I. Year-End Setup – Accounts Receivable & Accounts Payable (System Generated)

Purpose: Create unique prior year and current year liability and receivable object codes to differentiate between current and prior year accruals.
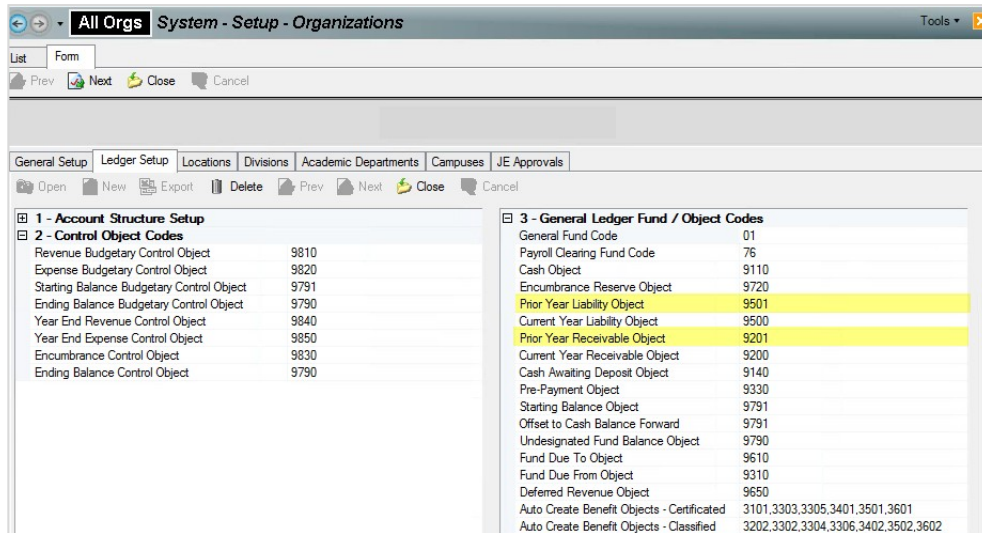
*How it works…*Balances in the ***current year*** accrual objects (9200, 9500) at fiscal year-end will roll forward and become the ***prior year*** accrual objects (9201, 9501) when the books are closed and the new years' starting balances are created. *For example, an accounts payable recorded in object 9500 at June 30 will roll forward into the new fiscal year as object 9501 when the starting balance journal entry is posted.*

How to record activities that cross fiscal years…

➢ **Accounts Receivable (AR):** Receipts after July 1 relating to the prior fiscal year.

Finance > AR > Enter receipts: Next Fiscal Year, enter 2020 receipts in Escape using **'Fiscal year 2020'.** The following journal entry will be created by the software:

Fiscal Year	Account	DR		CR	
2021	Current Year Receivable Object - 9200	$	XX		
	Revenue Account – 8xxx			$	XX
2022	Cash - 9110	$	XX		
	Prior Year Receivable Object - 9201			$	XX

➢ **Accounts Payable (AP):** Payments made after July 1 for goods/services received in the prior year.

Finance > AP > Enter Payments: Next Fiscal Year, enter 2020 payments in Escape using **'Fiscal year 2020'.** The following journal entry will be created by the software:

Fiscal Year	Account	DR		CR	
2021	Expense Account – 4xxx-7xxx	$	XX		
	Current Year Liability Object - 9500			$	XX
2022	Prior Year Liability Object - 9501	$	XX		
	Cash - 9110			$	XX

II. Posting Journal Entries to Recognize Accounts Receivable, Accounts Payable & Unearned Revenue

Purpose: To recognize Accounts Receivable, Accounts Payable & Unearned Revenue through Journal Entries for transactions **not** represented through the System Generated accrual processes.

How to record activities that cross fiscal years…

➢ **Accounts Receivable (AR):** Revenue accounts should be reviewed and adjusted to report all activity that took place during the fiscal year. The district should identify revenue earned or allocated, but not received by fiscal year-end June 30 and post the appropriate accrual entries. Accounts receivable are revenues due to the district but not received by fiscal year-end June 30. Revenues earned by or allocated to a school district from state or federal sources in excess of cash receipts during the fiscal year are recorded with a Journal Entry as shown below. Journal Entries would be created for accounts receivable items that were **not** recorded through the System Generated accounts receivable items (AR-Receipts) listed above.

