

# 2012-13 Fiscal Year End Close Training

## May 10, 2013

### Presenters

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Santa Clara County



Office of Education

# Agenda

9:15am



**TSB Year-End Close Training Classes**

9:30am



**Workshop Objectives, Basis For Procedures and Year-End Close Schedule**

10:15am



**Pre-Closing Activities**

10:45am



**Current Year Closing Activities**

11:15 am



**Final Closing Activities**

# TSB YEAR-END TRAINING CLASSES

# • TSB Year-End Training Classes

Date	Time	Class Title	Register By
2-May	1:30 – 4:30 pm	QCC Position Control Fiscal Year End Processing	26-Apr
10-May	9:00 – 12:00 pm	Fiscal Year End Closing Workshop	30-Apr
10-May	1:00 – 3:00 pm	QCC Financial FYE (AP, PO & Non-Invoice AR)	1-May
14-May	1:00 – 4:00 pm	QCC Invoice and Billing (AR) Year End Close	10-May
30-May	10:00 – 11:00 am	QCC Stores (Webinar)	24-May
24-June	1:30 – 3:00 pm	QCC Payroll Fiscal Year End Training	15-May
11-July	1:30 – 4:30 pm	QCC Absence Tracking	5-May
<b>Register for all QCC Classes on AccessPoint: <a href="http://accesspoint.sccoe.org/">http://accesspoint.sccoe.org/</a></b>			

# WORKSHOP OBJECTIVES

# Workshop Objectives

- Review Year-End Closing Procedures
- Become familiar with the SCCOE calendar deadlines
- Develop your own district Year-End Closing Schedule
- Share information gained with district staff



# BASIS FOR PROCEDURES

# Basis for Procedures

## Education Code Section 41010

- Requires Local Education Agencies (LEA's) to follow definitions, instructions and procedures in the California School Accounting Manual (CSAM)



# Basis of Accounting

## Modified Accrual

- ❑ Revenues are recognized when they become both “measurable” and “available” to finance expenditures of the current period.
- ❑ Most Expenditures are recognized (recorded) when the related liability is incurred.
- ❑ Fiscal Year-End is the only time that revenue and expenditures are accrued.

# YEAR-END CLOSING OBJECTIVES

# • Year-End Closing Objectives

- ❑ Account for expenditures & revenues in the same year in which they were made or earned
- ❑ Clear out all prior year balances on balance sheet accounts
- ❑ Correctly identify current year revenues and expenditures
- ❑ Validate all asset and liability accounts on the balance sheet

# • Year-End Closing Objectives

- ❑ Identify your ending balance (Assets and Liabilities) as of June 30
- ❑ Validate changes in Fund Balances from the current fiscal year to the next fiscal year
- ❑ Measure the results of operations of each fund for the year

Reference:

California School Accounting Manual Section 205-7

# • Year-End Closing Objectives

- ❑ Report to the Board, Administration, Community
  - ❑ Report Educational Program converted to dollars
- ❑ Generate the Unaudited Actuals document
- ❑ Provide books to be audited

# SCCOE YEAR-END CLOSING SCHEDULE

# SCCOE Year-End Closing Schedule

2012-2013

## JUNE 2013

DAY	DATE	TIME	ACTIVITIES
Thurs	6/27/13	3:00 pm	<b>Cash Receipt cutoff;</b> Last day for 2012-13 Deposits to be made at SCCOE and Bank of America (bank closing time)
			<b>Deadline to enter A/P Batches for FY 12-13</b>
			<b>Deadline to cancel A/P Batches for FY 12-13</b>
			Any deposits received after 6/27 will be posted on July 1, 2013 into FY 2013-14
Fri	6/28/13	10:00 am	FY 12-13 A/P Warrants available for pick-up

