



State of Idaho

DIVISION OF FINANCIAL MANAGEMENT

Executive Office of the Governor

C.L. "BUTCH" OTTER
Governor

JANI REVIER
Administrator

March 1, 2016

MEMORANDUM

TO: Agency Fiscal Officers

FROM: David Fulkerson, Deputy Administrator/State Financial Officer
Division of Financial Management

A blue ink signature of David Fulkerson, written in a cursive style.

Marion Demer, CPA, Bureau Chief
Division of Statewide Accounting
State Controller's Office

A blue ink signature of Marion Demer, written in a cursive style.

SUBJECT: FY16 YEAR-END CLOSING OF STARS

The Division of Financial Management (DFM) and the State Controller's Office (SCO) have worked together to develop the following fiscal year-end closing schedule. Between now and mid-July, we will be closing the current fiscal year and preparing for FY17, which requires a series of "fiscal year-end closing" activities. State agencies, the State Controller's Office, the Division of Purchasing, and the Division of Financial Management are all involved in the closing process.

The fiscal year-end (FYE) schedule outlines certain activities and deadlines related to the following:

- purchase requisitions
- organization, program, and budget unit structures
- grant and project purges
- encumbrances
- appropriations

P-Card Application Instructions

The P-Card liability accounts (GL 2105) **must** be at ZERO when fiscal year 2016 closes. Since STARS is a cash basis accounting system, the P-Card liability should not cross over fiscal years. While P-Card liability accounts should be reconciled on a monthly basis, having them reconciled and cleared at fiscal year-end is critical. With the fiscal year-end approaching, please identify and record any adjustments or corrections as soon as possible. Once your liability accounts are reconciled, then the processing at year-end should clear these accounts. The general fiscal year-end instructions are as follows:

- Process all outstanding “Posted Pending” transactions as soon as possible and no later than July 6.
- No later than July 8, process your payment to Bank of America for the June expenditures with a **June effective date**.
- DFM may ask you to submit copies of your year-end P-Card liability account reconciliation. Please be prepared to provide them with this information.
- The above instructions apply only to agencies currently using the P-Card Accounting Application.

If you have questions on how to reconcile the P-Card liability general ledger account (2105), contact the DSA Helpline by phone at 332-8827 or by email at dsahelpline@sco.idaho.gov.

MARCH 2016

March 3, 2016

State Controller’s Office sends out the following reports with instructions:

- DAFR6640 Organization/Index Hierarchy
- DAFR6660 Program/PCA Hierarchy
- DAFR8540 Budget Unit Table Listing

If your agency needs the STARS Manual forms for additions, they are available on the Internet at <http://www.sco.idaho.gov/>. Click on Accounting, then on Forms, then on STARS. Scroll down to and select the needed form, or use the following links to the specific forms:

- [ORG-23](#) Organization Table Maintenance Form
- [PGM-23](#) Program Table Maintenance Form
- [BU-20](#) Budget Unit Table Maintenance Form

The reports and any necessary forms are **due to DFM by April 15**.

IMPORTANT: Agencies that enter their own Index and PCA tables should **not** enter FY17 information until **after the April 28** table roll. Also, these same agencies are responsible for updating their own Index and PCA tables in STARS.

March 11, 2016

State Controller’s Office sends out instructions for the following report which will be available in On-line Reporting under SYSID of SFINCL:

- DAFR0149 Fiscal Year-end Warrant Cancellation Report / Preliminary SCO will transfer cash from purged warrants to Unclaimed Property on July 7.

March 16, 2016

STARS FYE Comprehensive Training (9:00AM to 11:00AM) – Contact Patti at SCO by email at peverill@sco.idaho.gov, or by phone at 332-8799.

March 18, 2016

State Controller’s Office sends out instructions for the following reports which will be available in On-line Reporting under SYSID of STABLE:

- DAFR0218 Project Control Purge Indicator
- DAFR0219 Grant Control Purge Indicator

Agencies not entering or updating their own Grants and Projects should return the completed reports to the State Controller’s Office by **April 5**. Agencies that enter and update their own Grant and Projects should have the Purge Indicators updated in STARS by close of STARS on **April 6**.

