

**UNIVERSITY OF MINNESOTA
FISCAL YEAR 2008 CLOSING PROCEDURES
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Date: April 15, 2008
To: All University Accounting Staff
From: Rita Texidor, Accounting Services
Subject: Fiscal Year 2008 Closing Procedures

I. Introduction

1. What is Fiscal Year-End?

The University of Minnesota is required, under Board of Regents policy and reporting standards prescribed by the Governmental Accounting Standards Board (GASB) and the National Association of Colleges and Universities Business Officers (NACUBO), to prepare consolidated financial statements in accordance with generally accepted accounting principles for the University as a whole. This includes the financial results of the University's legally separate component units (e.g., University of Minnesota Foundation). These consolidated statements provide an overview of the University's financial position at a specific point in time (as of June 30) and its activities for the fiscal year (ending June 30).

Accounting transactions are assigned to defined periods of time, or accounting periods, within a fiscal year. Prior to the creation of the consolidated financial statements, all appropriate financial transactions for the fiscal year must be entered and the fiscal year must be closed to any further transactions.

Ideally, the University's books for the fiscal year would close after accounting period 12. However, most colleges and departments view the end of period 12 as an "unadjusted year-end balance" and require additional time to process transactions related to the close of the current fiscal year. Therefore, account corrections and deficit clean-ups are allowed in an extra accounting period, referred to as accounting period 13.

Not all financial activity at the University is based on a fiscal year. Activity on sponsored accounts, which include research funds, is based on the duration of their respective grants (from grant inception to grant close). Sponsors require final financial reports from the University when a grant comes to an end. Sponsored accounts are classified as multi-year accounts, regardless of the actual duration of the grant.

The only acceptable accounting period 13 transactions are IXs, EBs, and JVs. All accounts used in these documents should be for non-sponsored funds, with only one exception—JVs prepared at the discretion of Sponsored Financial Reporting to close out sponsored fund accounts.

2. How Is Fiscal Year-End 2008 Different From Previous Ones?

Fiscal year-end 2008 is made significantly different from previous ones with the implementation of PeopleSoft Financials as the University's Enterprise Financial System (EFS) on July 1, 2008. The guidelines to follow include:

- **Fiscal year 2008 financial reporting will be done from CUFS and other legacy systems.**
- **All activity affecting FY08 must be recorded in CUFS.**
- **All activity affecting FY09 must be recorded in PeopleSoft Financials.**

So for example, FY08 transactions that would normally be coded to reverse in FY09 will require two separate transactions. The first entry will be recorded in CUFS as a regular JV. The reversing entry will need to be initiated in FY09 in PeopleSoft Financials.

FY08 ending general ledger balances will be converted from CUFS to PeopleSoft Financials as part of the EFS implementation and conversion process. You may learn more about the EFS project and rollout by visiting the EFS web site at <http://umconnect.umn.edu/efscrollout/>.

Data conversions from CUFS to PeopleSoft Financials require setting some deadlines and cutoffs that are earlier than in previous years, and changes to some business procedures at fiscal year-end. Below are some of the highlights:

- Non-sponsored Chart of Account changes for FY08 and FY09 will be due on April 30, 2008
- FY09 Budget Prep tables will be closed to general users on May 20, 2008
- FY08, accounting period 12 will close on July 1, 2008, which is considerably earlier than in previous years
- Document deadlines have been adjusted to allow for the cleanup of SUSF (the suspense table) in CUFS
- The CUFS SUSF table must be cleared of all documents by the close of periods 12 and 13
- No internal sales activity will be allowed in period 13 in CUFS
- No HSA transactions will be allowed in period 13 in CUFS

Note: As a result of the April 30, 2008 chart of accounts deadline, requests for new area/orgs for non-sponsored accounts will no longer be processed in FFN beginning May 1, 2008. An extra effort should be made to plan ahead and establish any new accounts necessary in FY08 before the cutoff. The cutoff is necessary to meet time lines for implementation of PeopleSoft Financials and related conversions. In situations where it is critical to track new activity in CUFS after April 30, 2008, departments can make a request for a new “Reporting Category” in FFN. The reporting category will need to be used with an existing area/org that has the same fund and function. The reporting category is an eight digit numeric field with a 30-character description. New values will then need to be established in PeopleSoft in FY09 so that the new activity may be tracked.

Please read each section of this document for additional information and details that may impact your department this fiscal year-end.

3. Year-End Procedures Workshop

Accounting Services and Financial Systems Support will be conducting workshops to review year-end processes and procedures. One of the workshops will be recorded for later viewing. Any person who has fiscal year-end responsibilities is highly encouraged to attend one of the workshops, or view the recording at a later date. Please note that each year there are changes to the year-end procedures that affect every department. This year it is especially important to meet all required deadlines and resolve all lingering issues in order to successfully begin processing FY09 financial information in the new PeopleSoft system.

The workshops will be held on:

Tuesday, April 22, 2008 from 10:00 a.m. to 12:00 p.m.

140 Conference Room, Nolte Center for Continuing Education (East Bank)

Tuesday, April 29, 2008 from 2:00 p.m. to 4:00 p.m.

140 Conference Room, Nolte Center for Continuing Education (East Bank)

Monday, May 5, 2008 from 10:00 a.m. to 12:00 p.m.

135 Conference Room, Blegen Hall (West Bank)

Tuesday, May 6, 2008 from 10:00 a.m. to 12:00 p.m.

