District Year End Close Manual

Preparation Guide for Year End Close

Prepared by School Business Advisory Services – June 2024

SANTA BARBARA
County Education Office
Susan C. Salcido, Superintendent

Table of Contents

This document is an updated compilation of resources our office has had available in the past. It is the start of creating a more comprehensive Year-End Close Guide for districts.

It is our goal to expand and add sections to this manual going forward.

Important Message

Introduction

This guide is intended to assist you with some of the key factors involved with preparing your district's fiscal year end close. While this guide may not cover every aspect of a school district's year end closing, we hope that you find it useful in addressing many of the major concepts that can affect a district in conducting their fiscal year end close.

Calendar

SANTA BARBARA County Education Office
Susan C. Salcido, Superintendent

Fiscal Year End Close Calendar

Contact	Ext.
> Daisy Lazaer	5295
> Chris Rhodes	5226
> Lydia Barcos	5357
> Kaylyn Fierro	5260
> Alejandro Baeza	5372

2024	Action Item

JUNE

S	M	T	W	Th	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29

6/21	11pm	Last regular payroll cutoff (issue date of June 28)
6/24	5pm	Deadline to submit accounts payable cancel requests
6/26	8am	Treasury Deposits due to SBAS
6/26	10am	Deadline to submit payroll manual/cancel requests
6/28	10am	Deadline to submit Treasury Deposits directly to Santa Barbara or Santa Maria County Treasurer's Office (if not submitted to SBAS by June 26 at 8am)

JULY

S	M	T	W	Th	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

7/3	5pm	Supplemental payroll cutoff (issue date of July 10)
7/4	-	Holiday - 4th of July - SBCEO Closed
7/8	3pm	Deadline to submit cash journal entries between funds and clear negative cash balances by fund
7/12	5pm	SBAS to create and post 'Cash Roll Forward' journal entry
7/15	11pm	Deadline to enter leave balances for Previous Fiscal Year

AUGUST

S	M	T	W	Th	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

8/1 -29		Initiate Year-End Close in Escape by providing the following to SBAS
		• Fiscal Year-End Checklist (Fiscal 15) with no exceptions
		• SACS Technical Review Check with no fatal errors
		• SACS Form CA showing all supplemental form requirements are met
		• Fiscal06 Report with no budget overdrafts by Fund/Major Object
8/30	8am	Fiscal Year-end Close Deadline - Last day to initiate Year-end Close

SEPTEMBER

S	M	T	W	Th	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

9/16		Unaudited Actuals report due to SBAS
		• Final board approved SACS Report
		• Signed certification page (original SACS Form CA)
		• Route the Unaudited Actuals report in SACS

NOTE: SBCEO will not post ANY accruals; Revenue received in FY 2025 will be posted in FY 2025

Fiscal Year End Reminders

Clear prior year accruals – Review and clear balances in objects 9201 and 9501 in the current year.

Helpful Tools: Refer to AR/AP Year End Setup

Clear prior year Unearned Revenue – Review and clear prior year balances in object 9650 in the current year.

Clear temporary borrowing – between funds (Due-To/Due-From in objects 9310 and 9610).

> *EC 42603 requires that amounts transferred be repaid either in the same fiscal year, or in the following fiscal year if the transfer takes place within the final 120 calendar days of a fiscal year.*

Review Escape Setup

The Org and Department records are read-only. To make changes, email the SBAS Finance Systems Supervisor.

Org Record **(System > Setup > Organizations)** – Fiscal level user and above. These dates override the date in the Department Record.

a. General Setup Tab – (3) Finance Setup (Req, AR) and (4) Payments (AP, Direct, Employee) Review settings for "Current Year End Month/Day" and "Next Year Start Month/Day"

The Current Year End Month and Day represents the last day in the closing year that records can be entered by a user. The Next Year Start Month and Day represent the first day in the new fiscal year that records can be entered by a user.

b. Ledger Setup Tab – Information Only
Section 1 – contains the Error Link ID's that payroll uses for missing accounts and Finance uses for missing/expired accounts.
Section 2 – contains the balance sheet Control accounts Escape has mapped.

Department Record **(Finance > Setup > Department > Departments)** – The dates affect Admin. Level users. Review settings for "Current Year End Month/Day" and "New Year Start Month / Day" in each department for the following activities:

The Current Year End Month and Day represent the last day in the closing year that records can be entered by a user. The Next Year Start Month and Day represent the first day in the new fiscal year that records can be entered by a user.

    c. Section 2 – Vendor Requisition
    d. Section 4 – Stores Requisition
    e. Section 5 – Department Requisition
    f. Section 6 – Accounts Receivable – dates affect all users
    g. Section 7 – Journal Entry has Current Year End and Next Year Start dates that are overridden only by System > Fiscal Year Status (System) > JE Posting date ("Month" Close). The Fiscal Year Status (System) record can only be viewed by Org Managers and is controlled by SBAS.
    h. Section 8 – Budget Transfer/Revision has Current Year End and Next Year Start dates that are also overridden by the System > Fiscal Year Status (System) > JE Posting date ("Month" Close). The Fiscal Year Status (System) record can only be viewed by Org Managers and is controlled by SBAS.
    i. Section 9 – Work Order

Perform Year End Document Cleanup

Journal Entries **(Finance > Fiscal > Journal Entries)**

Search for journal entries in the following "Status" (only a single status can be selected at a time):

    Audit (with SBAS for review).
    Denied,
    Open, and
    Submitted

Research to determine whether the journal entries identified should be posted or deleted.

