Balance Sheet Recons
Inventory Issues
Wire Transfers

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Balance Sheet Reconciliations

- Good accounting practices dictate that our balance sheet accounts be reconciled monthly.
- Statewide Accounting procedures require that we submit to Statewide, on a quarterly basis, a copy of the completed reconciliation for any balance sheet account that had activity during the quarter.

Balance Sheet Account

- A balance sheet account has:
  - No organization code
  - A UAF fund number
  - An account code that begins with 0
    - A listing of balance sheet account codes is located at the Statewide Controller's web site: http://www.alaska.edu/control/swacctg/index.html
    - E.g. 0773-103010 = Other Deposits

Due Dates

- Reconciliatons are due in Financial Services one week prior to the last working day of the month following the quarter end (quarters end on: September 30, December 31, March 31, June 30).
- Accrual cycle reconciliations are due in early August, dates will be supplied.

You Will Receive

- As soon as the quarter is closed you will receive a short memo listing the date your reconciliation is due in Financial Services and either a copy of your FGRGLTA report or the system address where you can retrieve the report electronically.

Caution: Debit or Credit Balances?

- Balances of accounts are positive matching the type of account
  - Asset accounts
    - Debit balances are positive
    - Credit balances include a “C” after the number
  - Liability accounts
    - Debit balances include a “D” after the number
    - Credit balances are positive

Instructions

- Instructions for completing a balance sheet reconciliation are included in P-75 Statewide Accounting Procedure
  - http://www.alaska.edu/control/swacctg/p-75.pdf
- Recon form is located at:
  - [UAF Financial Services web site]

From 01-APR-2001 To 30-JUN-2001

COAS: B University of Alaska
FUND: 103010 UAF General Funds

TRANS DATE	TRAN TYPE	DOCUMENT NUMBER	DOCUMENT REF	DESCRIPTION	ACCOUNT	DEBITS	CREDITS	BALANCE
BEGINNING BALANCE:				Other Deposits	0773			11,820.69
05/31/2001	JV01	J0101248		AHA REGENT 980831P 4/21/99	0773		10,000.00	
05/31/2001	JV01	J0101248		WIRE TRANS 5/20/99	0773		5,985.00	
05/31/2001	JV01	J0101248		WIRE TYIT06-MASE 4/25/00	0773		375.75	
ENDING BALANCE:				Other Deposits	0773	.00	16,360.75	28,181.44

		TOTAL DEBITS	TOTAL CREDITS	ENDING BALANCE
TOTAL FUND: 103010 UAF General Funds				
Liabilities	20	.00	16,360.75	28,181.44

UNIVERSITY OF ALASKA FAIRBANKS GENERAL LEDGER BALANCE SHEET ACCOUNT RECONCILIATION	
Account:	Fund:
Account Name:	
Month/Quarter Ended:	
Account Information:	
Total dollar amount of the detail for this account:	$
List any adjustments needed to detail list:	$
	$
Correct account balance:	$
Account Reconciliation:	
Ending balance per General Ledger report	
Detail of adjustments to bring account to correct balance	$
JV#:	$
JV#:	$
If adjustments are not made, list reasons and amounts.	$
Adjusted total (must agree with correct account balance)	**$**
Prepared by:	Date:

Other Deposits							
0773-103010							
Jun-01							
FY 01 Cycle 12							
			FINANCIAL SERVICES				
	Dr(Cr)						Dr(Cr)
	BALANCE		BANNER DR/		BANNER CR/		BALANCE
DESCRIPTION	Cycle 09						Cycle 12
11/25 RMT IV FLEMMING (96)	(8,000.00)		-		-		(8,000.00)
11/18 WIRE TRANSFER (96)	(2,830.69)		-		-		(2,830.69)
9/19 ED GAPS 199809142767	(990.00)		-		-		(990.00)
4/21/99 AHA REGRANT 980831P	-		-		10,000.00		(10,000.00)
5/20/99 WIRE TRANS	-		-		5,985.00		(5,985.00)
4/25/00 WIRE TTIT06-MASE	-		-		375.75		(375.75)
	-		-		-		-
Balance per FGRGLTA	(11,820.69)		-		16,360.75		(28,181.44)
Balance per banner	(11,820.69)		-		16,360.75		(28,181.44)
difference	-		-		-		-

Inventory Accounts

- Inventory Value =
  Purchase cost
  + Freight in or Postage in
- Value inventory at lower of cost or market
- Obsolete Inventory
  - At a minimum review at year-end
  - Write off or write down value as soon as you are aware inventory is now obsolete

Inventory Recons

- UAF requires quarterly review of inventory accounts as part of the reconciliation
- Quarterly and/or year-end adjustments are made to inventory balance sheet accounts
- Must complete a year-end physical inventory count submitted to UAF Financial Services along with the 4th Quarter recon
  - Specific methodology, schedule, and final adjusting JVs submitted to UAF Financial Services

Recording Inventory

- Per NCGAS 1, paragraph 73

  (National Council on Governmental Accounting Statement 1)
- NCGAS allows two methods to record inventory only one of which we use:
  - Purchases Method – Used by UAF
  - Consumption Method – Not allowed by UAF as Banner Finance does not support a perpetual inventory system.

