Year End Close and balancing Ereporting AFR

Preparing books for year end close

- **Goal**— by August 1 close books and submit balanced Annual Financial Report (AFR) in Ereporting.
- **Fiscal year**—remember the fiscal year runs from July 1 to June 30

- In July, first reconcile books with Trustee or bank balance.
- Then review and adjust balances in local books of:
  - Liabilities
  - Expenditures
  - Revenues
  - Reserves
  - Assets
- Reports needed from Accounting system: Balance Sheet, Statement of Revenues, Statement of Expenditures.

Year End Close--Liabilities

- **Do not wait until year end to reconcile payroll liabilities**.
- Best practice—reconcile payroll liabilities monthly.

- Federal Income Tax, Social Security, Medicare, and Retirement liability accounts should zero out following payments to IRS and TCRS.

- Health Insurance and other payroll liabilities:
  - If you withhold a month in advance—liability balances should equal next month's invoice.
  - If you withhold for current month—liability balances should zero out following payment of invoice.

Accruals

- An accounting **accrual** is an entry on the books to recognize revenue earned but not yet received or to recognize expenses incurred but not yet paid out.
- To prepare your books for year-end close you may need to accrue both revenue and expenditures.
- Purpose of accrual entries is to match revenues to expenditures for a particular fund or grant within the same fiscal year.
- An accrual is made using a journal entry:
  - **Revenue accrual**

    Debit receivable

    Credit revenue

  Expenditure Accrual

  Debit expenditure

  Credit payable

Year End Close--Expenditures

- Accrue **expenditures** that were not expensed through accounts payable or payroll as of June 30.
  - Accrue any **payroll** for fiscal year that was not processed prior to June 30. Debit expenditures, credit 21200 (accrued payroll).
  - Accrue **Indirect Cost** not paid prior to June 30—In Federal debit 99100-504(indirect cost) and credit 21500 (Due to Other Funds)—On GP side, debit 11440 (Due From Other Funds) and credit 49800 (Transfers In.)
  - If you don't encumber **Purchase Orders,** accrue them by debiting appropriate expense line items and crediting 21100 (Accounts Payable.)

Year End Close—GP Fund Revenue

- **Revenue Accrual—Local Taxes**
- Accrue local taxes received through Trustee:
  - County systems—accrue revenues on July's Trustee report
  - Special School Districts—accrue revenues on June's Trustee report and accrue estimate of taxes for July.
  - City systems—you may need to accrue 1, 2, or 3 months of local taxes depending on what your auditor has required in the past.
- Bottom line—analyze **sales tax** (40210) and accrue additional months so that you end up with 12 months of revenue on books.
- Journal Entry for accruals—Debit 11430 (due from other governments) and credit appropriate revenue accounts.

Year End Close—GP Fund Revenue

- If your final BEP payment was received in July, make sure to accrue this payment: debit 11430, credit 46511

- **Revenue Accrual—General Purpose Grants**

- Compare YTD expenditures to YTD revenues in general purpose grants, including:
  - State Pre-K
  - Coordinated School Health
  - Family Resource Center
  - Any other grants run through GP.

Year End Close—GP Fund

- **Compare grant YTD grant revenues and expenditures**
- For example: State Pre-K
  - $205,000 = Budgeted revenue and expenditures
  - $205,000 = Actual YTD expenditures in 73400 category
  - $190,000 = Current YTD revenue received as of June 30 in account 46515 (Early Childhood Education)
  - **You cannot request more than grant allocation, which is $205,000**
  - Revenue to accrue:

    $205,000 (ytd expenditures)

    - $190,000 (revenue received as of June 30)

    $ 15,000 (revenue to accrue and request)

Journal entry to accrue revenue: Debit 11430, Credit 46515.

Year End Close—GP Fund

- For other grants in GP, compare ytd expenditures and revenue received to determine amount of revenue to accrue.
- For Example: Coordinated School Health
- $100,000 = Budgeted Revenue and Expenditures
- $100,000 = YTD Expenditures (from cost center report)
- $ 90,000 = YTD Revenue received thru June 30
- Revenue to Accrue:
  - $100,000 (ytd expenditures)
  - -$ 90,000 (revenue received as of June 30)
  - $ 10,000 (revenue to accrue and request)
- Journal Entry to accrue revenue: Debit 11430, Credit 46590
- **Do this same analysis for all grants in GP**

Year End Close—Federal Projects

- After all expenditures thru June 30, including final payrolls, accounts payable, and indirect costs, have been expensed:
- For all federal grants in Eplan, accrue any current year requests not received prior to June 30.
- Also make your final reimbursement requests in Eplan to account for all YTD expenditures for each grant.
- Thus you may have more than one reimbursement request to accrue:
  1) any current year requests not received prior to June 30
  2) and the final reimbursement request that may generate as a result of your final expenditure report made in Eplan.

- Journal entry to accrue revenue: Debit 11430, credit appropriate revenue account.

Year End Close—Federal Projects

- For grants outside Eplan:
- Compare YTD expenditures to YTD revenues.
- For Example: Carl Perkins
- $150,000 = Budgeted revenue and expenditures
- $150,000 = YTD expenditures
- $125,000 = Current revenue received as of June 30 in Carl Perkins subfund.
- Revenue to Accrue:
  - $150,000 (ytd expenditures)
  - -$125,000 (revenue received as of June 30)
  - $ 25,000 (revenue to accrue and request)
- Journal entry to accrue revenue: Debit 11430, credit 47131
- **Do this same analysis for all subfunds in Federal Projects**.

