



EASTERN MICHIGAN UNIVERSITY

# 2020 Year-End Accounting Review

June 10, 2020

# Year End Calendar

<https://www.emich.edu/controller/accounting/year-end-dates.php>

## Dates to Remember

Date	Department	Title	Questions?
Thursday, April 30, 2020	Budget	Personnel changes into Banner/cutoff date	7-3226
Friday, June 5, 2020	Payroll,Accounting	Wage and Non-wage adjustments through May are due	7-2393
Friday, June 12, 2020	Accounts Payable	Recommended deadline for FY20 payment card purchases. All eInvoice Requests should be processed and approved	7-0022
Friday, June 12, 2020	Purchasing	Open encumbrance adjustments are due	7-1024
Friday, June 12, 2020	Purchasing	Purchases NOT requiring a bid are due	7-1024
Friday, June 19, 2020	Accounts Payable	Concur Expense reports due	7-0022
Friday, June 26, 2020	Cashiers	FY20 Check Deposits and Web deposits in Touchnet are due	7-2159
Tuesday, June 30, 2020	Budget	Budget Transfers are due	7-3226
Tuesday, June 30, 2020	Accounting	Journal vouchers, and internal charges due	7-1321
Tuesday, June 30, 2020	Payroll	Leave reports through 06/30/2020 submitted and approved for AP, AC, and ES staff	7-2393
Wednesday, July 15, 2020	Accounting	First Close 3:00 p.m.	7-8519
Thursday, July 16, 2020	Accounting	First Close statements available on e-print	7-1321
Wednesday, July 29, 2020	Accounting	June corrections are due	7-1321
Thursday, July 30, 2020	Accounting	FINAL CLOSE 3:00 PM	7-8519
Friday, July 31, 2020	Accounting	Final Close statements available on e-print	7-1321
Friday, July 31, 2020	Accounting	Reqs, PO, and General Ledger balances roll into FY21	7-8519
Monday, August 3, 2020	Accounting	Accrual Period Opens	7-1321
Friday August 28, 2020	Accounting	Accrual Period Closes	7-1321
August, 2020	Accounting	Financial Statements and PBC audit schedules prepared and reviewed by management	7-8519
Tuesday, September 8, 2020	Accounting	Auditor begins.	7-8519
Friday, September 25, 2020	Accounting	Financial Statements to Standards Reviewer.	7-8519
Wednesday, September 30, 2020	Accounting	President's Closing meeting	7-8519
Thursday, October 22, 2020	Accounting	Board of Regents meeting	7-8519

# Department Close (Final Close)

- Department Close (final close) will take place for fiscal year 20 on Thursday, July 30<sup>th</sup>. Any adjustments that need to take place must occur before final close.
- **What should I do to make sure that I'm ready for final close?**
  - Review your department accounts in Eprint or in Self Serve (MyEmich).
  - Send any issues to General Accounting with enough time before final close for those issues to be resolved.
  - Look for expenditures that are misclassified or revenue that needs to be moved.

# Deposits and TouchNet

- Final deposits for fiscal year 20 are due on Friday, June 26<sup>th</sup>.
- This applies to both deposits that need to be entered into TouchNet Web Deposit and to Deposit vouchers turned in to Student Business Services.
- Reconciling items also need to be resolved by Friday, June 26<sup>th</sup>. Accounting regularly contacts departments with reconciling or outstanding items. Contact Christine Swirple ([cswirple@emich.edu](mailto:cswirple@emich.edu)) to resolve reconciling or outstanding items.
- What should I do if I have a large deposit that is received between Friday June 26<sup>th</sup> and Tuesday June 30<sup>th</sup>?
  - Contact Christine Swirple in Accounting. Accounting will work with you to ensure that deposit is recorded in the correct fiscal period.

# Deposits and TouchNet

- Deposits can still be completed at this time using the secure drop box behind Pierce (next to Swoop's pantry).
- Complete the deposit voucher at <https://www.emich.edu/sbs/basics/forms.php>
- Place the voucher in an envelope along with your deposit and it will be processed by SBS staff.
- Currently deposits are processed once per week on Wednesdays.

