



# Account Negative Balance Report Instructions

The Office of the University Controller

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## Prerequisites

Prior to reading the instructions on the account negative balance report instructions, it is beneficial to review the below sections to gain foundational information:

1. Accounting Foundations Section
2. Chart of Accounts Section
3. Financial Statement Section

## Overview

The Account Negative Balances Report was introduced to help locate and investigate negative asset and liability balances within financial statements. Negative balance(s) need to be investigated and adjusted to ensure assets and liabilities are properly and accurately reported on the balance sheet according to Generally Accepted Accounting Principles (GAAP).

An asset is expected to be a debit balance and a liability is expected to be a credit balance within financial statements unless it is an allowance code. Typically an allowance object code has a credit balance that offsets a corresponding asset or liability account. For example, an allowance for doubtful accounts acts to reduce the receivable balance for outstanding amounts that IU expects not to collect during the fiscal year. This balance is typically shown at net (the combination of both balances) within the University's financial statements. See Accounting for Revenue Section – Write-offs and Collections for further details.

## Importance & Impact of Negative Balance Reporting

Negative balance is an important process because it helps fiscal officers and users of the financial statement pinpoint and isolate issues on the balance sheet and income statement. Without reviewing for negative balances, both the income statement and the balance sheet may include balances that misrepresent the overall financial position of the entity. Reviewing for negative balances also assists entities to identify potential issues such as negative cash flows, non-collection on receivables, etc. The negative balance report is also utilized in both internal and external audit procedures and it is key to have the reports readily available for audit purposes. An entity's inability to identify negative balances and correct in a timely manner can adversely impact IU's audit leading to audit findings and potential impacts to funding. To help in analyzing the reports, the University Office of the Controller's encourages users to run the negative balance often for assistance in the analysis.



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## How Does the Report Determine a Negative Balance?

The Account Negative Balances Report is dependent on one condition:

1. The present balance (Year 0: Actual Thru Present) must be negative for either an asset or liability, as highlighted in the screenshot below.

Financial Object Code Name	Financial Object Codes	I/S and B/S Classification Description	YEAR 0: ACTUAL THRU Present	YEAR 1: ACTUAL THRU 6/30/2019	YEAR 2: ACTUAL THRU 6/30/2018	YEAR 3: ACTUAL THRU 6/30/2017	YEAR 4: ACTUAL THRU 6/30/2016	YEAR 5: ACTUAL THRU 6/30/2015
BARS ACCOUNTS RECEIVABLE	8160	ASSET	(203,410.35)	(203,410.35)	(203,410.35)	(203,410.35)	(203,410.35)	(203,410.35)
ALLOWANCE FOR DOUBTFUL AC	8950	ASSET	(1,507,716.97)	(1,507,716.97)	(1,529,323.36)	(1,689,166.64)	(1,418,303.93)	(1,644,247.86)
ACCOUNTS PAYABLE	9000	LIABILITY	(25,736,740.68)	(25,736,740.68)	(24,889,273.05)	(24,145,739.06)	(23,493,258.02)	(22,868,485.72)
ACCUM DEPR. LIBRARY BOOKS	8913	ASSET	(11,858.69)	(11,329.06)	(17,423.39)	(17,284.40)	(27,514.21)	(42,300.97)
CAP LAND IMPRV	8665	ASSET	(5,850.00)	(5,850.00)	(5,850.00)	(5,850.00)	(5,850.00)	0.00
DEFERRED CHARGES	8400	ASSET	(13,468.00)	(13,468.00)	0.00	0.00	0.00	0.00
DEFERRED INCOME	9400	LIABILITY	(1,290,000.00)	0.00	0.00	0.00	0.00	0.00
ALLOWANCE FOR INV SHRINKAC	8955	ASSET	(742.25)	(689.68)	(689.68)	(869.06)	(2,420.61)	(374.50)
ACCOUNTS PAYABLE	9000	LIABILITY	(1,500.48)	(1,500.48)	(1,500.48)	(1,500.48)	(1,500.48)	(1,500.48)

Once this condition is met, the report generates a row showing the details related to the transaction. The report can display negative balance information going back 3, 5 or 10 years. By selecting 5 or 10 years of information, you can quickly pin-point the origin of the balances. The more often these balances are checked and corrected, the shorter the duration that needs to be selected.

## Where to Find the Account Negative Balances Report

The Account Negative Balances Report can be found under the Controller's Office Reporting Tools Tools tile in [One.IU](#) and also available on the [controller.iu.edu](#). The below describes how to find the Account Negative Balances Report on One.IU. Search for "Controller's Office Reporting Tools" in the search bar, and select Controller's Office Reporting Tools. Mark this task as a favorite by clicking the heart icon near the start button.

