

SERVICE REVENUE ACCRUAL EXAMPLE #1

Account 2205000 receives an order to test a soil sample on April 1, 2023. The test results are completed on April 20, 2023, and the customer is invoiced on April 25, 2023, for \$200. The customer pays us on July 5, 2023 (FY24).

Q1 - What Fiscal Period (FP) and Fiscal Year (FY) should the revenue be recognized in?

Q2 - What document would be used to record the revenue and receivable?

Q3 - How would you record the receipt of \$200 from the customer on July 5th?

A1 - The revenue is booked when the work is complete (when it is earned). Since the work is complete on 4/20/23 the revenue and receivable should be recorded in FP10 of FY23.

A2 – An Adjustment Voucher document is used to book the revenue and to set up the receivable.

Adjustment/Accrual Voucher

Doc Nbr : 31560691 Status : ENROUTE

Initiator : krisk@colostate.edu Created : 10:26 AM 04/25/2023

• Document was successfully submitted.

EXPAND ALL
COLLAPSE ALL

DOCUMENT OVERVIEW ^

OVERVIEW

* Description : Record soil sample rev & receivable

Organization Document Number :

Explanation : Recording revenue and receivable in Acct 2205000 for work completed in April.

FINANCIAL DOCUMENT DETAIL

Total Amount : 200.00

AUXILIARY VOUCHER DETAILS ^

* Accounting Period :

* Adjustment/Accrual Voucher Type : Adjustment (AVAD)

ACCOUNTING LINES Import Templates ^

HIDE DETAILS

	* CHART	* ACCOUNT	SUB-ACCOUNT	* OBJECT	SUB-OBJECT	PROJECT	ORG REF ID	DEBIT	CREDIT	LINE DESCRIPTION	ACTIONS
	CO								0.00	0.00	
	Colorado State University										
1	CO	2205000		1437				200.00		0.00	Soil sample 4/25/23
	Colorado State University Soil, Water & Plant Testing... Other Receivables										
2	CO	2205000		4380					0.00	200.00	Soil sample 4/25/23
	Colorado State University Soil, Water & Plant Testing... Other Sales*Services-Auxi...										
								TOTALS	200.00	200.00	

SERVICE REVENUE ACCRUAL – EXAMPLE 1 CONTINUED...

A3 - Once the money is received from the customer on July 5th, complete a Cash Receipt (CR) document (cash or check) or a Distribution of Income and Expense (DI) document (if you receive a Credit Card pmt), and book it to OC1437, to clear the Receivable. Note: If the payment received is accidentally booked to revenue instead of OC1437, a General Ledger Transfer (GLT) will be needed since the revenue was already booked in April and a receivable was set up.

Cash Receipt

• Document was successfully submitted.

Print Cash Receipt Coversheet

Doc Nbr : 31560696 Status : ENROUTE
 Initiator : krisk@colostate.edu Created : 02:07 PM 04/25/2023

EXPAND ALL COLLAPSE ALL

DOCUMENT OVERVIEW ^

OVERVIEW

* Description : Pmt rec'd from Joe Green Farms
Organization Document Number :

Explanation : Record pmt rec'd from Joe Green Farms related to Invoice #04-2023 Soil Water and Plant Testing Acct 2205000

FINANCIAL DOCUMENT DETAIL

Total Amount : 200.00

CASH RECONCILIATION ^

Total Check Amount :	200.00
Total Currency Amount :	0.00
Total Coin Amount :	0.00
Cash Submission SubTotal :	0.00
Money Submission Total :	200.00
Total Change Currency Amount :	0.00
Total Change Coin Amount :	0.00
Change Request Total :	0.00
Reconciliation Net Total :	200.00

Make this CR entry on 7/5/23 (FY24)
when the check is received.