# SCCOE Year-End Closing Schedule

2012-2013

## JULY 2013

DAY	DATE	TIME	ACTIVITIES
Mon	7/01/13		FY 13-14 A/P Module available
Tues	7/02/13	10:00 am	FY 13-14 A/P Warrants available for pick-up
Thurs	7/04/13		<b>Holiday – SCCOE Closed</b>
Fri	7/11/13	5:00 pm	<b>Last Cash Transfers between SACS funds for FY 12-13</b> (Dated 6/30/13) Last Cash Transfers for deposit allocations for FY 12-13
Wed	7/31/13	5:00 pm	Cash Balance by Fund, Interest by Fund and Cash Reconciliations provided to Districts from SCCOE

\* Transactions after July 11<sup>th</sup> – set up Due To/Due From Entries



# After July 11<sup>th</sup> – Use Due To/From

Example: District transfers \$500 from the General Fund to the Cafeteria Fund

## Step 1 FY 12-13 General Fund

- DR Due From 9310 \$ 500
- CR Interfund Trf 7xxx \$500

## Step 2 FY 12-13 Cafeteria Fund

- DR Interfund Trf 8xxx \$ 500
- CR Due To 9610 \$ 500

## Step 3 FY 13-14 General Fund

- DR Cash 9110 \$ 500
- CR Due From 9310 \$ 500

## Step 4 FY 13-14 Cafeteria Fund

- DR Due To 9610 \$ 500
- CR Cash 9110 \$ 500

# SCCOE Year-End Closing Schedule

2012-2013

## AUGUST 2013

DAY	DATE	TIME	ACTIVITIES
Thurs	8/08/13	5:00 pm	Last day DBAS to post transactions to FY 12-13 Exceptions after this date will be clearly communicated to the CFO
Fri	8/16/13	5:00 pm	SCCOE to distribute Bond Interest and Redemption (BI&R) information to Districts
Fri	8/30/13	5:00 pm	Last District Journal entries for FY 12-13 (Dated 6/30/13)

# SCCOE Year-End Closing Schedule

2012-2013

## SEPTEMBER 2013

DAY	DATE	TIME	ACTIVITIES
Mon	9/02/13		<b>Holiday – SCCOE Closed</b>
Fri	9/13/13		FY 12-13 Financial Reports Distributed to Districts <b>by request only</b> . Contact TSB Helpdesk at 408.453.6748
Mon	9/16/13	5:00 pm	Unaudited Actuals are due to the SCCOE (soft copy and hard copy)
			Gann Limit Resolution due to the SCCOE per Ed Code 1629 and 42132
Mon	9/30/13	5:00 pm	FY 12-13 Ending Balances to be rolled into FY 13-14 Beginning Balances

# FISCAL YEAR-END CLOSING ACTIVITIES

# Fiscal Year-End Closing Activities



## **Pre-Closing Activities**

Activities That Clear All Prior Year-End Transactions



## **Current Year-End Processing**

Activities That Are Normal Year-End Transactions



## **Final Year-End Closing Activities**

Verification and Validation of the District's Annual Financial Status



# PRE-CLOSING ACTIVITIES

## FY 12-13

# Pre-Closing Activities

## Sample Layout of a District's Closing Calendar

Task	Start Date	Due Date	Person(s) Assigned
Establish a District (Internal) closing calendar based on the published SCCOE deadlines	4/1/13	5/31/13	
Establish a school site calendar with deadlines			
Identify tasks to be completed			
Assign staff			

# Pre-Closing Activities

## Tasks

### Analyze Prior Fiscal Year-End Transactions (FY 11-12)

Confirm that opening balances agree with ending balances on prior year SACS forms

Reconcile and clear all prior year items in Balance Sheet Accounts – A/R, A/P

Clear Prior Year Pre-Paid Expenditures

Reverse Prior Year Deferred Revenue

Reconcile Prior Year Due To/Due From Transactions



# Pre-Closing Activities

## Tasks

### Analyze Prior Fiscal Year-End Transactions (FY 11-12)

Verify that temporary inter-fund borrowing has been repaid in the same fiscal year\*

\*Special Note: The exception will be limited to borrowing that occurs within the final 120 Calendar days of fiscal year. (Ed Code 42603) However, these should have been repaid by this time.

