Welcome

Fiscal Year-End Financial Reports

May 26, 2015
Health Sciences Learning Center
Hosted by Medical School Dean’s Office

June 3, 2015
Birge Hall
Hosted by L&S Dean’s Office

Presented by
José A. Carus, Jr., Tax Compliance & Reporting Manager
Sharon Hughes, Cash Management Supervisor
Accounting Services, Division of Business Services
Introduction

1. Request for reports will be sent out on June 15, 2015 for the following reports:
   - Accounts Receivable
   - Deferred Expenses
   - Supplies

   **Note:** These reports and associated instructions will be sent by Accounting Services on June 15, 2015 via our Newsletter to the Dean's Offices.

2. What happened to the Deferred Revenue Report?
Deferred Revenue Section Objectives

→ What is Deferred Revenue?
→ How do I complete a Deferred Revenue Form?
→ How do I verify entries in WISDM?
→ What do I do if I make a mistake in a Deferred Revenue entry?
→ Where is the website with information about Deferred Revenue?
  Who can I contact for help?
Deferred Revenue

New UW System Administration Policy
(Effective 4/2/2015)

Processing Guidelines for Advance Fee Collections Future Year Receipts collected before July 1.

• Cash must be deposited in current fiscal year (Within 5 business days of receipt)
• All advanced fees must be recorded as Deferred Revenue in the general ledger by end of current fiscal year
• No amounts can remain in a revenue account at the end of the current fiscal year
Deferred Revenue

What is Deferred Revenue?

Advance payments or unearned revenue, recorded on the recipient's balance sheet as a liability, until the services have been rendered or products have been delivered. Deferred revenue is a liability because it refers to revenue that has not yet been earned, but represents products or services that are owed to the customer. As the product or service is delivered over time, it is recognized as revenue on the income statement.

Deferred Revenue

A department is holding a conference in August 2015. External conference attendees send payments for fees starting in June 2015.
- Cash – Must be deposited in current FY, within 5 business days.
- Revenue – Not earned until Conference occurs in FY 2016. Receipt is recorded as deferred revenue in FY 2015.

A department will be providing a service to an external customer in July 2015. The customer sends us a check for the services in May 2015.
- Cash – Must be deposited in current FY, within 5 business days,
- Revenue – Not earned until the service is provided in FY 2016. Receipt is recorded as deferred revenue in FY 2015.

A department will be providing services to another UW department in August 2015 and pre-bills for the services in June because there are GPR funds to be spent.
- In general it is not appropriate to pre-bill when the customer is internal.
Deferred Revenue

Deferred Revenue Timeline
Conference Example

<table>
<thead>
<tr>
<th>4/1/2015</th>
<th>6/30/2015</th>
<th>7/1/2015</th>
</tr>
</thead>
</table>

- **Receipt of Conference Fees**
  - Cash Must be Deposited in Current FY
  - We have incurred a liability because activity has not occurred. Deferred Revenue needs to be recorded

- **Conference Occurs**
  - Liability has been eliminated
  - Revenue needs to be recognized
Deferred Revenue
Changes in Reporting Deferred Revenue for FY2015

Prior Years Process
• Accounting Services sends request for Deferred Revenue report to campus
• Dean’s Offices distribute request for Deferred Revenue reports to their departments.
• Departments submit Deferred Revenue reports to Dean’s Offices for review and submission to Accounting Services.
• Accounting Services compiles submission into a summary report and submits to UW System Administration by established due date.

Current Year Process
• Due to the implementation of the new policy from UW System Administration, no request will be sent to the campus because all revenue will be classified in the correct fiscal year thus eliminating the need for the Deferred Revenue report. Data for the financial reports will be in SFS due to proper fiscal year recording.

• To initiate a transfer to record Deferred Revenue per new policy please complete the Deferred Revenue – Future Year Revenue form (see form and instructions at http://www.bussvc.wisc.edu/acct/forms.html#drfr) by July 2.

• New Deferred Revenue Policy 405 http://www.bussvc.wisc.edu/acct/policy/revenue/defrevfy.html
### Deferred Revenue - Future Year Revenue

#### Accounting Services, University of Wisconsin-Madison
21 N. Park St., Suite 6161, Madison, WI 53715-1210

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**Prepared By:**
- Name: [Name]
- Department: Accounting Services
- Phone: [Phone]
- Email: [Email]
- Fiscal Year: [2016]

**Data Prepared:**
- Date: [05/15/2015]

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**Invoice 030560112** was for future year services. Project completion date is expected 07/15/15.