Review the transaction date to ensure those entries that affect cash (9110) are not submitted with a prior year transaction date after the June cash deadline has passed.

Escape Report: Journal Entry Detail by Journal Entry (Ledger 01) – Search only unposted journal entries under "Unposted JE?"

Requisitions (Finance > Requisitions > Vendor Requisitions)

Purpose: Identify vendor requisitions with overdue items	Purpose: Identify all open vendor requisitions

Research the status of requisitions that appear on this list by looking for: • Items not yet received from vendor • Items received by the district, but not recorded as received in Escape	Sort by "Outstanding" ($) column and look for: • Requisitions with a negative outstanding balance • Requisitions that are complete, but in an open status because the "final payment" flag was not set to "yes" • Requisitions that are approved, but the district does not plan to make any (additional) purchases; there are no outstanding balance owed or pending payments
For items not yet received from vendor: Action: Tasks → Vendor Inquiry-Printed → Delivery Status Notification → Convert to PDF → Email or Mail to Vendor	Action: If no more payments will be made, go to Tasks → Manually Complete Note that the system will not allow you to manually complete a requisition if items have been received, but not yet paid

If a requisition is in the printed status, canceling the PO will generate a cancelation notice that can be sent to the vendor.

Escape Report: ReqPay02 – Requisition Listing

Payments (Finance > AP > Payments)

Purpose: Identify all open payments	On Hold?	Action:
	Yes	History record will indicate why payment or credit was put on hold.

		Status	Action:
			Research and resolve issue(s), then take off hold status to process the payment.
	No		Lists should include only those payments or credits to be processed during the next accounts payable run. Identify unresolved payments or credits. Use the "Return To Open" task, if needed • Cancel to complete payment • Delete if duplicate
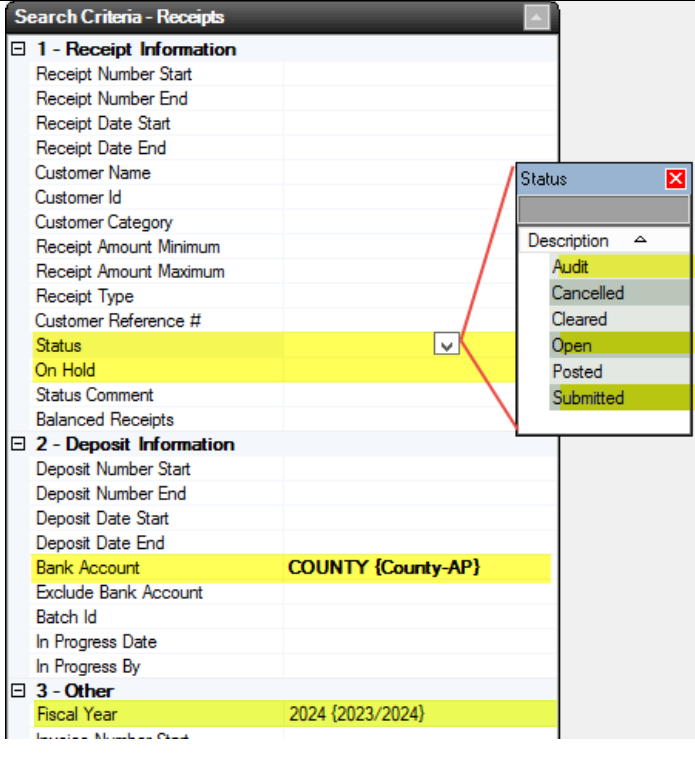
Invoices (Finance > AR > Invoices)

Purpose: Identify all open receipts	Status	Action:
	Open	Cancel to complete the invoice Delete if the invoice does not have any receipts, is in the Open status and was never accrued.*
	Printed	If a receipt was printed but will not be collected Return to Open to edit Manually complete using Task Cancel (can't delete once printed)
	Receipts	Research the status of receipts and resolve Manually complete using Task

*If the invoice is deleted, the invoice number will be missing from your invoice # sequence, thus eliminating the audit trail.

Escape Report: Invoice Aging (AR04) – Search by Department and Days Overdue

Receipts **(Finance > AR > Receipts)**

Purpose: Identify all open receipts.	On Hold?	Action:
	Yes	The history record will indicate why the receipt was put on hold. Research and resolve issue(s), then take the receipt off hold status to process.
	No	List should include only receipts in process (i.e., deposits in transit to the Treasurer's Office but not yet received by the Treasurer or received but not yet posted by SBA). Review the list to identify receipts entered in error or receipts submitted, but not approved by the district. Use the "Return To Open" task, if needed Cancel to complete the receipt Delete if duplicate or error

Important Note*: All deposits received by the Treasurer's Office MUST be 'posted' in Escape by SBAS in order to reconcile cash at each month-end close. Therefore, review prior month receipts carefully as you would have been contacted if posting was needed to "close" the month (i.e., balance cash).*

Complete the Year End Closing Processing Activity

Finance > Processes > Year End Closing (only available after July 1 to users with role FISCAL or ORGMGR)

Step 1: Generate a list of open documents

- Search by Department; Document Type (All, AR Invoice, Department Requisition, Stores Requisition, Vendor Requisition), then click "Go"

Step 2: Run the Year End Processing Report

- From the list, go to Tasks → Year End Processing Report (FiscalYearEnd99a)

Step 3: Take action after fiscal year end to 1) Accrue. 2) Carryover, or 3) Release

- Ensure "process" flag (column 2) is correctly set to "yes" or "no" for each line item on the list where action has been taken, then go to Tasks → post.

