



Rochester Institute of Technology

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**Controller's Division  
Accounting Office  
Eastman Building, 6<sup>th</sup> floor**

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**To:** Institute Managers  
**From:** Andrea Napoli, Manager of Accounting  
**Date:** June 2, 2009  
**Subject:** **Fiscal Year 2009: Year-End Closing Procedures**

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The end of RIT's 2008-2009 fiscal year is rapidly approaching. We have prepared the information in this memo to familiarize or reacquaint you with RIT's year-end processes.

We will need your help in processing year-end work according to the dates specified in this memo. In order to prepare the University's financial records for our annual audit, Accounting will strictly adhere to the dates and cutoffs detailed in Section A. Please share this information with individuals in your department who are involved in the year-end closing process. The information in this memo is also located on the Controller's Office web page: <http://finweb.rit.edu/controller/>; click on "Accounting" and then on "RIT Fiscal Year-End 2009 Closing Process and Procedures".

**A. Significant Year End Processing Dates**

<b>Deadline</b>	<b>Transaction</b>	<b>Notes</b>
<b>Tuesday June 30<sup>th</sup> 12:30 pm</b>	<b>Cash receipt deposits and Petty Cash receipts</b>	In order for cash receipt deposits and Petty Cash receipts to be reflected on your FY 2009 June final department statements, take all transactions to Student Financial Services, in the new USC building, by 12:30 p.m.
<b>Tuesday June 30<sup>th</sup> 4:30 pm</b>	<b>Purchase Order invoices, Invoice Payment Forms and Travel Expense Reports</b>	The last day that FY 2009 Purchase Order invoices, Invoice Payment Forms and Travel Expense Reports will be accepted by Accounts Payable for processing for the preliminary statements. Please do not hold PO Invoices, Invoice Payment Forms or Travel Expense Reports until the last moment. An even flow of paperwork to the Accounts Payable Office throughout June is appreciated. Invoices received in Accounts Payable after June 30 <sup>th</sup> will be accrued, if necessary, by Accounts Payable staff (see Section H for additional information regarding accruals).
<b>Thursday July 2<sup>nd</sup> 4:30 pm</b>	<b>Journal Entries</b>	The last day for departments to enter June journal entries on-line in order for them to appear on preliminary department statements.
<b>Thursday July 2<sup>nd</sup> 4:30 pm</b>	<b>Accounts Receivable</b>	The last day that FY 2009 invoices may be entered into the accounts receivable system.

Deadline	Transaction	Notes
<b>Monday July 6<sup>th</sup> 4:30 pm</b>	<b>Additional Payment requests</b>	All Additional Payment requests for work performed during fiscal year 2009 must be received in Payroll by July 6 <sup>th</sup> to be reflected on June preliminary department statements.
<b>Monday July 6<sup>th</sup> 4:30 pm</b>	<b>Purchase Order Accruals</b>	Purchasing will automatically accrue for items received on purchase orders in Oracle by Central Receiving on or before June 30 <sup>th</sup> , 2009 (i.e., PO's received without approved invoices in the accounts payable system). Verify your open PO's to ensure that quantities received and dates received are correct and should be accrued.
<b>Wednesday July 8<sup>th</sup></b>	<b>Preliminary Department Statements</b>	Preliminary June 2009 department statements and other standard reports will be available for printing by departments. Accounting will notify departments via email. Please do not print your financial reports for June in advance since they may not contain complete information. <b><i>Review information on your preliminary department statements carefully to determine if any FY 2009 adjustments are required.</i></b>
<b>Wednesday July 15<sup>th</sup> 4:30 pm</b>	<b>Journal Entries</b>	The <b>last</b> day for departments to enter June final journal entries on-line in order for them to appear on the final June 2009 department statements.
<b>Wednesday July 22<sup>nd</sup></b>	<b>Final Department Statements</b>	Final June 2009 department statements and other financial information will be available for printing by departments. Accounting will notify departments via email. Please do not print your final financial reports for June in advance of this date since they may not contain complete information.

