

Minnesota Management & Budget, Agency Assistance
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Deposit Receipts After Close for Accounts with Encumbrances Based on Anticipated Dedicated Receipts

Objective

To ensure that receipts deposited for federal program expenditures after fiscal year (FY) close in August are properly authorized. Also, to eliminate the need to cancel and restore federal program encumbrances at close, which are supported by anticipated receipts.

Policy

State agencies are responsible for managing their federal or special accounts so that, to the extent possible, encumbrances are liquidated by the fiscal year-end close. Agencies are expected to establish and monitor a process for the establishment of encumbrances to reduce the need for deposits after close.

The Minnesota Management & Budget must approve accounts where receipt transactions will be permitted after the fiscal year close. Receipts for any other accounts deposited after the close of the fiscal year are considered unauthorized and must be reversed and recorded as a receipt of the current fiscal year. All encumbered amounts should be canceled by November 30 to allow for reimbursements to be receipted no later than February 28. Any remaining valid unliquidated encumbrances that are canceled for the prior year may be re-established in the current fiscal year.

Federal or Special Revenue Account: For the purposes of this policy, a federal or Special Revenue account is a MAPS account used to record activity for federal programs. In most cases, these accounts will be federal funds, however, some of these accounts, because they are "agreements" and not grants with the federal government may exist in the special revenue fund. Where federal and state funds are commingled in an account, federal resources must account for more than 50 percent of the fund's resources.

Agencies that do not comply with this policy may be denied its use in subsequent fiscal years. As a result, agencies would be required to cancel encumbrances by fiscal year end close and re-establish valid encumbrances in the current fiscal year. In addition, receipts would have to be received prior to fiscal close to cover all expenditures incurred.

Forms

[FI-00579 Exemption Request for Federal Accounts](#)

General Procedures

Step #	Actions to be Performed	Responsible Party
1.	Send a completed request to your agency's executive budget officer (EBO) by the first Friday in August . The request must include a list of the accounts, an explanation of the circumstances leading to unreimbursed expenditures at close, and, for those commingled accounts, the agency should include a statement of the percentage of federal funds within those accounts. It should also include an explanation (such as timing of reimbursement) of the process to limit such encumbrances.	Agency
2.	Take any necessary action to ensure that, for the exempt accounts, anticipated receipts at close are equal to the unreimbursed expenditures and will be received by no later than February 28 . [NOTE: This will require that all anticipated receipts in non-exempt accounts be reduced to zero.]	Agency
3.	Monitor receipts so that only receipts, with federal exemption requests, for prior year encumbrances are deposited to the account.	Agency
4.	Establish a policy and procedure to prevent cash receipt transactions for any other prior year accounts.	Agency
5.	Reverse any prior year receipts deposited to other (unauthorized) accounts.	Agency
6.	Cancel encumbered amounts by November 30.	Agency
7.	Review the agency's request for authority to deposit after close, required documentation submitted with the request, and approve request as appropriate. Required documentation consists of the request (FI-00579) and must include a list of the accounts, an explanation of the circumstances leading to unreimbursed expenditures at close, and for those commingled accounts the agency should include a statement of the percentage of federal funds within those accounts	Executive Budget Officer
8.	Submit the request to the Minnesota Management & Budget Budget Operation unit for review.	Executive Budget Officer
9.	Review federal exemption request and documentation submitted for completeness, accuracy, and approve as	Minnesota Management &

	appropriate.	Budget, Budget Operations
10.	Enter agency request into database for tracking purposes.	Minnesota Management & Budget, Budget Operations
11.	Change all prior year appropriation accounts with a budget authority code of G to O after November 30 to prevent any additional expenditures from the appropriation accounts after November 30. Only receipts covering actual expenditures will be allowed after this date until February 28 of the following year.	Minnesota Management & Budget, Agency Assistance
12.	Verify that all encumbrances in these accounts have been cancelled by November 30.	Minnesota Management & Budget, Agency Assistance
13.	Periodically extract reports to monitor agency receipting after fiscal year end close for compliance with this policy. When exceptions are discovered, notify agency to correct transactions.	Minnesota Management & Budget, Internal Control