

YEAR END CLOSE PROCEDURES

YEAR END CLOSE

- Reviewing certain key areas throughout the year will make this process much more efficient in October.
- Key items to do monthly:
 - Balance Transfers in/out
 - Review trial balance for accounts with negative balances
 - All activities with negative balances must be explained monthly. (LSA)
 - PO as of date report matches trial balance Reserve for Encumbrances
 - Balance mileage revenues to object 391
 - Review object 500-599 to record/add fixed assets
 - Review Indirect Costs Collected to Indirect Costs Earned Report.
 - Budget analysis report for each federal and state grant/allocation
 - Compare CNP Import from Point-of-Sale to actual claim

CLOSING SCHEDULE

- You must establish an appropriate closing schedule to stay on task and close the year as quickly as possible.
- Set PO cut-off date - PCS generally has a cut-off date of 9/15 for state and federal, however, local funds typically have open purchase orders at year-end.
- All reimbursements must be submitted by October 5th to be included in the October 10th check run.
- Establish a date for final check-run. – PCS final check run is October 10th and after that, bookkeepers must communicate with me if we receive anything with a 9/30 date.
- Void Stale Dated Checks – We typically review anything outstanding at the end of July and attempt vendor communication in August.

CLOSING SCHEDULE

- Bank statements reconciled during first week of October.
- Record Long-Term Debt Entries during the first week of October.
- Record Compensated Absences the first week of October.
 - Prepare Schedule of Debt
- Check local match & debt coded to special use 0030
- After final check run, review outstanding purchase orders/encumbrances
 - Research status to determine if they should be voided or will be paid

CLOSING SCHEDULE - CONTINUED

- Review budget analysis for each state and federal allocation
 - Does revenue equal allocation – I verify to the System and State Allocation Report
 - Balance Indirect Cost
 - Check for program overages exceeding 10%
 - Are funds fully expended (if overspent – JE the overage)
 - Set up AR for any outstanding ES2/Funds Requests
- Run Trial Balance by Fund and Fund Source to verify books are in balance
- Close Allocation Tracking Module

CLOSING SCHEDULE - CONTINUED

- Review Fixed Assets objects codes and verify all have been added to inventory – compare to the Additions Report
- Run a Disposals Report to verify all asset disposals have been entered and JE posted
- Prepare a Fixed Asset Reconciliation Spreadsheet.
 - Beginning Balance should come from previous year ending balance
 - Compare Additions Report – should match object 500-599
 - Compare Disposals Report
 - Ending balance should match trial balance for fund 88

CLOSING SCHEDULE - CONTINUED

- Child Nutrition Program
 - Obtain a copy of the inventory for commodities, purchased food and supplies at 9/30
 - Post adjusting entry to reflect inventory balance
 - Verify CNP pass-thru is fully posted and transferred to CNP bank account
 - Post final indirect cost to balance to actual amount earned
 - Post journal entry for Commodities from state report as Revenue and Food Expense
 - Post journal entry to close the over/short accounts
 - Balance deferred revenue to the Student Account Listing Detail Report
 - Prepare year-end analysis for CNP Director and Superintendent

CLOSING SCHEDULE - CONTINUED

- Local Schools
 - Bank Statements should be reconciled
 - Fundraisers reconciled
 - Negative Activities cleared
 - Redeposit change cash – unless games at 9/30
 - Verify all CIS allocations are spent
 - Monthly Financial Statements are complete
 - Open invoices for fiscal year balance to Accounts Payable on Trial Balance
 - Import Local Schools
 - Now that local schools are imported – Inter-fund receivables and Payables as well as mileage and transfers can be balanced for September.

