

# Year End Close

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*Regional Finance Consultant | Division of Local Finance*

*2024 Annual Fiscal Workshop*





**BEST** FOR  
**ALL**

We will set all students on a path to success.

## ACADEMICS

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**ALL TENNESSEE STUDENTS WILL HAVE  
ACCESS TO A HIGH-QUALITY EDUCATION,  
NO MATTER WHERE THEY LIVE**

## STUDENT READINESS

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**TENNESSEE PUBLIC SCHOOLS WILL BE  
EQUIPPED TO SERVE THE ACADEMIC  
AND NON-ACADEMIC NEEDS OF ALL  
STUDENTS IN THEIR CAREER PATHWAYS**

## EDUCATORS

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**TENNESSEE WILL SET A NEW PATH FOR  
THE EDUCATION PROFESSION AND BE  
THE TOP STATE IN WHICH TO BECOME AND  
REMAIN A TEACHER AND LEADER FOR ALL**





# Agenda

- General Reminders
- Preparing for Year-end Close
  - Federal
  - General Purpose
- State Funds
  - Notes
  - Other Year-end Reports
- Resources





# General Reminders



# Important Fiscal Year-End Dates

- Fiscal year is July 1 to June 30.
- Deadline to close accounting records is no later than two (2) months after the close of the fiscal year, per T.C.A. § 9-2-102.
- Implement a year-end timeline procedure.

