GAAP EOY

This manual will help you through the preparation and finalizing of the fiscal end of year rollover. In addition, it will help with the initial set up of the new fiscal year. The manual is intended as a general guide for procedures, required journal entries and routines, and recommended reports.

After a Preliminary rollover occurring at or near the actual date of the new fiscal year, users will have the capability to work simultaneously in the new budget year as well as the prior budget year. Once all year-end preparation has been completed, the system will require that the user run a Final Close to the prior year within 90 days of the actual fiscal year start date. However, even after the Final Close has been run, audit adjustments may still be entered against the prior year.

> Note - The number of days in the preliminary period can be optionally extended beyond 90 days in Finance Parameter Maintenance.

Preliminary End of Year Routine

The Preliminary End of Year routine should be run when the actual start of the new fiscal year begins. This routine will roll the system to the new year, but still allow the user to work in the prior year. By rolling the system to the new year, the user will be able to enter cash receipts, issue checks, and keep up with daily work. No closing or opening journal entries are required at this time.

> Note - When Utility and/or Property Tax modules are installed, the routine will also generate new year cycle records if they don't already exist.

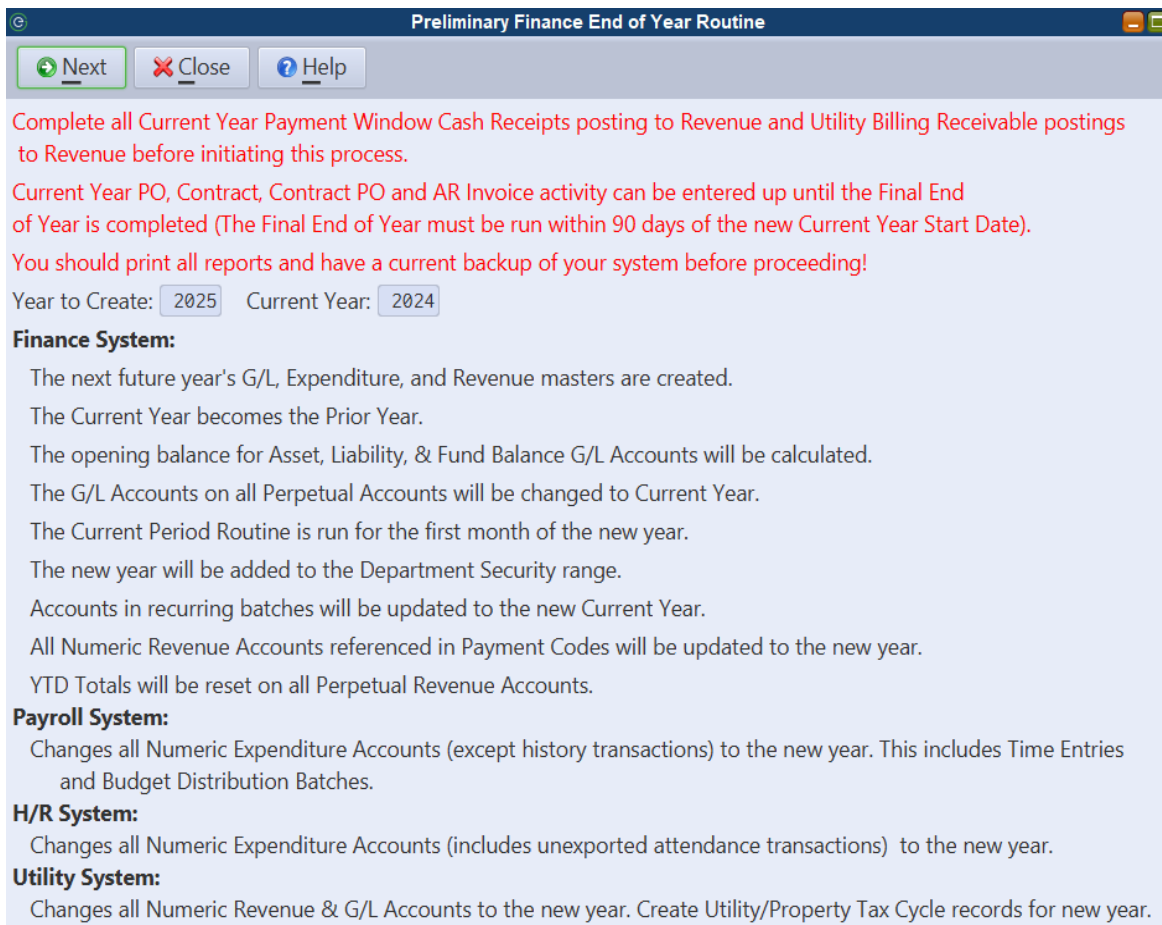The following items should be completed PRIOR to running the Preliminary End of Year Routine:

1. Update all prior year Payment Window receipts (Miscellaneous, Tax, Utility). If WIPP is used, remember to download WIPP payments from the last day of the year (on the 1st day of the new year).
2. Update any prior year, non-recurring Finance batches.
3. Run the Update Utility/Property Tax Receivables to Revenue routine (if applicable).
4. Complete all prior year Escrow module activity (if module is installed).
5. Update any prior year Payroll Budget Distribution batches. A new year payroll may be processed prior to running the Preliminary EOY Routine. The Budget Distribution Batch for a new year payroll will remain open and can be updated after the EOY Routine is

run.
6. Update any prior year Inventory transactions (if module is installed).