CHECK DETAIL ^

* CHECK/BATCH #	* DATE	DESCRIPTION	* AMT
1 12346	07/05/2023	Check 12346 from Joe Green Farms	200.00
			Total: 200.00

ACCOUNTING LINES Import Templates ^

* CHART	* ACCOUNT	SUB-ACCOUNT	* OBJECT	SUB-OBJECT	PROJECT	ORG REF ID	* AMOUNT	LINE DESCRIPTION	ACTIONS
CO	Colorado State University						0.00		
1 CO	2205000		1437				(200.00)	Joe Green Farms - Inv 04-2023	
							TOTAL:	200.00	

HIDE DETAILS

ACCOUNTING LINES FOR CAPITALIZATION v

MODIFY CAPITAL ASSETS v

GENERAL LEDGER PENDING ENTRIES ^

GENERAL LEDGER PENDING ENTRIES 2

Seq #	Fiscal Year	Chart	Account	Sub-Account	Object	Sub-Object	Project	Doc Type	Balance Type	Obj. Type	Amount	D/C
1	2024	CO	2205000	----	1437	---	-----	CR	AC	AS	200.00	C
2	2024	CO	2205000	----	1100	---	-----	CR	AC	AS	200.00	D

CONFERENCE REVENUE ACCRUAL W/ REVERSAL – EXAMPLE #2

Account 2677800 received and booked a \$500 conference deposit to OC4380 on May 31st for the AIAA Technical Symposium to be held September 15, 2023. AIAA is the American Institute of Aeronautics and Astronautics.

Q1 - What FY does this revenue belong in?

Q2 - What document would you use to book this accrual and what Object Codes would you use?

Q3 - Is the deposit a liability or an asset?

A1 - The revenue belongs in FY24 since that is when the conference is being held (9/15/23) and is when the revenue will be earned.

A2 - Since the revenue was already booked (when the deposit was made), you will do an Accrual Voucher in FY23 with a reversal date of 9/15/23 (FY24). The accrual will DR OC4380 to clear the revenue out of the current FY (FY23) and will CR OC2590 – Other Unearned Revenue because it hasn't been earned yet. When the accrual automatically reverses on 9/15/23 (FY24), it will move the revenue from unearned to earned and the OC2590 liability will be cleared.

A3 - OC2590 – Other Unearned Revenue is a liability because the conference has not occurred yet. We owe them the conference that they paid for.

Adjustment/Accrual Voucher

• Document was successfully submitted.

Doc Nbr : 31560697 Status : ENROUTE
 Initiator : krisk@colostate.edu Created : 02:26 PM 04/25/2023

EXPAND ALL
COLLAPSE ALL

DOCUMENT OVERVIEW ^

OVERVIEW

* Description : Conf deposit - AIAA Annl Tech Symposium

Organization Document Number :

Explanation : Moving revenue to unearned in FY23 because the conference is in Sept 2023 (FY24).

FINANCIAL DOCUMENT DETAIL

Total Amount : 500.00

AUXILIARY VOUCHER DETAILS ^

* Accounting Period : v

* Adjustment/Accrual Voucher Type : Accrual (AVAE)

Reversal Date : Sep 15, 2023

ACCOUNTING LINES Import Templates ^

HIDE DETAILS

* CHART	* ACCOUNT	SUB-ACCOUNT	* OBJECT	SUB-OBJECT	PROJECT	ORG REF ID	DEBIT	CREDIT	LINE DESCRIPTION	ACTIONS
CO	Colorado State University							0.00	0.00	
1	CO	2609860	4380				500.00	0.00	Move rev to unearned for Conf	
	Colorado State University	Nirsa Region V Conference	Other Sales*Services-AuxL							
2	CO	2609860	2590				0.00	500.00	Move rev to unearned for Conf	
	Colorado State University	Nirsa Region V Conference	Other Unearned Revenue							

EXPENSE / PAYABLE ACCRUAL – EXAMPLE #1

Account 1262000 ordered office supplies on June 20th in the amount of \$500 and the supplies were received 6/30/23. The vendor was paid on 7/15/23 (after FYE).

Q1 - What fiscal year should the expense be recorded in and why?

Q2 - What document should be used to book this expense?

A1 – The expense should be recorded in FY23 because the supplies were received in FY23 (before 7/1/23); therefore, the expense was incurred in FY23.

A2 – Book this on an Accrual Voucher in FY23 to Debit expense OC6201 and Credit Year End Payable OC2103. Set the auto reversal date in early FY24 so that when the DV or PREQ is processed in FY24 and the expense is debited, it will offset the credit to expense from the reversal of the accrual. You should check the DV or PREQ to see what was debited, the OC6xxx expense or the YE Payable OC2103.