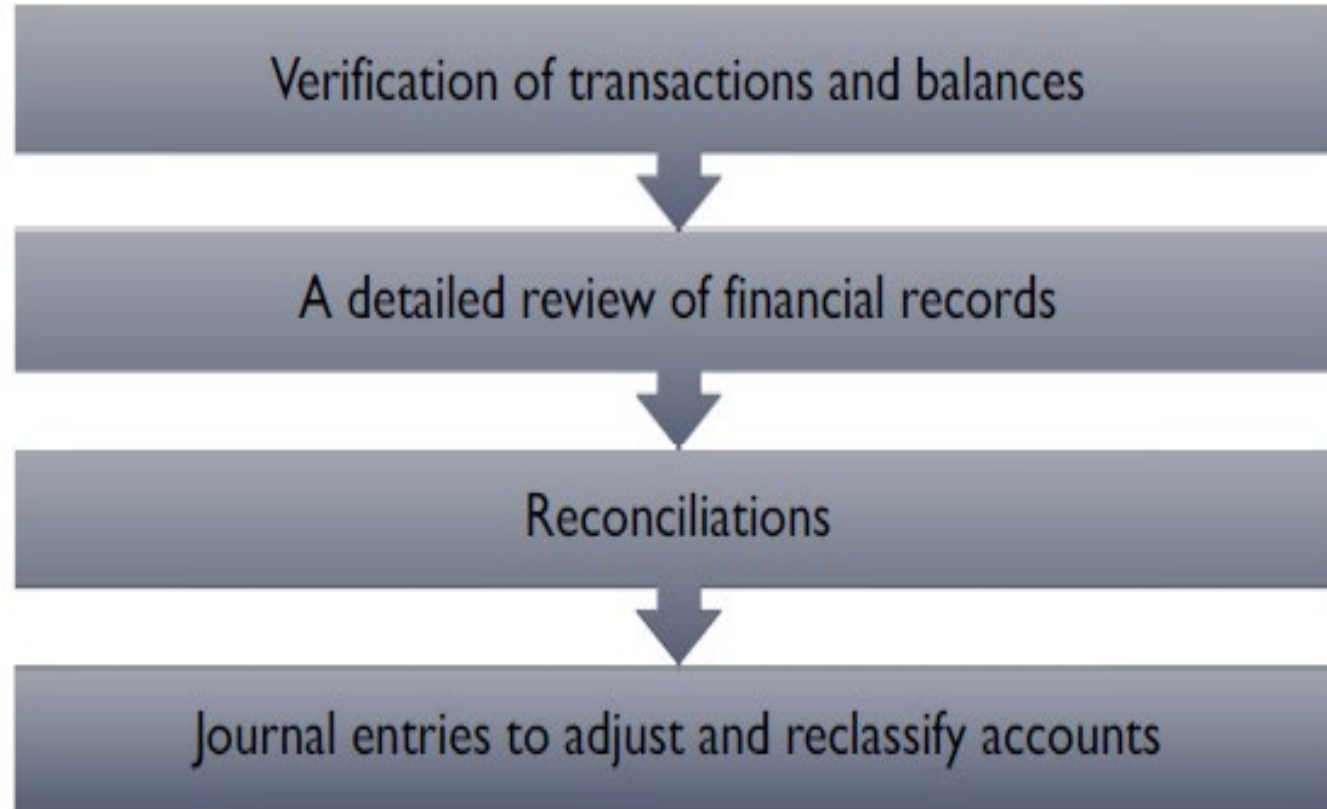


# Important Fiscal Year-End Dates

- Best practice is to submit final expenditure reports (FERs) by August 1.
- T.C.A. § 49-3-316 requires all final expenditure reports be submitted to the Tennessee Department of Education on or before October 1.
- Some Federal grants may have earlier deadlines.
- Late FERs can result in:
  - TISA payments being withheld
  - LEA information missing from some state reports



# Preparing for Year-End Close





# Preparing for Year-End Close

- In July, reconcile books with the Trustee or bank balance.
- Then, review the general ledger and adjust balances:
  - Assets
  - Liabilities
  - Revenues
  - Expenditures
  - Reserves
- Run reports from your accounting system: trial balance, summary financial statements, statement of revenues, and statement of expenditures.



# Year-End Close - Liabilities

- **Do not wait until year-end to reconcile payroll liabilities.**
  - Reconcile liabilities monthly.
- Federal income tax, Social Security tax, Medicare tax, and retirement liability accounts should zero out following payments to IRS and TCRS.
- Health insurance and other payroll liabilities
  - If withheld a month in advance, liability balances should equal next month's invoice.
  - If withheld for the current month, liability balances should zero out following payment of the invoice.



# Year-End Close - Accruals

- An accounting **accrual** is a general ledger entry to recognize revenue earned but not received or to recognize costs incurred but not yet paid as of fiscal year-end.
- To prepare your books for year-end close, accrual of both revenues and expenditures may be necessary.
- Accrual entries may be needed to align revenues to expenditures for a particular fund or grant within the same fiscal year.



# Year-End Close - Expenditures

- Accrue **expenditures** that were not expensed through accounts payable as of June 30.
- Accrue any **payroll** earned in the fiscal year that was not processed prior to June 30.
- Accrue **indirect cost** not paid prior to June 30.



# Year-End Close – Expenditures

- LEAs that do not encumber purchase orders may accrue them by debiting appropriate expense line items and crediting accounts payable.

Account Description	Account Number	Debit	Credit
Accounts Payable	21100		X
Expenditure	Line Item	X	



# Year-End Close – Expenditures

- Example of payroll accrual:  
The county pays general fund employees on July 15<sup>th</sup> for wages earned by employees through June 30<sup>th</sup> in the amount of \$100,000.

Account Description	Account Number	Debit	Credit
Accrued Payroll	21200		\$100,000
Expenditure	Line Items	\$100,000	



# Year-End Close – Expenditures

- Example of indirect cost accrual for **Fund 142**:  
The finance office waited until after June 30 to compute indirect cost charges for federal grants. Therefore, accrual entries were necessary.

Account Description	Account Number	Debit	Credit
Indirect Cost	99100-504	X	
Due to Other Funds	21500		X



# Year-End Close – Expenditures

- Example of indirect cost accrual for Fund 141:

Account Description	Account Number	Debit	Credit
Due from Other Funds	11440	X	
Transfers In	49800		X



# Year-End Close-A Final Review

- After making all adjusting entries, review your **balance sheet** to ensure correct balances in:
  - **Assets** (cash, investments, receivables)
  - **Liabilities** (payroll, accounts payable, due to other funds)
  - **Reserves** (Career Ladder, assigned, and committed reserves)



# Year-End Close – A Final Review

- Review statement of revenues – Compare budgeted to actual by line item.
  - Are there additional earned revenues that should be accrued?
- Review statement of expenditures – Compare budgeted to actual by line item.
  - Are there additional expenditures incurred that should be accrued?
- Implement a procedure for tracking receivables and payables.



# Year-End Close - Calculating Reserve Balances

- To balance the FER for June 30, the ending fund balances or reserves must be calculated in all funds and sub-funds.
  - 34555 Restricted for Education
  - 34570 Restricted for Operation of Non-instructional Services
  - 34585 Restricted for Capital Projects
  - 39000 Unassigned
- Finally, follow the directions provided by your accounting vendor to close your books.



