PREPAID TRANSACTIONS IN PEOPLESOFT

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Overview

It is sometimes necessary to make a purchase or a payment in one fiscal year for goods or services that must be accounted for in the next fiscal year.

This document discusses how to:

- Determine the correct fiscal year for a purchase
- Initiate a purchase in the old fiscal year
- Prepare the correcting entry in the new fiscal year

All of these transactions ensure that expenses are appropriately reflected in the annual financial report.

Definitions

**Prepaid Expenses or Deferred Charges** - Costs that are incurred in the current year for future year’s activities are recorded as an asset (prepaid expense) and amortized over the periods to which the charges relate. Examples include: rent paid in advance, subscriptions for the new year, or payments in the current year for software licenses for the next year.

**Unearned (Deferred) Revenue** - Payments received by UVM for services rendered in a future fiscal year are recorded as a liability (unearned revenue) in the current fiscal year. The liability is eliminated and the revenue is recognized in the year the service is provided. Examples include: tuition for summer session courses taught in July and August, fees received in May or June, advance sale of athletic tickets for future year’s season, and fixed-price grants when the money is received up-front and revenue is recognized as expenses are incurred.

Purchases for the New Year

**Requisitions**

Requisitions for goods that relate to a new-year activity must use a prepaid category on the requisition. This will charge a prepaid account (13xxx) in the general ledger. **The function code must be 000**, or the requisition will fail budget checking.

If the invoice is paid in the old fiscal year, the requester must then prepare a journal in the new fiscal year to move the payment from the prepaid account and function 000 to an appropriate expense account and function.

If the invoice was not paid in the old fiscal year, the purchase order will be cancelled. A new requisition will need to be created in the new fiscal year to an appropriate expense account.
Examples of requisitions on prepaid categories include: new fiscal year rent, insurance, and software licenses. Routine purchases like supplies made in the current year that may also be used in later years should not use a prepaid category unless the amounts to be used in the future year are specifically designated for a new fiscal year program.

**Purchasing Card (PurCard)**

Purchases made on the Purchasing Card for future-year activity must be put on a prepaid account (13xxx) and function 000 when the journal is reallocated in the old fiscal year. The cardholder or proxy must then prepare a journal in the new fiscal year to move the payment from the prepaid account and function 000 to an appropriate expense account and function.

Examples of old-year PurCard transactions that need to be allocated to prepaid accounts include: registration fees and airfare for conferences held in the new fiscal year. These should be allocated to account 13102 PurCard Travel in the old year.

**Find Prepaid Expenses**

**Closeout Report**

The Closeout Report can be used to find prepaid transactions from the prior fiscal year that need to be moved to the correct account in the current fiscal year. This report can be used for both projects and general fund chartstrings.

Closeout Report Section “**4F. Vouchers in Progress**” displays an Alert line if there are prepaid vouchers that need to be corrected:

<table>
<thead>
<tr>
<th>13001 Pre-Paid Exp - General</th>
<th>01 30200 100 1000001 000</th>
<th>0000 0000 0000</th>
<th>240.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>13001 Pre-Paid Exp - General</td>
<td>01 30200 100 1000001 000</td>
<td>0550 0000 0000</td>
<td>85.00</td>
</tr>
<tr>
<td>13001 Pre-Paid Exp - General</td>
<td>01 30200 100 1000001 000</td>
<td>0552 0587 0000</td>
<td>1,075.00</td>
</tr>
<tr>
<td>13001 Pre-Paid Exp - General</td>
<td>01 30200 100 1000001 000</td>
<td>0560 0000 0000</td>
<td>750.00</td>
</tr>
<tr>
<td>13102 Pre-Paid Exp - Purcard Travel</td>
<td>01 30200 100 1000001 000</td>
<td>0000 0861 0000</td>
<td>607.80</td>
</tr>
<tr>
<td>13102 Pre-Paid Exp - Purcard Travel</td>
<td>01 30200 100 1000001 000</td>
<td>0550 0000 0000</td>
<td>195.00</td>
</tr>
</tbody>
</table>


**PeopleSoft Drill Down**

The General Ledger screens in PeopleSoft are also useful in reviewing accounting information, particularly prepaid accounts. This example is for an FY18 prepaid transaction.

1. **Log into PeopleSoft Financials**
2. On the UVM Employee Homepage click on the UVM Business Mgr WorkCenter tile.

3. Click the Arrow icon to expand the Links and GL & Budget to expand the menu, showing a list of frequently used links. Select GL – Ledger Inquiry.

4. An Inquiry ID is needed to run the inquiry. Click the Search button on the Find an Existing Value tab to choose an existing Inquiry ID, or create a new Inquiry ID by selecting the Add a New Value tab. Type a name for the Inquiry ID (spaces are not accepted), then click Add.

5. Enter the following in the Ledger Criteria:
   - Unit (always UVM01)
   - Ledger (always Actuals)
   - Fiscal Year
   - From Period
   - To Period
   - Check the “Show Transaction Details“ box if desired

6. Enter the following Chartfield Criteria:
   - Account (13xxx)
   - Department, Project, or Program (as needed)
   - Sum By check box
7. Click **Save**.
8. Click **Search**.

9. If the “Show Transaction Details” box was **not checked**, the Ledger Summary page is displayed. Click any **Activity** or **Detail** hyperlink to drill to the source information.
10. If the “Show Transaction Details” box was checked, or after clicking an Activity or Detail hyperlink, transactions will be displayed on the Transaction Details page. Click View All in header, i.e. Journal Line, to see all returned results (if necessary).

11. Click the Journal ID to view additional details, including the full chartstring.
12. To change criteria, click the Inquiry Criteria hyperlink. To go back one screen to the Transaction Detail, press the Transaction Details hyperlink.

13. If the transaction of interest is an AP voucher, click the Drill to Source icon to find additional information about the voucher.

14. A new window will open to display the Drill to Source screen.

15. Click the Voucher ID hyperlink.

16. A new window will open to display the Voucher Accounting Entries, including the voucher number, invoice number, supplier name, and invoice description.
17. To view a purchasing card transaction, click **Inquiry Criteria**, and select the checkbox **Show Transaction Details** and perform another search.

18. On the Transaction Details page, click the **Journal ID** hyperlink for the desired PurCard journal.

19. The Journal Inquiry Details page will be displayed.
20. Notice that the purchasing card journal information is displayed, including the vendor name in the Line Description field.

## Correct Prepaid Accounts

Prepare correcting journals only in the new fiscal year, crediting the prepaid account and function 000, offsetting with a debit to the correct expense account and function where the expense should be charged.

## Resources/Help

### Help/Footprints

If you have questions about information in this document, or, if after reading it, you cannot find the information you need, please submit a PeopleSoft help desk ticket in [Footprints](#).

### Training

- [UFS Roadshow Training Topics (PDF)](#)
- [Professional Development & Training Classes](#)
- [University Policies and Operating Procedures](#)

### Relevant UVM Departments

- [Disbursement Center Accounts Payable team](#) - for questions on corrected prepaid expense or unearned revenue transactions
- [Purchasing Services](#) – for questions relating to requisitions and purchase orders

### Suggestions? Updates?

Send an email to [PS9-1Upgrade@uvm.edu](mailto:PS9-1Upgrade@uvm.edu).