



TEXAS A&M UNIVERSITY
External Reporting

July 22, 2009

TO: Vice Presidents, Deans, Directors, and Department Heads

FROM: Linda B. Kettler
General Accounting Services

SUBJECT: FY09 Closing Procedures

PURCHASE REQUISITIONS

- Purchase requisitions are currently required on all purchases of goods and services that exceed \$5,000 on **state** and **local** accounts.
- Purchasing deadlines for submitting purchase requisitions against FY09 and FY10 were listed in a memo from Procurement Services dated April 1, 2009 and are posted on Aggie Answers web page <http://finance.tamu.edu/aggieanswers.asp> under Procurement Services. They are also posted on FAMIS screen B21.

VENDOR PAYMENTS (VOUCHERS)

- FY10 will be open in FAMIS by August 7, 2009 to enter limited purchases. Please note that these FY10 documents will not be paid until after the first closing on September.
- Do not send your **FY10** documents to Accounts Payable until **September 08, 2009**.
- At the time FY10 is opened there is the option of entering FY09 or FY10 on screen 240.
- FY09 will stay open until the month of August is closed on September 8, 2009. Invoices, documents or orders for FY09 should continue to be entered until August close. These will appear on the account statement either as a payable or an encumbrance (see Encumbrance and Payables section for further detail).
- Invoices or travel documents received by **5:00 p.m. August 24, 2009** will be guaranteed to be paid using FY09 funds. See the Payable section for further details on receipting items.

ENCUMBRANCES

- Encumbrances are items or services that have been ordered in FY09 but have not been received. An encumbrance will carry forward funds and budget balance from FY09 to FY 10.
- All orders placed or travel booked prior to August 31, 2009 must be entered in FAMIS. A limited or exempt document must be created and then closed on-line to establish an encumbrance for that order. Please see the following URL for instructions http://finance.tamu.edu/fmo/fr/forms/instructions_for_setting_up_an_encumbrance_f_or_year_end_2006.pdf

- Any orders placed or travel booked for FY09 must be entered by 5:00 p.m., August 31, 2009.

PAYABLES

- Payables are obligations for goods and services that have been received and deemed to be acceptable as of August 31, but have not been paid.
- All other obligations of record at August 31 should be considered encumbrances: the obligation has been made, but payment cannot be rendered since the goods or services have not been received.
- How does a department create a payable?
 - As soon as the goods or services are received the department should do receiving on 321 through 326 on the appropriate document or via the instructions on the following URL
http://finance.tamu.edu/fmo/fr/forms/instructions_for_setting_up_an_encumbrance_for_year_end_2006.pdf
 - On the night of 8/31 FAMIS will run a program called YER217 that will create a payable on the GL and an expense on the SL. That program only records any documents that have receiving entered in FAMIS and have **not** been paid. This liquidates that portion (items recorded in FAMIS as received) of the encumbrance and creates a payable until reversed in the new fiscal year (see below).
 - In September in the new Fiscal Year FAMIS will run a reversal program of the YER217 to reverse the payable recorded to the GL and the expense to the SL. This will reestablish the encumbrance.

PAYMENT/TRAVEL CARD TRANSACTIONS

- The JP Morgan Chase August statements will be posted to FAMIS as normal before the end of August .
- The JP Morgan Chase transactions (Pathway Net posting date) dated August 6th thru August 31 will be posted to FAMIS as an AFR entry on September 4, 2009.
 - Transactions through August 31, 2009 must be reallocated by 5:00 on September 3, 2009.
 - The transactions through August 31, 2009 will be reversed in early September. Then through the normal process the entire September 5, 2009 statement will be posted to FAMIS in late September.
 - In the new fiscal year you will see a credit in FAMIS for all transactions up to August 31st . Then for all transactions on the September statement you will see as charges with the net effect being the transactions that occur between the 1st of the month and the statement closing date.

CASH DEPOSITS, ACCOUNT RECEIVABLES AND INTERDEPARTMENTAL TRANSFERS

- iPayment files for FY09 must be created on or before August 31, 2009 and closed no later than 10:00 am September 1, 2009. Files closed after 10:00 am September 1, 2009 will be posted in FY10.