# Preparing for Year-End Close Federal Projects



# Reimbursement Requests FY24

- Complete reimbursement requests by the following dates to receive funds by June 30, 2024.
  - **June 7** - Requests that **require** documentation
  - **June 14** - Requests that **do not require** documentation



# Reimbursement Request FY24

- To avoid a negative cash balance at year-end, allow enough time for year-end reimbursement requests to process.
  - Every year there are audit findings around this issue.
- In general, allow five to seven business days from the date of approval by Local Finance/Local Disbursements to receive funds.
- Payments may take seven to ten days at peak times.



# Reimbursement Request FY24

- If there is an outstanding reimbursement request for FY24 funds, the FER cannot be started for that grant until the reimbursement request is marked “Paid” in ePlan.
- The FER will automatically generate a reimbursement request for expenditures not requested prior to the completion of the FER.



# Reimbursement Request FY24

- **Required:** Complete reimbursement requests for grants in the Consolidated Funding Application (CFA) prior to beginning the FER.
- **Best practice:** Complete reimbursement requests for all grants prior to beginning the FER.
- **Remember:** Accrue any current year reimbursement requests not received prior to June 30.
- **Note:** Accrued revenue not received within two (2) months after the end of the fiscal year could result in an audit finding.



# Year-End Close - Federal Projects

- A grant may require an accrual for more than one reimbursement request.
  - Any current year request made but not received prior to June 30
  - Final reimbursement request that may generate as a result of the FER
- Federal purchase orders outstanding at year-end may be closed and reopened in the subsequent year.
  - Does not apply to goods/services received and paid for in July



# Year-End Close - Federal Projects

- Compare YTD expenditures to YTD revenues for individual grants.
- Example: XYZ grant has a \$150,000 budget.
  - \$150,000 YTD expenditures
  - \$125,000 Revenue received as of June 30
  - = \$ 25,000 Revenue to request and accrue
- Do this same analysis for **each sub-fund**.



# Year-End Close - Federal Projects

- Example: XYZ Grant Revenue Accrual

Liberty County Schools has an XYZ Grant. On July 5, 2024, they entered a grant reimbursement request into ePlan for June 2024 expenditures in the amount of \$25,000.

Account Description	Account Number	Debit	Credit
Due from Other Governments	11430	\$25,000	
XYZ Grant (Federal Revenue)	47xxx		\$25,000



# Year-End Close - Federal Projects

- Example (continued): XYZ Grant Revenue Accrual  
The requested funds were received in August 2024.

Account Description	Account Number	Debit	Credit
Due from Other Governments	11430		\$25,000
Cash with Trustee	11140	\$25,000	



# Preparing for Year-End Close General Purpose



# Year-End Close – General Purpose Revenues

- Revenue is recognized when earned, measurable, and available to finance expenditures of the current period (period of availability), AND legally spendable.
  - Generally, local governments recognize revenue that is earned and received (available) within 60 days after year-end.
- Revenues received AFTER the period of availability or not legally spendable are recorded as unavailable.
- Unearned revenues received during the period are recorded as liabilities.



# Year-End Close – General Purpose Revenues

- Analyze Local Option Sales Tax and accrue remaining months.
  - Ensure there are 12 months of revenue posted.
- Accrue other local taxes.
  - Mixed Drink Tax, Wheel Tax, Current and Delinquent Property Taxes, PILOT, etc.
  - **County systems** - Accrue revenues that are on July's Trustee report.
  - **Special school districts** - Accrue revenues on June's Trustee report and accrue an estimate of taxes for July.
  - **City systems** - Accrue 1, 2, or 3 months of local taxes depending on what your auditor has required in the past.



# Year-End Close – General Purpose Revenues

- Example: The county estimated that local option sales tax for FY24 will generate an additional \$100,000 of revenue for the schools. The following entry should be made:

Account Description	Account Number	Debit	Credit
Due from Other Governments	11430	\$100,000	
Local Options Sales Tax	40210		\$100,000



# Year-End Close – General Purpose Revenues

- Example (continued): The county received the additional \$100,000 of local option sales tax in August 2024 and paid this to the LEA. The following entry should be made:

Account Description	Account Number	Debit	Credit
Due from Other Governments	11430		\$100,000
Cash with Trustee	11140	\$100,000	



# Year-End Close – General Purpose Revenues

- Accrue other revenues, if expected to receive after June 30.
  - Final TISA payment
  - Parental Leave reimbursements
  - State Special Education Preschool Grant
  - Voluntary Pre-K Grant
  - Public School Security Grant
  - Other state revenues



# Year-End Close – General Purpose Revenues

- Compare YTD grant revenues and expenditures.

