

From: [Vega, Kennethia](#) on behalf of [District Announcements](#)
To: [# All Email Users](#)
Subject: Prepaid Conferences, Services & Licenses
Date: Friday, January 15, 2021 3:00:15 PM

The following message is sent on behalf of Fiscal Services:

Prepaid Conferences, Services & Licenses

What you need to know..

What are prepayments?

Prepayments are payments made by the District to vendors for conferences, services, or licenses that occur or that have a service term beyond the current fiscal year.

Prepayments include payments made by the District in the current fiscal year for:

- Registration fees or airfare for a conference that occurs in a future fiscal year.
- Services or licenses (e.g. software licenses, subscriptions, advertisements) that have a service term that ends in a future fiscal year.

Are prepayments permissible?

Prepayments for conference registration fees and airfare are permissible. As part of sound fiscal management, other prepayments should only be requested when the vendor requires advance payment, or when prepayment would result in a significant cost savings for the District. Please keep in mind that prepayments result in forgone interest income for the District.

How do prepayments affect my budget?

For accounting purposes, the expense related to a prepayment is recorded when or as the benefit is received.

Prepaid conference registration fees or airfare are charged to the fiscal year budget in which the conference occurs. The vendor will be paid in full in the current fiscal year but if the conference occurs next fiscal year then 100% of the expense will be charged to your next fiscal year's budget.

Prepaid services, which have a service term beyond the current fiscal year, are charged to your budget over the service term. Thus, prepaid services will impact your budget in a future fiscal year(s). The portion of the prepayment charged to your budget in each fiscal year is based on the number of service days in each fiscal year divided by the total number of days in the service term.

The Accounting Department manually tracks each prepayment and calculates prepaid expense for the current fiscal year. Prepaid entries are posted periodically to shift expense to the proper fiscal year(s).

Can I spend down my current fiscal year budget by prepaying for conferences, services, or licenses that occur in a future fiscal year?

Not necessarily. The District is required to comply with generally accepted accounting principles. For that reason, only the portion of the prepayment that provides benefit in the current year will be charged to your current fiscal year budget. The remaining portion will

be charged to your budget in future fiscal year(s) as the benefit is received.

Do I have to submit a single or multiple purchase requisitions for prepaid services or licenses?

You can submit a single purchase requisition for the entire service term.

Please note that open purchase orders in Fund 11 and 13 are closed in August of the following fiscal year. If using Fund 11 or 13 and the vendor will be paid in installments over multiple fiscal years, you may need to submit a purchase requisition each fiscal year for the payments that will be made that fiscal year. If you have any questions related to purchase requisitions, please contact Purchasing Services.

How do I submit invoices for prepaid services or licenses?

Whenever possible, invoice terms on purchase orders and agreements should coincide with the District's fiscal year (July 1 to June 30). For example, if the service term is 05/01/2021 to 04/30/2022, please request two invoices from the vendor one for FY 20/21 (for period 05/01/21 to 06/30/21) and another for FY 21/22 (for period 07/01/21 to 04/30/22). Many vendors are willing to accommodate these invoice terms as long as payment is not delayed. Invoices signed by the appropriate Administrator should be submitted to Accounts Payable.

How do I submit requests for prepaid conference registration or airfare?

Please complete Part I and II of the [Conference Request Claim Form](#), and submit to Accounts Payable with proper documentation. There are instructions for completing the Conference Request Claim Form [here](#).

What recommendations do you have for managing my budget?

We advise departments to please request that vendors provide invoices that coincide with the District's fiscal year (July 1 to June 30). This will help you to know how much expense related to the prepayment will be charged to your budget in the current fiscal year and the next fiscal year(s). Many vendors are willing to accommodate these invoice terms.

Can I prepay conferences, services, or licenses using grant funds (Fund 12 or 33)?

No, unless the grant award explicitly allows prepayments or documented pre-approval from the grant sponsor is obtained.

I have additional questions regarding prepayments. Who can I contact?

Please contact Candi Easter, Senior Accountant in Accounts Payable, or Erika Almaraz, Fiscal Services Manager.

Erika Almaraz, CPA, CIA

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