

Account Stale and Negative Balance Explanation Examples

Examples of Appropriate Stale Balance Explanations

Object Code 8001- Cash Revolving Fund

Typically, an entry related to a revolving stale cash balance would require an explanation instead of an adjustment. Please review university policy [FIN-ACC-560: Custodial Funds](#) and [CSOP 1.01](#) for detailed information surrounding the operating procedures and internal controls for a revolving cash fund.

Responsibility Center Codes	Chart of Accounts Code	Organization Code	Fund Group Codes	Sub Fund Group Codes	Account Numbers	Account Name	Financial Object Level Name	Financial Object Level Codes	Financial Object Name	Financial Object Codes	I/S and B/S Classification Description	Financial Object Type Codes	System/Non-System Generated	FY 2021: ACTUAL THRU Present	YEAR 1: ACTUAL THRU 12/31/2020	YEAR 2: ACTUAL THRU 12/31/2019	YEAR 3: ACTUAL THRU 12/31/2018
XX	XX	XXXX	AE	AUXENT	6034567	ORAL HLTH CLINIC	CASH	CASH	CASH REVOLVING FUND	8001	Current Assets	AS	Non-System Generated	5,000.00	5,000.00	5,000.00	5,000.00

Explanation: This stale balance corresponds to a change cash fund account used as part of daily operations for the low-cost dental care program. This clinical program is run by Professor Gene Johnson. It is necessary to have cash on hand to make change for participants who process payments for dental care services via cash. This is an approved payment option for participants. The cash is locked and secured on site at the Campus Family Dental office in Bloomington, IN. Doctor Samantha Reese has the key for the cash on site. This fund account was setup on 6/1/2014 when the clinical program was founded. The fund account has been approved by the Bloomington Custodial Fund Coordinator, Sam Smith, and Johanna Jones from the Cash Accounting department within UCO. This account is reconciled monthly by the assigned Responsibility Center (RC) custodian for this account, John Doe. This account will be closed in accordance with the custodial funds procedures and proper closing procedures in June 2022 as cash payments for services will no longer be an approved payment option for dental care participants.

Why the Explanation Is Appropriate: The explanation must fully explain who, what, when, where, and why the stale balance occurred and has not been reconciled prior to the closing period:

- **Who:** For this example, the explanation outlines who oversees the operations for the program that utilizes these funds, who has access to the cash on site, which departments and individuals from UA departments approved the cash fund account as part of the yearly maintenance for this type of account, and who the fiscal officer is for this account.
- **What:** The explanation outlines the program that utilizes these funds. The explanation includes the internal control measures in place for this account and the reconciliation process for the stale balance.
- **When:** The explanation provides the start and end date for the account. The explanation includes the reconciliation frequency for the account.
- **Where:** The explanation includes where the cash is maintained.
- **Why:** Finally, the explanation details why the revolving cash fund is necessary.

Object Code 8118-Accounts Receivable- Non-Student

In advance of year-end close, outstanding non-system-generated stale balances must be reviewed and adjusting journal entries must be submitted and approved. The below example corresponds to interim close where an explanation about the reconciliation process may be necessary. Please review the [Closing an Account Instructions](#) for detailed information about closing an IU account.

Responsibility Center Codes	Chart of Accounts Code	Organization Code	Fund Group Codes	Sub Fund Group Codes	Account Numbers	Account Name	Financial Object Level Name	Financial Object Level Codes	Financial Object Code Name	Financial Object Codes	I/S and B/S Classification Description	Financial Object Type Codes	System/Non-System Generated	FY 2021: ACTUAL THRU Present	YEAR 1: ACTUAL THRU 12/31/2020	YEAR 2: ACTUAL THRU 12/31/2019	YEAR 3: ACTUAL THRU 12/31/2018
XX	XX	XXXX	GF	GENFND	1914027	CLINICAL RESEARCH OFFICE	ACCOUNTS RECEIVABLE	AR	ACCOUNTS RECEIVABLE- NON	8118	Current Asset	AS	Non-System Generated	25.00	25.00	25.00	0.00

