FISCAL YEAR-END CHECKLIST

Year-end closing is the process of reviewing and adjusting all accounts to ensure that they accurately reflect the activities for the fiscal year. It is the final step in the accounting cycle before preparing a financial statement. The goal of year-end closing is to provide readers of a school district's financial statements with the most accurate financial picture possible. To do this, school districts apply various recognized policies. These policies are derived from several sources, including the California School Accounting Manual and the pronouncements of the Governmental Accounting Standards Board (GASB).

After the closing entries have been made and all revenue and expenditure accounts have been closed, the ending fund balance is known and available for making adjustments to the current budget year.

Procedures to Ensure Accurate Closing

1. Prepare a closing schedule. The first step in the closing process is to plan and develop a schedule of events. There are various due dates that must be met such as report deadlines, data processing deadlines at the County Office of Education and within the LEA, physical inventory and so forth. A calendar combining all the important events should be established and followed throughout the closing process.

2. Review all asset accounts. Various asset accounts must be reviewed at year-end. A reconciliation of all cash accounts must be prepared, and any adjusting entries must be recorded. The stores inventory account must be adjusted to agree with the physical count. Prepaid expenditures must be reviewed and analyzed to ensure that no adjustments are needed.

3. Analyze and close out prior year receivable and payable accounts. At year-end, the agency must close out any amounts remaining in the prior year receivable or payable accounts. During the year, differences will occur between amounts actually received or paid versus what had been accrued. These adjustments should be made throughout the year as they occur, but a final analysis must be made if a balance remains on these accounts.

4. Accrue accounts receivable. Various sources of revenues are due to the agency at year-end. These amounts must be recorded as accounts receivable. This will record the revenue in the proper fiscal year. There are specific revenue recognition policies referring to such items as LCFF, special education master plan, interest, deficits, state lottery, etc. that provide guidance on how to calculate these receivables.

5. Accrue accounts payable. Any amounts due to others at year- end for receipt of goods or services must be recorded as accounts payable. This will record the expenditure in the proper fiscal year. There are common types of payables such as payroll, employee benefits, utilities, contracts and so forth.

6. Adjust grants and entitlements: Specific recognition policies must be followed in accounting for grants and entitlements. Each project must be reviewed separately and appropriate entries must be made. The FORM CAT in the SACS software must be completed prior to closing.

7. Ensure accurate accounting for leases, COPs and Mello-Roos debt. A variety of accounting entries relating to these must be recorded before or during the year-end closing process.

8. Ensure that all inter-program and inter-fund transactions are reconciled. Any transfers of expenditures between programs or funds must be reconciled.

9. Review unique closing procedures for other funds and account groups. Unique items must be considered at year-end regarding funds other than the general fund.

10. Properly identify the components of the ending fund balance. Year-end entries are necessary to classify the components of the ending fund balance correctly. Amounts may be reserved, legally restricted, designated or undesignated.

11. Are the books ready for the annual audit? The goal of year-end closing is to ensure that the LEA's financial statements are accurate and ready for audit.

12. Complete the year-end closing checklist audit. A master checklist that is provided by the County Office of Education should be completed to ensure that all areas have been addressed.

Year-End Checklist

The next few pages contain a checklist for your use during the closing process. Some districts may vary the order from that shown on this checklist, but the CAT FORM needs to be completed before the district is closed.

Year-End Closing Checklist

Entries Made Prior to Closing

- ☐ Clear prepaid expense (9330)
- ☐ Clear unearned revenue (9650)
- ☐ Clear deposits in transit (9140)
- ☐ Balance prior year accounts receivable accruals (9201/02)
- ☐ Clear prior year due to / due from (9312 & 9612)
- ☐ Balance prior year current liabilities (9510/11)
- ☐ Clear suspense for all funds (resource 9999 &/or objects 7999 & 8999)
- ☐ Transfer of in-lieu property taxes to charter schools (refer to EC 47635)
- ☐ Physical inventory
- ☐ Verify audit adjustments are posted
- ☐ Clear encumbrances

Closing Entries/Accrual

- ☐ Set up liability accruals (9510)
- ☐ Set up accounts receivable accruals (9201)
- ☐ State Aid accrual (9290 or 9590)
- ☐ Post interest earned on bond proceeds invested outside of the county treasury
- ☐ Reconcile petty cash
- ☐ Reconcile revolving cash
- ☐ Reconcile clearing accounts
- ☐ Reconcile CNS claims & post accruals
- ☐ State aid 50% reduction

Deferred Maintenance (optional)

- ☐ Deferred Maintenance transfer (Auditor's transfer before 6/30 or Due To/From after 6/30)
- ☐ Transfer LCFF funds using Object 8091

