



DEPARTMENT OF EXECUTIVE MANAGEMENT BUREAU OF FINANCE AND MANAGEMENT

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MEMORANDUM

TO: Department Secretaries, Bureau Commissioners; Constitutional, Legislative, and Judicial Officers; Institution Superintendents; and, University Presidents

FROM: Jason Dilges, Commissioner 
Bureau of Finance and Management
AND
Jim Schaefer, Accounting Operations Manager 
Bureau of Finance and Management

SUBJECT: *YEAR-END PROCEDURES FY2016 AND OPERATING BUDGET PROCEDURES FY2017*

DATE: March 25, 2016, updated April 28, 2016

The following includes timetables and instructions for closing out FY2016 on the accounting system and loading the FY2017 operating budget. Please read this document carefully and use it for reference as these critical year-end processes approach.

I. *YEAR-END ACCOUNTING PROCEDURES FOR FY2016*

- A. REQUISITIONS/PURCHASE ORDERS:** The Office of Procurement Management must receive **EMERGENCY AND SOLE SOURCE** requisitions for FY2016 by 5:00 p.m. on June 24, 2016. All emergency/sole source requisitions must be accompanied by either the emergency or sole source justification form detailing the facts that constitute the emergency and/or sole source. Emergency and sole source requisitions that do not contain the justification form cannot be processed.

The Office of Procurement Management must receive **CONTRACT** requisitions for FY2016 by 5:00 p.m. on June 24, 2016. Requisitions for **NONCONTRACT** items will be processed in accordance with the Bid Letting Schedule. Please refer to the current [Bid Letting Schedule](#) for those published dates.

- B. CONTRACT CARRYOVERS:** The Bureau of Finance and Management (BFM) must receive all contract carryover requests by 5:00 p.m., June 16, 2016. Requests received after the applicable date will not be considered, unless prior arrangements have been made with the Bureau of Finance and Management. This applies to general, federal, and other funded contracts. Use the following hyperlink to get a current [request for appropriation carryover form](#), or go to [BFM's intranet site](#) and click on the Forms link.

Carryovers of FY2016 funded contracts will be encumbered using procedures outlined in [paragraph K](#). Contract carryovers will be encumbered so that year-end accounting reports show the contract as an encumbrance. Approved contract carryovers will be authorized to extend for one full fiscal year.

- C. SECOND-YEAR CARRYOVERS:** A [request for appropriation carryover form](#) must also be completed for all second-year carryovers. Indicate second year carryover requests by checking the "Second Year" box on form. Requests to extend FY2015 funded purchase orders or contract carryovers for a second year must be submitted to the Bureau of Finance and Management by 5:00 p.m., June 16, 2016.

Please make sure that requests for second-year carryovers are clearly labeled as such and submitted separately from first-year requests. Funding cannot be carried over for more than two fiscal years per [SDCL 4-8-19](#). Amounts for second-year requests must be encumbered (see [paragraph K](#)).

- D. APPROPRIATION/BUDGET TRANSFERS:** Requests for FY2016 appropriation/budget transfers must be submitted to the Bureau of Finance and Management by 5:00 p.m., June 23, 2016. Any situations that may require a transfer before the end of FY2016 should be thoroughly analyzed and planned for in order to meet the transfer deadline. Transfer requests submitted after June 23, 2016 will not be approved unless arrangements for late submission have been made with the bureau prior to the deadline. However, BFM may require agencies to submit transfers necessary to clean up overspent budget units beyond the deadline, until the fiscal year is closed.
- E. VENDOR FORMS:** W-9 and related forms to add or update vendors for FY2016 payments must be received by the Bureau of Finance and Management no later than 3:00 p.m., June 23, 2016.
- F. AP INVOICES AND MULTIPLE PAYEE:** AP invoices and multiple payee documents with pay entity EMPL must be entered by 7:00 p.m., June 21, 2016 and received by the State Auditor's Office or BFM (for advance travel requests) no later than 12:00 p.m., June 22, 2016. EMPL invoices must be approved by June 27 so they can be paid in the final employee reimbursement run in payroll scheduled for June 29.

All non-EMPL AP invoices and multiple payee documents must be entered no later than 7:00 p.m., June 24, 2016. The State Auditor's Office must receive these documents by 12:00 p.m., June 27, 2016.

Adjustments to coding (company, account or center) on AP invoices can be made online in AP through July 1, 2016. After this date and through the year-end cutoff (see [paragraph J](#)), journal voucher (JV) documents must be entered in budgetary control (BC) to correct coding on AP invoices. After the year-end cutoff, prior year expenditures must be corrected with a prior period equity adjustment entered in BC.

Agencies may begin entering and sending FY2017 vouchers to the State Auditor on July 5, 2016. The first FY2017 AP payment cycle will run July 6, 2016.