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#### Debit

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Amount</th>
<th>Account Code</th>
<th>Department</th>
<th>Project Code</th>
<th>Narrative</th>
<th>Ref</th>
<th>Voucher</th>
<th>Invoice</th>
<th>12 Digits</th>
<th>Journal</th>
<th>Description</th>
<th>Bank Deposit</th>
<th>2016</th>
<th>2016</th>
<th>030501112</th>
</tr>
</thead>
<tbody>
<tr>
<td>05/15/2015</td>
<td>Deposit 030560112</td>
<td>30,000.00</td>
<td>9300</td>
<td>030560</td>
<td>PRJ11XX</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>JRR017XXX</td>
<td>030501112</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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#### Credit

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Amount</th>
<th>Account Code</th>
<th>Department</th>
<th>Project Code</th>
<th>Narrative</th>
<th>Ref</th>
<th>Voucher</th>
<th>Invoice</th>
<th>12 Digits</th>
<th>Journal</th>
<th>Description</th>
<th>Bank Deposit</th>
<th>2016</th>
<th>2016</th>
<th>030501112</th>
</tr>
</thead>
<tbody>
<tr>
<td>05/15/2015</td>
<td>Deposit 030560112</td>
<td>(30,000.00)</td>
<td>9300</td>
<td>030560</td>
<td>PRJ33Z2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>JRR017XXX</td>
<td>030501112</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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**Total Debit:** 30,000.00

**Total Credit:** (30,000.00)

**Total Transfer:** 0.00

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**Approval Signatures:**

- [Signatures]

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**Notes:**

- [Notes]

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**12 Digits maximum. This field is not required.**
Fiscal Year-End Financial Reports

How to Look up Deferred Revenue in WISDM

1. Start from WISDM query screen
2. Go to Main Menu→Department→Search
3. Change year to 2016
How to Look up Deferred Revenue in WISDM

4. Select Fund and Department
5. Submit
How to Look up Deferred Revenue in WISDM

Steps 1-5 will bring you to the summary report
How to Look up Deferred Revenue in WISDM

6. Change Project Option to “Both Departments and Projects”
7. Click on the blue amount under “Actuals”

That will bring you to this screen
8. Select one of the GL Jrnrl IDs starting with JRR to view details
How to Look up Deferred Revenue in WISDM

This shows the revenue entry for FY2016 as account code 9XXX and the reversed account code 7400 (Deferred Revenue) which was created in FY2015.
Deferred Revenue Resources
Need help? Have a question? Make a mistake?

Deferred Revenue Website
http://www.bussvc.wisc.edu/acct/policy/revenue/defrevfy.html

Sharon Hughes, Cash Management Supervisor
shughes@bussvc.wisc.edu
(608) 262-1305

Limin Tang, Cashier Accountant
ltang@bussvc.wisc.edu
(608) 262-1350

Cash Management Email
Cashmgt@bussvc.wisc.edu
What questions do you have about Deferred Revenue?
Accounts Receivable (Non-Loan Funds)

General Information:

The Accounts Receivable submission helps satisfy the State-mandated GAAP reporting requirement for the reporting of revenues in the period "earned" regardless of when cash is received. An allowance for doubtful accounts should be separately reported as an offset to each fund that had receivables.

Information to be reported by institutions:

Institutions should report receivables by fund. Institutions may split funds where two or more accounts receivable systems are used for one fund. An example: fund 128 could show a column for fee receivables and a column for non-fee receivables. A submission is not required for funds 145, 146, or 148 – System Administration will complete these.
Accounts Receivable (Non-Loan Funds)

• Department will receive an Excel file which includes the beginning balances for each department that reported in FY2014.

The amounts entered in the spreadsheet should be prepared under the following instructions:

1. Receivables should be reported for revenues earned but not received per the System accounting records as of the end of June, rather than post-closing receivables. According to the State's GAAP manual, accounts receivable should include unbilled receivables if significant and measurable. Unbilled receivables represent amounts for services provided or goods furnished prior to June 30th, but for which the billings have not yet been processed.

2. Receivables need not be reported on GPO state appropriations.
3. Fee Remissions and Compacts should NOT be included in the Accounts Receivable Report.

