



658 Cedar Street
St. Paul, MN 55155
Voice: (651) 201-8000
Fax: (651) 296-8685

Date: June 28, 2023

To: Agency Accounting Coordinators

From: Adrienne Schmidt, SWIFT System Support Director
Bryan Dahl, Financial Planning Director

Subject: Annual Budget and Accounting Instructions – Document 3
Preparing Budget Fiscal Year 2024-25 Appropriations and Closing Fiscal Year 2023

This memo accompanies the third of three documents providing information for preparing budget fiscal year (BFY) 2024-25 appropriations and closing fiscal year (FY) 2023 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.

Important Dates:

Date	Deadline Requirement
June 30, 2023	Fiscal Year End <ol style="list-style-type: none">1. Deadline for entering purchase orders and/or increasing existing purchase orders using BFY 2023 appropriations2. All known transfers related to BFY 2023 should be completed3. All known revenue and expenditure corrections related to FY 2023 should be completed4. 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 \$0.5. Receipts received by June 30 are deposited and entered by June 30
July 31, 2023	Agencies must complete Spend Plan Certification
August 18, 2023	SWIFT Hard Close Deadline for processing most BFY 2023 transactions

The following documents on the Minnesota Management and Budget (MMB) website provide reference information for completing BFY 2024-25 set up and FY 2023 closing tasks:

- [2023 Agency Annual Schedule](#)
- [SWIFT Forms Inventory](#)
- [Statewide Financial Policies](#)



Annual Budget and Accounting Instructions – Document 3

Table of Contents

Annual Budget and Accounting Instructions – Document 3	2
I. Overview	5
II. Procurement.....	6
Blanket Purchase Orders (BPM and APK)	6
Solicitations Events.....	6
Purchase Orders	6
Grant Purchase Order.....	7
Permanent Improvement Purchase Orders	7
Purchase Order Changes After Hard Close.....	7
Purchasing Receipt Dates on SWIFT Transactions Between July 1 and August 18 (Close Period).....	7
III. Payments	8
Accounts Payable.....	8
SEMA4	8
IV. Revenue.....	9
Miscellaneous Cash Receipts.....	9
Receivables	9
Receiving or Paying Interagency Transactions (Bilateral Netting) After Close.....	9
V. Assets	10
Year-end Capital Asset Certifications	10
VI. Budgeting	11
Treatment of Appropriation Balances During Annual Close	11
Appropriations with Mixed Authority to Balance Forward	11

Allotment Amounts to be Reduced 11

Coding Budget FY on SWIFT Transactions During the Close Period 11

Resolving Budgets Over-obligated and Over-expended 12

Appendix A 13

 Agency Fiscal Year Closing Checklist..... 13

Appendix B..... 14

 How to Process Certain Transactions During the Closing Period 14

Appendix C..... 16

 Encumbrance Certification Report 16

 Certifying Prior Year Purchase Orders 16

I. Overview

The State of Minnesota will close fiscal year (FY) 2023 on the weekend of August 18. The process is coordinated by MMB but requires action by accounting managers and staff at each state agency. This document provides instruction on closing non-continuing appropriations and continuing appropriations with the end date June 30, 2023.

Agency staff must complete various tasks before closing weekend. During this time, MMB and state agencies work together to ensure that year-end activity is recorded properly in SWIFT. MMB will email certification and problem reports to agency contacts beginning in July. It is critical that each agency resolve all problems immediately.

The last day for agencies to process transactions for FY 2023 is August 18. After this date, only limited transactions can be processed in SWIFT against budget fiscal year (BFY) 2023. Transactions allowed after closing include payments against certified purchase orders, cancelation of purchase orders, cash receipts to authorized appropriations, appropriation cancelations, and appropriation carryforwards.

Each year, the state prepares financial statements in accordance with Generally Accepted Accounting Principles (GAAP). The annual closing is a critical part of preparing the state financial statements. The annual financial statements report the financial activity that occurred during the fiscal year and state assets and liabilities. The financial statements are used by companies that issue credit ratings on state bonds, public interest groups and other governments. The statements allow interested parties to accurately compare State of Minnesota finances to those of other states and governments.

The annual closing process requires that agencies complete all activities for FY 2023 by fiscal close so that financial statements and budgetary schedules can be complete and accurate. This includes several tasks related to requisitions, solicitations, and purchase orders. Further information is included in the [appendices to this document](#).

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. Procurement

[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.

