

Date: May 31, 2024
To: Agency Accounting Coordinators
From: Adrienne Schmidt, SWIFT System Support Director
 Bryan Dahl, Financial Planning Director
Subject: Annual Budget and Accounting Instructions – Document 2
 Preparing Budget Fiscal Year 2025 Appropriations and Closing Fiscal Year 2024

This memo accompanies the second of three documents providing information for preparing budget fiscal year (BFY) 2025. appropriations and closing fiscal year (FY) 2024 in SWIFT. It is important for agencies to follow these instructions to ensure appropriations are established and closed correctly in SWIFT and to comply with applicable laws and Minnesota Management and Budget (MMB) policies. Please distribute this and related documents to the appropriate personnel within your agency.

This summer, the state will begin preparations for the FY 2026-27 biennial budget process. Starting in August, agencies will begin base budget preparation. The data used as a starting point for base budgets is FY 2025 budgets as established in SWIFT as of hard close (August 16). Therefore, it is important that FY 2025 budgets are accurately established in SWIFT prior to hard close.

Important Dates:

Date	Deadline Requirement
June 28, 2024	Last business day before fiscal year end
June 30, 2024	Fiscal Year End <ol style="list-style-type: none"> 1. Deadline for entering purchase orders and/or increasing existing purchase orders using BFY 2024 appropriations 2. All known transfers related to BFY 2024 should be completed 3. All known revenue and expenditure corrections related to FY 2024 should be completed 4. Agencies that use revenue clearing accounts in SWIFT as a means of collecting and distributing revenue must ensure all distributions are complete and the clearing account is \$0 by June 30 5. Receipts received by June 30 are deposited and entered by June 30
July 31, 2024	Agencies must complete Spend Plan Certification
August 16, 2024	SWIFT Hard Close Deadline for processing most BFY 2024 transactions

The following documents on the MMB website provide reference information for completing BFY 2025 set up and FY 2024 closing tasks:

- [2024 Agency Annual Schedule](#)
- [SWIFT Forms Inventory](#)
- [Statewide Financial Policies](#)



Annual Budget and Accounting Instructions – Document 2

Table of Contents

Annual Budget and Accounting Instructions – Document 2	3
I. Overview	6
II. New Year Budget Setup	7
Establishing and Modifying Appropriations	7
Budget Structure Changes	8
Appropriation Transfers	8
Revenue Budgets	9
Cash Flow Assistance	10
Expense and Allotment Budgets	11
Information Technology (IT) Budgets	11
Workforce and Compensation Planning	12
Budget Planning and Analysis System (BPAS) Load of FY 2024 Actual Data and FY 2025 Budget Data	13
III. FY 2025 Spending Plan Certification	14
Spending plan certification due July 31	14
How to run and submit required reports and certification	14
IV. Processing New Year (BFY 2025) Transactions Prior to July 1	16
Appropriation Transfers and Balance Forwards	16
Requisitions, Solicitations and Purchase Orders	16
Payments	16
Accounts Receivable	16
Miscellaneous Cash Receipt Deposits	17

Cash Receipt Transactions Generated by Payroll	17
V. Preparing for Year End, June 30	18
Purchasing	18
Imprest Cash Accounts	19
Transfers	19
Miscellaneous Cash Receipts.....	19
Receivables	19
Revenue and Expenditure Corrections – Process by June 30.....	20
Indirect Cost and Systems Billing Payments.....	20
VI. Preparing for Hard Close and Processing Transactions in the Close Period (July 1- August 16).....	21
Purchasing	21
Payments	21
Indirect Cost Systems and Systems Billing Payments.....	22
Transfers	22
Receipts	22
Receiving and Paying Bilateral Netting (Interagency Payments) After Close.....	22
Capital Assets.....	23
SEMA4	23

I. Overview

As a part of the annual budget and accounting process, Minnesota Management and Budget issues a series of documents to provide instruction to agencies on preparing for budget fiscal years (BFY) 2025 and closing fiscal year (FY) 2024 in SWIFT.

- April: Document 1 highlights several important tasks agencies must complete to successfully open BFY 2025 and close FY 2024.
- May: Document 2 contains final instructions for completing the process for setting up budgets for the 2025.
- July: Document 3 covers preparation for FY 2024 closing.

The only activities that may occur in BFY 2025 appropriations prior to July 1, 2024 are:

- Establishing appropriation budgets,
- Posting expense and revenue budgets,
- Entering anticipated transfers, and
- Creating encumbrances.

To prepare for BFY 2024 year-end and close, agencies should ensure:

- Appropriation budgets cover obligations,
- Appropriation transfers are completed prior to hard close,
- Year-end spending complies with MS 16A.28, subd. 6.