- Refresh the list when changes are made

The goal is to have No Documents remaining on the Year End Closing list.

Use the snapshot button to view documents without opening them.

Accrual   Changes the requisition's fiscal year to next fiscal year. A journal entry will be created as of 6/30 (Debit Prior Year receivable and Credit Current Year receivable)

Carryover   Adds next year's accounts and writes a history record. No journal entries are generated.

Release   Amount that will cancel out the remaining Outstanding Balance and thereby allow the item in question to be completed. This will not reverse any payments.

Important Notes

- If you made a final payment on a requisition but did not set the final payment flag to "yes", the requisition will not be in completed status and will therefore appear on the year end list. If the requisition is actually complete, open the requisition and use the Manual Complete Task.
- Automatic accruals created through the Year End Close processing activity (by choosing the "Accrual" option for an open document), will be automatically reversed in the next fiscal year once payments/receipts are made against the document.

Escape Documentation: Additional documentation on Year End processing activities along with common transactions can be found in Escape>Online Resources>Documentation, search 'Year End Processing of Vendor Requisitions' and 'Year End processing of AR Invoices/Receipts'.

Additional Year End Considerations

- ✓ Close categorical programs
- ✓ Post accruals that are not associated with documents and therefore not included in the Year End Close Processing Activity (i.e. interest, Q3 & Q4 Lottery, Indirect Costs, Special Education amounts owed, State Aid, Apportionment Deferrals, EPA etc.)
- ✓ Perform Physical Inventory counts and post Stores and Fixed Asset adjustments
- ✓ Run a Comparative Object Summary Report (Fiscal06) and ensure all budget overdrafts are cleared by fund/major object

✓ Import to SACS – clear TRCs and ensure that all Supplemental form requirements are met (e.g. CEA, SEMA, SEMB, etc.)

Helpful Year End Reports

1. Fiscal Year End Checklist (Fiscal15)
2. Financial Statement (Fiscal13)
3. Trial Balance (Fiscal09)
4. Fund / Resource Balance Recap (Fiscal27)
5. SACS Component Validation Errors (Fiscal50)
6. SACS Extract (Fiscal51)

Year End Setup – Accounts Receivable & Accounts Payable (System Generated)

Purpose: Create unique prior year and current year liability and receivable object codes to differentiate between current and prior year accruals.
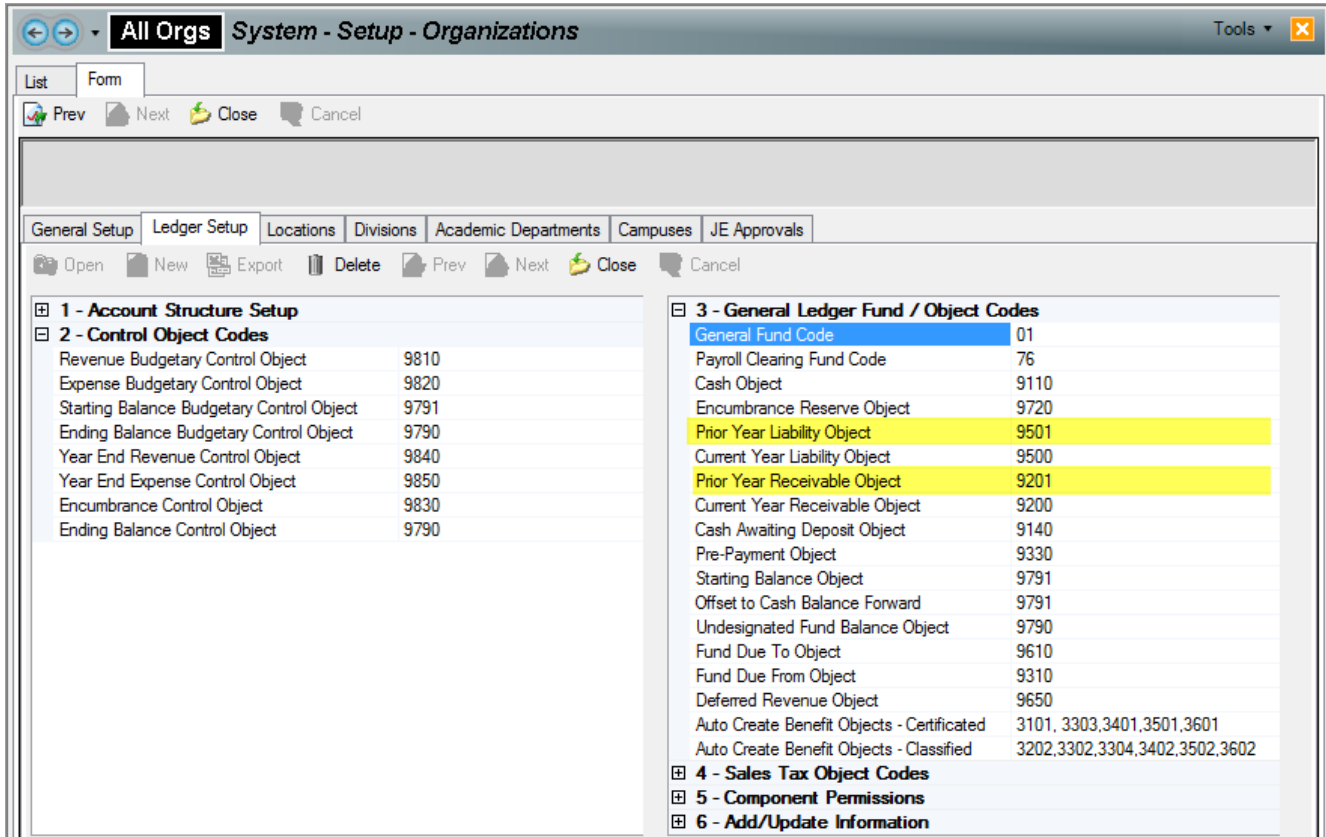
How it works…Balances in the current year accrual objects (9200, 9500) at fiscal year end will roll forward and become the prior year accrual objects (9201, 9501) when the books are closed and the new years' starting balances are created. For example, an accounts payable recorded in object 9500 as of June 30 will roll forward into the new fiscal year as object 9501, when the starting balance journal entry is posted.