The sections below provide highlights on year-end requisition, solicitation, and purchase order requirements.

Blanket Purchase Orders (BPM and APK)

BFY 2023 blanket purchase orders with balances (BPM and APK using PLACEHOLDER vendor) must be closed or canceled. Exceptions to this policy are:

- Continuing appropriations with end dates beyond June 30.
- BPMs to acquire real property or to construct permanent improvements may be used in compliance with [Minnesota Statute 16A.28, Subd. 5](#).

Solicitations Events

Purchases for Services

Events tied to a BFY 2023 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, 2023. If the service(s) are not performed by this time, any outstanding purchase orders and accompanying event(s) will need to be canceled.

Requisitions tied to the event/purchase order will need to be edited to update the funding to point towards BFY 2024. 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 2023 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.

Any event that is not at an awarded status after June 30 will need to be canceled. Any requisitions tied to the event will need to be edited to update the ChartFields to reference BFY 2024. 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 or canceled unless agency heads certify to the Commissioner of MMB that goods were ordered or services rendered by June 30. The deadline for certifying valid purchase orders, canceling or closing unneeded or non-certifiable orders, and returning worksheets to MMB is August 18.

Agencies are encouraged to close or cancel any unneeded purchase orders as soon as possible. MMB will follow up on all late submissions and open purchase orders that are not certified.

Agencies may apply for an exemption from the requirement that purchase orders using estimated receipts must be closed before hard close. However, agencies must certify valid purchase orders and close or cancel non-certifiable purchase orders.

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 rendered under grant contracts may occur during the certification period. Final payments can be processed after the 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.

Permanent Improvement Purchase Orders

[Minnesota Statute 16A.28, Subd. 5](#) allows appropriations to acquire or better public land or buildings or other public improvements of a capital nature to not lapse until the purposes of the appropriation are completed. Only purchase orders and requisitions established against continuing appropriation types are eligible for this exception.

Purchase Order Changes After Hard Close

[Minnesota Statute 16A.28](#) allows appropriations to be reinstated and encumbrances modified up to three months after the appropriation lapse with the approval of Minnesota Management and Budget. After three months, agencies must charge the obligation against the current year appropriation.

In order to restore BFY 2023 funding to a purchase order after close, agencies must complete and submit [Request to Open Closed Year Appropriation and/or Reinstate Cancelled Money Form](#) to their Executive Budget Officer and submit a request through AMA that the appropriation status be temporarily changed to Open. This form should also reference the AMA transaction number. Requests should only be submitted for transactions greater than \$2,500.

Purchasing Receipt Dates on SWIFT Transactions Between July 1 and August 18 (Close Period)

To ensure accurate financial reporting, agencies must accurately record the date they received goods or services in SWIFT. For goods received or services rendered on or before June 30, 2023, and processed in SWIFT between July 1 and August 18, agencies must use an accounting date of June 30, 2023, or prior.

III. Payments

Accounts Payable

Fiscal Year 2023 payments made after **June 30, 2023**, must be for goods ordered and services rendered by **June 30, 2023**. 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 2023. 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 customer refunds should be entered by **June 30**. The last day to enter these corrections is **August 18, 2023**. Expenditure corrections require an accounts payable journal voucher. Whenever possible use the same accounting date as the original transaction.

SEMA4

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) accounts. All items that appear on the report with a fiscal year equal to or prior to BFY 2023 must be transferred to a valid account within your agency by entering a mass expense transfer in SEMA4. These mass expense transfers must be completed by noon on July 28. Contact Yer.Lee@state.mn.us with questions. If you are unable to reach Yer, please forward your email to the [deductions mailbox](#).

SEMA4 mass expense transfers for BFY 2023 accounts must also be completed by noon on July 28. Contact Yer.Lee@state.mn.us with questions. If you are unable to reach Yer, please forward your email to the [deductions mailbox](#).

Other memos regarding SEMA4 payroll transaction processing are available on the MMB web site under SEMA4 Bulletins.

IV. Revenue

Miscellaneous Cash Receipts

All miscellaneous cash receipt transactions for BFY 2023 must be processed by August 18, 2023. This includes any deposits that are regular and correcting direct journals. This requirement applies to all funds and appropriations except federal receipts. Ensure all revenue clearing accounts have been fully distributed and the balance is \$0.

Receivables

FY 2023 receivables for goods or services provided by June 30 must be established in SWIFT by August 18. All modifications to existing FY 2023 receivables for adjustments or additional services provided by June 30 must also be entered by this time.

