00 P.M. June 30 via facsimile or hand delivery until 5:00 P.M. June 30. These will be processed if the Treasury receives a confirmation and the deposit is entered into a "T" status in FLAIR prior to 5:00 P.M. June 30. At 5:00 P.M. June 30, unverified receipts on the Treasury's file will be rejected (placed in "R" status) and returned to the agencies by the Treasury. On the night of June 30, Departmental FLAIR will purge all outstanding cash receipts records from the cash receipts file. FLAIR will produce a report for each agency that had outstanding records purged. Agencies need to make correcting entries in Departmental FLAIR for all records purged from the cash receipts file.
2. Cash receipts may be input on June 30, transmitted to the Treasury, and verified on June 30. Supporting documentation that is validated by 2:00 P.M. June 30 must be delivered to the Treasury by 5:00 P.M. June 30 in order for the deposit to be posted to fiscal year 2005-06. The Treasury must be able to read the bank validation on the deposit slips.

3. Those agencies depositing through the Treasury's concentration system must deliver a bank validated deposit slip on deposits made before 2:00 P.M. June 30 to the Treasury by 5:00 P.M. June 30. Except for wire transfers, the Treasury will not accept deposits made after 2:00 P.M. June 30 for fiscal year 2005-06.
4. Cash receipt transactions for current year refunds must be verified by the Treasury no later than 3:00 P.M., June 28. The resulting JT-2 will then be available for printing on June 29 and should be delivered to the Bureau of Auditing by 5:00 P.M., June 30. Expense refunds verified by the Treasury on June 30 will remain in the Refund account (001800).
5. Cash refunds in Clearing Accounts must be cleared to the Treasury by the close of business on June 28 in order to be transferred to the Treasury and verified on June 29. Expense refunds cleared from Clearing Accounts after this time will remain in the Refund account (001800).
6. Agencies should review all uncleared Clearing Fund deposits by requesting the Immediate Detail of Clearing Funds Deposits report through the CP function. A report of Clearing Funds not cleared is also available in the standard logon.
7. The Treasury's last day of processing debit memorandums for returned checks for agencies will be on June 26 for fiscal year 2005-06. The Treasury's last day of processing debit memorandums for returned EFT transactions will be on June 30 for fiscal year 2005-06.

#### **WARRANT/EFT CANCELLATIONS**

1. Warrants cancelled by the agencies using the on-line cancellation system must be added and approved by 5:00 P.M. June 30.
2. Warrants to be cancelled by the Reconciliation Section must be received and entered into the system by 5:00 P.M. June 30.
3. Note: cancellations for payroll warrants are performed by the agencies and must be entered and approved online by 5:00 P.M. June 30.
4. EFT's marked for deletion by 11:00 A.M. Wednesday, June 28 will be restored to agency accounts in June 2006.
5. Agencies should review their accounts to ensure the appropriate prior year cancellation revenue category code, 003700, has been established.

#### **REFUND OF OVERPAYMENT OF SALARY**

Any online refund of overpayment of salary approved by entering the deposit number online by 5:00 P.M. June 30 will be processed in fiscal year 2005-06. For more information, please access the Bureau of State Payrolls website at: [http://www.fldfs.com/aadir/bosp/BOSP\\_MANUAL.pdf](http://www.fldfs.com/aadir/bosp/BOSP_MANUAL.pdf). Click on "Payroll Preparation Manual" and go to Volume V, Section 6.

## SETTLEMENT VOUCHERS

Proposed or provisional settlement agreements must be received by the Bureau of Auditing, Room 448Q, Fletcher Building, or the Bureau of State Payrolls, Room 364, Fletcher Building, no later than 5:00 P.M. June 2. Previously approved, proposed or provisional settlement agreements, attached to payment vouchers received by the Bureau of Auditing by 5:00 P.M. June 30 will be processed as 2005-06 disbursements.

Timely resolution of settlement agreements is encouraged and recommended; however, settlement agreements must be submitted with sufficient detail and in a form sufficient to enable a prompt pre-audit. Those settlement agreements with voluminous detail that may hinder timely processing of other settlement agreements should be considered for processing as Certified Forward items. All settlement agreement payment vouchers not meeting the requirements of the Reference Guide for State Expenditures, page S-1, or the Payroll Preparation Manual, Volume IV, Section 13, will be returned for rescheduling as charges against FY 2006-07 appropriations or certifications forward. Any questions relating to this process and/or documentation requirements should be directed to the Bureau of Auditing or the Bureau of State Payrolls.