How to record activities that cross fiscal years…

Accounts Receivable (AR): Receipts after July 1 relating to the prior fiscal year.

Finance > AR > Enter receipts: Next Fiscal Year, enter 2025 receipts in Escape using **'Fiscal year 2025'.** The following journal entry will be created by the software:			
Fiscal Year	**Account**	**DR**	**CR**
2024	Current Year Receivable Object - 9200	$ XX	
	Revenue Account – 8xxx		$ XX
2025	Cash - 9110	$ XX	
	Prior Year Receivable Object - 9201		$ XX

Accounts Payable (AP): Payments made after July 1 for goods or services received in the prior year.

Fiscal Year	Account	DR	CR
Finance > AP > Enter Payments: Next Fiscal Year, enter 2025 payments in Escape using **'Fiscal year 2025'.** The following journal entry will be created by the software:			
2024	Expense Account – 4xxx-7xxx	$ XX	
	Current Year Liability Object - 9500		$ XX
2025	Prior Year Liability Object - 9501	$ XX	
	Cash - 9110		$ XX

- Posting Journal Entries to Recognize Accounts Receivable, Accounts Payable & Unearned Revenue

  Purpose: To Recognize Accounts Receivable, Accounts Payable & Unearned Revenue through Journal Entries for transactions **not** represented through the System Generated accrual processes.

How to record activities that cross fiscal years…

Accounts Receivable (AR): Revenue accounts should be reviewed and adjusted to report all activity that took place during the fiscal year. The district should identify revenue earned or allocated, but not received by fiscal year-end (June 30) and post the appropriate accrual entries. Accounts receivable are revenues due to the district but not received by fiscal year end (June 30). Revenues earned by or allocated to a school district from state or federal sources in excess of cash receipts during the fiscal year are recorded with a Journal Entry as shown below. Journal Entries would be created for accounts receivable items that were **not** recorded through the System Generated accounts receivable items (AR-Receipts) listed above.

Fiscal Year	Account	DR	CR
Fiscal > Journal Entries: Two Journal Entries are posted. The first entry records the receivable in the closing year (2023-24) and the second entry reverses the receivable in the new year (2024-25).			
2024	Current Year Receivable Object - 9200	$ XX	
	Revenue Account – 8xxx		$ XX
2025	Revenue Accounts – 8xxx	$ XX	
	Prior Year Receivable Object - 9201		$ XX

Accounts Payable (AP): Expenditure (expense) accounts should be reviewed and adjusted to report all activity that took place during the fiscal year. The district should identify expenditures (expenses) incurred but not paid by the fiscal year-end June 30 and post the appropriate accrual entries. These may include salaries and benefits earned by employees (from the prior year), services delivered by contractors by the close of the fiscal year, and goods received prior to fiscal year end. Journal Entries would be created for accounts payable items that were **not** recorded through the System Generated accounts payable items (AP-Payments) listed above.

Finance > Journal Entries: Two Journal Entries are posted. The first entry records the payable in the closing year (2023-24) and the second entry reverses the payable in the new year (2024-25).

Fiscal Year	Account	DR	CR
2024	Expense Account – 4xxx-7xxx	$ XX	
	Current Year Liability Object - 9500		$ XX
2025	Prior Year Liability Object - 9501	$ XX	
	Expense Account – 4xxx-7xxx		$ XX

Unearned Revenue: Categorical programs are classified as subject to unearned revenue if their revenue is recognized when the qualifying expenditure is made. Revenue received but not expended by the end of the fiscal year must be reported as unearned revenue. To determine if a program is subject to unearned revenue, review the resource code on https://www2.cde.ca.gov/sacsquery/querybyresource.asp

Finance > Journal Entries: Two Journal Entries are posted. The first entry records the unearned revenue in the closing year (2023-24) and the second entry reverses the unearned revenue in the new year (2024-25).

