

GENERAL ACCOUNTING

*Year-End Information Session
Fiscal Year 2024*

*Presenter:
Tinesa Beyers*



General Accounting AGENDA

- Importance of the Fiscal Year-end Financial close
- Expense Accruals
- Accounts Receivable
- Prepaid Expenses
- Year-end payroll adjustments and salary accruals
- Expense transfer deadlines and procedures
- Lease Survey
- Questions

Importance of the Fiscal Year-End Financial Close

- The University follows Generally Accepted Accounting Principles (GAAP) which require that we follow accrual based accounting
- Each year the University's external auditors audit the University's financial statements to assess if they are materially correct, complete, and recorded in accordance with GAAP
- This is why it is so important for all departments to follow the fiscal year-end processes and deadlines

Terms

- An Accrual is a means of recording either:
 - I. Revenues that have been earned, but not yet recorded or received
 - II. Expenses that have been incurred, but not yet invoiced or paid
- An Accrual allows the University's financial statements to accurately reflect current fiscal year revenues and expenses that pertain to the FY24 period ending on June 30, 2024.
- Revenue and expense accruals allow Loyola departments to accurately reflect the true revenue or expense regardless of when payments are made or received.

Expense Accruals – General Accounting

What does my department do if they know of an outstanding expense for FY24, but do not have an invoice to submit by the AP deadlines?

- Expense Accruals should be sent to General Accounting when you *do not have an invoice* in order to complete a payment requisition form. These are for expenses that have been incurred, but perhaps the vendor has not yet provided a bill or invoice.
- Utilize the [Expense Accrual Form](#) to set up an accrual for the best estimate of the amount owed. Include documentation on how the estimated expense was determined.
- FY24 Expense accruals are due by **Tuesday, July 9th**
 - If you receive an invoice in July after you submit an expense accrual, please submit the invoice to AP and note on the payment requisition that an expense accrual was submitted already

Expense Accrual Example – No Invoice Available

Step 1: Select Type of Form		Expense Accrual				
Step 2:		EMAIL TO SUPERVISOR FOR APPROVAL				
Step 3		EMAIL TO GENERAL ACCOUNTING				
Date		06/30/2024				
Control Totals		\$ -				
Enter an explanation for this Expense Accrual Transfer *THIS FIELD IS REQUIRED*				Accrue for Blue Catering Invoice for event held on 6/29/24, invoice will not be received by 6/30		
Accounting Unit (6-dig)	AU Description	Account (4-dig)	Acct Description	Increase Expense	Expense Accrual	Transaction Description (30 char. max)
190027	UNIVERSITY INSTITUTIONAL	2030	OTHER ACCOUNTS PAYABLE/ACCRUED		\$ 7,500.00	6/29 Blue Plate Catering
100001	OFFICE OF THE PRESIDENT	6321	FOOD SERVICE/CATERING	\$ 7,500.00		6/29 Blue Plate Catering

Business Manager

Department Approval:

Provide name of preparer

Indicate reason for expense accrual

Provide Accounting Unit

Provide Expense Account

Provide Expense Amount

Provide Expense Amount

Provide a proper description for all lines

Reminders:

- 1) Submit form to accounting@luc.edu in Excel format only
- 2) Attach documentation that supports expense amount if no invoice available
- 3) Do NOT send in an expense accrual form if you have sent in the invoice to Accounts Payable for processing

Accounts Receivable

- Accounts Receivable transactions should be set up for services rendered or goods provided as of 6/30/2024, for which LUC has not received a payment from the customer by June 30th. This allows LUC to recognize revenue in FY24 when it has been earned, regardless of when the payment is received from the customer.
- FY24 Accounts Receivable forms are due by **Monday, July 8th, 2024.**
- **What happens if I forget to submit an Accounts Receivable Form?**
 - If you were not paid in FY24 for revenue earned in that year, your revenue will be understated, and this affects revenue reporting for LUC
 - If you deposit the payment into FY25, your FY25 revenue will be overstated