Explanation: This account was originally setup as a general fund account to track the operating expenses tied to work performed by the RC research officer in FY 2010. This account was setup by June Johnson, the internal fiscal officer for the organization at the time. The account was reviewed and approved by account manager, John Hamilton. However, this account has not been utilized since 2019. The organization has been restructured and this system of tracking operating expenses through this account no longer exists. We have confirmed via email with the current fiscal officer for this account, Marla Gene, that this account balance can be moved to account 6044907. This is the account that now tracks expenses tied to the RC research officer. Upon completion of this transfer, the account can be closed. Document #9911991 was submitted to transfer this balance to the proper account on 12/15/2020. Upon approval of this document, this account will be closed following proper closing procedures.

Why the Explanation Is Appropriate: The explanation must fully explain who, what, when, where, and why the stale balance occurred and has not been reconciled prior to the closing period:

- **Who:** For this example, the explanation outlines the department and individual who setup the original account the stale balance currently exists within, the individual who reviewed and approved the account setup, and the current fiscal officer who confirmed the adjustment is appropriate and which account the adjusting transaction should be transferred towards.
- **What:** The explanation outlines the department that utilizes this account.
- **When:** The explanation includes the approval date for the original account and the document submission date for the adjusting transaction for the stale account balance.
- **Where:** The explanation includes the current document status and which IU financial system the adjusting entry is contained within.
- **Why:** Finally, the explanation includes why the original account was necessary and why and adjusting entry for this account balance is necessary.

Object Code 9015- Other Taxes Payable

In advance of year-end close, outstanding non-system-generated stale balances must be reviewed and adjusting journal entries must be submitted and approved. The below example corresponds to interim close where an explanation about the reconciliation process may be necessary. This object code is restricted for the Office of the University Controller's (UCO) use only. The fiscal officer must work with IU Tax Services department to reconcile this stale balance. For further information about object codes, please review the [Object Code Dictionary](#).

Responsibility Center Codes	Chart of Accounts Code	Organization Code	Fund Group Codes	Sub Fund Group Codes	Account Numbers	Account Name	Financial Object Level Name	Financial Object Level Codes	Financial Object Name	Financial Object Code	I/S and B/S Classification Description	Financial Object Type Codes	System/Non-System Generated	FY 2021: ACTUAL THRU Present	YEAR 1: ACTUAL THRU 12/31/2020	YEAR 2: ACTUAL THRU 12/31/2019	YEAR 3: ACTUAL THRU 12/31/2018
XX	XX	XXXX	GF	GENFND	1296300	EDUCATION	TAXES PAYABLE	TAXP	OTHER TAXES PAYABLE	9015	Liability	IU	Non-System Generated	17.73	17.73	17.73	17.73

Explanation: A tax liability was recorded on May 10th, 2014, by John Wright from the IU Bloomington University Tax Services department in KFS under document #9433587. This document was reviewed and approved by Ginny Brown and Taylor Martin within the IU Bloomington University Tax Services department. This document was recorded in anticipation of taxes owed in 2015 due to a temporary difference between taxable income and the financial income for this RC in FY 2014 as there was an increase in student enrollment due to the launch of online courses at the end of 2014. Our department has reached out to John Wright from the

IU Bloomington University Tax Services department via email to confirm that an adjustment can be made via an AV as the taxes were processed for payment, but the account was not reconciled in 2015. Document #95457567 was submitted for approval on 12/1/2020 and is currently routing for approval within KFS.

Why the Explanation Is Appropriate: The explanation must fully explain who, what, when, where, and why the stale balance occurred and has not been reconciled prior to the closing period:

- **Who:** For this example, the explanation outlines the department and individual who submitted the original document leading the stale balance, the individuals who reviewed and approved the document, and who the RC reached out to in order to confirm the adjustment is appropriate.
- **What:** The explanation outlines the RC and UA departments that are tied to this account stale balance.
- **When:** The explanation includes the document approval date for the original entry and the document submission date for the adjusting entry for the account stale balance.
- **Where:** The explanation includes the current document status and the IU financial system the correcting document is contained within.
- **Why:** Finally, the explanation includes why the original transaction was necessary and why an adjusting transaction is necessary.

