

Unrecorded Payables/Receivables



Unrecorded Payables

✓ For BCR reporting

- Budget Fund substantially GAAP modified accrual with the following exceptions:
 - Expenditures and Payables:
 - Liabilities and expenditures are recorded when purchase orders or other contractual obligations to procure goods or services have been executed.
 - Expenditures for items not requiring purchase orders are recorded when the goods or services are received.
 - Agencies may record these expenditures when presented for payment as long as the application of this method is applied consistently and the appropriate number of occurrences is reflected each year.

Unrecorded Payables

✓ For CAFR reporting

- Encumbrances payable do NOT meet recognition requirements of expenditures/liabilities for GAAP modified and full accrual bases
 - These expenditures are reversed by SAO for CAFR reporting.
- Accounts payable must be recorded for any goods and/or services received as of year-end
 - Note: Recording expenditures based on purchase orders, while valid for BCR purposes, is not valid for CAFR and should be reported on form.

Unrecorded Payables

- ✓ **When converting BCR financial statements to CAFR financial statements it is necessary to:**
 - Identify and accrue for goods & services received as of year-end but for which there is no corresponding expenditure and payable already recorded in CAFR (*encumbrances have been removed*).

Unrecorded Payables

✓ For goods and services that have been received prior to fiscal year end, the transaction could be:

- On GL in encumbrances payable

- Must be reclassified to accounts payable through use of new form

- On GL in accounts payable

- Stay where they are, that is, do nothing

- Not recorded on GL

- May or may not be required to be reported on statutory basis, e.g., recurring payments. Regardless of whether or not reported on statutory basis (through BCR PCA), goods and services received, but not on GL, must be included on form

Query 1

**Invoice Date current reporting year (e.g., 2015)
vouchered subsequent year (e.g., 2016) or not at all**

Unit	Voucher	Invoice	Invoice Date	Vendor	Name	Acctg Date
40700	00008820	NASC-15-013	6/9/2014	0000019450	NATL ASSN OF STATE AUDITORS COMPTROLLERS	7/5/2014
40700	00008890	XJ61XWTC7	7/4/2013	0000015689	DELL COMPUTER CORPORATION	7/1/2014
40700	00008895	102193	4/17/2014	0000143152	DOVER STAFFING INC	7/1/2014
40700	00008896	102095	4/3/2014	0000143152	DOVER STAFFING INC	7/1/2014
40700	00008897	102645	6/18/2014	0000143152	DOVER STAFFING INC	7/1/2014

Entered on	Line	Distribution Li	Account	Dept	PO No.	Receipt No	Fund	Class	Fund Src
7/5/2014	1	1	627003	407011			10100	301	01000
7/11/2014	1	1	614003	407311	0000000377	0000001386	10100	301	61001
7/11/2014	1	1	651056	407031	0000000384	0000001394	10100	312	90001
7/11/2014	1	1	651056	407031	0000000384	0000001392	10100	312	90001
7/11/2014	1	1	651056	407031	0000000394	0000001391	10100	312	90001

Budget Ref	Program	Acctg Date	Period	Year	Activity	Project	Sum Amount
2015	6180101	7/5/2014	1	2015		01	2000.000
2014	6300201	7/1/2014	1	2015		01	837.880
2014	6180103	7/1/2014	1	2015		01	1044.000
2014	6180103	7/1/2014	1	2015		01	835.200
2014	6180103	7/1/2014	1	2015		01	835.200

Query 2

P.O. Receipt Date current reporting year or prior (e.g., < or = 2015) vouchered subsequent year (e.g., 2016) or not at all

Unit	Recv Nbr	Recv Date	Vendor	Name	Receipt Line	Seq	Distribution Li	PO No.	Account	Dept	Fund	Class	Fund Src	Bud Ref	Program	Project	Activity
40700	1306	4/23/2014	548812	TOPDOWN CONSULTING INC	1	1	1	369	651003	407021	10100	312	1000	2014	6180104	1	
Revc Merchandise Amt	Voucher	Line	Distribution Li	Accounting Entry Type	Acctg Date	Period	Fiscal Year	Voucher Amount	Cut-Off Date								
1840									6/30/2014								

Query 3

Budget Reference of current reporting year or prior (e.g., < or = 2015), invoice date and vouchered subsequent year (e.g., 2016)

Business	Voucher	Invoice	Invoice Date	Vendor	Name	Acctg Date	Entered on	Line	Distribution Line	Account	Department
40700	00008921	Apex 140630002	7/11/2014	0000404089	COVENDIS TECHNOLOGIES	7/17/2014	7/17/2014	1	1	851310	407031
40700	00008922	The S140630001	7/11/2014	0000404089	COVENDIS TECHNOLOGIES	7/17/2014	7/17/2014	1	1	851310	407031
40700	00009000	3090064169	7/31/2014	0000134221	REED ELSEVIER INC	8/8/2014	8/8/2014	1	1	627002	407311
40700	00009036	The S140731001	8/8/2014	0000404089	COVENDIS TECHNOLOGIES	9/1/2014	8/14/2014	5	1	851310	407031
40700	00009047	82322	8/11/2014	0000501379	KREVOLIN & HORST LLC	9/1/2014	8/18/2014	1	1	651002	407311