Categorical Programs

- ☐ Accrue Lottery (1100 & 6300)
- ☐ Federal transferability (if consolidating)
- ☐ Distribute accumulated NCLB administrative costs to participating programs (if consolidating)
- ☐ Special Education contribution from the unrestricted General Fund
- ☐ Routine Restricted Maintenance Account (RMA) transfer from unrestricted General Fund
- ☐ Complete form CAT
- ☐ Post accounts receivable
- ☐ Post unearned revenue
- ☐ Federal interest

Direct/Indirect Costs

- ☐ Direct costs
- ☐ Intrafund in balance (5710)
- ☐ Interfund in balance (5750)
- ☐ Indirect costs
- ☐ Intrafund in balance (7310)
- ☐ Interfund in balance (7350)

Reserves

- ☐ Establish reserves for revolving cash fund (9711)
- ☐ Reconcile stores general ledger to physical inventory
- ☐ Establish reserves for stores
- ☐ Establish reserves for prepaid expenditures
- ☐ Establish reserves for legally restricted balances
- ☐ Establish reserves for economic uncertainties
- ☐ Establish other assignments, commitments, & unassigned reserves

Year-End Closing Checklist (Continued)

GASB Entries

GASB 31 (see CSAM Procedure 425)

- ☐ Report investments and cash in the County Treasury at Fair Value (includes Fund 51)

GASB 34

- ☐ Verify all expenditures charged to function 8500 and/or object 6XXX
- ☐ Extract fund data into GASB 34 component of SACS software, analyze results, review SACS accounting for reconciliation, and do any necessary conversion entries
- ☐ Ensure that ASSET & DEBT forms match GSNA

GASB 75 (replaces GASB 45, effective for reporting periods beginning after June 15, 2017)

- ☐ Review government-wide statements to ensure that accounts have extracted properly into the SACS software and do any necessary OPEB conversion entries

GASB 82 (amendment of GASB 68, effective for fiscal years ending June 30, 2017)

- ☐ Post STRS on-behalf contributions

GASB 84

- ☐ Ensure that ASB non-fiduciary activity is recorded in Fund 08 or 01 Resource 8210

GASB 87 (implemented FY2021-22)

- ☐ Ensure that Lessee transactions have been recognized appropriately
- ☐ Ensure that Lessor transactions have been recognized appropriately

GASB 96 (implemented FY2022-23)

- ☐ Recognize Subscription Based Information Technology (SBITAs) accordingly

GASB 103 (implemented FY2025-26)

- ☐ Review and update Management Discussion & Analysis to ensure all new requirements are met

GASB 104 (implemented FY2025-26)

- ☐ Provide applicable capital asset data to Auditors for the new required note disclosure

District Checklist

- ☐ Complete district checklist
- ☐ Complete SACS Web-based software unaudited actuals technical review checks (TRC) and resolve exceptions
- ☐ E-mail completed district checklist and TRC (EXCEPTIONS ONLY) to Financial Accounting finacct@sdcoe.net to begin their audit process (DO NOT promote SACS file at this time)
- ☐ Financial Accounting will notify district of audit results
- ☐ Finalize Unaudited Actuals and promote Official SACS file to SDCOE. Related closing documents email to Financial Reporting at finrep@sdcoe.net. Mail original signed certification form CA to FAR Room 608 .

Inventory

During year-end closing, these questions should be answered regarding inventory accounting.

1. If inventory is a material asset, has the auditor been notified of the dates that the physical inventory is to be taken? (Some auditors like to be present to check procedures and do a sampling.)

2. If the physical inventory has been completed, have the adjusting entries been made to bring the book inventory to actual?

3. Have fuel inventories been taken and the expenditures for gas, diesel and oil been reduced to properly reflect expenditures in the transportation account?

4. Are there other inventories that need to be considered in the transportation, maintenance, or food service department?

District Closing Checklist Audit

After all the year-end processes are completed and before taking Unaudited Actuals to your Board, it is time to begin the final checklist audit. On-line districts should complete this checklist.

Once this checklist is completed, e-mail the documents listed below to Financial Accounting to finacct@sdcoe.net, so that they may begin the audit procedures for your district.

- Closing Checklist
- Budget TRC, exceptions only
- Estimated Actuals TRC, exceptions only

Financial Accounting will email districts to inform them of any Audit issues and once the Audit is completed and has passed.

The checklist is available in MS excel format on the Financial Accounting website, under Quick Links: https://www.sdcoe.net/administrative-services/business-services/district-financial-services/financial-accounting

Note: Please do not promote the SACS file to SDCOE oversight until you are notified by Financial Accounting that the closing Audit is finalized, and the SACS file has been completed. Supporting documentation email to finrep@sdcoe.net. Original signed certification form CA mail to Financial Accounting and Reporting Room 608, Attn: Patricia Fogliano.