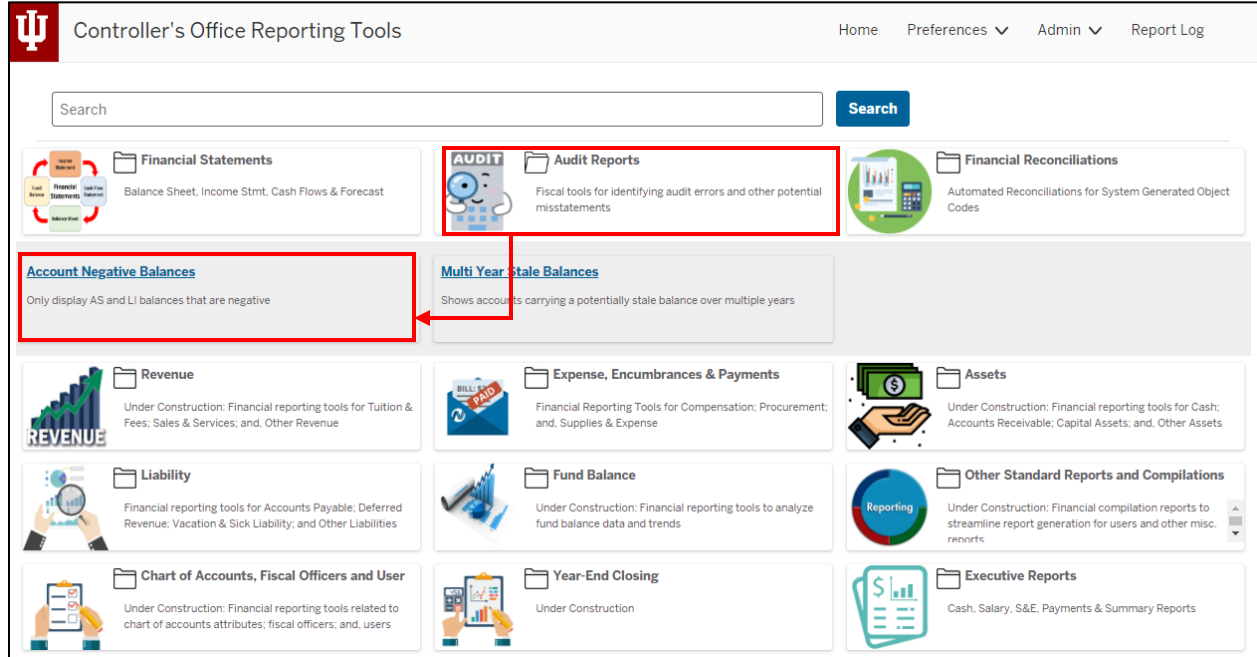


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Once in the Controller's Toolkit, users will see all available reporting tiles. Navigate to the audit reports tile. When the audit report is selected, new tiles open which displays all of the available audit reports. Select the Account Negative Balances Report.





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## Reporting Requirements & Best Practices

### Requirements

1. Run the Negative Balances Report at a minimum, annually.
2. Review ending balances prior to closing the fiscal period to ensure there are no negative balances within the financial statements, with the exception of any contra-asset or liability accounts as noted above.
3. Investigate any negative asset or liability balances. The fiscal officer should investigate the cause and if deemed necessary, post an adjustment to remove the negative balance prior to June 30 of the current fiscal year. Refer to the Closing Process Section– Year-End Adjustments for further detail on making an adjustment.

### Best Practices

1. Run the Account Negative Balances Report on a quarterly basis to identify negative balances in a timely manner.
2. Identify all negative balances during the period, and the fiscal officer should inquire about the balances and track through year-end to ensure the balances are adjusted prior to June 30 of the current fiscal year.

## Running the Report

Define the search parameters to return results relevant to your organization or to a specific account. The search parameters available in the account negative balance report are divided into three parameter types: chart of account report parameters, report specific parameters and display parameters.

If there are questions related to running the report, requirements or reviewing results, please contact your (RC) fiscal officer or campus office. Each campus may have individual specific requirements related to stale balances, be sure to reach out to the related campus office or fiscal officer prior to quarter closings.

### Chart of Accounts Parameters

A number of parameters are available to assist users. Users can enter the responsibility center (RC) code, organization code, and account for their respective organization. At this time, all of the parameters are optional; however, this may result in a long report run time.

If unsure, several of the parameters have a valid values function which displays the available codes and corresponding descriptions



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Parameters	Description
<a href="#">Chart of Accounts</a>	Used to limit report to one or more specific chart of accounts. For assistance determining your chart code, refer to <a href="#">KFS chart report</a> .
<a href="#">Responsibility Center Code</a>	Used to limit report to a specific RC. Users are encouraged to use this parameter in conjunction with a chart of accounts code. For assistance determining your RC code, refer to <a href="#">KFS RC report</a> .
<a href="#">Organization Code</a>	<p>Used to limit report to a specific organization code. Users are encourage to use this parameter with in conjunction with a chart of accounts code.</p> <p>At this time, Buy.IU is not configured to allow organizational hierarchy reporting. For example, if the user entered BA-RPAS the report would not return any results. In order to see all of the data for BA-RPAS, the user would need to enter all of the individual organizations. However, a user can save the parameter set (with all of the individual organizations) for the next time they need to run the report to avoid having to rekey them each time.</p>
<a href="#">Account Number</a>	Used to limit report to one or more specific account(s).
<a href="#">Sub-Account Number</a>	Used to limit report to one or more specific sub-account(s).
<a href="#">Financial Object Level Code</a>	Used to limit report to specific financial object level code(s).
<a href="#">Financial Object Code</a>	Used limit report to specific financial object code(s).
<a href="#">Financial Sub-Object Code</a>	Used to limit report to specific financial sub-object code(s).
<a href="#">Fund Group</a>	Limits report to specific fund group(s).
<a href="#">Sub-Fund Group</a>	Limits report to specific sub-fund group(s).