APRIL 2016

April 5, 2016

The following updated reports are due back to SCO from agencies **not** updating their own Grants and Projects:

- DAFR0218 Project Control Purge Indicator
- DAFR0219 Grant Control Purge Indicator

Agencies that enter and update their own Grant and Projects should have the Purge Indicators updated in STARS by close of STARS **April 6**.

April 8, 2016

Final day to submit FY16 purchase requisitions to the Division of Purchasing using either the DA-1 or IPRO.

State Controller's Office sends out instructions for the following reports which will be available in On-line Reporting under SYSID of STARSYR:

- DAFR0220 Project Control Purge Preliminary
- DAFR0221 Grant Control Purge Preliminary

The above reports list the Grants and Projects with a purge indicator of 'Y' and provide information about whether or not the grant or project will successfully purge during the mid-July financial file purge. Agencies can use these reports to guide the clean-up efforts in preparation for the file purges. Agencies can request updated reports at any time prior to July 1 by contacting the State Controller's Office Helpline at dsahelpline@sco.idaho.gov or at 332-8827.

April 15, 2016

Due date for the following reports and any required forms:

- DAFR6640 Organization/Index Hierarchy
- DAFR6660 Program/PCA Hierarchy
- DAFR8540 Budget Unit Table Listing

Deliver to the Division of Financial Management, attention: (your agency analyst), 3rd floor of the Borah Building.

IMPORTANT: Agencies that enter their own Index and PCA tables should **not** enter FY17 information until **after the April 30** table roll.

April 28, 2016

Agencies updating their own PCA's and Indexes must have 06/30/16 end dates entered on all FY16 PCA's and Indexes **not** being used in FY17. Updates must be completed by close of STARS today. Otherwise, the PCA's and Indexes without end dates will roll to FY17.

SCO will complete this step for agencies not updating their own PCA's and Indexes.

State Controller's Office will do the STARS table roll and purge as part of the nightly IEU. FY16 Budget Units, PCA's and Indexes will roll to create FY17 versions, unless the FY16 version was end-dated. FY14 (and older) Budget Units, PCA's and Indexes will be purged unless needed for encumbrances. Statewide vendors not paid or updated in the last 2 years (excluding State employees) will be purged from the Vendor Edit Table (screen 21). STARS should be available by 7:00 A.M. the following morning.

IMPORTANT:

After the table roll, be aware that both FY16 and FY17 records will appear on the Budget Unit, PCA and Index maintenance tables. Any Indexes or PCA's added to FY16 will also need to be added to FY17. After the table roll, agencies that enter their own PCA's and Indexes can update the FY17 Index and PCA tables.

May 5, 2016 Agencies that enter their own PCA's and Indexes must complete updates **before** close of STARS today in order to have the May 6 reports show those updates.

May 6, 2016 **State Controller's Office sends out instructions for the following reports which will be available in On-line Reporting in SYSID of STABLE:**

- DAFR6640 Organization/Index Hierarchy
- DAFR6660 Program/PCA Hierarchy
- DAFR8540 Budget Unit Table Listing

If there are additional changes to the **organization, program, or budget unit structures**, make the changes in **red** and send to **DFM** for approval by **May 20**.

If there are additional changes to the **Index or PCA** information only, or if there are corrections to input errors, agencies that update their own should do so. Agencies that do not maintain their own Index and PCA table should indicate the changes in **red** and send to **SCO** by **May 15**.

May 20, 2016 **Due date for the following reports with additional structure adjustments:**

- DAFR6640 Organization/Index Hierarchy
- DAFR6660 Program/PCA Hierarchy
- DAFR8540 Budget Unit Table Listing

Deliver to the Division of Financial Management, attention: (your agency analyst), 3rd floor of the Borah Building.