The end of the state fiscal year is June 30. Please note that June 30 falls on a weekend in 2024 and agencies should plan close activities accordingly. This is important to be aware of since this marks the end of the accounting FY. All transactions posted with an accounting date of June 30 or prior will be reported as an accrual for financial reporting.

Close period July 1-August 16. This timeframe is used to prepare for the hard close of accounting activity as it relates to the prior fiscal year since there are two fiscal years open. Agencies need to be aware of dates to make sure transactions are recorded in the correct accounting fiscal year *and* budget fiscal year, which may not necessarily be the same.

Stay connected!

Contact AgencyAssistance.MMB@state.mn.us with questions about these instructions.

We encourage all agency staff to sign up to receive the [Accounting Coordinators emails](#).

II. New Year Budget Setup

Establishing and Modifying Appropriations

Agencies are required to use the Appropriation Maintenance Application (AMA) to establish appropriations for budget fiscal years 2025 and if needed, 2024. Agencies can select from the following SWIFT appropriation entry options in AMA, as appropriate, to establish appropriations in budget periods 2024 or 2025:

- Copy existing appropriation from any budget period
- Create new appropriation ID for one budget period or both years of biennium
- Copy existing appropriations from the Base Year (2023) into 2024 and 2025 and update them in AMA or download them into an Excel file that can be updated for the biennium and then imported back into AMA for validation and approval.

Agencies must also use AMA to submit changes to existing appropriations. For example, to modify an appropriation’s descriptions, attributes, or amount. All AMA entries are assigned a transaction ID and routed in the system for agency and MMB approval. Once approved by MMB, the appropriations are loaded from AMA into SWIFT. Please see the “When should I use AMA” table below or visit the [AMA website](#) for more information.

Notes for Laws 2024

- When 2024 laws change the amount of an existing appropriation, a secondary legal cite must be entered.
- Contact your EBO with questions.

When should I use AMA?

AMA is the system that agencies use to create new appropriations, establish appropriations in a particular budget period, or modify an existing appropriation. The table below lists the transactions agencies can perform using AMA along with other common accounting transactions that must be performed in SWIFT or require submission of a paper form.

Transaction Description	AMA	SWIFT	BPAS	Form
Enter appropriation	X			
Enter revenue budget		X		
Enter expense budget		X		
Create transfer between appropriations		X		
Reduction/Increase to appropriated amount	X			
Change of appropriation attributes	X			
Cancel money in appropriation	X			
Open previous year appropriation budget	X			
Place appropriation on hold	X			
Change appropriation name	X			

Transaction Description	AMA	SWIFT	BPAS	Form
New non-dedicated appropriation ID	X			
Annual non-dedicated revenue budgets		X		
Transfer corrections		X		
Roll forward adjustments		X		
Create or modify program or budget activity				X
Request "G" authority, non-federal funds	X			X
Create new fund				X
Create new revenue or expense account				X
Create new SWIFT FinDept ID				X
Inactivate a fund				X

Budget Structure Changes

Agencies should review their SWIFT program and budget activity structure prior to establishing their BFY 2025 appropriations. Budget structure changes need to be submitted to your EBO for review and approval prior to adding an appropriation with the new program or activity code. If an agency is adding or changing either a new budget program or activity, these additions or changes need to be submitted to your EBO on the Budget Structure Change Form (<http://mn.gov/mmb-stat/documents/swift/forms/budget-structure-changes.xlsx>).

Agencies should also review their appropriation names to ensure they are accurate and understandable. Cleaning up SWIFT data is important for reporting efforts. A clear structure and naming convention will improve understanding of the information.

Appropriation Transfers

As indicated in Document 1, agencies may establish an anticipated transfer (XAT) for BFY 2025 in SWIFT prior to July 1 to set up expense budgets and begin purchasing and contracting activities. However, an agency **must not process actual transfers** (XTA or XTN) until July 1. There is no legal authority to move funds prior to July 1. This applies to all transfers and balance forwards including appropriation transfers between funds (interfund) and transfers within the same fund (intrafund).

Transfers between programs

[Minnesota Statutes 16A.285](#) provides general authority that “an agency in the executive, legislative, or judicial branch may transfer operational money between programs within the same fund if: 1) the agency notifies the commissioner of Minnesota Management and Budget (MMB) as to the type and intent of the transfer; and 2) the transfer is consistent with legislative intent. If an amount is specified for an item within an activity, that amount must not be transferred or used for any other purpose.”

If appropriated money is transferred between programs or activities within an agency, as permitted by M.S. 16A.285, the agency must prepare a memo from the agency head to the chairs of the Senate Finance and House Ways and Means Committee. The memo must accompany the anticipated transfer documentation that is sent to the agency’s executive budget officer. The transfer must be approved by the EBO.

Transfers between agencies

Transfers between agencies must have specific authority in statute or session law.