## Report Specific Parameters

A report specific parameter is a parameter that is limited to a single or small group of reports. For example, on the account negative balance reports you would expect to see a parameter for balance sheet classification, but that is likely not going to be applicable on the majority of other reports.

Parameter	Description
Consolidation Type	Used to limit report parameters based on a high level or granular view:



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	<ul style="list-style-type: none"><li>• Consolidated- lowest level of detail; the report will show results for a given account and object code. Presents financial information in a summary view and good for overall analysis by period.</li><li>• Detail – higher level of detail; the report will shows results for each account, sub-account, object code and sub-object combination.</li></ul>
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Choose between consolidated or detailed. The lower the organizational level the report run, the more details necessary.

* Consolidation Type	<div>Consolidated</div> <div>Detailed</div>
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## Display Parameters

Display parameters are parameters that define and restrict the visual presentation of the stale balance report. They are found on the lower part of the parameters.

Parameter	Description
Balance Sheet Classification	Used to limit report to a specific B/S classification; three options – assets & liabilities, assets and liabilities.
Number of Years to Display	Used to limit report to specific period; three options: <ul style="list-style-type: none"><li>• 3 years – By selecting 3 years, the report will show the current fiscal year and the two previous fiscal years in the report output. As old balances are resolved, the 3 year option will be adequate.</li><li>• 5 years – By selecting 5 years, the report will show the current fiscal year and the four previous fiscal years in the report output. Both the 5 year and 10 year options are helpful to identify the year (and potentially the</li></ul>



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	<p>transaction) when cleaning up stale balances.</p> <ul style="list-style-type: none"><li>• 10 years – By selecting 10 years, the report will show the current fiscal year and the nine previous fiscal years in the report output. Both the 5 year and 10 year options are helpful to identify the year (and potentially the transaction) when cleaning up stale balances.</li></ul>
Hide Fund Group	Check/Uncheck – If the user checks the Hide Fund Group, the fund group will not be displayed in the report output.
Hide Sub-Fund Group	Check/Uncheck – If the user checks the Hide Sub-Fund Group, the sub-fund group will not be displayed in the report output.
Hide Financial Object Level Code	Check/Uncheck – If the user checks the Hide Financial Object Level Code, the financial object level code will not be displayed in the report output.
Hide Balance Sheet Classification	Check/Uncheck – displays asset or liability.
Include Excel Links	Check/Uncheck – If the user checks the Show Excel Links box, they will have the ability to navigate to additional detail.
Select the Output Format	Check/Uncheck Selects whether the report is generated in Excel or HTML format. If a user selects HTML format, the report will appear in a separate tab within the user's browser and will look identical to the excel version. Output format is based on personal preference.
Select the Output Destination	Once the report has finished generating in the background, a pop-up box will appear on the screen allowing you to access it. If the report takes too long to generate, the system will automatically send it to your email.

The display parameter options below will show all negative asset and liability balances including the fund group, sub-fund group and B/S classification columns. It also allows the report to show the change in the balance for the last 10 years.





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* Balance Sheet Classification	Assets & Liabilities	▼
Number of Years to Display	10 Years	▼
Hide Fund Group Code	<input type="checkbox"/>	
Hide Sub-Fund Group	<input type="checkbox"/>	
Hide I/S & B/S Classification Description	<input type="checkbox"/>	
Select the Output Format	Select the Output Destination	Select the Database Environment
<input checked="" type="radio"/> Excel	<input checked="" type="radio"/> Wait	<input checked="" type="radio"/> Production
<input type="radio"/> HTML	<input type="radio"/> Email	<input type="radio"/> Stage
		<input type="radio"/> Test
<b>Run Report</b>	<b>Save Parameter Settings</b>	

Click Save Parameter Settings to save your parameters for future use of this report. For instructions, review the Saving Parameter Set portion of the Controller's Office Reporting Tools page to learn how.

## Reviewing Report Results

After the report is run, analyzing the results is an important step to determine what negative balances exist and require further investigation or adjustment. When analyzing the report, consider the following items:

1. Is this an object code that should be negative year over year? For example, an allowance for doubtful accounts or accumulated depreciation object codes have recurring negative balances.
2. If the balance is negative, have you determined the cause? Often negative balances are related to accounts that are not frequently reviewed or have limited activity each year. This information may also be noted in the stale balance report.

If an adjustment is needed to write-off a negative balance, follow instructions included in the Closing Procedures Section -Year-End Adjustments. For further information regarding account balances impacted, refer to the balance sheet and income statement instructions.