Fiscal Year	Account	DR	CR
2024	Revenue Account – 8xxx	$ XX	
	Unearned Revenue - 9650		$ XX
2025	Unearned Revenue - 9650	$ XX	
	Revenue Account – 8xxx		$ XX

Tools to Clear Prior Year Accounts Receivable & Accounts Payable Balances

How to view balances that remain in current year from prior year accruals:
- Prior Year Accrual Balances:
  Helpful Report: Finance > Report Favorites > User ID:61BAEZAA > PY Accrual Balances [Fiscal 01]

After locating this report, you may want to save it as your own favorite report. This report is a snapshot of the balances in the prior year accounts payable (object 9501) and prior year accounts receivable (object 9201). Balances can be quickly viewed and drilled into for additional detail.

All balances in prior year accruals (objects 9201 & 9501) should be cleared (zero balance) by the Second Interim reporting period (by January 31).

How to view transactions of accruals reversed in the current year:

Cleared Prior Year Accruals in the Current Year:

Helpful Report: Finance > Report Favorites > User ID: 61BAEZAA > Cleared PY Accruals [Fiscal 03]

After locating this report, you may want to save it as one of your favorite reports. This report is the detail of all accrual transactions (object 9201, 9501) that were reversed in the current year. The beginning balance for each resource/object combo ties to the ending balance of each resource/object combo in the prior year. The fiscal year should be set to the current fiscal year.

How to view transactions of accruals recorded in the prior year:

Prior Year Accrual Detail:

Helpful Report: Finance > Report Favorites > User ID: 61BAEZAA > PY Accrual Detail [Fiscal 03]

After locating this report, you may want to save it as your own favorite report. This report is the detail of all accrual transactions (object 9200, 9500) that was recorded in the prior year. The ending balance for each resource/object combination ties to the beginning balance of each resource/object combination in the new year. The fiscal year should be set to the prior fiscal year.

Ending Balance of Prior Year Accruals – PY Accrual Detail

Detail for Dates 06/30/2023 through 06/30/2023							Fiscal Year 2022/23
Ref#	Pay To Name	Journal #	Description	Trans Date	Debit	Credit	Account Balance
Fund 01 - General, Resource 0000 - Unrestricted							
01-0000-0- - -9200- - - A/R							
Total for Resource 0000 and Asset accounts					652.14	.00	652.14

Beginning Balance of Cleared Prior Year Accruals in Current Year – Cleared PY Accruals

Detail for Dates 07/01/2023 through 06/30/2024							Fiscal Year 2023/24
Ref#	Pay To Name	Journal #	Description	Trans Date	Debit	Credit	Account Balance
Fund 01 - General, Resource 0000 - Unrestricted							
01-0000-0- - -9201- - - A/R-Prior Year							
Total for Resource 0000 and Asset accounts					652.14	.00	652.14

Balance Summary of Prior Year Accruals in Current Year – PY Accrual Balances

Balances through June				Fiscal Year 2023/24
Object	Description	Debit	Credit	Account Balance
Fund **01** - General				
9201	Accounts Receivable-Prior Year	30,116.11	30,116.11	.00
	Total for Asset accounts	30,116.11	30,116.11	.00

(Drill down)

Balances through June (12)					Fiscal Year 2023/24
FF- RRRR- Y- GGGG- FFFF- OOOO- SSS- MMMM- UUUU	Description	Starting Balance	Debit	Credit	Account Balance
Fund **01** - General					
01- 0000- 0- - - 9201- - -	A/R-Prior Year	8,410.32	8,410.32	8,410.32	

How to reconcile uncleared prior year accrual balances:

The Cleared PY Accruals and PY Accrual Detail report transactions can be compared by crossing off corresponding debits and credits between the two reports to determine which accrual entries remain outstanding. The reports can be either printed or exported to Excel for data reconciliation. The total outstanding accruals for each resource/object combination in the PY Accrual Detail report ties out to the balance reflected in the PY Accrual Balances report and to the ending balances reflected in the Cleared PY Accruals report.

PY Accrual Detail

	Fiscal03a				Account Transaction Detail by Object-Balance			
Detail for Dates 06/30/2023 through 06/30/2023								Fiscal Year 2022/23
Ref#	Pay To Name	Journal #	Description	Trans Date		Debit	Credit	Account Balance
		AR21-00423	Facility Use Agreement	06/30/21		9,000.00 ✓		20,244.37

Cleared PY Accruals

	Fiscal03a				Account Transaction Detail by Object-Balance			
Detail for Dates 07/01/2023 through 06/30/2024								Fiscal Year 2023/24
Ref#	Pay To Name	Journal #	Description	Trans Date		Debit	Credit	Account Balance
		AR22-00038	Facility Use Agreement	08/03/21			9,000.00 ✓	13,845.14

Escape Report: The Liability/Receivable Activity Report (Ledger02) can also be used for detailed accrual activity by account.

