

Statewide Fund Accounting  
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UNIVERSITY  
*of* ALASKA  

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*Many Traditions One Alaska*

209B Butrovich Building  
910 Yukon Drive  
PO Box 756540  
Fairbanks, AK 99775-6540

May 9, 2006

To: Joe Trubacz, Carol Griffin, Gebeyehu Ejigu, Myron Dosch  
From: Jan Coker, Manager, Statewide Fund Accounting  
Re: Year-End Closing Instructions

Please find attached FY06 year-end closing instructions. The payroll close memo is attached as appendix D. These instructions are also available on the web at the Controller's website:  
<http://info.alaska.edu/controller/index.html>.

Please note the following items:

- FY06 cutoff for journal vouchers is July 21
- FY06 deadline for entering/tagging fixed asset equipment is July 27
- Due dates included in this memo generally refer to when items are due in Statewide; Internal MAU deadlines may differ.

At year-end, there will be significant capital construction in progress across the university system. Construction work performed prior to June 30, yet billed after, should be recorded as accounts payable. For significant contracts, please contact vendors to receive billings for work performed prior to June 30, in an effort to properly accrue these billings prior to the July 21 cutoff.

Please continue to review current year and prior year encumbrances to ensure active status and to avoid inadvertent lapse of funds. Also examine the accounts payable open invoice reports and clear out any invalid items.

Thank you for your continued cooperation and assistance in helping close the university's fiscal year.

cc: Dave Read, Barbara Hyde, Stuart Roberts, Vickie Gilligan, Raye Ann Robinson, Ginger Baker, Judy Brainerd, Tom Dienst, Joan Harings, Marci Zimmerman, Debbie Dickey, Steve Shiell, JoAnn Costello, Michelle Pope

## Fiscal Year-end Closing Instructions

FY06

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## Fiscal Year-end Closing Instructions

### I. Introduction

These fiscal year-end closing instructions are provided to facilitate the closing of the University's books as of June 30 and to facilitate completing the external audit by September 30.

Compliance with these instructions and specific cut-off dates is **mandatory**. If for any reason full compliance with a year-end closing instruction is not possible, it is critical that this be communicated directly to Jan Coker, Manager Statewide Fund Accounting, **prior** to the due date.

The transmittal form at Section III A, page 4, should be used for transmittal of all year-end data excluding the management report and payroll activity. Send these transmittals and accompanying documents to Jocelyn Martin, Statewide Fund Accounting, by each required date as listed on the year-end transmittal form. The transmittal form at section III B, page 5, is used for submission of inventory instructions sent to Statewide Internal Audit.

Please note that throughout these instructions due date refers to the date documents should be received in Statewide Fund Accounting, or other appropriate department, as indicated.

### Contact Information

Jan Coker, Manager, Statewide Fund Accounting

[jan.coker@alaska.edu](mailto:jan.coker@alaska.edu), 450-8063

Michelle Wood, Accountant, Statewide Fund Accounting

[michelle.wood@alaska.edu](mailto:michelle.wood@alaska.edu), 450-8066

Connie Hooper, Capital and Plant Fund Analyst, Statewide Fund Accounting

[connie.hooper@alaska.edu](mailto:connie.hooper@alaska.edu), 450-8064

Jocelyn Martin, Accounting Technician, Statewide Fund Accounting

[jocelyn.martin@alaska.edu](mailto:jocelyn.martin@alaska.edu), 450-8065

Ginger Baker, Manager, Statewide Cost Analysis

[virginia.baker@alaska.edu](mailto:virginia.baker@alaska.edu), 450-8077

II.	List of Significant Dates	Page No.
April 24	HR salary schedule roll	29-35
May 26	Notify Internal Audit of dates of physical inventory	13
June 1	Continue reviewing encumbrances for validity	16
June 2	Inventory instructions due at Internal Audit	14
June 20	Timesheets for R15 pay period are generated	29-35
June 22,23	HR job rolls to new salary schedules	29-35
June 22	Final labor reallocation processing CY05 runs R15-R26	29-35
June 28	ADJ50 runs. Final adjustment run processing FY06, R01-R10	29-35
June 30	Last date for issuing and delivering FY06 checks (non-payroll)	11
June 30	Date goods or services must be received or invoiced to be FY06 accounts payable	15
June 30	List of undelivered checks	12
June 30	Physical inventory cutoff date	13
June 30	Record last check number used (A/P, handpay & payroll)	12
June 30	Last day for prior year (commit type "C") encumbrance transactions,(must be paid or liquidated), by 5 PM	16
June 30	Physical count of contents of safe	
July 3, 4	Holidays	
July 5	FY06 voided payroll checks due in SWOHR	
July 6	ADJ51 runs. Final adjustment run processing FY06, R11-R14	29-35
July 6	Run cycle 12 reports (1st set-cycle 12 will officially close on 7/21/06 at 6 PM)	
July 6	HR POSN budget load – FY07 working budget load	29-35
July 7	Temporary unrestricted budgets reversed	25
July 7	FY07 permanent budgets are loaded	
July 7	Inventory adjustment to be made by units	15
July 7	Verify budget report, notify SWOHR of discrepancies	29-35
July 7	Deadline for all student job assignments entered into Banner HR	29-35
July 7	All Job and Deduction/Benefit input completed for R15 payroll	29-35
July 7	HR POSN budget roll to active – FY07 Budget Activation	29-35
July 8	R15 pay period end date	29-35
July 10	R15 Initial Extract for time entry	29-35
July 12	Following items due in Statewide:	
	• List of undelivered checks	12
	• Last check number issued	12
	• List of issued unrecorded checks	12
July 12	R15 trial run through calc (1)	29-35

II.	List of Significant Dates	Page No.
July 13	<b>LAST</b> FY06 labor reallocation run CY06 runs R01-R14 (ADJ54)	29-35
July 14	Auxiliary reconciliations, adjusting entries, detail listings	18
July 14	Inventory detail due in Statewide	15
July 15	Run R15 payroll	29-35
July 18	Following items due in Statewide:	
	• Reconciliations for cycle 12 balance sheet accounts	7
	• Analysis of doubtful loans	23
	• Listing of loan receivables	22
	• Reconciliations for loan fund accounts	22
	• Petty cash and change fund reports due in Statewide	
	(Procedure P-6, P-7)	10
July 18	Last day for electronic file feeds from other sub systems by NOON	
July 18	R15 pull requests to SW by noon	29-35
July 19	Tentative FY06 labor reallocation run for R15 at FY07 staff benefit rates	29-35
July 21	Last day for A/P canceled checks to be done	15
July 21	Depository reconciliations due in Statewide	11
July 21	<b>LAST</b> day for unit entry to FY06 extended cycle 12 by 6 PM	6, 10
July 21	R15 payday	
July 22	General Ledger roll	25
July 22	Encumbrance roll	16, 26
July 22	Budget roll (finance)	26
July 24	Accrual cycle starts	
July 27	Last day to enter fixed asset equipment for FY06	10
Aug 4	Following items due in Statewide:	
	• Analysis of Accounts Payable	15
	• Reconciliations for extended cycle depositories and loan fund checking accounts	11, 22
	• Plant fund capitalization schedule and capital improvement expenditure schedules (fund 1 and fund 5)	19, 23
	• Aged listing on restricted fund receivables	19
	• Reconciliations for extended cycle balance sheet accounts	7
	• Reconciliation of allowance for doubtful accounts	12, 19
	• Year-end encumbrance list due in Statewide	17
Aug 4	Final date for proposed FY06 adjustments	10
Aug 11	Last day for JV entry to accrual cycle-Statewide only	
Aug 16	Reconciliations for revenue/expenditure account codes due in SW	8

**III. A. Year-end Transmittal Form**

Please submit to Jocelyn Martin  
Statewide Fund Accounting  
209 Butrovich Building  
Box 756540  
Fairbanks, AK 99775-6540

