

REVENUE RECOGNITION CASH RECEIPTS CUT-OFF

At Fiscal Year End

Office of Accounts & Control

January 2014

Revenue Recognition - Modified Accrual Accounting

- Revenues and related accounts receivable of governmental funds must be:
 - Earned
 - Measurable
 - Available
 - Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay the liabilities of the current period (i.e., within the next 12 months).

Recording Accounts Receivable at Year End

- Agencies or departments may submit requests/worksheets for recording material Accounts Receivable at fiscal year end to the Office of Accounts and Control in late July of each year, on or before the date established in the fiscal closing timetable.
- Each agency or department is responsible for maintaining the subsidiary ledgers and other appropriate supporting documentation related to all such Accounts Receivable.

Recognition of Deposits as Revenue/ Year End Cash Cut-off

- In order for a cash deposit to be recorded as revenue at fiscal year end, the cash must be deposited in a State bank account on or before June 30.
- The related journal entry must be dated as of the date the deposit was physically made.
- Any deposits posted by the bank after June 30 must have a correlating journal entry date in the new fiscal year.

Exceptions

- Division of Motor Vehicles
- Division of Taxation
 - If funds are received on the last business day of the fiscal year, these two divisions may deposit funds on the first business day of the new fiscal year, yet record the revenue in the prior fiscal year. This is a consistent practice and is due to the material nature of their transactions.
 - The effective date of the journal entry is the date the monies were physically received by those divisions.

Federal Receivables at Year End

- Accounts & Control records a receivable at year end for the accounts in any CFDA number cluster with a net red balance.
- Conversely if a cluster has a net black balance deferred revenue is booked.
- This process is performed after all other entries have been recorded in August.

Integrity of Data in Federal Accounts Critical to Accuracy of Receivable Booked

- Before June period closes agencies should review charges in Federal accounts to ensure they are proper.
- If expenses are recorded that exceed grant awards transfer them to general revenue account(s) before June period closes.