

End of Year Reminders

1. Rules for Apportionment of Funds-Alabama Administrative Code

On Thursday, September 12, 2002, the State Board of Education amended the rules of Apportionment of Funds contained in the **Alabama Administrative Code**. Rule 290-2-1-.01(4)(a) was changed to require the local boards of education to prepare budgets and financial statements that meet *reporting requirements of the State Department of Education*. (This rule previously required that budgets and financial statements meet generally accepted government accounting principles.)

This rule change should have no effect on the way you prepare your budgets and financial statements. This rule was changed so that recent changes in accounting requirements for audited financial statements do not have to be incorporated into your accounting records. Depreciation, escrow salary accruals, and property tax accruals will be calculated for the audited financial statements but will not be included in the financial statements filed with the SDE.

2. State Funds

State funds must be expended or encumbered by September 30 (excluding Fleet Renewal and Capital Purchase funds). Outstanding purchase orders must be rebudgeted in the next fiscal year. When paid, the expenditure should be separated from current year expenditures by assigning the appropriation year "9" to the fund source code, thus tracking this expenditure as one having been paid from a prior year State appropriation. Any balance resulting from liquidating purchase orders must revert to State Department.

Revenues in each fund source must be equal to the amount allocated and expenditures must not exceed those revenues. Other than exceptions noted on the desk review there should not be transfers in or out in any state funds sources.

3. Local School Funds

Local School Financial information must be included in the General Purpose Financial Statements at 9/30/22.

4. Federal Funds Reporting

- A. Unfilled purchase orders must be canceled September 30 and reissued from carryover, if applicable, or next year's allocation.

- B. Accruals must be made at year-end for unpaid invoices for materials that have been received or for services rendered at September 30.
- C. A receivable should be set up for cash not yet received to cover the total expenditures at September 30 (disbursements plus accrued expenditures.)
- D. Cash received in excess of total expenditures at September 30 should be deferred with adjusting entry **if the funds were obligated and liquidated** within 30 days of year end. If funds are not obligated or liquidated the funds should be returned to the SDE with an adjusting entry.
- E. Cash received in excess of total expenditures at September 30 **that is due to be refunded** should be refunded by reducing the appropriate revenue code and recording a cash payment to the SDE. This applies to federal programs and/or projects that cannot be carried over.
- F. Separate Final Expenditure Reports are not required for federal programs listed on the Supplemental Report I. End of Year approval of these programs will be based on the GPFS and the Supplemental reports attached. Instructions are included on the forms.
- G. Refunds received by the LEA on prior year expenditures of federal funds should be reported as follows:

- 1. Funds still available for obligation as carryover:

	Debit	Credit
Cash	XXX	
Refund on Prior Year Expenditures Fund Source (Applicable Federal Program) Appropriate Year		XXXX

- 2. Funds are not allowed to be carried over or carryover period has expired:

	Debit	Credit
a. Cash	XXX	
Intergovernmental Payable Fund source (Applicable federal Program) Appropriation year		XXX
b. Revert to USDE through SDE:		
Intergovernmental Payable	XXX	
Cash		XXX

Make check payable to the State Department of Education and mail along with a letter identifying the federal program and applicable FY to which the prior year expenditure applied. Any refunds due to SDE must be submitted with the GPFS.

H. **IMPORTANT REMINDER:** IF YOUR SYSTEM HAS NOT RECEIVED AN APPROVAL LETTER FOR WAIVERS SUBMITTED, WE ASSUME THE WAIVER LETTER WAS NOT SENT. IT IS YOUR RESPONSIBILITY TO MAINTAIN AN ACCURATE RECORD OF WAIVERS SUBMITTED AND APPROVAL GRANTED.

5. **Maintenance Screen Requirement**

Before you close your books, you need to make sure that you have account 0350 (Unreserved fund balance) set up for all fund sources. Failure to have this account number set up will cause revenues and expenditures to close into fund source 0000.

6. **Desk Review**

Complete copy of desk review and submit with financial statements. Desk review must show signature of person completing.

7. **Clearing Accounts**

All balances in clearing account funds must be cleared out before submission of the GPFS file. Balances in clearing accounts will be considered critical errors and will result in the GPFS file not being accepted.

8. **File Submission/Edit Process**

Financial statement files are to be submitted via a web based application which will perform certain edits at the time of submission. Certain “critical” edits will have to be resolved before the file will be accepted into the SDE system for further review by the SDE.

9. **Adjustments to Financial Files After Books are Closed**

When it is necessary to adjust the books for edits or errors made in a closed year, be sure to open up the last month (September) of the fiscal year and make any needed corrections through the journal entry program. Print out all journal entries made to document the changes to all accounts. If the corrections will affect fund balances, the maintenance screens may be used to adjust fund balances only. No other corrections to accounts such as cash, revenue, or expenditures should be made through the maintenance programs.

10 **Indirect Cost and Coding the CSFO**

A. Object of Expenditure Code

- a. Salary Coded to Object of Expenditure Code 116

Adjustments will be made automatically for the salary amount coded to Object of Expenditure Code 116 in the Indirect Cost Report. Adjustments for the benefits associated with the salary must be made manually.

b. Salary Not Coded to Object of Expenditure Code 116

Adjustments for salary and benefits must be made manually for CSFO that is not coded to the Object of Expenditure Code 116.

B. Function of Expenditure Code

Adjustments will be made automatically for the salary and benefit amounts coded to Function of Expenditure Code 62**.