Example: Voluntary Pre-K Grant = \$205,000 budget

\$205,000 Actual YTD grant expenditures

- \$190,000 Current YTD grant revenue received as of June 30

\$15,000 Revenue to accrue and request

- This same analysis should be completed for all state grants.



# Year-End Close – General Purpose Reserves

- General formula to calculate reserves:
  - Beginning of year reserve balance (credit balance-positive, debit balance-negative)
  - ADD: Year to date revenue
  - ADD: Transfers in (if any)
  - LESS: Expenditures (including encumbrances)
  - LESS: Transfers out (if any)
  - EQUALS: End of Year reserve (credit balance – positive, debit balance-negative).



# Year-End Close – Career Ladder Reserve

- Career Ladder Reserve must be adjusted.
  - Locate the beginning amount of Career Ladder Reserve shown on the trial balance.
  - Typically, this balance is in account **34560**-Restricted for Instruction.
- Run a YTD statement of revenue for account **46610**-Career Ladder Program.
- Run a YTD statement of expenditures for object code **117**-Career Ladder Program.



# Year-End Close – Career Ladder Reserve

- Determine the total expenditures in 117 for regular full-time personnel and total for retired personnel.
- Multiply the amount for full-time personnel by the full benefit rate of 14.46% (includes social security, Medicare, and retirement.)
- Multiply the amount for retired personnel by the Medicare rate of 1.45%.
- Perform reserve calculation.



# Year-End Close – Career Ladder Reserve

- Example: Calculating the Career Ladder Reserve
  - The current reserve balance in **34560** is a debit balance of \$3,543.
  - There were \$80,000 in payments to full-time personnel and \$5,000 in payments to retired personnel in object code **117**.
  - \$100,000 in Career Ladder revenue **44610** was received in FY24.

34560 - Equity from Previous Year	\$ (3,543)	Because the account has a debit balance.
Revenue-44610	\$100,000	YTD revenue in 46610
Payments to Regular (Full Time) Personnel	\$ (91,568)	(\$80,000 x 1.1446 benefit rate full-time personnel)
Payments to Retired (120 day) Personnel	\$ (5,072.50)	(\$1,000.00 x 1.0145 benefit rate full-time personnel)
34560 - Career Ladder ending reserve	\$ (183.50)	Debit Balance



# Year-End Close – Career Ladder Reserve

- Example: Calculating the Career Ladder Reserve (continued)
  - Calculate the variance between beginning and ending reserve.
  - $\$3,543.00 - \$183.50 = \$3,359.50$  (reduce debit balance)
  - Make the following journal entry:

Account Description	Account Number	Debit	Credit
Unassigned	39000	\$3,359.50	
Restricted for Instruction	34560		\$3,359.50



# Year-End Close –Other Reserves

- Perform the same reserve calculation for **committed reserves** and **assigned reserves** on the balance sheet.
- Journal entries for reserves
  - Debit or credit the reserve account for adjustment.
  - The offsetting entry is a debit or credit to 39000 (Unassigned Fund Balance.)



# Year-End Close - Other Journal Entries

- For any investments, adjust the account to the June 30 balance.
- School Nutrition
  - If centralized, enter YTD value of USDA commodities.

Account Description	Account Number	Debit	credit
USDA - Commodities Exp	73100-469	X	
USDA - Commodities Revenue	47112		X

- Adjust the value of food inventory **11200** and inventory reserve **34220**.



# Resources



# Resources

- Regional Finance Consultants will provide technical assistance both onsite and virtually.
- Resources from workshops and other technical guides will be found in ePlan under TDOE Resources>Fiscal-District Technical Assistance.



# TDOE Resources in ePlan

-  Fiscal - District Technical Assistance
  -  2023 Annual Fiscal Workshop
  -  2022 Spring Fiscal Workshop
  -  Cross-Cutting Fiscal Materials
  -  Templates for Uploading into ePlan
  -  Year-end Close One Pagers
  -  [Accounting for Education Technology Expenditures](#)
  -  [TN Comptroller of the Treasury: Chart of Accounts](#)
  -  [CCEIS for Spring Fiscal Workshops](#)
  -  [Federal Revenue Codes and Sub-funds](#)
  -  [FY22 Daily Rates for Residential Mental Health Facilities](#)
  -  [Local Education Agencies 2021 Health Insurance Benefits](#)
  -  [Local Finance Office Hours Link](#)
  -  [Per Pupil Expenditure Reporting\\_FAQ FY20](#)
  -  [Prior Period Expense Entries - Journal Entries](#)
  -  [Release of Funds Form](#)
  -  [Resolution to Transfer to Federal Projects - Template](#)
  -  [Returning Funds to the State](#)
  -  [SNS Methodology Monitoring 2020-21](#)
  -  [State Minimum Salary Schedule FY2022-23](#)
  -  [State Minimum Salary Schedule FY2021-22](#)
  -  [Summer Learning Camp 2023 Economically Disadvantaged Percentages](#)
  -  [TN Compass December 1 Report](#)
  -  [TISA Calculator](#)