285 Conference Room, Vocational Technical Education (St. Paul)

Due to space restrictions, registration for attending the workshops in person is required. Contact Mary Selisker in FSS via e-mail at m-seli@umn.edu or call 612-625-3493 to register. Include your name, department, and e-mail address in your message to Mary. Registration will be accepted through Friday, May 2, 2008. Space is limited, so please submit your registration as early as possible.

The recording will be available by Wednesday, May 7, 2008 as a link on the Fiscal Year-End web page at: <http://www.fss.umn.edu/FYE/>. It will require the use of Windows Media Player.

4. Justification Standards

The Controller's Office, in conjunction with SPA, OAR and the Department of Audits, has published a justification standards job aid and policy. The job aid and policy establishes justification standards for documenting financial transactions on all accounts. In accordance with the Sarbanes-Oxley financial account legislation, it is necessary to officially define standards for all financial transactions (sponsored and non-sponsored). Please refer to:

http://policy.umn.edu/groups/ppd/documents/jobaid/transaction_justification.cfm.

5. Sponsored Transactions, SPA and Certified Approvers' Deadlines

It is the responsibility of the local units to be aware of the central processing deadlines and to communicate to their units if special local deadlines exist for those transactions requiring Certified Approver (CA) approvals. Refer to the online Document Approvals Grid at http://www.oar.umn.edu/CA/document_routing.cfm to determine when a document requires CA approval.

Departments must process all FY08 sponsored transactions in period 12 and allow enough lead-time for all necessary approvals, including approvals by CAs or SPA (if required). If the FY08 document deadlines outlined in Section II are not met, documents for sponsored accounts must be resubmitted as FY09 transactions in PeopleSoft.

No transactions affecting sponsored accounts during accounting period 13 are allowed. SFR starts preparing sponsored reports/invoices as soon as possible after period 12 closes using period 12 balances. Any period 13 transactions would cause the sponsor reports/invoices to be out of sync with the general ledger.

6. Year-End Deficit Cleanup

University policy states that deficits at the fund-area level should neither be budgeted nor exist at fiscal year-end. Reasonable efforts should be made to eliminate existing fund-area deficits by June 30, 2008. Entries to clear deficits must follow appropriate transfer policies and procedures for processing internal accounting transactions. Fund-area level deficits that still exist at the end of period 13, FY08, will be monitored and potentially cleared (using funds from within the respective unit) by the Budget Office during period 14. Only deficits with approved elimination plans will be allowed to maintain a negative budget or negative actual position in the financial system.

7. PAMS Equipment Processing - Invoices

It is imperative that departments send copies of paid invoices for FY08 to Disbursement Services Imaging as soon as possible after processing. This will enable Inventory Services to identify equipment purchases more rapidly, and will aid in meeting overall processing deadlines. Please respond timely if Inventory Services contacts you regarding invoice copies or needs additional information. If you have any questions, please contact Scott Eggert, Inventory Services (egger006@umn.edu, 612-626-8222) or Leslie Koidahl, Disbursement Services (koida001@umn.edu, 612-626-8673).

8. Unclaimed Wires and Electronic Funds Transfers

A listing of unclaimed wires and electronic funds transfers (EFTs) was distributed to both Area and RRC Managers during FY08. Treasury Accounting will periodically update the list. If you have wires or EFTs that have not been claimed to date, please review the list and prepare the appropriate documentation to clear these items and record your transactions. If you have questions about a possible missing wire or EFT, contact Margaret Holter, Treasury Accounting (holte092@umn.edu, 612-624-9014).

II. Important Dates

NOTE: Local Deadlines - It is the responsibility of departments to be aware of local deadlines that may exist for those transactions requiring Resource Responsibility Center (RRC) Manager approvals prior to central processing deadlines contained in this document.

Date	Form(s) / Document(s) / Activity	Time Due	Notes
Thursday, June 12, 2008	Due - Period 12, FY08 Check Request forms to move cash from University of Minnesota Foundation to the University	To Foundation by noon	
Monday, June 16, 2008	Due - Period 12, FY08 PAPER documents: POs, POTs, CPSs	POTs & CPSs to Purchasing by noon.	4. Purchasing and Travel Encumbrances in FY08 and FY09
Monday, June 16, 2008	Due - Period 12, FY08 Electronic & Paper CPSs, Electronic PVCs, and Paper PVs against on-line sub-contract POTs, and NBUDs on Sponsored accounts that require SPA approval	To Sponsored Projects Administration (SPA) by 5:00 p.m.	
Wednesday, June 18, 2008	Pay Period 26 payday		Will be posted to FY08 (Last payday in FY08)
Friday, June 20, 2008	Due - New Vendors and changes to CUFS Vendor file Due - New grant proposals Due - Sponsored and Facilities Management new ORGN requests Due – Sponsored NBUDs not requiring SPA approval		Vendor requests/changes to Disbursement Services Grant proposals and sponsored ORGN requests to SPA Facilities Management ORGN requests to Accounting Services
Saturday, June 21, 2008	Due - Period 12 FY08, ELECTRONIC POs, POTs, CPSs, and ERs Due - Period 12 FY08, PVs referencing POs		4. Purchasing and Travel Encumbrances in FY08 and FY09
Sunday, June 22, 2008	Close all POs in CUFS Note: POs, POTs, CPSs, and ERs no longer available in FFN.		
Monday, June 23, 2008	Due - Purchasing Card transactions to be posted with Wells Fargo Bank in Period 12, FY08	Variable, dependent on merchant	Transactions posted by Wells Fargo Bank through this date will appear as FY08 activity