Confirm that Audit Findings for FY 11-12 have been reviewed, adjustments made and plan of correction is in place.

# • Pre-Closing Activities

Analyze Prior Fiscal Year-End Transactions

- ❑ Review Balance Sheet Accounts in the General Ledger
  - ❑ Reconcile and clear all prior year items in balance sheet accounts:
    - ❑ 9209 – Accounts Receivable
    - ❑ 9516 – Accounts Payable
    - ❑ 9330 – Prepaid Expenditures
    - ❑ 9310 – Due From Other Funds
    - ❑ 9610 – Due to Other Funds

# ● Pre-Closing Activities

Analyze Prior Fiscal Year-End Transactions

- Reconcile Prior Year Accounts Receivable – Object 9209
  - Reverse prior year accruals to prevent revenue from being overstated
  - Verify Accounts Receivable for Grants and Entitlements have been received

# • Pre-Closing Activities

## Analyze Prior Fiscal Year-End Transactions

- ❑ Reconcile Prior Year Accounts Receivable – Object 9209
  - ❑ Confirm that all prior year invoices issued have been paid
  - ❑ If payments were not received, follow-up with the granting agency or customers for payment status
  - ❑ Confirm that all items carried forward have supporting documentation

# • Pre-Closing Activities

## Analyze Prior Fiscal Year-End Transactions

- ❑ Reconcile Prior Year Accounts Payable – Object 9516
  - ❑ Reverse prior year accruals
    - This prevents expenditures from being overstated
  - ❑ Ensure that Accounts Payable for Grants are paid to avoid penalties
  - ❑ Ensure that Accounts Payable for goods and services have been paid
  - ❑ If Accounts Payable balance needs to be carried forward, supporting documents are necessary

# ● Pre-Closing Activities

Analyze Prior Fiscal Year-End Transactions

- Review Prior Year Prepaid Expenditures – Object 9330
  - Ensure that all accruals were reversed to reflect expenditures in appropriate year.

Example: Prepaid Insurance Premiums

Prior Year Entries

Dr 9330    \$ 500  
 Cr 5400    \$ 500

Reversing Entries

Dr 5400    \$ 500  
 Cr 9330    \$ 500

# • Pre-Closing Activities

## Analyze Prior Fiscal Year-End Transactions

- Reconcile Prior Year Deferred Revenue – Object 9650
  - Ensure that all prior year deferred revenue is reversed.

Example: Deferred Revenue

### Prior Year Entries

Dr 8xxx     \$ 500

Cr 9650     \$ 500

### Reversing Entries

Dr 9650     \$ 500

Cr 8xxx     \$ 500

# • Pre-Closing Activities

## Analyze Prior Fiscal Year-End Transactions

- Review Prior Year Due To/Due From Entries

Due From Other Funds - 9310

Due To Other Funds - 9610

Ensure that temporary inter-fund borrowing has been repaid in the same fiscal year unless borrowing occurs within the final 120 calendar days of fiscal year. (Ed Code 42603)



# DEVELOP SAMPLE CLOSING SCHEDULE

# • Sample Closing Schedule

It is extremely important that you monitor cash balances closely in all funds

- Monitor Cash Daily
- Positive Cash Balances in all Funds on June 30th

# Pre-Closing Activities

## Sample Closing Calendar

Task	Start Date	Due Date	Person(s) Assigned
Reconcile Cash		5/31/13	Accountants
Last Cash Transfer Between Funds			Accountants
Count all material inventories			Accountants
Prepare and post adjusting entries to bring the books into agreement with the physical inventory			Accountants

# Pre-Closing Activities

## Sample Closing Calendar

Task	Start Date	Due Date	Person(s) Assigned
Accrue Accounts Receivables			Accountants
Accrue 4 <sup>th</sup> Quarter Lottery Receivables			Accountants
Accrue Mandated Cost Receivables			Accountants
Determine if accounts receivable has been set up for all outstanding billings/invoices due from outside organizations			Accountants