Year-end Accounts Receivable Certifications 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 or Mary.Borresen@state.mn.us with questions regarding Accounts Receivable certifications.

Receiving or Paying Interagency Transactions (Bilateral Netting) After Close

After June 30, an agency processing a payment to another state agency and not referencing a purchase order must pay from BFY 2024. If this happens, notify your fund accountant in Financial Reporting for transactions over \$100,000.

V. Assets

Year-end Capital Asset Certifications

To facilitate capital asset reporting in the 2023 Annual Comprehensive Financial Report, agencies are required to complete all FY 2023 asset activity by August 18. Year-end Capital Asset Certification worksheets will be forthcoming and emailed to agencies with a memo and instructions for agencies to run the ACFR Capital Asset Certifications in the EPM data warehouse to create their various capital asset certifications. Contact Travis.Creel@state.mn.us with questions regarding Capital Asset certifications.

VI. Budgeting

Treatment of Appropriation Balances During Annual Close

Appropriation type codes determine how unobligated balances will be processed at closing.

Since continuing appropriations are not affected by the closing process, agencies must monitor continuing appropriations for negative balances and cancel balances when appropriate.

The chart below shows SWIFT appropriation type codes and how they are processed at closing:

Type Code	Description	Balance Processing
01	Regular	Cancel
02	Continuing	No action
03	Special Direct	Rolls forward (should be changed to type 01 in final year so funds cancel)
04	Special Dedicated	Rolls forward
05	Biennial	Rolls forward in even years, cancels in odd years
06	Open	Adjusts to \$0 balance
07	MNSCU Alternate Budget Close	Rolls forward at alternate date to accommodate “work 9, pay 12” payroll
08	Education Aids Alternate Budget Close	Cancels at alternate date

Appropriations with Mixed Authority to Balance Forward

Some appropriations have legal authority that allows some, but not all, of the funds in an appropriation to carry forward. In these cases, part of the SWIFT closing entry must be manually processed before the automated closing on the weekend of August 18, 2023. Agencies should use AMA (Appropriation Maintenance Application) to either manually cancel a balance or have the appropriation type temporarily changed so that a manual balance forward can be processed. Contact AgencyAssistance.MMB@state.mn.us with questions.

Allotment Amounts to be Reduced

As part of the closing process, MMB will reduce the encumbrance authority in all appropriations (except appropriation type 02) to zero. To accomplish this, negative expense budgets will be created under expense account class “410CL” to reduce payroll allotments and under account class “499CL” to reduce non-payroll allotments. These transactions will reduce the allotment encumbrance authority to zero while preserving the original expense budget amounts established by the agencies.

Coding Budget FY on SWIFT Transactions During the Close Period

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

For example, transactions entered with budget dates between July 1, 2022 and June 30, 2023, post to budget period 2023. If the budget or accounting date is left blank, the system will default the current date. Agencies should pay close attention to this date between July 1 and fiscal close to ensure payments are made from the proper budget and accounting periods. Typically, the budget fiscal period and the accounting fiscal year values on budget transfers should be the same. However, for budget year 2023 appropriation transfers made between July 1 and August 18, agencies must use the current date in the Journal Date field so reporting reflects the correct date of cash movement. These transactions are manually adjusted when reported in the ACFR.

Resolving Budgets Over-obligated and Over-expended

If your agency has any of the following conditions, SWIFT Module Support will include the errors on the problem reports, which are sent out periodically starting in early July.

Over-obligated Appropriations

Appropriations with a budget authority of “E” (authority to obligate estimated receipts and spend only actual receipts) and where actual receipts have not yet been deposited to cover the obligations. These appropriations may have outstanding purchase orders funded by estimated receipts not yet received.

Over-obligated appropriations must be resolved by August 11 by taking corrective action. Solutions include canceling purchase orders or moving expenditures to another appropriation if legally feasible.

Over-expended Appropriations

Non-federal appropriations with budget authority of “G” (obligate and spend the greater of actual or estimated receipts) and where actual receipts have not yet been deposited to cover the expenditures. Over-expended appropriations may also be over-obligated as described above. These appropriations have been authorized to make expenditures against anticipated receipts.

The budget authority of these appropriations will be changed from “G” to “E” in November 2023 and receipts must be collected by February 2024.

