San Bernardino County Superintendent of Schools
Transforming lives through education

Ted Alejandre
County Superintendent

December 3, 2019 Bulletin No. 20-023

To: **Fiscal Services/Accounting Directors**
District Specific

Subject: AUDIT ADJUSTMENT TO FY 2019/20 BEGINNING BALANCE

A review of the district's 2018/19 fiscal year Audit Report indicated the following variance(s) in the Unaudited Actuals submitted to the California Department of Education (CDE) in October 2019 and the audit of the district's financial statements as performed by the district's auditor:

FUND	FY 2018/19 UNAUDITED ACTUALS ENDING BALANCE	FY 2018/19 ENDING BALANCE PER AUDIT REPORT	AUDIT REPORT PAGE	VARIANCE INCREASE (DECREASE)

Please review the Audit Report to validate the adjustment(s) noted above. The district may need to contact its external auditor for more information on the accounts to be adjusted in the current fiscal year. The goal of the audit adjustment should be clearly understood for proper posting in the Financial System. If in doubt, contact the auditor for additional backup information or clarification before posting.

Please note that the above adjustment should be posted to **Object 9793 (Increase: CR., Decrease: Dr) by Resource** with the offset entry to either an Asset or Liability 9XXX Account, excluding 9110 Cash in County Treasury, via Budget Revision. Do not use a Journal Entry to post the audit adjustment; however, a journal entry may be needed to ensure there is no impact to current year revenues and expenditures. Also note that the increase or decrease to the budgeted 2019/20 Ending Balance will be automatically calculated by the system and reflected in Object 9790 in the components of ending fund balance.

If the district has not already done so, please post the adjustment by February 15, 2020 so that the 2019/20 Net Beginning Balance will be correct for the Second Interim Financial Reports and for what will become the 2019/20 Unaudited Actuals.

Due to the new classification and reporting requirements implemented by GASB 54, the district may have to reclassify the changes to Object 9790 to the correct components of ending fund balance account (9740, 9750, 9760, or 9780). Also, independent auditors may have indicated in your audit report on the "Reconciliation of Annual Financial and Budget Report with Audited Financial Statements" page in the Supplementary Information section, that an adjustment was made to transfer fund balances from the special revenue and/or proprietary and fiduciary funds to the general fund. Although this is a valid adjustment, this will not require any entries to be posted by the district.

If the Audit Report is incorrect and an audit adjustment is not required, the district should contact the audit firm and require them to submit a revision in writing, a copy of which must be provided to this office.

Asset/Debt Schedule: Any variance between the Unaudited Balance July 1 and the Audited Balances for Capital Assets and Long-Term Liabilities reported in the Audit Report should be applied to the district's internal records and included as Audit Adjustments/Restatements in the SACS Software Forms Asset/Debt during the Adopted Budget and Unaudited Actuals reporting cycles.

Please contact your designated Business Services Advisor prior to completing the entries to post any audit adjustments, since most of these transactions will require staff in Business Advisory Services to review and post the entries. If you desire, we would be happy to initiate all the necessary entries in the system required for each adjustment. The entries to complete the audit adjustments for the Bond Interest and Redemption Fund (51) will be initiated by your designated Business Services Advisor. Once the entries are completed by the district, staff will need to process a Transmittal for the Budget Revision(s) and send the documents to their Advisor by FAX, Email, or Jet Mail. Should you require special assistance, please contact Tamika Murray at (909) 386-9682 or your designated Business Advisor.

Sincerely,

Thomas G. Cassida

Thomas G. Cassida, Jr., Director
Business Advisory Services
(909) 386-9676

TC:tm:lc

j:\bulletin\2019/20\20-023 Audit Adjustment Template