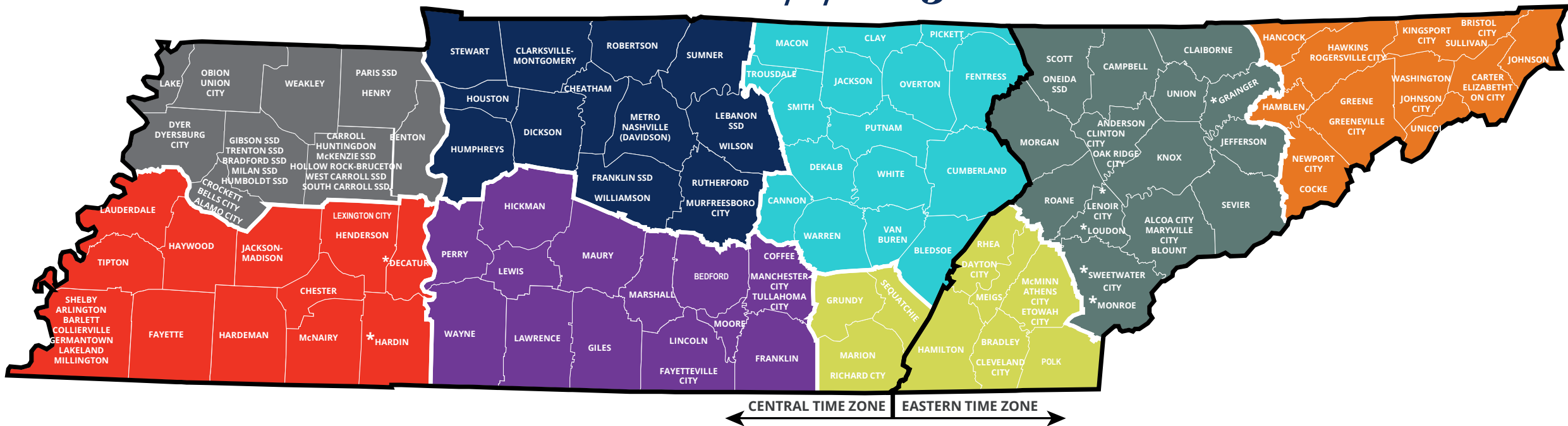
# Local Finance Office Hours

- Each Tuesday morning at 10 -11 CT / 11-12 ET
- The link to the Microsoft Teams meeting may be found [here](#) and in ePlan under TDOE Resources>Fiscal-District Technical Assistance.
- June 20 and June 27: Local Finance Office Hours will include a demonstration of how to complete the FER, including the new requirements for document uploads for FERs.
- [FER Instructions](#)



# Regional Finance Consultant District Map

## As of 11/1/2023



Northwest	Southwest	Mid Cumberland	Upper Cumberland	South Central	Southeast	East TN	First TN
Joshua Dehnz	Meribeth Carpenter	Rob Mynhier	Brian Trisdale	Jasmine Taylor	Taffe Bishop	Shelby Ownbey	Jill Lewis
<a href="mailto:Joshua.Dehnz@tn.gov">Joshua.Dehnz@tn.gov</a>	<a href="mailto:Meribeth.B.Carpenter@tn.gov">Meribeth.B.Carpenter@tn.gov</a>	<a href="mailto:Robert.Mynhier@tn.gov">Robert.Mynhier@tn.gov</a>	<a href="mailto:Brian.Trisdale@tn.gov">Brian.Trisdale@tn.gov</a>	<a href="mailto:Jasmine.Taylor@tn.gov">Jasmine.Taylor@tn.gov</a>	<a href="mailto:Taffe.Bishop@tn.gov">Taffe.Bishop@tn.gov</a>	<a href="mailto:Shelby.Ownbey@tn.gov">Shelby.Ownbey@tn.gov</a>	<a href="mailto:Jill.Lewis@tn.gov">Jill.Lewis@tn.gov</a>

\*Districts that are assigned to a finance consultant in a different CORE region.



