Accrual Accounting and Year-end Tips

Presented by:
Campus Services
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Campus Services, a financial customer services unit within Business and Financial Services, partners with the campus community by providing professional, knowledgeable and responsible business and financial solutions.
Overview

- Accounting Methods
- Accrual Examples
- FY19 Year-End Tips
Accounting Methods
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- An accounting method is the way events and financial position is reported.

2 Accounting Methods

- Cash (i.e. Personal Bank Account)
  - Income is recorded when cash/check is received
  - Expenses are recorded when the vendor is paid

- Accrual (i.e. Governments)
  - Income is recorded when the sale occurs
  - Expenses are recorded when the goods or services are received (and used)
Accrual Method

- Government entities (including universities) are required to follow GASB standards
  - GASB establishes accounting and financial reporting standards for government units
  - GASB 34 requires the use of the accrual accounting method
- Since governments are required to follow GASB standards, CSU is required to use the accrual accounting method
Accrual Method

- The term accrual refers to any individual entry recording revenue or expense in the absence of a cash exchange.
- Accruals are recorded on the transaction date.
- Transaction date is when a financial event occurs whether or not cash is exchanged.
  - Services are performed (diagnostic testing)
  - Product is sold (books)
  - Inventory is received
- CSU’s fiscal year is July 1st – June 30th
Other Accruals - Assets

- Prepaid Expenses
  - Service contracts
  - Registration Expenses
  - Airline tickets for next year’s travel
Other Accruals - Liabilities

- **Unearned Revenue**
  - Revenue received in FY19, but earned in FY20.
  - Sports/Youth camps paid in advance for next fiscal year
  - Tuition paid in June for summer semester ending in August
  - Football season tickets sold in June
Examples: Accrual Method
Accrual Method – Revenue

Example #1

Account 2205000 receives an order to test a soil sample on April 30\textsuperscript{th}. The test results are completed and the customer invoiced on May 31\textsuperscript{st} for $200 and the customer pays on July 3\textsuperscript{rd}. What document(s) would be used, and when would this revenue be recognized?
Accrual Method – Revenue Example #2

Account 2609860 received and booked $500 conference deposit on May 31 for a conference from September 1-3. What document(s) would you use to book this, and what fiscal year does it go in?
Accrual Method – Expense Example #1

Account 1262000 ordered office supplies on April 30\textsuperscript{th} in the amount of $500 and the supplies were received on May 31\textsuperscript{st}. The vendor was paid on July 2\textsuperscript{nd}. What document will be filled out and what fiscal year will this be in?
Accrual Method – Expense Example #2

Account 1356570 entered into a 12 month service agreement in the amount of $12,000 from April 1– March 31, and was booked in full to object code 6601. What document(s) will be used and what fiscal year will this be recognized in?
FY19 Year-End Tips
Year-end Tips

- From June 29th- July 8th a drop-down will appear that will let you select either “YE2019 Close” or “July 2020”
  - YE2019 Close – post in period 13 for FY19
  - July 2019 – post in period 01 for FY20
Year-end Tips

- Campus has until July 8th at noon to make entries to FY19
- If you are unsure if you need to accrue an item because you don’t know when the revenue will be received or expense paid, you have until July 8th to make that entry
Year-end Tips

- The following Account and/or Object Codes must be $0.00 at year-end (July 6th at noon)
  - 200xxxx (last 4 numbers are your department number)
    - Each object code needs to be cleared out
  - 6684 Credit Card Clearing – must be $0.00
Year-end Tips

- On June 28th, check your enroute documents to make sure they are approved.
  - Anything unapproved after 7 p.m. will automatically be disapproved and will need to be re-entered. Saved documents will also be disapproved by 7:00.
- DI, GEC, IAA, IB, ICA, PE, SB, TF
Year-end Tips – A/P

- Disbursement Vouchers must be submitted and approved by July 5th by noon.
- July 3rd is the deadline to submit invoices to A/P by noon to initiate Payment Request.
- A list of outstanding POs will be sent to the Fiscal Officer to identify which is for FY19 and FY20.
- Campus Services will conduct a post-payment review to identify items paid after year-end that should have been accrued in FY19.
Year-end Tips - Travel

- June 14th is deadline to order Ghost Card airline tickets for FY19. Email will be sent to FO summarizing the Ghost Card charges posted in period 13 for FY19.
- TRs with a June end date of June 28th or prior need to be approved and in travel depts. que by June 28th to have them approved by year-end or (travel creates the accrual for documents only in travel’s action list).
- If the travel end date falls on June 29th or 30th the department needs to accrue the expense.
- July 1st – First day a TR can be created in KFS for FY20
Things to remember:

- If the invoice is sent to A/P on June 2019, but the invoice date is for FY20 (July 2019-June 2020), A/P would automatically code it to a prepaid (1740) object code.
- In this case, you have to manually move this to expense object code (6XXX) in FY20.

- Do not book receivables on internal revenues. The reasoning is we would basically be booking receivables to ourselves (thinking of CSU as a whole).
Questions?

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