Changes related to Indexes, PCA's or correction of data entry errors do not have to be sent to DFM.

IMPORTANT: Those agencies that enter their own Index, PCA, Grant, and Project tables **should have their FY17 tables updated** by close of business May 21.

May 26, 2016 **State Controller's Office sends out a notice that the following reports are available in On-line Reporting:**

- DAFR6640 Organization/Index Hierarchy
- DAFR6660 Program/PCA Hierarchy
- DAFR8540 Budget Unit Table Listing

May 31, 2016 **State Controller's Office sends out instructions for the following reports which will be available in On-line Reporting under SYSID of STARSTR:**

- DAFR0220 Project Control Purge Preliminary
- DAFR0221 Grant Control Purge Preliminary

The above reports will reflect all clean-up efforts since the last time the reports were run and will provide information about whether or not the grant or project will successfully purge during the mid-July financial file purge. Agencies can use these reports to guide additional clean-up efforts in preparation for the file purge. Agencies can request updated reports at any time prior to July 1 by contacting the State Controller's Office Helpline at dsahelpline@sco.idaho.gov or 332-8827.

May Month-end Reports

If you normally receive either of the following monthly encumbrance reports:

- DAFR6840 Encumbrance Status by Program, and Object
- DAFR8070 Encumbrance Status by Organization and Object

In order for these reports to accurately and completely reflect the status of all outstanding encumbrances as of the end of May, please verify that all needed encumbrances are recorded in STARS prior to the running of these reports. Follow the instructions included with this memo when reviewing these reports. Additional copies of these reports are available upon request to the State Controller's Office Helpline at dsahelpline@sco.idaho.gov or 332-8827.

JUNE 2016

June 1, 2016	FY17 appropriation, allocation and financial plan batches can be entered using either the web-based Budgetary Module of the Statewide Accounting System or directly in STARS. Be sure to include the appropriation bill number (SB# or HB#) in the description field for easy reference. Batches must have a 7/1/16 effective date and a BFY of 17. DFM requires that lump sum appropriations be entered at the object level. If using the web Budgetary module, an email notification will be sent to DFM. If direct STARS entry is used, you must personally notify your DFM analyst. Batch release requests are due to DFM by June 7 .
	State Controller's Office sends out the manual listing of prior year sight drafts to be cancelled along with instructions. SCO will transfer cash from cancelled sight drafts to Unclaimed Property on June 30.
June 7, 2016	FY17 appropriations are due to the Division of Financial Management for approval. After entry in STARS, contact your DFM budget analyst with your agency code and the batch number. If using the web Budgetary module, an email notification will be sent to DFM. The budget analyst will release the batch and notify SCO to process the batch.
June 16, 2016	Final payroll adjustment date.
June 22, 2016	Recommended final day to input FY16 Interagency billings in STARS and mail documentation to agency being billed.
June 23, 2016	Recommended final day to request FAS FY16 corrections or changes. FAS Hold File –SCO recommends working the FAS Hold File until close of business on June 30, 2016.
June 29, 2016	Last day to submit FY16 appropriation transactions or any other type of transaction that requires your DFM analyst's approval.
June 30, 2016	Last day for agencies to cancel outstanding encumbrances that will not be liquidated or be requested to be retained in FY17. Related transactions should be input and released by your agency by this date.

June 30 continued

Last day to input and release FY16 encumbrances.

Provide a letter of request plus supporting documentation for approval of all current year and prior year outstanding encumbrances to the Division of Financial Management. DFM will review these encumbrances and notify you of the approvals or rejections no later than July 8.

According to Idaho Code 67-3521 Encumbrances “shall be made only for a legally contracted obligation or for the accrued cost of a specific product or service due and payable prior to or as of the end of the current fiscal year or for the term of the contract obligation.” See pages 10-14 for more information.

Last day to submit original transactions for FY16. Adjusting transactions will be allowed through July 8. Bank of America payment for the June P-Card billing is the only exception.

