

## Yearend Expenditure Accounting Training

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## Old & New Year Payments

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### Old Year Payments

- For goods or services received, or benefits delivered prior to July 1.

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### New Year Payments

- For goods or services received, or benefits delivered after June 30.

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### Old Year Payment Cut-Off Dates

- July 27 - Recommended date to have all Old Year payments in FINET completed.
- Old Year payments must be processed by August 10.

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### Old Year Payment Cut-Off Dates - Agencies

- Agencies may set earlier internal cut-off dates and they take precedence.
- Agency cut-off dates do not supersede statewide cut-off dates for interaction with other agencies.

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## How to Determine the Correct Way to Record a Transaction

Goods or Services	Payment Made Prior to July 1	Payment Made After June 30
Received Prior to July 1	Old Year Expenditure <i>Old Year GAX or PRC</i>	Old Year Expenditure <i>Old Year GAX or PRC or New Year GAX or PRC and Accrued Expenditure JVYE</i>
Received After June 30	New Year Expenditure <i>Old Year GAX or PRC and Prepaid Expenditure JVYE</i>	New Year Expenditure <i>New Year GAX or PRC</i>

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## Old Year Payment Procedures

- Remember to enter accounting period and fiscal year 2012 to record transaction in Old Year.
- July 1 through July 6 - enter Period 12. July 1 to August 10 - enter Period 13.

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## New Year Payments for Purchase Documents in Old Year

- Mark purchase document to roll into New Year on the *Roll/Lapse Detail Pre-Selection Table* (page code RLPSD).
- Process payment in New Year after purchase document has rolled.

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## Roll/Lapse Detail Pre-Selection Table (Page Code RLPSD)

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## Roll/Lapse Detail Pre-Selection Table

- Check the Approved box for all outstanding lines of each order and click Save.

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## Roll/Lapse Detail Pre-Selection Table Dates

- July 2 afternoon– May begin checking transactions on table.
- Roll process will run every Tuesday through August 28. First roll on July 2.
- July 3 – Start entering New Year payments on rolled Old Year documents.

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## Roll/Lapse Detail Pre-Selection Table

- Only need to roll PO, PD, DO, and GAE transactions need to pay in the New Year.
- All others will be lapsed on August 31.

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## Roll/Lapse Detail Pre-Selection Table Schedule

- The Pre-Selection Table will be refreshed on Monday of each week. Emails will notify users when able to start marking transactions.
- Users may select transactions to roll Tuesday to end of week.
- Marked orders will roll into new year on Friday night. New year payments may be processed on the following Monday.

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## Roll/Lapse Detail Pre-Selection Table Schedule

- Mondays are reserved for Finance and Agencies to clear all rejected rolled documents. Rejects need to be resolved or will reappear on table. Do not mark orders on Mondays.
- Do not access table until notified the table is ready on Tuesday.

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## Roll/Lapse Detail Pre-Selection Table

- Early in July only roll orders with known delivery dates after June 30.
- Do not roll if any portion of the purchase order is to be paid in Old Year or has Old Year payments pending.
- When in doubt, do not roll. There is no unroll.

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## Roll/Lapse Detail Pre-Selection Table

- Payments must be made in correct fiscal year based on delivery date, regardless of fiscal year of order.
- If rolled order prematurely in New Year - cancel or modify New Year order and recreate order in Old Year.
- If order is lapsed in error – create a New Year order.

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## Question

- A vendor sends you an invoice on July 21 for goods received on June 26. The purchase document was done in Old Year. How do you pay this?

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## Answer

- This is an Old Year payment. Process a payment entering Period 13 and Fiscal Year 2012 and so it will process in Old Year.

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## Question

- A vendor sends you an invoice on July 11 for goods received on July 2. The purchase document was entered in Old Year. How do you pay this?

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## Answer

- This is a New Year expenditure. Find the Old Year purchase document on the *Roll/Lapse Detail Pre-Selection Table* and check the *Approved* box for all the transaction lines & click save.

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## Answer - continued

- After the roll process is run, process a payment in New Year referencing the rolled purchase document in the New Year.

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## Accrued Expenditures

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## Accrued Expenditure JVYE Transactions

- Used to record Old Year expenditures (for goods or services received on or before June 30) unable to pay in Old Year by the cut-off date of August 10.

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## Accrued Expenditure JVYE Transactions

- Moves expenditure from New Year to Old Year by recording expenditure and liability in Old Year and reversing in New Year to offset the payment entered in New Year.

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## Accrued Expenditure JVYE Cut Off Date

- Must be completed and processed in FINET by August 10.
- Exception – For Old Year taxable earnings paid through payroll - must use after July 13.

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## Accrued Expenditure JVYE - Form FI 61AE

- Form must be prepared for all Accrued Expenditure JVYE Transactions.
- Fill out form and attach to payment documentation.

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## Question

- A vendor sends you an invoice on August 8 for goods received on June 26. The purchase document was issued in Old Year. How do you pay this?

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## Answer

- This is an old year expenditure.
- It is also after the recommended Old Year payment cut off date.
- However, you can still pay in Old Year until August 10.

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## Answer - continued

If you choose not to pay in Old Year:

- Roll the purchase document into New Year.
- Enter a payment in New Year.

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### Answer - continued

- Complete an Accrued Expenditure JVYE by August 10 to move the payment in New Year back to the Old Year.

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### Question

- A vendor has sent you an invoice on August 9 for goods received on June 26 and July 26. How do you pay this?

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### Answer

- Split out the invoice between what was received in the Old Year and what was received in the New Year.

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### Answer - continued

- Either pay Old Year portion in Old Year and the New Year portion in New Year.
- Or pay all in New Year and process an Accrued Expenditure JVYE for the Old Year portion.

