Presentation Instructions

- Questions can be submitted to uhgalc@hawaii.edu
- Presentation will be posted to UH FMO website:
  - Financial Management Office website

Agenda

- FY2020 Year End Close Key Milestones
- KFS Service Date Requirement
- Need for Accounting Accruals
- Types of Accounting Accruals/Adjustments
  - Fiscal Administrator Initiated Adjustments
  - Central Office Initiated Adjustments
- Submission of JV Worksheets
- Capital Leases
FY2020 Year End Close Key Milestones

• Changes from prior year and key items
  ▫ KFS will be disabled on 7/1 at 7pm **DO NOT PROCESS ANY TRANSACTIONS IN KFS ON 7/1/20 EXCEPT FOR FY20 BANK DEPOSITS/RECEIPTS AND FY20 BANK DEBIT/CREDIT MEMOS**
  ▫ Record Clearing/Continuation account adjustments by 6/23/2020 (G Funds) and 6/29/2020 (all other funds)
  ▫ PCDOs with create dates through 6/14/2020 will be system approved at 8pm on 6/19/2020
  ▫ Outstanding invoices for goods/services received on or before 6/30/2020 should be paid by 8/3/2020

FY2020 Year End Close Key Milestones continued

• Changes from prior year and key items continued
  ▫ Accounts payable accrual will be based on vendor and sub-recipient invoices paid through 8/3 with service dates on or prior to 6/30/2020 in the UH KFS AP system
  ▫ Special instructions for construction and Bookstore MIT invoices
  ▫ Record A/P over $100,000 not paid by 8/3/2020 via L-11 JV Worksheet
  ▫ Record ALL construction A/P as of 6/30/2020 (including retainage) via L-11 JV Worksheet
  ▫ There will be no De Minimis for recording construction invoices

FY2020 Year End Close Key Milestones continued 2

• Capital Asset Reminders
  ▫ Annual Inventory Verification Reports will be available on PageCenterX - New FAs will need to be sure they have access to their appropriate mailbox by submitting the KFS Security Form (FSD-40). The form and instructions can be accessed on the FMO website: Financial Management Office Financial Systems Forms
  ▫ Asset edits, loans, transfers, retirements, etc. should be in "Action List Approve" in KFS for CAAO on 6/12/2020 to ensure that updated information is captured for the FY20 Annual Inventory Verification Report
FY2020 Year End Close Key Milestones continued

- **Reminders**
  - Funds for fiscal year 2020 must not be encumbered or expended prior to 7/1/2020
  - No General fund or Payroll encumbrances
  - Ask vendors and sub-recipients to submit outstanding invoices as soon as possible
- **New fiscal year is scheduled to open in KFS on July 8, 2020**
  - KFS will not be available from 7/2 through 7/7 during the balance roll forward process

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**KFS Service Date Requirement**

- **What**
  - Provide accurate service date information regardless of when a bill is being paid
  - If you have questions on the appropriate service date to use, please email your question to uhgalc@hawaii.edu
- **Why**
  - Improve AP information in KFS
  - Throughout the closing process, analytics are performed on payment data
  - Incorrect service date information impacts the effectiveness of the analysis
  - Enhance completeness and timeliness of AP accruals and prevent unrecorded liabilities

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**Service Dates for Fiscal Year-End Payment Processing**

<table>
<thead>
<tr>
<th>SERVICE DATE SCENARIO</th>
<th>Date to enter in Goods/Services Record date field</th>
<th>OTHER ACTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Service period entirely within FY 2020</td>
<td>Last day of service</td>
<td></td>
</tr>
<tr>
<td>2 Majority of service in FY 2020</td>
<td>06/30/2020</td>
<td></td>
</tr>
<tr>
<td>3 Majority of service in FY 2021</td>
<td>Last day of service</td>
<td></td>
</tr>
<tr>
<td>4 Goods received</td>
<td>Actual date received</td>
<td></td>
</tr>
<tr>
<td>5 Payment for future services</td>
<td>Last day of service</td>
<td></td>
</tr>
<tr>
<td>6 Utility bills paid using DV when service period includes FY 2020 and FY 2021</td>
<td>06/30/2020 and last day of service</td>
<td>Pro-rate amounts on separate accounting lines. Attach pro-ratio worksheet to DV.</td>
</tr>
<tr>
<td>7 Utility bills paid using PREQ when service period includes FY 2020 and FY 2021</td>
<td>06/30/2020</td>
<td>Attach pro-ratio worksheet to PREQ.</td>
</tr>
</tbody>
</table>
Reminder