<u>Mark X if included</u>	<u>Page No.</u>
___ List of undelivered checks (July 12)	12
___ Last check #s used - identify type – A/P or payroll handpay (July 12)	12
___ List of issued unrecorded checks (July 12)	12
___ Inventory detail (July 14)	15
___ Auxiliary reconciliations (July 14)	18
___ Reconciliation of <u>cycle 12</u> (as of <u>June 30</u> ) balance sheet accounts (attach list of account numbers) (July 18)	7
___ Analysis of doubtful loans (July 18) Specify account # _____	23
___ Loan Fund receivables (July 18) Specify account # _____	22
___ Loan Fund balance sheet account reconciliations (attach list of accounts) (July 18)	22
___ Petty cash and change funds report, Procedure P-6, P-7 (July 18)	10
___ Depository reconciliations - cycle 12 (July 21)	11
___ Analysis of accounts payable (August 4)	15
___ Depository reconciliations - Extended cycle (August 4)	11
___ Capital improvement expenditure schedule (Unrestricted & Plant Funds) (August 4)	19, 23
___ Loan fund checking accounts (August 4)	22
___ Aged listing on restricted fund receivables (August 4)	19
___ Reconciliation of July 21 <u>extended cycle</u> balance sheet accounts (Attach list of account numbers) (August 4)	7
___ Reconciliation of allowance for doubtful accounts (August 4)	12,19
___ Year-end encumbrance list (August 4)	17
___ Proposed FY06 accrual cycle journal vouchers (August 4)	10
___ Reconciliation for revenue/expenditure account codes (August 16)	8

Date submitted \_\_\_\_\_

Submitted by \_\_\_\_\_

Unit \_\_\_\_\_

Phone # \_\_\_\_\_

III. B. Year-end Transmittal Form

General

TO: Internal Audit  
211 Butrovich Building  
Box 755120  
Fairbanks, AK 99775-5120

Page

Or by email to: [Syaudit@alaska.edu](mailto:Syaudit@alaska.edu)

\_\_\_\_\_ Inventory Instructions (June 2)

14

Date submitted \_\_\_\_\_ Submitted by \_\_\_\_\_

Campus \_\_\_\_\_ Phone # \_\_\_\_\_

#### IV. A. System Schedule

The Banner Finance application does not require the system to be totally shut down to do processing. We are all working in a real time mode.

The system's scheduled **PRIMARY** availability is from 7:30 AM to 8 PM, Monday through Friday. During these hours, there is end user and technical support.

The **SECONDARY** availability is on Saturdays from 7:30 AM to 4:00 PM. This means if the system is up, the end users can use it, but there is no support staff if problems occur. Maintenance, upgrades, long processing jobs, etc. are also done on Saturdays with prior notice to users.

The system is **NOT** available on Sunday.

#### B. **IMPORTANT ITEMS FOR June 30**

- **All** cashier sessions must be closed and finalized on June 30 by 6 PM to ensure posting to FY06.
- **Encumbrances and Accounts Payable cut off is July 21. Activity after that date is FY07 activity.**
- Units are not to do journal entries or any other types of transactions against FY06 after July 21. The system does prevent JV's from being processed but scripts will be run to catch other items. Those items will be deleted or reversed for activity posted after that date.
- It is the MAU or units' responsibility to run, print and distribute reports and information timely to meet the audit schedule.
- For year-end closing purposes, the month of June runs from June 1 – July 21. In the process, there are items due for June 1 - 30 and for the period of July 1 – July 21.

#### V. Auditors' Schedule

KPMG will be performing the external audit of the University. The University's internal auditors will be assisting KPMG in the areas of cash, year-end cutoffs, inventory, auxiliary analysis and unexpended plant vouching. Your cooperation with all audit requests is appreciated.

Interim fieldwork by external auditors is scheduled for the weeks of June 5 and June 12. The majority of their fieldwork will be performed in September and completed by September 30.

It is expected that work in June will consist primarily of planning, some testing in purchasing, accounts payable, grants and contracts, A133 Single Audit compliance, HR and payroll. Testing after year-end will expand to cover all financial areas. KPMG will observe the UAA bookstore inventory on June 29. Internal Audit will be reviewing UAF Utilities inventories for June 30.

All communication with the external auditors when they are not on site is to be coordinated through Jan Coker, Statewide Fund Accounting. If certain dates identified above will be inconvenient for your staff, please contact Jan Coker so the best schedule can be arranged.

VI. Management Report Responses

A. April 2006

The April management report is due May 26.

B. Subsequent to April 2006

No formal management report response will be due for the month of June; however, units should be prepared to respond regarding their lapse or carryforward status for FY06.

To assist in these responses and in the units' internal projections, MAU's have the ability to run the "S Reports" (FGR2SRP). These can be run by a unit at any point in time. It is the units' responsibility to run, distribute and review these reports. Documentation on how to run the S Reports is available on the UA Controller's Website, <http://www.alaska.edu/controller/restrict/5xSreports.pdf>.

Michelle Wood will also be running these reports for all campuses for review purposes. Units are requested to review these reports immediately and contact Michelle regarding any questioned items. Michelle will be using these reports for estimating the current lapse or carryforward that will be reported to the Vice President for Finance.

VII. All Funds

A. Reconciliations

1. Balance Sheet

Each unit will be responsible for reconciling all of the balance sheet accounts for all funds which are administered by their campus with the exception of the excluded balance sheet accounts identified in procedure P-75 in the Statewide Accounting Manual. Reconciliations of all balance sheet accounts except for the depository account 0140 for cycle 12, as of June 30 are due in Statewide Fund Accounting July 18. Final adjustments to the balance sheet accounts should be made in cycle 12 by July 21. A further reconciliation of these accounts is required after cycle 12 is closed and is due August 4. A note to the effect that there is no change from the June 30 reconciliation will suffice if cycle 12 closing balance is the same as the June 30 balance.

All reconciliations must list all detail items and their ultimate disposition. Any reconciling items between the detail list and the FGRGLTA must be clearly identified with supporting documentation attached. In general, follow the guidance of procedure P-75 plus the instructions given in sections VIII through X of this document.

2. Revenue/Expenditure

Due in Statewide Fund Accounting by August 16

Four groups of required schedules are described below. These schedules assist in the preparation of the revenue and expenditure portion of the financial statements.

The total of each revenue/expenditure account code should agree to either the campus or major administrative unit total on the Banner Finance “M” series reports (FGR2MRP), after the extended cycle 12, July 21.

Schedule 1

- a. Fund 100000, account code 9805 miscellaneous income
- b. Fund 100000, account code 9860 miscellaneous sales and rental revenue

This schedule should have the following columnar headings:

<u>Org No</u>	<u>Org Title</u>	<u>Amount</u>	<u>Cumulative Nature of Revenue</u>
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The organization (org) number referred to is the lowest level org code. Please provide a description of the nature of the revenue for each org code. 'Other' or 'miscellaneous' is sufficient explanation of the nature of revenue when the dollar amount is less than \$5,000. Additional information may be requested if necessary.

Schedule 2

- a. All unrestricted funds, account code 9410 thru 9475

The purpose of this schedule is to review account codes 9410 thru 9475 in the unrestricted funds to determine if any amounts should be recorded as gift revenue, i.e. recorded in 9478, 9480 or 9485. Please list only the amounts that should be shown as gifts. Additional guidance can be found by contacting Jan Coker or Michelle Wood.

<u>Fund No</u>	<u>Org No</u>	<u>Amount</u>	<u>Comments</u>
--------------------	-------------------	---------------	-----------------

Schedule 3

- a. All funds except 600000, account code 8341 interest expenditures
- b. All funds except 600000, account code 8342 retirement of indebtedness

These account codes are used exclusively with fund 600000 for debt service and no entries belong in these account codes in other funds. If any items remain uncorrected after the July 21 extended cycle, itemize any uncorrected items so that proper consideration can be made in the financial statement preparation. These schedules, if any, have the following columnar headings:

<u>Org No</u>	<u>Reference</u>	<u>Amount</u>	<u>Description</u>	<u>Correction Required</u>
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Schedule 4

- a. Fund 190000, account codes 9100, 9600 and 9800
- b. Fund 100000, account code 9700
- c. Fund 200000, account codes 9700 and 9900
- d. Fund 400000, account codes 9100, 9600 and 9700
- e. Fund 500000, account codes 9100 and 9900

There should be no entries in these account codes. This schedule (if necessary) should have the following columnar headings:

<u>Org No</u>	<u>Org Title</u>	<u>Amount</u>	<u>Nature of Item</u>	<u>Correction Required</u>
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B. Payroll

The Payroll/HR Processing Fiscal Year 2006 close memo from Carolyn Weaver, (SWOHR) is attached in Appendix D on page 29.

Journal Vouchers

It is imperative that the HR system, which maintains the payroll detail, and the Finance system, which posts summary level payroll charges, stays in balance. Therefore, it is essential that labor reallocations be processed through the payroll system in the current fiscal year. Journal vouchers cannot be used for payroll transactions, with the following exception. Prior fiscal year labor reallocations for transfers only between restricted funds are authorized for journal voucher processing using finance rule code JPAY. JPAY journal vouchers must be sent to SWOHR for approval and processing at SW Finance.

