

ENCUMBRANCES AND THE NEW FISCAL YEAR

Fiscal Year End (June 30, 2018) Closing Schedule Memo, and Instructions through June 30, from State Accounting under Administrator's Correspondence at:

[http://das.nebraska.gov/accounting/nis/admin_correspondence/
FYE_2018_Closing_Schedule.doc](http://das.nebraska.gov/accounting/nis/admin_correspondence/FYE_2018_Closing_Schedule.doc)

[http://das.nebraska.gov/accounting/nis/admin_correspondence/
FYE_2018_Closing_Instructions.pdf](http://das.nebraska.gov/accounting/nis/admin_correspondence/FYE_2018_Closing_Instructions.pdf)

Monday July 2, 2018:

- **NO POSTING UNTIL FLASH MEMO IS RECEIVED THAT YEAR END CLOSE IS COMPLETE –ANTICIPATED BY MONDAY, JULY 2, 2018 AT 7:00 A.M.**
- State Budget Division provides first allotment of new fiscal year appropriations.
- July 1, 2018 Allotment Status Report, with new fiscal year data, will be available on MREPORT.
- Agencies review Purchase Orders to determine if Year End Rollover is correct.

Beginning Tuesday July 3, 2018

- Agencies may start entering valid encumbrances for the new fiscal year, including any outstanding from prior year that need to be re-entered.
- After encumbrances have been entered, run the Encumbrance Detail Report (R5509594A) to ensure that your encumbrances are recorded correctly

Payroll Manual Encumbrance

- State Accounting will prepare the manual encumbrance for the July 3 and July 18 payrolls. July 3 payroll will be 100% encumbered and the July 18 payroll will be 50% encumbered.
- Agencies who need to use a different method or have questions regarding the above calculation can contact State Accounting to discuss your situation.
- State Accounting will liquidate payroll encumbrances following certification.

Certified Encumbrances

- Agencies will only certify PSL (payroll) encumbrances this year.
- Agencies will review their Mid-Biennial Carryover Report as of 7/31 and 8/15. The Mid-Biennial Carryover Report as of 8/31 (certification report) will be signed by agency director and sent to State Accounting and this certifies the PSL encumbrances. This report is due no later than Friday, September 14, 2018.

LB327 Required Reporting

- Agencies need to be sure to work closely with prior year payments to ensure they are processed in the Prior Year Voucher menus.
- According to LB327 a full encumbrance report is required by the legislature even though the appropriation carryover process will only include PSL. Among other things, this report must identify liabilities (Accounts Payable) within E1 that were incurred in 17/18 but anticipated to be paid during 18/19.

LB327 Required Reporting

- In order to meet the reporting requirement set by LB327, agencies need to have completed entry of fiscal year ending June 30, 2018 obligations and liabilities by Friday August 31, 2018.
- State Accounting will have the agency PSL encumbrances posted; agencies need to be sure all other P9s and J9s that meet the requirement are in the system
- State Accounting will prepare and submit the LB327 report to legislature. It is the agencies responsibility to be sure the report is complete and accurate by reviewing open POs, using the prior year voucher menus and entering any needed manual encumbrances other than payroll.

Encumbrances and the new fiscal year

What is an encumbrance?

Financial obligations which are chargeable to a specific biennium's appropriation and for which a part of the appropriation is reserved.

Policy based on Statutes 81-138.01 – 81-138.04

In simple terms: an encumbrance is a reservation of an appropriation

Valid Encumbrance: 81-138.01

- A purchase order is issued, but the goods and accompanying invoice were not received and paid during the same biennium
- Goods or services were received, but an invoice has not been received and paid
- Goods or services and an invoice were received, but payment could not be made during the same biennium

Valid Encumbrance: 81-138.01

- A written agreement for a grant or award to distribute aid was signed but was not paid during the same biennium

Four ways to identify prior year obligations

- Prior Year Voucher Without PO (P9 transaction)
- Prior Year Voucher With PO (P9 transaction)
- Manual Encumbrances (J9 transactions in PB ledger)
- Automatic Encumbrances (Open purchase orders at year end)