Date	Form(s) / Document(s) / Activity	Time Due	Notes
Monday, June 23, 2008	Due - Period 12, FY08 PAPER documents: CRs and ALL OTHER DOCs	CR to Bursar by 3:30 p.m.; All other docs to Disbursement Services by 4:30 p.m.	See 6. Information on Paper Documents for Processing by Disbursement Services
Tuesday, June 24, 2008	Due - Period 12 FY08, LAST ECARs run		
Wednesday, June 25, 2008	Due - Period 12 FY08, ELECTRONIC TAs and EP-TAs		See 4. Purchasing and Travel Encumbrances in FY08 and FY09
Thursday, June 26, 2008	Due - Period 12, FY08 HSAs, EPs, TPs, PVs that do not reference a PO, ECAR sweep, and ELECTRONIC CRs that reference open receivables	HSAs by 4:30 p.m. ECARs must be in posting status by 10:00 a.m.	All Accounts Payable related transactions must be cleared from CUFS suspense file Last CUFS check run See 7. Payroll-Related Information
Monday, June 30, 2008	Due - Period 12 FY08, ELECTRONIC IVs, IXs, JVs, COAs (Reporting Category only) and non-sponsored NBUDs Due - Period 12 FY08, CRs that do not reference any open receivables	By 2 p.m. if Accounting Services' approval is needed; By 6 p.m. if no approval needed from Accounting Services	See 2. Period 12 General Information
Tuesday, July 1, 2008	Period 12 FY08 closes		Last day to clean-up all entries in SUSF. Note all remaining suspense transactions will be deleted
Wednesday, July 2, 2008	Period 13 FY08 opens for Non-sponsored transactions only		Acceptable Period 13 Transactions: NBUDs, JVs (not IVs), and IXs; ALL other documents will be RETURNED or REVERSED. See 3. Period 13 General Information
Friday, July 11, 2008	Due - ALL FY08 Accounting Reporting Forms: Inventory, Livestock Inventory, Aged Accounts Receivable, NSF Checks, Unrecorded Expenses, Lease Questionnaire		IV. Accounting Information
Tuesday, July 22, 2008	Due - Period 13 FY08, PAPER documents: IXs, JVs	To Disbursement Services by 4:30 p.m.	See 6. Information on Paper Documents for Processing by Disbursement Services
Thursday, July 24, 2008	Due - Period 13 FY08, Non-sponsored account ELECTRONIC IXs, JVs, and NBUDs	By 2 p.m. if Accounting Services' approval is needed; By 6 p.m. if no approval needed from Accounting Services	See 3. Period 13 General Information
Saturday, July 26, 2008	Period 13 FY08 closes		

III. Detailed Information

1. System Availability and Deadlines

- a. Normal CUFS hours will continue during all of June and July through period 13. The system will be up from 7:00 a.m. to 7:00 p.m., Monday through Saturday. Note: It is possible that CUFS may be made unavailable at times during the first few days of July to allow for daytime processing and to facilitate EFS timelines with the exception of the July 4th holiday.
- b. All transactions in the suspense (SUSF) file in CUFS should be cleared on a daily basis.
- c. FFN will continue to be available during normal scheduled hours, from 5:40 a.m. to 6:15 p.m. and 6:45 p.m. to 5:00 a.m. (including the July 4th holiday). Note that Thursday, July 24, 2008 will be the last day to process/enter documents in FFN. Certain documents have earlier cut offs; refer to Section II, Important Dates.
- d. FFN documents must be in “**Posting**” status (through ALL approval levels and ready to be posted into CUFS overnight) by 6:00 p.m., on the deadline dates. If they are not in posting status, the transaction will not be accepted into CUFS. Be aware that certain documents like the CPS, PVC, and EP may require several levels of approvals before they reach the “posting” status. Allow enough time for all approvals to be applied. There are some exceptions, and these are listed below. Questions about using FFN should be directed to the University Financial Helpline at (612) 624-1617.
- e. Deadline Exceptions:
 - ◆ FFN ECAR documents for June 2008 must be in posting status by 10:00 a.m. on Thursday, June 26, 2008.
 - ◆ Documents requiring Accounting Services’ approval are generally due earlier in the day (by 2 p.m.) to allow time for the necessary review. Those not meeting the 2 p.m. deadline may not be approved in time for the accounting period close.

Note: It is always advisable to enter transactions as early as possible and not wait until the last day.

2. Period 12 General Information

For FY08, period 12 will run from June 1 through July 1, 2008.

- a. Period 12 budget documents (EB, RB, ET) may be entered in CUFS as follows:
June 1-July 1, 2008: normal entry from 7:00 a.m. to 7:00 p.m. (including Saturdays).
- b. Enterprise Assessment:
 - ◆ The Enterprise assessment will be processed on Saturday, June 28, 2008 in period 12 based on salary expenses posted in period 12.
 - ◆ The first five digits of the JVs will start with UNA12 and will be posted to object code 8610.

- c. CUFS Period 12 Report Delivery Schedule:
Twin Cities Campuses - All period 12 CUFS paper reports will be delivered by Campus Mail to departments by Tuesday, July 8, 2008.
 - ◆ All Other Campuses And Facilities - Facilities not normally served by the Twin Cities campus mail will have their reports sent via U.S. 1st class mail delivery.
- d. Period 12 data and reports will be available on Thursday, July 3, 2008 in DWFS, Financial Reports on the web at <https://financial.reports.umn.edu/> and UM Reports.