# Using Account and Program Codes

- Deposits will **ALWAYS** go to an Account Code that starts with **zero (0)**
- Program Code for deposits is 99
- Fund/Org/**0xxx**/99/Activity/Location (FOAPAL)
- See the General Accounting tab on the Controller's website for a list of account codes.

<https://www.emich.edu/controller/accounting/bannerfinance-ca.php>

# Account Hierarchy Report



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## Account Hierarchy Report

Account Precessors	Account #	Account Title	Account Status	Data Enterable	Balance Indicator
70		Expense			
	2928	Debt Forgiveness Write Off	A	Y	D
	2930	Discretionary	A	Y	D
	2935	Internal Audit	A	Y	D
	2940	External Audit	A	Y	D
	2945	Payroll Check Proces	A	Y	D
	2950	United Way Expenditures	A	Y	D
	2955	Bank Service Charge	A	Y	D
	2960	Annual Financial Rpt	A	Y	D
	2963	Concur Accrual	A	Y	D
	2964	Prepaid Expense Offset	A	Y	D
	2965	Legal Fees	A	Y	D
	2966	Legal Settlements	A	Y	D
	2967	MUSIC Legal Fees	A	Y	D
	2970	Tuition Waiver	A	Y	D
	2975	Pension Expense	A	Y	D
	2976	Reim Cancel From Doe	A	Y	D
	2990	Business Interruption Expense	A	Y	D

# Funds

- **General** – These funds primarily represent two revenue streams - State Appropriations and Tuition and Fees.
- **Designated** – These are unrestricted funds that have been designated for a specific purpose. Considered a subset of the General Fund, usually short term.
- **Auxiliary** – Funds reported in this group represent self-supporting operating units that furnish goods and services to students, faculty, staff, and in some instances, the general public and may charge a fee directly related to that service.
- **Restricted** – Grants, Scholarships and Development funds funded and restricted by a non-University source.
- **Plant** – This fund group is used to account for the acquisition, construction, and maintenance of the University's physical plant and to control the resulting assets.
- **Agency** – Moneys held by an institution acting as custodian or fiscal agent (Student Organizations).

# Foundation Funds

- Foundation funds are donor restricted funds. Endowed funds are assigned a spending budget from the EMU Foundation each year.
- The endowed spending budgets are on a “use it or lose it” basis for each fiscal year. It is important to make a good faith effort to spend the budget each fiscal year.
- Foundation funds may not have a negative balance.
- If you have questions about your foundation fund budget, please contact Sandy Mullally at ([smullall@emich.edu](mailto:smullall@emich.edu)).

# Indirect Cost (IDC) Funds

- IDC Funds are used to distribute real costs of the University charged to sponsored grants & projects. The University shares back a portion of the IDC charged to grants with the project's Principal Investigators (PIs)/Project Directors (PDs), their departments, colleges, and divisions.
- IDC recovery funds are shared back to PIs/PDs and supporting units to further research and scholarly/creative activity. This may include hiring student research assistants, supporting conference travel, buying equipment or supplies that support one's scholarly work. IDC recovery funds should be spent within two years of being generated. PIs/PDs cannot use these funds to support additional compensation, nor assign release time to their IDC funds.
- Roll up of IDC Funds for terminated PIs/PDs: the Controller's office has been instructed by the Office of the Provost to roll funds for which the PI or PD has been terminated up to the Provost's IDC fund.

