FYE PREPAID

MISSOULA CAMPUS FISCAL YEAR END PROCEDURES PREPAID EXPENSES

DEFINITION

Prepaid expenses are items **over $500.00** that are paid during the current fiscal year but are actual costs for the next fiscal year.  All items or services must be received or provided after June 30 to be considered a prepaid expense.  These expenses are recognized as an asset (prepaid) in the current fiscal year and as an expense in the next fiscal year.  **This process is not applicable to Grants and Plant Funds.**

Examples of Prepaid Expenses

* Airline tickets purchased for trips to be taken after July 1.
* Prepaid registration fees/hotel accommodations for conferences occurring after July 1st.
* Subscriptions or membership fees for next fiscal year.
* Prepaid service fees (service contracts) or software licenses for next fiscal year.
* Expenditure transactions, which are matched to deferred revenue (i.e., summer session).

Procedures

INVOICES PROCESSED THROUGH GRIZMART

* Payments identified as prepaid expenditures will require a special activity code when entered for payment.  The Activity Code is PREPAY.
* Back up for Banner/GrizMart PREPAY will be in GrizMart, no additional backup will be required.
* Accounting Services will run a report on the activity PREPAY and move those documents to 1905 for year end and reverse in July to the next Fiscal Year’s expenses.

PROCARD

* ProCard payments relevant to the new fiscal year will be recorded in BANNER to the appropriate **balance sheet account 1905**. Each department is responsible for recording procard expenses that meet the required prepaid criteria to acct 1905. Do not use PREPAY activity code for any procard transaction.
* Departments must submit supporting documentation to Fund Accountant **Teddi** **R**. **on or before noon Thursday July 07, 2022.** Documentation must include:
* Copy of invoice that shows proof that the expense belongs in the new fiscal year
* Banner Document Number and date (i.e. S0022337 6/30/0X)
* Index
* Expense Account Code
* Amount
* Accounting Services will prepare a journal voucher to be entered in Banner to reverse the prepayments and record the expense in the new fiscal year. The JV is a debit to expense and credit to the prepaid balance sheet account 1905.

MISSOULA BANNER A/R PREPAID EXPENSES

Summer semester UM – Missoula scholarship and fee waivers recorded via the BANNER system will be correctly coded as a prepaid expense through the system, utilizing the term based detail codes.

Accounting Services will clear this activity in the new fiscal year by preparing an Excel spreadsheet to debit expense and credit 1905 (prepaid).  The spreadsheet will be converted to a feed file and submitted to Systems to be loaded into Banner in the New Year.  These prepaid transactions can be found by doing a query in BANNER Finance (FGIGLAC) for account code 1905 and document numbers that begin with ‘F’.

Departments-

To ensure all prepaid expenses are properly recorded, a summary sheet should be sent to Teddi Reinholz.  This sheet should include: Banner document number, date, index code, expense account code, vendor name, amount, and process area (i.e. Department, Travel Desk, ProCard, other A/P) for each prepaid expense.

Please contact Accounting Services/**Teddi Reinholz (x2077)** for any questions regarding these procedures.