ACCOUNTS RECEIVABLE WRITE-OFFS FORM 3

- Requests for accounts receivable write offs should be reported on Form 3 with supporting documentation. **Please submit to Sales and Receivables by 5:00 pm, August 3, 2009.** The accounts receivable write off should not be reported on Form 5, they need to be listed separately on Form 3. Form 3 is located at <http://finance.tamu.edu/fmo/fr/forms/yearwo.pdf>.
- In the past invoices could only be written off when they were two years old or older or if the customer had filed for bankruptcy. FMO has been given approval to change the policy to one year and older. For FY09 departments are allowed to write off invoices billed in FY07 and FY08. Documentation for the bankruptcy and collection efforts must be attached. Departments must also provide the total amount of ARs billed during the fiscal years being written off on the form. Documentation should be attached. The percentage written off should not exceed 10% of the total receivables billed for that particular fiscal year. If the percentage exceeds 10%, a detailed explanation must be attached and signed by the Department Head. A copy of an approved Extension of Credit Letter (System Reg 21.01.04) should also be attached.
- The State requires that we place any external customer owing TAMU on state hold once a payment is past due 120 days or more. TAMU has been allowed to set a threshold of \$100.00. If any one customer owes \$100 or more, you must complete this form, located at <http://www.window.state.tx.us/taxinfo/taxforms/74-154.pdf>. **This form must be attached to the Form 3 with a copy of each past due invoice attached.**

ACCOUNTS RECEIVABLE – FORM 5

- Sales that are recorded in the department's records, but have not been processed in FAMIS by Financial Management Operations, should be reported as accounts receivables and listed on Form 5. These sales are normally in departments that maintain their own set of books for receivables and prepare a financial statement, but it does not exclude those departments that use FMO. Any outstanding receivable reversed by FMO that has not been collected by the departments should be reported on this form. Any current invoices that were not submitted to FMO via iPayment or file feed by August 31, 2009 should also be included. Form 5 should be submitted for all accounts with outstanding receivables regardless of the ending account balance at year end. The Form 5 is located at <http://finance.tamu.edu/fmo/fr/forms/year.pdf>.
- The accounts receivable total should be reported separately from all write offs. Form 5 must be fully completed for each account and supporting documentation must be attached. A copy of an approved Extension of Credit Letter (System Reg 21.01.04) should also be attached. **Form 5 is to be submitted to Sales and Receivables by 5:00 pm, September 1, 2009.**
- The State requires that we place any external customer owing TAMU on state hold once a payment is past due 120 days or more. TAMU has been allowed to set a threshold of

\$100.00. If any one customer owes \$100 or more, you must complete this form, located at <http://www.window.state.tx.us/taxinfo/taxforms/74-154.pdf>. **This form must be attached to the Form 5 with a copy of each past due invoice attached.**

- **If there are no accounts receivables, please state “NONE” on the form and return to FMO.**

PLEDGES RECEIVABLE

- GASB 33 is requiring universities to report any pledges that are outstanding as a receivable. Any outstanding pledges need to be reported as a receivable on the Pledges Receivable Form. Items that are due in 12 months or less are considered “Current” assets while items due in 13 months or more are considered “Non Current” assets. Supporting documentation must be attached. Pledges must be reported on your departmental GL account using subcode 1328 for “current” or short term pledges and using subcode 1329 for “non current” or long term pledges. . A copy of an approved Extension of Credit Letter (System Reg 21.01.04) should also be attached. The Pledge Form is located at <http://finance.tamu.edu/fmo/sales/forms/pledge-form.pdf>. **The Pledges Receivable Form is to be submitted to Sales and Receivables by 5:00 pm, September 1, 2009.**

DEPARTMENTAL BUDGET REQUESTS (DBRs)

- DBRs received by **5:00 p.m., August 28, 2009** will be guaranteed to be processed in FY09.

ACCOUNT BALANCES

- Subsidiary Ledgers **cannot have a negative** budget balance available at August 31st. Accrued cash balance in 02XXXX and 03XXXX accounts **can not be negative** at August 31st.
- If correcting a deficit balance with a DBR transfer, it must be submitted by 5:00 p.m., August 28, 2009
- Payroll corrections must be submitted to Payroll, Tax and Employee Resources by 5:00 p.m., August 3, 2009.
- Voucher or IDT corrections received by 5:00 p.m., August 25, 2009, will be guaranteed to be processed in FY09. Corrections must be submitted to General Accounting Services-Corrections mail stop 6000 or corrections@vpfn.tamu.edu .
- Local to local AP expense corrections submitted through the DCR module must be received by 5:00 p.m. September 4, 2009 to be posted in FY09.
- Requests for transfers from the Texas A&M Foundation for scholarships must be received at the Foundation by July 24, 2009, to insure the deposit will be posted in FY09. Requests for other transfers from the Texas A&M Foundation must be received at the Foundation by August 14, 2009, to insure the deposit will be posted in FY09.