> Note - All users must exit the system in order to run this routine. The MCSJ
> service will be automatically restarted.

Select *System Utilities>Finance End of Year>Preliminary End of Year Routine.*

Click **Next** to run the routine.

Features of the preliminary end of year period are listed below:

- Accounts Payable (PO's and checks) and A/R invoice activity can be entered in the current and prior fiscal year.
- Journal entries and Finance Cash Receipt batches can be dated in the current or prior year.
- Payment Window receipts for Tax, Utility and Miscellaneous payments may be posted with a prior year date, but will NOT update to the Finance system. These entries must

be recorded manually.

- A/R invoice payments may be posted with a prior year date and will post to the Finance system.
- Entries made in the prior year will affect the prior year G/L, but will not automatically update current year opening balances. The opening balance on current year G/L accounts will be automatically adjusted for prior year entries when the Final Close is run. If the user wants to adjust current year opening balances prior to the Final Close, they can utilize the Recalculate G/L Open Balances routine (located under System Utilities>Finance End of Year menu).

> Note - The G/L will be out of balance by the difference between revenue and expenditures immediately after the Preliminary EOY Routine is completed. Closing the G/L Revenue and Expense accounts to Fund Balance and recalculating the new year G/L opening balances will bring the G/L back into balance and can be completed at anytime by the user. These routines are discussed a little later in the manual.

> Note - Users with the Property Tax and/or Utility modules may have a few additional procedures to follow after completing the Preliminary EOY Routine. Users should refer to the Property Tax and Utility EOY manuals for guidance.

Change Auto-Number Prefixes

Although not a requirement, most users will want to update auto-number prefixes for purchase orders, requisitions and contracts. Depending on the modules installed, the user may also want to update A/R Invoice, Work Order, Permit and other prefixes. All auto-number prefixes are updated in the various Parameter Maintenance menu options under System Utilities.

To update purchase order and requisition prefixes, select *System Utilities>Finance Parameter Maintenance*. Click on the *A/P* tab.

Click **Edit**. Change the applicable prefixes to reflect the new budget year. Click **Save**.

Preparing for the Final Close

After the Preliminary End of Year Routine is run, users have a maximum of 90 days (or number of days specified in Finance Parameter Maintenance) to prepare for the Final End of Year Routine. This section will discuss what needs to be done during this time period to ensure an accurate and successful final close. It should be noted that the Final End of Year Routine can be run at any point during the preliminary close period. As soon as it is determined that all purchase orders and checks have been charged against the prior year, the Final End of Year routine should be run.

The following preparation points will be discussed in this section:

- Review status of outstanding purchase orders at year end
- Complete prior year A/P and A/R activity
- Complete closing entries
- Recommendations for final reports