4. **Fund 133 and 144** Accounts Receivable consist of negative **cash balances** of individual grants and contracts (do not include gift accounts) **as of the end of June**. Positive cash balances represent Deferred Revenue. Accounts Receivable should be calculated as the sum of the negative account balances with offsetting adjustments for the holding, parent, administrative and overhead accounts. For grants funded by letter-of-credit, individual grant balances need not be examined; only if the net letter-of-credit balance is negative should accounts receivable be reported. *(Your accounts receivable balance should be reduced by cash received as of June 30th – even though the revenue may not be posted until period 13. See item #8.)* Reporting of Fund 133 and 144 is done centrally by Research and Sponsored Programs (RSP) at UW Madison.
5. Separate columns should be completed for each fund which had uncollected balances at the beginning and/or end of the year. Uncollected balances as of June 30\textsuperscript{th} in the previous reporting year must be the same as the July 1\textsuperscript{st} balances reported on the current year's submission. Detail of receivables must be maintained by each institution and should be available in the event it is requested by the Legislative Audit Bureau.

6. Do not include accounts receivable from other UW System departments.

7. The uncollected (ending) balance as of June 30\textsuperscript{th} should not reflect any receipts posted in period 13 unless the cash was on hand as of June 30\textsuperscript{th} \textit{(should correlate with your institution’s “Cash vs. Receivables – July Revenues” report)}. UW System will reduce cash and increase accounts receivable by the amount of period 13 receipts not on hand as of June 30\textsuperscript{th}. 
Accounts Receivable (Non-Loan Funds)

8. Identify any receivables due from State of Wisconsin agencies and due from other governments (federal, local, other states, etc.). This is necessary for reporting the proper classification of receivables to DOA for the State's combined balance sheet. Please be sure to indicate 0 (or none) if there are no receivables due from state agencies or other governments. (With the exception of pass-through grants and contracts, federal receivables are considered to be ‘due from other governments’.) Please verify that the amounts reported do not exceed the fund’s total receivable.

9. An estimate of uncollectible accounts must be submitted for every fund, even if your institutional policy suggests that all receivables are deemed perpetually collectible. Not all receivables will be collected regardless of how long they are maintained in the records. The estimate of the amount deemed to be uncollectible for each fund should be based on an analysis of each institution's experience in collecting the various types of receivables. Please enter this information in the blue highlighted line. The auditors would like to see documentation as to how your estimates of uncollectible amounts are calculated. Please provide hardcopy of this analysis when submitting the accounts receivable reports.
Fiscal Year-End Financial Reports

Accounts Receivable (Non-Loan Funds)

System Administration use of data:

• System Administration will report all receivables on the UW System balance sheet and will make an entry to the FIN_RPT ledger for financial reporting purposes. No changes will be made to the ACTUALS ledger.
# Fiscal Year-End Financial Reports

## Accounts Receivable as of June 30, 2015

<table>
<thead>
<tr>
<th>Fund</th>
<th>2015 Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>UV</td>
<td>Madison</td>
</tr>
<tr>
<td>Dept</td>
<td></td>
</tr>
<tr>
<td>Fund</td>
<td></td>
</tr>
</tbody>
</table>

**Date completed:**

**Contact Person:**
- Name: [Blank]
- Phone No.: [Blank]
- Email: [Blank]

### INSTRUCTIONS

1. Please complete all boxes highlighted in Yellow below.
2. For the 06/30/2015 A/R balances please provide (attach) a detailed description of the nature of the A/R and time period for collection.

### Fund

#### AREA OR AR SYSTEM

<table>
<thead>
<tr>
<th>Beginning Balance (07/01/2014)</th>
<th>0.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charges (2014-2015)</td>
<td></td>
</tr>
<tr>
<td>Collections</td>
<td></td>
</tr>
<tr>
<td>Writeoffs</td>
<td></td>
</tr>
<tr>
<td>Adjustments</td>
<td></td>
</tr>
<tr>
<td>TOTAL DEDUCTIONS</td>
<td>0.00</td>
</tr>
<tr>
<td>Ending Balance (06/30/2015)</td>
<td>0.00</td>
</tr>
</tbody>
</table>

**Estimate for Uncollectable Amount (Amount of * which you never expect to collect):** #DIV/0!

**Aging:**
- Less Than One Year
- One to Two Years
- Two to Three Years
- More Than Three Years

| TOTAL (Must equal amount in Ending Balance) | 0.00 |

**Other Information:**
- Amount in Ending Balance * Due from State Agencies *(Enter -0- if nothing due from State Agencies)*
- Federal and Other Governments *(Enter -0- if nothing due from federal and other governments)*

**Note 1:** Funds 133 and 144 Submitted separately by RSP

**Note 2:** For the 06/30/2015 A/R balances please provide (attach) a detailed description of the nature of the A/R and time period for collection.
# Fiscal Year-End Financial Reports

## ACCOUNTS RECEIVABLE as of June 30, 2014

**2014 FORM**

<table>
<thead>
<tr>
<th>UW:</th>
<th>Madison</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dept:</td>
<td>UWPJD</td>
</tr>
<tr>
<td>Fund:</td>
<td>154 02 0500</td>
</tr>
</tbody>
</table>

**Data completed:** 7/21/14

**Contact Person:**
- Name: Sheldon Cooper
- Phone No.: (605) 262-1224
- Email: cooper@cooper.com

**NEW FOR 2014**

1. Please complete all boxes highlighted in yellow below.
2. For the 06/30/2014 A&R balances, please provide (attach) a detailed description of the nature of the A&R and time period for collection.