Transfer reporting

Some chapters of session law have specific reporting requirements when an agency transfers funds between direct appropriations. Please check your agency's appropriations bill language to see if there are additional reporting requirements that apply to your agency.

Interagency agreements and interagency transfers reporting

[Minnesota Statute 15.0395](#) requires each agency to submit a report to the legislature annually on October 15, detailing each interagency agreement or service-level agreement from the previous fiscal year, if the cumulative value of those agreements between two agencies is more than \$100,000, and transfers within or between agencies that have a cumulative value of more than \$100,000. This includes any renewal or extension with another agency. The report must include the statutory citation authorizing the agreement, dollar amount, purpose, the effective date of the agreement, and the duration of the agreement. To prepare for fulfilling this reporting requirement, we encourage each agency to carefully maintain files on agency interagency agreements and service level agreements, and to include very specific statutory references and notes in SWIFT when entering transfers.

Revenue Budgets

Revenue budgets are an estimate of expected receipts for the fiscal year. In the case of dedicated revenues, they define spending limits. It is important that agencies review actual revenue collections from prior years and revenue forecast assumptions for FY 2025 to ensure that revenue budgets for both dedicated and non-dedicated receipts are complete and represents the best estimate of revenues for the year. On a statewide basis, individual agency revenue budgets are aggregated to prepare the official state forecasts of all non-tax revenues for the general fund and other operating funds. If a revenue budget is incorrectly added to SWIFT with the wrong fund associated with an appropriation ID, the incorrect revenue budget must be reduced to zero and closed.

Agencies must establish revenue budgets using the correct revenue account codes so that all revenues are accurately recorded and reported throughout the fiscal year. Appropriations receiving non-dedicated receipts deposits must be coded with an appropriation type 99 and must be associated with one fund.

Establishing, modifying, or closing revenue budgets and inactivating revenue accounts

Agencies should review year-to-date data for BFY 2024 dedicated and non-dedicated revenue budgets and establish appropriate revenue budgets for BFY 2025 in SWIFT. Agencies can use the monthly Estimated and Actual Receipts report for BFY 2024 as a guide.

SWIFT does not automatically prevent receipts from being deposited in the new budget period prior to July 1. However, agencies must not deposit to BFY 2025 until July 1, 2024.

An excel template is available to import revenue budgets on the MMB's website ([SWIFT Rev Bud KK Jrnl Template](#)). Agencies may close a revenue budget at any time to prevent further recognition of receipts. Requests to close revenue budgets should be submitted via email to AgencyAssistance.MMB@state.mn.us.

Revenue accounts

MMB assigns and maintains the revenue account code table in the accounting system. If a new revenue account is needed or is no longer in use for BFY 2025, please read the [MMB Statewide Operating Procedure 0207-01.2 Request to Add or Modify a Revenue Account](#) and complete the [0207-01.2F Request to Add or modify a Revenue Account Form](#). Contact James Stelzner at James.Stelzner@state.mn.us, MMB Budget Planning and Operations with questions. If you have a one-time receipt with an amount less than \$100,000, consider using an existing revenue account code.

Cash Flow Assistance

For non-federal dedicated receipt appropriations, it may be necessary for a state agency to incur costs prior to receipt of funds. Cash flow assistance may be available to alleviate this problem. Agencies when entering type 04 appropriations in AMA for funds other than federal funds 3000, 3001, or type 07 fund 4003 may request cash flow assistance by selecting the "G" budget authority; however a Request for Cash Flow Assistance Form must be attached to the AMA transaction to submit the transaction. After the AMA transaction requesting "G" budget authority is approved by MMB, SWIFT will allow payments against the greater of estimated or actual dedicated receipts and/or the greater of anticipated or actual transfers.

Cash flow assistance requests are not required for federal funds. For other dedicated receipt appropriations, when the timing of estimated receipts does not provide for sufficient cash flow to pay for start-up or ordinary and necessary expenses, the commissioner of MMB may authorize payments to be made before receipts are received. Agencies request this authorization by completing a [Request for New Cash Flow Assistance Form 0301-01-05A](#) or a [Request for Recurring Cash Flow Assistance Form 0301-01-05B](#). A request for cash flow assistance must be submitted each fiscal year by attaching a completed form to the AMA transaction requesting "G" budget authority. It is not typical for cash flow to be requested for internal service funds. See [Statewide Operating Procedure 0301-01.5, which was revised on May 13, 2024](#), for more information on cash flow assistance for non-federal funds.

Key points to keep in mind when developing and managing cash flow:

- Total program receipts and/or expenditures in SWIFT should approximate the amount on the Cash Flow Assistance form. Amounts established in SWIFT for the revenue or expense budget must be modified and a revised cash flow assistance form submitted to the agency EBO, if the agency's original amounts change materially. Cash flow analysis should include a comprehensive estimate of expenditure and revenue information for one state fiscal year. Simply dividing the annual estimate 12 months (or however many months the funds are available) is not a comprehensive analysis.