Review Prior Year Purchase Orders

During the Preliminary EOY period, users have the option of receiving prior year purchase order line items with a current (new) year or prior year date. If received with a current (new) year date, these line items will be considered open encumbrances at the time of the Final Close and WILL cause the current (new) year budget to be increased. Purchase order line items received with a prior year date will be considered prior year expenses and payables at the time of the Final Close and WILL NOT increase the current (new) year budget. It is the user's
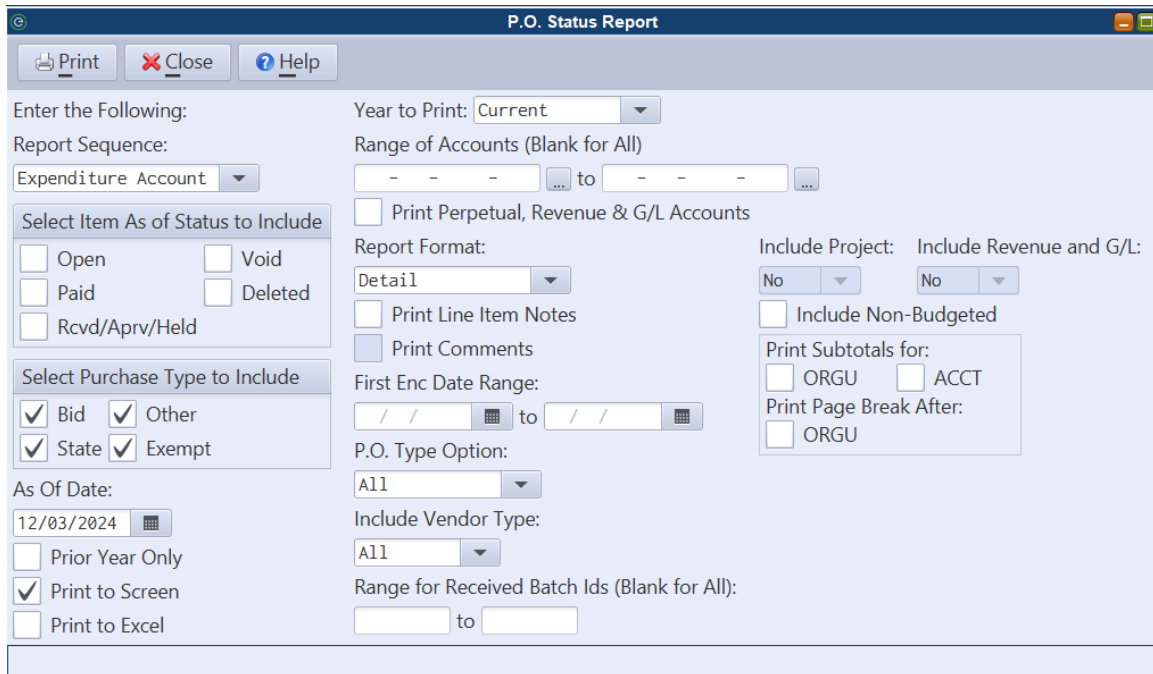
responsibility to ensure received dates are properly entered during the Preliminary EOY period.

> 📝 Note - Cash Basis Clients Only - All outstanding purchase order line items (Open, Rcvd, Aprv, Held) are considered open encumbrances and will cause an increase to the new year's budget if they are left outstanding as of the last day of the prior fiscal year.

> 📝 Note - Reviewing the status dates on prior year purchase orders should begin immediately after running the Preliminary EOY Routine and should continue up until the Final Close is run.

PO Status Report

In order to review the status of purchase orders at year end, the date sensitive P.O. Status report should be used in lieu of the P.O. Listing. Run the report for Open purchase order lines and decide if they should be considered expended in the prior or current fiscal year. To expend in the prior year, they should be marked Received, Held or Approved with a prior year date. Otherwise, the Final Close Routine will increase the new year's budget by the amount of any purchase order line items that were Open as of the last day of the prior fiscal year.

Complete Prior Year Activity

All prior year purchase orders and checks need to be entered prior to the final close. The status of all purchase orders as of the last day of the prior fiscal year should be verified.

All prior year A/R activity must be entered prior to the final close.

> 📝 Note - Journal entries may be posted after the Final Close.

Complete Closing Entries

Now that ending balances have been verified, G/L journal entries are required to close revenue and expense accounts to fund equity. If your organization uses a detailed G/L, you may need to close individual revenue and expense accounts. If your organization uses budgetary control accounts in the G/L, then only these control accounts will need to be closed. Before closing the revenue and expense accounts in the G/L, run a Chart of Accounts, Trial Balance or Income Statement report and keep the report on file.

If preferred, the accounts may be closed manually by creating a G/L Batch. Otherwise, the Create End of Period Closing Entries routine can be used to create the G/L Batch automatically. Instructions for the routine are provided below.

> 📝 Note - Closing entries can be made before or after the Final Close Routine. If you make closing entries prior to the Final Close, G/L opening balances will be adjusted automatically for the closing entries at the time the Final Close Routine is run. If you choose to wait until after the Final Close, you will need to run the Recalculate G/L Opening Balances Routine (discussed later in this manual) to update beginning balances for the new fiscal year.

G/L End of Period Closing Routine

This routine will create a G/L Batch to close G/L revenue and expense accounts to Fund Balance. All G/L account types should be set properly prior to running this routine. (i.e. Expense, Revenue, Fund Balance)

> 📝 Note - This routine must be run separately for each fund.

Finance > G/L > Create End Period Closing Entries

Batch Id - Enter a unique G/L Batch Id.

G/L Fund Balance Account - Use the picklist to select the Fund Balance G/L account to close expenses and revenues against. The G/L account chosen must have the Fund Balance type.

Posting Date - This date will be used as the default transaction date for each closing entry created in the G/L Batch. It should be dated the last day of the prior fiscal year.

Entry Description - A default description may be entered for each entry created.

Click **Next** to run the routine. A G/L Batch will be created and may be edited if necessary. It must be verified and updated before any accounts will be posted.

Print Final Reports

Reports are date sensitive and may be generated as of year end at any time during the future. The following reports are recommended and can be printed to paper or electronic copy (e.g. PDF) before or after the Final Rollover.

