Date: May 25, 2022

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 2023 Appropriations and Closing Fiscal Year 2022

This memo accompanies the second of three documents providing information for preparing budget fiscal year (BFY) 2023 appropriations and closing fiscal year (FY) 2022 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 MMB policies.

This summer, the state will begin preparations for the FY 2024-25 biennial budget process. Beginning in August, agencies will begin base budget preparation. The data used as a starting point for base budgets are FY 2023 budgets as established in SWIFT as of hard close (August 19). Therefore, it is important that FY 2023 budgets are accurately established in SWIFT prior to hard close.

Important Dates:

<table>
<thead>
<tr>
<th>Date</th>
<th>Deadline Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30, 2022</td>
<td><strong>Fiscal Year End</strong></td>
</tr>
<tr>
<td></td>
<td>1. Deadline for entering purchase orders and/or increasing existing purchase orders using BFY 2022 appropriations</td>
</tr>
<tr>
<td></td>
<td>2. All known transfers related to BFY 2022 should be completed</td>
</tr>
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<td></td>
<td>3. All known revenue and expenditure corrections related to FY 2022 should be completed</td>
</tr>
<tr>
<td></td>
<td>4. Receipts received by June 30 are deposited and entered by June 30</td>
</tr>
<tr>
<td>August 1, 2022</td>
<td>Agencies must complete Spend Plan Certification</td>
</tr>
<tr>
<td>August 19, 2022</td>
<td><strong>SWIFT Hard Close</strong></td>
</tr>
<tr>
<td></td>
<td>Deadline for processing most BFY 2022 transactions</td>
</tr>
</tbody>
</table>

The following documents on the Minnesota Management and Budget (MMB) website provide reference information for completing BFY 2023 set up and FY 2022 closing tasks:

- [2022 Agency Annual Schedule](#)
- [SWIFT Forms Inventory](#)
- [Statewide Financial Policies](#)
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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) 2023 and closing fiscal year (FY) 2022 in SWIFT.

- April: Document 1 highlights several important tasks agencies must complete to successfully open BFY 2023 and close FY 2022.
- May/June: Document 2 contains final instructions for completing the process for setting up budgets for the BFY 2023.

The only activities that may occur in BFY 2023 appropriations prior to July 1, 2022 are:

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

To prepare for BFY 2022 year-end and close, agencies should ensure:

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

The end of the state fiscal year is June 30. 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 19. 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.

Legislative Update

Document 2 generally contains information for agencies related to the completion of the legislative session. This year, MMB has published Document 2 prior to the completion of session to ensure agencies have timely and up-to-date information to prepare for the end of the fiscal year and the beginning of the next fiscal year. If necessary, MMB will prepare an addendum to this document at the conclusion of the legislative session to inform agencies of any updates resulting from legislation.
CARES Act, COVID-related FEMA reimbursements, and the American Rescue Plan Act

Current and future instructions for funding related to the CARES Act, COVID-related FEMA reimbursement, and the American Rescue Plan Act (ARP) will be posted on the Budget and Accounting Instructions page of the MMB website.

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 year 2023 and 2022 if needed. Agencies can select from the following SWIFT appropriation entry options in AMA, as appropriate, to establish appropriations in BFY 2022 or 2023:

- Copy existing appropriation from any budget period
- Create new appropriation ID for one budget period or both years of the new biennium
- Copy existing appropriations from the base year (2021) into 2022 and 2023 and update them in AMA or download them into an Excel file that can be updated for the new 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 appropriation descriptions, attributes, or amounts. 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 2022 Laws

- When 2022 laws change the amount of an existing appropriation, a secondary legal cite must be entered.
- Do not submit AMA transactions for new capital appropriations until you have received instructions from your EBO. Specific setup instructions for the 2022 capital investment bill will be provided.
- 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.

<table>
<thead>
<tr>
<th>Transaction Description</th>
<th>AMA</th>
<th>SWIFT</th>
<th>BPAS</th>
<th>Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enter appropriation</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enter revenue budget</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enter expense budget</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Create transfer between appropriations</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Reduction/Increase to appropriated amount</td>
<td></td>
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<td>X</td>
<td></td>
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<tr>
<td>Change of appropriation attributes</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
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<tr>
<td>Cancel money in appropriation</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Open previous year appropriation budget</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Place appropriation on hold</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change appropriation name</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Transaction Description</td>
<td>AMA</td>
<td>SWIFT</td>
<td>BPAS</td>
<td>Form</td>
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<td>-------------------------------------------------------------</td>
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</tr>
<tr>
<td>New non-dedicated appropriation ID</td>
<td>X</td>
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<td></td>
<td></td>
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<tr>
<td>Annual non-dedicated revenue budgets</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
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<tr>
<td>Transfer corrections</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Roll forward adjustments</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
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<tr>
<td>Create or modify program or budget activity</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Request &quot;G&quot; authority, non-federal funds</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Create new fund</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Create new revenue or expense account</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Create new SWIFT FinDept ID</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inactivate a fund</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>