- Tools to Clear PAYX Accounts
  Purpose: Escape will automatically post a Payroll "Sweep" Journal Entry after payroll processing is complete for each regular, supplemental, manual payroll to move certain balances remaining in the District Payroll Transfer Fund (Fund 76) into the district's General Fund (Fund 01) in the following applicable accounts:

- 01-0000-0- - -9200- - -PAYX   Accounts Receivable
- 01-0000-0- - -9534- - -PAYX   Health & Welfare Liability
- 01-0000-0- - -9577- - -PAYX   All Other Contributions & Deductions Liability
- 01-0000-0- - -9539- - -PAYX   Open Liability

Helpful Tool: SBCEO Resources > Payroll > Payroll Transfer Fund Sweep
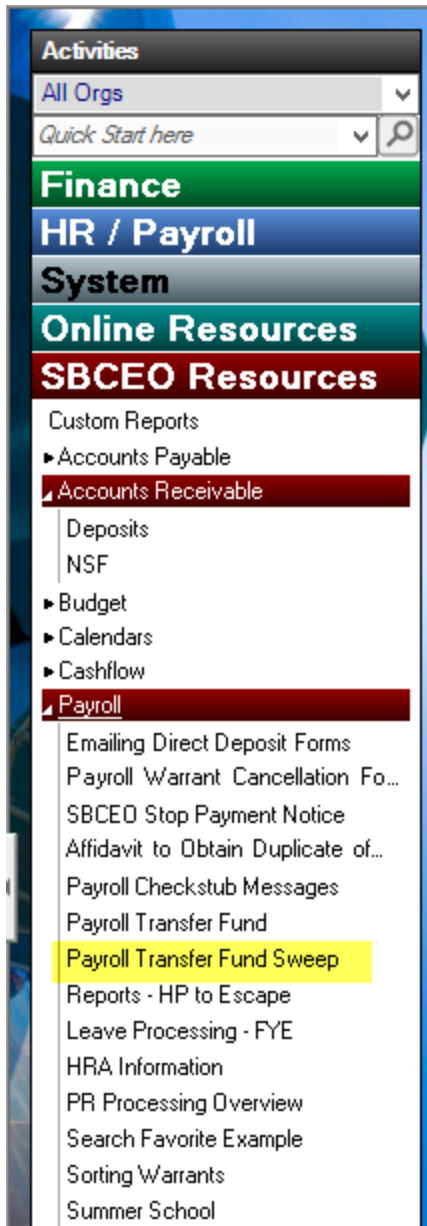
Balances in PAYX accounts should be reviewed and cleared monthly.

Important – All PAYX account balances should be cleared prior to closing the prior year.

Contact the SBAS Payroll Supervisor for additional support on reviewing PAYX account balances.

Generate File to Import into SACS for Unaudited Actuals Reporting Period

- **Finance > Reports > Fiscal > Fiscal 51 (SACS Extract)**
  - For the Unaudited Actuals Reporting Period complete section 2 and 5 (Unaudited Actuals Reporting Period) on the Fiscal 51 report.
  - To complete section 2 of the Fiscal 51 report enter the year you are closing in the Fiscal Year field.
  - To complete each of the fields in section 5 of the Fiscal 51 report enter the following information:
    - **Unaudited Actuals:** A {Unaudited Actuals}
    - **Budget Fiscal Year:** Enter the new budget year
    - **Budget Model ID**: Enter your new year Original Budget Model

- Once you have completed the form, click on Go/Export and select CSV from the dropdown menu. In the Save report file dialog box, select a location to save this file to. Enter a file name and select Save. Close the file. Log in to your **SACSWEB account**. Click on **Import** and then click on **+Select File** to select your CSV file. Select the **Type of Import**. Type in **Dataset Name**, choose your **Reporting Period** and **Dataset Format**. An upload button will appear. Click on **Upload**.

Appendix

EC 42603

The governing board of any school district may direct that moneys held in any fund or account may be temporarily transferred to another fund or account of the district for payment of obligations. The transfer shall be accounted for as temporary borrowing between funds or accounts and shall not be available for appropriation or be considered income to the borrowing fund or account. Amounts transferred shall be repaid either in the same fiscal year, or in the following fiscal year if the transfer takes place within the final 120 calendar days of a fiscal year. Borrowing shall occur only when the fund or account receiving the money will earn sufficient income, during the current fiscal year, to repay the amount transferred. No more than 75 percent of the maximum of moneys held in any fund or account during a current fiscal year may be transferred.

(Amended by Stats. 1987, Ch. 586, Sec. 5.)

Glossary & Terms

A

Accounts payable
Amounts due and owed to private persons, business firms, governmental units, or others for goods received and/or services rendered prior to the end of the fiscal year. Includes amounts billed but not paid. Does not include amounts due to other funds of the same LEA.

Accounts receivable
Amounts due and owed from private persons, business firms, governmental units, or others for goods received and/or services rendered prior to the end of the fiscal year. Includes amounts billed but not received. Does not include amounts due from other funds of the same LEA.

Accrual basis of accounting
Method of accounting in which revenue is recorded when earned, even though it has not yet been collected, and in which expenses are recorded when the liabilities are incurred, even if they have not been paid yet.

Accrued expenditures
Expenditures incurred during the current accounting period that are not paid until a subsequent accounting period.

Accrued revenues
Revenue earned during the current accounting period that is not collected until a subsequent accounting period.

Arbitrage
The profit earned (i.e., interest earnings in excess of interest costs) from the investments of the proceeds of lower-interest tax-exempt securities in higher yielding taxable securities.

B

Bond. A certificate containing a written promise to pay a specified sum of money, called the face value, at a fixed time in the future, called the date of maturity, and specifying interest at a fixed rate, usually payable periodically.