Purchases Method

- Expenditure accounts are charged as purchases are made
  - Include expected expenditures in your budget!
- 2-Part adjustments made quarterly or at year-end to inventory account
  - **Reverse the prior year or prior recorded period inventory balance**

    Dr Expenditure account

    Cr Inventory account
  - **Record current period correct inventory value**

    Dr Inventory account

    Cr Expenditure account

Electronic Fund Transfers

- This is the wave of the future!
- Each year we have greater usage and demand for electronic transfers from departments and students.
- The information provided **MUST** be accurate and complete.

Electronic Fund Transfers & Examples

- ACH Automated Clearing House
  - Payroll direct deposits
- EFT –electronic fund transfer

  Used mostly by government agencies or large institutions
  - Alaska Student Loans
  - Payment of credit cards
  - Federal funds draws for restricted accounts
- Wire transfers
  - From/to foreign banks
  - Individuals transferring $$ to UAF
  - Accounts Payable payments

Wire Transfer Forms

- Wire Transfer Request Form for external entities to use to send $$ to UAF

  [UAF Financial Services web site]

- Outgoing Wire Transfer Request Form is used to send $$ to external entities.

  [UAF Financial Services web site]

WIRE TRANSFER REQUEST FORM

Pay to the Order of: **University of Alaska Fairbanks**

Vendor's bank account number:

Receiving Bank: **First National Bank of Anchorage**

ABA Number:	**125200060**	**Branch Address:**	PO Box 60240
		City/State:	Fairbanks, AK 99706

Reference for the Receiver:

Reference PO#:	
Required Addenda Info: Dept name/contact or Student ID, name, & FBO (for Fairbanks Business Office)	

Routing Information (mostly for Foreign Banks):
[Use also for a credit union that does not accept a direct wire transfer]

Foreign intermediary Bank Name:	
Intermediary's City/County:	

Amount being transferred: (In U.S. dollars)	

OUTGOING WIRE TRANSFER REQUEST FORM

To: Chassidy Heard-Young/Sandi Davison
UAF Financial Services
Fax: 907-474-6468

From:_____ **Phone:**_____

Approved by UAF Financial Services: _____
Date: _____

Pay to the Order of (Vendor Name): _____

Vendor's bank account number: _____

Receiving U.S. Bank Name:			
ABA Number:	_____	**Branch Address:**	
		City/State:	

Reference for the Receiver:

Reference PO#:	
Addenda Info:	

Routing Information (mostly for Foreign Banks):
[Use also for a credit union that does not accept a direct wire transfer]

Foreign intermediary Bank Name:	
Intermediary's City/County:	
Beneficiary Bank Name:	
Beneficiary City/Country:	

Amount to be transferred:	

Banner account number for wire transfer fee:	

Billing Issues

- UAF Business Office and UAF Grants & Contracts are responsible for billings.
- In most cases, an agency account set up with the BO or a restricted account should be established.
- The only billing to be processed outside these offices is related to recharge and auxiliary activity.
  - They still need to pass the information on to the BO for accrual accounting entry.

Nonresident Alien Issues and Electronic Transfers

- Electronic funds payments to foreign countries bring up nonresident alien tax issues—so you need to ask:
- 1. Is the payment for services performed by an individual as an independent contractor?
  - Answer is no if payment is for goods or payment is to a corporation or business. No other action required.
- 2. Are the services being provided solely outside the U.S.?

Recall Foreign Source Income Issues

- If you answer yes to both questions, document these facts to identify that the payment is foreign source income.
  - Include in PR/PO description
  - Include as email or with backup for wire transfer
- Recall that foreign source income is not reported nor taxed.

U.S. & Foreign Source

- If you answer yes to question #1 and no to question #2—where part of the work is being performed within the U.S.:
  - Clearly document what part of the payment is for work performed outside the U.S.=foreign source income.
  - That portion of work performed within the U.S. will require that the individual have a U.S. ID (SSN or ITIN), complete W8-BEN, 8233 of tax treaty benefits available.
  - Otherwise withhold 30% of payment as federal tax withholding—103010-0627.

Assumption if No Documentation

- If the location where the work is performed is not documented, we are required by the IRS to assume that the income is U.S. source income = requiring U.S. ID.
- If the individual has no ID, we then withhold 30% of the payment and issue a 1042s at year-end.