

ACCRUALS

Accrue defined: "...to be periodically accumulated whether as an increase or a decrease". (Webster's Collegiate Dictionary)

As the University's Fiscal Year (FY) approaches we need to become familiar with the word **accrual** and how it affects a department's current and next FY budgets. As "year-end" approaches, departments give particular attention to their available budgeted funds. If funds are available to make additional purchases for needed materials, supplies, services and etc. departments begin the process of making final last minute purchases prior to the end of the FY. It is important to understand:

Any purchases made and received in the current FY must be paid for in the current FY. If the goods or services are received in the next FY the purchases must be paid for in the next FY.

An **accrual** comes into play when a payment is made in the new FY (2000/01) for goods or services received in the previous FY (1999/00). That payment is marked for **accrual**.

In order to transfer **accrued** payment(s) made against the new FY, a Journal voucher is prepared to credit the new FY (2000/01) and charge the previous FY (1999/00) for the amount of the payment. The end result: The previous FY (1999/00) budget is charged for the purchase.

(Normally, there is less than two weeks into the next FY to accomplish the above. At the end of this time period there are no more accruals for the current FY (1999/00).)

In addition: Student payroll as well as Classified payroll are also **accrued** expenses. The payroll **accruals** are based on a percentage of a previous payroll. This percentage changes each year depending on how the month of June ends.