3. Period 13 General Information

For FY08, accounting period 13 will run from July 2 through July 26, 2008.

Period 13 is for **non-sponsored** transactions and final adjustments only. All accounting lines (**both debit and credit lines**) on transactions associated to period 13 **must reference only non-sponsored accounts**. Transactions in period 13 should never be surprises to any department. All departments affected by a transaction should be made aware of the transaction before it is processed.

Note: Transactions created by Central Administration are not surprise entries. Please see section b. below for examples.

- a. Acceptable Period 13 Transactions:
 - ◆ IX – Non-sponsored accounts only;
 - ◆ JV – Non-sponsored accounts and closeout JVs processed by Sponsored Financial Reporting (SFR).
 - ◆ FFN COA (Reporting Category only) and NBUD – non-sponsored accounts only
 - ◆ All other non-budget documents, including IVs, will be either reversed or returned depending on method of entry (FFN or DDE).
- b. Central Administration Entries in Period 13:
Copies of entries processed by Central Administration in period 13 will not be sent to departments. These entries include transactions related to:
 - ◆ Sales Tax Payable
 - ◆ NSF Checks Receivable
 - ◆ Accounts Payable
 - ◆ Accounts Receivable
 - ◆ Inventory
 - ◆ Credit/Bank Cards
 - ◆ Attribution of Tuition Revenue
 - ◆ Final Distribution of Indirect Cost Revenue
 - ◆ Fourth Quarter Investment Income Distribution
 - ◆ Reversal of documents entered but not allowed in period 13 (IVs or any transactions on sponsored accounts)

You may view the entries:

- ◆ On-line using CUFS OLGL, BRDL, or TRNI inquiry tables

- ◆ In the data warehouse
 - ◆ On CUFS paper reports
 - ◆ On Financial Reports on the Web (see the query called ‘Transaction/Account Inquiry (TRNI)’ under the Shared Query button at <https://financial.reports.umn.edu/xfss.htm>.)
 - ◆ UM Reports
- c. Period 13 budget documents (EB, RB, ET) may be entered in CUFS July 2 – 24, 2008:
- ◆ The preparer must key in:
 - accounting period 13 = FY08
 - transaction date = 06 30 08, and Budget FY = 08.
- d. Period 13 NBUDs may be entered in FFN until July 24, 2008.
- e. Enterprise Assessment:
A period 13 Enterprise Assessment will not be processed after period 12 close because HSAs are not allowed in period 13 for FY08.
- f. Attribution of Tuition Revenue:
Governmental Accounting Standards Board (GASB) statements 34 and 35 require revenue and expenses to be accrued and recognized in the period earned or incurred. Because summer session activity crosses two fiscal years, tuition revenue and waiver expense associated with courses offered during summer session 2008 will be split between FY08 and FY09 according to the following ratios. These ratios are developed using the last three years of actual activity. Summer session encompasses everything technically in summer term, including intersession. Accounting Services will generate the journal entries to reverse deferred revenue in FY09.

Tuition	% Booked as Revenue FY08	% Revenue Deferred FY09
UMC	50.34%	49.66%
UMD	64.42%	35.58%
UMM	65.25%	34.75%
UMTC	43.21%	56.79%

Waivers	% Booked as Expense FY08	% Expense Deferred FY09
UMC	48.26%	51.74%
UMD	62.65%	37.35%
UMM	62.34%	37.66%
UMTC	41.93%	58.07%

The Budget Office will prepare a JV document, using preliminary summer session tuition amounts, to transfer the 2008 portion of intersession/summer session 2008 tuition revenue into the collegiate level TUIT (tuition) orgs in accounting period 13.

It is important that the collegiate RRC managers wait until after this transfer has posted before preparing a transfer into or out of the TUIT org in order to bring the balance of the TUIT org to zero prior to the close of the fiscal year. Questions concerning the attribution of intersession/summer session tuition can be addressed to Robin Dittmann at dittm005@umn.edu, (612) 626-9277.

- g. Final Distribution of Indirect Cost Revenue (IDCR):
The distribution of indirect cost revenue earned during accounting periods 07-12 will be transferred to collegiate IDCR orgs in period 13.

It is important that the collegiate RRC managers wait until after this transfer has posted before preparing a transfer into or out of the IDCR org in order to bring the balance of the IDCR org to zero prior to the close of the fiscal year. Questions concerning the attribution of indirect cost revenue can be addressed to Robin Dittmann at dittm005@umn.edu, (612) 626-9277.

- h. CUFS Period 13 Report Delivery Schedule:
- ◆ Twin Cities Campuses - All period 13 CUFS paper reports will be delivered by Campus Mail to departments by Thursday, July 31, 2008.
 - ◆ All Other Campuses And Facilities - Facilities not normally served by the Twin Cities campus mail will have their reports sent via U.S. 1st class mail delivery.
- i. Period 13 data and reports will be available on Monday, July 28, 2008 in DWFS, Financial Reports on the web at <https://financial.reports.umn.edu/> and UM Reports.