INVENTORIES ON MERCHANDISE FOR RESALE AND CONSUMABLES

- Inventories of consumable supplies and merchandise for resale as of August 31, 2009, are to be determined and reported to Financial Management Operations on FD403, <http://finance.tamu.edu/fmo/fr/forms/yeinven.pdf> The original Form FD403, after certification by the department head or designated representative, together with the copies of the inventory detail must be received by Financial Management Operations on or before September 3, 2009.

PREPAID EXPENSE/DEFERRED REVENUE

- The term “prepaid expense” refers to payments made for goods/services prior to being received. If payment is made in FY09 but the goods/services are not received until FY10 the expense must be booked as prepaid at year end.

Deferred revenue refers to revenues received prior to being earned; for example, receiving payment for a service prior to the service being provided would be considered deferred revenue. If payment is received in FY09 and service will be provided in FY10 the revenue must be booked as deferred at year end.

Similarly, if you have any outstanding items that were recorded as either prepaid expense or deferred revenue at the end of F08 that were received or earned during FY09, these items will need to be cleared. If you have any items that need to be reclassified to/from prepaid expense/deferred revenue, please submit the Prepaid Expense/Deferred Revenue form http://finance.tamu.edu/fmo/fr/forms/PrepaidExpense_DeferredRevenue.pdf to External Reporting by Thursday, September 3rd.

PRENUMBERED ADMISSION TICKETS

- Texas A&M University System Regulation 21.01.02 Section 2.4 requires that an inventory of all admission tickets on hand at August 31st be submitted to Financial Management Operations each year. This inventory should be submitted to General Accounting by **5:00 p.m. September 1, 2009.**

PROPERTY MANAGEMENT FORMS

- Form FD411, Transfers between System Parts, must be completed by Friday, August 14th.
- Forms FDP4 and FDP414 are also due to Property Management, m.s. 6000 on Friday, August 14th.
- Any outstanding FDP-402, Annual Certification of Physical Inventory as required by Texas Gov't Code 403.273, must be completed and turned in by Friday, August 14th.

CAPITALIZED SOFTWARE UPDATES

- Any internally developed software with a cost of \$100,000 or more in the current fiscal year should be reported to Property Management at mail stop 6000. Please use form FDP-4 for new software and form FDP-414 for additions to existing software assets. Forms due to Property Management by **5:00 pm August 21, 2009**.

GRANTS & CONTRACTS(G&C-Sponsored Projects)

Administered by Texas A&M University Research Services –Project Administration

Accounts beginning with 4xxxxx or ARP Grants 160003-160712

- If your department has a grant or contract account (4xxxxx) ends on 8/31/2009, then all expenses should be recorded on the account by August 31, 2009. This includes payroll corrections. Encumbrances cannot be claimed as expenditures at August 31. The grant ending date is displayed on Screen 009 in FAMIS – FRS, SL Grant/Contract Attributes. Please advise TAMU-RS Project Administration if you have expenditures which will not be paid by August 31, 2009. Review screen 008 in FAMIS for name of Project Administrator for an account.

Janet Killion	862-2871	jkillion@tamu.edu	Director
<u>Accountants:</u>			
Greg Allen	845-8117	g-allen@tamu.edu	Federal C&G
Jean Adam	845-8114	jadam@tamu.edu	State of Texas C&G
Kay Leonard	845-0979	lkleonard@tamu.edu	Private, Foreign G&C
<u>Project Administrators:</u>			
Pam Allen	862-7988	pallen@tamu.edu	Refer to screen 008
Sharon Thigpen	862-7833	sthigpin@tamu.edu	Refer to screen 008
Joanie Birdwell	862-7984	jbirdwell@tamu.edu	Refer to screen 008

WEB SITE

***This memorandum and attached forms are available on the Web at**
<http://finance.tamu.edu/fmo/gas/year-end.asp>