## B. Assistance with Year-End Processes

If you have questions or require assistance with year-end processes, you may contact the following individuals:

Subject	Name	Extension
Agency Accounts (Projects beginning with a 9XXXX)	Lorraine McEvoy	5-2375
Budget Entries	Chris Monaco	5-5982
Capital Equipment Statements (Project 84200)	Kerry Phillips	5-2297
Department Statements, Encumbrances	Gary Maccarone	5-2237
Fixed Assets & Plant Project Accounts	Jane McGrath-Briggs	5-4933
Special & Designated Projects (1XXXX)	Gary Maccarone	5-2237
Grants & Contracts (3XXXX projects)	Sponsored Programs Accounting	See SPA directory for contact information: <a href="http://finweb.rit.edu/controller/sponsored/assignments.html">http://finweb.rit.edu/controller/sponsored/assignments.html</a>
Gift & Endowment Projects (2, 6 & 7 XXXX)	Pricilla Schiffhauer	5-7872
Invoice Payment Forms	Peg Murrer Christa Abugasea	5-4900 5-2418

Subject	Name	Extension
Journal Entries, Petty Cash, Deposits, Internal File Feeds	Gary Maccarone or Lorraine McEvoy	5-2237 5-2375
Payroll Expenses	Kitty Stappenbeck Christa Abugasea	5-5580 5-2418
Procurement Card Purchases, BTA & GTA Accounts	Valerie Russell	5-4491
Purchase Order Invoices	Janet Bristol Peg Murrer	5-2372 5-4900
Travel Expense Reports	Mary Kay Tyner Peg Murrer	5-7221 5-4900
Vendor System Contracts/External File Feeds	Lorraine McEvoy	5-2375

### C. Fiscal Year 2009 Expenses

RIT accounts for expenditures on an accrual basis. This means that **expenditures are recognized in the year in which goods are received or services are rendered**, not necessarily the year in which they are ordered or the year in which payment is made.

**Accounts Payable** – Your department’s FY 2009 budget will be charged for all invoices for services or merchandise received on or before June 30<sup>th</sup>, 2009. Your department’s FY 2010 (next year’s) budget will be charged for services or merchandise received on or after July 1<sup>st</sup>, 2009.

Examples:

1. In April 2009, your department issued a purchase order for 12 boxes of toner, which is received in August 2009. The cost of the toner is a FY 2010 (next year’s) expense because the toner was received in FY 2010 (after June 30<sup>th</sup>, 2009).
2. In July 2009, your department receives an invoice for a reference textbook received in May 2009. The cost of the textbook will be charged to your FY 2009 (this year’s) budget since the textbook was received in FY 2009 (prior to July 1, 2009). Notify Central Receiving (ext. 5-2119 email: [snlpre@rit.edu](mailto:snlpre@rit.edu)) immediately if items ordered on a purchase order are delivered directly to your department so that they can update receiving information in the purchasing system.

**Payroll** – Your department’s FY 2009 budget will be charged for all salaries and wages earned on or before June 30<sup>th</sup>, 2009. Your department’s FY 2010 (next year’s) budget will be charged for all salaries and wages earned after July 1<sup>st</sup>, 2009. Wages earned in the bi-weekly pay period beginning on June 5<sup>th</sup> and ending on June 18<sup>th</sup> will be paid on June 26<sup>th</sup>. ***The payroll distribution report for June 2009 will reflect these charges.***

Accounting will process an accrual for June 19<sup>th</sup> through June 30<sup>th</sup> (twelve days in the pay period June 19<sup>th</sup> – July 2<sup>nd</sup>, earned in FY 2009 and paid in FY 2010) prior to the preliminary June closing. The accrual will be automatically reversed in FY 2009.

Regular salaries for faculty and staff who are paid semi-monthly are not accrued since they will be paid on June 30<sup>th</sup>, 2009 for the period June 16<sup>th</sup> – 30<sup>th</sup>.