- Agencies must process reimbursement requests as often as economically feasible to maximize interest earnings for the state.
- Agencies which have other sources of dedicated receipts should use periodic progress payments (monthly/quarterly) to request reimbursement where legally permissible and not wait until the completion of the project.
- Any negative amounts in an appropriation should be resolved by November of the following fiscal year. If the cash flow problem is not resolved the agency assumes full responsibility for cash shortages and must charge excess expenditures to appropriate agency operating appropriations.
- Agencies with interest-earning appropriation budgets are required to pay interest for periods where the appropriation has a negative balance.

Expense and Allotment Budgets

After agencies appropriation funding sources are in SWIFT, agencies can enter expense budgets. Establishing expense budgets builds allotment budgets.

SWIFT has two distinct types of allotments: payroll and non-payroll.

- **Payroll allotments** are created when expense budgets are entered against salary accounts. Payroll allotments are considered reserved (encumbered) when allotted.
- **Non-payroll allotments** are created when expense budgets are established against non-payroll accounts. Agencies can exceed an expense budget in non-payroll allotments if unobligated funds exist at the allotment level.

All BFY 2025 anticipated spending budgets should be fully allotted by June 30, 2024. To accomplish this, agencies should establish expense budgets equal to the spending authority amount for each appropriation. Ensure that the budget journal header budget type is changed from 'Original' to 'Adjustment' when adjusting the budget throughout the year that are not adjustments to the original budget. There are situations where money cannot be allotted prior to June 30 because specific approval or other action must occur prior to allotting the funds.

To import expense budgets, an Excel template is available on the MMB SWIFT website: [SWIFT Exp Bud KK Jrnl Template](#).

Information Technology (IT) Budgets

For agencies and entities that utilize IT services through MNIT Services, the 41196 and 41197 expenditure account codes should be used to accurately capture MNIT-related financial activity.

Prior to fiscal year 2020, all MNIT related expenditures were entered using the 41196 account code. Presently, rate-based and agency-specific MNIT expenditures are recorded under separate account codes.

41196: Rate-Based MNIT Services: This account code is for payments to MNIT for usage of rate-based enterprise services. Examples include Computing, Voice, and WAN services.

41197: Agency-Specific MNIT Services: This account code is for payments to MNIT for agency pass-through expenditures consisting primarily of agency applications and projects.

Please remember to use these codes when setting up expense budgets and purchase orders for MNIT Services.

Workforce and Compensation Planning

Establishing correct position funding in SEMA4 / SWIFT

As part of establishing BFY 2025 budgets, each agency must review their SEMA4 position funding records and enter updates where necessary. This review is especially important if your agency is changing chart of account codes or making other organizational changes.

Expense budgets must be established to properly post payroll expenditures in SWIFT. To minimize the risk of position funding or labor distribution validation errors, agencies must have at least one expense budget established using an expense account included in the PAYRLL account group (accounts beginning with 410) for each expense budget level FinDept ID within an appropriation. Also, if travel or any business expense reimbursement is anticipated, there must be at least one expense budget established using an expense account in the NONPAY account group.

Each agency must have an agency payroll clearing appropriation that is used to post SEMA4 transactions that are rejected in SWIFT during the posting process. MMB SWIFT Module Support has established a payroll clearing appropriation and necessary expense budgets for each agency.

Contact Yer.Lee@state.mn.us if you have any questions. If you are unable to reach Yer, please forward your email to the Deductions Mailbox: deductions.mmb@state.mn.us.

Planning for BFY 2025 compensation costs

There are a several items agencies should consider when developing compensation budgets for BFY 2025:

- Labor contracts and plans for the FY2024-25 biennium have been ratified and are reflected in SEMA4. Prudent financial management requires that a reasonable set of planning assumptions be used for preparing budgets for FY 2025. As a result, agencies must plan to fund compensation cost increases within their budget plans.
- . For budget planning, agencies should use reasonable assumptions for future salary and non-salary growth based on projections in SEMA4.

Budgeting for employee training and development and achievement awards

As you develop BFY 2025 budgets in SWIFT we encourage you to budget resources for training, development, and leadership opportunities to support talent management and succession planning, and to foster an inclusive culture within your agency. These are important management tools for recruiting, retaining, and developing an inclusive and skilled workforce.

The statewide achievement award policy instructs agencies intending to make monetary awards to budget dollars specifically for this purpose. Agencies should establish funds for monetary awards at the beginning of the year as part of the annual operating budget. End of the year allocation of budget dollars towards achievement awards is not an acceptable practice.