- Fiscal Year 20 Year End Closing Schedule has been posted on the FMO website for your reference: [Financial Management Office General Accounting](#)

Why We Have to Record Accounting Accruals

MATCHING CONCEPT

Matching Principle

- Requires an entity to match revenues with related expenses so profitability during a specified time interval is accurately stated
  - Revenues are recognized when earned
  - Expenses are recognized when incurred
- Examples
  - #1 - Fall 2020 tuition and fee revenue should match the salary and other related expenses incurred to support Fall 2020 semester. Therefore, we re-allocate
  - the fall revenue to fiscal year 2021 because the semester has not started
  - the accounts receivable to fiscal year 2021 because the amount is not yet due from students
  - #2 - Goods or services have been received but have not been paid for by the end of the fiscal year
  - #3 - Inventories (e.g. supplies) have been paid for but have not been consumed
Types of Accounting Accruals/Adjustments

- Receivables
- Payables
- Unearned revenue
- Prepaid expenses
- Inventories
- Eliminations

Fiscal Administrator Initiated Adjustments

- Accounts Receivable (non-KFS A/R)
- Allowance for Doubtful Accounts (non-KFS A/R)
- Inventory
- Prepaid Expenses
- Accrued Payroll
- Unearned Revenue
- Certain Accounts Payable
- Tuition and Housing waivers
- RCUH G,R,S Account Adjustments

<table>
<thead>
<tr>
<th>JV Type</th>
<th>Purpose</th>
<th>De Minimis</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>A-01</td>
<td>A/R Revenue earned on or prior to June 30, 2020</td>
<td>$5,000</td>
<td>Detail list</td>
</tr>
<tr>
<td>A-02</td>
<td>A/R G Fund expense reimbursement as of June 30, 2020</td>
<td>None</td>
<td>Detail list</td>
</tr>
<tr>
<td>A-03</td>
<td>A/R Reimbursement of expenses for services (REX) provided on or prior to June 30, 2020</td>
<td>$5,000</td>
<td>No inter-departmental or G fund amounts</td>
</tr>
<tr>
<td>A-04</td>
<td>Allowance for doubtful accounts for A/R balances aged over 180 days</td>
<td>$5,000</td>
<td>Detail list</td>
</tr>
</tbody>
</table>
### Fiscal Administrator Initiated Adjustments

**Accounts Receivable (non-Banner, non-KFS A/R) continued**

<table>
<thead>
<tr>
<th>JV Type</th>
<th>Purpose</th>
<th>De Minimis</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>A-05</td>
<td>A/R CC Destiny Next FY A/R Adjustment – To reverse Destiny A/R balances that pertain to classes that begin after June 30, 2020</td>
<td>None</td>
<td>Detail list</td>
</tr>
<tr>
<td>A-06</td>
<td>Allowance for doubtful accounts for Destiny A/R balances aged over 180 days as of June 30, 2020</td>
<td>None</td>
<td>Detail list</td>
</tr>
<tr>
<td>A-10</td>
<td>Short Term Loan receivable allowance for loan balances aged over 180 days</td>
<td>None</td>
<td>Detail list</td>
</tr>
</tbody>
</table>

### Fiscal Administrator Initiated Adjustments

**Inventory, Prepaid Expenses, Accrued Payroll**

<table>
<thead>
<tr>
<th>JV Type</th>
<th>Purpose</th>
<th>De Minimis</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>A-08</td>
<td>Inventory – Merchandise / Supplies on hand at June 30, 2020. Items that will be used or charged to others as a part of departmental operations.</td>
<td>$5,000</td>
<td>Detail list</td>
</tr>
<tr>
<td>A-09</td>
<td>Prepaid Expense – Goods and services that were paid for but will be used in a fiscal period after June 30, 2020.</td>
<td>$5,000</td>
<td>Detail list</td>
</tr>
<tr>
<td>L-02</td>
<td>Accrued Payroll – Employee services rendered on or before June 30, 2020, but not paid on the July 2 or 20, 2020 payroll.</td>
<td>$5,000</td>
<td>Detail list</td>
</tr>
</tbody>
</table>