All Additional Payment requests for work performed in FY 2009 must be received in the Payroll Office by July 6<sup>th</sup> to be reflected on your June preliminary department statements. Additional Payment requests for work performed in FY 2009 received up to July 20<sup>th</sup> will be reflected on

your final June department statements. Additional Payment requests received in the Payroll Office after July 20<sup>th</sup> will be reflected on your department's FY 2010 department statement.

Examples:

1. A student in your department worked 40 hours during the pay period June 19<sup>th</sup> - July 2<sup>nd</sup>. The student will be paid \$280 (40 X \$7.00) on Friday July 10<sup>th</sup>, in FY 2010. Prior to the preliminary June closing, Accounting will charge \$240 ( $\$280/14 \times 12$ ) to your department's FY 2009 budget on the student salary line (71250). In July (FY 2010), Accounting will reverse the accrual and a credit of \$240 will be reflected on the student salary line. The impact on your FY 2010 budget will be \$40.00 (\$280.00 actual payroll expense on 7/10 less \$240.00 accrual reversal).
2. On June 26<sup>th</sup>, your department processes an exempt Additional Payment request for a staff person for extra work performed during the pay period June 1<sup>st</sup> – 15<sup>th</sup>. The Payroll Office will process the Additional Payment and the amount will be included in the employee's pay on July 15<sup>th</sup>. This amount will be charged to your department's FY 2009 budget through an accrual and will be reflected on your June preliminary and final department statements.

#### D. Prepaid Expenses

Sometimes, especially during the latter part of the fiscal year, it is necessary to prepay expenses relating to the following year's (FY 2010) budget. This often occurs with maintenance and service contracts, fees for seminars, membership dues, and subscriptions. Accounts Payable, after verifying dates of service, will charge these expenses to a prepaid general ledger account in FY 2009. These payments **will not** be reflected on your FY 2009 budget.

In July 2009, Accounts Payable will prepare the journal entry (Oracle category = Prepaid) to charge these expenses to the appropriate departments. These payments will be reflected on your FY 2010 budget.

Examples:

1. In June 2009, your department issues a purchase order for an annual copier maintenance contract and prepays for the service for the period July 1<sup>st</sup>, 2009 through June 30<sup>th</sup>, 2010. Accounts Payable will charge the expense to your department's FY 2010 budget.
2. In May 2009, it is necessary to pay in advance for a business trip you will take in July 2010 (e.g., hotel reservations, conference registration, etc.), and you prepare an Invoice Payment Form. Accounts Payable will charge these expenses to your department's FY 2010 budget.
3. In May 2009, you charge a conference registration fee for a conference being held in August 2010 on your procurement card. Prepare a journal entry (Oracle category = Prepaid) and forward documentation to Accounting, indicating the batch name, journal name, and date prepared (fax ext. 5-5583). Debit the prepaid account 01.15199.09000.00.00000.00000 and credit the appropriate expense account for your department. This entry will be automatically reversed in July 2010, charging the expense to your FY 2010 budget.

#### E. Accounts Receivable

All income for goods or services provided to an organization outside of RIT during FY 2009 should be recorded by June 30<sup>th</sup>, ***even if the payment has not yet been received from the customer.*** If your department is not yet using the Oracle Accounts Receivable system to prepare

invoices, prepare a journal entry in FY 2009 to debit your department's accounts receivable account: XX.XXXXX.04000.00.XXXXX.00000 and credit the appropriate income account for your department: XX.XXXXX.XXXXX.00.XXXXX.00000.