Prior Year Voucher Processing Menu

- Use the prior year voucher processing menu throughout the year
 - Accounts Payable>Prior Year Voucher Processing>PY Voucher Entry
- This is used to identify all accounts payable where goods or services were received in the prior fiscal year

Manual Encumbrances

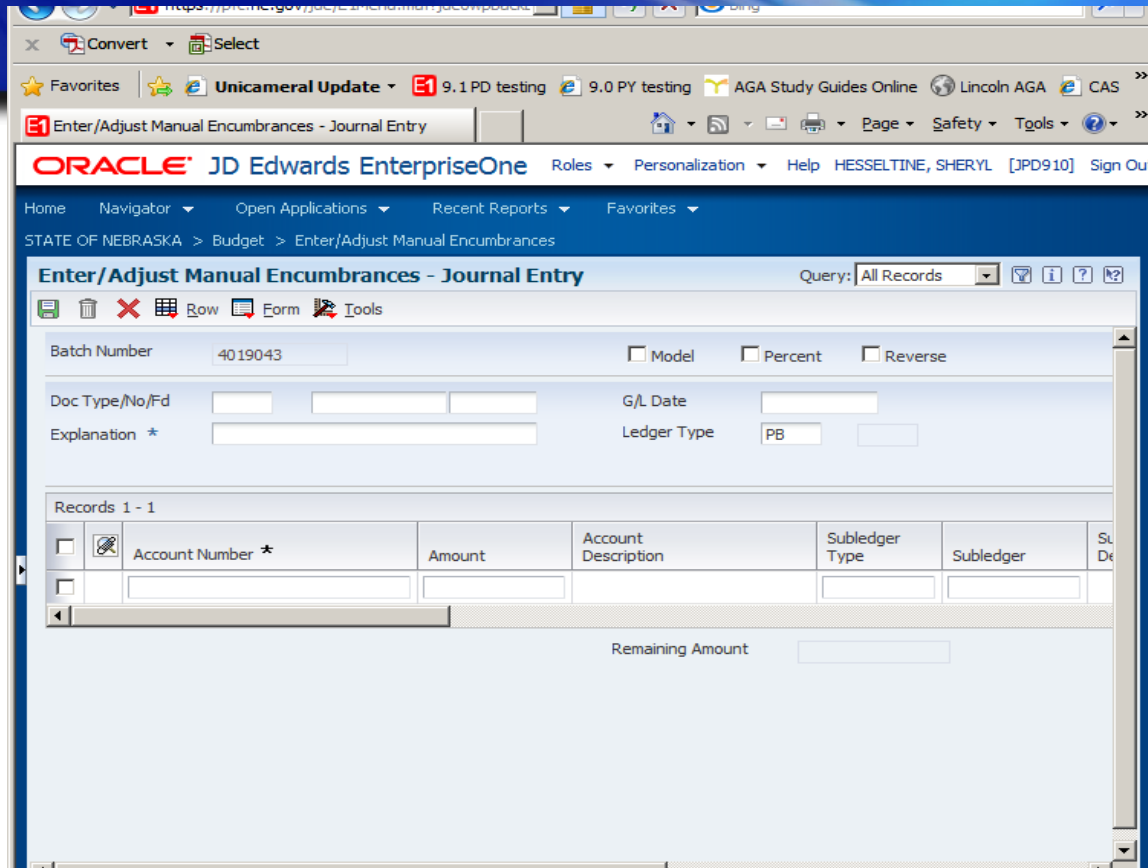
Can be entered in two different places

Budget Menu:

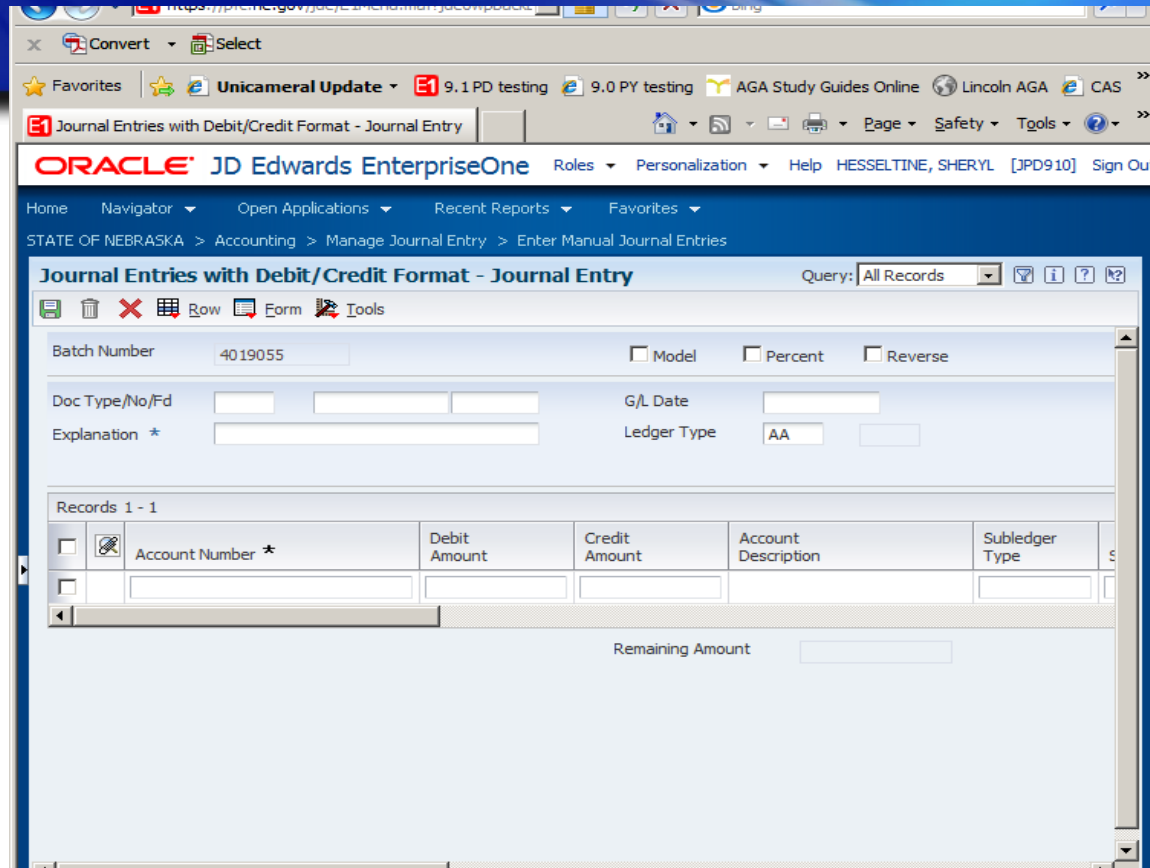
- Budget>Enter/Adjust Manual Encumbrances>Enter/Adjust Manual Encumbrances

Accounting Menu:

- Accounting>Manage Journal Entry>Enter Manual Journal Entries>Journal Entries with Debit/Credit Format



- Enter J9 in the Doc Type/No/Fd field
- The Ledger Type field defaults to PB



- Enter J9 in the Doc Type/No/Fd field
- Change the Ledger Type from AA to PB

Manual Encumbrance Steps

- Use Doc Type J9
- G/L Date must be today's date
- Provide explanation: such as 'To encumber prior year'
- Use Ledger Type PB

Transaction must be APPROVED, PREAUDITED AND POSTED in the month created

Encumbrances and the new fiscal year

- Manual encumbrances affect the current spending authority
- State Accounting will prepare and enter the payroll encumbrances this year
- Entry will be based on 100% of July 3rd payroll and 50% of the July 18th payroll
- Will not include Health, Life and AD&D insurances
- Encumbrance entry will be done after July 18th payroll