**Budget Structure Changes**

Agencies should review their SWIFT program and budget activity structure prior to establishing their BFY 2023 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 2023 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 & 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 the previous fiscal year’s interagency agreements or service-level agreements that value more than $100,000, and transfers within or between agencies that have a cumulative value of more than $100,000. The report must include the statutory citation authorizing the agreement, dollar amount, purpose, effective date of the agreement, the duration of the agreement, and a copy 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 2022 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 can only be associated with one fund.

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

Agencies should review year-to-date data for BFY 2022 dedicated and non-dedicated revenue budgets and establish appropriate revenue budgets for BFY 2023 in SWIFT. Agencies can use the monthly Estimated and Actual Receipts report for BFY 2022 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 2023 until July 1, 2022.
An excel template is available to import revenue budgets. It is available on the MMB 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 2023, 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 revenue budgets, 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 and 3002 or type 07 fund 4003 will not be allowed to select the “G” budget authority, but upon approval of a cash flow request, MMB will change the budget authority code to “G” on the appropriation budget to allow payments against the greater of estimated or actual dedicated receipts and/or the greater of anticipated or actual transfers.

Cash flow requests and analyses 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 Cash Flow Assistance Form 0301-01-05F and a Cash Flow Analysis Spreadsheet 0301-01-05F. These forms must be submitted to the agency’s assigned EBO each fiscal year. It is not typical for cash flow to be requested for internal service funds. See MMB Statewide Operating Policy Number 0301-01.5 for more information on cash flow assistance.

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 Analysis form. Amounts established in SWIFT for the revenue or expense budget must be modified and a revised cash flow analysis submitted if the agency’s original amounts changed materially. Cash flow analysis should include expenditure and revenue information for one state fiscal year. Cash flow analysis should be a comprehensive estimate of expenditures and revenues. 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 must be eliminated prior to fiscal year close, unless there is an exemption requested to process receipts after fiscal close. Without an exemption, MMB will change the budget authority back to its original code before fiscal year closing so that additional expenditures do not accumulate.
• Agencies with interest-earning appropriation budgets are required to pay interest for periods where the appropriation has a negative balance.
• General ledger fund cash balance needs to be monitored. If the fund cash balance goes negative, a transfer advance must be requested and submitted to your EBO for approval.

Expense and Allotment Budgets

After agency appropriation funding sources are in SWIFT, agencies can enter expense budgets. Establishing expense budgets builds allotment budgets. Expense budget amounts using SWIFT account codes should be entered consistent with amounts budgeted in the biennial budget adjusted for known material changes such as reductions, cancellations, legislative, or adjustments to revenues, etc.

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 budgets in non-payroll allotments if unobligated funds exist at the allotment level.

All BFY 2023 anticipated spending budgets should be fully allotted by June 30, 2022. 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 made with 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 2023 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 accounts 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.

Planning for BFY 2023 compensation costs

There are a several items agencies should consider when developing compensation budgets for BFY 2023:

- Most labor contracts and plans for the FY 2022-23 biennium have been ratified by the legislature and will be reflected in SEMA4 by the end of the month. Prudent financial management requires that a reasonable set of planning assumptions be used for preparing budgets for FY 2023. 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 2023 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 2022 Actual Data and FY 2023 Budget Data

BPAS will be loaded with FY 2022 actual data and FY 2023 budget data at FY 2022 SWIFT hard close (weekend of August 19). As always it is important that agencies closely review FY 2022 appropriation type codes and as appropriate close encumbrances prior to fiscal year hard close so that FY 2022 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 2023 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 2022 actual data and 2023 budget data.
III. FY 2023 Spending Plan Certification

Spending plan certification due August 1

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 2023 annual spending plan certification and supporting reports via SharePoint by Monday, August 1, 2022.

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 2022. 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 11g 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 2023 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 2022 that are in a negative/deficit cash balance (unfunded). Agencies must resolve these appropriations.

6. Upload all spending plans to the [MMB Budget Division Document Management SharePoint site](https://www.mmb.state.mn.us). Upload documents into the FY 2023 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](mailto:Christopher.Johnson@state.mn.us).
IV. New Year (BFY 2023) 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 2023 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, 2022. The following information applies to certain types of BFY 2023 transactions processed before July 1, 2022.