CLOSING SCHEDULE - CONTINUED

- Verify Maintenance of Effort
- Prepare posting for newspaper
- Prepare documentation for audit during closing process
 - Schedule of Transfers in/out
 - Schedule of Interfund Receivables/Payables
 - SAFE Letters from bank
 - Detail of all Accounts Receivable
 - Detail of all Accounts Payable
 - Capital Asset Reconciliation
 - Debt Reconciliation

Financial Checklist

<input type="checkbox"/> Foundation	<input type="checkbox"/> Fixed Assets	<input type="checkbox"/> Financial in Newspaper by Oct. 31st
<input type="checkbox"/> Local	<input type="checkbox"/> N/A Trans. Inv.	<input type="checkbox"/> Year 1 (Carryover)
<input type="checkbox"/> Debt Service (ck fund 89 Detail GL for principal pymts)	<input type="checkbox"/> N/A Year 9 (Prior Year Encumbrances)	
<input type="checkbox"/> Capital Projects		<input type="checkbox"/> Open Pos = 3-0341/3-0358 by Sfund
<input type="checkbox"/> Federal	<input type="checkbox"/> Defer Rev. or Post Receivable	<input type="checkbox"/> AP Register = 2-0251 by Sfund
<input type="checkbox"/> Indirect Cost* (<i>Check all <u>Expenditure</u> variances after posting</i>)		
<input type="checkbox"/> Check MOE for IDEA and IDEA Preschool for Financial (SDE Accounting Reports, Optional Reports)		
<input type="checkbox"/> CNP	<input type="checkbox"/> Transfers In/Out	<input type="checkbox"/> Balance Indirect Cost In to Out
<input type="checkbox"/> Indirect Cost*	<input type="checkbox"/> Donated Foods	<input type="checkbox"/> Check LEA Transaction Report
<input type="checkbox"/> Inventory	<input type="checkbox"/> Deferred Revenue	<input type="checkbox"/> Ck Trial Balance for Normal Balances
<input type="checkbox"/> Cash Over/Short	<input type="checkbox"/> Aug/Sept Receivable	<input type="checkbox"/> Flexibility
		<input type="checkbox"/> Ck Receivables folder and post accordingly
		<input type="checkbox"/> Review LEA Accounting Report for 10% variances

***Compare indirect cost collected to indirect cost earned (SDE Accounting Reports, Optional Reports)**

<input type="checkbox"/> Fund 11 <input type="checkbox"/> Foundation <input type="checkbox"/> 1110 - Foundation <input type="checkbox"/> 1220 - School Nurses <input type="checkbox"/> 1221 - Tech. Coordinator <input type="checkbox"/> 1230 - AL Reading Initiative <input type="checkbox"/> 1252 - ESL <input type="checkbox"/> 1260 - Art Initiative <input type="checkbox"/> 1275 - Gifted <input type="checkbox"/> 1310 - Transportation <input type="checkbox"/> 1410 - At Risk <input type="checkbox"/> 1520 - Preschool <input type="checkbox"/> 1810 - State Contracts <input type="checkbox"/> 2130 - PSF Interest <input type="checkbox"/> 2259 - Penny Trust Fund - Disease Prevention <input type="checkbox"/> 2901 - Other State <input type="checkbox"/> Local <input type="checkbox"/> 6001 - Local (ck SUI acct. balance) <input type="checkbox"/> 6002 - Local <input type="checkbox"/> 6370 - Helping Schools <input type="checkbox"/> 6680 - Reimbursements <input type="checkbox"/> 6922 - After School <input type="checkbox"/> 6940 - Special Education <input type="checkbox"/> 6941 - Driver Ed <input type="checkbox"/> 6992 - Private Contribution <input type="checkbox"/> 8995 - Extra Curricular Trips (reconcile 5-4150-391 to 4-8995) <input type="checkbox"/> 8997 - Other Trips	<input type="checkbox"/> Fund 12 <input type="checkbox"/> Federal <input type="checkbox"/> 3210 - IDEA <input type="checkbox"/> 3220 - Preschool <input type="checkbox"/> 3310 - Career/Tech. <input type="checkbox"/> 4110 - Title I <input type="checkbox"/> 4130 - Title II <input type="checkbox"/> 4150 - Title III <input type="checkbox"/> CNP <input type="checkbox"/> Local Schools <input type="checkbox"/> Fund 13 <input type="checkbox"/> Debt Service <input type="checkbox"/> 1320 - Fleet Renewal <input type="checkbox"/> 2120 - Capital Outlay <input type="checkbox"/> 6001 - Local <input type="checkbox"/> 8410 - State Leverage <input type="checkbox"/> 9115 - QZAB <input type="checkbox"/> 9116 - QSCB <input type="checkbox"/> Fund 32 <input type="checkbox"/> Local Schools	<input type="checkbox"/> Fund 14 <input type="checkbox"/> Capital Projects <input type="checkbox"/> 1320 - Fleet Renewal <input type="checkbox"/> 2120 - Capital Outlay <input type="checkbox"/> N/A 9110 - Bond Issue <input type="checkbox"/> 6001 - Local Capital <input type="checkbox"/> N/A 9115 - QZAB <input type="checkbox"/> N/A 9116 - QSCB
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*Post interest earned - 9115 and 9116