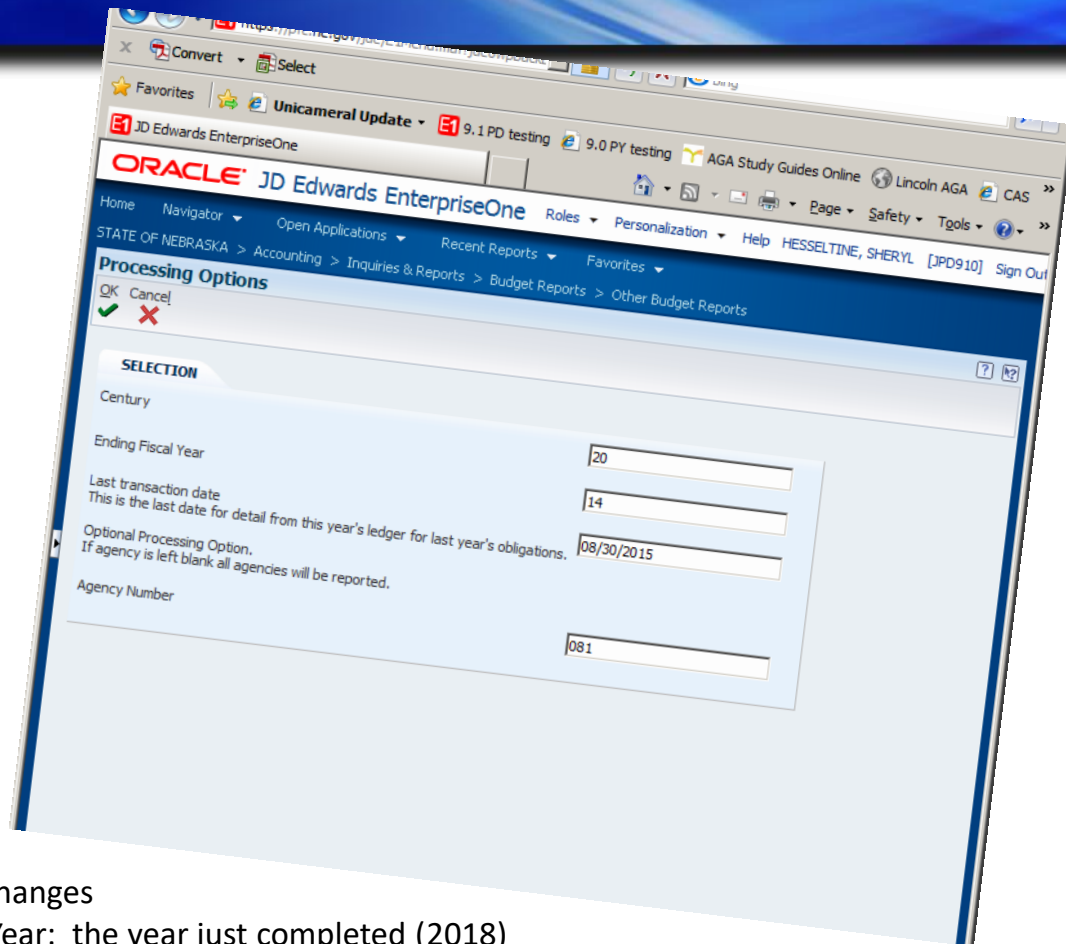
You will see them on your allotment status and budget status reports until they are liquidated after the certification process

Automatic Encumbrances

- Purchase Orders that were open at June 30
- State Accounting takes a “snapshot” of all open purchase orders at June 30 and records that information in the PC ledger

Encumbrance Detail Report

- As you are entering manual encumbrances, you can use this report to ensure that your encumbrances are recorded correctly
- Available from two menus in E1:
 - Accounting>Inquiries & Reports>Budget Reports>Other Budget Reports
 - Budget>Inquiries & Reports>Budget Reports>Other Budget Reports



- * Century: no changes
- * Ending Fiscal Year: the year just completed (2018)
- * Last transaction date: usually the last date of the month you are reviewing
- * Put in your Agency number

