

# Fiscal Year-End Close

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# Agenda

- Fiscal Year-End Dates
- Reimbursement Requests
- Year-End Reminders
- Year-End Close: General Purpose
- Year-End Close: Federal Projects
- Resources



# Fiscal Year-End Dates

# Fiscal Year-End Dates

- Fiscal year is July 1 to June 30.
- The 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.

# 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 to be submitted to the Tennessee Department of Education (department) on or before October 1.
- Some Federal grants may have earlier deadlines.
  - [FY25 Final Expenditure Report \(FER\) Deadlines](#)
- Late FERs can result in:
  - (Tennessee Investment in Student Achievement) TISA payments being withheld, and
  - LEA information missing from some state and federal reports.

# Reimbursement Requests

# Reimbursement Request FY25

- To avoid a negative cash balance at year-end, allow enough time for year-end reimbursement requests to process.
  - A negative cash balance will result in an audit finding.
- 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 Requests FY25

- Prior to submitting final reimbursement requests for each grant, review balance sheet items such as cash, AR balances, and reserves.
- Complete reimbursement requests by the following dates to receive funds by June 30, 2025.
  - **June 6** - Requests that **require** documentation
  - **June 13** - Requests that **do not require** documentation



# Reimbursement Request FY25

- **Required:** Complete reimbursement requests for grants in the Consolidated Funding Application (CFA), ESSER 3, and ARP Homeless 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 by June 30.
- **Note:** Accrued revenue not received within two (2) months after the end of the fiscal year could result in an audit finding.

# Reimbursement Request FY25

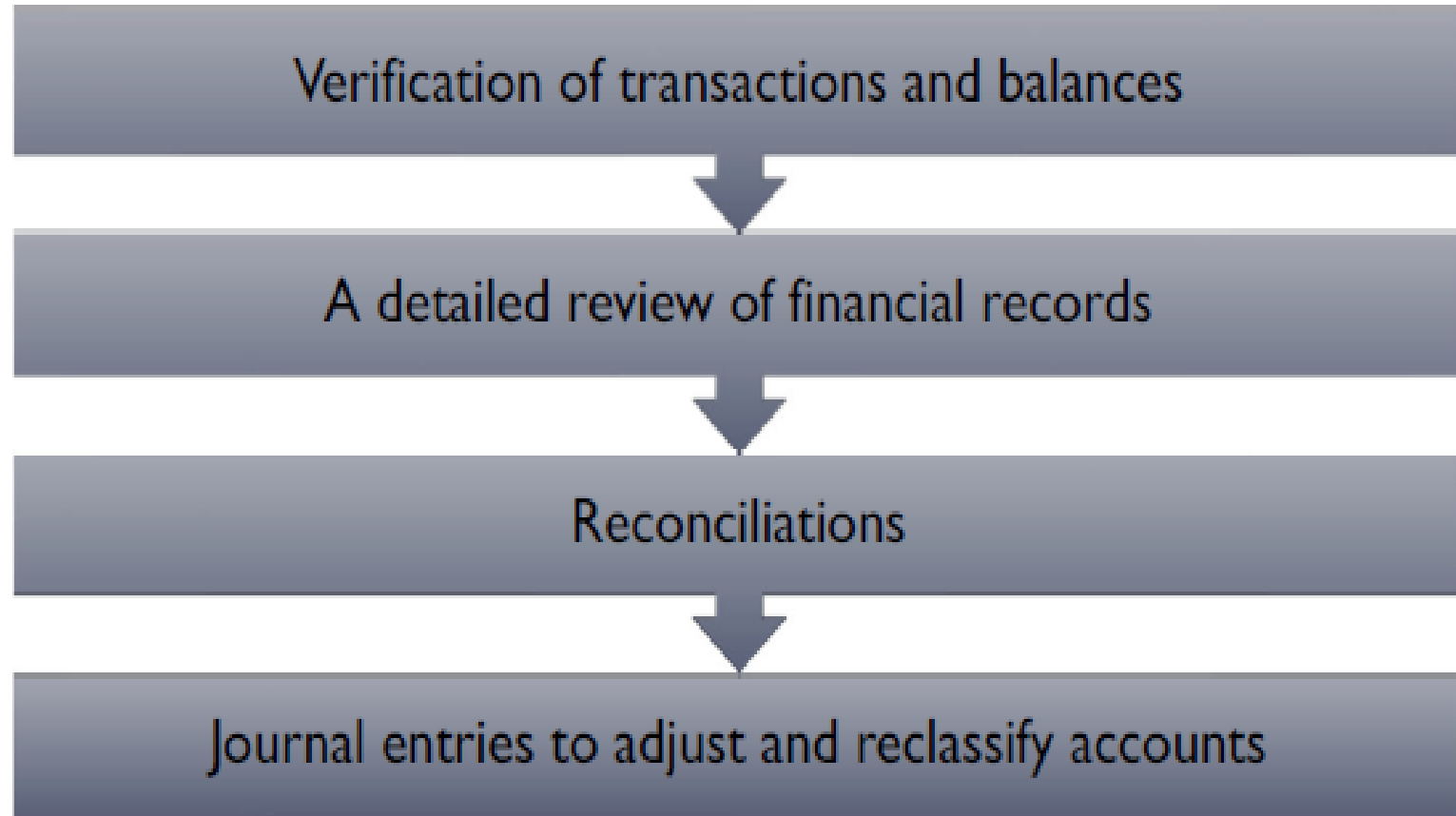
- For grants with outstanding reimbursement requests, the FER cannot be started until the reimbursement request is marked “Paid” in ePlan.
- The FER will automatically generate a reimbursement request for expenditures not requested prior to the completion of the FER.

