SERVICE REVENUE ACCRUAL - EX #1

Account 2205000 receives an order to test a soil sample on April 1, 2025. The test results are completed on April 20, 2025, and the customer is invoiced on April 25, 2025, for $200. The customer pays us on July 5, 2025 (FY26).

> **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 4/20/25 the revenue and receivable should be recorded in FY25.*
>
> *A2 - An **Adjustment Voucher** document is used to book the revenue OC4xxx and to set up the receivable OC14xx. No auto-reversal.*
>
> > *DEBIT OC14xx – Other Receivables $200*
> > *CREDIT OC4xxx – Other Sales+Svcs AUX/Self Funded Revenue (external) $200*
>
> *A3 - Once the money is received from the customer on July 5th, complete a Cash Receipt (CR) document (cash or check) and book it to OC14xx, to clear the Receivable. **Note:** If the payment received is accidentally booked to revenue instead of OC14xx, a General Ledger Transfer (GLT) will be needed since the revenue was already booked in April and a receivable was set up. The GLT would remove the duplicate revenue OC43xx and reduce the Receivable OC14xx.*

CONFERENCE REVENUE ACCRUAL W/ REVERSAL – EX #2

Account 2677800 received and booked a $500 conference deposit to <u>external</u> revenue OC4380 on 5/31/25 for the AIAA Technical Symposium to be held September 15, 2025 (FY26) and hosted by CSU.

> **Q1 -** What FY does this <u>external</u> 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 after we book the accrual?

> *A1 - The revenue belongs in FY26 since that is when the conference is being held (9/15/24) and is when the <u>external</u> revenue will be EARNED.*
>
> *A2 - Since the revenue was already booked (when the deposit was made), enter an **Accrual Voucher** in FY25 with a reversal date of 9/15/25 (FY26). The accrual will DEBIT OC4380 to clear the <u>external</u> revenue out of the current FY (FY25) and will CREDIT OC2590 – Other Unearned Revenue because it hasn't been earned yet. When the accrual automatically reverses on 9/15/25 (FY26), it will move the revenue from unearned to earned and the OC2590 liability will be cleared.*
>
> > *DEBIT OC4380 – Other Revenue (external) $500*
> > *CREDIT OC2590 – Other Unearned Revenue $500*
>
> *A3 - OC2590 – Other Unearned Revenue is a liability because the conference has not occurred yet. CSU is obligated to put on the conference.*

EXPENSE / PAYABLE ACCRUAL – EX #3

Account 1262000 ordered office supplies on June 20th in the amount of $500 and the supplies were received 6/30/25. The vendor was paid on 7/15/25 (after FYE).

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

> **Q2 -** What document should be used to book this expense and what will you DEBIT and CREDIT?

> *A1 – The expense should be recorded in FY25 because the supplies were received in FY25 (on or before 6/30/25); therefore, the expense was **incurred in FY25**.*

> *A2 – Book this on an **Accrual Voucher** with auto-reversal in FY26 to DEBIT expense OC6201 and CREDIT Year End Payable OC2103 to record the liability. Set the auto reversal date in early FY26 so that when the DV or PREQ is processed in FY26 and the expense is debited, it will offset the credit to expense from the reversal of the accrual.*

> > *DEBIT OC6201 – Supplies Expense $500*
> > *CREDIT OC2103 – Year End Payable $500*

EXPENSE / PAYABLE TRAVEL ACCRUAL - EX #4

Travel for a FY25 conference where travel begins 6/24/25 and ends on 6/30/25. Since the traveler returns on 6/30/25, you won't be able to turn in the TR by the 6/30/25 NOON deadline.

> **Q1 -** What fiscal year should the expense be recorded in?

> **Q2 -** What document should be used to book this expense and what will you DEBIT and CREDIT?

> **Q3 -** What is needed in the Notes of the related TR?

> *A1 – Travel expense is recognized FY25 (when the travel occurred). This records the expense when it is INCURRED.*

> *A2 – An **Accrual Voucher** should be used with an auto-reversal date in mid-July. To record the Expense and the Liability. When the TR is processed in FY26 to reimburse the traveler, it will offset the auto-reversal entry that credited expense on 7/15/25.*

> > *DEBIT OC6xxx Travel Expense*
> > *CREDIT OC2103 Year End Payable*

> *A3 – Include the AV # in the Notes and Attachments section of the TR to show that you have accrued this travel expense back to FY25.*

PREPAID EXPENSE ACCRUAL CROSSING FYs - EX #5

Account 1356570 entered into a 12-month Service agreement in the amount of $12,000 that runs 4/1/25 – 3/31/26. 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 will you DEBIT and CREDIT?

Q3 – What notes/information is required on the AV document?

Q4 – What document must be in a FINAL status before the accrual submitted?