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### Question

- You have received goods on June 26 for which the vendor has not billed you by August 10, the final old year cut off date. What do you do for this?

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### Answer

- This is an Old Year expenditure.
- Enter an Accrued Expenditure JVYE by August 10 for these goods to record the expenditure in the Old Year.

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## Accrue All Known Old Year Expenditures

- Agencies should make every effort to identify and accrue all known Old Year expenditures during the closeout period.

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## Accrue All Known Old Year Expenditures

- This may require working with vendors to estimate the amount due to them.
- To ensure invoices are received in a timely manner, and
- To properly identify the portion of goods or services received in each fiscal year.

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## Question

- A vendor has sent you an invoice on September 2 for goods received on June 26. The purchase document was issued in Old Year. How do you pay this?

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## Answer

- This is an Old Year expenditure received after the Old Year final cut off date.
- An Accrued Expenditure JVYE should already have been entered by August 10 for this.

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## Answer - continued

- The purchase document should also already been marked and rolled to New Year.
- If so, process a payment in the New Year referencing the rolled purchase transaction.

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## Answer - continued

- If you did not roll this Old Year purchase transaction to the New Year, a new document will need to be entered because all Old Year purchase orders not checked to roll were lapsed on August 31.

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## Answer - continued

- If you did not do an Accrued Expenditure JVYE :
  - Pay in accordance with Division of Finance policy FIACCT 05-16-01 *Payments – Prior Year Payments – Reporting.*

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## Accounting policy FIACCT 05-16.01

- Send a copy of the payment document done in New Year, the invoice, and other supporting documentation to Division of Finance Disbursements.

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## Accounting policy FIACCT 05-16.01

- Mark all documents "Old Year" and "copy" and write the appropriation line item number on the first page.
- This assumes that you have not exceeded your appropriation for the Old Year.

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## Old Year Transactions After Close Out Deadline

- If your agency identifies Old Year transactions totaling over \$100,000 after the August 10 close out deadline, call Marcie Handy at 538-1678.
- Finance will help you appropriately record these old year transactions to avoid audit and budget problems.

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## Prepaid Expenditures

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## Prepaid Expenditure JVYE

- Used when New Year expenditures are required to be paid before July 1.
- Charges due July 1 should NOT be prepaid, but scheduled to pay July 1 and will be available July 2.

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## Prepaid Expenditure JVYE

- Moves expenditure from Old Year to New Year by crediting expenditure entered in Old Year and reversing in New Year to record the expenditure.

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## Prepaid Expenditures

- Also includes services paid in Old Year where the service period begins in the Old Year and extends into the New Year.
- Examples: Maintenance contracts, software licenses, subscriptions, and insurance.

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## Prepaid Expenditures

- In governmental funds - These items have not been recorded in the past in accordance with GAAP and Division of Finance policy.
- May need to be reported as required by GASB 34 in the CAFR government-wide statements.

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## Prepaid Expenditures

- Governmental Fund Agencies – Need to report to Marcie Handy by August 10 these types of items totaling over \$100,000 for your agency.

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## Prepaid Expenditures

- Enterprise, Trust, and Internal Service Funds - Record these types of items as prepaid expenses and amortize the cost over the service period.

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## Prepaid Expenditure JVYE Form FI 61PE

- Form must be prepared for all Prepaid Expenditure JVYE Transactions.
- Fill out form and attach to payment documentation.

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## Prepaid Expenditure JVYE Cut Off Dates

- Prepaid Expenditure JVYE transactions must be entered after June 30.
- All Prepaid Expenditure JVYE transactions must be entered by August 10.

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## Prepaid Expenditure JVYE Cut Off Dates

- Remember to track New Year expenditures entered on or before June 30 to be sure a Prepaid Expenditure JVYE is done for them after June 30.

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## Question

- An employee is traveling to a conference on July 6. The airline tickets and registration fees must be paid by June 20. How do you pay this?

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## Answer

- This is a New Year expenditure that must be paid in Old Year.
- Process the payment by June date due.

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## Answer

- Make reminder note to enter a Prepaid Expenditure JVYE after June 30 but before August 10 to move the expenditure to New Year.

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## Petty Cash Cutoff

- Payments for purchases made before July 1 record in Old Year.
- Do not combine Old and New Year reimbursements on the same FI53 *Petty Cash Reimbursement Request* form.
- Complete Old Year petty cash reimbursements by July 20.

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## ITA & IET Cutoff Dates

- July 6 – First deadline to complete Old Year inter-agency ITAs and IETs in FINET.
- The posting date interval for all Old Year ITAs processed after June 30 will decrease until July 23.

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## ITA & IET Cutoff Dates

- Process Old Year ITA and IETs after July 6 only if:
  - (1) Affects units within same line item of a department, or
  - (2) Seller notifies the buyer's main budget & accounting officer and they agree to accept the charge.

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## ITA & IET Cutoff Dates

- July 27 – Final Deadline to complete all Old Year ITAs & IETs between agencies.
- Do not set up accounts receivable or accrued expenditure transactions for unpaid Old Year inter-agency billings

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## ITA & IET Cutoff Dates

- August 10 – Deadline for all Old Year transactions within the same agency.

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## Questions ?

- See Detailed Closing Instructions and Examples Handout.
- See FINET Help:
  - [Finance.utah.gov](http://Finance.utah.gov) - under FINET heading
  - In FINET - click on Help button at top
    - Look Under Periodic Processes, Yearend Processes, FINET Accounting Yearend Processes
- Call FINET Help Desk 538-9690
- Call Lynda McLane 538-3098

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