# Year-End Reminders

# Spring Cleanup

- Review balance sheet items such as cash, AR, and reserves.
- Review open purchase orders and close those that will not be used.
- Work with grant directors and prepare any necessary budget revisions.
- Compare revenue with the amount shown in ePlan.
  - Were any adjustments made that have not been accounted for on your books?
  - Are there obvious discrepancies to correct?

# Preparing for Year-End Close



# Preparing for Year-End Close

- In July, reconcile books with the Trustee or bank balance.
- Review the general ledger and make any necessary adjustments:
  - Assets
  - Liabilities
  - Revenues
  - Expenditures
  - Reserves
- Run reports from your accounting system:
  - Trial balance
  - Summary financial statements
  - Statement of revenues
  - 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 the 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** not paid through accounts payable as of June 30.
- Accrue any **payroll** earned in the current fiscal year that was not processed prior to June 30.
- Accrue **indirect costs** not paid as of June 30.

# Year-End Close: Expenditures

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

Account Description	Account Number	Debit	Credit
Expenditure	Line Item	X	
Accounts Payable	21100		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
Expenditures	Line Items	\$100,000	
Accrued Payroll	21200		\$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 the **balance sheet** to ensure correct balances.
- Review **statement of revenues**.
  - Compare budgeted to actual by line item.
  - Are there additional earned revenues to accrue?
  - Were revenues posted to the wrong grant?
- Review **statement of expenditures**.
  - Compare budgeted to actual by line item.
  - Are there additional expenditures to accrue?
  - Were expenditures charged to the wrong account?
- Implement a procedure for tracking receivables and payables.



# Year-End Close: Reserve Balances

- To balance the FER for June 30, the ending fund balances or reserves must be calculated in all funds and sub-funds.
  - 34220 Inventory
  - 34555 Restricted for Education
  - 34560 Restricted for Instruction (Career Ladder)
  - 34570 Restricted for Operation of Non-instructional Services
  - 34585 Restricted for Capital Projects
  - 34587 Restricted for Hybrid Retirement Stabilization Funds
  - 39000 Unassigned
- Finally, follow the directions provided by your accounting vendor to close your books.

# 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 the local option sales tax for FY25 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 2025 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 current fiscal year revenues, if expected to receive after June 30.
  - Final TISA payment
  - Parental Leave reimbursements
  - CEO Supplement
  - State Special Education Preschool Grant
  - Voluntary Pre-K Grant
  - Public School Security Grant
  - Other state revenues



# Year-End Close: General Purpose Revenues

- Any parental leave paid to employees on or before June 30 for which the LEA has not received reimbursement from the state should be accrued.