### FUND

<table>
<thead>
<tr>
<th>AREA OR AR SYSTEM</th>
<th>Entered by Accounting Service (Date change) (equal report 06/30/2013 ending balance)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Balance (07/01/2013)</td>
<td>11,410.50</td>
</tr>
<tr>
<td>Charges (2013-2014)</td>
<td>1,477,645.72</td>
</tr>
<tr>
<td>Adjustments &amp; Collections (2012-2014):</td>
<td>1,447,003.41</td>
</tr>
<tr>
<td>Collections</td>
<td>1,447,003.41</td>
</tr>
<tr>
<td>Write-offs</td>
<td></td>
</tr>
<tr>
<td>Adjustments</td>
<td></td>
</tr>
<tr>
<td>TOTAL DEDUCTIONS</td>
<td>0.00</td>
</tr>
<tr>
<td>Ending Balance (06/30/2014)</td>
<td>41,250.81</td>
</tr>
</tbody>
</table>

**JS sales will be received in FY1501.**

**Estimate for Uncollectible Amount (Amount of which you never expect to collect):** 0.00%

**Aging:**
- Less than One Year: 41,250.81
- More than One Year: 0.00

**Other Information:**
- Amount in Ending Balance * Due from State Agencies (Enter 9, if nothing due from State Agencies): **
- Federal and Other Governments (Enter 9, if nothing due from Federal and other governments): **

**Note 1:** Funds 133 and 144 submitted separately by RSP

**Note 2:** For the 06/30/2014 A&R balances, please provide (attach) a detailed description of the nature of the A&R and time period for collection.
What questions do you have about Accounts Receivable?
### Fiscal Year-End Financial Reports

## Deferred Expenses

### General Information

- Expense recognition should be deferred for charges associated with producing revenue that is not yet earned. (Similar to prepaid items, the expenditure is capitalized and reported as an asset.)

- For subgrants provided to other entities: If an advance is provided to a subgrantee AND the only eligibility requirement not met at June 30th is a time requirement imposed by your institution on the subgrantee, the advance should be reclassified as a deferred outflow.

  - *Example*: Cash is provided to a subgrantee in May, work is completed in June, but your institution has told the subgrantee the cash is not available to spend until July --> this is a Deferred Outflow rather than an expense
Deferred Expenses

**Information to be reported by institutions:**

**Deferred Expenses:**
Report expenses associated with producing revenue where:

- the revenue will not be earned until a future period; and
- the expenses are not already included in account 7105.

**Deferred Outflows:**
Report advances to subgrantees where the only eligibility requirement not met is a time requirement imposed by your institution.
Deferred Expenses

Information to be excluded by institutions:

- Summer session expenses will be obtained directly from the accounting system by System Administration and split pro-rata based on the (Summer Session - Prorated submission) number of days in the session that occurred before July 1st.

System Administration use of data:

- Submissions from the institutions will be used to report the costs as deferred charges or deferred outflows. This will be accomplished by an entry to the FIN_RPT ledger. No changes will be made to the ACTUALS ledger.
**DEFERRED CHARGES AND DEFERRED OUTFLOWS (GASB 65)**
**as of June 30, 2015**

**UD-**

**Date completed:**

**Contact Person:**
- **Name:**
- **Phone No.:**
- **Email:**

**Deferred Charges:** Charges incurred that are associated with producing revenue related to a future period and not yet earned. Charges listed below should not be

<table>
<thead>
<tr>
<th>Fund</th>
<th>Account</th>
<th>Program</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fund</th>
<th>Account</th>
<th>Program</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Deferred Outflows:** Advances to subgrantees where the only eligibility requirement not met is a time requirement imposed by your institution.