Examples of Appropriate Negative Balance Explanations

Object Code 8000- Cash Fund

Responsibility Center Codes	Chart of Accounts Code	Organization Code	Fund Group Codes	Sub Fund Group Codes	Account Numbers	Account Name	Financial Object Level Name	Financial Object Level Codes	Financial Object Code Name	Financial Object Codes	I/S and B/S Classification Description	Financial Object Type Codes	System/Non-System Generated	FY 2021: ACTUAL THRU Present	YEAR 1: ACTUAL THRU 6/30/2020	YEAR 2: ACTUAL THRU 6/30/2019	YEAR 3: ACTUAL THRU 6/30/2018
XX	XX	XXXX	AE	ALXSR	6622402	MUSCULOSKELETAL LABORATORY EQUIPMENT	CASH	CASH	CASH IN BANK	8000	Current Assets	AS	System Generated	(4,621.00)	0.00	0.00	4,100.00

Explanation: This negative cash balance is tied to an active recharge account, account 6622402. The rates are on file with Recharge Accounting and expire on 6/30/2022. The recharge account is managed by Sally Jenkins and the fiscal officer for the account is June Tillman. The account is tied to billing for musculoskeletal laboratory equipment and laboratory services between internal IU departments. The services take place in the Adams laboratory on the Bloomington

campus. This negative balance is tied to invoice number #2234565444. Payment was processed for this invoice on 6/1/2021 on check #9955555. This account has purchased inventory in preparation for a research project with the biology department at IU. The request for services was initiated by Professor John Thurman. This research will start on 7/1/2021 and will end on 7/10/2021. Upon completion of the research project, this recharge account will bill for services at the approved rate on file with Recharge Accounting. Expenses were incurred, but the services have not yet been provided and the biology department has not yet been billed. The balance is likely to recover after the service is completed and biology department has processed payment for the services to account 6622402. The account balance is monitored frequently and reconciled monthly by Sally Jenkins and June Tillman. This RC will continue to actively monitor the account. If necessary, the RC will adjust billing to reflect the actual costs and will subsidize the account utilizing the funds from the general account if the balance is not likely to recover prior to 6/30/2022.

Why the Explanation Is Appropriate: The explanation must fully explain who, what, when, where, and why the negative balance occurred and has not been reconciled prior to the closing period:

- **Who:** For this example, the explanation outlines who oversees the operations for the account, the fiscal officer for the account, and information about the internal department requesting services from this account.
- **What:** The explanation outlines the department that utilizes the services provided by this account and the department that manages this account.
- **When:** The explanation includes the rate expiration date, the date for recharge services, the date the invoice that caused the negative balance was processed for payment, and the potential subsidy date for this account.
- **Where:** The explanation includes where the services tied to this account take place.
- **Why:** Finally, the explanation explains why the account and negative balance is necessary and the reconciliation process for this account.

Object Code 9000- Accounts Payable

Responsibility Center Codes	Chart of Accounts Code	Organization Code	Fund Group Codes	Sub Fund Group Codes	Account Numbers	Account Name	Financial Object Level Name	Financial Object Level Codes	Financial Object Code Name	Financial Object Codes	I/S and B/S Classification Description	Financial Object Type Codes	System/Non-System Generated	FY 2021: ACTUAL THRU Present	YEAR 1: ACTUAL THRU 6/30/2020	YEAR 2: ACTUAL THRU 6/30/2019	YEAR 3: ACTUAL THRU 6/30/2018
XX	XX	XXXX	CL	CLEAR	6812699	SPONSORED PROJECT REFUND CLEARING ACCOUNT	ACCOUNTS PAYABLE	ACAP	ACCOUNTS PAYABLE	9000	Current Liabilities CL		Non-System Generated	(428,638.09)	(428,638.09)	(422,906.74)	(379,125.19)