# Student Organization Funds

- All Student Organizations were requested to transfer fund balances to an external checking account (in the name of the Student Organization).
- Due to COVID-19, the deadline to transfer the funds was extended to May 31, 2020.
- Any remaining balances in Student Organization funds will be transferred to Campus Life by June 30, 2020.
- After June 30, 2020, Student Organizations will need to work with Campus Life for fund transfer requests.
- <https://www.emich.edu/controller/accounting/gastudentorgs.php>

# Budget Roll-forward for D and R Funds

- Budgets for D and R funds (also PO's, Requisitions, and General Ledger balances) will roll forward on Friday, July 31<sup>st</sup>. Budgets will be available to spend on those funds by the end of business that day.
- *Reminder: Budgets for G & A funds are managed by the Budget office. Budgets for D and R funds are based on funds received and are managed by General Accounting (except for Grant funds). Project funds (U funds) are also managed by General Accounting.*

# Surplus/Deficit Reports

- The Surplus Deficit report provides the available balance as of month end for each fund. The report also provides a snapshot of the activity in the fund.
- Surplus/Deficit reports are provided for non-grant R & D funds each month. The distribution of reports is based on the assigned Fund Manager in Banner.
- Self Service Banner (SSB) budget queries can be used to view live data and to drill down into balance details.
- If the Available Balance is highlighted in red, the fund is in deficit. Designated funds that have not had activity within the last 24 months will have their balances moved to the department General fund, unless other arrangements have been made with General Accounting. Transfers to the General fund due to non-activity will occur in mid-December.
- If you have questions about your surplus/deficit report contact General Accounting at ([busfin\\_generalaccounting@emich.edu](mailto:busfin_generalaccounting@emich.edu)).

# Surplus/Deficit Reports

Eastern Michigan University  
FY19 Surplus Deficit  
Fund Organization Summary  
Fund Manager - Celian, Doris M

Fund : D27450 - Accts Payable Audit								
Orgn	Organization Title	Last Transaction	Beginning Balance	Revenue	Expenses	Transfers	Encumbrances	Available Balance
125050	Controller	07/09/18	43,917	0	0	0	2,473	41,444
Fund Group Totals:			43,917	0	0	0	2,473	41,444

Fund : D27500 - Gifts Bequests Wills								
Orgn	Organization Title	Last Transaction	Beginning Balance	Revenue	Expenses	Transfers	Encumbrances	Available Balance
125051	EMU Central Org	04/25/19	321	1,050	0	0	0	1,371
Fund Group Totals:			321	1,050	0	0	0	1,371

Fund : D30050 - Foundation Clearing								
Orgn	Organization Title	Last Transaction	Beginning Balance	Revenue	Expenses	Transfers	Encumbrances	Available Balance
125051	EMU Central Org	03/20/19	-156	0	2,597	0	0	-2,753
136350	VP Advancement	02/28/19	0	0	1	0	0	-1
143150	Integrated Content	09/05/18	0	0	0	0	0	0
Fund Group Totals:			-156	0	2,597	0	0	-2,753

Fund : D30060 - Chartwells Clearing								
Orgn	Organization Title	Last Transaction	Beginning Balance	Revenue	Expenses	Transfers	Encumbrances	Available Balance
158400	Dining Admin	04/25/19	1,976,693	2,025,123	1,949,092	236,481	411,766	1,404,477
Fund Group Totals:			1,976,693	2,025,123	1,949,092	236,481	411,766	1,404,477

Fund : D30070 - LAZ Parking Clearing								
Orgn	Organization Title	Last Transaction	Beginning Balance	Revenue	Expenses	Transfers	Encumbrances	Available Balance
125065	Parking	04/18/19	0	13,714	25,364	0	0	-11,650
Fund Group Totals:			0	13,714	25,364	0	0	-11,650

# Transfers: What Is Not Allowed

- Expense transfers are **NOT** allowed, except for Sponsored Research and Grant funds.
- Fund transfers and budget transfers (G to G) are allowed within the guidelines.
- Fund Transfers Guidelines for what is **NOT** allowed:
  - G to D (General Fund to Designated Fund)
  - G to R (General Fund to Restricted Fund)
  - A to D (Auxiliary Fund to Designated Fund)
  - A to R (Auxiliary Fund to Restricted Fund)
  - D to R (Designated Fund to Restricted Fund)
  - U to X (Plant Fund to Agency Fund)
  - X to U (Agency Fund to Plant Fund)

The above list only includes major highlights for transfer rules. For a complete list please go to: <https://www.emich.edu/controller/accounting/expense-transfers.php>