4. Purchasing and Travel Encumbrances in FY08 and FY09

- a. Open Purchase Orders and CPSs:
Purchasing Services has been working closely with RRCs throughout FY08 to close encumbrances that are no longer needed. Departments are encouraged to use the ER form in FFN to close open encumbrances. Use the UA641 report to identify open encumbrances. Departments may contact Purchasing to close centrally issued POs. Please send an email to u-purch@groupwise.umn.edu referencing the PO number to be closed. Any open purchase orders or CPSs remaining as of Sunday, June 22 will be converted to PeopleSoft Financials for FY09. There will be a searchable PO reference field on the new PO or CPS in PeopleSoft Financials for the corresponding CUFS PO or CPS number.

Note: ERs should not be used to close POs on sponsored accounts with sub-contract object codes 79xx. Contact the SPA Grant Administrator for instructions.

- b. Submit Bid/RFP Requests and CPS Documents Early:
Bids and RFPs awarded after June 22, 2008 can be encumbered in FY09 only. If you need the encumbrance in FY08, make sure the process is started early enough so the Bid/RFP/CPS is awarded timely.
- c. Closing Travel (TA) Encumbrances:
Beginning Monday, June 2, 2008, Disbursement Services will close all TAs that:
1. have open encumbrances, and
 2. do not have outstanding cash advances

After the TA has been closed, any related Employee Travel Reimbursements (TP/ETR or EP-TP) can not reference a closed TA. Closed TAs are not converted into the new fiscal year. If you have

questions about TAs, please contact Jackie Orchard at (612) 624-1830 or email at orcha002@umn.edu.

5. *ECAR Calendar*

The calendar for purchasing card activity is available on the following web site:
http://www.fss.umn.edu/sys_ffn_calendar.htm.

Please pay close attention to the June purchasing card reconciliation schedule. June 2008 purchasing card activity includes transactions posting at Wells Fargo from May 24 through June 23, 2008.

- June 11 ECAR: transactions from May 24 through June 10
- June 19 ECAR: transactions from June 11 through June 18
- June 24 ECAR: transactions from June 19 through June 23
- June 26 – 12:00 PM, Noon Sweep

Note that this is earlier than usual due to preparation requirements for conversion to the new PeopleSoft Financial System.

Disbursement Services will process EBs to set up the 7370 Object Code for June purchasing card activity that ends up in the SUSF table in CUFS. June transactions will post to the general ledger in accounting period 12 FY08.

Note: Due to the tight processing schedule for FY08 year-end, you are encouraged to do your purchasing as early in the month of June as possible and to minimize activity from June 19 through June 30.

If you have questions, please contact Jackie Orchard, Disbursement Services (orcha002@umn.edu, 612-624-1830).

6. *Information on Paper Documents for Processing by Disbursement Services*

a. Processing Paper Documents:

Disbursement Services will process documents received for FY08. Documents forwarded to Disbursement Services for FY09 will be returned to the sender. With the implementation of PeopleSoft Financials, the Clusters will be responsible for entering financial transactions directly into PeopleSoft. Note: Disbursement Services will continue to process payments in foreign currency or US dollar wires to foreign destinations in PeopleSoft for FY09.

b. Document Labeling:

Starting Monday, June 9, 2008, indicate the accounting period and fiscal year on all paper documents submitted for entry. Use a red pen to mark the accounting period and FY, e.g., 1208 and 1308 on the top of the document. Note: FY09 paper documents should not be sent to Disbursement Services except as noted above in section a.

- c. Budget Lines:
To avoid delays in document processing, verify all referenced budget lines are set up and active before sending the document to Disbursement Services for data entry. If set-up of budget lines is required, please complete the FFN NBUD or include completed EB and/or RB documents with the original document to be entered. Please exclude the fund and function information on the document so that these will be allowed to default based on the string contained on the ORGN table.
- d. Criteria for processing unmarked or incorrectly marked documents for FY08:
 - 1. IX & JV documents for period 13 for sponsored accounts will be returned to the preparer.
 - 2. Unmarked/incorrectly marked documents received between June 1 and July 1, 2008 will be processed in period 12, FY08. If budget lines are not set up in FY08, the document will be returned.
 - 3. IX & JV documents received during period 12, which are marked for period 13, will be entered in period 13.
 - 4. IX & JV documents received in period 13 but which are marked for period 12 will be forwarded to Accounting Services for review; see 'Period 13 General Information' restrictions.
 - 5. IX & JV documents marked for period 12 or 13 but received after the close of period 13 will be forwarded to Accounting Services for review.
 - 6. All other non-budget documents marked for period 13 will be returned (e.g. IVs).

7. Payroll-Related Information

- a. Salary and Fringe Encumbrances:
 - 1. All salary and fringe encumbrances, on both fiscal year and multi-year accounts, will be reversed in CUFS (i.e., zeroed out) the night of the last payday in FY08, which is Wednesday, June 18, 2008.
 - 2. Starting on June 19, 2008, the CUFS inquiry tables will not show any encumbrance amounts for salary and fringe expenses in FY08, nor will any reports (paper or electronic) based on CUFS data, such as period 12 and 13 reports. Please note that account balances on multi-year accounts will be overstated (by these missing encumbrance amounts).
 - 3. Salary and fringe encumbrances for FY09 will be sent to PeopleSoft Financials on the evening of Wednesday, July 2, 2008. These amounts will relate to future payroll expenses from June 23, 2008 forward.
- b. Historical Salary Adjustments:
 - 1. HSAs will not be allowed in period 13 in CUFS due to the need to convert historical (FY08) payroll data from CUFS account strings to PeopleSoft Chartfields for FY09. This conversion and its timing make it possible to process HSAs and payroll reversals/adjustments once PeopleSoft Financials becomes available.
 - 2. Therefore, all HSAs for period 12 - and for all of FY08 - will be due on Thursday, June 26, 2008. Please remember that non-sponsored HSAs (all credit and debit lines are non-sponsored accounts) must be processed in the same fiscal year as the original payroll expense that is being adjusted.
 - 3. On Friday, June 27, 2008, HSA entry will be temporarily disabled in PeopleSoft HRMS in preparation for the historical data conversion.
 - 4. On Wednesday, July 2, 2008 (the first pay day of FY09) HSA entry and processing will resume.

