Office of Accounting and Business Services

Preparing for the End of the Fiscal Year—A Business Manager’s Guide

OFFICE OF ACCOUNTING AND BUSINESS SERVICES

Important Dates for FY14 Year End Close

As of April 1st (Tuesday)
- All submitted reqs should indicate the FY which the expense should be allocated as well as the date goods are needed and lead time. For services, dates must be provided in which the service will be rendered

April 18th (Friday)
- Review all PO’s and open commitments issued before 12/31/13 and provide summaries to PAAs indicating which should remain open and closed

May 9th (Friday)
- Review all PO’s and open commitments issued after 12/31/13 and provide summaries to PAAs indicating which should remain open and closed

May 21st (Wednesday)
- Last day to approve invoices and wire requests
- Last day for departmental deposits and petty cash reimbursements. Must be delivered by 1pm to ABS.
- All open PO’s will be closed or cancelled by Purchasing unless notified by department

May 30th (Friday) END OF FY14
- All goods must be received by Central Receiving and posted in Banner to be charged to the current fiscal year

June 3rd (Tuesday)
- Last day to approve Concur expense reports for out-of-pocket and Purchasing Card charges related to FY14

June 5th (Thursday)
- Last day to submit Contract & Grant expense transfers/corrections
- Last day to submit recurring journals

June 17th (Tuesday)
- First preliminary May reports available on ePrint

June 19th (Thursday)
- Last day to submit final corrections, expense transfers, and budget transfers for FY14
- Last day to submit invoices or provide details of items to be booked as an accrual for FY14

June 26th (Thursday)
- Second preliminary May reports available on ePrint

July 11th (Friday)
- Financial Certifications by Management are due

September 2014
- Final FY14 reports available on ePrint

Thank you for your adherence to these deadlines!
The University of San Francisco operates largely on a "cash basis" throughout much of the fiscal year recognizing revenue and expense as cash changes hands. At year end, financial statements are compiled using the "accrual basis" of accounting. The accrual basis of accounting recognizes revenues and expenses when the goods and services are delivered regardless of the timing for the exchange of cash. The year end closing process is used to convert the books from a cash to accrual basis. This results in recognition of accrued expenses, accounts receivables, deferred revenue, and prepaid assets. Accruals occur when the exchange of cash follows the delivery of goods or services (accrued expense & accounts receivable). Deferrals occur when the exchange of goods and services (prepaid expense & deferred revenue). Journal entries are booked to properly recognize revenue and expense in the correct fiscal year.

**Accruals**

Expenses are recognized throughout the year as the payment is made to the vendor. At the end of the fiscal year, many vendor invoices are received in early June for goods and services that were delivered on or before May 31st. In order to properly expense them in the correct fiscal year, an accrual must be booked by a journal entry. Invoices that require an accrual are identified by Disbursement Services when the invoices are processed for payment. A copy of the invoice is forwarded to the Accounting Department to create the journal entry to recognize the expense and the liability (accrued expense). Business Managers should review their preliminary monthly close report to ensure that all expenses for FY14 have been properly recognized in FY14.

Business Managers must notify the Accounting Department of any money owed to the University for services that were rendered prior to the end of the year. The Accounting Department will book a receivable and recognize the revenue for these items.

**Deferrals**

Deferrals occur when the exchange of cash precedes the delivery of goods and services. When the University is the provider of the service, we recognize a liability entitled Deferred Revenue. Then, in the subsequent fiscal year, we relieve the liability and recognize the revenue as the services are provided. A common example of this is Summer Housing deposits and Summer Camp registration fees. These fees are collected in the Spring (prior to May 31st) while the service (the camp or event) does not occur until sometime in the new fiscal year. These fees should be deposited directly into a Deferred Revenue account. Please contact the Accounting Department for the correct Banner FOAP number for deferred revenue items.

Another common deferral is Prepaid Expenses. These occur when a payment is made to the vendor prior to May 31st for services or goods to be delivered in the following fiscal year. Common examples of these are deposits made for upcoming Alumni events, library subscriptions that span multiple fiscal years, and publications to be delivered in the following fiscal year. Like Accrued Expenses, Prepaid Expenses will be identified by Accounts Payable when invoices are processed for payment. Copies of the invoice will be forwarded to the Accounting Department to create a journal entry to recognize the asset (Prepaid Expense). Additionally, the Accounting Department will reverse the entry in the following fiscal year to recognize the expense and the expiration of the prepaid asset.

**Thresholds for Recognition**

Accrued Expenses and Accounts Receivable will be recorded for all goods and services over $1000. Prepaid Expenses will be recognized for all expenses over $1000. Deferred revenue will be recognized for all revenues over $1000 in aggregate (i.e., by total revenue for the program not individual payments).