# Pre-Closing Activities

## Sample Closing Calendar

Task	Start Date	Due Date	Person(s) Assigned
Review open purchase order list and accrue items that have been received or services rendered by June 30			Accountants
Determine that all new debt instruments have been properly included in the long-term debt Form Debt for June 30			Accountants
Accrue legal claims that can be estimated and are probable (only if the claim is not covered entirely by insurance) as of June 30			Accountants
Determine that all payments relating to debt service are split appropriately for debt payments and interest			Accountants

# Pre-Closing Activities

## Sample Closing Calendar

Task	Start Date	Due Date	Person(s) Assigned
Prepare and post entries for the PERS recapture			Accountants
Prepare a worksheet to record indirect costs			Accountants
Verify that programs allow indirect costs and whether there is a limit on the allowable percentage			Accountants
Post indirect entries to all applicable programs			Accountants

# Pre-Closing Activities

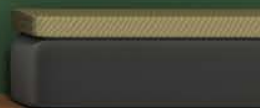
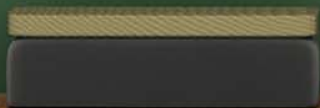
## Sample Closing Calendar

Task	Start Date	Due Date	Person(s) Assigned
Review and verify Categorical balances by resource in all funds to ensure they are balanced appropriately			Accountants
Prepare the CAT Form in the SACS software			Accountants
Review CAT Forms versus system reports for A/R, Deferred revenue, A/P, restricted ending balance and make any necessary journal entries in the financial system			Accountants



# CURRENT YEAR CLOSING ACTIVITIES

## FY 12-13





# • Current Year Closing Activities

## Inventory

- ❑ Verify that all inventory received has been included in your perpetual physical counts
- ❑ Verify that all stock issued out has been removed from the perpetual inventory totals
- ❑ Conduct a physical count of inventory and fixed assets on hand
- ❑ Adjust the perpetual inventory to reflect the physical quantities on hand

# • Current Year Closing Activities

- Reconcile Prior Year Audit Adjustments—Object 9793
- Ensure that Audit Adjustments are recorded in the general ledger per Audit Findings to accurately reflect the fund balance

# • Current Year Closing Activities

- Reconcile and replenish Revolving Cash
- Confirm that Cash (9110) is positive in all funds
- Confirm that all unapproved Journal Entries, Transfers, and Deposits have been approved or deleted for FY 12-13

# • Current Year Closing Activities

- ❑ Set up Accounts Receivable accruals for revenue that has been earned but not yet received
- ❑ Set up Accounts Payable accruals for supplies received or services performed but not yet paid
- ❑ Book all Prepaid Expenditures
- ❑ Confirm that authorized interfund transfers IN (objects 8910-8929) equal interfund transfers OUT (objects 7610-7629)
- ❑ Confirm that interprogram and interfund transactions of Direct Costs are balanced and net to zero by fund (interprogram--objects 571X-572X; interfund 575X)

# • Current Year Closing Activities

- ❑ Review the General Ledger to ensure that Assets have debit balances and Liabilities have credit balances
- ❑ PERS Reduction Transfer (Object 8092) in the General Fund must equal PERS Reduction, certificated and classified positions (object 3801-3802) in all funds
- ❑ Revenue Limit Transfers (objects 8091) must net to zero for all funds
- ❑ Due to Other Funds (object 9610) must equal Due From Other Funds (object 9310)

# • Current Year Closing Activities

- ❑ Review Programs for Compliance; refer to grant letters for amounts and restrictions
- ❑ Be sure not to exceed the 15% administrative cost limit for federal programs
- ❑ Verify that programs exempt from indirect cost have not been charged indirect
- ❑ Ensure that the maximum allowable indirect is not exceeded for any program

# • Current Year Closing Activities

- Book Indirect Costs for programs that allow these charges
- Transfers of Indirect Costs must net to zero for all funds and by function
  - Interprogram (object 731X)
  - Interfund (object 7350)

# • Current Year Closing Activities

- Indirect costs net to zero at the function and fund level
- A multiyear list of indirect cost rates is posted online annually at:

<http://www.cde.ca.gov/fg/ac/ic/documents/icr0910to1314.xls>



# • Current Year Closing Activities

- ❑ Contributions from Unrestricted Revenues (object 8980) must net to zero by fund
- ❑ Transfers of Restricted Balances (object 8997) must net to zero

# • Current Year Closing Activities

- ❑ Any unwanted Funds or Resources should be closed at year end
- ❑ When closing Funds – Governing Board Authorization is required
- ❑ Zero out balances in each Resource and Fund

# • Current Year Closing Activities

- ❑ Clean up any expenditure or revenue coding errors such as incorrect object, function, etc.
- ❑ Verify that all object 6xxx's and function 8500's are capital outlay expenditures
- ❑ Reconcile all payroll suspense accounts at the close of the fiscal year – object code 99xx

# •Current Year Closing Activities

## DISTRICT WILL POST

- 4<sup>th</sup> quarter lottery, based on the 11/12 Annual ADA.
- Record revenue in object 8560.
- Distinguish restricted and unrestricted portions.

## DBAS WILL POST

- Revenue Limit A/P, A/R
- 3<sup>rd</sup> quarter Lottery
- 4<sup>th</sup> quarter Interest apportionment Accrual
- FY 12/13 apportionment deferrals
- SELPA A/P, A/R – determined by your SELPA advisor

# • Current Year Closing Activities

- ❑ Download SACS 2013 software
- ❑ Upload your unaudited actuals in SACS and run technical review checklist early
- ❑ Clear all fatal errors and explain warnings on Technical Review Checklist
- ❑ Complete all SACS Reports