- c. Student Financial Aid - Work Study (Twin Cities Only):
 - ◆ Fall/Spring Work-Study award period ends **Sunday, May 25, 2008** and May/Summer Work-Study award period begins **Monday, May 26, 2008**.
 - ◆ Work-Study earnings are not allowed from Monday, June 23, 2008 through Sunday, July 6, 2008.

Questions regarding summer work-study for the Twin Cities campus should be directed to Christopher D. Peterson at 612-624-4355 or email to peter132@umn.edu.

8. FY09 Budget Lines and Data Availability

- a. FY09 Budget Lines:
 - 1. FY09 Budget lines on non-sponsored accounts are set up during Budget Prep. The Budget Prep tables in CUFS will be closed to general users on Tuesday, May 20, 2008. No EBs or RBs for FY09 will be allowed in CUFS.
 - 2. Budget Prep data will be converted and brought into PeopleSoft Financials on June 12, 2008. Budget adjustments will then be allowed in PeopleSoft in early July.
 - 3. Departments should ensure that at least one revenue/expense budget line is set-up during FY09 Budget Prep on non-sponsored accounts. This will allow expense and revenue transactions to occur without delay in PeopleSoft.
- b. FY09 Budget Data in DWFS and Financial Reports on the Web:
 - 1. FY09 budget and chart of accounts data can be found in the DWFS_BUDPREP tables.
 - 2. FY09 Budget Prep data can also be viewed through the Budget Prep web reports at <https://financial.reports.umn.edu/xbudprep.htm>.
 - 3. Neither DWFS nor the Financial Reports on the Web will be refreshed with data from the PeopleSoft Financials.

IV. Accounting Information

Refer to University Financial Policy Procedure 3.2.4.1, Originating Internal Accounting Transactions, Part B, for additional information on the topics in this section:

http://policy.umn.edu/groups/ppd/documents/Procedure/Originating_Internal.cfm.

1. Inventory

Departments with inventory balances as of June 30, 2008, **or those with balances in CUFS**, must report their inventory by completing the **Inventory Reporting Form or Livestock Inventory Reporting Form**, regardless of dollar amount. The form can be found on Accounting Services' web site (Accounting Services Forms) at:

http://policy.umn.edu/groups/ppd/documents/form/inventory_reporting.pdf.

- a. Definition:

Inventory is tangible personal property which is either held for resale, or which will be consumed in

delivering services or producing goods for resale. Sales of goods or services can either be to internal departments, or to outside organizations.

Property which is held for or used in fulfilling departmental missions (departmental administration, teaching, research, etc.) and which will not be resold or used to deliver services or produce goods for resale should not be counted as inventory. Examples of property, which should be excluded from inventory, include administrative or departmental supplies, classroom chemicals, or classroom materials.

b. Inventory Counts:

All departments with inventory must perform a physical count of their inventory as of June 30, 2008 unless other arrangements are cleared through Accounting Services. Inventory should be valued using its historical cost (the cost at which it was purchased). If the inventory has declined in value below the original cost because of obsolescence, damage, theft, etc., report it at its estimated fair market value. Please call Rita Texidor in Accounting Services at (612) 624-2068 or email to texid001@umn.edu with questions about valuing inventory.

c. Valuing Livestock and Grain Inventory:

Livestock and grain inventory should be reported at its fair market value, not its historical cost. Typically the fair market value is established by reference to local market prices for these commodities.

d. Write-Offs:

Policy states all departments maintaining inventory stock must have an internal administrative procedure in force that defines the criteria for classifying inventory as obsolete. Write-offs or disposals of obsolete inventory stock require the prior approval of the dean, director, and the Controller's Office.

e. Reporting Deadline:

Please mail or fax all information to Rita Texidor in Accounting Services no later than July 11, 2008 (see the top of the form for fax number and mailing address). If there are any questions about the use of this form, please call Rita at (612) 624-2068 or email to texid001@umn.edu.

2. Accounts Receivable

Departments with any billing activity during FY08 must report their accounts receivable activity by completing the **Aged Accounts Receivable Form**, regardless of dollar amount. (Note: this is a change from previous years, which only required a department to report their accounts receivable activity if they had a balance as of year-end. This change will assist the Enterprise Financial System project in collecting information about all billing activity conducted by the University.) Accounting Services will be using this information to substantiate the total balance of accounts receivable in the general ledger, and/or record adjustments to the general ledger. The form can be found on Accounting Services' web site (Accounting Services Forms) at:

http://policy.umn.edu/groups/ppd/documents/form/aged_accounts.pdf.

a. Definition:

Accounts receivable are amounts owed to the **University** from **external entities** to which goods or services have been provided, but from which payment has not yet been received. This also includes amounts owed by faculty, staff and students.