Year End Close: Reserve Adjustment

- Basic formula to calculate year-end reserve:

Beginning Reserve
+ Revenue Received
+ Transfers In
-Expenditures
-Transfers Out
-Encumbrances
Year End Reserve

Journal entry to adjust reserve:

Year end reserve minus beginning reserve = amount to adjust in journal entry.

Year End Close: Career Ladder

- In GP, you must adjust your **Career Ladder Reserve**.
- From trial balance, get amount of beginning Career Ladder Reserve—in most systems this balance is in account **34560**—Restricted for Instruction. If a debit balance, treat as a negative, if credit balance treat as a positive.
- Second get YTD revenue from account **46610.**
- Next run a YTD expenditure report for object code **117—Career Ladder Program.**
- Determine the total expenditures in 117 for regular full-time personnel and total expenditures in 117 for retired personnel.
- Multiply the amount for full-time personnel times a full benefit rate (includes social security, medicare, and retirement.) Currently 16.53%
- Multiply the amount for retired personnel times the medicare rate of 1.45%
- Perform Reserve calculation

Year End Reserve: Career Ladder

- Example for calculating new Career Ladder Reserve:
- $6,575 current debit balance in **34560,** $80,000 –payments to full-time personnel in object code **117,** $5,000 payments to retired personnel in object code **117**
- (6,575)—because account has debit balance

+$100,000—ytd revenue in **46610**

- $93,224—($80,000 x 1.1653 benefit rate) full time personnel

- $5072.50—($5,000 x 1.0145 medicare rate) part time personnel

(4,871.50) ending reserve (debit balance)

Journal Entry to adjust reserve—calculate variance between beginning and ending reserve.

$6,575.00 - $4,871.50 = $1,703.50 (reduce debit balance)

JE—debit **39000** $1703.50 and credit **34560** $1703.50.

Year End Reserves—GP fund

- Perform same reserve calculation for **Extended Contract, committed, and assigned reserves** on balance sheet.
- If necessary, adjust or establish a **BEP reserve** in account 34555. Reserve should equal amount local revenue collections were short of budget as documented on your MOE test.
- Extended Contract ending reserve can only be positive--if you calculate a negative ending reserve—adjust it to zero, because the state will not send additional revenue to offset the negative balance.
- Journal entries for reserves—debit or credit the reserve account for amount of adjustment—other side of entry is a debit or credit to **39000** (Unassigned Fund Balance).

Year End Close—other journal entries

- School nutrition:
  - If centralized, enter ytd value of **USDA commodities**:
    Debit 73100-469 (USDA commodities) and
    Credit 47112 (USDA commodities).
  - Adjust value of food inventory **11200** and inventory reserve **34220.**

- If you have **investments**, adjust account to June 30 balance.
- All **receivables** balances should equal the sum of amounts accrued for the fiscal year.

Year End Close—a final review

- After making all adjusting entries:
- 1) Review your balance sheet to ensure that you have correct balances in:

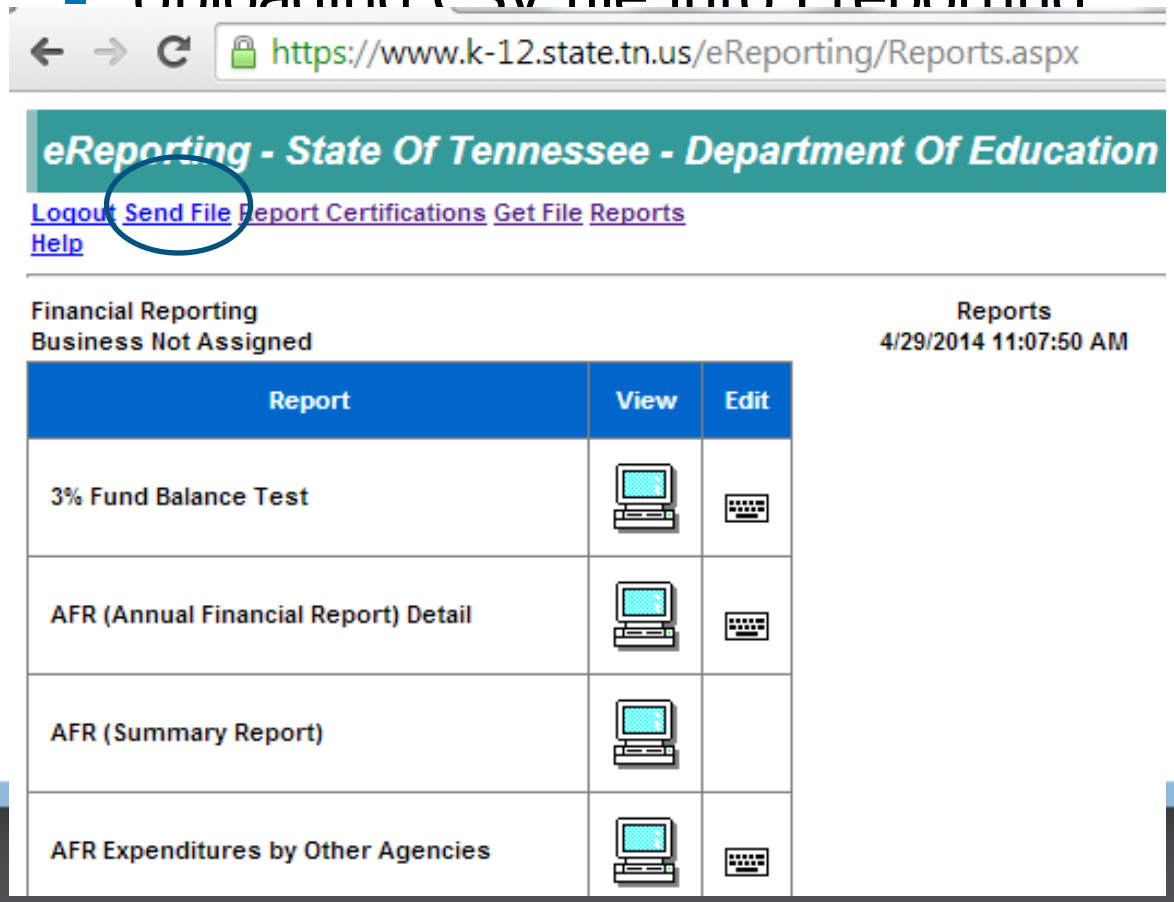
  assets (Cash, investments, receivables)