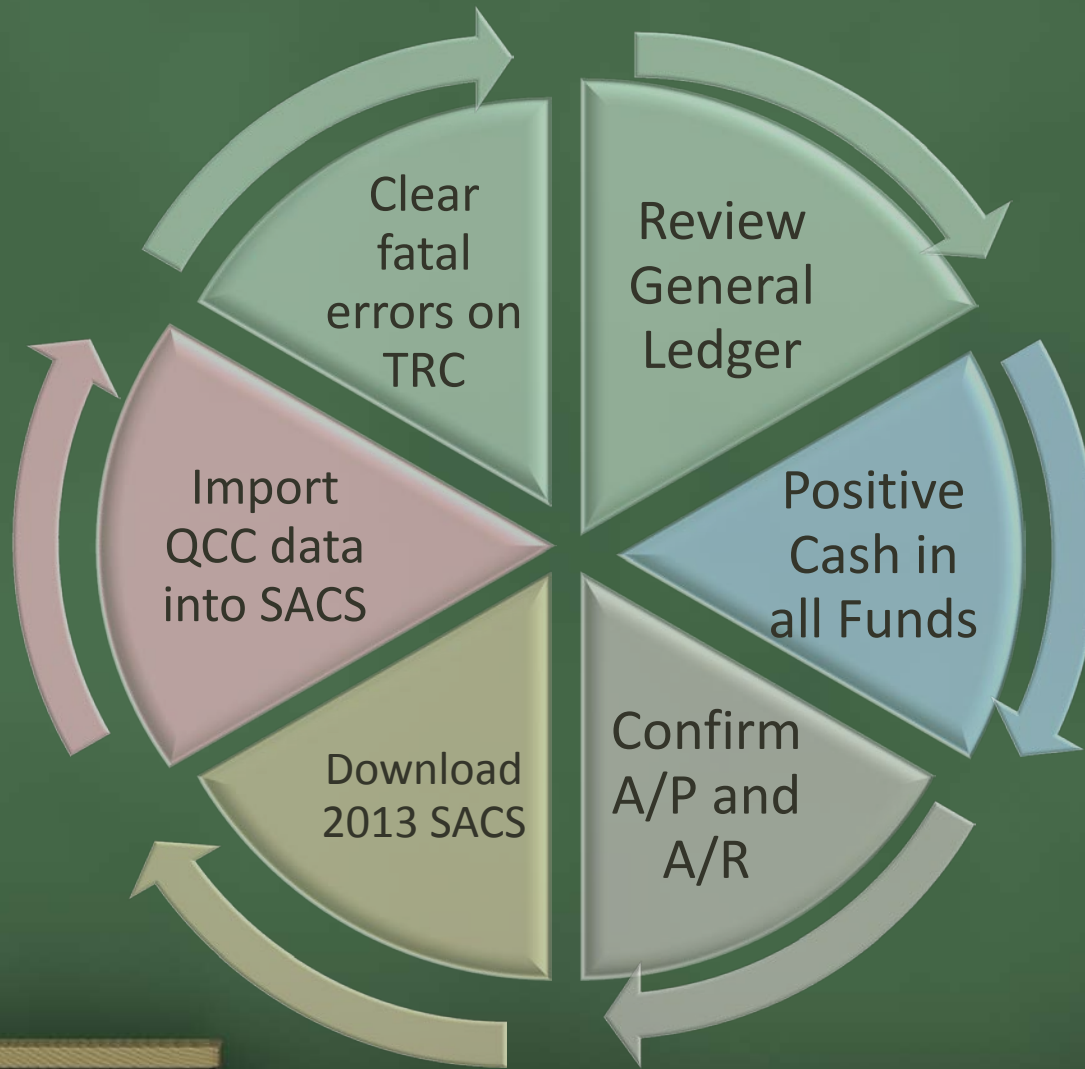
# • Current Year Closing Activities

- ❑ Confirm beginning balances agree with ending balances on prior year SACS forms
- ❑ Gather Information:
  - ❑ Full Time Equivalents for form ICR (Indirect Cost Rate)
  - ❑ Pupil Transportation data (for Form TRAN)

# • Current Year Closing Activities

- DBAS will review your Unaudited Actual Reports
- DBAS will roll your Beginning Balances for FY 13/14 in October 2013

# Current Year Closing Activities





# GRANTS AND ENTITLEMENTS

# Current Year Closing Activities

## --Grants

- ❑ Grant is a contribution, either in money or material goods, made by one governmental entity to another.
  
- ❑ Grants may be for specific or general purposes.

- Reference: CSAM Glossary

# Current Year Closing Activities

## --Grants

- Revenues should always equal expenditures
- Revenue received, but not earned must be reported as deferred revenue
- If expenditures exceed grant amounts, a contribution from the general fund will be necessary

# Current Year Closing Activities

## --Entitlements

- ❑ An apportionment that is based on specific qualifications or formula defined in statute
  
  - ❑ Revenue does not always equal expenditures
  
  - ❑ Any funds not expended at Year-End can be carried forward, but must be reported as legally restricted fund balance
- 
- Reference: CSAM Glossary

# Current Year Closing Activities

Get copies of grant, entitlement letters and spreadsheets from the CDE

- Website: [www.cde.ca.gov](http://www.cde.ca.gov)

# Current Year Closing Activities

## Deferred Revenue

Revenue received in current year, but unearned, which is set up as a liability to be included in revenue in year 2013-14.

- Reference: CSAM Glossary

# Current Year Closing Activities

## Deferred Revenue

To confirm if resources are deferred revenue or subject to restricted ending balance, go to the CDE Website:

[www.cde.ca.gov](http://www.cde.ca.gov)