Complete AASBO CPE form; must submit with Financial

COMMON FINANCIAL STATEMENT EDITS AND YEAR-END INFORMATION

- **Do not complete the FER until directed to do so by your Accountant!**
- **Do not pre-process the financial file after 11/4/18.** Pre-process only checks for coding errors and doesn't transmit the financial data to State Department.
- Even if the financial file is not ready, we do need accurate Supplemental Report II (Millage) and Transportation by 11/5. Please upload the file with correct millage information along with submitting the Supplemental Report II to LEA Accounting or emailing to your accountant. Verify number of mills and rates are listed for **all** applicable revenue sources.
- Business rules only run on a processed file with **no critical coding errors**. The LEA Accountant cannot review a file with a critical coding error.
- Not all desk review items are automatically checked when the file is uploaded. There are some desk review items which are manual checks. The manual checks for the 2018 desk review are #38c, 38d, 38e, 39a, 39b, 39c, 67, 83, 86, 87, 88, 89a, 89b, 89c, 89d, 89e, 89g, 89i, 89j, 89k, 90, 91, 92, 93, 94, 95, 97, 104, 109, 112, 114, and 115.
- There is a cross reference for the automated edits listed on web site under LEA Accounting, Financial Statements.
- Always check desk review to identify if certain items are looking for certain coding.
- Please review the error report and correct any critical business rule errors. If there is a reason for the critical error, please explain to your accountant.

COMMON FINANCIAL STATEMENT EDITS AND YEAR-END INFORMATION

Following the closing procedures outlined previously will address edits associated with the following –

- Balance Transfers in/out (2018 financial desk review #40)
 - account type 4/account 9210 through 9243
 - account type 5/account 9910/object 920, 922, 923, 924
- Review trial balance for accounts with negative balances (2018 financial desk review #85)
- Encumbrances (account 0341) equal subsidiary (open purchase order report) (2018 financial desk review #81)
- Balance mileage revenues to object 391 (2018 financial desk review #110)
 - account type 4/fund source 8995 and 8996
 - account type 5/object 391
- Review Indirect Costs Collected to Indirect Costs Earned Report. (2018 financial desk review #67 and #89g)
- Verify Maintenance of Effort (2018 financial desk review #114 and #115)
 - Maintenance of Effort and Excess Cost report located in ALSDE optional reports.
- Check for program overage exceeding 10% (2018 financial desk review #89c)
 - Fund Source Financial will identify federal funds with 10% overage. Located in ALSDE optional reports.
- Obtain a copy of the inventory for commodities, purchased food and supplies at 9/30 (2018 financial desk review #71d)
- Post journal entry to close the CNP over/short accounts (2018 financial desk review #46)
 - if short, close to object 699
 - if over, close to revenue code 6990
 - account type 1/account 0118/fund source 5101/5170 should be zero