PO No.	Receipt No	Fund	Class	Fund Src	Budget Ref	Program	Acctg Date	Accounting Period	Fiscal Year	Project	Activity	Sum Amount
0000000386	0000001401	10100	312	01000	2014	6180103	7/17/2014		1	2015	3020	20160.000
0000000396	0000001403	10100	312	01000	2014	6180103	7/17/2014		1	2015	3020	19760.000
0000000408	0000001423	10100	301	01000	2014	6300201	8/8/2014		2	2015	01	140.000
0000000396	0000001436	10100	312	01000	2014	6180103	9/1/2014		3	2015	3020	12920.000
0000000402	0000001439	10100	312	01000	2014	6300201	9/1/2014		3	2015	01	2100.000

Note on Queries

- ✓ **The same item may show on multiple queries, so the results of the queries need to be analyzed to ensure that they are only reported on the form once.**

✓ Encumbered:

- Agency generates a PO on 6/1/15 for a computer to be purchased. The computer is received on 6/15/15. The invoice for the computer is dated 7/1/15 and the agency posts it in A/P on 07/13/15 in period 1 FY2016.
 - BCR effect: no action necessary, encumbrance will be recognized as an FY 15 expenditure for statutory reporting
 - GAAP effect: statutory encumbrance payable/ expenditure has been removed for CAFR reporting, so GAAP accounts payable/expenditure are required to be recorded
 - **Must be reported on form!**

✓ Not Encumbered:

- Agency orders a computer on 6/1/15 but does not issue a PO for it. The computer is received on 6/15/15. The invoice for the computer is dated 7/1/15 and agency posts it in A/P during period 1 FY16.
 - BCR effect: This is an FY 15 BCR expenditure since the computer was received in the current reporting year
 - **BCR PCA must be submitted unless a recurring payment**
 - GAAP effect: GAAP accounts payable/expenditure are required to be recorded
 - **Must be reported on form!**

Unrecorded Receivables

- ✓ **Revenue Recognition Criteria are different between statutory, modified and full accrual**
 - Statutory Basis – Generally, for funds other than State and Federal Funds, revenue and receivables are recognized on cash basis.
 - GAAP Bases – Key concepts are:
 - Earned – a matrix has been included as a separate sheet in the form file to assist in determining earning criteria for various types of revenue
 - Available – once it has been determined a revenue has been earned, it has to be determined if modified accrual availability criteria (defined on form) have been met

Unrecorded Receivables

This grid is included within the form's instructions to assist in determining what transactions need to be included on form

Type of Transaction		
Revenue reported on statutory basis (already recorded)		
	NOT required to be included on form	GAAP Modified accrual basis
	Earned and Received	Cash dr/Revenue cr
		GAAP Full accrual basis
		Same as Modified accrual
Revenues not yet reported on statutory basis		
	REQUIRED TO BE INCLUDED ON FORM	GAAP Modified accrual basis
	Earned and Available	Receivable dr/Revenue cr
	Earned and Not Available	Receivable dr/Deferred Inflow - Unavailable Revenue cr
		Receivable dr/Revenue cr ⁽¹⁾
	NOT required to be included on form	GAAP Modified accrual basis
	Not Earned and Already Received ⁽²⁾	Cash dr/Unearned Revenue cr
	Not Earned and Not Received, but Available	Not Recorded
		GAAP Full accrual basis
		Same as Modified accrual
		Same as Modified accrual

(1) As availability is only an element of the revenue recognition criteria under the GAAP modified accrual basis, *unavailable revenues* on the GAAP modified accrual basis must be converted to *revenues* on the GAAP full accrual basis. For this reason, it is critical to determine whether revenues are received within the State's period of availability (defined below).

(2) These unearned revenues may have already been reported on the statutory basis.

Unrecorded Receivables

- ✓ **When converting BCR financial statements to CAFR financial statements it is necessary to:**
 - Identify and accrue for revenues that are earned on either the GAAP modified or full accrual basis, along with any related allowance for doubtful accounts, for such receivables

Communication Is Key!!

- ✓ **Validate query results are legitimate expenses for accrual with purchasing or applicable agency personnel**
- ✓ **Meet with management/department heads**
 - confirm all current FY expenditures have been reported (no non-PO A/P surprises)
 - confirm all current FY revenue has been reported

Deadlines

- ✓ **Form Due = September 18, 2015**
- ✓ **If BCR adjustments are necessary, related BCR PCA's must be submitted in accordance with Tier A, B, & C BCR PCA deadlines – which are before this form is due!**
 - BCR adjustments requested subsequent to BCR PCA deadlines could result in audit adjustments/ findings
 - Be sure to retain documentation for auditor review