> Note - Audit and other journal entry adjustments made to the prior year after the final close will require the user to re-run some of these reports.

- Trial Balance
- Revenue & Expenditure Account Status reports or Statement of Revenue/Expenditures
- P.O. Status Report
- Contract Listing by Expenditure Account (if applicable)
- Invoice Listing by Service Id ("As of" option)

Final Close

The Final End of Year Routine will close prior year expenditure accounts to any accounts payable activity (i.e. purchase orders, checks). In addition, the following will occur:

- The prior budget will be increased on current year expenditure accounts by the amount of any Open purchase order line items that existed as of the last day of the prior fiscal year.
- Increases the current year expenditure account "encumbered" by the prior year expenditure account "encumbered."
- Increases the current year expenditure account "expended" by the amounts expended in the current year on a prior year expenditure account.
- Permanent history transactions are written to prior year expenditure accounts to reflect the status of any unpaid purchase orders at year end.
- The opening balance for all Asset, Liability, and Fund Balance type G/L accounts is recalculated. The Prior Year Revenue information is calculated for all current year revenue accounts.
- Outstanding purchase orders charging prior year accounts will now begin charging current year accounts.
- Moves accounts on prior year purchase order lines with a current year Received, Check, or Void date to the current year.
- Moves accounts on prior year open contract lines to the current year.
- Moves prior year accounts on outstanding requisitions to the current year.

After the Final Close:

- Prior Year accounts may no longer be charged on purchase orders.
- Checks may not be issued with prior year dates.
- A/R Invoice activity can not be entered for the prior year.
- GL Batch, Revenue Batch, Cash Receipts Batch, and Expenditure Batch entries may still be posted to prior year accounts with prior year dates. This will be permitted until the end of the new fiscal year.
- The prior year purchase order lines moved to the current year may be decreased, voided, received, or paid using only current year dates.

Final End of Year Routine

Select *System Utilities>Finance End of Year>Final End of Year Routine*.

> 📝 Note - All users must exit the system prior to running this routine. The MCSJ service will be automatically restarted.

Click **Next** to run the routine.

G/L and Revenue Recalc Routines

These routines are used to recalculate current year G/L and Revenue accounts after adjustments have been made to the prior year. These routines are not required as part of the year end process.
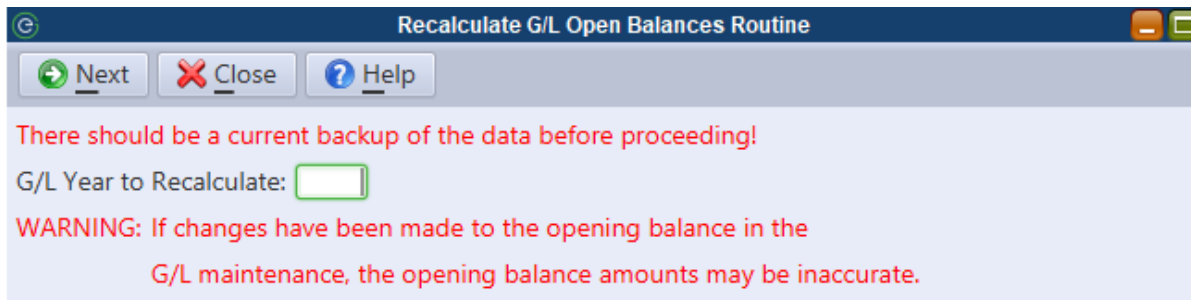
Recalculate G/L Opening Balances

This routine will roll the ending balances on all Asset, Liability, and Fund Balance accounts forward to become the opening balances in the current year G/L. The routine only needs to be run if G\L or Revenue entries have been posted to the prior year after the rollover.

> Note - Do NOT run this routine if the opening balances on any current year general ledger accounts have been manually changed. The routine will overwrite any manual opening balances changes.

Select *System Utilities>Finance End of Year>Recalculate G/L Opening Balances*.

The G/L Year to Recalculate should be the current year. Click **Next** to run the routine.

Recalculate Revenue Prior Year

This routine will adjust the prior year totals on current year revenue accounts to reflect any changes made to the prior year accounts after the system was rolled.

> Note - This routine does not need to be run as part of the Year End Rollover. It should only be run if prior year revenue totals have been affected since the rollover.

Select *System Utilities>Finance End of Year>Recalculate Revenue Prior Year*.

The Revenue Year to Recalculate should be the current year. Click **Next** to run the routine.

Activity Closing Date

An "Activity Closing Date" may be specified in the system as a way to prevent users from dating any activity prior to a specified closing date. This will further help to ensure that the data on previously run reports will not change.

System Utilities > System Parameter Maintenance

All users must exit the system and the System module must be locked under *System Utilities>Lock User's Access* in order to change the **Activity Closing Date**. Remember to unlock the system after making a change to the Activity Closing Date.