



# Accrual Accounting and Year-end Tips

Presented by:  
Campus Services

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# Campus Services

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
- FY18 Year-End Tips



# Accounting Methods

# Accounting Methods

- 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 1<sup>st</sup> – June 30<sup>th</sup>

# Other Accruals - Assets

- Prepaid Expenses
  - Service contracts
  - Registration Expenses
  - Airline tickets for next year's travel



# Other Accruals - Liabilities

- Unearned Revenue
  - Revenue received in FY18, but earned in FY19
    - 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
    - Soil Testing complete, but revenue not received by June 30<sup>th</sup>



# Examples: Accrual Method

# Accrual Method – Revenue Example #1

Account 2205000 receives an order to test a soil sample on April 30<sup>th</sup>. The test results are completed and the customer invoiced on May 31<sup>st</sup> for \$200 and the customer pays on July 3<sup>rd</sup>. What document(s) would be used, and when would this revenue be recognized?



# Accrual Method – Revenue Example #2

Account 2628000 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<sup>th</sup> in the amount of \$500 and the supplies were received on May 31<sup>st</sup>. The vendor was paid on July 2<sup>nd</sup>. 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?





# FY18 Year-End Tips

# Year-end Tips

- From July 1-6 a drop-down will appear that will let you select either “YE2018 Close” or “July 2018”
  - YE2018 Close – post in period 13 for FY18
  - July 2018 – post in period 01 for FY19



# Year-end Tips

- Campus has until July 6<sup>th</sup> at noon to make entries to FY18
  - 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 6<sup>th</sup> to make that entry

# Year-end Tips

- The following Account and/or Object Codes must be \$0.00 at year-end (July 6<sup>th</sup> 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 29<sup>th</sup>, 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
    - DI, GEC, IAA, IB, ICA, PE, SB, TF



# Year-end Tips – A/P

- Disbursement Vouchers must be submitted and approved by 7/3/18
- A list of outstanding POs will be sent to the Fiscal Officer to identify which is for FY18 and FY19
- Campus Services will conduct a post-payment review to identify items paid after year-end that should have been accrued in FY18

# Year-end Tips - Travel

- June 15<sup>th</sup> is deadline to order Ghost Card airline tickets for FY18. If purchased after June 15<sup>th</sup> will be booked in FY19
- TRs with a June end date, need to be approved and in travel depts. que by June 29<sup>th</sup> to have them approved by year-end or an accrual created by travel (only for documents in travel's action list)

# Year-end Tips - Travel

- TRs for June 29<sup>th</sup> or prior travel in Travel's action list after June 29<sup>th</sup> will need to be accrued by the department.
- July 1<sup>st</sup> – First day a TR can be created in KFS

# Questions?

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