- G. CASH RECEIPTS:** FY2016 cash receipts must be in the State Treasurer's Office by 1:30 p.m. June 30, 2016. Cash receipts for deposit of checks, electronic payments and Remittance Center items must be dated the date the payment is posted to the bank. Deposits received in the Treasurer's Office by 1:30 p.m. on June 30 will be posted to the bank in FY2016. Deposits received in the Treasurer's Office after 1:30 p.m. on June 30 will be posted to the bank in FY2017.

If you are pulling funds through ACH from any local accounts, the State Treasurer must receive an e-mail by 2:00 p.m., June 29, 2016. Please use the following link for outstanding ACH items: [\\bbpr1budget\apps\Treasurer\OutstandingAchItems.xls](#). The Treasurer's Office will have it updated by 9:00 a.m. on June 30 so you can view everything that has come in for the day. The Treasurer's Office accepts cash receipts by fax or e-mail.

- H. NONCASH VOUCHERS** ended successfully by 7:00 p.m., July 1, 2016 with June 2016 effective dates will be posted to FY2016. Noncash vouchers ended successfully after the July 1 cutoff will post to FY2017.
- I. PROCUREMENT CARD** transactions must be approved by agencies in FM01 and received in the State Auditor's office by 5:00 p.m., June 16, 2016. The State Auditor will approve them by 5:00 p.m., June 29, 2016. The procurement card expenditure process will be run by June 30, 2016.

- J. JOURNAL VOUCHER ADJUSTMENTS AND CANCELLED PAYMENTS FOR FINAL YEAR-END:** The Bureau of Finance and Management and the State Auditor's Office must receive year-end adjustments requiring approval and cancelled payments, respectively, for FY2016 business by 5:00 p.m., July 11, 2016. Cancelled payments must be accompanied by journal vouchers showing the expenditure codes reduced. These items should relate to errors in coding, cancelled payments, etc., on vouchers processed by the respective deadlines.

Final year-end adjustments not requiring central approval may be entered through 7:00 p.m., July 12, 2016. **This is the final year-end cutoff.** Documents ended by agencies after this date will post to FY2017.

FY2016 year-end adjustment documents entered after June 30 should be entered with a June 30, 2016 effective date. Write "FY2016" across the top of the voucher in order to separate them from FY2017 business.

- K. ENCUMBRANCE DOCUMENTS:** Service purchase orders (POs) are used to encumber contract carryovers (first or second year). Encumbrance adjustments are used: (1) to adjust coding, where needed, for buy entity SDPP POs; or, (2) to encumber statutory carryovers.

Service POs (buy entity SRVC): Enter service POs to encumber contracts; see the [service PO procedures manual](#). Submit a separate [request for appropriation carryover form](#), referencing the service PO(s), for each division within an agency. These requests are due at BFM by 5:00 p.m., June 16, 2016 (see also [paragraph I. B](#)).

The deadline for adding, changing, canceling or deleting FY2016 and earlier service PO lines is 7:00 p.m., June 29, 2016. During the time between this cutoff and the final FY2016 cutoff in [paragraph J](#) above, FY2016 and earlier service PO lines should not be added, changed, canceled or deleted.

Encumbrance Adjustments: Enter encumbrance adjustments on BC screen 241, using a document number beginning with E. Combine entries by company, on as few documents as possible. Enter documents as data type 1 and summarize coding by subobject of expense within center. Documents (one per company) should include: company, expense account, center, and dollar amount. The justification should list applicable purchase orders being adjusted or relevant statute/bill authorizing carryover.

For statutory carryovers, all transactions should be debits. Encumbrance adjustments for statutorily required carryovers, along with the [request for appropriation carryover form](#), are due by 5:00 p.m., June 16, 2016.

Encumbrance adjustments for second-year requests related to statutory carryovers, along with the request for appropriation carryover form, are due by 5:00 p.m., June 16, 2016. Send these documents to your respective BFM budget analyst.

For purchase order adjustments, credits to coding on the purchase order should equal debits to the coding for which you need to increase encumbrance. You will need at least one document for each company involved. Send encumbrance adjustment documents to Terry Laqua at BFM no later than 5:00 p.m., June 30, 2016.

Transactions related to FY2016 encumbrance adjustments will be reversed centrally in July 2016 by the Bureau of Finance and Management.

Encumbrances and corresponding appropriation will be carried over into FY2017, unless the appropriation is due to revert in FY2016 (e.g., C-5, D-5, R-5 or S-5). Prior year carryovers, i.e., funds carried over from FY2015 into FY2016, that are due to revert will automatically revert unless a second-year request using [request for appropriation carryover form](#) is received by BFM by 5:00 p.m., June 16, 2016 (see [paragraph I. C](#)). The coding for second-year carryovers will remain the same in FY2017 as it was in FY2016.