Budget Planning and Analysis System (BPAS) Load of FY 2024 Actual Data and FY 2025 Budget Data

BPAS will be loaded with FY 2024 actual data at FY 2024 SWIFT hard close (weekend of August 16). As always, it is important that agencies closely review FY 2024 appropriation type codes and as appropriate close encumbrances prior to fiscal year hard close so that FY 2024 has the most accurate information as possible. Errors after fiscal year close are typically only corrected in BPAS if it is determined to materially affect financial reporting.

It is important that agencies establish their FY 2025 appropriations and revenue and expense budgets in SWIFT prior to hard close to eliminate duplicative efforts for budgeting in SWIFT and BPAS.

Contact budget.finance.mmb@state.mn.us with questions about the Budget Planning and Analysis System (BPAS) load for FY 2024 actual data and FY 2025 budget data.

III. FY 2025 Spending Plan Certification

Spending plan certification due July 31

[Minnesota Statutes 16A.14, Subd. 3](#) requires that all agencies submit a spending plan to MMB to certify that: 1) the amount required for each activity is accurate and is consistent with legislative intent; 2) revenue estimates are complete and reasonable; and 3) the plan is structurally balanced, with all legal restrictions on spending having been met for the purpose for which money is to be spent.

To meet this requirement, each agency must submit a formal FY 2025 annual spending plan certification and supporting reports via SharePoint by July 31, 2024.

Agencies are required to certify that employee training and development was considered during the spending plan review process and enter an amount that is budgeted for training and development.

Agencies must certify and resolve negative appropriations for all budget fiscal years 2011 through 2024. In the rare exception, if circumstances prevent an agency from resolving the negative appropriations during the spend plan process, they should work with their EBO to develop a plan to resolve these appropriations.

How to run and submit required reports and certification

Each agency must complete and submit the spending plan certification form and six reports.

1. Verify you can access and run:
 - Microsoft Access 2007 or greater
 - Oracle 19c Client software
 - [MMB Budget Division Document Management SharePoint site](#). If you need access, complete the Budget Systems User Authorization Form and email to budget.finance.mmb@state.mn.us
2. Access the spending plan certification form, as well as the six reports on the [MMB Budget Instructions and Spending Plan website](#).
3. Click on the link for Access Database Spend Plan Reports.
4. Open and save the Access database.
5. Run the reports related to the spend plan. The six reports are:
 - Program Structure with AppropID - This report displays SWIFT programmatic structure, such as the Program, and Budget Activity, with associated AppropID. Please confirm this structure. If you have changes, please contact your EBO.
 - AppropID Overview - This report summarizes agency appropriations by sources and uses within each fund.
 - AppropID Detail - This report identifies the legal citations and most of the attributes and financial information for each appropriation. Fund totals are included.
 - Revenue Budgets - This report shows dedicated and non-dedicated revenue budgets by program, fund, appropriation and account for the new fiscal year as well as two previous fiscal years.

- Compensation Analysis - This report compares FY 2025 compensation budgets in SWIFT to the current salary projections in SEMA4. If there are large variances between SWIFT budgets and SEMA4 projections, an agency must be prepared to explain reconciling differences.
 - Negative Appropriations – This report shows appropriations through FY 2024 that are in a negative/deficit cash balance (unfunded). Agencies must resolve negative appropriations through FY 2023.
6. Upload all spending plans to the [MMB Budget Division Document Management SharePoint site](#). Upload documents into the FY 2025 folder located within your agency spend plan folder.

If you have questions about the spending plan certification database or reports, please contact Christopher.Johnson@state.mn.us.

IV. Processing New Year (BFY 2025) Transactions Prior to July 1

Most SWIFT budgetary transactions, including requisitions, solicitations, purchase orders, and other non-cash related transactions, may be processed against BFY 2025 funds at any time after budgetary amounts are established, unless otherwise noted.

Other transactions, such as payments, cash receipts, accounts receivables, balance forward and actual transfers, **cannot be processed until July 1, 2024**. The following information applies to certain types of BFY 2025 transactions processed before July 1, 2024.

Appropriation Transfers and Balance Forwards

Agencies must not roll forward appropriation balances into budget period 2025 or process actual transfers for budget period 2025 before **July 1**. MMB SWIFT Module Support will be monitoring for 2025 transfers and will have agencies process a transfer correction for transfers that are processed in error. Agencies should enter anticipated transfers (XAT) if they need to encumber funds prior to July 1.

Requisitions, Solicitations and Purchase Orders

You may copy older orders and requisitions, as well as set up new orders and requisitions using BFY 2025 budgets provided that the goods or services are to be delivered or provided on or after July 1.

Payments

Do not make payments against BFY 2025 budgets until July 1. A few exceptions exist for this requirement and are supported by state law.

Accounts Receivable

New receivables for BFY 2025 must not be entered into SWIFT until July 1 to ensure the transactions are recorded with the proper accounting date and period.