# Regional Finance Consultant District Assignment

## As of 11/1/2023

Northwest	Southwest	Mid Cumberland	Upper Cumberland	South Central	Southeast	East TN	First TN
Joshua Dehnz	Meribeth Carpenter	Rob Mynhier	Brian Trisdale	Jasmine Taylor	Taffe Bishop	Shelby Ownbey	Jill Lewis
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<b>Districts:</b> Alamo City Bells City Benton County Bradford SSD Carroll County Crockett County Dyer County Dyersburg City Gibson County SSD Henry County Hollow Rock-Bruceton SSD Humboldt SSD Huntingdon SSD Lake County McKenzie SSD Milan SSD Obion County Paris SSD South Carroll SSD Trenton SSD Union City Weakley County West Carroll SSD	<b>Districts:</b> Achievement Schools Arlington SSD Bartlett SSD Chester County Collierville SSD Fayette County Germantown SSD Hardeman County Haywood County Henderson County Jackson-Madison County Lakeland SSD Lauderdale County Lexington City McNairy County Millington Shelby County Tipton County WTSD	<b>Districts:</b> Cheatham County Charter Schools Commission Dickson County Dept. of Children Services Dept. of Corrections Franklin SSD Houston County Humphreys County Lebanon SSD Metro-Nashville Montgomery County Murfreesboro City Robertson County Rutherford County Stewart County Sumner County TN School for Blind Williamson County Wilson County  *Jackson County	<b>Districts:</b> Alvin York Institute Bledsoe County Cannon County Clay County Cumberland County DeKalb County Fentress County Macon County Overton County Pickett County Putnam County Smith County Trousdale County Van Buren County Warren County White County  *Sequatchie County	<b>Districts:</b> Bedford County Coffee County Fayetteville City Franklin County Giles County Hickman County Lawrence County Lewis County Lincoln County Manchester City Marshall County Maury County Moore County Perry County Tulahoma City Wayne County  *Decatur County *Hardin County	<b>Districts:</b> Athens City Bradley County Cleveland City Dayton City Etowah City Grundy County Hamilton County Marion County McMinn County Meigs County Polk County Rhea County Richard City  *Lenoir City *Loudon County *Monroe County *Sweetwater City	<b>Districts:</b> Alcoa City Anderson County Blount County Campbell County Claiborne County Clinton City Jefferson County Knox County Maryville City Morgan County Oak Ridge Oneida SSD Roane County Scott County Sevier County TSDK Union County	<b>Districts:</b> Bristol City Carter County Cocke County Elizabethton City Greene County Greeneville City Hamblen County Hancock County Hawkins County Johnson City Johnson County Kingsport City Newport City Rogersville City Sullivan County Unicoi County Washington County  *Grainger County
*Districts that are assigned to a finance consultant in a different CORE region.							



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# Resources

- **Tennessee Department of Education** [Education \(tn.gov\)](https://education.tn.gov/)
- **Tennessee State Board of Education** [Rules, Policies and Guidance \(tn.gov\)](https://rules.tn.gov/)
- **ePlan TDOE Resources** <https://eplan.tn.gov/>
- **Tennessee Comptroller of the Treasury** [Comptroller of the Treasury - Comptroller.TN.gov](https://comptroller.tn.gov/); [Manuals \(tn.gov\)](https://manuals.tn.gov/)
- **Tennessee Consolidated Retirement System** <https://treasury.tn.gov/Retirement/Information-and-Resources/TCRS-Overview-and-Self-Service>
- **Tennessee General Assembly** [Legislation - TN General Assembly](https://legis.tn.gov/)
- **County Technical Assistance Service (CTAS) Record Retention** <https://www.ctas.tennessee.edu/eli/departments-education-records>
- **Electronic Code of Federal Regulations** [eCFR :: Home](https://www.ecfr.gov/)
- **Tennessee Code Annotated** [Tennessee Code Unannotated – Free Public Access | Main Page \(lexis.com\)](https://www.lexis.com/tennessee)



# Fraud, Waste or Abuse

Citizens and agencies are encouraged to report fraud, waste, or abuse in State and Local government.

NOTICE: This agency is a recipient of taxpayer funding. If you observe an agency director or employee engaging in any activity which you consider to be illegal, improper or wasteful, please call the state Comptroller's toll-free Hotline:

**1-800-232-5454**

Notifications can also be submitted electronically at:

**[comptroller.tn.gov/hotline](http://comptroller.tn.gov/hotline)**