DOCUMENT OVERVIEW									
AUXILIARY VOUCHER DETAILS									
		* Accounting Period :		<input type="text" value=""/>					
		* Adjustment/Accrual Voucher Type :		Accrual (AVAE)					
		Reversal Date :		Jul 15, 2023					
ACCOUNTING LINES Import Templates									
* CHART	* ACCOUNT	SUB-ACCOUNT	* OBJECT	SUB-OBJECT	PROJECT	ORG REF ID	DEBIT	CREDIT	LINE DESCRIPTION
CO								0.00	0.00
	Colorado State Univ...								
1	CO	1262000		6201			500.00	0.00	Office Supplies rec'd 6/30/23
	Colorado State Univ...	Dean College Of Lib...		General Supplies					
2	CO	1262000		2103			0.00	500.00	Office supplies rec'd 6/30/23
	Colorado State Univ...	Dean College Of Lib...		Yearend Payables					
							TOTALS	500.00	500.00

PREPAID EXPENSE ACCRUAL w/ REVERSAL – EXAMPLE #2

Account 1356570 entered into a 12-month Service agreement in the amount of \$12,000 that runs 4/1/23 – 3/31/24. It was originally booked in full to OC6601 on a PREQ.

Q1 - What fiscal year(s) will this expense be recognized in?

Q2 - What document will be used to accrue the expense and what is the Debit and Credit?

A1 - The expense is recognized in both FY23 and FY24: \$3,000 in FY23 and \$9,000 in FY24. (\$12,000/12mo. = \$1,000/mo . Three months of the contract is in FY23 (April – June) and nine months of the contract is in FY24 (July – March). 3 mo. x \$1,000 = \$3,000 for FY23 9 mo. x \$1,000 = \$9,000 for FY24

A2 – Since the full amount was booked to OC6601 in FY23 when the PREQ was paid, we need to create an Accrual Voucher with a reversal date in FY24 to record the FY24 portion of the expense as a Prepaid Expense OC1740 and reduce service expense OC6601. The Accrual will debit Prepaid Expense OC1740 \$9,000 and credit General Services OC6601 \$9,000. The auto reversal date should be set in FY24 so that the \$9,000 expense is recognized in FY24. Always include the calculation of the Prepaid in the notes as well as the KFS Doc # where the expense originated (PREQ, DV or PCDO).

AUXILIARY VOUCHER DETAILS

* Accounting Period :

* Adjustment/Accrual Voucher Type : Adjustment Accrual

Reversal Date :

ACCOUNTING LINES [Import Templates](#)

HIDE DETAILS IMPORT LINES

* CHART	* ACCOUNT	SUB-ACCOUNT	* OBJECT	SUB-OBJECT	PROJECT	ORG REF ID	DEBIT	CREDIT	LINE DESCRIPTION	ACTIONS
CO Colorado State University	<input type="text" value=""/>	<input type="text" value=""/>	<input type="text" value=""/>	<input type="text" value=""/>	<input type="text" value=""/>	<input type="text" value=""/>	0.00	0.00		
1 Colorado State University	1356570 Campus Services	<input type="text" value=""/>	1740 Other Prepays	<input type="text" value=""/>	<input type="text" value=""/>	<input type="text" value=""/>	9,000.00	0.00	Prepd service agr	
2 Colorado State University	1356570 Campus Services	<input type="text" value=""/>	6601 General Services	<input type="text" value=""/>	<input type="text" value=""/>	<input type="text" value=""/>	0.00	9,000.00	Prepd service agr	
TOTALS							9,000.00	9,000.00		

NOTES AND ATTACHMENTS (2)

* Note Text :

Attachment : No file chosen

POSTED TIMESTAMP	AUTHOR	NOTE TEXT	ATTACHED FILE	NOTIFICATION RECIPIENT	ACTIONS
1 04/27/2023 08:53 PM	King, Kristine Anna	12 month Service agreement (4/1/23 - 3/31/24) paid in FY23 for \$12,000. \$12,000 / 12 mo = \$1,000/mo. * 9 mo. = \$9,000 for FY24		<input type="text" value=""/>	<input type="button" value="DELETE"/> <input type="button" value="Send"/>
2 04/27/2023 08:57 PM	King, Kristine Anna	Service agreement paid on PREQ #31xxxxx		<input type="text" value=""/>	<input type="button" value="DELETE"/> <input type="button" value="Send"/>