Appropriation Transfers and Balance Forwards

Agencies must not roll forward appropriation balances into budget period 2023 or process actual transfers for budget period 2023 before July 1. MMB SWIFT Module Support will be monitoring for 2023 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 2023 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 2023 budgets until July 1. A few exceptions for this requirement are supported by state law.

Accounts Receivable

New receivables for BFY 2023 must not be entered into SWIFT until July 1 to ensure the transactions are recorded with the proper accounting date and period.

A BFY 2023 receivable created prior to July 1 will be recorded with an accounting fiscal year 2022 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 2023 but recorded against accounting fiscal year 2022, overstating revenue for FY 2022 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 2022), both the accounting date and budget date must be June 30, 2022.
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 KathyKirkup@state.mn.us.

**Miscellaneous Cash Receipt Deposits**

Miscellaneous cash receipts for BFY 2023 must not be deposited prior to July 1. SWIFT allows BFY 2023 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 21. 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 2023 budgets or be cancelled.

**Solicitation Events**

- **Purchases for Services**

  Events tied to a BFY 2022 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, 2022**. 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 2023. 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 2022 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, 2022**.

  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 2023 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, 2022. Contact Hongyu Liu at Hongyu.Liu@state.mn.us if you have any questions.

**Transfers**

When possible, agencies should process any BFY 2022 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, 2022 and a received date of the date the receipt was deposited at the bank.

**Receivables**

BFY 2022 receivables for goods or services provided by June 30, and all modifications to existing BFY 2022 receivables for adjustments or additional services provided by June 30, must be established in SWIFT by August 19.

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 KathyKirkup@state.mn.us or Mary.Borresen@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. 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 takes the vouchers posted in SWIFT with specific voucher invoice coded to create the receivable invoicing. Then the normal bilateral netting process then takes over and reimburses 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 FEDIDC 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 27, 2022
  - July 5, 2022
  - July 19, 2022
  - August 2, 2022
  - August 16, 2022

Indirect Cost, systems billings, federal indirect cost payments made after June 30 that relate to FY 2022 must have an accounting date of June 30, 2022. 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 19)

When processing transactions in the close period from July 1 – August 19, 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, 2021 and June 30, 2022, post to budget period 2022. 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 19, 2022 (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, 2022 or prior will post to fiscal year 2022. 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 19, 2022 (hard close) to ensure payments are made from the proper fiscal year.

Payments

BFY 2022 payments made after June 30, 2022 must be for goods ordered and services performed by June 30, 2022. 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.
- 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 2022. 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 19, 2022. 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 19, any Indirect Cost/Systems billing or Federal Indirect cost payments related to FY 2022 must have an accounting date of June 30, 2022. This field must be manually entered, or it will default to the current date.
Transfers

Agencies should make every effort to process BFY 2022 budget transfers on or before June 30. BFY 2022 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 2022 transfers processed after June 30 must reference the current date 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, 2022 or later relating to fiscal year 2022, 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 2023. If this happens, notify MMB Financial Reporting for transactions over $100,000.

Capital Assets

The SWIFT Asset Management module (AM) will close for FY 2022 activity at the hard close on August 19. Agencies should complete all FY 2022 AM transactions on or before that date. FY 2022 transactions entered between July 1 and August 19 must have an accounting date of June 30 or prior if they are to be recorded as FY 2022 transactions.

ACFR Asset Certification reports will be available in the OBIEE 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 2 and due back August 23, 2022. Send capital asset certification questions to Travis.Creel@state.mn.us.
SEMA4

Payroll allotments

Agencies must take steps to ensure negative allotment balances are resolved prior to August 19, 2022.

Processing BFY 2022 SEMA4 business and relocation expenses

Business expenses and business expense corrections that are being charged to BFY 2022 budgets must be completed and entered in to SEMA4 by the end of day July 21. Relocation expense reports with BFY 2022 expenses must be received in Statewide Payroll Services by noon on July 18 to be paid from BFY 2022 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).

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 2022 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 29. Contact Yer.Lee@state.mn.us with questions.

Payroll mass expense transfers

Other SEMA4 mass expense transfers for BFY 2022 funding must also be completed by noon on July 29, 2022. Contact Yer.Lee@state.mn.us with questions.

Payroll prior period adjustments

Prior period adjustments that affect BFY 2022 SWIFT appropriations must be entered by noon on July 22, 2022. After July 22, adjustments entered for pay periods prior to July 1, can only post to BFY 2023 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 2023 expense budget. Contact Yer.Lee@state.mn.us with questions.