Account Description	Account Number	Debit	Credit
Due from Other Governments	11430	\$X	
Paid Parental Leave	46596		\$X

# 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
- Complete this analysis for all state grants.

# Year-end Entries: TISA On-behalf Payments

- TISA On-behalf Payments: Funds generated by students but not issued to the LEA.
  - ACT
  - Education Savings Accounts (ESA) Program
  - Individualized Education Account (IEA) Program
  - Juvenile Detention Center (JDC)
  - Knox County STEM
- TISA On-behalf Payments must be reported by the LEA on their financials.
  - Post these journal entries with date of June 30
  - Debit 141 XXXXX 595; Credit 141 46513
- The department will notify LEAs in July of their final TISA On-behalf Payments.

# 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)
  - SUBTRACT: Expenditures (including encumbrances)
  - SUBTRACT: Transfers out (if any)
  - EQUALS: End of Year Reserve (credit balance – positive; debit balance – negative)

# Year-End Close: Career Ladder Reserve

- Determine the expenditures in 117 for regular full-time personnel and retirees.
- Calculate employer benefits.
  - Full-time personnel = 14.01% (Social Security, Medicare, and TCRS)
  - 120-day contract retirees = 1.45% (Medicare tax only)
  - Full-time retirees on 70% TCRS provision = 7.81% (TCRS and Medicare); For FY25, include in full-time personnel.
- **NEW:** CEO payments are not included in Career Ladder.
  - Funded by 45690 Other State Education Funds
  - Do not charge to 117 Career Ladder.
  - Recommended: 189 Other Salaries and Wages

# 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 charged to **117** for full-time personnel, \$5,000 in payments to 120-day contract retirees, and \$1,000 to full-time retirees 70% provision.
  - \$100,000 in Career Ladder revenue **44610** was received in FY25.

34560 Beginning of the Year CL Reserve	\$ (3,543)	Negative because the account has a debit balance.
Add: 44610 Career Ladder Revenue	\$ 100,000	YTD revenue in 46610
Subtract: Payments to Regular Full-Time Personnel	\$ (91,208)	(\$80,000 x 1.1401 benefit rate full-time personnel)
Subtract: Payments to 120-day Contract Retirees	\$ (5,072.50)	(\$5,000 x 1.0145 benefit rate 120-day contract retirees)
Subtract: Payments to Full-Time Retirees -70% Provision	\$ (1078.10)	(1,000 X 1.0781 benefit rate 70% provision retirees)
34560 End of the Year CL Reserve	\$ (901.60)	Debit Balance

# Year-End Close: Career Ladder Reserve

- Example: Calculating the Career Ladder Reserve (continued)
  - Calculate the variance between the beginning and ending reserve.
  - $\$3,543.00 - \$901.60 = \$2,641.40$  (reduce debit balance)
  - Make the following journal entry:

Account Description	Account Number	Debit	Credit
Unassigned	39000	\$2,641.40	
Restricted for Instruction	34560		\$2,641.40



# Year-End Close: Other

- 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.
- For any investments, adjust the account to the June 30 balance.

# Year-End Close Federal Funds

# 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 purchase orders obligated by June 30 for 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 the 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, 2025, they entered a grant reimbursement request into ePlan for June 2025 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 – Accrued Revenue Received
  - The requested funds were received in August 2025.