Bond discount. The excess of the face value of a bond over the price for which it is acquired or sold. (The price does not include accrued interest at the date of acquisition or sale.)

Bond premium
The excess of the price at which a bond is acquired or sold over its face value.

C

Capital asset

Land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment and all other tangible items or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period.

Cash in treasury

The Cash in County Treasury is reconciled/ verified, between the HP system financial records and the Treasurer, by SBAS on a monthly basis. The total cash recorded at the Auditor/Treasurer as of June 30th will become the beginning balance for the new year. Any accounts not at the Treasurer's office, such as Cafeteria Accounts, Student Body Accounts, etc… should be reconciled at the district level before year- end.

Cash with a fiscal agent

This account is used to record cash in the custody of an outside trustee on behalf of the district. A common example is the cash proceeds of a Certificate of Participation (COP).

Cash collections awaiting deposit

Receipts on hand or moneys in a bank clearing account awaiting deposit into the county treasury.

Certificates of participation (COPs)

This is a form of leasing where the school district enters into a lease and lease back of property from a third party, usually a nonprofit corporation or joint powers agency. The school district makes lease payments to the third party lessor (i.e., a facilities corporation). The third-party lessor borrows money by selling interests similar to bonds to the general public in the form of certificates of participation in the leased property. Each COP owner is entitled to a proportionate amount of the lease payment. A portion of the lease payment is designated as interest and consequently may be tax-exempt to the COP owner. COP funds can be used to finance equipment or real property. Accounting for these activities is very important and should be analyzed at the end of the year to ensure that all items have been accounted for correctly.

Closed (books/general ledger)

In accounting, the word "books" refers a LEA's record of financial transactions. The term "closing the books" refers to an accounting procedure that happens at the end of each month and at the end of each fiscal year.

Closing entries

Entries recorded at the end of each fiscal year to transfer the balances in the revenue and expenditure accounts to the permanent equity accounts (fund balance) of an accounting entity.

Closing funds other than the general fund

When considering closing procedures for other funds, in addition to the normal accrual items to consider within each fund, there are interfund accruals to consider. For example, salaries for food services are paid by the General Fund and then reimbursed by the cafeteria account in some districts. An accrual should be made at the end of the year for salaries earned as of June 30 but unpaid. The "due to" and "due from" accounts should be used when amount are outstanding as of June 30. In other funds (Special Reserve), the governing board may approve a transfer after closing which will once again have to be set up as an amount "due to" and "due from"

another fund. The district must be sure that all entries are balanced between funds in order to satisfy the edits on the state software (SACS).

Current loan
Loans payable in the same fiscal year in which the money was borrowed.

D

Deferred revenue
Program cash received in excess of qualifying program expenditures. These amounts are considered "unearned" until matched by program expenditures. Thus, at fiscal year-end, the excess amounts are moved from the program revenue account to a liability account (Object 9650). The transaction reverses in the new fiscal year, eliminating the liability and moving the revenues back into the program.

Deficit fund balance
The excess of liabilities of a fund over its assets.

Direct costs or expenses
Expenses that can be separately identified and charged as parts of the cost of a product, service, or department. These expenses may be charged directly to a specific program or programs. Typical charges that may affect the interprogram or interfund accounts will be services provided or products developed by the district. Examples are maintenance and repair of duplicating, audiovisual, or other equipment; photocopying; field trips; and use of district vehicles. The net result in the interprogram accounts will be zero. The net result in the interfund accounts will be zero when combining these accounts for all funds.

Direct support costs
Direct costs of services or products accumulated in various designated support service programs and subsequently distributed to user programs as direct support charges.

E

Encroachment
The use of unrestricted moneys to support restricted programs.

Encumbrances
Obligations in the form of purchase orders, contracts, salaries, and other commitments chargeable to an appropriation for which a part of the appropriation is reserved.

Ending fund balance components
At year-end closing, the district may have to make entries to allocate the ending fund balance into the proper classifications, as defined by SACS.

Entitlements
An apportionment that is based on specific qualifications or formula defined in statute. (This term should not be used as a basis for determining how to account for unspent balances of categorical aid.)

Expenditures

The costs of goods delivered or services rendered, whether paid or unpaid, including expenses, provision for debt retirement not reported as a liability of the fund from which retired, and capital outlay.

F

Face value

As applied to securities, the amount stated in the security document.

Fixed assets

Assets of a permanent character having continuing value: e.g., land, buildings, machinery, furniture, and equipment, with a cost over the capitalization threshold set by the district.

Fund reconciliation

The fund reconciliation portion of the SACS form reconciles the district's assets, liabilities and ending fund balance. Each fund the district operates will require this reconciliation. The information is taken from the general ledger of each fund. The total of all the liabilities is subtracted from the total of all the assets. The balance is the fund equity and must equal the ending fund balance (and all its components).

G

General obligation bond (GO Bond)

GO Bonds are voter-approved, long-term debt instruments which are secured by the legal obligation to levy and collect ad valorem property taxes sufficient to pay annual debt service on the bonds. The bond proceeds can be used only to finance the acquisition and improvement of real property.

Grants

A contribution, either in money or material goods, made by one governmental entity to another. Grants may be for specific or general purposes. (This term should not be used as a basis for determining how to account for unspent balances of categorical aid.)