### Fiscal Administrator Initiated Adjustments

**Unearned Revenue**

<table>
<thead>
<tr>
<th>JV Type</th>
<th>Purpose</th>
<th>De Minimis</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>L-03</td>
<td>Unearned Revenue (Non-Banner) – Payments received by June 30, 2020 for goods or services that will be rendered in a future accounting period. If the revenue for services crosses fiscal years, the amounts should be prorated and recorded in the appropriate fiscal year.</td>
<td>$5,000</td>
<td>Detail list</td>
</tr>
</tbody>
</table>
### Fiscal Administrator Initiated Adjustments
#### Accounts Payable

<table>
<thead>
<tr>
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<th>Purpose</th>
<th>De Minimis</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>L-11</td>
<td>Accounts Payable (Construction) – Amounts owed for construction projects for goods and services received through June 30, 2020. Include amounts owed for construction retainage.</td>
<td>None</td>
<td>Invoice copies. Use projections if actual amounts not available.</td>
</tr>
<tr>
<td>L-11</td>
<td>Accounts Payable ($&gt;$100,000) Not paid by 8/3/2020 - Amounts due to vendors for goods and services received through June 30, 2020.</td>
<td>$100,000</td>
<td>Invoice copies. Use projections if actual amounts not available.</td>
</tr>
</tbody>
</table>

#### Non-Banner Waivers

<table>
<thead>
<tr>
<th>JV Type</th>
<th>Purpose</th>
<th>De Minimis</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>P-02</td>
<td>Non-Banner Student Tuition/Fee/Housing Discounts and Allowance (Waivers)</td>
<td>$5,000</td>
<td>Detail list</td>
</tr>
<tr>
<td>P-03</td>
<td>Non-Banner Employee Tuition/Fee/Housing Discounts and Allowances (Waivers)</td>
<td>$5,000</td>
<td>Detail list</td>
</tr>
<tr>
<td>P-05</td>
<td>Other Fee Waivers/Discounts</td>
<td>$5,000</td>
<td>Detail list</td>
</tr>
</tbody>
</table>

#### RCUH G,R,S Account Adjustments

<table>
<thead>
<tr>
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<th>De Minimis</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>A-07</td>
<td>Due from RCUH - Unexpended balances of &quot;2732&quot; advances to RCUH as of June 30, 2020. Enter RCUH project number in Org Ref ID column</td>
<td>None</td>
<td>Detail list Supporting document RCLH BSR/BCR</td>
</tr>
<tr>
<td>L-07</td>
<td>Due to RCLH – Amounts due to RCLH for payments made by RCLH as of June 30, 2020. Enter RCUH project number in Org Ref ID column</td>
<td>None</td>
<td>Detail list Supporting documents RCLH BSR/BCR</td>
</tr>
</tbody>
</table>
Fiscal Administrator Initiated Adjustments
RCUH G,R,S Account Adjustments Continued

<table>
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<tr>
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<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>P-01</td>
<td>RCUH Expense to Proper Object Code - Reclassify expenditures made by RCUH from 7232 RCUH EXPENSE/ADVANCE to the proper expense object code. Enter RCUH project number in Org Ref ID column. For accounts that maintain inception to date balances, you will need to do a DI for the same reclassification in the new fiscal year (2021). Include the FY20 DI edoc number in the explanation field of the P-01 worksheet.</td>
<td>None</td>
<td>Detail 1st Support RCUH BSR/BCR</td>
</tr>
</tbody>
</table>

Central Offices Initiated Accruals/Adjustments

- Accrued Payroll and Fringe Benefits
- Accrued Vacation
- KFS A/R Allowance for Doubtful Accounts
- KFS FMIS A/R (8366) Allow for Doubtful Accts
- Non Imposed Fringe Benefits
- Inter-Departmental Eliminations
- Sponsored Projects Revenue Recognition
- Banner Transaction Adjustments

JV Worksheet
Submission of JV Worksheets

- 2020 Templates are posted to the FMO website
- If possible, please consolidate your JVs by JV type
- Do not include multiple JVs in one Excel workbook
- Do not change the formatting of the Year End JV worksheet
- Do not delete or hide any columns even if you do not use them
- Additional columns can be added anywhere after the last column
- The “Project” column is only for actual project numbers set up in KFS
- Sub-accounts must be set up in KFS
- Sub-object codes and the accrual sub-objects must be set up in KFS

Financial Management Office

Thank you for viewing this presentation