## STATEWIDE FINANCIAL STATEMENTS

The 2005-06 fiscal year closing schedule by agency for statewide financial statements can be found by accessing the Statewide Financial Reporting Section (SFRS) website at [http://www.fldfs.com/aadir/statewide\\_financial\\_reporting/index.htm](http://www.fldfs.com/aadir/statewide_financial_reporting/index.htm). Each agency is required to complete the Statewide Financial Statements Checklist. The checklist shall be signed by the agency's chief fiscal officer and submitted to SFRS by October 2, 2006. The following items are contained on the checklist:

1. The trial balance for *every* fund within the agency is in balance by *agency's closing date*. Budgetary account balances (GL 8XXXX and 991XX) are balanced separately from other account balances (GL 1XXXX through 7XXXX) for *every* fund. Any necessary adjustments to balance a fund after closing have been submitted to the Statewide Financial Reporting Section (SFRS) by *September 5, 2006*.
2. *All* interfund balances and transfers within the agency are in balance by *agency's closing date*.
3. *All* material interfund balances (\$20,000 or more) and transfers (\$50,000 or more) with other agencies have been confirmed and necessary adjustments to agency records have been made to reflect the correct amounts by *August 25, 2006*.
4. Cash balances for *all* funds agree with those reported in Central Accounting by *agency's closing date*.
5. Treasury investment balances for *all* funds agree with those reported by the State Treasury by *agency's closing date*.

6. For *all* funds, amounts reported as fund balance (GL 549XX and 55XXX) and net assets (GL 535XX through 539XX) equal last year's ending audited fund balance and net asset amounts by *agency's closing date*. Fund balance and net asset amounts have been confirmed using the report AGNCYBS previously received from the Statewide Financial Reporting Section.
7. *All* revenues in general revenue funds (State Fund 1) have been closed out to Collections, General Revenue (GL 546XX) by *agency's closing date*.
8. Depreciation has been run for all capital assets in the property subsystem *at least the day before agency closing*. Agencies that choose to depreciate their capital assets using a method different from the straight-line method or using a system other than FLAIR have correctly calculated depreciation amounts for financial statements and properly reported the amounts in agency records by *agency's closing date*.
9. *All* fund balance reserves except for fund balance reserved for encumbrances and fund balance reserved for fixed capital outlay for applicable governmental funds have been properly reported in agency records by *agency's closing date*. All adjustments for correcting fund balance reserved for encumbrances and fund balance reserved for fixed capital outlay have been submitted to the SFRS by *September 19, 2006*.
10. *All* Net Assets Invested in Capital Assets, Net of Related Debt (GL 536XX) for proprietary funds (SWGF 50 and 60) have been properly reported in agency records by *agency's closing date*. Amount for Net Assets Invested in Capital Assets, Net of Related Debt of a fund should equal total capital assets of the fund less accumulated depreciation *and* less any related debt associated with the capital assets.
11. Short-term and long-term compensated absences for applicable funds have been properly calculated and reported in agency records by *September 5, 2006*. Statewide Financial Statement Form 49 (Compensated Absences) for applicable funds along with necessary adjustments have been completed and submitted to the SFRS by *September 5, 2006*.
12. *All* revenues and expenditures recorded from the Sale of Fixed Assets (GL 622XX), Operating Capital Outlay (OCO) Expenditures (GL 721XX), Fixed Capital Outlay (FCO) Expenditures (GL 722XX), Installment Purchase Acquisitions (GL 723XX), and Capital Lease Acquisitions (GL 724XX) in operating funds (SWGF 10, 20, 30, or 40) have been offset in Fixed Assets Account (SWGF 80) with the same amounts by *agency's closing date*.
13. *All* revenues and expenditures recording Installment Purchase Note Proceeds (GL 693XX), Capital Lease Inceptions (GL 694XX), Proceeds of Refunding Bonds (GL 695XX), Principal Retirement (GL 731XX), Advance Refunding Escrow Payment (GL 733XX), and Payments to Refunded Bond Escrow Agent (GL 795XX) in operating funds (SWGF 10, 20, 30, or 40) have been offset in Long-Term Debt Account (SWGF 90) with the same amount by *agency's closing date*.
14. Analytical procedures have been performed for *all* funds to identify invalid general ledger codes, atypical general ledger balances, inconsistent general ledger code usage from prior year, etc. Any necessary correcting adjustments have been submitted to the SFRS by *September 5, 2006*.

15. For fiduciary funds only (SWGf 71, 73, 74, and 76), **all** 5-digit general ledger codes used are included in the "GL Matrix for Fiduciary Fund Statements" published on the SFRS web site at [http://www.fldfs.com/aadir/statewide\\_financial\\_reporting/index.htm](http://www.fldfs.com/aadir/statewide_financial_reporting/index.htm). The following information for **all** newly established 5-digit general ledger codes necessary for fiduciary funds have been provided to the SFRS by **agency's closing date**: (1) the new 5-digit general ledger code, (2) its title, (3) agency's proposed roll up (financial statement line item) for this new general ledger code.
16. A GASB 34 Fund Questionnaire **and** a Restricted Fund Questionnaire for **each** new fund established and/or activated during the fiscal year ended June 30, 2006 have been completed and submitted to the SFRS by the **agency's closing date**.
17. **All** applicable statewide financial statement forms (including e-forms) except Form P4 (Subsequent Events), Form 20 (Changes in Long-term Liabilities), and Form 49 (Compensated Absences) for the primary government have been completed and submitted to the SFRS by **August 25, 2006**. Form P4 is due **December 1, 2006**. Forms 20 and 49 are due **September 5, 2006**. Amounts reported on **all** forms have been tied to amounts reported in applicable general ledger codes in the trial balance for each fund. Applicable general ledger codes are indicated on the forms themselves. All adjustments necessary to ensure agreement of form amounts to trial balance amounts or vice versa have been submitted to the SFRS by **September 5, 2006**.
18. **All** audited financial statements, adjustments, and applicable completed statewide financial statement forms pertaining to component units have been submitted to the SFRS by the **agency's closing date** (for component units with a fiscal year-end before June 30, 2006) or by **October 2, 2006** (for component units with a fiscal year-end of June 30, 2006).
19. The data form and certification for the 2006 Schedule of Expenditures of Federal Awards (SEFA) have been properly completed and submitted to the SFRS by **September 15, 2006**. If the agency does not receive Federal funding, only submit the certification.
20. The Consideration of Fraud in Financial Reporting Certification (SAS No.99) has been signed by the agency head and submitted to the SFRS by **July 7, 2006**.