Agencies should verify appropriated amounts carried forward from FY2016 to FY2017, and report incorrect amounts reflected on the July monthly Available Funds Report to the Bureau of Finance and Management by August 10, 2016.

- L. **ADVANCE TRAVEL REPAYMENTS:** Travel advances paid to travelers returning by June 17, 2016 must be repaid either by: (1) applying the advance to expenses on an invoice entered by 7:00 p.m., June 21, 2016 and submitted to the State Auditor by 12:00 p.m., June 22, 2016; or where necessary, (2) repaid on a cash receipt submitted to the State Treasurer by 1:30 p.m., June 30, 2016. Agencies with travel advances must reconcile amounts shown on the Advance Travel Accounts Receivable report with related due from employees account (1246000) balances in general ledger.
- M. **PROGRAMS TERMINATED AT THE END OF FY2016:** [SDCL 4-8-25](#) allows the retention of an appropriation balance to pay outstanding liabilities of terminated budget units.

Agencies having terminated programs should request that the Bureau of Finance and Management carry over the year-end appropriation balances in order to clear up outstanding debts. Submit these requests in writing by 5:00 p.m., June 16, 2016. Please consider the amount of money it will take to pay accrued leave, etc., so that decisions can be made prior to the end of FY2016 that will allow a sufficient appropriation level to exist at the end of FY2016 to pay outstanding liabilities. Requests should include an encumbrance adjustment document for amounts not already encumbered on purchase orders (see [paragraph K](#)).

- N. **POSITIONS TERMINATED IN PROGRAMS THAT WERE NOT TERMINATED:** No statutory basis exists for carrying over money to pay expenses at fiscal year-end for positions being terminated within programs that were not terminated. Therefore, make preparations for the last payroll of FY2016 well in advance so that expenditures for personal services remain within budget levels set for FY2016 and FY2017.
- O. **ACCOUNTING/BUDGET HISTORY:** Data reported on the accounting system at fiscal year close will be used in the Governor's budget report of expenditures for all funds, including those with informational budgets. We will not adjust expenditure history of any budgets in the budget system, except to reflect reorganizations. **Historical information posted in the accounting system will be the official record of expenditures and will be used in the budget report wherever possible.**

II. OPERATING BUDGET PROCEDURES FOR FY2017

- A. **OPERATING BUDGET SUBMISSION:** This year the operating budget module of the budget system will be accessible on Tuesday, April 19, 2016, possibly sooner. You will have three weeks to complete the operating budget load, the deadline being 5:00 p.m., May 20, 2016. **Agencies must notify their budget analysts of any reorganization requests that are planned by 5:00 p.m., April 19, 2016. Agencies must have their reorganization crosswalk complete on the budget system by 5:00 p.m., May 20, 2016.**

The budgets must be loaded by subobject according to general, federal, and other funds. Enter the information in the operating budget screen making sure that the totals match the general bill as shown on the 'Totals' screen. Fund sources must also be balanced in order to complete your operating budget load. This is done using the fund source module for each budget center. If you have any questions or concerns about loading your FY2017 budget, or using the operating module, please contact your assigned budget analyst for assistance. If any users would like training on the budget system, please contact your BFM budget analyst to schedule a session.

As previously stated, the operating budget must conform to the General Appropriations Act plus the distribution of the employee compensation package. Version AL in the request system (RB16) corresponds to the final General Bill for each agency. You can print this information at any level using the Rolling Budget Report from the budget system. You can also obtain these printouts from your assigned BFM budget analyst.

Operating budgets submitted by agencies should not include special appropriations, second-year maintenance and repair expenditure authority, purchase order carryovers, or contract carryover expenditure authority. The specials for each of your agencies should already be loaded on the object by company screen. You can select specials and enter the reversion year in the box to view them.

- B. **BASE TRANSFERS/PERSONAL SERVICES AND OPERATING EXPENSE ALIGNMENT:** It is critical that agencies make sure personal service and operating expense budgets are loaded as accurately as possible. There will be continued emphasis on monitoring expenditures at the PS and OE level. Budget checking in the accounting system will be carried out at those levels. Agencies will be accountable for expenditures at the personal service and operating budget levels throughout the year instead of only realigning the budgets at the end of the fiscal year.
- C. **EMPLOYEE BENEFITS:** FY2017 employee benefits for full-time employees will vary depending on each agency's worker's compensation experience. If you don't know your estimated FY2017 worker's compensation rate, please contact your budget analyst. The worker's compensation rate is estimated to develop the FY2017 budget. The actual rate assessed will be determined closer to the start of FY2017 and is subject to change throughout the year as experience warrants.