All FAS Hold File Transactions for FY16 should be processed by this date. **FAS access will close on July 1, and will remain closed until Monday, July 20**

Last day for FY16 Warrant Cancellations.

IMPORTANT: Receipts deposited with the State Treasurer **after 11:00 A.M.** on this date will be FY17 receipts.

STARS and FAS WILL CLOSE AT 7:00 P.M.

JULY 2016

July 1, 2016

State Controller’s Office sends out instructions for the following reports which will be available in On-line Reporting under SYSID of STARSYR:

- DAFR0220 Project Control Purge Preliminary
- DAFR0221 Grant Control Purge Preliminary

The above reports will reflect all clean-up efforts since the last time it was run and will provide information about whether or not the grant or project will successfully purge during the mid July financial file purge. Agencies can use these reports to guide the clean up efforts in preparation for that file purge. Agencies can request updated reports at any time by contacting the State Controller’s Office Helpline at dsahelpline@sco.idaho.gov or 332-8827.

Document file – FY16 and older documents will be unavailable to the agencies until after the FYE close weekend. These documents will be available again on Monday, July 20. Any necessary adjustments must be communicated to and entered by SCO personnel. Send any needed adjustment information to dsahelpline@sco.idaho.gov. FY17 documents are available immediately after they are posted to STARS.

New Subobjects – If there are new revenue and expenditure subobjects, the updated list will be available on the Internet at <http://www.sco.idaho.gov/>. Click on Accounting, Applications, STARS, then on STARS Manual. Then scroll down to Appendix A – Subobjects and select the desired listing.

Agency-defined year-end preliminary reports will be available in On-line Reporting. These reports can be used to verify the accuracy of data posted to STARS and determine whether any adjustments are necessary before year-end close. **Note that all transactions for the month of June may not have posted at this time – some may have erred in STARS. Final June reports will be available on July 13.**

- July 6, 2016** **P-card Application** – If you have not already done so, run Posted/Pending process for June P-card transactions.
- July 7, 2016** **P-card Application-Bank of America** – If you have not already done so, post the Bank of America P-card Application payments using a June effective date. Posting the payment today will allow time the next day to clear any transactions that have bombed in STARS.
FY15 Outstanding Warrant Purge – FY15 outstanding warrants will be cancelled and the related cash sent to State Treasurer’s Office, Unclaimed Property.
- July 8, 2016** **Agencies will be allowed to post FY16 correcting or adjusting entries until 7:00 P.M.**
P-card Application-Bank of America – Absolutely the last day to post the Bank of America P-card Application payments for June transactions, using a June effective date.
- July 11 & 12, 2016** **Only FY17 available to agency personnel.** SCO, with agency assistance, will clean up any remaining FY16 batches and do a variety of FYE preparation transactions. June reports will run the night of July 12.
- July 16 & 17, 2016** **STARS will be closed to agency personnel. SCO will be conducting FYE closing activities.**
- July 18, 2016** **FAS will re-open. Document file will re-open in mainframe STARS for all fiscal years. Prior year documents will be available in the web applications the following day.**
- July 20, 2016** **FYE close reports** will be available in On-line Reporting under SYSID of STARSYR.
- July 22, 2016** **Agencies that FTP or interface files to SCO should have those processes completed before 4:30PM. The cut off time has changed this year. The following obsolete tables and files will be purged before the IEU:**
- Allocation
 - Appropriation
 - Cash Control
 - Document
 - General Ledger
 - Subsidiary
 - Project Control Table
 - Grant Control Table
 - Prior prior year vendor payment file
- July 25, 2016** **The following reports will be available in On-line Reporting under SYSID of STARSYR:**
- DAFR1220 Project Control Purge
 - DAFR1221 Grant Control Purge
- The above reports list the Grants and Projects with a purge indicator of ‘Y’ and provide information about whether or not the grant or project successfully purged during file purge on July 18. Agencies can use these reports to guide additional clean-up efforts in preparation for the file purge next year.