Closing reports will be sent to agencies subsequent to closing. These reports should be reviewed and any required adjustments should be submitted to the Statewide Financial Reporting Section by September 5, 2006. Additional closing instructions and information requests will be sent to agency statewide financial statement contacts. Agencies should contact Paul Reynolds at 413-5687 or Suncom 293-5687 or Timothy Hsieh at 413-5746 or Suncom 293-5746 for questions related to items contained on the checklist.

## **OTHER ITEMS**

1. Because of the heavy workload experienced at year-end, it is our intent to not accept manually prepared vouchers. Requests for exceptions should be directed to the appropriate Bureau Chief. Your cooperation in minimizing these exception requests will help us close out the fiscal year in a timely manner.

2. All negative balances should be cleared no later than June 19. The 5% Budget Amendments require a 3 day review as specified in Section 216.292(2)(a)4, Florida Statutes. All 5% Budget Amendments for Fiscal Year 2005/2006 must be received by the Executive Office of the Governor no later than June 27, 2006. Any 5% Budget Amendments received after this date will not post to FLAIR for Fiscal Year 2005/2006.
3. All functions of FLAIR will be operational for the entire day on June 30 except as noted in the above paragraphs. FLAIR will purge the voucher print file on the night of June 30 to ensure that no vouchers will print on July 1, 2006.
4. Statewide document numbers will be reset to begin with number x7000000001 on July 1, 2006, where x denotes the data base on which the number is used. The number in the first position is incremented each year to avoid duplication of statewide document numbers across fiscal years.
5. Departmental FLAIR will be available from 7:00 AM to 7:00 PM on Saturday, June 17, and Saturday, June 24, 2006.

#### **CERTIFICATION FORWARD AT JUNE 30, 2006**

**The Year End Instructions for Certification Forward have not been included in this memo so that legislative changes can be incorporated into the instructions.**

**Current Legislation:** Last year's Legislation established the following rules for the certification forward process for fiscal year 2005/06:

- The Office of Policy and Budget will not be required to perform a detail review of the certification forward request for operation appropriations. Items marked with a 'C' in FLAIR will be automatically approved as long as they do not exceed available spending authority.
- Agencies are allowed to mark **ONLY** Payables (A Items) and Receivables (C Items) in FLAIR for Certification Forward. There will be a reduction in the time available in July for marking these items. The cut-off date for marking items has not been determined yet.
- On September 30th the remaining balances for certification forward operating appropriation balances will be reverted.
- There are no changes to the certification forward process for Fixed Capital Outlay.

**There is proposed legislation** (SB2548 and HB7189) that would adjust the certification forward process for this fiscal year as follows:

- Agencies would be allowed to include Encumbrances (B Items) in the Certification Forward process.

## SUMMARY

Each agency can assist with closing the 2005-06 fiscal year in the following manner:

1. Make every effort to submit all your vouchers to the Bureau of Auditing by Friday, June 16.
2. Carefully check cash and appropriation balances in all accounts to ensure that sufficient amounts are available. This will eliminate delays or rejections of payments due to funds shortages.
3. Agencies using selected operating accounts for consolidating salary payments must adjust these accounts to reflect the correct salary disbursements before the close of the fiscal year. Transfers of salary charges must be made to the applicable accounts to eliminate year-to-date negative disbursement balances.
4. Carefully review year-to-date balances in all accounts to ensure that appropriations are not over-expended and that atypical balances do not exist. Generally, accounts must not be closed out showing atypical year-to-date balances. All 5% Budget Amendments for Fiscal Year 2005/2006 must be received by the Executive Office of the Governor no later than June 27, 2006. Any 5% Budget Amendments received after this date will not post to FLAIR for Fiscal Year 2005/2006
5. For additional information, please contact the following:

Bureau of Accounting	(850) 413-5511, SC 293-5511
Bureau of Auditing	(850) 413-5512, SC 293-5512
Bureau of State Payrolls	(850) 413-5513, SC 293-5513