Accounts Receivable Example

Step 1: Select Type of Form		ACCOUNTS RECEIVABLE				
Step 2:		EMAIL TO SUPERVISOR FOR APPROVAL				
Step 3		EMAIL TO GENERAL ACCOUNTING				
		06/30/24				
Control Totals		\$ -				
		Department Approval:				
		Setting up receivable for Project management course revenue that has been invoiced but not yet received. Course held on June 19th.				
		Enter an explanation for this Accounts Receivable Transfer *THIS FIELD IS REQUIRED*				
Accounting Unit (6-dig)	AU Description	Account (4-dig)	Acct Description	Accounts Receivable	Revenue Account	Transaction Description (30 char. max)
100148	EXECUTIVE EDUCATION	1260	OTHER RECEIVABLES	\$ 10,000.00		6/19 PM Class for XYZ Co.
100148	EXECUTIVE EDUCATION	3630	SEMINARS/WORKSHOPS		\$ 10,000.00	6/19 PM Class for XYZ Co.

Indicate reason for account receivable set up

Provide name of preparer

Business Manager

Provide Accounting Unit

Provide Revenue Account

Provide Receivable Amount

Provide Revenue Amount

Provide a proper description for all lines

Reminders:

- 1) Submit form to accounting@luc.edu in Excel format only
- 2) Attach documentation that supports the revenue receivable, such as an invoice sent to customer
- 3) When depositing the payment for this revenue in following fiscal year, deposit to the same revenue account used for receivable set up

End of the Year Revenue Review

- Take a close look at your revenue accounts between now and June 30th, and confirm that any recent deposits being made are for FY24
- If you received an advanced payment or deposit on a service that has yet to be provided by June 30th, please move the deposit to deferred revenue
- Think about what the revenue is for and if your department has “earned” the revenue by providing the service
 - Example: *Department A* has an agreement with *ABC Company* to provide an educational program that starts July 5th and ends August 30th. *ABC Company* paid *Department A* the entire \$25,000 fee for the program on June 28th, 2024.
 - Does this revenue need to be deferred to FY25?
 - What if the program starts June 15th instead of July 5th?

Revenue Deferrals

- Revenue received prior to June 30th for programs or services that occur in FY 2025 must be deferred to the new fiscal year using account code 2210, Deferred Revenue
- How does a department “defer” their revenue to the next Fiscal Year?

Answer: There are two ways to defer revenue

1) Between now and June 30th, deposit funds pertaining to **FY25** directly to account code 2210, Deferred Revenue, this will ensure the funds are not recognized as **FY24 revenue**

- **FY25 TO DO:** Submit a **GL Transfer** (formerly Expense Transfer) in FY25 to transfer revenue out of deferred revenue to the proper revenue account

2) Submit the revenue deferral form to Accounting if revenue was deposited to a current year account and account 2210 was not used initially during the deposit process.

- Automatically posts to correct account in FY25
 - Example: Conference registration received prior to June 30, but conference takes place in October 2025 (FY25)

- Revenue deferrals must be received by **Tuesday, July 9th, 2024**

What happens if we don't defer revenue and everything is deposited into the current year?

- Failure to deposit revenue into the correct year can cause multiple issues:
 - Your FY24 revenue will be overstated if you incorrectly deposit FY25 funds into this year
 - If you rely on your FY25 revenue to cover your spending in FY25, you will not have that revenue available in FY25, leads to budget issues
- Can the University give us back any revenue we inadvertently left in FY24 that was meant for FY25?
 - No, we cannot adjust FY25 for transactions recorded in FY24

Revenue Deferral Example

Step 1: Select Type of Form		Revenue Deferral				
Step 2:		EMAIL TO SUPERVISOR FOR APPROVAL				
Step 3		EMAIL TO GENERAL ACCOUNTING				
Date	06/30/24					
Control Totals	\$ -					
Enter an explanation for this Revenue Deferral Transfer *THIS FIELD IS REQUIRED*				Deferring revenue received in June for sessions happening in July. Revenue was deposited in June to account 3630.		
Accounting Unit (6-dig)	AU Description	Account (4-dig)	Acct Description	Decrease Revenue Current Fiscal Year	Increase Revenue Next Fiscal Year	Transaction Description (30 char. max)
101652	EXEC ED-MINI MBA	2210	DEFERRED REVENUE		\$ 11,000.00	July Mini MBA from 3630
101652	EXEC ED-MINI MBA	3630	SEMINARS/WORKSHOPS	\$ 11,000.00		July Mini MBA to deferred
101652	EXEC ED-MINI MBA	2210	DEFERRED REVENUE		\$ 22,000.00	July Mini MBA from 3630
101652	EXEC ED-MINI MBA	3630	SEMINARS/WORKSHOPS	\$ 22,000.00		July Mini MBA to deferred

