Fiscal Year End
Accounting Cut-off Procedures

May 14, 2025
Zoom

Agenda

- Why is proper Year End Cut-off important?

- What information is available?

- What are key considerations to remember?

Why is proper Year End Cut-off important?

- Required by GASB as GAAP for a clean audit opinion

- Ensures consistency in reporting from year to year

- Audit is relied upon by stakeholders to 'evaluate' MSU as an entity

- Accrual basis vs. Cash basis
  - Focuses on earned/incurred vs. received/disbursed

2024-25

2025-26

What information is available?

https://ctlr.msu.edu/financial-reporting/year-end-cutoff-procedures

Year End Cutoff

- Click for a complete download of the Year-End 2025 Cutoff Procedures.
- Click for Calendar of the Year-End 2025 Cutoff Dates.
- Click for the Fiscal Year End 2024 Accounting Cutoff Procedures Campus Forum Presentation - *2025 Presentation Upcoming*
- Click to View a Recording of the 2024 Cutoff Town Hall Presentation - *2025 Presentation Upcoming*

For a review of the individual Year-End 2025 Cutoff Procedures sections:

- Index: Year-End 2025 Cutoff Significant Dates Summary
- Index: Year-End 2025 Cutoff Significant Dates Summary (Excel version)
- What is New: Summary of New or Changed Year End Cutoff Procedures
- Section A: Finance System Close Dates and New Year Activation Dates
- Section B: Purchasing and Payments
- Section C: Cash Receipts and Departmental Receivables
- Section D: Intra-University Financial Documents
- Section E: Account Maintenance and Accounting String Elements.
- Section F: Human Resources and Payroll
- Section G: Capital Equipment/Assets
- Section H: Budget Reallocations and Organization of Interest (OOI)
- Section I: New Fiscal Year Information
- Section J: KFS Access/Role Review

Key considerations – Close dates

- Fiscal Period 12 (June) closes 5pm on June 30, 2025, except for:
    - Accounts payable until 5pm, July 7, 2025
    - Bi-weekly payroll until 5pm, July 8, 2025
    - Credit card receipts until 5pm, July 1, 2025
    - SPB and SSB documents initiated in June, but not approved until July

- Final Period 12 Operating Statements will be available on July 9, 2025.

- If you initiate a transaction in June, but it does not get approved by June 30, 2025, it will post to the new year (2025-26) in July once approved.

- Fiscal Period 13 (June – 2nd close) is open to campus from July 1, 2025, through 5pm, July 14, 2025. Period 13 is open further for central processing through July 24, 2025.

Key considerations – Procurement and Accounts Payable

- Invoices to be paid against purchase orders must be submitted to Accounts Payable by June 25, 2025.

- To make a payment, an approved vendor must be in the system. Please make sure all vendors requiring payments in June are established in KFS.

- PCard documents must be fully approved by June 30, 2025.

- Have you considered Accruals?
    - Any goods/services that you have received but not yet paid for?
    - Any funds you have disbursed for goods/services that will be used in the future?

Key consideration – Receipts

- Credit card receipts for June 30 will be entered on July 1, 2025, but post back to fiscal period 12 as a Journal Voucher. Related, administrative fee charges associated with this revenue will post on July 2, 2025, but will post back to fiscal period 12 as well.

- Have you considered Accruals?
    - Any revenue that you have earned but not yet received?
    - Any funds you have received but that apply to goods/services to be provided in the future?

Key consideration – Overdrafts

- In general, overdrawn accounts are not permitted, and Fiscal Officers and Fiscal Officer Delegates are responsible for managing their accounts to maintain positive balances.

- Fiscal Officers and delegates are responsible to make necessary ledger entries to fund overdrawn accounts, where applicable, at least on a quarterly basis. Period 13 balances will be used for Q4.

- See MBP Section 1 – Fiscal Officer Responsibility, for more information on overdrafts and related responsibilities.

- Stagnant accounts (no activity in the past year or more) should be considered for closure by the Fiscal Officer.

Key consideration – Fiscal Officer Certification

- As was communicated in the Fall, Finance is moving ahead with Fiscal Officer Certification
    - Fiscal Officers will be sent a required certification for completion.
    - The certification asks the Fiscal Officer to acknowledge responsibility for fulfilling specific duties as an FO and asks whether they have the appropriate training.

Accruals Deeper Dive - Expenditures

- GAAP requires that expenses be recognized when incurred.
- Incurred can be loosely defined as when did the transaction of goods or services occur.
  - Date goods that were ordered were actually received.
  - Period of time that consultants assisted the University.
  - Time worked by employees for which they are owed compensation.
  - Benefits earned by employees for work performed

Accruals Deeper Dive - Receipts

- Nonexchange – University receives something of value without directly giving value in exchange (ex. Donations).
  - GAAP requires recognizing revenue when resources or valid pledge are received assuming all eligibility requirements met.
    - Date that a contribution is received by a donor.
- Exchange – University receives and sacrifices something of approximate equal value (ex. Tuition).
  - GAAP requires recognizing revenue when earned meaning the University has performed its obligation.
    - Period that classes are hosted by the University.
    - Date goods are shipped to a purchaser.
    - Period that services are provided to a purchaser.

Accruals Deeper Dive

- "Slido"
  - These services keep adding paywalls… this one still appears to be free! Limited to 100 participants.
  - Please take out your phone/computer
  - Navigate to Slido.com and enter #694921 in the "Joining as a Participant?" field.
  - Once I activate the quiz, it will ask for your name on the "Polls" tab, and the quiz will run on this tab.
  - Assume all questions are related to cutoff at 6/30/2025 (FY25).

Key considerations – Intra-University financial documents (e.g. GEC, DI, SB, etc.)

- All Service Provider Billing (SPB) and Student System Billing (SSB) documents must be submitted by 5pm, June 30, 2025, and units will have 5 (SPB) or 6 (SSB) calendar days to approve. All SPB and SSB transactions will post to Period 12 regardless of when they are approved.

- If a transaction is initiated during Period 12 but is not approved in time for posting to Period 12, it will post to the new year once approved. If, for proper cut-off, the transaction should post to the old fiscal year, then the original transaction should be disapproved and a Period 13 transaction should be initiated and approved.

Key considerations – Account Maintenance

- To be used for FY 2024-25 activity (including Period 13), all accounts and sub-accounts must be final by 5pm, June 30, 2025. If an account or sub-account is created in July and a Period 13 transaction is posted to it, its balances will not roll forward properly.

- All sub-object codes must be final by 5pm, June 30, 2025. All pending requests not finalized by this deadline will be disapproved and the request will need to be re-submitted in the new fiscal year.

Key considerations – HR/Payroll

- Take note of due dates for personnel actions to be effective for final payrolls of the fiscal year.

- Similarly, please take note of due dates for salary redistributions to be effective for 2024-25.

Key considerations – Capital Equipment/Assets

- All invoices related to equipment received by June 30, 2025 should be sent to Accounts Payable for inclusion in the proper fiscal year.

- All capital equipment/asset maintenance, including retirements or transfers, should be completed by June 30, 2025. Capital equipment/asset activity must be frozen during July to finalize year end reporting and annual depreciation processing. Maintenance of assets can resume in August.

Summary

- Reference the year-end cut-off information in planning your June and July work.

- DON'T DELAY! Begin reviewing fiscal year-to-date activity and make adjusting entries now.

- Track your entries throughout the close process to ensure entries post to the proper fiscal year.

Thank you for attending!

Questions?