Appendix A

Agency Fiscal Year Closing Checklist

New Year Setup

- Appropriations are fully established.
- Expense budgets established so that appropriations are fully allotted.
- Revenue budgets established.
- Necessary anticipated transfers are processed.
- Purchase orders established for services to be performed during the following year.
- Position funding corrected for errors on the Positions with Invalid Code Blocks report.

Close Preparation

- Non-federal appropriations with negative balances must be resolved by August 11, 2023.
- Adjust revenue budgets in dedicated appropriations to anticipate receipts in amounts sufficient to pay certified encumbrances or to cover negative cash balances (optional).
- Ensure sufficient funds are allotted to meet remaining payroll obligations.
- All FY 2023 Statewide indirect cost invoices are paid before August 18.
- Review open encumbrance and requisitions and adjust/cancel as needed.
- Cancel requisitions not encumbered by June 30.
- Review encumbrances to ensure budgets have sufficient cash to cover outstanding obligations.
- Adjust anticipated transfers so that the anticipated transfer balance is \$0.
- All FY 2023 expenditure and deposit corrections completed by August 18, 2023. Ensure all revenue clearing accounts have been fully distributed and the balance is \$0.
- Settle all FY 2023 employee travel advances.
- Review unprocessed transactions and process or delete as appropriate.
- All other payroll deadlines have been met (including payroll expense transfers).
- All encumbrance certification and encumbrance deadlines met.

Appendix B

How to Process Certain Transactions During the Closing Period

Canceling and Recreating a Strategic Sourcing Requisition in SWIFT

The buyer should unattach the original requisition from the solicitation and return it to the requestor for cancellation or update the current funding. The buyer will then need to create a new solicitation/event and attach the new or updated requisition to the event.

Canceling Requisitions in SWIFT

Agencies must review the Encumbrance Certification Report for requisitions not pre-encumbered or fully awarded to a purchase order and budget checked by June 30, 2023. Agencies must change these requisitions to use FY 2024 budgets or cancel the requisition.

Certifying, Closing or Canceling, or Carrying Forward Purchase Orders in SWIFT

The Encumbrance Certification Report will be emailed to agencies as an Excel file the week of July 10. This report will be used to identify Purchase Orders which need to be certified, will be closed or canceled by the agency, or need to be carried forward as BFY 2024. For carry forward orders, agencies will complete an excel template and submit it to the SWIFT team identifying what orders agencies will add FY 2024 funding to the existing purchase orders.

The following steps are needed to certify, cancel, or carry forward purchase orders:

1. Review Encumbrance Certification Report
2. Identify Purchase Orders to certify to remain open for BFY 2023.
3. Identify Purchase Orders to cancel and cancel Purchase Orders in SWIFT
4. Identify Purchase Orders to carry forward and complete excel template and submit to SWIFT team in order to add FY 2024 funding to the existing purchase orders.

Email the completed Encumbrance Certification Report to MMB and send certification statements no later than August 18, 2023.

The deadline for certifying valid purchase orders, canceling unneeded or non-certifiable purchase orders or identifying carry forward orders is August 18, 2023.

For instructions on completing procurement-related transactions, please refer to the [SWIFT Training Guides](#) on the MMB SWIFT webpage.

Transfers

For budget year 2023 appropriation transfers made between July 1 and August 18, agencies must use the current date in the Journal Date field so reporting reflects the correct date of cash movement. These transactions are manually adjusted when reported in the ACFR.

Receipts

Agencies should both deposit and record in SWIFT all receipts received by June 30 on or before June 30.

For miscellaneous cash receipts received on or before June 30, 2023 that are not practicable to deposit and record by June 30, agencies should use an accounting date of June 30, 2023 and a received date of the date the receipt was deposited at the bank.

During the close period, for miscellaneous cash receipts that are received July 1, 2023 or later and relate to FY 2023, agencies should use an accounting date of June 30, 2023 and a received date of the date the receipt was deposited at the bank.

Indirect Cost Payments

Indirect Cost and Systems Billing payments made after June 30 that relate to FY 2023 must have an accounting date of June 30, 2023. This field must be manually changed, or it will default to the current date.

The reverse bilateral netting process will run August 15, 2023, to collect additional federal receipt vouchers (for indirect cost) and reimburse the general fund prior to FY 2023 year-end. Please remind your agency 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 less than 22 characters in length, including spaces.

The netting process will not pick up any voucher that does not carry an appropriate identifier. There are three more runs scheduled for the reverse bilateral netting process, prior to the FY 2023 General Ledger hard close.