  liabilities (payroll, accounts payable, due to other funds)

  reserves (Career Ladder, Extended Contract, assigned and committed reserves)
- 2) Review **statement of revenues**—compare budgeted to actual by line item—are there additional revenues, earned, that need to be accrued?
- 3) Review **statement of expenditures**—again compare budgeted to actual by line item—are there additional expenditures, incurred, that need to be accrued?
- Now follow directions provided by accounting vendor to close your books.

Getting AFR into Ereporting

- You can key or upload your AFR (Annual Financial Report) into Ereporting.
- *Instructions for creating a CSV file for upload from Local Government's Flexgen and Nextgen appear at the end of this powerpoint.*
- Uploading CSV file into Ereporting:



To begin upload of csv file, click on **Send File** link at top.

Uploading AFR into Ereporting

Financial Reports -

https://www.k-12.state.tn.us/eReporting/FileSend.aspx

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Financial Reporting
Business Not Assigned

eReporting Send File
4/29/2014 11:14:55 AM

1. Prepare input file per existing instructions. Current codes:

Accounts
District Numbers
Expenditure Objects
Funds
Reports

2. Select "Browse..." and locate file:

Choose File No file chosen

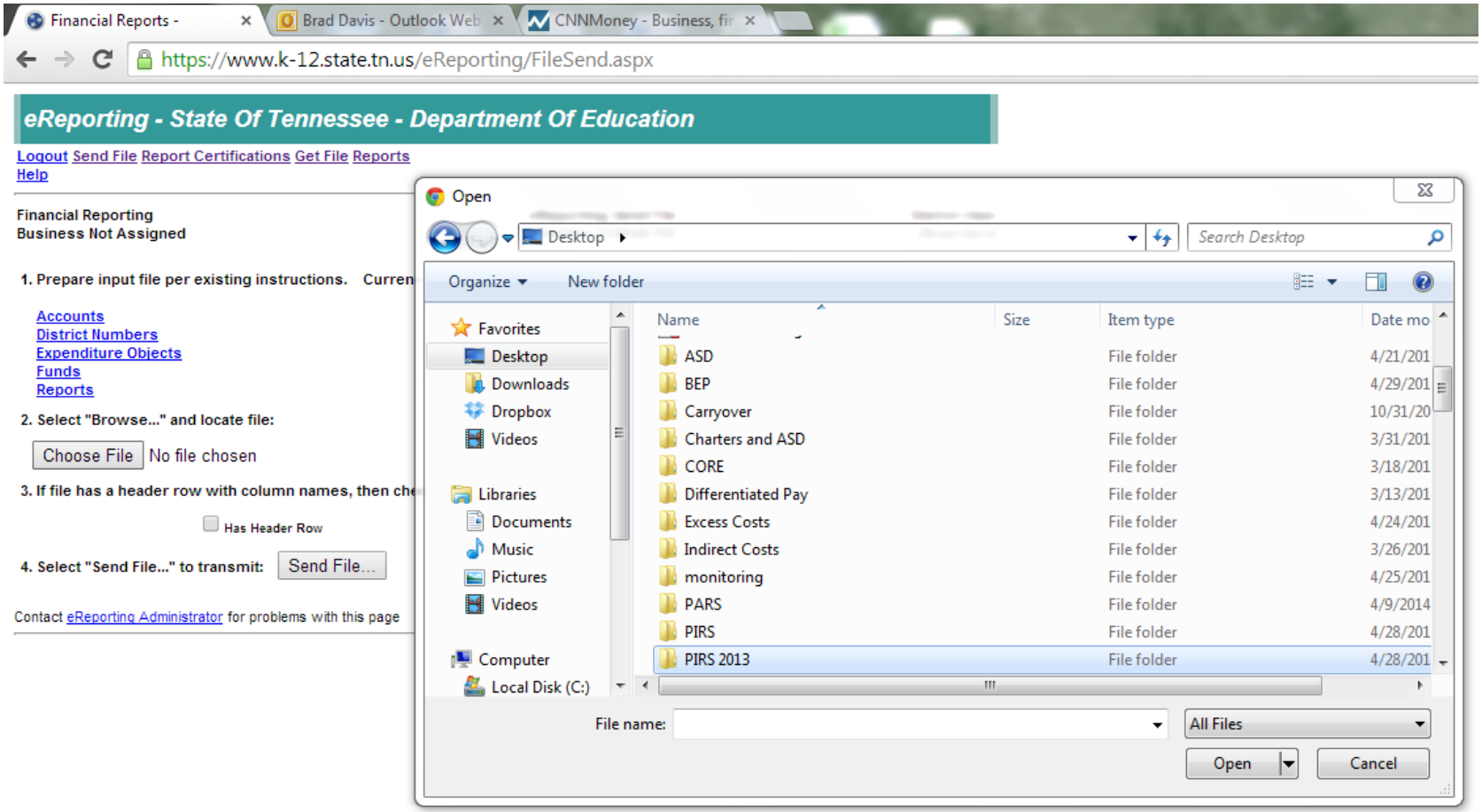
3. If file has a header row with column names, then check the box:

Has Header Row

4. Select "Send File..." to transmit: Send File...

Click on Choose File.

Uploading AFR into Ereporting



Locate csv file in browser and click open.

Uploading AFR into Ereporting

Financial Reports - | Brad Davis - Outlook Web | CNNMoney - Business, fir

https://www.k-12.state.tn.us/eReporting/FileSend.aspx

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eReporting Send File
4/29/2014 12:09:06 PM

1. Prepare input file per existing instructions. Current codes:

   Accounts
   District Numbers
   Expenditure Objects
   Funds
   Reports

2. Select "Browse..." and locate file:

   Choose File sde.txt.csv

3. If file has a header row with column names, then check the box:

   Has Header Row

4. Select "Send File..." to transmit: Send File...

Contact eReporting Administrator for problems with this page

Now that file has been selected, click on #4 Send File.

Uploading AFR into Freporting

3. If file has a header row with column names, then check the box:

☐ Has Header Row

4. Select "Send File..." to transmit: Send File...

Upload File Information

Filename: 2012-00097.csv
Size: 1371
Rows Counted: 41
Rows With Data Error: 1
Rows Processed: 40
Rows With Process Error: 1
Time Used: 0:06

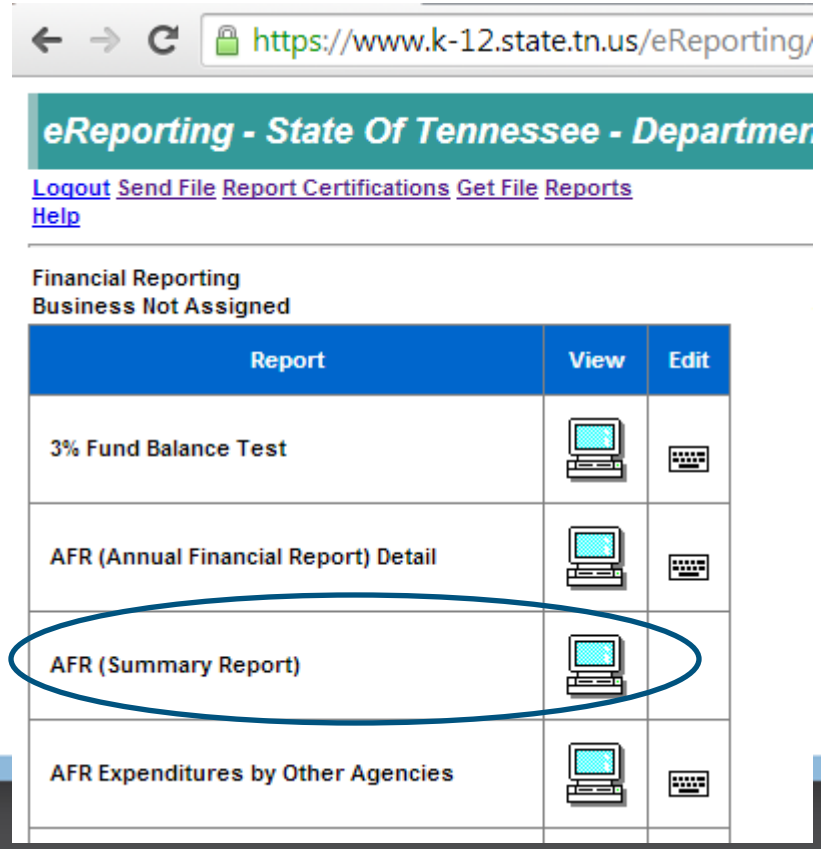
Line	Text								Message
	District Number	Reporting Year	Report	Account	Expenditure Object	Fund	Sub Fund	Amount	
1	District Number,Reporting Year,Report,Account,Expenditure Object,Fund,Sub Fund,Amount								Check District Number Check Amount Report-User Role combination not found
	District Number	Reporting Year	Report	Account	Expenditure Object	Fund	Sub Fund	Amount	
37	97,2014,AFR,71100,355,141,,1263								District-Period or District-Report-Account-Fund combination not found.
	97	2014	AFR	71100	355	141		1263	

Following Send File, resolve individual errors by keying values into AFR.

If you receive error message, **Report Attested during period**—either the AFR needs to be uncertified or your CSV file contains the wrong fiscal year –such as 2013, when it should be 2014.

Balancing AFR in Ereporting

- After keying or uploading AFR and resolving all upload errors, you need to ensure that the AFR is balanced.
- There are two balancing tests that you must review using the AFR Summary Report.



Click on AFR Summary Report—View from the main Screen.