Staff Benefit Rates

New staff benefit rates will be implemented for the R15 payroll based on the prior years' experience and the future years' projection. The chief financial officers of the major administrative units will be notified of the rates.

C. Journal Voucher Entry

All units have the ability to enter journal vouchers for FY06 cycle 12 until 6 PM on July 21. It is the unit's responsibility to complete each journal voucher. If a journal voucher is necessary after July 21, the user should write the entries and send to Statewide Fund Accounting for processing review. Please remember, journal vouchers cannot be used for payroll.

Original journal vouchers sent after July 21 must be clipped together, not intermingled with account reconciliations. Copies of proposed entries may be attached to the appropriate reconciliation and clearly marked as a proposed entry. The original journal entry may be overlooked if attached to other submissions.

The requested entries will be made only if they are received by August 4 and meet the criteria for materiality. Entries made after July 21 are not normally made for less than \$10,000; however, under certain circumstances, consideration will be given. This restriction does not apply to entries to record receivables. Approved entries will be input by Statewide Financial Systems. Statewide Fund Accounting will not initiate year-end entries for the units without prior coordination with those units and then not generally until after the July 21 closing. Verbal coordination may be arranged but must be followed with documentation or computer mail messages.

D. Fixed Asset Equipment

All capitalized equipment (items costing \$5,000 or more) that was received, or the university had title to, in FY06 must be tagged and entered in the fixed asset module by July 27, 2006. JV corrections for activity between July 1, 2006 and July 21, 2006 relating to FY06 should be entered by July 21.

VIII. Unrestricted Funds

All June 30 reconciliations for unrestricted funds except for depositories are due in Statewide Fund Accounting on July 18. The extended cycle 12 reconciliations are due on August 4. Detailed instructions follow for some balance sheet accounts. Instructions for the remaining balance sheet accounts are in the Statewide Accounting Manual procedure P-75.

A. Cash

1. Depositories

- Cash on hand which is not recorded through the cash receipts system as of June 30 will need to be recorded as FY06 activity. Amounts in excess of \$10,000 must be recorded by journal voucher to FY06 during the cycle 12, prior to July 21 with a reversing entry in cycle 01 FY07. The extended cycle entry is:

dr	Cash 0140-XDEP	x,xxx.xx	
cr	Revenue XXXXX-9XXX-XXXXXX		x,xxx.xx
	OR		

cr Receivable 0264-XXXXXX x,xxx.xx  
OR  
cr Deposits or other payables 06XX-XXXXX x,xxx.xx  
Prepare a reversing cycle 01 entry (credits and debits are reversed) and key entries on the same day.

- Campuses where cash is received and deposits are sent directly to the bank by departments other than the business office will need to coordinate the recording of such department collections. Have the department forward the deposit slips to the campus business office no later than the day after the deposit. **All cashier sessions must be closed and finalized on June 30 by 6 PM.**
- If month end is not your usual bank statement cut-off date, contact Michelle Wood and arrangements will be made for a special bank statement.
- a. Reconciliations  
Send reconciliations of depository accounts to Statewide Fund Accounting for June 30 monthly reports by July 21 and for cycle 12 close by August 4. Reconciliations to both June 30 and cycle 12 are required.
  - Reconciliation of depository accounts to the FGRGLTA report must be in the format prescribed in the Statewide Accounting Manual procedure P-4.

All reconciling items must clearly show the specific dates and accounts as they appeared on either FGRGLTA or the bank statement.

- b. Backup for Reconciliations  
The reconciliations must include a copy of the bank statement as of June 30.  
All units must include:
  - Copies of deposit slips for all deposits recorded in Banner Finance but not recorded by the bank as of June 30.
  - Copy of FGRGLTA report.
  - Documentation for all reconciling items including copies of journal vouchers correcting open items.

## 2. Disbursements/payables and payroll check information

- a. Last check issued  
Provide to Statewide Fund Accounting by July 12 the last check number issued on or before June 30, for FY06. This includes a number for machine checks, hand-pay checks and payroll hand pay checks recorded or unrecorded.

b. Undelivered checks

All business offices/units must list any un-mailed and/or undelivered signed checks on hand at the close of business on June 30. This listing includes payroll hand-pay checks, payroll machine checks, accounts payable machine checks and accounts payable hand-pay checks. The list must include:

- check number
- check date
- payee
- amount
- reason why business office still has the check

This list is due in Statewide Fund Accounting by July 12. If no checks are on hand at June 30, please send a response to that effect.

c. Void checks

As is the routine process, please send all original void checks to Statewide Cash Management, Butrovich Building by July 12. Ensure that no FY06 checks are held at the unit.

B. Receivables

1. Accounts receivable

Accounts receivable reconciliations should include aged listings of the receivables.

2. Allowance for doubtful accounts

Reconciliations for the allowance for doubtful accounts should include a summary of the methodology used and backup to support the calculations. Judgment is to be used in the selection of the methodology. One suggestion is to use specific identification for grants and contracts and a percentage method for student receivables. An example of the aging method is given below.

<u>Accounts Receivable Aging</u>		<u>Applicable Percentage (see note)</u>	<u>Allowance for Doubtful Accounts</u>
Current	\$ 200,000	1%	\$ 2,000
30 - 60	50,000	2%	1,000
61 - 180	75,000	20%	15,000
181 - older	<u>125,000</u>	90%	<u>112,000</u>
	<u>\$ 450,000</u>		<u>\$ 130,000</u>

Using this example the allowance for doubtful accounts would be \$130,000.

NOTE: The percentages to be used are your best estimate, the percentages vary with location and economic conditions. The allowance should show a correlation to the annual amount of receivables that are uncollectible.

When the balance has been determined, review how close the estimate is to the existing balance in the account and prepare a cycle 12 adjustment if the variable is in excess of \$2,000. If you do have to adjust the account, it is preferred that you make the adjustment so that the allowance for doubtful accounts is rounded to the nearest thousand.

Additional guidance may be obtained from Michelle Wood.

#### C. Prepaid Travel

Occasionally airline-pricing policies provide an opportunity for the University to realize a savings by purchasing discounted airline tickets in advance of the actual travel date. These tickets are either unassigned or purchased in advance of a specifically planned trip for an identified individual. These tickets will have been purchased through the normal purchasing channels with encumbrances against the user's departmental budget. Each campus is responsible for maintaining control over unused tickets; one suggested method is that unused tickets should be held in the campus business office or office responsible for safekeeping and control. The business office or responsible office will keep an inventory of the tickets identifying the airline, destination, value, purchasing department, the user and event if assigned.

If amounts are significant at year-end, the cost of unused tickets should be recorded in account code 0446; therefore, the business office is responsible for ensuring that journal vouchers are prepared to delete any unused tickets on hand from the FY06 expenditure accounts and that Prepaid Travel Tickets account code 0446 is used. The FY07 reversing journal voucher is prepared at the same time. The reconciliation for Prepaid Travel is prepared in accordance with Statewide Accounting Manual procedure P-75.

#### D. Inventory

Inventory includes items held for resale such as books, calculators, supplies and consumable items held for department use such as office supplies. Examples are: Geophysical Institute electronic shop, IMS glassware, utilities supplies and warehouse inventories. Inventory as described here does not include property inventory (equipment, etc.).

This section includes inventory instructions for auxiliaries, service centers, and departmental supplies and consumables. Also included are instructions for auxiliary accounts other than inventory. Inventories are to be conducted for all bookstores and conducted for all centers with consumable or resale inventories that are to be recorded as assets. Inventories in excess of \$50,000 must be recorded as assets.