The detailed breakdown of FY2017 budgeted benefits is as follows:

.0765	Social Security and Medicare	The maximum wage base for calendar year 2017 is \$118,500 for social security with no maximum limit for Medicare. The tax rate for social security is 6.2% and the rate for Medicare is 1.45%. The tax rates are not scheduled to change. Contribution and Benefit Base
.0600	Retirement	Class A Members--.06; all Class B members except justices, judges, and law-trained magistrates--.08; all justices, judges, and law-trained magistrates--.09.
.0010	Unemployment Insurance	(Calculated on total salary)
.XXXX	Worker's Compensation	Agency specific experience based assessment rate. (Calculated on total salary)
\$8,387.00	Base Health/Life Insurance	Estimated annual base rate for each eligible employee.

- D. **HEALTH AND LIFE INSURANCE:** For FY2016, the budgeted amount for the health/life insurance rate was **\$6,875.00**. For the FY2017 budget, the health/life insurance will be **\$8,387.00**. The health insurance rate is estimated to develop the FY2017 budget. The actual rate assessed will be determined closer to the start of FY2017 and is subject to change throughout the year as experience warrants.
- E. **PUBLIC ENTITY POOL FOR LIABILITY (PEPL):** The billing for PEPL is collected from two sources to distinguish general from auto liability. The PEPL billing for the general liability is budgeted at \$195 per FTE, or board/commission member. The auto liability is incorporated into the billing for state vehicles, which is included in the rate per mile.
- F. **INFORMATION SERVICES – DEVELOPMENT AND MAINTENANCE:** Other Fund expenditure authority for computer system development and maintenance was appropriated into the BFM Computer Services and Development Pool for FY2017. Agencies may request to use this expenditure authority by submitting an appropriation/budget transfer to the Bureau of Finance and Management accompanied by a copy any other pertinent justification for using this expenditure authority.
- G. **SPACE BILLINGS:** The anticipated annual rate for agencies occupying space in the Capitol Complex for FY2017 is \$16.57 per square foot.

JD/JS/SK/js

cc: Fiscal Officers
University Business Managers

SUMMARY OF DEADLINES
FY2016 YEAR-END ACCOUNTING AND FY2017 OPERATING BUDGET PROCEDURES

<u>DESCRIPTION</u>	<u>DATE</u>	<u>TIME</u>	<u>PARA.</u>	<u>PAGE</u>
Noncontract Requisitions	See Bid Letting Schedule	-----	1 A	1
Operating Budget Module Available	04/19/2016	8:00 am	2 A	5
Reorganization Request	04/19/2016	5:00 pm	2 A	5
Operating Budget Submission (RB16) and Reorganization Crosswalk Completion	05/20/2016	5:00 pm	2 A	5
Contract Carryover Requests	06/16/2016	5:00 pm	1 B	1
Second-Year Carryover Requests	06/16/2016	5:00 pm	1 C	1
Procurement Card Transactions Received by Auditor	06/16/2016	5:00 pm	1 I	2
Encumbrance Documents for Contract, Statutory and 2nd-Year Carryovers	06/16/2016	5:00 pm	1 K	3
EMPL Invoice Entry (AP & Multiple Payee)	06/21/2016	7:00 pm	1 F	2
Advance Travel Repayment Invoice Entry	06/21/2016	7:00 pm	1 L	3
EMPL Invoices Rec'd by State Auditor (AP & MP)	06/22/2016	Noon	1 F	2
Vendor Forms	06/23/2016	3:00 pm	1 E	2
Appropriation/Budget Transfers	06/23/2016	5:00 pm	1 D	2
Emergency, Sole Source & Contract Requisitions	06/24/2016	5:00 pm	1 A	1
Non-EMPL Invoice Entry (AP & Multiple Payee)	06/24/2016	7:00 pm	1 F	2
Non-EMPL Invoices Rec'd by State Auditor (AP & MP)	06/27/2016	Noon	1 F	2
E-mail to Treasurer on ACH from local accounts	06/29/2016	2:00 pm	1 G	2
Procurement Card Approval by State Auditor	06/29/2016	5:00 pm	1 I	2
PO lines added, changed, canceled or deleted	06/29/2016	7:00 pm	1 K	3
Cash Receipts to State Treasurer	06/30/2016	1:30 pm	1 G	2
Advance Travel Repayments by Cash Receipt	06/30/2016	1:30 pm	1 L	4
Encumbrance Documents for PO Adjustments	06/30/2016	5:00 pm	1 K	3
Noncash Voucher Entry	07/01/2016	7:00 pm	1 H	2
FY2017 Invoice Entry Begins	07/05/2016	7:00 am	1 F	2
JVs Requiring Central Approval; Cancelled Payments	07/11/2016	5:00 pm	1 J	3
JVs Not Requiring Central Approval; Final cutoff for document entry	07/12/2016	7:00 pm	1 J	3
Verify Carryover Appropriations	08/10/2016	-----	1 K	3