Provide name of preparer → Business Manager
Indicate reason for revenue deferral → Department Approval:
Provide Accounting Unit → Accounting Unit (6-dig)
Provide Revenue Account → Account (4-dig)
Provide Revenue Amount → Decrease Revenue Current Fiscal Year
Provide Revenue Amount → Increase Revenue Next Fiscal Year
Provide a proper description for all lines → Transaction Description (30 char. max)

Reminders:

- 1) Submit form to accounting@luc.edu in Excel format only
- 2) Attach documentation that supports the revenue deferral, such as BI report showing original deposit
- 3) The transactions above will be reversed in the following fiscal year and your revenue will be transferred accordingly

Prepaid Expenses

- If an invoice is paid in FY24 which relates to goods, services, conference travel, or events *taking place in FY25*, expenses should be submitted using account 1810 (Prepaid Expense), from now until June 30th, 2024. Instruct AP to code the expense to account 1810 and list in the comment section that it is for FY25 and the expense account (6XXX). See example below:

Distribution of Expenses

*Accounting Unit or Activity	*Account/Account Category	*Amount
190027 - UNIVERSITY INSTITUTIONAL	1810 - PREPAID EXPENSES	\$1,000.00

*Comments/Remarks

FY25 Expense - Charge account 6252

- If you recognize an item in your expense account prior to year end relating to FY25, submit a GL transfer (formerly expense transfer) form to move the expense out of this year's expense budget into account 1810.
 - Common examples of prepaid expenses include:
 - Deposits on venues for events taking place after June 30th
 - Subscription payments that cover periods after July 1st
 - Payments on travel or other activities taking place after July 1st


Year End Payroll Adjustments & Salary Accruals

- Review salary accounting units (AU) for the year, make sure that expenses are in the correct AU.
- Please review your salary accounts in May and early June to make sure your *summer faculty payments* are being charged to the correct AU-Accounts. Summer faculty salary should be charged to the specific summer salary accounts (5026 or 5031). If they are not booked correctly, please contact HR to correct the future payments, and submit a Salary Transfer Request as soon as possible to Gen Acct to move the payments already booked.
- Any salary changes should be made with the *Salary Transfer Request Form*, NOT the standard expense transfer form. Any adjustments must be received by **Wednesday, June 12th, 2024**, NO EXCEPTIONS.
- **Friday June 7th, 2024** will be the last pay date that can be adjusted in FY24
- The University will post payroll expense for the fiscal year through June 29th .
- Please follow Sponsored Program Accounting's year-end payroll adjustment deadlines for any corrections involving Gift or Grant AUs.

General Accounting Salary Transfer Request Form

Email [Salary Transfer Request form](#) to Christine Fraczkowski at cfraczkowski@luc.edu

Salary Transfers involving SPA AUs must be sent to SPA directly.

 LOYOLA UNIVERSITY CHICAGO General Accounting Salary Transfer Request Note: This form should only be used to request transfer of salary expenses between operating or endowment AUs If you have a transfer that involves Sponsored Program Accounting AUs (grants, gifts, incentives, RSEs), please follow SPA's procedures for requirements and submission.													
Please provide the information below regarding the salary for transfer. Instructions are available on the Finance page at LUC.edu under Resources -> Online Forms If the salary for transfer is charged to multiple PPE (Pay Period End) dates or AU-Accounts, or needs to be transferred to multiple AU-Accounts, please create a separate line for each expense. The "Position #" columns are not required unless you are requesting the correction of a position number. Please enter information for salary ONLY. Please do NOT include fringe benefit amounts.													
Send completed excel form, along with any relevant backup, to Christine Fraczkowski in General Accounting (cfraczkowski@luc.edu). Salary transfers will post to the GL on biweekly pay days.													
	AU-Account currently charged to AU	Account	Current Position # (if applicable)	Employee ID Number	Employee Name	PPE Date	Amount	AU-Account to move expense to AU	Account	Correct Position # (if applicable)	Reason for transfer	Requested by	Date of Request
1													
2													

GL (Expense) Transfer Procedures - Accounting

1) Expense transfers should be submitted in the Microsoft Excel template with accompanying documentation to substantiate the transfer.