Balancing AFR in Ereporting

- Summary page 1—Total Assets should equal the sum of Liabilities and Reserves.

https://www.k-12.state.tn.us/eReporting/FundsByAccountDetails.aspx?reportcode=SUM

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West Carroll Sp Dist- 2013-2014(2014) AFR (Summary Report)
Summary 1- AFR Summary (Assets, Liab., Reserves, & Fund Bal) >> Next >>

Hide Menu
Show Subfunds

Account	Account Description	Total	141- General Purpose	142- Federal Projects	143- Central Cafeteria	144- Transportation	145- Other Ed. Special Revenue	156- Education Debt Service	177- Education Capital Projects	Account	Account Description
11000*	Total Assets	$2,000,000	2,000,000	0	0	0	0	0	0	11000*	Total Assets
31000*	Liabilities Reserves & Fund Balance	$1,815,000	1,815,000	0	0	0	0	0	0	31000*	Liabilities Reserves & Fund Balance

AFR Summary Page 1

- **Assets = Liabilities + Reserves**.
- If you upload CSV after completely closing your books, page 1 should balance and have the new reserve balances.

- **Uploading prior to closing books:**
- Ensure that assets and liabilities in AFR match ending balances on balance sheet, and then the closing fund balance account in each fund needs to be adjusted to its new July 1 balance.
- 39000 (unassigned fund balance) will need to be adjusted in 141.
- 34555 (restricted for education) will need to be adjusted in 142 subfunds.
- 34570 (restricted for operation of non-instructional services will need to be adjusted in 143.

AFR Summary Page 1

- **Adjusting End of Year Reserve—example for 141.**

- If you upload prior to closing books, beginning balance in **39000** (unassigned fund balance) will upload and must be changed to its new July 1 balance.
- Calculate new July 1 balance:

$1,800,000—beginning balance 39000
+$6,500,000—total revenues
+$ 50,000---transfers in
-$ 6,200,000—total expenditures
-$ 150,000—transfers out

$2,000,000—July 1 balance 39000

- In AFR detail, key in the calculated July 1 balance for reserve accounts in each fund.

- Page 1 is balanced when Total Assets = Liabilities + Reserves.
- Each fund and subfund must be balanced

AFR Summary—Page 2

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West Carroll Sp Dist- 2013-2014(2014) AFR (Summary Report)
Summary 2- AFR Summary Report << Previous <<

Account	Account Description	Total	141- General Purpose	142- Federal Projects	143- Central Cafeteria	144- Transportation	145- Other Ed. Special Revenue	156- Education Debt Service	177- Education Capital Projects	Account
*300001	BOY Reserves & Fund Balances	$2,028,164	1,805,000	806	207,346	0	0	15,012	0	*300001
*47999	Total Operating Revenues	$6,500,000	6,500,000	0	0	0	0	0	0	*47999
*49000	Total Other Sources	$50,000	50,000	0	0	0	0	0	0	*49000
*49999	Total Revenues	$6,550,000	6,550,000	0	0	0	0	0	0	*49999
Tot. Funds	Grand Total Available Funds	$8,578,164	8,355,000	806	207,346	0	0	15,012	0	Tot. Funds
*70000	Total Operating Expenditures	$6,200,000	6,200,000	0	0	0	0	0	0	*70000
*99100	Total Transfers/Other Uses	$150,000	150,000	0	0	0	0	0	0	*99100
*99999	Grand Total Expenditures	$6,350,000	6,350,000	0	0	0	0	0	0	*99999
*30000	EOY Reserves & Fund Balances	$1,705,000	1,705,000	0	0	0	0	0	0	*30000
Tot. Exp.	Total Expense/EOY Reserve/Fund Bal.	$8,055,000	8,055,000	0	0	0	0	0	0	Tot. Exp.

Tot. Funds must equal Tot. Exp.

This calculation ensures that Beginning Reserves plus Revenues = Expenditures plus Ending Reserves.

AFR Summary—Page 2

- Balancing Page 2:
- If total revenues, expenditures, and ending reserves match balances from your financial statements, then ensure that **beginning reserves match beginning reserve balances from balance sheet.**
- The beginning reserves in AFR are the ending reserves from last year. You may need to adjust these reserves, because auditors made adjusting entries to these balances after you completed last year's AFR.

AFR Summary—Page 2

- If necessary to make adjustments to beginning reserves: go to AFR detail edit, choose correct year, and Beginning of Year Reserves and Fund Balances from dropdown.

https://www.k-12.state.tn.us/eReporting/AccountDetails.aspx?reportcode=AFR

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West Carroll Sp Dist- 2013-2014(2014) AFR (Annual Financial Report) Detail
141- General Purpose
300001- Beginning-Of-Year Reserves & Fund Balances << Previous << >> Next >>

	Account	Account Description	Amount	Edited	EOY Adjustment	BOY Adjusted Amount
Create Adjustment	34210	Endowments	0		0	0
Create Adjustment	34220	Inventory	0		0	0
Create Adjustment	34230	Long Term Notes Receivables	0		0	0
Create Adjustment	34240	PrePaid Expenses	0		0	0

Now click on Create Adjustment next to appropriate account.