1. All inventory items held for resale should be counted as of the close of business, June 30. If the physical count is prior to June 30, provision must be made to account for changes in the inventory from the date the inventory is taken until June 30. By May 26, notify Statewide Internal Audit (see page 5 for contact information) of the dates and locations that physical inventory counts have been scheduled.
2. Prepare written instructions of the inventory count plan. These instructions should include identification of individuals responsible for the count, date of count, locations to be counted, and procedure for counting (counting is to be done in pairs, use of pre-numbered count sheets, other applicable forms, etc.). Send a copy of these instructions to Internal Audit by June 2.
3. Identify either as a part of the inventory instructions or separately, the costing method to be used. Unit cost must be based on the latest invoice price plus average unit freight. Large units may calculate cost based on the retail method. Identification of the costing method should include a brief summary of what the source of cost information is, i.e. how percentages are calculated for retail method, source of costs, determination of freight costs, etc.
4. All inventory sheets should be pre-numbered and clearly identify the unit and date of inventory. The heading must also identify the specific location, individuals counting those items and date of their count. Columns should be established for description of the counted item, counted quantity, unit cost and extended total cost.
5. Separate listings should be maintained for un-saleable books and other retail items. This will include books and other items which probably will not be saleable during the 2006-07 academic year, and which cannot be returned for credit. This listing should include information similar to that on the inventory sheets. These items will also be a part of the inventory sheets referenced in item 4.
6. After inventory is completed and costed, the inventory reconciliation is to be completed. A sample format follows:

---

Unit & Operation Inventory Reconciliation <u>June 30, 2006</u>	
Total cost per inventory detail listing	\$
Less un-saleable items counted in the above (per worksheet)	
Other adjustments (explain in detail)	_____
Adjusted physical inventory	\$ _____

Balance in FGRGLTA, 04XX-1XXXXX, cycle 12	\$
Inventory adjustment, JV # _____ (attach copy of JV)	_____
Adjusted balance (must equal adjusted physical inventory)	\$_____

7. Make necessary year-end adjustments to the inventory accounts. These journal vouchers are to be entered by the units prior to July 7. Attach a copy of the JV to the inventory reconciliation.
8. Send the completed inventory to Statewide Fund Accounting no later than July 14. Include inventory reconciliation and a copy of written instructions used when inventory was conducted and a copy of the JV used to record the appropriate adjustments.

E. Accounts Payable

Accounts payable are unpaid obligations at June 30 for goods received and/or services performed on or prior to June 30, including all utilities (phones and fuel) even though the statement for such services may be dated July 1, or subsequent. Summarize payables relating to all funds for inclusion in the year-end closing. Review the Open Payable Report as of the close of cycle 12 (July 21) and provide to Statewide Fund Accounting a reconciliation of the payables. If payables are correct as listed on the Open Payable Report, submit a statement saying the review has been completed and the report is correct. This is due in Statewide Fund Accounting by August 4.

If an FY06 check is to be **canceled and not reissued**, go to the cancel check form (FAACHKS) for processing. Enter cancel date as June 30, cancel check as Y and re-establish payable as N. This can be done until July 21.

If an FY06 check is to be **canceled and a reissue** will be done, go to the cancel check form (FAACHKS) for processing. Enter cancel date as June 30, cancel check as Y and reestablish payable as Y. This can be done until July 21. Reissued checks, will be in FY07.

Adjustments can be made to encumbrances and accounts payable including travel for all funds from July 1 through July 21 for FY06.

**After July 21, do not use June 30 as a transaction date.**

F. Encumbrances

1. Overview:

The state permits the university to carryforward funding to the next fiscal year to cover the cost of its encumbrances (outstanding commitments).

An encumbrance is defined as the legal commitment of funds for the purchase of goods and/or services which were ordered prior to June 30, but which had not been actually received at June 30. Different state rules apply for Requests for Proposals (RFP) and Information for Bids (IFB).

The FY07 operating budget will be increased for encumbrances. It is important that the university is in compliance with stated rules and regulations and provides proof in the audit trail that it has done so. For this reason FY06 purchase orders (not included as legitimate exceptions) are not to be released after June 30, 2006 or to be backdated. The audit trail for the exceptions is outlined below.

2. Important review steps to reduce lapse and for correct reporting.
  - a. Delete all invalid encumbrances after a thorough review process of the open encumbrance reports. Invalid encumbrances are unusable and become an automatic lapse in the subsequent year; therefore, it is advisable to free these encumbrances up for re-use.

This procedure should be performed throughout the year, but at the minimum ensure that it is followed in May, June, July and extended cycle.

- b. Review prior year encumbrances (commit type "C") and take necessary steps to ensure delivery of goods and services. Unused encumbrances from FY05 will lapse June 29, 2006. The final date to close commit type "C" encumbrances is June 29, 2006 by 5 PM.

Amounts owed by one segment of the university to another or one fund group (restricted or unrestricted, etc.) to another fund group are not legitimate payables nor encumbrances and should not be on the Open Encumbrance report. See the Statewide Accounting Manual procedure P-84 for a definition of a legitimate encumbrance or contact Statewide Fund Accounting if you need additional guidance.

### 3. Encumbrance Roll

The encumbrance roll process will occur on July 22 to allow the best possible closure of both the purchasing and accounts payable areas.

Before the process starts, all **FY06 requisitions** that were not converted to purchase orders will be deleted, regardless of which funds are being used. These requisitions will have to be manually re-entered by the departments if they need to have purchase orders created. All incomplete documents must be removed from the system.

All encumbrances (manual and purchase orders) will be rolled into the new year. Encumbrances against unrestricted funds will be rolled with a commit flag of "C" and are subject to lapse. All other funds will be rolled with a commit flag of 'U' and are not subject to lapse.

4. Year-end Reporting

- a. Review your copy of the Year-end Encumbrance report as of July 21 to determine its accuracy prior to submission to Statewide Fund Accounting. All outstanding encumbrances will be on this listing. Should there be major errors, report these promptly to the Financial Systems Office.
- b. Send to Statewide Fund Accounting the Year-end Encumbrance report. This report is to be marked with the codes listed below and returned to Statewide Fund Accounting by August 4.

Prepare the YE Encumbrance report as follows. Add a column to the right of the report. This column 'Reason for Carryforward' is to justify why those orders can be funded from the FY06 appropriation. This column must be done manually on the YE Encumbrance report. The following notations must be applied. No variations from the following codes will be acceptable.

- 'A' Goods or services not received by June 30.
- 'B' Purchase order issued for items manufactured to specifications fulfilling bid or quote requirements with a delivery date subsequent to June 30.
- 'C' Travel commenced on or before June 30, expense report not filed by June 30.
- 'D' Long lead-time required on order, goods will be received after June 30. (This is appropriate in remote areas that may have outstanding barge orders.)
- 'E' Invoice from vendor not received in a timely manner. Goods have been received prior to June 30. (These items should be recorded as accounts payable items and removed from this list; however, they may appear on this list provided they do not appear on both lists.)
- 'F' IFB authorized and received by procurement by June 1, issued in July.
- 'G' RFP authorized and released by June 7, issued in July.

'X' Requires correction per attached explanation. Any X coding explanation must be presented in sufficient detail with copies of supporting documentation. Each unit should make the corrections in the current (FY07) year.

A certain number of "X" items are unavoidable, but a thorough review and cleanup as described in step 2a should eliminate many X items.

5. Ensure that all accounts payable and encumbered items (obligations) are reported.

All obligations at June 30 must appear on either the accounts payable listing or the open encumbrance listing. No item should be on both listings.

#### G. Establishment of Unrestricted Budget

Temporary budget for FY07 was entered in April and will be available until July 7. Units should have prepared and input continuation budget by July 7.

#### H. Auxiliary Funds

This section provides instructions for reconciliation of Auxiliary Fund accounts other than inventory. Instructions for all inventories including auxiliaries are in the section VIII D.

For all accounts, copies of the adjusting entries, reconciliation, and detail listing must be submitted to Statewide Fund Accounting by July 14.

1. Receivables - complete a list of amounts due the university as of June 30 for books and other items sold but for which payment has not been received. This detail listing is to include customer name, invoice amount, and revenue account to be credited. Any of these receivables which are unrecorded are to be entered by the local unit with a journal voucher in the cycle 12 and reversed in FY07. The account to be debited will be 0264-19XXXX.
2. Accounts Payable - are not recorded by journal voucher. Accounts payable for goods received by June 30 should be recorded into the correct accounts payable form (FAAINVE) using a transaction date of June 30. Any date can be used for the invoice date.
3. Credit memos - are not recorded by journal voucher. Credit memos relating to goods received by June 30 should be recorded into accounts payable form (FAAINVE) using a transaction date of June 30. Any date can be used for the credit memo invoice.
4. Deferred Revenue - housing system receipts collected in advance for July 2006 or later should be recorded as deferred revenue as of June 30, 2006. Complete a listing of the amounts received prior to June 30 for future periods. The listing

should include the payer's name, unit rented, months paid in advance and amount received. The total deferred rent should be recorded to account 0760 - 19XXXX.

I. Capital Improvement Expenditures

Schedule due in Statewide Fund Accounting August 4.