- Expense transfers submitted without documentation will be returned to the requestor and will not be processed until resubmitted with proper documentation.

2) Please combine expense transfers to the extent possible, especially when sending in transfers for small dollar amounts. The volume of transfers at year-end is large and we appreciate your efforts in consolidating transfers.

3) If transferring large amounts of transactions between AU's and the detail is not necessary, please consider using account code 6835 (Expense transfers) for lump sum transfers. This eliminates having to itemize each individual transaction and is ideal for transferring partial expenses.

Example: transferring \$10,000 in expenses from Operating AU to Endowment AU. The support would include the Operating AU report and show that the AU has at least \$10,000 in expenses.

Enter an explanation for this Expense Transfer *THIS FIELD IS REQUIRED*			Moving \$10,000 in expenditures to Endowment AU as endowment should have covered these expenses					
Accounting Unit (6-dig)	AU Description	Account (4-dig)	Acct Description	Activity	Account Category	Increase Expense	Decrease Expense	Transaction Description (30 char. max)
400455	SIBERIAN SOCIETY ENDOWED SCHOL	6835	EXPENSE TRANSFERS			\$ 10,000.00		Xfer from 100905
100905	LOYOLA RETREAT CENTER	6835	EXPENSE TRANSFERS				\$ 10,000.00	Xfer to 400455

4) Do not send in expense transfers for items that have not yet been **posted** to the general ledger. These transfers will be returned and require re-submission for posting.

Upcoming GL (Expense Transfer) Deadlines

May Deadline:

- Expense transfers to clean up/reconcile FY24 activity prior to May 31st should be submitted by no later than **Monday, June 3rd, 2024.**
 - **Reminder:** We are only processing transfers for items not older than 60 days, so during the month of May we will only process transactions that occurred in March/April/May.

June Deadline:

- The deadline for June journal entries and GL (expense) transfers will be **Monday, July 8th, 2024.**
- *GL (expense) transfers are not meant to replace the review of Procard transactions in PNC Active Pay.* Please review the expenses of your card holders and where they are being charged prior to the final Procard download on **Friday, June 28th, 2024, at Noon.**

Lease Survey

- Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842) adopted in FY21
- A Lease is a contract, or part of a contract, that conveys the **right to control the use** of identified property, plant, or equipment (an identified asset) for a period of time in exchange for consideration.
- Lease Survey will be sent out by **May 28th**
 - To determine potential agreements that should be considered as a lease i.e. LUC, as the lessee, has the right to control the use of an identified asset
 - To obtain information to be included in the Notes to the Financial Statements required by the ASU
- Please complete the Lease Survey by **June 7th**.

General Accounting Form Links

All Forms:

<https://www.luc.edu/finance/forms.shtml>

GL (Expense) Transfer form:

<https://www.luc.edu/media/lucedu/finance/documents/exptrans.xlsx>

Year End Accrual form (Expense Accrual/Accounts Receivable/Revenue Deferral):

https://www.luc.edu/media/lucedu/finance/documents/year_end_accrual_form.xlsx

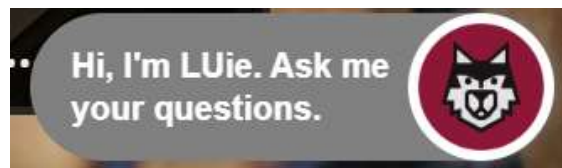
Fiscal Year 2024 Year-end Presentations for all departments

<https://www.luc.edu/finance/fiscalyear-endinformation/>

QUESTIONS?

LOOKING AHEAD: LOOK OUT FOR THE **FINANCIAL SERVICES** FY24 YEAR-END DEADLINES ANNOUNCEMENT TO BE SENT OUT ON MAY 16TH

LUie Chatbot - Loyola's Digital Assistant/Chatbot has recently been updated to include frequently asked financial questions. LUie now appears on the Finance, SPA and Purchasing webpages. Feel free to ask him a question today!



Thank you for joining us today!

**FISCAL YEAR-END 2024
INFORMATION SESSION**