Enter SACS Query in the search box

Enter Resource Code

Retrieve information

# SACS Query

## PCA/Resource Detail

<b>SACS Resource Code:</b>	3010
<b>SACS Title:</b>	NCLB: Title I, Part A, Basic Grants Low-Income and Neglected
<b>Friendly Title:</b>	NCLB: Title I, Part A, Basic Grants Low-Income and Neglected
<b>SACS Revenue Object Code:</b>	8290
<b>PCA Number:</b>	14329
<b>PCA Title:</b>	TITLE I PART A. BASIC GRANTS/FF
<b>CFDA Number:</b>	84.010
<b>Deferred Revenue/Ending Fund Balance:</b>	D
<b>Allowable Indirect Cost Rate</b>	LEA Approved Rate
<b>Program Unit:</b>	TITLE 1 POLICY & ACCOUNTABILITY OFFICE
<b>Program Contact:</b>	916-319-0854
<b>Fiscal Unit:</b>	CATEGORICAL ALLOCATIONS & AUDIT RESOLUTION
<b>Fiscal Contact:</b>	LESLIE SHARP 916-323-4977
<b>Comment on PCA:</b>	Part of Consolidated Application.
<b>Enabling Legislation:</b>	
<b>Education Code:</b>	
<b>Budget Act:</b>	6110-134-0890
<b>For use in Districts:</b>	Yes
<b>For use in COEs:</b>	Yes
<b>For use in JPAs:</b>	No
<b>First Effective Year:</b>	1997
<b>Last Effective Year:</b>	
<b>Date Created:</b>	8/13/1999
<b>Last Modification:</b>	11/20/2009 4:07:55 PM

### Notes:

D = Deferred Revenue F = Ending Fund Balance

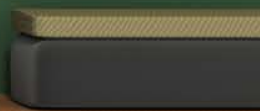
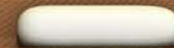
NA = Not Applicable

V = Various



Technical Review Checklist

# SACS FORMS



# • Technical Review Checklist (TRC)

□ What is it used for?

Verification that your data entries exist, agree and are consistent across all funds and forms

□ When can this be run?

After SACS software is downloaded, the TRC can be run at any time

□ It is best to complete in stages since different sections of the TRC are dependent on different data being available

# • Technical Review Checklist (TRC)

## DATA PROCESSING SEQUENCE

- All data input into the SACS software through the import process or manual entry are stored in a database, enabling the software to extract directly from the database into each applicable form.
- General ledger and supplemental data are extracted into the fund, supplemental and criteria and standards review forms, where applicable, limiting the amount of manual input to complete the forms.

# • Technical Review Checklist (TRC)

- ❑ Data will be checked according to state defined specifications in different areas:
  - ❑ Import
  - ❑ General Ledger
  - ❑ Supplemental
  - ❑ Export
  
- ❑ After the technical review checks have run, a “Checks Completed” message will display at the bottom of the screen

# • Technical Review Checklist (TRC)

## □ Types of Technical Review Checks

- F = Fatal (Data must be corrected; on explanation is not allowed)
- W/WC = Warning (If data are not correct, correct the data; if data are correct, an explanation is required)
- O = Informational (If data are not correct, correct the data; if data are correct, an explanation is optional)

# • Technical Review Checklist (TRC)

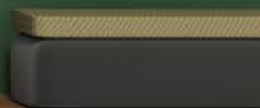
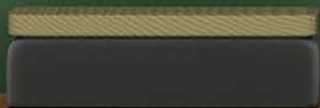
Please make sure that all responses to Warning or Informational Errors Are Not:

- Useless/meaningless explanations
- Repetitive explanations
- Explanations stating that errors will be corrected in the coming year



# FINAL CLOSING ACTIVITIES

## FY 12-13



# • Final Closing Activities

- ❑ Determine that the balances in the balance sheet accounts are reasonable
- ❑ Run another general ledger for all funds
- ❑ Confirm that asset accounts have debit balances
- ❑ Confirm that liability accounts have credit balances
- ❑ Review all unapproved transfers (approve or delete)
- ❑ Review all unapproved deposits (approve or delete)



# • Final Closing Activities

- ❑ Confirm that revenue is properly classified
- ❑ Confirm that revenue is in line with expected revenues
- ❑ Confirm that expenditures are in line with expected expenditures
- ❑ Run Technical Review checklist to confirm that it is error free

# Resources

- CSAM (K-12) 2011 Edition
- CDE Website ([www.cde.ca.gov](http://www.cde.ca.gov))
- CDE State Software (SACS ALL)
- DBAS Bulletins
- DBAS Staff
- Education Code
- Fiscal Year-End Closing Guide

# Questions and Answers

Thanks for Attending!

