



University of Notre Dame Year End Close Policies

The University of Notre Dame's fiscal year runs from July 1 through June 30. Prior to year end, the Controller's Office publishes a schedule of closing items and timeline on its website. Please refer to the website for important dates. The year-end process is required to compile the University's operating results and financial statements. These items are reviewed by the University's Officers, the Board of Trustees and other stakeholders and are an important tool for demonstrating the University has been a responsible steward of resources and has fulfilled its fiduciary responsibilities.

It is critical the financial results be prepared on a timely basis, transactions are properly classified, and an appropriate cut-off be established between fiscal years. As such, every effort should be made to observe the timeline and follow the established procedures.

Prepaid Items

Accounting guidelines require revenues to be matched with expenses in the same fiscal year. Occasional payment restrictions require the University to pay for a service or product in a different fiscal year that the benefit is received (payment is due on June 15 for a subscription effective July 1 through December 31). These items are referred to as prepaid. In this instance, the bill is paid in one fiscal year and charged to the department budget in the subsequent fiscal year.

The University has established business rules regarding "prepaid items." The minimum amount to request a prepaid is \$500. Expenses below this amount would be considered immaterial and would simply be charged to the current year budget.

Reasonable examples for a prepaid request would include annual membership dues, annual software renewals, etc.

Accruals and Deferrals

The University will properly accrue for an expense in the event the period (fiscal year) the expense was paid does not match the period the purchase will benefit. For example, a reimbursement for travel expenses is being paid to a lecturer who presented on campus June 1, 2007. The lecturer did not submit her expenses until July 5, 2007. The expense reimbursement should be paid for along with the other expenses of the event in June, 2007. Therefore, we will use budget dollars from fiscal year 2007 to pay the reimbursement instead of charging budget year 2008.

On the other hand, the University will properly defer an expense in the event the period (fiscal year) the expense was paid does not match the period the purchase will benefit. For example, an annual membership fee due on June 15, 2007 will benefit the period July 1, 2007 through June

30, 2008. The membership fee that was paid should be reflected in the same period as the benefit of the membership. Therefore, budget dollars from fiscal year 2008 will be used to pay the annual fee.

The above definitions could hold true for revenue receipts.