R5509594A

STATE OF NEBRASKA
Encumbrance Detail
As of 8/31/2013

9/3/2013 15:33:47
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		Ledge Business						Doc No Batch Date G/L Date Expanation - Alpha Name			Amount	
Divt	Progr	Fund	Type	Unit	Object Acc	Subsidie	Doc Type					
122	1	10000	PC	3122301	555200		JE	5739212	6/30/2013	6/30/2013	Open POs at 6/30/2013	66,543.00
122	1	10000	PC	3122301	555200		JE	5739212	6/30/2013	6/30/2013	Open POs at 6/30/2013	13,030.20
122	1		PC								Open Purchase Orders at June 30	79,573.20
122	1	10000	PB	3122100	511100		J9	5762464	7/11/2013	7/11/2013	Payroll encumbrance 7/10/2013	5,126.53
122	1	10000	PB	3122200	511100		J9	5762464	7/11/2013	7/11/2013	Payroll encumbrance 7/10/2013	56,889.01
122	1	10000	PB	3122311	511100		J9	5762464	7/11/2013	7/11/2013	Payroll encumbrance 7/10/2013	32,574.36
122	1	10000	PB	3122501	511100		J9	5762464	7/11/2013	7/11/2013	Payroll encumbrance 7/10/2013	35,414.10
122	1	10000	PB	3122511	515100		J9	5762464	7/11/2013	7/11/2013	Payroll encumbrance 7/10/2013	1,803.20
122	1	10000	PB	3122100	515200		J9	5762464	7/11/2013	7/11/2013	Payroll encumbrance 7/10/2013	420.79
122	1	10000	PB	3122200	515200		J9	5762464	7/11/2013	7/11/2013	Payroll encumbrance 7/10/2013	4,609.90
122	1	10000	PB	3122311	515200		J9	5762464	7/11/2013	7/11/2013	Payroll encumbrance 7/10/2013	2,698.41
122	1	10000	PB	3122501	515200		J9	5762464	7/11/2013	7/11/2013	Payroll encumbrance 7/10/2013	3,188.57
122	1	10000	PB	3122511	515200		J9	5762464	7/11/2013	7/11/2013	Payroll encumbrance 7/10/2013	1,719.77
122	1		PB								Manual Encumbrance for Prior Year Obligation	203,408.64
122	1	10000	AA	3122100	521100		J9	5760412	7/10/2013	7/10/2013	Postage 20130601 - 20130630	0.66
122	1	10000	AA	3122100	521100		J9	5776853	7/17/2013	7/17/2013	POSTAGE DUE JUNE 2013	62.00
122	1	10000	AA	3122301	521100		J9	5776853	7/17/2013	7/17/2013	POSTAGE DUE JUNE 2013	1,567.80
122	1	10000	AA	3122100	521200		P9	26760952	7/17/2013	7/17/2013	AS - OCIO - COMMUNICATIONS	213.23
122	1	10000	AA	3122301	531100		J9	5753770	7/8/2013	7/31/2013	OFFICE DEPOT JUNE 2013	517.66
122	1	10000	AA	3122301	531100		J9	5755277	7/9/2013	7/31/2013	OFFICE SUPPLY JUNE 2013	181.48
122	1	10000	AA	3122301	531100		P9	26923304	8/15/2013	8/15/2013	AS - MATERIEL DIVISION	134.23
122	1	10000	AA	3122301	547300		P9	26687186	7/1/2013	7/1/2013	BRAKENHOFF, KELLY	60.00
122	1	10000	AA	3122301	555200		J9	5764054	7/12/2013	7/12/2013	WINDOWS,CAL EXP COR B#3347760	(13,030.20)
122	1	10000	AA	3122301	555200		J9	5764059	7/12/2013	7/12/2013	AGY MICROSOFT EXP COR #3347751	(66,543.00)
122	1		AA								Voucher without PO	(68,914.78)
122	1										Fund Type Total	214,067.06

Mid-Biennial Carryover Report

This will be run according to Fiscal Year End Closing Schedule

- As of 7/31/2018 – agency review for corrections
- As of 8/15/2018 – agency review for corrections
- As of 8/31/2018 – this will be the Certified copy, director signature, submit by Sept 14, 2018

- Totals should match Encumbrance detail report and should be only valid encumbrances

Questions?

- <http://das.nebraska/accounting>
 - Administrator's Correspondence; closing schedule
 - Accounting Policies; state accounting manual (section 11, encumbrance policy)
- <http://www.nebraskalegislature.gov/laws/browse-statutes.php> ; statutes 81-138.01 – 81-138.04
- Contact Info
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