Identify use of unrestricted funds for major upgrades of buildings or grounds. The schedule should be organized by capital project. For each capital project, the following information should be listed:

- Fund-org-program code
- Percent complete at June 30
- Building reference, if applicable
- Short description about nature of work, e.g. renovate classroom or replace water line
- If project is funded from more than one fund or org, report expenses at lowest level
- Group expenses by major account code class, e.g. Salaries, Contractual services.....Other.

See also section XI B

Major upgrade of buildings or grounds are total planned expenditures in excess of \$100,000 regardless of year in which paid, where the expenditure is for new construction or for renovation which extends the useful life of the structure fifteen or more years. This category excludes repair, replacement and maintenance.

IX. Restricted Funds

A. Receivables

1. Aged listing of manually booked receivables is due in Statewide Fund Accounting on August 4.

The aged listing of all manually booked receivables should include identifying fund number, amounts and aging as per outstanding billings.

2. Reconciliation of allowance for doubtful accounts is due in Statewide Fund Accounting on August 4.

A reconciliation of any allowances for doubtful accounts is required and must include a summary of methodology used and backup to support the calculation. The specific identification method is recommended for restricted fund receivables. See also guidance given for unrestricted fund allowance for doubtful accounts in section VIII B 2.

B. Analysis of Debit Fund Balances

The time period for applying adjustments to restricted funds for purposes of recording manual overhead, corrections, or administrative expenditures of federal financial aid programs ends July 21. Any unit not able to enter all adjustments prior to July 21 should contact Statewide Fund Accounting for assistance before completing the analysis of debit fund balances.

1. Analysis of debit fund balances and journal entries to record related receivables and revenues should be completed and entered by unit prior to July 21.

To aid in this analysis, prepare a schedule using the cycle 12 fund-balance report, showing the following headings. The analysis is for all funds with negative ending fund balances only.

<u>Fund No</u>	<u>Title</u>	<u>Ending Balance XXX(1)</u>	<u>Billed (2)</u>	<u>Unbilled (3)</u>	<u>Unbillable (4)</u>	<u>Comments</u>
----------------	--------------	--------------------------------------	-----------------------	-------------------------	---------------------------	-----------------

- (1) Use the cycle 12 balances (negative balances) as of July 21, or an earlier date when you know all restricted fund entries have been posted.
- (2) Amount billed as of June 30, does not include billings prepared after June 30. Add comments for any amounts over 90 days old.
- (3) These are costs that are unbilled at June 30, but are billable under the terms of the contract. Add comments as to when costs will be billed. Note: Costs billed during July should be recorded as cycle 01 activity. These items will be considered as unbilled as of June 30 and should be included in this column.
- (4) Costs that are un-billable generally come from either over-expenditures or disallowed expenditures. Add comments if there is a balance in this column. Indicate if provision for this uncollectible amount is already included in Fund 2 or Fund 1.

The sum of columns 2, 3, & 4 must equal column 1.

2. Journal vouchers to record receivables for each fund with a negative fund balance should be input by July 21. Prepare the entry using the analysis performed in step B 1.

DEBIT: 0264-2XXXXXX, miscellaneous accounts receivable, for the amount in the billed column of your worksheet.

DEBIT: 0303-2XXXXXX, unbilled contracts receivable (manual), for the amount in the unbilled column on your worksheet.

DEBIT: 0292-2XXXXXX, allowance for doubtful accounts, for the amount in the unbillable column on your worksheet.

CREDIT: ORG-9XXX-2XXXXXX, various revenue accounts, for the combined sum of the debits.

This entry should be made for each fund with a debit fund balance and prepare a reversing entry for FY07. For the reversing entry:

DEBIT:	ORG-9XXX-2XXXXXX
CREDIT	0292-2XXXXXX
CREDIT	0264-2XXXXXX
CREDIT	0303-2XXXXXX

After preparing the accrual cycle entry, review the balance in the combined 0292 allowance for doubtful accounts to ensure that the balance is still adequate. See section VIII B for guidance on allowance for doubtful accounts.

If your provision for doubtful restricted accounts is combined with your unrestricted fund provision, be sure there is sufficient allowance to cover the debit entries to 0292 above. Ascertain that you have not caused your allowance account(s) to have a negative (debit) balance(s).

C. Budget Roll

The budget roll process occurs once on July 22. This rolls available balances into FY07.

D. Closing Restricted Funds

In order for a restricted fund to be closed the following items must all be done prior to June 30.

1. Review the fund as reported on the FGRGLTA.
  - a. All asset and liability accounts must be zero "0" (include interfund - 0521).
  - b. The fund balance, revenue, expenditure and transfer control totals must net to zero "0".
  - c. Budgeted revenue and expenditure must equal each other.
2. Process a table update to change fund termination date to June 30. **July is too late to change FY06.**

E. Facilities and Administrative Costs

Facilities & administrative (F&A) costs recovery which is recorded by use of automated F&A cost calculations will be entered as the charges occur during the July 21 extended cycle activity. Redistribution of F&A costs also occurs automatically.

## X. Student Loan Funds

All reconciliations for loan fund accounts are due in Statewide Fund Accounting on July 18. In addition, a reconciliation of all checking accounts as of the close of cycle 12 is due on August 4. Detail instructions follow for cash, receivables and the allowance account; however, reconciliations are required for all balance sheet accounts.

### A. Cash Accounts

Units which have separate bank accounts for their student loan programs must forward a copy of the reconciliation of these accounts for June 30 monthly reports to Statewide Fund Accounting by July 18. Format for the reconciliations should be the standard 4 - column cash reconciliation. Any corrections required should be recorded at the unit level by July 21 via journal voucher. Copies of the bank statement, deposit in transit slips and any journal vouchers made as corrections must be attached to the reconciliations.

A reconciliation as of the close of cycle 12 is due in Statewide Fund Accounting August 4. This reconciliation should also include copies of the bank statement and support for reconciling items.

### B. Receivables

#### 1. Receivables in Banner Finance:

No reconciliation due in Statewide Fund Accounting; units should review accounts for accuracy.

#### 2. Receivables not in Banner Finance:

Provide to Statewide Fund Accounting by July 18, an aged detail listing of student loan receivables outstanding as of June 30. Categories for aged listing should be:

Under 30 days past due

31 - 60 days past due

61 - 90 days past due

91 - 120 days past due

Over 120 days past due

For the Federal loan programs (Perkins) a copy of the June 30 or Wachovia computer printout will be sufficient if this detail list of loans outstanding agrees with the balance shown on report FGRGLTA. If it does not agree, a reconciliation to the FGRGLTA as described in item 3. below is required.

#### 3. Reconciliation of detail to FGRGLTA

Prepare a reconciliation showing items which appear on the detail list but do not appear on FGRGLTA, and which items appear on FGRGLTA but do not appear on the detail list. Sample formats are presented in Appendixes B and C.

Explanation of reconciling items should be detailed. The unit is to enter any adjusting entries that are required by July 21.

C. Allowance for Uncollectible Loans

Loans should be reviewed routinely during the year and those determined by the business manager to be uncollectible should be written off to the allowance for doubtful loans account. After this write off has been performed, the remaining outstanding loans should be reviewed to determine any potential loan losses. Perkins and Nursing loans, as a rule, will be reserved rather than written off. The loans that are considered by the business manager to be potential loan losses should be identified and summarized. A copy of this analysis is due in Statewide Fund Accounting by July 18. Alternatively, any other method of determining the amount that should be reserved for possible loan loss must be forwarded for review. Questions on possible methodology can be discussed with Michelle Wood. Final entries adjusting loan funds must be made by the unit by July 21 so that reports run for the close of cycle 12 reflect the FINAL status of loan funds at June 30.

XI. Unexpended Plant Funds (Construction)

A. Accounts Payable

Due for payment in regional offices by July 14, original billings should be submitted through regular procedures.

Copies of billings for services performed before June 30 must be approved for payment and processed through regular channels prior to July 21 to be recorded in FY06. It may be necessary to make advance arrangements with the contractors to ensure timely billings. It is preferred that the billings be through June 30, although it is possible to prorate bills that straddle both fiscal years.

In the situation where no billing has been received from the vendor but the cost of goods and/or services provided prior to June 30 is estimated to be greater than \$75,000, an estimated accounts payable should be forwarded to Connie Hooper in Statewide Fund Accounting. Such estimates shall be summarized as shown below:

<u>Name of Vendor</u>	<u>Org, Obj Code Fund #</u>	<u>PO #</u>	<u>Estimated Payable</u>
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B. Costs to be Capitalized

Schedule due in Statewide Fund Accounting August 4.