AFR Summary Page 2

West Carroll Sp Dist- 2013-2014(2014) AFR (Annual Financial Report) Detail ▼

141- General Purpose ▼

300001- Beginning-Of-Year Reserves & Fund Balances ▼ << Previous << >> Next >>

Beginning Of Year Adjustments

	Account	Account Description	Adjustment Date	Description	Amount	Edited
Edit	34560	Restricted for Instruction (Career Ladder)	7/1/2013	boy	5,000	2Brad Davis - 4/29/2014

*- Required

Account Codes 2632,2013,AFR,39000,141

Account Description West Carroll Sp Dist, 2012-2013(2013), AFR (Annual Financial Report) Detail, Unassigned, General Purpose

Prior End Of Year Amount

EOY Adjustment

BOY Adjusted Amount

Date* 7/1/2013

Description* Audit Adjustments

Amount 15000 Enter 0 or leave blank to delete entry.

Edited 2Brad Davis - 4/29/2014

Save Cancel

Enter amount needed to adjust to beginning balance in Amount box, enter a Description, and click **Save**.

AFR Summary –is it balanced?

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West Carroll Sp Dist- 2013-2014(2014) AFR (Summary Report)
Summary 1- AFR Summary (Assets, Liab., Reserves, & Fund Bal) >> Next >>

Hide Menu
Show Subfunds

Account	Account Description	Total	141- General Purpose	142- Federal Projects	143- Central Cafeteria	144- Transportation	145- Other Ed. Special Revenue	156- Education Debt Service	177- Education Capital Projects	Account	Account Description
11000*	Total Assets	$2,115,000	2,115,000	0	0	0	0	0	0	11000*	Total Assets
31000*	Liabilities Reserves & Fund Balance	$2,115,000	2,115,000	0	0	0	0	0	0	31000*	Liabilities Reserves & Fund Balance

Page 1—Total Assets = Liabilities, Reserves & Fund Balances (Must balance by fund and subfund.)

And.....

AFR Summary –is it balanced?

Page 2
Tot. Funds = Tot. Exp
(Must balance by fund and subfund.)

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Help

West Carroll Sp Dist- 2013-2014(2014) AFR (Summary Report)
Summary 2- AFR Summary Report << Previous <<

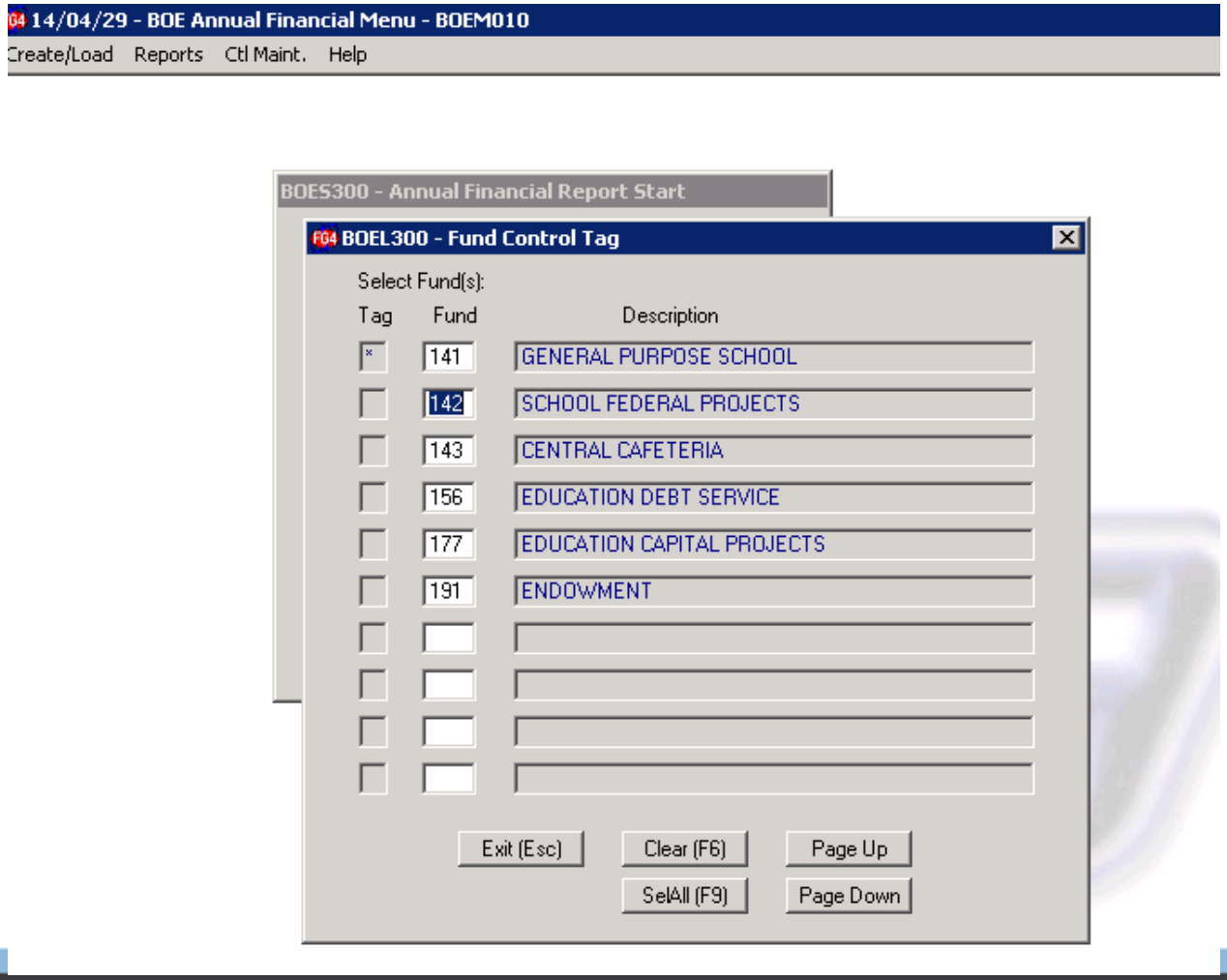
Account	Account Description	Total	141- General Purpose	142- Federal Projects	143- Central Cafeteria	144- Transpor
*300001	BOY Reserves & Fund Balances	$2,028,164	1,805,000	806	207,346	
*47999	Total Operating Revenues	$6,500,000	6,500,000	0	0	
*49000	Total Other Sources	$50,000	50,000	0	0	
*49999	Total Revenues	$6,550,000	6,550,000	0	0	
Tot. Funds	Grand Total Available Funds	$8,578,164	8,355,000	806	207,346	
*70000	Total Operating Expenditures	$6,200,000	6,200,000	0	0	
*99100	Total Transfers/Other Uses	$150,000	150,000	0	0	
*99999	Grand Total Expenditures	$6,350,000	6,350,000	0	0	
*30000	EOY Reserves & Fund Balances	$2,005,000	2,005,000	0	0	
Tot. Exp.	Total Expense/EOY Reserve/Fund Bal.	$8,355,000	8,355,000	0	0	