<table>
<thead>
<tr>
<th>Fund</th>
<th>Account</th>
<th>Program</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fund</th>
<th>Account</th>
<th>Program</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*The account listed for Deferred Outflows should be the account where the advance is recorded on-system.*
**DEFERRED CHARGES AND DEFERRED OUTFLOWS (GASB 65)**

**as of June 30, 2014**

<table>
<thead>
<tr>
<th>Fund</th>
<th>Account</th>
<th>Program</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>128</td>
<td>2450</td>
<td>8</td>
<td>40,740</td>
</tr>
<tr>
<td>128</td>
<td>4620</td>
<td>8</td>
<td>11,270</td>
</tr>
<tr>
<td>128</td>
<td>2670</td>
<td>8</td>
<td>12,315</td>
</tr>
<tr>
<td>128</td>
<td>3780</td>
<td>8</td>
<td>27,434</td>
</tr>
<tr>
<td>128</td>
<td>3740</td>
<td>8</td>
<td>6,253</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>36,613</strong></td>
</tr>
</tbody>
</table>

**Deferred Outflows:** Advances to subgrantees where the only eligibility requirement not met is a time requirement imposed by your institution.

- Fund
- Account
- Program
- Amount

*The account listed for Deferred Outflows should be the account where the advance is recorded on-system.
What questions do you have about Deferred Expenses?
Supplies

General Information

• Supplies means consumable supplies either used in operations or held for resale. Typically, these items will be used or re-sold within one year.

• For financial reporting purposes, supplies inventory and expense should be reported on an accrual basis. This means that the supplies inventory at the balance sheet date should be reported at cost. Supplies expense should be reported when supplies are used, not when supplies are purchased.

• An inventory should be taken to determine the quantities held on June 30th.
Supplies

- Items held by central stores should be valued using weighted average cost. Other supplies should be valued using the cost flow assumption most appropriate to each supply type and operation. The same cost flow assumption must be used each year. The reporting format includes disclosure of the cost flow assumption used.
Supplies

Information to be reported by institutions:

• Items held by central stores, regardless of value.

• Postage, including stamps and meters, regardless of value.

• Any other consumable supplies held by individual institutional cost centers (e.g., physical plant operations and bookstores) that have a value in excess of $100,000. Once a cost center has been identified for this report, that cost center should continue to be reported even if the inventory value falls below the $100,000 threshold.
Supplies

Do not include:

a) Materials held by textbook rental libraries

b) Coal and fuel inventories, as these are being reported by System Capital Budget

System Administration use of data:

- Financial Reporting will make an entry in the FIN_RPT ledger to report supplies inventories on the balance sheet, and adjust the current year's expenditure totals in order to report supplies expense on a consumption basis. No changes will be made to the ACTUALS ledger.
### Supplies Inventory

June 30, 2015

**UW-**

Date completed:

Contact Person:
- Name
- Phone No.
- Email

#### Supplies on-hand at year end

<table>
<thead>
<tr>
<th>Fund</th>
<th>Account</th>
<th>Program</th>
<th>Cost Flow Assumption</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Stores</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Postage</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Other (List separately)</td>
<td></td>
</tr>
</tbody>
</table>

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### SUPPLIES INVENTORY
June 30, 2014

<table>
<thead>
<tr>
<th>Description</th>
<th>Fund</th>
<th>Account Code</th>
<th>Program Code</th>
<th>Amount</th>
<th>Cost Flow Assumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>SMD Core Stock</td>
<td>128</td>
<td>3790</td>
<td>1</td>
<td>409,449</td>
<td>Weighted Average</td>
</tr>
<tr>
<td>Postage</td>
<td>128</td>
<td>3700</td>
<td>1</td>
<td>386</td>
<td>Actual Ending Balance</td>
</tr>
<tr>
<td>Other (List)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office Supplies 030500, 030501, 030502</td>
<td>128</td>
<td>3101</td>
<td>1</td>
<td>1,034</td>
<td>Average Cost</td>
</tr>
<tr>
<td>Maintenance &amp; Operational Supplies - 030500, 030501, 030502</td>
<td>128</td>
<td>3120</td>
<td>1</td>
<td>358</td>
<td>Average Cost</td>
</tr>
</tbody>
</table>

411,227

Instructions can be found at:
www.uwyo.edu/admin/gasb3435.htm

Contact Person:
Name: Sheldon Cooper
Phone No.: 608-262-1234
Email: scooper@wisc.edu
What questions do you have about supplies?
Accounts Receivable, Deferred Expenses, and Supplies Reports Resources

Need help? Have a question?

GASB 34/35 Reporting Requirements and Instructions Website
https://www.wisconsin.edu/financial-administration/special-topics/gasb-34-and-35-reporting-requirements-and-instructions/

Jose A. Carus, Jr., Tax Compliance & Reporting Manager
jcarus@bussvc.wisc.edu
(608) 262-0582
Any other questions?