Example:

1. IPI provides research testing for 3M Corporation on May 9<sup>th</sup>, 2009. During May, a journal entry was recorded to debit accounts receivable 01.66500.04000.00.00000.00000 and credit corporate contracts income 01.66500.52100.00.00000.00000. When the payment is received by IPI, they will prepare a Deposit ID Form to credit the accounts receivable account listed above (01.66500.04000.00.00000.00000). The accounts receivable will clear as a result of the deposit. If at the end of June, the invoice amount remains unpaid, it will be remain in accounts receivable. A reconciliation of the balance sheet account will be required. Refer to the Account Reconciliation document located on the Controller's web page for more information: <http://finweb.rit.edu/controller/accounting/docs/reconciliations.pdf>

## F. Deferred Income

When RIT receives income in advance of providing the service it is considered Deferred Income. The income is recorded in the year the service is rendered, not when it is received. If you receive a payment in FY 2009 for services to be provided in FY 2010, record the income in your department's deferred income account: XX.XXXXX.36280.00.XXXXX.00000. When the service is rendered in FY 2010, prepare a journal entry to debit deferred income and credit your department's income account.

Examples:

1. In April 2009, Gates-Chili High School made a deposit to reserve the Field House for their high school graduations for 2010 through 2011. In 2009, the Field House will record the deposit in their deferred income account. In 2010, after the first graduation ceremony, they will debit their deferred income account and credit their income account for the amount of the deposit received for year 1. They will continue this process for each of the subsequent years until FY 2011 at which time all revenue will be recognized.
2. In June 2009, several alumni made reservations and paid the fee to attend the FY 2010 Brick City Weekend. In June 2009, Alumni Relations will record the fee in their department's deferred account 01.XXXXX.36280.00.XXXXX.00000. In November 2010, after Brick City Weekend, Alumni Relations will prepare a journal entry to debit the deferred income account and credit revenue.

## G. Processing Year-End Invoices, Invoice Payment & Travel Forms

Although FY 2009 officially ends on June 30<sup>th</sup>, 2009, for a couple days after that date Accounts Payable will continue to charge PO invoices, Invoice Payment Forms, and Travel Expense Reports for goods and services received before July 1<sup>st</sup>, 2009 to FY 2009 budgets.

Accounts Payable staff will process invoices for Purchase Orders, Invoice Payment Forms, and Travel Expense Reports for FY 2009 and FY 2010 simultaneously until Monday July 6<sup>th</sup> at Noon. **The date the goods are received or the services are rendered will determine which fiscal year the payment is charged to.**

At the close of business on July 6<sup>th</sup>, the Purchasing Department will run a process to accrue purchase orders received by June 30<sup>th</sup> and not yet invoiced. This means that these items will be

charged to your department's FY 2009 budget through the accrual process and will be reversed automatically in FY 2010. When the invoice arrives, it will be processed and paid in FY 2010, with no impact to your FY 2010 budget.

Accounts Payable staff will process accrual entries for FY 2009 Invoice Payment Forms and Travel Expense Reports that have not been entered into the Accounts Payable system by July 6<sup>th</sup>.

## **H. Invoices Not Entered into Accounts Payable by July 6<sup>th</sup>**

**Purchase Orders** – Items purchased through the purchasing system will be automatically accrued through a purchasing accrual process if they are received in Central Receiving on or before June 30<sup>th</sup>, 2009. If items were delivered directly to your department, bypassing Central Receiving, please fax a copy of the packing slip to Receiving at ext. 5-6815. Receiving will update the purchasing system and the item will be accrued automatically.

**Other Invoices** – Accounts Payable will accrue all invoices for goods and/or services received on or before June 30<sup>th</sup> that are received in Accounts Payable but not entered in the Accounts Payable system by July 6<sup>th</sup>. Departments will accrue FY 2009 expenses for which there is no invoice. Prepare an accrual journal entry (Oracle category = Year-End Accrual). Debit the appropriate expense account for your department and credit the following accounts payable accrual account: 01.15199.32900.00.00000.00000. Forward documentation, such as a packing slip, to Accounting indicating the batch name, journal name, and date prepared (fax ext. 5-5583). When the actual invoice is received, indicate on the face of the invoice "Accrued FY 2009". This is an important step – it will prevent Accounts Payable from accruing the invoice a second time. Accounts Payable will process the payment with no impact to your FY 2010 budget.

