

Accruals

Interim Reporting Guide

Districts must closely manage all balance sheet accounts throughout the year, particularly for accruals. If a balance exists in object 9501 or object 9201, the district should be aware of what that balance represents and actively monitor to ensure that any outstanding revenues are received, or expenditures are paid. Both accounts **must** be cleared by fiscal year end.

As part of the year-end close process an automatic entry is created by the system to bring your starting balances forward into the next fiscal year for all balance sheet accounts.

- **Accounts Payable:** The prior year ending balance in **object 9500** becomes the starting balance in **object 9501** for the current year.
- **Accounts Receivable:** The prior year ending balance in the **object 9200** becomes the starting balance in **object 9201** for the current year.

Accrual Types:

1. **Automatic Accruals** - Escape automatically reverses accruals created by the system when payments are made after July 1 in the prior year payments screen and when receipts are recorded after July 1 in the prior year receipts screen.
2. **Year-End Processing Accruals** – If accrual entries are made via the Year-End Processing screen, Escape will automatically reverse these accruals **only when a payment or receipt is posted against the purchase order or invoice that was accrued**. If no payment or receipt is posted, account balances will be skewed. At a minimum, these entries should be reviewed and addressed at each interim reporting period and must be cleared before the district closes the current fiscal year.
3. **Manual Accruals** - All accruals created manually in the prior year will need to be reversed manually in the current year.

Helpful Reports:

- **Ledger02:** View a listing of AR/AP entries
- **Fiscal03:** View current year balances in objects 9201/9501 after the system has reversed all non-manual accruals.

Important note: If accruals are not reversed and prior year revenues are received or expenditures incurred before Oct 31, revenues/expenditures will be overstated at First Interim.