Fiscal > Journal Entries: Two Journal Entries are posted. The first entry records the receivable in the closing year (2019-20) and the second entry reverses the receivable in the new year (2020-21).					
Fiscal Year	**Account**		**DR**		**CR**
2021	Current Year Receivable Object - 9200	$	XX		
	Revenue Account – 8xxx			$	XX
2022	Revenue Accounts – 8xxx	$	XX		
	Prior Year Receivable Object - 9201			$	XX

➢ **Accounts Payable (AP):** Expenditure (expense) accounts should be reviewed and adjusted to report all activity that took place during the fiscal year. The district should identify expenditures (expenses) incurred but not paid by the fiscal year-end June 30 and post the appropriate accrual entries. These may include salaries & benefits earned by employees (from the prior year), services delivered by contractors by the close of the fiscal year, and goods received prior to fiscal year-end. Journal Entries would be created for those accounts payable items that were **not** recorded through the System Generated accounts payable items (AP-Payments) listed above.

Finance > Journal Entries: Two Journal Entries are posted. The first entry records the payable in the closing year (2019-20) and the second entry reverses the payable in the new year (2020-21).					
Fiscal Year	**Account**		**DR**		**CR**
2021	Expense Account – 4xxx-7xxx	$	XX		
	Current Year Liability Object - 9500			$	XX
2022	Prior Year Liability Object - 9501	$	XX		
	Expense Account – 4xxx-7xxx			$	XX

➢ **Unearned Revenue:** Categorical programs are classified as subject to unearned revenue if their revenue is recognized when the qualifying expenditure is made. Revenue received but not expended by the end of the fiscal year must be reported as unearned revenue. To determine if a program is subject to unearned revenue, review the resource code on https://www2.cde.ca.gov/sacsquery/querybyresource.asp.

Finance > Journal Entries: Two Journal Entries are posted. The first entry records the unearned revenue in the closing year (2019-20) and the second entry reverses the unearned revenue in the new year (2020-21).					
Fiscal Year	**Account**		**DR**		**CR**
2021	Revenue Account – 8xxx	$	XX		
	Unearned Revenue - 9650			$	XX
2022	Unearned Revenue - 9650	$	XX		
	Revenue Account – 8xxx			$	XX

III. Tools to Clear Prior Year Accounts Receivable & Accounts Payable Balances

How to view balances that remain in the current year from prior year accruals:

➢ **Prior Year Accrual Balances:**

Helpful Report: Finance > Report Favorites > User ID: 61HUMPHREYST > PY Accrual Balances [Fiscal 01] After locating this report, you may want to save it as your own favorite report.
This report is a snapshot of the balances in the prior year accounts payable (object 9501) and prior year accounts receivable (object 9201). Balances can be quickly viewed and drilled into for additional detail.

All balances in prior year accruals (objects 9201 & 9501) should be cleared (zero balance) by the Second Interim reporting period (by January 31).

How to view transactions of accruals reversed in the current year:

➢ **Cleared Prior Year Accruals in Current Year:**

Helpful Report: Finance > Report Favorites > User ID: 61HUMPHREYST > Cleared PY Accruals [Fiscal 03] After locating this report, you may want to save it as your own favorite report.
This report is the detail of all accrual transactions (object 9201,9501) that have been reversed in the current year. The beginning balance for each resource/object combo ties to the ending balance of each resource/object combo in the **prior year**. The fiscal year should be set to the current fiscal year.

How to view transactions of accruals recorded in the prior year:

➢ **Prior Year Accrual Detail:**

Helpful Report: Finance > Report Favorites > User ID: 61HUMPHREYST > PY Accrual Detail [Fiscal 03] After locating this report, you may want to save it as your own favorite report.
This report is the detail of all accrual transactions (object 9200,9500) that have been recorded in the prior year. The ending balance for each resource/object combo ties to the beginning balance of each resource/object combo in the **new year**. The fiscal year should be set to the prior fiscal year.