Example:

1. Your department contracted for consulting services provided during April and May 2009. The consultant has not sent an invoice, and cannot be reached in July. Prepare a "Year-End Accrual" journal entry with the anticipated amount due to the consultant. This amount will be charged to your FY 2009 budget through the accrual process and reversed in FY 2010. When the invoice arrives, mark it prominently with "Accrued FY 2009" prior to sending to Accounts Payable. The invoice will be paid in FY 2010.

## **I. Procurement Card Purchases**

The closing date for items to appear on your June procurement card statement from JPMorganChase is June 30<sup>th</sup>. If you make last minute purchases and charge them to your procurement card, there is a possibility that they may not be charged against your FY 2009 budget. Prepare an accrual journal entry (Oracle category = Year-End Accrual) and forward the documentation to Accounting, indicating the batch name, journal name, and date prepared (fax ext. 5-5583). Debit the appropriate expense account for your department and credit the accounts payable accrual account: 01.15199.32900.00.00000.00000.

Example:

1. You purchased a desktop printer at Best Buy on your procurement card for \$324.92 on June 30<sup>th</sup>. The charge does not appear on your JPMorganChase statement but it does appear on-line (Paymentnet) on July 1<sup>st</sup>. Prepare a year-end "Year-End Accrual" journal entry for \$324.92 and send the documentation to Accounting. The amount will be charged against your FY 2009 budget through the accrual process and be reversed in FY 2010. When July billing

information is received from Paymentnet, the printer will be charged to your department in FY 2010, with no impact to your FY 2010 budget.

## **J. Encumbrances**

When an item is purchased on a purchase order, encumbrance entries are made automatically in the general ledger to record the anticipated expenditure. A requisition encumbrance, or commitment, is generated when a requisition is entered. A purchase order encumbrance, or obligation, is recorded when a purchase order is created. ***An encumbrance is not an expense; it is for information and budget planning purposes only. The actual expense is not charged to your department's budget until the merchandise is received and the invoice is approved for payment.***

Examples:

1. In June 2009 you ordered two cases of toner for your copier. When the requisition was placed in the purchasing system, a commitment encumbrance was recorded on your department supply line. When the purchase order was generated, the commitment encumbrance was reversed and an obligation encumbrance was created. The toner was delivered on June 22<sup>nd</sup>, and the invoice was approved for payment in Accounts Payable on June 26<sup>th</sup>. At that time, the encumbrance will be reversed and the actual expense will be recorded on the ledger.
2. In June 2009 you ordered special forms to be delivered in August 2009. This expense will be charged to your FY 2010 budget since the order will be received after June 30<sup>th</sup>, 2009. The amount of the order will be encumbered at the time the order is placed and it will be reflected on your June department statement in the encumbrance column. The actual expense will be recorded in FY 2010 when the special forms are received and the invoice is approved for payment in Accounts Payable. Open encumbrances at June 30<sup>th</sup> will be carried over into FY 2010.

## **K. Special Format for June Preliminary and Final Department Statements**

There is a special year-end department statement with an “Available Balance Column” that does not include encumbrances (Working Budget – YTD Actual = Available Balance). ***Use this column to determine the actual balance remaining on each line of your budget.*** The column for Permanent Budget has been removed. For planning purposes only, there is a second available balance column that does include encumbrances (Working Budget – Encumbrances – YTD Actual = Available Balance w/ Enc.). The report is called “RIT FY 2009 Dept Stmt”.

If you have questions about information in this memo, please contact me at ext. 5-2911. We recognize that year-end closing procedures, particularly the charging of year-end invoices and year-end accrual entries, may be confusing for departments. We will work with you to answer any questions you may have or to clarify any processes referenced in the memo.

Thank you for your assistance as we wrap up another fiscal year.