Appendix –CSV file creation

- Creating CSV Upload file from Flexgen,
- Select Accounting, then Reports, then BOE Annual Financial Menu.
- Create file from GL (prior to close) or
- Create file from History (after close)

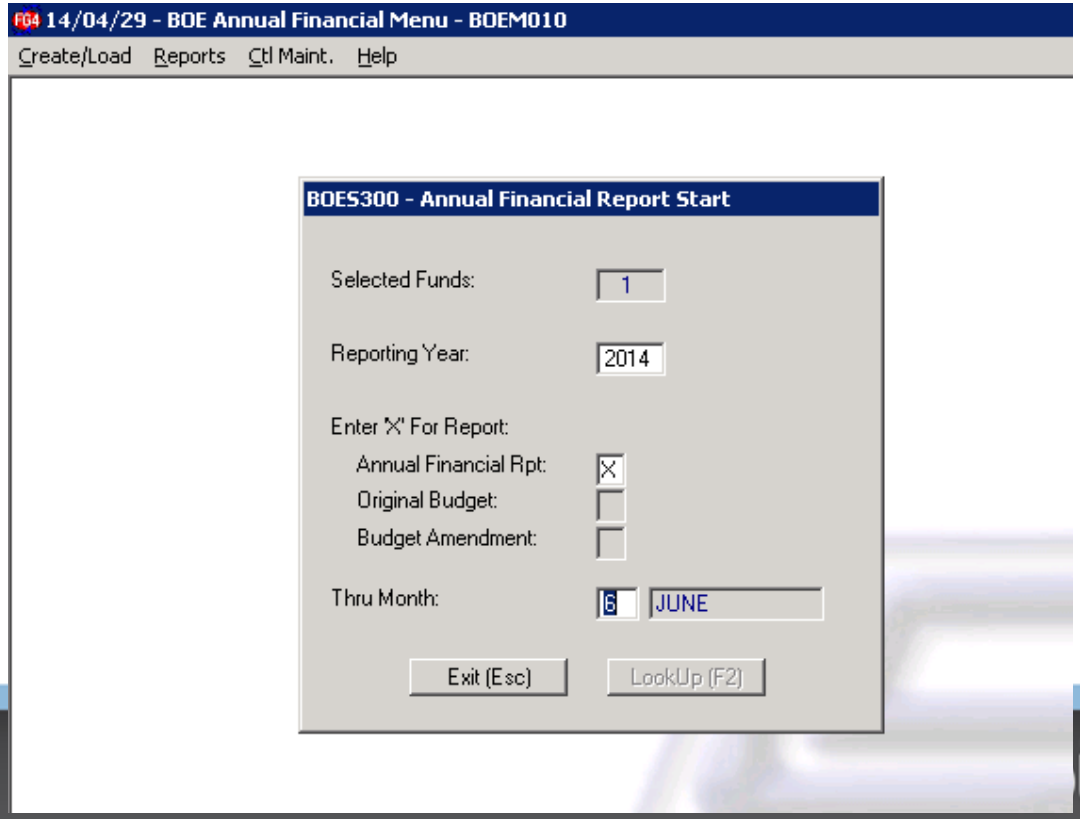
Appendix—CSV file creation

- Flexgen continued…
- Tag funds you wish to upload, hit escape.