A1 - The expense is recognized in both FY25 and FY26: $3,000 in FY25 and $9,000 in FY26. ($12,000/12mo. = $1,000/mo . Three months of the contract is in FY25 (April – June) and nine months of the contract is in FY26 (July – March). 3 mo. x $1,000 = $3,000 for FY25   9 mo. x $1,000 = $9,000 for FY26

*A2 – Since the full amount was booked to OC6601 in FY25 when the PREQ was paid, we need to create an **Accrual Voucher** with a reversal date in FY26 to record the FY26 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 FY26 (mid-July or later), so the $9,000 expense is recognized in FY26.*

> *DEBIT OC1740 – Prepaid Exp $9,000*
> *CREDIT OC6601 – General Services Exp $9,000*

A3 – Always include the following as Notes or attachments:
- *Term of the Prepaid (Beginning & Ending dates)*
- *Calculation of the Prepaid in the Notes ($12,000/12 mo. = $1,000/mo. x 9 mo. = $9,000 to FY26)*
- *KFS Doc # where the expense originated (PREQ, DV, TR or PCDO)*

A4 - The Doc with the originating expense must be FINAL before submitting the accrual.

Multi-year (>2 FYs) Prepaid (PPD) Expense Accrual – EX

A Service Agreement of $6,000 was purchased on 10/1/24 to cover the period from 10/1/24 – 9/30/27 (FY25, FY26, FY27 and FY28). A PREQ was created to pay the full $6,000 on 10/1/24 which charged OC6601.
$6000 / 3 yr = $2,000/yr / 365 days $5.4795/day
- *FY25 exp is for 273 days (10/1/24-6/30/25) or $1,495.90*
- *FY26 PPD is for 365 days (7/1/25-6/30/26) $2,000.00 ➔ Move to OC1740 Other Prepaids-Current in FY25*
- *FY27 PPD is for 365 days (7/1/26-6/30/27) $2,000.00 ➔ Move to OC1790 Other Prepaids-Noncurrent in FY25*
- *FY28 PPD is for 92 days (7/1/27-9/30/27) or $504.10 ➔ Move to OC1790 Other Prepaids-Noncurrent in FY25*

FY25 *- Create an Adjustment Voucher to credit OC6601 $4,504.10, debit OC1740 Other Prepaids-Current (for FY26 PPD $2,000), debit OC1790 Other Prepaids-Noncurrent (for FY27 PPD $2,000), and debit OC1790 Other Prepaids-Noncurrent (for FY28 PPD $504.10). This sets up the current and noncurrent prepaids and removes the total of the prepaid expense out of FY25.*

DEBIT OC1740 Other Prepaids Current $2,000 – FY26 amount
DEBIT OC1790 Other Prepaids Noncurrent $2,000 – FY27 amount
DEBIT OC1790 Other Prepaids Noncurrent $504.10 – FY28 amount
* CREDIT OC6601 General Services $4,504.10 – FY26, FY27 & FY28 prepaid amounts*

FY26 *- Create an Adjustment Voucher to credit OC1740 $2,000 (the FY26 amt to be expensed) and debit OC6601 $2,000 to record the FY26 incurred expense. In the same AV credit OC1790 $2,000 and debit OC1740 $2,000 to move the FY27 PPD to current. This will leave the FY28 PPD of $504.10 in OC1790.*

DEBIT OC6601 General Services $2,000 – FY26 incurred expense
* CREDIT OC1740 Other Prepaids Current $2,000 – Clear FY26 current prepaid*
DEBIT OC1740 Other Prepaids Current $2,000 – FY27 amount is now current
* CREDIT OC1790 Other Prepaids Noncurrent $2,000 – Clear FY27 noncurrent prepaid*

FY27 - Create an Adjustment Voucher to credit OC1740 $2,000 and debit OC6601 $2,000 to record the FY27 incurred expense. In the same AV credit OC1790 $504.10 and debit OC1740 $504.10 to move the FY28 PPD to current. This is the last of the non-current PPD for this service agreement.

DEBIT OC6601 General Services $2,000 – FY27 incurred expense
  CREDIT OC1740 Other Prepaids Current $2,000 – Clear FY27 current prepaid
DEBIT OC1740 Other Prepaids Current $504.10 – FY28 amount is now current
  CREDIT OC1790 Other Prepaids Noncurrent $504.10 – Clear FY28 noncurrent prepaid

FY28 - Create an Adjustment Voucher to credit OC1740 $504.10 and debit OC6601 $504.10 to record the FY28 incurred expense. This is the last of the PPD expense for this service agreement and it will be fully expensed across FY25, FY26, FY27 and FY28 after this entry is final.

DEBIT OC6601 General Services $504.10 – FY28 incurred expense
  CREDIT OC1740 Other Prepaid Current $504.10 – Clear FY28 current prepaid