July 28, 2016

The following reports will be available in On-line Reporting under SYSID of SFINCL:

- DAFR0158 Prior Year Vendor Payment Detail W/Document Number
- DAFR0210 Prior Year Vendor Payment Information W/O VND #

DSP/EIS/PERSONNEL

Division of Statewide Payroll will issue a separate memo with important dates and deadlines related to EIS, IPOPS and Statewide Payroll in general.

ENCUMBRANCES

- Encumbrances are governed by Idaho Code 67-3521(2) which contains the following requirements.
 - Encumbrances beyond appropriated spending authority are not allowed.
 - Shall be reported as reductions against appropriations in anticipation of expenditure.
 - Shall be made only for a legally contracted obligation or for the accrued cost of a specific product or service due and payable prior to or as of the end of the current fiscal year or for the term of the contract obligation.
 - Shall not be used as means of reserving a portion of the appropriation of one fiscal year to be used in combination with the appropriation of the following year.
 - Encumbrance requests shall be accompanied by proper identification of the accrued cost which must be adequately covered by appropriated funds from the current fiscal year.
 - Encumbrances are valid for one year.
 - Requests for encumbrances require approval by the Division of Financial Management (DFM).
 - All purchase requisitions must be submitted to the Division of Purchasing by the division's fiscal year-end cutoff date in order for an encumbrance to be requested.
- Encumbrances shall be for ordinary and necessary expenditures of the agency. These consist of expenditures necessary for the ongoing maintenance of operations that are imminent and cannot be postponed into the subsequent fiscal year. Unusual or extraordinary purchases will require additional documentation for DFM review as noted below.
- Encumbrance of salary and benefit obligations will **not** be approved.
- The agency must have available current year appropriation that meets or exceeds the amount of the encumbrance request.
- If the encumbrance is approved, it will be considered a reservation/reduction of agency spending authority in the current fiscal year, and does not increase spending authority in the subsequent appropriation year.
- Encumbrances will be considered a reservation of cash to be carried over to the subsequent fiscal year to pay the obligation when all conditions have been met.
- Encumbrances must be tied to a specific vendor.
- Encumbrances will be valid for one year. Should an encumbrance not be liquidated in that time frame, an agency must provide justification for extension including detailing what efforts were made to liquidate the encumbrance and the impact should it not be extended.
- Agencies should communicate with DFM when ordering items or contracting for services at the end of the fiscal year to ensure purchases are appropriate and encumbrance requests meet DFM criteria.

General Fund Encumbrances:

- If, at fiscal year-end, the Division of Financial Management and the State Controller's Office agree there is insufficient cash to meet obligations being carried over to the next fiscal year, certain encumbrances will be disapproved and returned until a balance between receipts, expenditures, and cash is achieved.

Non-General Fund Encumbrances:

- Non-General Fund encumbrances must be accompanied by a current B-12 Analysis of Funds (see *Budget Development Manual*) reflecting prior fiscal year, current fiscal year-to-date actuals, and subsequent fiscal year receipts, expenditures, and cash balances.
- All revenue projections are to be based on the existing fee structure. Only changes to fees reflected in current law will be taken into account.
- Non-General Fund encumbrances will not be approved if there is insufficient cash in the fund at the time of the Division of Financial Management's review. Should cash balances fall below that needed to liquidate the encumbrance before the end of the fiscal year, DFM will reduce the encumbrance to coincide with the available cash.
- Expenditures that are reimbursable from grant sources must identify the fund source and time frame for reimbursement of the expenditure to be approved as an encumbrance.

Guidelines for Encumbrances Tied to Contracts

- An encumbrance is allowable if the contract was originally scheduled to be completed prior to the end of the fiscal year, but was not and had to be extended.
- An encumbrance is allowable if the contract is for goods and/or services that would have been delivered during the current fiscal year except for delivery difficulties, unavailability of goods or services, or other reasons beyond the control of the state agency.
- The contract is required to conform to a time period different from the state fiscal year, and it is impossible or impractical to ascertain the amount of goods or services delivered or performed prior to the end of the fiscal year.
- Encumbrances beyond amounts due and payable in the current fiscal year will not be approved for contracts or projects for which ongoing spending authority has been appropriated.
- Encumbrances in multiple years will not be approved for any one contract.