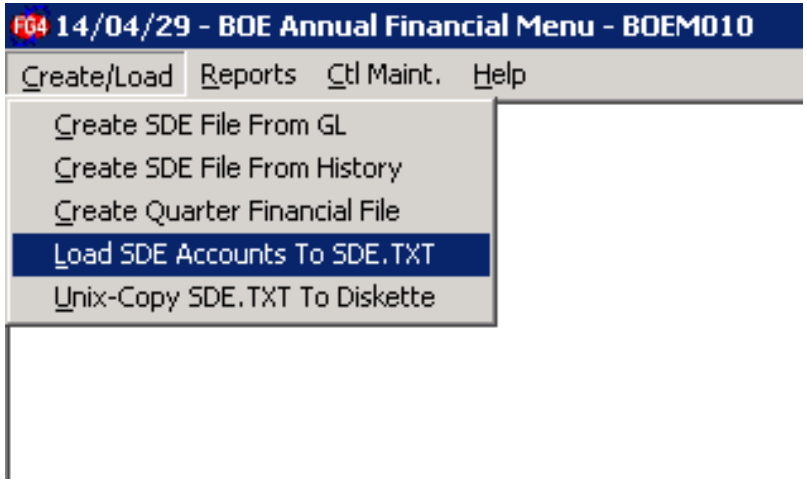
Appendix—CSV file creation

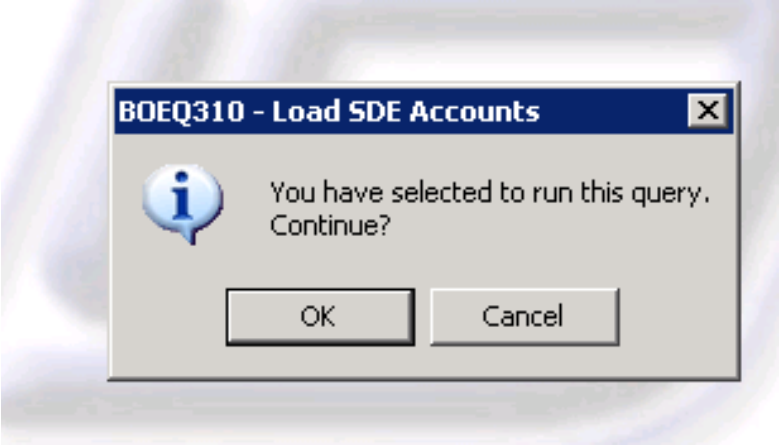
- Flexgen continued….
- Enter 2014 as reporting year.
- Put an X next to Annual Financial Rpt.
- Hit Enter.



Appendix--CSV file creation

- Flexgen continued…
- Load SDE Accounts to SDE.TXT
- Click OK.





Determine whether the sde.txt file is on your server or desktop for upload to Ereporting.

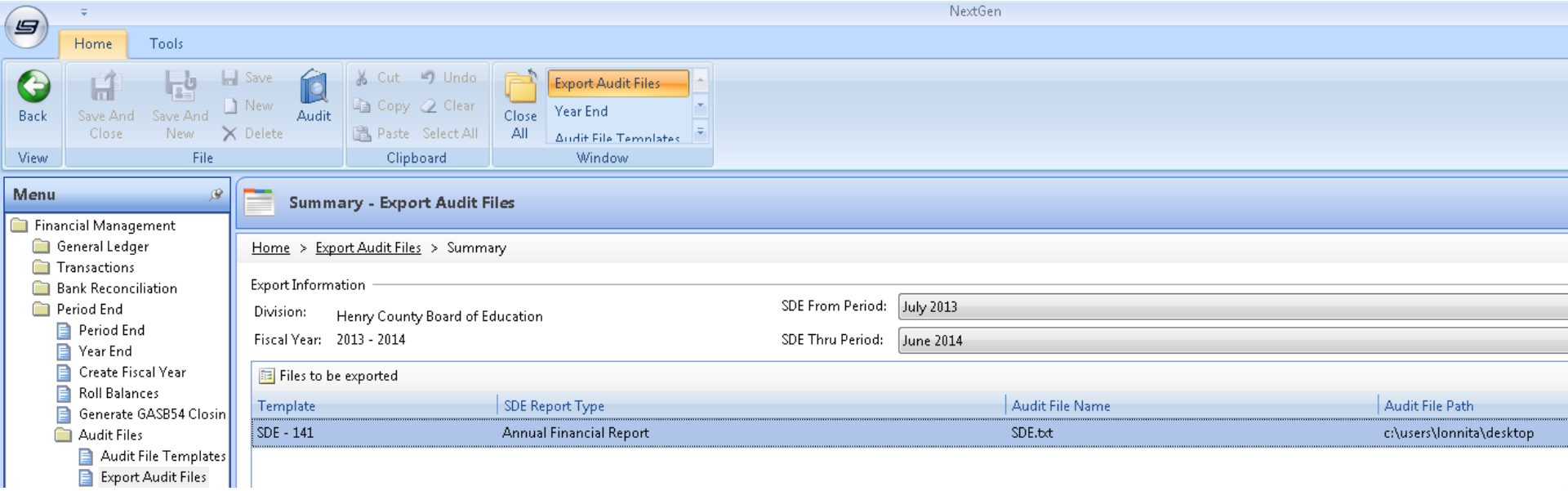
Appendix CSV file creation

- Nextgen:
- 1) From Financial Management, select Period End, select audit files, select export audit files.
- 2) From Fiscal year dropdown choose **2013-14**.
- 3) On ribbon—double-click on **Template**, choose which file you wish to create—SDE-142, SDE File-all, SDE-143, SDE-141—depending on which fund you wish to upload.
- 4) Double-click on **SDE Report Type**—choose Annual Financial Report.
- 5) **Audit file name** should populate with SDE.txt
- 6) **Audit file path**—key in path you can find, such as, C:\users\brad\desktop.

Appendix—CSV file creation

- Nextgen continued:
- 7) Click **Next** at bottom right.
- 8) **SDE from Period**—select July 2013 from dropdown.
- 9) **SDE thru Period**—select June 2014 from dropdown.
- 10) Click **Finish** at bottom right hand corner.
- 11) When finished, you should get a **message—audit files have been successfully exported.**
- 12) Find the sde.txt file in location from step 6—you can now upload it into Ereporting.

Appendix—CSV file creation



View of Nextgen screen to create sde.txt file