Explanation: This clearing account was setup on 8/5/2019. The clearing account is utilized to house refunds due to sponsoring agencies on expired grant accounts. Refunds will be moved from the grant account to this account so a check can be processed in Buy.IU. The account is maintained by James Davey and the fiscal officer is Johanna Gainley within the IU Bloomington Office for Research Administration (ORA). Our RC has emailed the ORA department and James Davey confirmed the balance is tied to grants #135545 and #126543 which ended on 6/1/2021. James Davey confirmed refunds are currently being processed for these grants in Buy.IU. Once the refunds are processed on 7/1/2021, the negative balance will be reconciled by the ORA. The ORA confirmed this account is actively being monitored and utilized.

Why the Explanation Is Appropriate: The explanation must fully explain who, what, when, where, and why the negative balance occurred and has not been reconciled prior to the closing period:

- **Who:** For this example, the explanation outlines individuals who oversee the operations for the account and the fiscal officer for the account.
- **What:** The explanation profiles the UA department that oversees and reviews this account. The explanation provides the grant numbers tied to the current balance on this account and the account purpose.
- **When:** The explanation contains the account start date and the end date for the grant accounts that correspond to the refunds temporarily input on this account. The explanation includes when the account negative balance will be reconciled.
- **Where:** The explanation provides the IU financial system where the refunds are processed.
- **Why:** Finally, the explanation describes why the account and the negative balance is necessary.

Object Code 8260- Current Portion Notes Receivable

In advance of year-end close, outstanding non-system-generated stale balances must be reviewed and adjusting journal entries must be submitted and approved. The below example corresponds to interim close where an explanation about the reconciliation process may be necessary.

Fund Group Codes	Sub Fund Group Codes	Account Numbers	Account Name	Financial Object Level Name	Financial Object Level Codes	Financial Object Code Name	Financial Object Codes	I/S and B/S Classification Description	Financial Object Type Codes	System/Non-System Generated	FY 2021: ACTUAL THRU Present	YEAR 1: ACTUAL THRU 12/31/2020	YEAR 2: ACTUAL THRU 12/31/2019	YEAR 3: ACTUAL THRU 12/31/2018
LF	LOANFD	7055920	MIHOLOUCH LOAN FUND	NOTES RECEIVABLE	NORE	CURRENT PORTION NOTES	8260	ASSET	AS	Non-System Generated	(1,200.00)	(1,200.00)	(1,200.00)	(1,200.00)

Explanation: This balance was created when KFS document #91124242 was submitted and approved on 5/1/2018. The document was submitted by Rose Jenkins from our RC and approved by the fiscal officer of the account, May Reid. Our RC reviewed the methodology and confirmed that this was a recording error, and the incorrect object code 8260 was utilized. Object code 8187 is the appropriate object code as the source documentation for this transaction shows that this corresponds to the long-term portion of GASB 87 lease receivable payments. We have confirmed the correct object codes with the fiscal officer of the account, May Reid. Document #91212121 was submitted on 12/28/2020 and is currently routing for approval. Upon approval, this will correct the negative balance for this account.

Why the Explanation Is Appropriate: The explanation must fully explain who, what, when, where, and why the negative balance occurred and has not been reconciled prior to the closing period:

- **Who:** For this example, the explanation outlines who submitted the original document that caused the negative balance, who approved the correction, and the fiscal officer for the account.
- **What:** The explanation includes the department that oversees and reviews this account. The explanation includes the transaction numbers for the negative balance and the correcting entry.
- **When:** The explanation includes the original document approval date and the submission date for correcting entry for this account.
- **Where:** The explanation includes the IU financial system for the original transaction and the correcting entry.
- **Why:** Finally, the explanation give details as to why the adjusting entry is necessary and why the negative balance exists.