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

# Year-End Close: Central Cafeteria

- Enter total 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

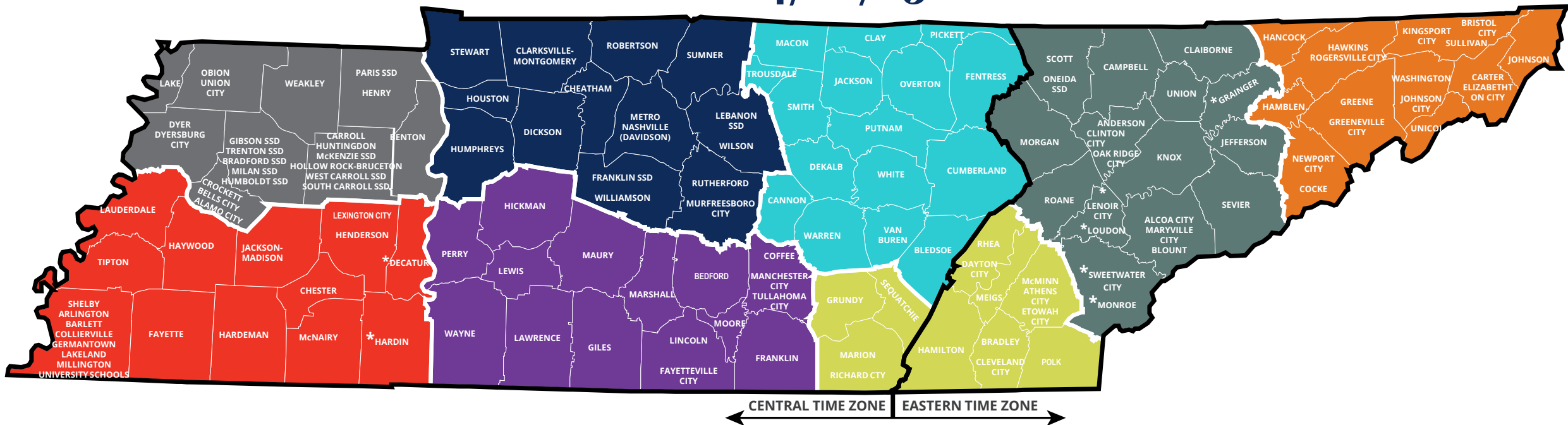


# Resources

- Regional Finance Consultants will provide technical assistance both onsite and virtually.
  - Contact your regional finance consultant to schedule a date for technical assistance.
- Presentations and other technical resources from the fiscal workshops will be posted in ePlan under TDOE Resources> Fiscal-District Technical Assistance.
- [FY25 Final Expenditure Report \(FER\) Deadlines](#)

# Regional Finance Consultant District Map

As of 4/22/25



Northwest	Southwest	Mid Cumberland	Upper Cumberland	South Central	Southeast	East TN	First TN
Cindy Smith	Meribeth Carpenter	Rob Mynhier	Joshua Dehnz	Open Position	Taffe Bishop	Shelby Ownbey	Jill Lewis
<a href="mailto:Cindy.Smith@tn.gov">Cindy.Smith@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:Joshua.Dehnz@tn.gov">Joshua.Dehnz@tn.gov</a>	Temporarily Assigned to Multiple Consultants*	<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>

\*District assigned to a finance consultant in a different CORE region. \*See list on next page for temporary assignments.

# Regional Finance Consultant District Assignment

## As of 4/22/2025

Northwest	Southwest	Mid Cumberland	Upper Cumberland	South Central	Southeast	East TN	First TN
Cindy Smith	Meribeth Carpenter	Rob Mynhier	Joshua Dehnz	Open Position	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 University Schools WTSD  +Hardin County	<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  +Decatur County +Perry 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  +Lawrence County +Lewis County +Maury County +Wayne 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  +Coffee County +Franklin County +Manchester City +Tulahoma 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  +Giles County +Hickman County +Marshall County +Moore 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  +Bedford County +Fayetteville City +Lincoln County

\*Districts assigned to a finance consultant in a different CORE region. +Districts temporarily assigned to a finance consultant in a different CORE region.

# Finance Division Contacts



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# Fiscal-District Technical Assistance

- Federal Subfunds, Revenue Codes, and ALNs
- State Revenue Code Listing
- TISA Calculator
- Year-End Close One-Pagers
- Standardized System of Accounting and Reporting
- TN Comptroller of the Treasury Chart of Accounts

[-]	<b>Fiscal - District Technical Assistance</b>
[+]	Conference and Meeting Materials
[+]	Parental Leave
[+]	State Salary Schedule
[+]	Templates for Uploading into ePlan
[+]	Year-end Close and Final Expenditure Reporting
[+]	<a href="#">Internal School Funds Manual</a>
[+]	<a href="#">Standardized System of Accounting and Reporting 2024</a>
[+]	<a href="#">TN Comptroller of the Treasury: Chart of Accounts</a>
[+]	<a href="#">Federal Subfunds, Revenue Codes, and ALNs</a>
[+]	<a href="#">State Revenue Code Listing</a>
[+]	<a href="#">Local Finance Updates (Newsletter)</a>
[+]	<a href="#">Career Ladder Overview</a>
[+]	<a href="#">Final Expenditure Report (FER) Deadlines-FY24</a>
[+]	<a href="#">Local Finance Office Hours Link</a>
[+]	<a href="#">Per Pupil Expenditure Reporting_FAQ FY20</a>
[+]	<a href="#">Prior Period Expense Entries - Journal Entries</a>
[+]	<a href="#">Property Record Template (Inventory and Disposition Listing)-Revised 3.13.25</a>

# 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** [eplan.tn.gov/](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)

# 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)**





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