Identify major upgrades of buildings or grounds. The schedule should be organized by capital project. For each capital project, the following information should be listed:

- Fund-org-program code

- Percent complete at June 30
- Building reference, if applicable
- Short description about nature of work, e.g. renovate classroom or replace water line
- If project is funded from more than one fund or org, report expenses at lowest level
- Group expenses by major account code class, e.g. Salaries, Contractual services.....Other.

Major upgrade of buildings or grounds are total planned expenditures in excess of \$100,000 regardless of year in which paid, where the expenditure is for new construction or for renovation which extends the useful life of the structure fifteen or more years. This category excludes repair, replacement and maintenance that are reported in C below.

## APPENDIX A Operating in Previous Fiscal Year

There is no special function or accesses needed to perform current fiscal year and prior fiscal year processing. Anyone who can enter a transaction type in the current fiscal year can enter that transaction type in the prior fiscal year. The key to processing in the proper fiscal year is the transaction date. This is true if you are doing a requisition, manual encumbrance, purchase order, invoice, canceled check, journal voucher, or budget entry. There is no fund type restriction on processing prior fiscal year activity.

Year-end closing is done by three major processes: the general ledger roll, encumbrance roll and budget roll. In order to record information in the most correct fashion, the following year-end approaches are used:

- (1) On July 22 the general ledger roll will be performed. This job sets up the application to handle the old fiscal year as the accrual cycle and places beginning balances into the new fiscal year. Once this job is processed the system will update the ledgers appropriately.

If, for example, there is a charge for FY06, the system will record the charge in FY06 and automatically update the fund balance for FY07.

If the charge is for FY07, the system will only update FY07.

The temporary unrestricted budgets that were established in May will be reversed on July 7. If budget is not entered by then, users will get the NSF message on the items they are trying to process.

Prior to July 21, end users can work in both fiscal years. As stated before, the key to recording items in the correct year is the transaction date. The transaction date will default to the current date for every transaction. The user must clear the field and enter June 30, 2006 when they are trying to affect FY06.

Follow your MAU deadlines for requisitioning. It is critical to abide by them in order to allow the purchasing offices time to change the requisition into a purchase order. All FY06 requisitions will be deleted with the encumbrance roll process that will occur on July 22 unless they are converted to purchase order status by July 21. If any requisition that was deleted needs a purchase order, that requisition will need to be reentered by the department, or use "copy" feature.

Invoicing can be done against FY06 by using a transaction date of June 30. This should be done for all items received on FY06 purchase orders, prior to the encumbrance roll. Invoicing can also be done against FY07 by using a transaction date in July. This should be done for all items received on FY07 purchase orders.

Checks that are printed in July will be reflected in FY07, with a debit to accounts payable control and a credit to the bank account. Checks issued prior to July 1 can be cancelled (voided) against FY06 by using the check cancel date of June 30.

If an FY06 check is to be **canceled and not reissued**, go to the cancel check form (FAACHKS) for processing. Enter cancel date as June 30, cancel check as Y and re-establish payable as N. This can be done until July 21.

If an FY06 check is to be **canceled and a reissue** will be done, go to the cancel check form (FAACHKS) for processing. Enter cancel date as June 30, cancel check as Y and reestablish payable as Y. This can be done until July 21.

Closing of purchase orders and manual encumbrances for FY06 should be done in the normal fashion, but using the June 30, 2006 transaction date.

- (2) On July 22 the encumbrance roll process will be done. **Prior to this process all FY06 requisitions that have not been converted to purchase orders will be deleted.** It will also roll encumbrances (both manual and purchase orders) into the new fiscal year. Depending on the fund type, the system will either set the record with a commit type of 'C' (committed) and tracked for lapse purposes or 'U' (uncommitted) and not tracked for lapse purposes.

Once the encumbrance roll is done, **no encumbrances can be entered against the old fiscal year.** Also, no invoicing or canceling of checks into FY06 by using the transaction date of June 30, 2006 is permitted. The transaction date on all invoices should be in July or August, etc. depending on the current month. The user can do invoicing against FY06 or FY07 purchase orders by using the current date and can do any number of partial invoices as necessary. Should the user enter an invoice against FY06 (transaction date of June 30, 2006) after the roll is complete, the system will force that to be the final payment. This also causes system problems. Please do not make any payment to FY06 after 6 PM on July 21.

**Units are not to do entries against FY06 after July 21.** The system does prevent this, but under some circumstances records can be processed in error. Therefore, scripts will be run and items deleted or reversed for activity posted after that date.

- (3) On July 22 the budget roll process will be done. This will roll the available balances for the appropriate funds. This will roll both revenue and expense budgets. If any transactions are manually entered to these funds in the accrual cycle after the budget roll, manual budget adjustments to FY07 will have to be performed. After this process is completed no activity against funds that are project related can be done.

APPENDIX B

PERKINS RECEIVABLE RECONCILIATION FORMAT

PERKINS RECEIVABLE  
RECONCILIATION  
June 30, 2006

	<u>Balance per FGRGLTA</u>	<u>Balance per Loan Report</u>
Balance - June 30, 2006	(1) X	X
Reconciling items:		
1. Loan receivable activity on Loan report and not on FGRGLTA report:		
A. Loan principal collected	(X)	
B. Loan principal canceled	(X)	
C. Loan principal adjustment	(X)	
2. Loan receivable activity on FGRGLTA report and not on Loan report:		
A. Student loans disbursed (give each student's name and amount)		X
3. Other (provide detail and explanation)	_____	_____
Adjusted balance - June 30, 2006	(2) <u>X</u>	(2) <u>X</u>

(1) June 30, 2006 (cycle 12)

(2) These totals must agree (i.e. adjusted FGRGLTA must agree to adjusted Wachovia report)

NOTE: Required adjustments should be made via journal voucher prior to July 21, 2006.

APPENDIX C

OTHER STUDENT LOAN RECEIVABLES RECONCILIATION FORMAT

"OTHER" STUDENT LOAN RECEIVABLES  
RECONCILIATION  
June 30, 2006

June 30, 2006 - cycle 12 (Report FGRGLTA)

Reconciling items:

1. Loan receivables (disbursements) not booked but appear on detail listing	X
2. FY06 loan payment received after June 30, 2006 cash receipts cutoff date	X
3. Other (provide detail and explanation)	<u>(X)</u>
June 30, 2006 adjusted balance	<u>X</u> (1)

(1) Should agree with the manual detail listing of student loans receivable as of June 30, 2006 and the accrual cycle FGRGLTA (7/25/06).

NOTE: Any required adjustments to balances (from 1, 2, or 3) must be made by journal voucher prior to July 21, 2006.

## APPENDIX D

April 19, 2006

TO: Personnel, Payroll, & Budget Offices

FROM: Carolyn Weaver, SWOHR

**RE: Banner HR Fiscal Year 2006 Close & FY07**

### General

These procedures address BHR processing and scheduling issues that are specific to the fiscal year close and opening of the new fiscal year (FY).

We will process only one payroll run, R15, for the pay period of June 25, 2006, through July 8, 2006, which includes the June 30 fiscal year close cutoff. The R15 accounting information for each employee will split and post to BFIN for FY06 and FY07 depending on the payroll data entry, however, the dates encompassing the entire R15 payroll period will be processed using the FY07 staff benefit rate charging structure. The R15 payroll will process on Saturday, July 17, 2006. The distribution of checks and auto deposit information will occur in the usual manner.

### Salary Schedule Rolls for FY07

The FY07 salary schedule roll for all salary tables will occur on April 24, 2006. The AHECTE Local 6070 salary tables of CC and CM will roll to the 2007 SGRP with a 1.5% grid increase per the contract. The UNAC union salary table of F9 will roll to the 2007 SGRP with a 2.7% grid increase per the contract. The ACCFE union salary tables of AR and A9 will roll to the 2007 SGRP with a 2.6% grid increase per the contract. The UNAD Adjunct union salary table of FT will roll to the 2007 SGRP with a 4.7% increase per the Collective Bargaining Agreement (excluding “\_HR”, “\_CV”, and “\_NC” grades).

This roll information may change due to pending legislative approvals. FN and FR eclass increases are determined on an individual basis and are left to the discretion of the departments at the MAU's.

Non-union salary tables (SS and SC) will roll to the 2007 SGRP with a grid increase of 2%, pending approval by the Board of Regents at the June meeting and available funding.

### **Positions & Budgeting – FY07 & FY07**

The campuses will provide the SW Budget office the Access files for the FY07 budget prior to July 1. Statewide's Budget office will collect all of the campus budget files and prepare the file to be loaded into BHR.