A BFY 2025 receivable created prior to July 1 will be recorded with an accounting fiscal year 2024 accounting date and period and will require a manual adjustment to the state's Annual Comprehensive Financial Report (ACFR) to eliminate this from the June 30 accounts receivable balance.

- For example, if an agency creates an invoice in June for services that will be provided in July, the receivable would be entered against BFY 2025 but recorded against accounting fiscal year 2024, overstating revenue for FY 2024 financial reporting purposes and requiring an adjustment to the financial statements. Also note that if you are creating an invoice during the close period for a prior budget period (BFY 2024), both the accounting date and budget date must be June 30, 2024.

Agencies must ensure that their year-end accounts receivables are accurately recorded in SWIFT in accordance with Generally Accepted Accounting Principles (GAAP) established by the Governmental Accounting Standards Board (GASB). Accounts receivable reported in accordance with GAAP include:

- Amounts billed as of year-end.
- Amounts due to the state arising from exchange or exchange-like transactions that occurred before June 30 but have not been billed as of year-end.
- Amounts due to the state arising from non-exchange transactions.

If actual amounts are not known prior to financial reporting deadlines, the unbilled amounts should be reported as accounts receivable at year-end and the amount must be estimated using historical information and other supportable factors. Agencies who routinely bill for goods or services not yet received (advance billings) should contact MMB Financial Reporting for additional reporting instructions.

If you have accounts receivable questions, please contact Emily.Guest@state.mn.us.

Miscellaneous Cash Receipt Deposits

Miscellaneous cash receipts for BFY 2025 must not be deposited prior to July 1. SWIFT allows BFY 2025 receipts to be processed prior to July 1, but agencies should only enter these transactions on an exception basis.

Cash Receipt Transactions Generated by Payroll

Agencies will need to verify the cash receipt transactions for the pay period ending June 18. If adjustments are necessary between fiscal years or you have questions, please contact Hongyu.Liu@state.mn.us or Yer.Lee@state.mn.us.

V. Preparing for Year End, June 30

Purchasing

[Minnesota Statute 16A.28](#) defines the period of time an appropriation is available for spending. More specifically, it requires that goods must be ordered, or services rendered by June 30 of the year the money was appropriated.

Requisitions

Requisitions not pre-encumbered or fully awarded to a purchase order, budget checked and dispatched by June 30 must use BFY 2025 budgets or be cancelled.

Solicitation Events

- **Purchases for Services**

Events tied to a BFY 2024 funded requisition for any type of service must be in an awarded status and resulting purchase orders must be budget checked, dispatched and the service(s) performed on or before **June 30, 2024**. If the service(s) are not performed by this time, any outstanding purchase orders and accompanying event(s) will need to be cancelled.

Requisitions tied to the event / purchase order will need to be edited to update the chart fields to have the correct BFY 2025. The requisitions can then be sourced to a new event and new purchase orders awarded.

Events not tied to a requisition when awarded must use current BFY funding on the resulting purchase order award.

- **Purchases for Commodities**

Events tied to a BFY 2024 funded requisition that are to be awarded to a purchase order for commodities will need to have the purchase orders budget checked and dispatched no later than **June 30, 2024**.

Any event that is not at an awarded status after June 30 will need to be cancelled. Any requisitions tied to the event will need to be updated with BFY 2025 funding string. The requisitions can then be sourced to a new event and new purchase orders awarded.

Purchase Orders

[Minnesota Statute 16A.28](#) requires purchase orders be closed unless agency heads certify to the Commissioner of MMB that goods were ordered, or services performed by June 30. Agencies are encouraged to cancel any unneeded purchase orders and requisitions as soon as possible.

Agencies should run the Encumbrance Certification Report for a listing of open purchase orders that may need action. To run the report please navigate in SWIFT to Purchasing, Reports, Encumbrance Certification Rpt.

Grant Purchase Order

[Minnesota Statute 16A.28, Subd. 6](#) permits purchase orders for grants issued by June 30 to be certified for a period of one year beyond the year in which the funds were originally appropriated. Services performed under grant contracts may occur during the certification period. Final payments can be processed after this one-year period, but agencies are expected to work closely with grantees after final grant related services are completed to ensure that final payment is processed as soon as possible.

Imprest Cash Accounts

All imprest cash bank accounts should be formally reconciled and reimbursed monthly to the authorized amount of the account. The imprest cash accounts must be reimbursed no later than June 30 so the year-end balances are as close as possible to the authorized amount for statewide financial reporting purposes.

The year-end certification will be sent out by July 1 and are due back by July 15. The imprest cash certification report is a summary balance report including all authorized increases or decreases confirmed by MMB General Accounting as of June 30, 2024. Contact Hongyu Liu at Hongyu.Liu@state.mn.us if you have any questions.

Transfers

When possible, agencies should process any BFY 2024 legislative transfers before June 30 to ensure they are reported in the correct accounting fiscal year and BFY.