Agency Instructions and Timeline:

- For instructions on entering, adjusting and canceling encumbrances, please consult the Encumbrance chapter of the STARS manual.
- The Division of Purchasing has determined that **April 8, 2016** will be the last day for submitting purchase requisitions. *Idaho Code, 67-3521 (6)*, states "When purchase requisitions are submitted by agencies prior to the state purchasing agent's fiscal year-end cutoff date, but not processed either due to workload or bid requirements, agencies may submit a request for encumbrance to the administrator of the division of financial management." The Division of Purchasing will send letters to agencies notifying them of purchase requisitions that will not be processed and the reasons why they will not be processed. Copies of these letters and the purchase requisitions(s) must be attached to the agency's request for approval of FY 2016 year-end encumbrances and submitted to the Division of Financial Management by **June 30, 2016**.
- Encumbrances not being carried forward must be cancelled. Use information on the May month-end encumbrance reports (DAFR8070 or DAFR6840) to remove or reduce any obsolete outstanding encumbrances balances **prior to June 30**. Outstanding encumbrances, which are not to be retained, should be cancelled or reduced to \$0.00. Agencies should use transaction code 220 R to reduce or 225 to cancel an encumbrance.
 - Agencies using encumbrances throughout the fiscal year as an accounting tool must cancel those not meeting the requirements of Idaho Code 57-3521(2) prior to June 30.
- Current year-end encumbrances may be entered into STARS through **June 30, 2016**. Note that all requested encumbrances must be entered into STARS prior to submission to DFM for approval. This includes purchase requisitions received by the Division of Purchasing by the

April 8 cutoff but not processed for various reasons identified in a letter from the Division of Purchasing.

- The STARS Document Number, Invitation to Bid (ITB) number, or Request for Proposal (RFP) number should be entered in the MPC field.
- Agency encumbrance requests are due to the appropriate analyst at DFM by **June 30, 2016**. Please provide proper documentation as noted in the section below.
- Current outstanding encumbrances can be paid against, cancelled, liquidated, or adjusted until June 30. Any encumbrances that are not approved by DFM to be carried forward into the next fiscal year will be cancelled or reduced by SCO.
- DFM will act upon encumbrance requests by **July 7, 2016**. Final discretion as to the approval/disapproval of any encumbrances lies solely with the Administrator of DFM.

Documentation Required for DFM Review of Encumbrances:

- Submit to DFM a memo outlining the details of requested encumbrances including the date the liability was incurred and the estimated date it will be liquidated, as well as a complete explanation of why the encumbrance is necessary and the possible impact of not retaining it.
- Documentation must be available for review by DFM analysts to support any entered encumbrance. This can be, but may not be limited to, purchase orders, invoices, signed vendor contracts, or authorization letters from the Division of Purchasing in the Department of Administration. Agency and vendor representatives, if applicable, must authorize all documentation prior to the end of the state fiscal year.
- Unusual and extraordinary purchases must be submitted with the answers to the following questions:
 - Was this item previously requested via the budget process?
 - If so, what was the result of that request?
 - Did a critical piece of equipment fail unexpectedly?
 - Was this item planned for replacement in future years?
 - Does the encumbrance for this item obligate the agency to ongoing costs not addressed in the regular appropriation?
 - What are the consequences of not funding this item?

Questions?

Contact your DFM analyst and/or Marion Demer (332-8807) at the SCO for any assistance needed in completing the year-end closing process. We appreciate your participation and cooperation.

The FY16 Year-End Closing memo can be found on the Internet at <http://dfm.idaho.gov> in the “State Agencies” section.

cc: State Controller’s Office
Division of Purchasing
Legislative Services Office
Financial Management Analysts