# Accrual-Based Accounting

- In accordance with GAAP (Generally Accepted Accounting Principles), EMU is required to follow accrual based accounting.
- Under the accrual basis of accounting, the focus is to report what revenues were earned and what expenses were incurred using deferrals and accruals.
  - A **deferral** occurs when EMU has:
    - Paid out money that should be reported as an expense in a later accounting period (ex: Subscriptions)
    - Received money that should be reported as revenue in a later accounting period (ex: Summer Tuition Fees)
  - An **accrual** is the means of either recording:
    - Revenues that have been earned, but not yet recorded or received (ex: Past due rent owed to EMU)
    - Expenses that have been incurred, but have not yet been invoiced or paid/recorded in the general ledger (ex: Construction project not yet invoiced)
- This accounting method allows EMU's financial statements to accurately reflect the current fiscal year revenues and/or expenses.

# Why Do We Do Accrual Based Accounting?

- Although it is more complicated than the Cash Basis Method of Accounting, there are specific advantages to Accrual Based:
  - The ability to “match” revenues and related expenses within the applicable periods.
  - Creates consistency to when revenues and expenses of EMU are recorded and allows for an increased ease of budgeting and forecasting.
  - If EMU is looking for financing opportunities, banks and other investors usually ask for the financial information in this method of accounting.

# Deferred Revenue

- Deferred or “Unearned” Revenue is money received by EMU in advance of having earned the revenue.
- It is considered “unearned” as it refers to cash received prior to the work or service being performed.
- The unearned balance is reported on our balance sheet as a **liability** and then recognized as a revenue in the correct period.



## Deferred Revenue Form

Form Definition: Deferred revenue that is recorded/received in current fiscal year that is for the next fiscal year.	Prepared by:
Example: Summer B Tuition	Caitlin Stasa
Always include backup (i.e. spreadsheets, invoices, etc.)	

Form Type			Deferred Revenue			
Email to Org Financial Manager						
Email to General Accounting Department: <a href="mailto:busfin_generalaccounting@emich.edu">busfin_generalaccounting@emich.edu</a>			Department Approval			
Date:	April 01, 2019	Example: Received payment for Summer B tuition before June 30th, 2019 - Moving to FY20 Revenue				
Control Totals:	1,000.00	Received payment for Summer B tuition on April 1st, 2019 - Moving to FY20 Revenue				
Enter an explanation *THIS FIELD IS REQUIRED*						
Fund	Org	Account	Acct. Description	Decrease Revenue Current Fiscal Year	Increase Deferred Revenue Next Fiscal Year	Transaction Description
G00005	125051	L088	Defer Rev. Other Fees	1000	1000	Tuition payment to Deferred Revenue
<i>(for internal use)</i>						Eastern Michigan JE No. J19E0000
				Add complete?	Not uploaded	

# Prepaid Expenses

PCard Example:

An EMU employee needs to travel to North Carolina for a conference.

The conference is in 7 months.

The employee will book the flight for \$1,200 on the PCard.

The cost of the flight is paid by EMU, but the employee will not travel for 7 months.

A prepaid expense journal entry is required.

Date	Account	Acct.	+	-
7/2/2019	Prepaid Expense	A180	1,200	
	Travel Expense	4040		1,200

The Prepaid Expense account is increased.

Travel Expense is decreased.

**Prepaid Expenses** refers to a cost that has been incurred, but which has not yet been used.

**The cost is recorded as an asset until the goods or services are used, then the cost is recorded as an expense.**

**Record the expense to account code A180.**

Examples of Prepaid Expenses:

Software subscription

Annual membership dues

Travel (PCard) – flight



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# Prepaid Expense Form

Form Definition: Prepaid expense that has been incurred, but not yet consumed.	Prepared by:
Example: PCard Travel	Caitlin Stasa
Always include backup (i.e. spreadsheets, invoices, receipts, etc.)	