Miscellaneous Cash Receipts

For all miscellaneous cash receipts received by June 30, agencies should deposit amounts at bank and record transaction in SWIFT by June 30 to ensure it is recorded in the correct fiscal year. In the rare exception that this is not practicable, agencies should use an accounting date of June 30, 2024 and a received date of the date the receipt was deposited at the bank.

Receivables

BFY 2024 receivables for goods or services provided by June 30, and all modifications to existing BFY 2024 receivables for adjustments or additional services provided by June 30, must be established in SWIFT by August 16.

The year-end Accounts Receivable and Write-Off certifications are forthcoming and will be emailed to agencies with a memo, instructions, and accounts receivable worksheets. The accounts receivable worksheets will include close activity and additional accounts receivable reporting for the Annual Comprehensive Financial Report (ACFR). Contact Emily.Guest@state.mn.us with questions regarding Accounts Receivable certifications.

Revenue and Expenditure Corrections – Process by June 30

Agencies should review all revenues and expenditures and process all known corrections before June 30. This includes revenue clearing accounts that are used as a means of collecting and distributing revenue. Ensure all distributions are complete and the clearing account is \$0 by June 30. Corrections processed after June 30 in the close period must be manually adjusted for financial reporting to ensure the transactions are properly reported.

Indirect Cost and Systems Billing Payments

The Statewide Indirect Cost and the Systems Billing are invoiced quarterly except for the federal portion. The fourth quarter Statewide Indirect Cost and the Systems Billing will be invoiced on June 1 and due by June 30.

The federal portion is managed through a reverse bilateral netting process.

- The reverse bilateral netting process utilizes vouchers posted in SWIFT with specific voucher invoice coded to create the receivable invoicing. Then the normal bilateral netting process is initiated to reimburse the General Fund.
- Agencies must code the voucher payment with specific coding. The netting process will not pick up any voucher that does not carry an appropriate identifier. Remind your agency's accounts payable department to check all federal indirect cost vouchers posted to net and ensure the naming protocol is appropriate for processing:
 - The invoice number must begin with the characters IDC and these characters must be upper case.
 - The balance of the invoice number must be unique from any vouchers previously posted (e.g., IDC1, IDC2, IDC3, etc.).
 - All alpha characters used in the invoice number must be upper case.
 - The entire invoice number must be fewer than 22 characters in length, including spaces.
- Agencies need to process their federal receipt vouchers for the indirect costs timely to be included in the reverse bilateral netting process. The reverse bilateral netting process will be run on the following dates:
 - June 25, 2024
 - July 2, 2024
 - July 16, 2024
 - July 30, 2024
 - August 13, 2024

Indirect Cost, systems billings, federal indirect cost payments made after June 30 that relate to FY 2024 must have an accounting date of June 30, 2024. This field must be manually entered, or it will default to the current date.

VI. Preparing for Hard Close and Processing Transactions in the Close Period (July 1- August 16)

When processing transactions in the close period from July 1 – August 16, agencies should not let the dates default to the current date. Agencies must be intentional when entering the dates to ensure the correct accounting period and budget period are reflected.

For most transactions in SWIFT, the budget period is determined by the budget date entered on the transaction and the accounting fiscal year is determined by the accounting date on the transaction.

- For example, transactions entered during the year with budget dates between July 1, 2022, and June 30, 2024, post to budget period 2024. If the date is left blank, the system will default the current date. Agencies should pay particular attention to this date between July 1 and August 16, 2024 (hard close) to ensure payments are made from the proper budget period as two periods are open.
- The same logic applies to the accounting date field, which determines the accounting fiscal year. Transactions entered with an accounting date of June 30, 2024, or prior will post to fiscal year 2024. If the date is left blank, the system will default the current date. Agencies should pay particular attention to this date between July 1 and August 16, 2024 (hard close) to ensure payments are made from the proper fiscal year.

Purchasing

In the close period, agencies must accurately record the purchasing receipt date of when they received goods or services in SWIFT, rather than allowing the date to default to the current date.

Payments

BFY 2024 payments made after **June 30, 2024**, must be for goods ordered and services performed by **June 30, 2024**. Generally, these payments must reference a purchase order.

While it is important for agencies to accurately code the date of receipt field throughout the fiscal year, it becomes critical at year-end. The date of goods/services received field is used to determine liabilities for the State's Annual Comprehensive Financial Report (ACFR). To ensure this information is accurate, agencies must:

- Enter the date they received goods or services accurately in SWIFT, rather than allowing the date to default to the current date. If the service dates on an invoice cross fiscal years, multiple PO receipts are required. For detailed instructions, please refer to the [Training Guides](#) on the MMB SWIFT website.
- Complete MMB ACFR confirmation requests received in mid-August to identify any goods and/or services received by **June 30**, but not coded to fiscal year 2024. Based on materiality thresholds, MMB will send agencies transactions and ask them to identify what portion, if any, is for goods and/or services received by **June 30**.
- Expenditure Corrections and expenditure refunds should be entered by **June 30**. The last day to enter these corrections is **August 16, 2024**. This includes any corrections between fiscal years, which require

an AP journal voucher. Whenever possible use the same accounting fiscal year as the original transaction.