COMMON FINANCIAL STATEMENT EDITS AND YEAR-END INFORMATION

- State Refunds – complete the State Refund Sheet. Will receive critical error for the State Revenues not matching the State Payments. An exception will be entered once the refund is processed and the critical error will clear once the file is uploaded again.
- Foundation salaries (2018 desk review #19)
 - expenditures in function code 1000-2999/object codes 001-099/fund source 1110/year 0
 - expenditures in function code 1000-2999/object codes 001-299/fund source 1110/year 0
- Flexing State Funds – if flexing the following, will receive a critical error on the 2018 financial desk review because of the coding requirement:
 - desk review #20 – Transportation (fund source 1310)
 - desk review #23 – School Nurse (fund source 1220)
 - desk review #34 – State Preschool (fund source 1520)
- PSF (2018 desk review #17) – looks at account type 4/account code 2120/fund source 2120, 8410, 8411, 9116/year 0 plus account type 4/account code 2130/year 0 is equal to total allocation amount of 2120/2120, 2120/8410, 2120/8411, 2120/9116. If PSF revenue is funding the sinking fund payment on QZAB (9115), will receive a warning but is ok as long as the total in revenue account 2120 doesn't exceed total allocation.
- QSCB and QZAB (2018 desk review #38 and #39) – We verify with schedules received sometime in October.
- State Vocational Education expenditures (2018 desk review #43) – 2018 expenditures must meet or exceed expenditures reported in 1995. May be met in total or per capita. The career tech unduplicated student count to calculate current year per capita is usually available the end of October. The 1995 Vocational Expenditure Report is located on ALSDE optional reports.

COMMON FINANCIAL STATEMENT EDITS AND YEAR-END INFORMATION

- All CNP revenue (account type 4) is coded to a school cost center (desk review #52)
- CNP revenue for daily lunch sales (account type 4/account 6710/fund source 5101/5170 must be greater than zero. If zero and CEP system wide, please explain where faculty/staff/parent lunch revenue coded. (desk review #55)
- All CNP expenditures are coded to program code 8410. (desk review #58)
- CNP Funds expended in object 515, 540 – 590, or 704 (desk review #61, 62, 63) must have written approval from the State CNP Program Administrator.
- CNP Unreserved Fund Balance (0350) in fund source 5101 cannot be negative (desk review #68)
- CNP Rebates (8993) – revenue is equal to or greater than amounts per SDE records (payments on transaction report with payment date of 10/1/17 through 9/30/18. (desk review #69)
- CNP Revenues (desk review #71a, b, c, e, f) match SDE records. Variances should tie back to Intergovernmental Receivable (0134) in fund source 5101/5170.

COMMON FINANCIAL STATEMENT EDITS AND YEAR-END INFORMATION

- Federal Funds cannot be encumbered. Federal funds do not carry a fund balance.
- Supplemental Report I (desk review #89) –
 - Current Year amounts listed as funds available should equal allocation plus carryover
 - Current Year expenditures listed should equal file upload expenditures (account type 5) for each fund source
 - Benefits should be in line with amounts calculated based on salaries charged
- Federal Salaries (desk review #72d) – salaries and benefits from federal fund sources (3000-4999) are budgeted.
 - Current Year amounts listed as funds available should equal allocation plus carryover
 - Current Year expenditures listed should equal file upload expenditures (account type 5) for each fund source
 - Benefits should be in line with amounts calculated based on salaries charged
- Federal Carryover funds not expended must be returned to state if funds were disbursed. Expenditures in the fund source must meet or exceed the carryover amounts. Fund Source 4161 must be verified by cost centers (site). (desk review #89k)
- Federal Flexibility Transfers (desk review #90) – transfers in and transfers out must equal amount listed in e-Gap

COMMON FINANCIAL STATEMENT EDITS AND YEAR-END INFORMATION

- Supplemental Report IV (desk review #93):
 - only list capitalized equipment (unit cost of \$5,000 or greater) expenditures from Supplemental Report I fund sources. CNP is not a Supplemental Report I fund source.
 - verify e-Gap approval was received for the expenditure
- **Title III – fund source 4150 (desk review #97) – expenditures in special use 0073/fund source 4150 must be greater than or equal to the amount required.**
- **Title IV – fund source 4160 (desk review #98) – can only carryover 25% of allocation.**
- Beginning fund balances (desk review #104) – beginning balances should closely match the ending FY2017 balances. Please provide explanation if they do not closely match (i.e. audit adjustments and provide copy)
- Capital Outlay and Real Property Expenditures (desk review #107) – verify object codes 512 – 519 contain amounts greater than \$50,000.
- Exhaustible Land Improvements, Building Improvements, and Buildings Expenditures (desk review #108) – verify object codes 701 – 704 contain amounts less than \$50,000.