Form Type			Prepaid Expense			
Email to Financial Org Manager						
Email to General Accounting Department: <a href="mailto:busfin_generalaccounting@emich.edu">busfin_generalaccounting@emich.edu</a>			Department Approval			
Date	October 14, 2019	Example: Booked a flight for a conference 7 months in advance				
Control Totals	1,200.00					
Enter an explanation *THIS FIELD IS REQUIRED*		Conference is in 7 months and flight was booked in advance				
Fund	Org	Account	Acct. Description	Decrease Travel Expense Current Fiscal Year	Increase Prepaid Expense Current Fiscal Year	Transaction Description
G00005	125051	A180	Prepaid Expense	1200	1200	PCard Travel Expense
(for internal use)						Eastern Michigan JE No.
						J19E0012
				Add complete?	Not uploaded	

# Accrued Expenses

**Accrued Expenses** are expenses that have been incurred, but not yet paid for. In other words, these expenses are paid **after** they are recorded into the General Ledger at year end.

These expenses are reflected on the balance sheet as a liability for the period they are incurred, but are removed once they are paid.

Examples of Accrued Expenses might include:

Interest

Rent

Utilities

Paid Time Off

Salaries

Services rendered during the prior fiscal year invoiced in the following fiscal year

- <https://www.emich.edu/controller/accounting/gaforms.php>

# EMU Financial Statements

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### Business & Finance

101 Welch Hall  
Ypsilanti, Michigan 48197  
734.487.2031  
jwester@emich.edu

## Financial Statements

These annual reports consists of financial statements, prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities.

- Financials 2019 [PDF]
- Financials 2018 [PDF]
- Financials 2017 [PDF]
- Financials 2016 [PDF]
- Financials 2015 [PDF]
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- Sarbanes-Oxley [PDF]

### OMB Circulars

- Single Audit (FY 19) [PDF]
- Single Audit (FY 18) [PDF]
- Single Audit (FY 17) [PDF]
- OMB Circular A133 (FY16) [PDF]
- OMB Circular A133 (FY15) [PDF]
- OMB Circular A133 (FY14) [PDF]
- OMB Circular A133 (FY13) [PDF]
- OMB Circular A133 (FY12) [PDF]
- OMB Circular A133 (FY11) [PDF]
- OMB Circular A133 (FY10) [PDF]
- OMB Circular A133 (FY09) [PDF]

### Quick Links

- Bank of Ann Arbor (Custodian)
- Eagle Crest
- EMU Foundation
- JPMorgan Chase (Banking)
- NEPC (Investment Advisor)
- Plante Moran (External Auditor)
- State Budget Office
- Institutional Strategic Plan
- UBC Board Recommendation
- Organizational Chart [PDF]
- Anonymous Reporting
- Signatory Authority [PDF]



Financial  
Statements and  
Supplemental  
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as of June 30, 2019  
and 2018  
Together with  
Auditor's Report

Eastern Michigan University, Education First  
Ypsilanti, MI, USA 48197 | 734.487.1849

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# OFFICE OF THE CONTROLLER

## Staff

### General Accounting and Financial Reporting, Administration

**Sandy Mullally**  
Assistant Controller  
207 Hover  
734.487.1116

[@EMAIL](#)

**Daniel Merritt**  
Manager, Accounting  
Operations  
205 Hover  
734.487.1440

[@EMAIL](#)

**Kerri Stephenson**  
Accountant/Analyst  
212 Hover  
734.487.2485

[@EMAIL](#)

**Reginald Opalia**  
Financial Reporting  
Accountant/Analyst  
206 Hover  
734.487.0029

[@EMAIL](#)

**Christine Swirple**  
Accountant/Analyst  
212 Hover  
734.487.3326

[@EMAIL](#)

**Ryan Leright**  
Accountant/Analyst  
212 Hover  
734.487.2056

[@EMAIL](#)

**Central Contact Point**  
212 Hover  
734.487.1321

[@EMAIL](#)

**Judy Griwicki**  
Account Specialist  
212 Hover  
734.487.1113

[@EMAIL](#)

**Laurie Horn**  
Accountant/Analyst  
212 Hover

[@EMAIL](#)

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