Indirect Cost Systems and Systems Billing Payments

In the close period, from July 1 through August 16, any Indirect Cost/Systems billing or Federal Indirect cost payments related to FY 2024 must have an accounting date of June 30, 2024. This field must be manually entered, or it will default to the current date.

Transfers

Agencies should make every effort to process BFY 2024 budget transfers on or before June 30. BFY 2024 budget transfers entered after June 30 require manual adjustments to reflect properly on the ACFR.

Agency staff should always use the current date in the Journal Date field when entering budget transfers in SWIFT. Current date populates into the Journal Date field by default. BFY 2024 transfers processed after June 30 must reference the current date/date processed in the Journal Date field and should not be backdated.

Receipts

During the close period, agencies should not allow the dates to default in SWIFT to ensure activity is recorded in the correct fiscal year. For miscellaneous cash receipts that are received on July 1, 2024, or later relating to fiscal year 2024, the accounting date should be June 30 and the received date should be the bank deposit date.

- Example-1: If you receive a check and deposit it at the bank on June 30, but do not enter it into the system until July 1, dates will be as follows:
 - Accounting Date—June 30,
 - Entry Date—July 1,
 - Received Date—June 30

- Example-2: If you receive a check on July 12 for a service completed on or before June 30, and deposit it at the bank that same date, change the SWIFT dates to be as follows:
 - Accounting Date—June 30,
 - Entry Date—July 12,
 - Received Date—July 12

Receiving and Paying Bilateral Netting (Interagency Payments) After Close

After June 30, an agency processing a payment to another state agency not referencing a purchase order must pay from BFY 2025. If this happens, notify MMB Financial Reporting for transactions over \$100,000.

Capital Assets

The SWIFT Asset Management module (AM) will close for FY 2024 activity at the hard close on August 16. Agencies should complete all FY 2024 AM transactions on or before that date. FY 2024 transactions entered between July 1 and August 16 must have an accounting date of June 30 or prior if they are to be recorded as FY 2024 transactions.

ACFR Asset Certification reports will be available in the Data Warehouse to aid in completing the Asset Certifications. The Capital Asset Certification worksheets and instructions will be emailed for agencies to complete on August 1 and due back August 19, 2024. Send capital asset certification questions to Rachel.Vasend@state.mn.us.

SEMA4

Payroll allotments

Agencies must take steps to ensure negative allotment balances are resolved prior to August 16, 2024.

Processing BFY 2024 SEMA4 business and relocation expenses

Business expenses and business expense corrections that are being charged to BFY 2024 budgets must be completed and entered in to SEMA4 by the end of day July 18. Relocation expense reports with BFY 2024 expenses must be received in Statewide Payroll Services by noon on July 15 to be paid from BFY 2024 funds. Agencies should notify all employees of their agency specific internal requirements needed to meet that deadline. For additional information, refer to the Employee Expense Report Policy section of [SEMA4 Help \(state.mn.us\)](https://state.mn.us).

Agency payroll clearing budgets

Document Direct/InfoPac report ID HP2190, Expense Transfer Reconciliation report, is available to identify all transactions that are currently accounted for in the agency payroll clearing (default) budgets. All items that appear on the report with a fiscal year equal to or prior to BFY 2024 must be transferred to a valid budget within your agency by entering a mass expense transfer in SEMA4. These mass expense transfers must be completed by noon on July 26. Contact Yer.Lee@state.mn.us with questions. If you are unable to reach Yer, please forward your email to the Deductions Mailbox: deductions.mmb@state.mn.us.

Payroll mass expense transfers

Other SEMA4 mass expense transfers for BFY 2024 funding must also be completed by noon on July 26, 2024. Contact Yer.Lee@state.mn.us with questions. If you are unable to reach Yer, please forward your email to the Deductions Mailbox: deductions.mmb@state.mn.us.

Payroll prior period adjustments

Prior period adjustments that affect BFY 2024 SWIFT appropriations must be entered by noon on July 19, 2024. After July 19, adjustments entered for pay periods prior to July 1 must post to BFY 2025 SWIFT appropriations. Labor distribution for these prior period adjustments will default the funding to the chart string to which the payment originally posted. Users will have to change the funding to valid BFY 2025 expense budget. Contact Yer.Lee@state.mn.us with questions. If you are unable to reach Yer, please forward your email to the Deductions Mailbox: deductions.mmb@state.mn.us.