Prior to the budget roll, SWOHR will verify that each active position in NBAPBUD has the "Salary" and "Premium Earnings" under the "Budget Roll Rules" set to zero. Any positions that are set to any other value will be re-set to zero before the roll occurs.

The budget roll process will begin on July 5. SWOHR will roll to a working budget of zero on July 5. On July 6, Enterprise Application Services will load the campus FY07 budgets file into the FY07 working budget in BHR, and SWOHR will produce a working budget report. On July 7, the Statewide Budget office will verify the budget report and inform the HR On-Call technician (450-8208) of any discrepancies. On the evening of July 7, SWOHR will approve and activate the FY07 budget in BHR.

Once the FY07 budget is approved, the prior year budget will close, the position records will be updated with the FY07 active budget and account distribution, and the position records will be updated for the 2007 salary schedules. SWOHR will not feed the position budget information from BHR to the BFIN system. The FY07 budgets will be updated in BFIN via a separate budget load process.

### **Assignments for FY07**

The job roll process globally updates all non-terminated job records with changes to the salary schedules by creating new effective date records containing the updated salary schedule and rate information.

All executive (EX), student, and Non-Represented faculty (FR) jobs that are not terminated will roll on June 23 and create new effective date records for July 9, 2006, (R16 PP begin date) with the job change reason of SYPC (system/policy change). The new job records will reflect the 2007 salary group.

On June 22, pending legislative approval, SWOHR will roll the Local 6070 job records to the 2007 salary schedules with a 1.6% salary grid increase. The job roll will create new job effective date records of July 9, 2006, with the 2007 SGRP, and the job change reason of UNAD (salary adjustment-union) for all Local 6070 jobs.

All FN (<12 month non-represented faculty) jobs will roll to the 2007 SGRP with the F9 (UNAC) jobs on June 22. The job roll will create new job effective date records of July 9, 2006, with a job change reason of UNAD (salary adjustment-union). Since FN employees are non-union employees, SWOHR will supply a list of FN employees that will need to be rolled off of the F9 salary tables to the HR offices by the end of the day on June 22.

UNAD Adjunct job records will be moved to the 2007 salary schedule with a 4.7% increase on June 22 pending legislative approval. The job roll will create new job effective date records of July 9, 2006, with the 2007 SGRP and the job change reason of SYPC (system policy change) for

all non-terminated Adjunct jobs. If the Adjunct employee does not have a summer assignment, the job roll process will not create the new record.

UNAC employees will receive a salary increase of 2.7% for the F9 eclass per the contract; this change will become effective with the R16 payroll beginning on July 9, contingent on legislative approval. On June 22, SWOHR will roll the UNAC job records to the new salary group. The job roll will create new job effective date records of July 9, 2006, with the 2007 SGRP, the new rate, and the job change reason of UNAD (salary adjustment-union) for all non-terminated UNAC jobs.

ACCFT employees will receive a salary increase of 2.6%, excluding those jobs on a 00\_BW or 00\_HR grade. On June 22, pending legislative approval, SWOHR will roll all ACCFT jobs receiving an increase to the new salary schedule. The job rolls will create new job effective date records of July 9, 2006, with the 2007 SGRP and the job change reason of UNAD (salary adjustment-union) for all non-terminated ACCFT jobs.

On June 23, SWOHR will roll all ACCFT jobs not receiving an increase (Grades 00\_BW and 00\_HR) to the new salary schedule. The job rolls will create new job effective date records of July 9, 2006, with the 2007 SGRP and the job change reason of UNAD (salary adjustment-union) for all non-terminated ACCFT jobs

All exempt and non-exempt employees will receive a salary increase of 2.0% effective July 9, 2006, pending approval by the Board of Regents at the June meeting and available funding. On June 22, SWOHR will roll all exempt and non-exempt jobs to the new salary schedule. The job rolls will create new job effective date records of July 9, 2006, with the 2007 SGRP and a job change reason of COLA (cost of living allowance) for all non-terminated exempt and non-exempt jobs.

On June 22, SWOHR will roll all FW jobs (non-represented temporary faculty on CR\_## grades) to the new FT salary schedule with a 4.7% increase. The job rolls will create new job effective date records of July 9, 2006, with the 2007 SGRP and a job change reason of SYPC (system/policy change) for all non-terminated FW jobs.

On June 23, SWOHR will roll all FW jobs (non-represented temporary faculty on 00\_CV, 00\_HR or 00\_NC grades) to the new FT salary schedule with no increase. The job rolls will create new job effective date records of July 9, 2006, with the 2007 SGRP and a job change reason of SYPC (system/policy change) for all non-terminated FW jobs.

The Statewide HR office will programmatically update the new salary group and rate information on July 7 for all future job records dated beyond July 9. A report of the records that will be updated on June 30 for each employee class will be distributed via Vista Plus and will be available for review by the regional offices July 1 through July 7 at noon. After reviewing the report, the MAU HR offices will email [syhr@alaska.edu](mailto:syhr@alaska.edu) by noon on July 7 to confirm the results of the report or note any discrepancies before the update process will occur.

#### Testing of Future Job Records Update

In preparation for the job changes for FY07, SWOHR will test the Future Job Records update process in LRGP during the week of May 8-12, 2006.

**Step Increase Processing**

Step increase processing for the month of July will occur on the morning of Saturday, June 24. The generated reports for the process will be located in the following directory in Secure Shell: /users/sxhrsp/2006/m0606/ or can be found under the Personnel Reports folder in Vista Plus.

Step increase processing for the month of August will occur on the morning of Saturday, July 22. The generated reports for the process will be located in the following directory in Secure Shell: /users/sxhrsp/2006/m0607/ or can be found under the Personnel Reports folder in Vista Plus.

**Assignments for R15**

The initial extract for the R15 payroll will run the morning of July 10. All new assignments, assignment changes, and deduction/benefit changes must be in the HR system by July 7 for the changes to be extracted during the R15 initial process.

**Payroll Time Entry Issues for R15 – FY06 & FY07**

The Banner HR system will create two time entry records for each position/suffix that crosses the fiscal year for an individual. One time entry record will be for the FY06 period of June 25 through June 30. The second time entry record will be for the FY07 period of July 1 through July 8. The effective date on the PHA HOUR record distinguishes the fiscal year.

*For ECLS's with Generated Pay:*

For employees who are in ECLS's with generated pay status, the system will prorate the hours/dollars for each time entry record based on the chart below. As usual, payroll will need to key any leaves or labor overrides on the correct time entry record based on the time/effort reports.

ECLS	R15 FY06 default days	R15 FY07 default days
XR, AR, EX, XX, XT, FR	5 working days (40 hrs)	2 holidays (16 hours)
-----	-----	3 working days (24 hours)
NR, CR	5 working days (40 hrs)	2 holidays (16 hours)
-----	-----	3 working days (24 hours)
F9, A9, FN	5 working days (40 hrs)	5 working days (40 hrs)
FT, FW	.5 units (5 days)	.5 units (5 days)

*For ECLS's with required time entry:*

For employees who are in ECLS's that require time entry, payroll will key the time entry onto the respective fiscal year time entry record based on the time sheet information. For example, a student works Sunday-Wednesday, 4 hours per day both weeks of the pay period, totaling 32 hours worked. Payroll would key 16 hours (4 days x 4 hours/day) on the FY06 PHA HOUR record and 16 hours (4 days x 4 hours/day) on the FY07 PHA HOUR record.

The Banner HR system will calculate FY06 earnings based on the FY06 time entry record and book to Finance as FY06 earnings. The FY07 earnings will be calculated based on the FY07 time entry record and booked to Finance as FY07 earnings.

Testing of R15 Split Payroll Processing

In preparation for the R15 payroll processing, SWOHR will test the split fiscal year payroll run processing in PREP on May 15-19, 2006.

Deduction/Benefit Processing Issues – R15 & FY07

We will use the FY07 PERS, TRS, ORP (T1), ORP (T2), and ORP (T3) rates noted below to calculate all of the retirement deductions/benefits for the R15 payperiod, which begins on June 25. The PERS and TRS contributions and related earnings will be reported to the Division of Retirement as FY07 earnings. The FY07 PERS, TRS, ORP (T1), ORP (T2), and ORP (T3) rates will be implemented in Banner HR on July 7 prior to the first FY07 process (ADJ52 on July 10).