I

Indirect costs

Charges for routine services not performed as a special service for a particular program but allocated to programs. These costs must be allocated and all accounts must be reconciled at the end of the year.

Indirect cost rate

A method for claiming reimbursement of indirect costs from federal and state categorical funds. It is the ratio (expressed as a percentage) of the indirect costs to direct base costs.

Indirect support charges

Charges for routine services not performed as a special service for a particular program but allocated to user programs.

Interfund transfers

Used when a district transfers moneys from one fund to another. For example, the transfer that is made to the deferred maintenance fund for the required state match is an interfund transfer. All interfund transfers must affect two funds. At the end of the year, districts may have to record interfund receivables and payables between funds. This would occur if one fund within the districts owes money to another fund. An example would be if the district pays for salaries out of the general fund for all funds. If the cash transfer did not take place prior to June 30, a "due to" in the other funds and a "due from" in the general fund would need to be recorded. These transactions must balance at the end of the year.

Interprogram and interfund transactions

Certain transactions that occur within a district affect more than one program or fund. Examples are interfund transfers and transfers of direct, direct support, and indirect costs. Direct costs are charged to appropriate programs and projects. Direct and indirect support charges are subsequently distributed from support service programs to the various user programs. This accounting procedure provides the means for assessing the fiscal impact of operating programs and projects. Cost identification is critical to the development of a meaningful cost-reporting system for use by state and local decision makers.

L

Lease/purchase (Capital Lease)

Many school districts acquire equipment through lease/purchase agreements. This financing method allows districts to lease property, equipment, and relocatables, directly from a lender. The lender may be a leasing company, a bank, or the manufacturer or distributor of the equipment.

M

Major funds

The general fund or its equivalent should always be reported as a major fund. Other individual governmental and enterprise funds should be reported as major funds on these criteria:

Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund (excluding extraordinary items) are at least 10% of the corresponding total for all funds of the same category (i.e., governmental or enterprise funds),

and

Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

Any other governmental or enterprise fund may be reported as a major fund if the government's officials believe that it is particularly important to the financial statement users (for example, because of public interest or consistency). Once major funds are determined for this reason, they don't have to be a major fund forever.

Management's Discussion and Analysis (MD&A)

The narrative introducing the financial statements and providing an analytical overview of the district's financial performance for the year. It should contain sufficient information for users of the financial statements to evaluate whether the financial position of the district has improved or deteriorated as a result of the year's activities.

Modified accrual basis

Basis of accounting according to which (a) revenues are recognized in the accounting period in which the become both "measurable" and "available" and (b) expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt. Most expenditures are recognized (recorded) when the related liability is incurred.

P

Prepaid expenditures

A prepaid expenditure is an amount disbursed for services that benefit more than one fiscal period. The most common examples are insurance and rent. The district must analyze any of these types of expenditures at year-end to ensure that the expense is recorded in the proper fiscal year. If the amount is immaterial, it is not necessary to make an entry.

Program cost accounting

A method to identify program costs in a standard manner. Under SACS the goal field provides the framework for program cost accounting.

R

Reserved amounts

A district may have amounts within the ending fund balance that are reserved or unavailable for appropriation or expenditure. Examples are amounts held for revolving cash, stores inventory, prepaid expenditures, general reserve, and legally restricted balances. Any ending balance relating to a categorical balance carryover, e.g., instructional material funds, should be reported as a legally restricted balance at the end of the year. Other items to include in the legally restricted classification are unspent proceeds from COPs and legally restricted proceeds from the sale of a school site.

Revolving cash account

This is similar to a petty cash fund and may be used only by those district officials designated by the LEA. A reconciliation should be prepared at year-end, (as well as monthly) to validate the full amount of the account. At year-end, this reconciled amount must agree with the amount reported on the Form 01.

S

Stores inventory

The amount of materials, supplies and other equipment kept in the central warehouse and subject to requisition and use. A physical count of inventory must be taken at year-end. Once the physical count is done and

extensions are completed, this count must be compared to perpetual records. If there is a difference, an adjustment is made to the stores account.

Subvention

Provision of assistance or financial support, usually from a superior governmental unit; a grant.

Tax Revenue Anticipation Notes (TRANs)

This is short-term debt use to finance cash flow deficits in anticipation of receiving tax revenue. TRANs can mature either in the same fiscal year as issued or in the following fiscal year. If TRANs do cross fiscal years, principal plus interest is payable only from revenue earned during the fiscal year in which issued. Though not considered long-term debt, TRANs are a form of debt with similar recordkeeping requirements, interest accruals, and are usually included with any discussion of school district debt.

U

Undesignated/unappropriated amount

This is the amount of the ending fund balance that has not been designated, appropriated, or reserved for specific expenditure purposes in the budget year.

W

Work in process (WIP) amounts

The value of partially completed products manufactured or processed, such as a partially completed printing job.

> **Note:**
> A full glossary of accounting terms is available at the CDE website at the end of the California School Accounting Manual

References

- California School Accounting Manual (CSAM)
  https://www.cde.ca.gov/fg/ac/sa/documents/csam2019complete.pdf

- SACS Web System User Guide https://www.cde.ca.gov/fg/sf/fr/documents/sacswebuserguide2024.docx

- State Controller's Office Website https://sco.ca.gov/