- June 27, 2023
- July 18, 2023
- August 1, 2023
- August 15, 2023

Capital Assets

Agencies should complete all FY 2023 SWIFT Asset Management transactions on or before August 18, 2023. FY 2023 transactions entered between July 1 and August 18 must have an accounting date of June 30 or prior if they are to be recorded as FY 2023 transactions.

Appendix C

Encumbrance Certification Report

Agency Accounting Coordinators are required to certify purchase orders on the Encumbrance Certification Report. The Encumbrance Certification Report will be emailed the week of July 10. This report will be used to identify Purchase Orders which need to be certified, canceled, or carried forward into BFY 2024 by the agency.

When a Closed Purchase Order Can be Reestablished

[Minnesota Statute 16A.28](#) allows appropriations to be reinstated and encumbrances modified up to three months after the appropriation lapse with the approval of Minnesota Management and Budget. After three months, agencies must charge the obligation against the current year's appropriation.

In order to restore BFY 2023 funding to a purchase order after close, agencies will need to complete and submit [Request to Open Closed Year Appropriation and/or Reinstatement Cancelled Money Form](#) to their Executive Budget Officer as well as requesting through AMA that the appropriation status be temporarily changed to Open. This form should also reference the AMA transaction number. Requests should only be made for amounts greater than \$2,500.

Actions Required of Agency Accounting Coordinators

Please update column A (Exemption Request) of your spreadsheet. Do not modify the format or delete rows from the report. Purchase orders listed as mandatory close date of August 18, 2023 must have column A completed with an action item. All other rows are listed for your review. The email of your completed Excel file you send back is your encumbrance certification. Please email your file no later than August 18, 2023 to Todd.Goetze@state.mn.us.

Partial submissions will be returned to the Agency Accounting Coordinator or Director for consolidation and/or completion.

Certifying Prior Year Purchase Orders

Close Report

All purchase orders in this group must be closed by August 18, 2023. Agencies are responsible for closing their purchase orders. Minnesota Management and Budget does not close purchase orders. Included are:

- Purchase orders in Account code Group 1 where the appropriation end date is June 30, 2023. This includes all appropriation types, except type 02.
- All purchase orders where the appropriation end date is on or before June 30, 2023.
- All requisitions, this includes all appropriation types, except type 02.

Close/Certify Report

This includes purchase orders in Account code Groups 2, 3, and 4 in all appropriation types, except type 02, where the appropriation end date is June 30, 2023. Mandatory closing dates are as follows:

Account Code Group	Mandatory Close Date
02	December 31, 2023
03	March 31, 2024
04	June 30, 2024

Review Report

Purchase orders listed in this category are in appropriation type 02 and do not require certification. Agencies are encouraged to review and close any purchase orders that are no longer needed.

Debt Management

This includes encumbrances for bonded projects where the appropriation type is 02 and the Bill Area is A96 or A92. Encumbrances meeting these criteria should also be reviewed by agencies to determine if they are still valid or if they can cancel.

Grant Encumbrances

[Minnesota Statute 16A.28, Subd.6](#) states that encumbrances for grants issued by June 30 may be certified for a period of one year beyond the year in which the funds were originally appropriated. Services rendered under grant contracts may occur during the certification period.

Purchase orders for local governmental assistance (previously accounts 44130* through 44165*) with legal authority lapsing on or before June 30, 2023 must be closed. Services under these purchase orders should have been completed by June 30, 2023.

For a variety of reasons, an agency may have authority to retain funding beyond a fiscal year or an encumbrance may not require certification. This should not be interpreted as authority for an agency to ignore the encumbrances. Agencies are expected to pay from the fiscal year in which goods were ordered or services were provided. This may require an agency to close an existing encumbrance, carry the funding forward and re-establish the encumbrance in the proper fiscal year without regard for appropriation type or funding end date. Please reference [Procurement Year End Processing Tips](#).

Debt Management Report

Purchase orders that are in an Appropriation Type 02 with a BILL_AREA attribute of A94 or A96 and Fund 2300, 2700, 2820, 3510, 3520, 3600, 4020, or 8250; and purchase orders in Appropriation Type 02 and Fund 3501 are reviewed by the Debt Management Division at MMB.

Requests for Exemption

Agencies must complete the Exemption Request column of the Excel spreadsheet for each encumbrance identified as "CLOSE". All encumbrances in this column require an explanation of what needs to occur to close the encumbrance and the date the encumbrance is expected to close if it cannot be closed prior to August 18, 2023.