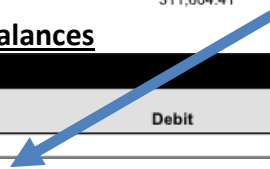*Ending Balance of Prior Year Accruals –* **PY Accrual Detail**

Detail for Dates 06/30/2020 through 06/30/2020							Fiscal Year 2019/20
Ref#	Pay To Name	Journal #	Description	Trans Date	Debit	Credit	Account Balance
Fund **01 - General**, Resource **0000 - Unrstrct**							
01-0000-0- - -9200- - - A/R							
			Total for Resource 0000 and Asset accounts		444,988.87		311,604.41

Beginning Balance of Cleared Prior Year Accruals in Current Year – **Cleared PY Accruals**

Detail for Dates 07/01/2020 through 06/30/2021							Fiscal Year 2020/21
Ref#	Pay To Name	Journal #	Description	Trans Date	Debit	Credit	Account Balance
Fund **01 - General**, Resource **0000 - Unrstrct**							
01-0000-0- - -9201- - - A/R-Prior Year							
		BB20-00004	Starting Balance	07/01/19		311,604.41	311,604.41

Balance Summary of Prior Year Accruals in Current Year – **PY Accrual Balances**

Balances through June (12)			Starting Balance			Fiscal Year 2020/21
FF- RRRR- Y- GGGG- FFFF- OOOO- SSS- MMMM- UUUU		Description	Starting Balance	Debit	Credit	Account Balance
Fund **01 - General**						
01- 0000- 0- - - 9201- - -		A/R-Prior Year	311,604.41	332,305.87	320,693.33	11,612.54

How to reconcile uncleared prior year accrual balances:

➢ The **Cleared PY Accruals** and **PY Accrual Detail** report transactions can be compared by crossing off corresponding debits and credits between the two reports to determine which accrual entries remain outstanding. The reports can be either printed or exported to Excel for data reconciliation. The total outstanding accruals for each resource/object combination in the **PY Accrual Detail** report ties out to the balance reflected in the **PY Accrual Balances** report and to the ending balances reflected in the **Cleared PY Accruals** report.

PY Accrual Detail

		Fiscal03a			Account Transaction Detail by Object-Balance		
Detail for Dates 06/30/2020 through 06/30/2020							Fiscal Year 2019/20
Ref#	Pay To Name	Journal #	Description	Trans Date	Debit	Credit	Account Balance
		AR19-01221	FACILITY USE FEES	06/30/19	1,877.73	✓	

Cleared PY Accruals

|							
		Fiscal03a			Account Transaction Detail by Object-Balance		
Detail for Dates 06/30/2020 through 06/30/2020							Fiscal Year 2019/20
Ref#	Pay To Name	Journal #	Description	Trans Date	Debit	Credit	Account Balance
		AR20-00009	FACILITY USE FEES	07/08/19		1,877.73 ✓	9,207.38

Escape Report: The Liability/Receivable Activity Report (Ledger02) can also be used for detailed accrual activity by account.

IV. Tools to Clear PAYX Accounts

Purpose: Escape will automatically post a Payroll "Sweep" Journal Entry after payroll processing is complete for each regular, supplemental, and manual payroll to move certain balances remaining in the District Payroll Transfer Fund (Fund 76) into the district's General Fund (Fund 01) in the following applicable accounts:

- 01-0000-0-   -   -9200-   -   -PAYX   Accounts Receivable
- 01-0000-0-   -   -9534-   -   -PAYX   Health & Welfare Liability
- 01-0000-0-   -   -9577-   -   -PAYX   All Other Contributions & Deductions Liability
- 01-0000-0-   -   -9539-   -   -PAYX   OPEB Liability

- *Helpful Tool*: *SBCEO Resources > Payroll > Payroll Transfer Fund Sweep*
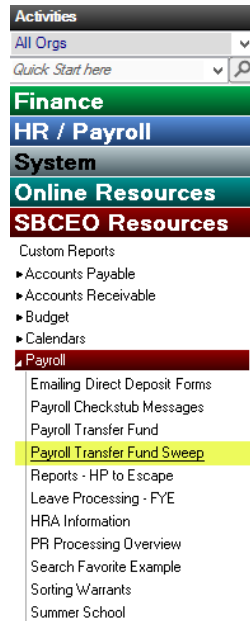
Balances in PAYX accounts should be reviewed and cleared monthly.

IMPORTANT All PAYX account balances should be cleared prior to closing the prior year.

Contact the SBAS Payroll Supervisor for additional support on reviewing PAYX account balances.