- b. Accounts Receivable Aging:
Departments with accounts receivable balances as of June 30, 2008 should also prepare an aging schedule which details their aged accounts receivable and calculates an allowance for uncollectible amounts. Please see instructions included with the Aged Accounts Receivable Form for calculation of the allowance.
- c. Bad Debt Write-Offs:
All write-offs or cancellations of uncollectible accounts receivable \$25 or more require the approval of the Accounting Services department. Departments are responsible for preparing the necessary receivables adjustments to the sub ledger or shadow system for uncollectible receivables once Accounting Services has approved the write-off.
- d. Reporting Deadline:
Please mail or fax all information to Rita Texidor in Accounting Services no later than July 11, 2008 (see the top of the form for fax number and mailing address). If there are any questions about the use of this form, please call Rita at (612) 624-2068 or email to texid001@umn.edu.

3. Deferred (Unearned) Income

- a. Definition:
Deferred or unearned income is activity recorded by the **University** upon receipt of cash and in advance of providing goods or services to **external entities**. This also includes amounts paid by students.
- b. Deferral of Summer Session Student Tuition, Fees, and Waivers:
Because summer session activity crosses two fiscal years, student tuition, fees and waivers associated with courses offered during summer session 2008 will be split between FY08 and FY09 according to the ratios used in the 'Attribution of Tuition Revenue' section. Amounts deferred are recorded in Balance Sheet accounts numbers 2200 and 2201 with the specific reporting category that is generally tied to the department's area-org thru the PeopleSoft Student Journal Vouchers (JVs that start with SF). Reversal of these entries will be generated by Accounting Services in early FY09. ***Please note that JVs initiated by Accounting Services will NOT appear in UM Reports under Student Financial JV Detail.***

Departments that have historically recorded deferred income should continue to do so. If there are any questions about identifying or recording deferred income, please call Tom Gordy at (612) 625-7133 or email to gord0036@umn.edu.

4. NSF (Non-Sufficient Funds) Checks Receivable

- a. General:
NSF checks that can be identified as having been received from students will be charged back to the student's account using the PeopleSoft Student system.

For all other NSF checks, the CUFS string used to initially deposit the check is charged back. In Twin Cities, the charge back JV is completed by the Office of Student Finance. In Duluth, the charge back is handled by the Cashiers. In Morris, the charge back is handled by the Business Office. In Crookston, the charge back is handled by Business Affairs. These checks are charged to the department's object/sub-object code 7530-10. It is up to each department to pursue any additional collection activity for these checks.

b. Procedure:

Subsequent replacement checks (or cash) received are recorded in object/sub-object 7530-10 and offset the initial charge. Checks deemed and approved as uncollectible by the proper authority in your department will not need to be listed on the attached **NSF Checks Reporting Form**. Please refer to the University of Minnesota Policy on Accounts Receivable for write-off of bad checks at: <http://policy.umn.edu/groups/ppd/documents/policy/Receipts.cfm>.

Departments that have balances in object/sub-object code 7530-10 as of June 30, 2008, and who are pursuing collection of these checks, will need to complete the **NSF Checks Reporting Form**. The form can be found on Accounting Services' web site (Accounting Services Forms) at: http://policy.umn.edu/groups/ppd/documents/form/nsf_reporting.pdf.

Upon receiving this form, Accounting Services will record the NSF receivable to the general ledger by crediting object/sub-object code 7530-10 and debiting balance sheet account 1121 in period 13 of FY08. These entries will be reversed early in FY09. Please make sure that area-orgs requiring the 7530 budget line are set up in FY09 Budget Prep so that the reversing entry will post properly.

c. Reporting Deadline:

Departments receiving NSF checks will need to complete the **NSF Checks Reporting Form** and return it to Rita Texidor in Accounting Services on or before July 11, 2008 (see the top of the form for fax number and mailing address). If there are any questions about the use of this form, please call Rita at (612) 624-2068 or send an email to texid001@umn.edu.

5. Sales Tax Payable

a. General:

Departments who record their sales into a revenue code 4xxx-xx should record the tax collected on that sale into object/sub-object account code **7520-10 (monthly and quarterly basis)** or **7520-15 (annual basis)**.

The **7520-10 (monthly and quarterly basis)** or **7520-15 (annual basis)** object codes will normally have a credit (negative) balance, which represents unpaid sales taxes. When the sales taxes are paid, the **7520-10 (monthly and quarterly basis)** or **7520-15 (annual basis)** object code is charged for the amount remitted to the state. Therefore, any credit (negative) balance in accounts **7520-10 (monthly and quarterly basis)** or **7520-15 (annual basis)** represents sales taxes collected but not paid to the state.

b. 7520-10, 7520-15 Debit Balances:

The sales tax object codes are used for sales tax collected at time of sale of University property. In most cases, an error in recording has occurred if your department has a debit balance in these object codes. **Please review and correct any errors found by the close of period 12.**

- c. Procedure:
Accounting Services will query DWFS for balances in the object/sub-object code **7520-10 (monthly and quarterly basis)** or **7520-15 (annual basis)** for all area-orgs. Data from the query will be used to record a Sales Tax Payable to the general ledger by debiting the object/sub-object code **7520-10 (monthly and quarterly basis)** or **7520-15 (annual basis)** and crediting balance sheet account 2007 in period 13, FY08. These entries will be reversed early in FY09. Please make sure that area-orgs requiring the 7520 budget line are set up in FY09 Budget Prep so that the reversing entry will post properly. If there are any questions about sales tax, please call Rita Texidor at (612) 624-2068 or send an email to texid001@umn.edu.