**FY06 Rates**

<b>Retirement Program</b>	<b>Deduction Rate</b>	<b>Benefit Rate</b>
PERS	6.75%	15.58%
PERS – Fire/Police	7.75%	15.58%
TRS	8.65%	21.00%
ORP	8.65%	16.33%
ORP (Tier 2) – “NORP” Plan Codes (NF, NL, NT, & NV)	8.65%	12.00%

**FY07 Rates**

<b>Retirement Program</b>	<b>Deduction Rate</b>	<b>Benefit Rate</b>
PERS (Defined Benefit)	6.75%	20.58%
PERS – Fire/Police (Def Benefit)	7.75%	20.58%
TRS (Defined Benefit)	8.65%	26.00%
PERS (Defined Contribution)	8.00%	10.05%
PERS – Fire/Police (Def Contr.)	8.00%	10.15%
TRS (Defined Contribution)	8.00%	11.75%
ORP (Tier 1)	8.65%	21.00%
ORP (Tier 2)	8.65%	12.00%
ORP (Tier 3)	8.00%	12.00%

Staff Benefit Processing Issues – R15 & FY07

We will use the FY07 staff benefit rates to calculate and process the full R15 payroll period this year.

The FY07 Staff Benefit rates will be implemented on July 7, after ADJ51 (R14) run on July 6 and prior to the ADJ52 run on July 11.

Adjustment Processing - FY06

Payroll Adjustments for FY06

ADJ50 will be the last adjustment run for processing R01-R10 payroll adjustments using FY06 rates and posting to Finance in FY06. We will process 2006 run numbers (R01-R14) in this run on

June 28, 2006. It is imperative that payroll use the June 28, 2006 date as the history and posting override dates for this adjustment run.

ADJ51 on July 6 will be the last adjustment run for processing R11-R14 payroll adjustments using FY06 rates and posting to Finance in FY06. It is imperative that payroll use the June 30, 2006 date as the history and posting override dates for this adjustment run.

#### *Voids for R01-R10 for FY06*

ADJ50 on June 28 will also be the last chance to void a transaction for runs R01-R10 using FY06 rates and have it post to Finance in FY06. It is imperative that payroll use the June 28, 2006 date as the history and posting override dates for this adjustment run.

ADJ51 on July 6 will be the last chance to void a transaction for R11-R14 using FY06 rates and have it post to Finance in FY06. All voids that process after July 6 will post to Finance in FY07 and will occur at the FY07 staff benefit rates. It is imperative that payroll use the June 30, 2006 date as the history and posting override dates for this adjustment run.

#### *Labor Reallocations for FY06*

It is imperative that the HR system, which maintains the payroll detail, and the Finance system, which posts summary level payroll charges, remains in balance. Therefore, the labor reallocations MUST be processed through the payroll system. After the FY06 finance close, only exceptional FY06 restricted fund transfers will be authorized for journal voucher processing in FY07.

After the following deadlines, no further labor reallocations will be processed for FY06.

- ◆ Thursday, June 22, will be the last run to process labor reallocations for 2005 runs R15 through R26 that ran July through December 2005.
- ◆ The last labor reallocation run using FY06 Staff Benefit rates for the 2006 R01-R14 payrolls will be on July 13. It is imperative that payroll/budget use the June 30, 2006 date as the posting override date on this adjustment run.

#### *Tentative Labor Reallocation Run for R15 only at FY06 Rates*

In the case that the budget or payroll offices receive any R15 labor reallocations for the six days that fall in FY06, a labor reallocation run, ADJ55\_a, is tentatively scheduled for July 19 at 5 p.m.

The budget/payroll offices will send an email to [syhr@alaska.edu](mailto:syhr@alaska.edu) or call 907-450-8208 by 11 a.m. on July 19, 2006, if they have any FY06 R15 labor reallocations to be processed. SWOHR will then send out a notification to the workteams by noon notifying them of the status of the R15 LR run.

No FY06 R15 labor reallocations should be entered in Banner HR until the budget/payroll offices receive notification from the Statewide HR On-Call email (syhr) on July 19. In the event that we do process an adjustment run on the July 19, it is imperative that payroll/budget use the June 30, 2006 date as the posting override date on this adjustment run.

#### *Personal Holiday Leave Usage & Accrual – FY06 & FY07*

In conformance with University Regulation, personal holiday leave is not permitted during the pay period in which July 1 occurs. Therefore, all eligible employees must use their FY06 personal holiday leave before the R14 pay period end date of June 24, 2006, or they will lose those hours. The unused FY06 personal holiday leave hours will be deleted from the BHR system on July 12 before the R15 processing begins.

All employees eligible for PHL will receive the PHL accrual for FY07 on July 12 during the R15 processing. Note that an employee cannot take FY07 personal holiday leave until the R16 pay period beginning on July 9.

*Testing of Personal Holiday Leave Usage & Accrual*

In preparation for the PHL accrual in PROD, SWOHR will test the process in LRGP by May 31, 2006.

*Annual Leave Roll Indicator Change*

The Annual Leave Roll Indicator for the new fiscal year will be changed in PROD by May 1, 2006.

*AHECTE Local 6070 Leave Bank Update – FY07*

The AHECTE Local 6070 leave bank update report will be processed on July 17, 2006. SW Payroll/Benefit Accounting will prepare a JV based on the update report to transfer the funds to the appropriate account for FY07. A copy of the JV and report will be supplied to SW Labor and Employee Relations for their records.

**Verification of AHECTE Local 6070 Leave Bank Update**

In preparation for the AHECTE leave bank update, SWOHR will run a preliminary leave bank report process against PROD data on July 7, 2006, and verify the results with SW Labor and Employee Relations.

*Payroll Feed to Finance Summary - FY06 & FY07*

<b>Finance “Cycle”</b>	<b>Payroll Run</b>
FY06 Cycle 12	R12, R13, R14, ADJ43-ADJ50
FY06 Accrual Period	R15, FY06 R01-R14 LR run July 13 (ADJ54)
FY07 Cycle 1	R15 (FY07 portion), R16, ADJ51-ADJ58, Tentative FY06 R15 LR run July 19 (ADJ55_a)

**Dates to Remember:**

(Refer to the payroll calendar for additional date information)

<i>Date</i>	<i>Category</i>	<i>Event</i>
April 24	Personnel	Salary schedules rolled to FY07
May 5	Personnel	Run Health Care Opt-Out Errors report
May 12	Personnel	Run Supplemental Life Changes report
May 30	Personnel	Run Health Care validation reports
June 16	Personnel	Run preliminary Job Roll reports
June 20	Payroll	Timesheets for R15 pay period are generated
June 22	Budget/Payroll	Final labor reallocation processing for CY05 runs R15-R26
June 22	Personnel	Job rolls for jobs that will have pay increases
June 23	Personnel	No personnel data entry allowed due to job roll
June 23	Personnel	Job rolls for jobs that will not have pay increases
June 24	Personnel	Step increase records for July created
June 24		Last day to use PHL (R14 pay period end)
June 27	Personnel	Run preliminary Future Job Changes report
July 5	Budget	Budget roll to working budget of zero for FY07
July 6	Payroll	ADJ51 runs. Final payroll adjustment run processing for FY06 (use June 30, 2006 date)
July 6	Budget	Load budget files as working budget for FY07
July 7	Payroll	Implement FY07 staff benefit and retirement rates
July 7	Personnel	All job and deduction/benefit input completed for R15 payroll
July 7	Budget	Roll Budgets to active and close prior year budget
July 7	Personnel	Update future job records with appropriate salary group/rate
July 7		Run preliminary AHECTE Leave Bank Update report
July 8		R15 pay period end date
July 9		1st day FY07 PHL usage allowable
July 10	Payroll	R15 initial extract for time entry
July 10	Budget/Payroll	First FY07 Adjustment (ADJ52)
July 12	Payroll	R15 initial run through calc
July 12	Payroll	Roll PHL and accrue FY07 PHL
July 13	Payroll	R15 secondary run through calc
July 13	Budget/Payroll	LAST FY06 labor reallocation run for 2006 R01-R14 (use June 30, 2006 posting date). SWOHR will change the SB rates before and after the run.

July 15	Payroll	Run R15 payroll
July 18	Payroll	R15 pull requests to SW by noon
July 19	Budget/Payroll	Tentative FY06 period of R15 labor reallocation run (ADJ55_a) using FY07 staff benefit rates
July 19		R15 checks and auto deposit stubs mailed
July 21		R15 Auto deposits in employee bank accounts
July 21	Budget/Payroll	Finance FY06 Closes
July 22	Personnel	Step Increase Processing for August