6. Accounts Payable-Unrecorded Expenses of \$50,000 or Greater

- a. General:
For financial reporting purposes, the University's financial statements must be presented on a full accrual basis. This means that expenses incurred in FY08 must be reflected in the FY08 financial statements.
- b. Definition:
Unrecorded expenses, for the purpose of this procedure, are considered to be expense items that relate to FY08, but have not yet been recorded or recognized in CUFS for FY08. Use **invoice total** to determine if the **\$50,000 guideline applies**. **Expense items** that are **less than \$50,000** are **not considered significant** and do not fall under this procedure.
- c. Procedure:
Review all invoices \$50,000 or more received after June 30, 2008 but not entered in period 12. Consider all products delivered or services rendered on or before June 30, 2008, whether you've been invoiced or not. Complete **Unrecorded Expenses Reporting Form**:
- ◆ Departmental accrual JV processed by period 13 close (Situation 1 on form);
 - ◆ Authorize Accounting Services accrual JV using department provided fund-area- org-object (Situation 2 on form);
 - ◆ Authorize Accounting Services accrual JV using central fund-area-org (Situation 3 on form).
- You must provide FY09 PeopleSoft accounting string where the payment will be processed. All accrual JVs processed by the department or Accounting Services must be reversed early in FY09 to prevent double recording of expense when invoice is paid in FY09. The form can be found on Accounting Services' web site (Accounting Services Forms) at:
http://www.controller.umn.edu/Accounting/accounting_dept.htm.
- d. Reporting Deadline:
Departments having expenses that meet the above criteria must complete the **Unrecorded Expenses Reporting Form** and return it to Tom Gordy in Accounting Services on or before July 11, 2008 (see the top of the form for fax number and mailing address). If there are any questions about the use of this form, please call Tom at (612) 625-7133 or send an email to gord0036@umn.edu.

7. Capital/Operating Leases

Departments are required to report significant operating and capital leases for inclusion in the University's Annual Report. Leases are considered significant, for purposes of this exercise, if they are more than one year in length at inception and the total financial commitment over the life of the lease is \$250,000 or greater.

From an accounting perspective, we must distinguish operating leases from capital leases. Generally, an operating lease is one where the University does not own the item at the end of the lease term in actuality or "in effect". A capital lease, on the other hand, is one where periodic lease payments are essentially installments toward a purchase – giving us effective ownership at the end of the lease. Accounting rules define when this ownership is presumed to have occurred.

Departments with significant leases existing at June 30, 2008 must complete the form **Capital/Operating Lease Questionnaire** for each lease. Only report those leases that are more than one year in length and with a total lease amount of \$250,000 or more remaining on the lease as of June 30, 2008. Please note that you do not have to report motor vehicle leases if the charges for the lease are billed to you from Fleet Services (since they will be reporting on all vehicle leases which they oversee). The form can be found on Accounting Services' web site (Accounting Services Forms) at: http://process.umn.edu/groups/ppd/documents/form/capital_lease.pdf.

Please mail or fax all information to Terri Carlson in Accounting Services no later than July 11, 2008 (see the top of the form for fax number and mailing address). If there are any questions about the use of the form, please call Terri Carlson at (612) 626-1235 or send an email to carl0769@umn.edu.

V. Acronyms With Full Names

AP	Accounting Period
CA	Certified Approver
CAR	Card Activity Report
COA	Chart of Accounts Document
CPS	Contract for Professional Services
CR	Cash Receipt
CUFS	College and University Financial System
DDE	Direct Data Entry
DWFS	Data Warehouse Financial System
EB	Expense Budget
ECAR	Electronic Card Activity Report
EFS	Enterprise Financial Systems
EFT	Electronic Fund Transfers
EP-PV	Employee Payment-Payment Voucher
EP-TA	Employee Payment-Travel Authorization
EP-TP	Employee Payment-Travel and Reimbursement Payments
ER	Encumbrance Release
ET	Expense Budget Transfer
FFN	Financial Forms Nirvana

FSS	Financial Systems Support
FY	Fiscal Year
GASB	Governmental Accounting Standards Board
HSA	Historical Salary Adjustment
IDCR	Indirect Cost Revenue
ILOC	Institution Location Code
ISO	Internal Sales Organization
IV	Intra-Institutional Voucher
IX	Expense Transfer
JDE	JD Edwards
JV	Journal Voucher
NACUBO	National Association of Colleges and University Business Officers
NBUD	Budgetary Control Document (EB or RB)
NSF	Non-Sufficient Funds
OAR	Oversight, Analysis & Reporting
PS HRMS	PeopleSoft Human Resources Management System
PO	Internal Purchase Order
POT	Departmental Purchase Order
PV	Payment Voucher
PVC	Payment Voucher for Contracts
RB	Revenue Budget
RRC	Resource Responsibility Center
SFR	Sponsored Financial Reporting
SPA	Sponsored Projects Administration
SUSF	Suspense table in CUFS
TA	Travel Authorization
TP/ETR	Employee Travel Reimbursement (paper document)
UMC	University of Minnesota, Crookston
UMD	University of Minnesota, Duluth
UMM	University of Minnesota, Morris
UMTC	University of Minnesota, Twin Cities