



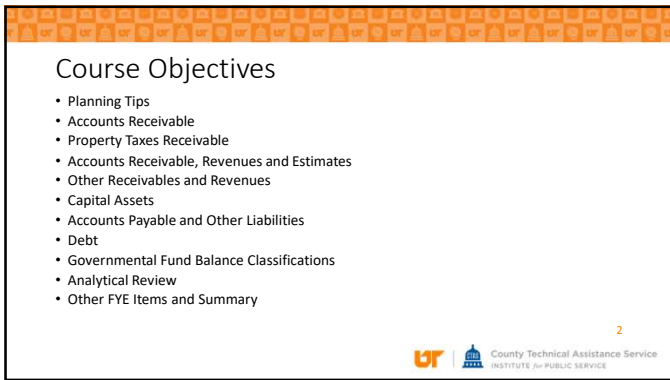
CCFO Comptroller Training
Fiscal Year-End Closing of Accounting Records & Audit Preparation

CTAS Presenter: Kaley Walker






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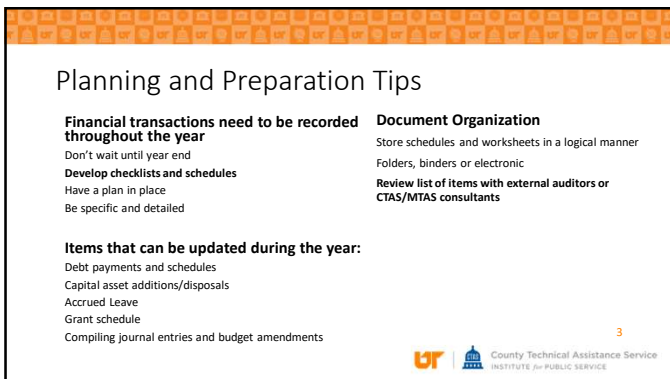
Course Objectives

- Planning Tips
- Accounts Receivable
- Property Taxes Receivable
- Accounts Receivable, Revenues and Estimates
- Other Receivables and Revenues
- Capital Assets
- Accounts Payable and Other Liabilities
- Debt
- Governmental Fund Balance Classifications
- Analytical Review
- Other FYE Items and Summary

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Planning and Preparation Tips



Financial transactions need to be recorded throughout the year
Don't wait until year end

Develop checklists and schedules
Have a plan in place
Be specific and detailed

Items that can be updated during the year:
Debt payments and schedules
Capital asset additions/disposals
Accrued Leave
Grant schedule
Compiling journal entries and budget amendments

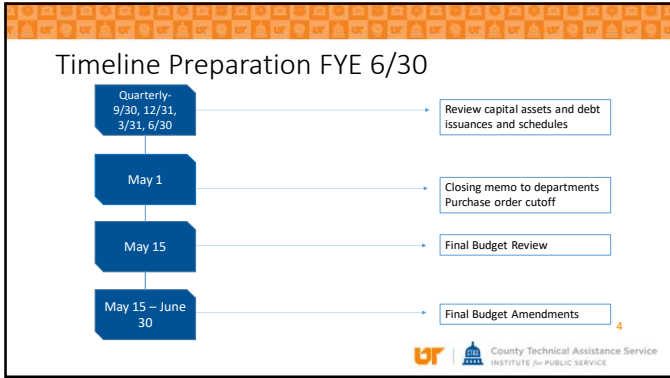
Document Organization
Store schedules and worksheets in a logical manner
Folders, binders or electronic

Review list of items with external auditors or CTAS/MTAS consultants

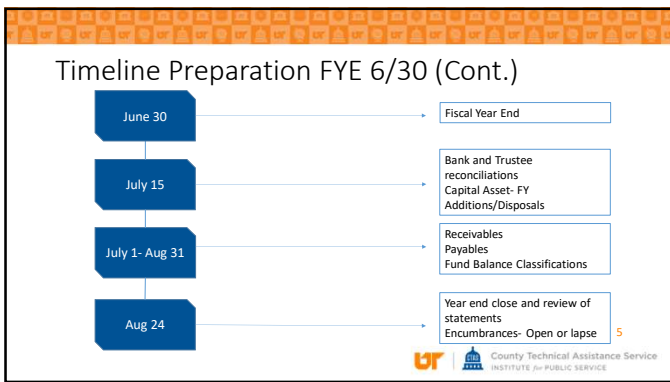



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Closing Accounting Records

- TCA Section 9-2-102 requires all local governments to have financial **accounting records closed within 60 days after FYE**, or by August 31st for government with a FYE June 30th to have the following information available for audit:
 - Trial Balances and Internal Financial Statements
 - Property Taxes and Accounts Receivables
 - Capital Assets and Depreciation Schedules
 - Accounts Payable and Other Liabilities
 - Debt Schedules
 - Fund Balance Classifications
 - Schedule of Expenditures of Federal and State Awards (SEFA)

Note: During the last two weeks of August review all FYE accounting schedules and trace amounts to the preliminary working trial balances and GLs before final close.


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Property Taxes Receivable

Two Methods
 Reversing prior year journal entry and recording current year estimated taxes receivable
 Adjusting prior year receivables for net increase/decrease
 Work with CTAS/MTAS or auditor to determine best method

Common Issues
 Doubling taxes (not reversing prior year entry)
 Overbudgeting property tax revenues
 Calculation Errors



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A

101 - General Fund	DR	CR
11500Property Taxes Receivable	295,801	
11510Allowance for Uncollectable Property Taxes		100,288
29945Deferred Delinquent Property Taxes		178,395
40110Current Property Tax		17,118

To post current year property tax billings and outstanding delinquent property taxes receivable.

101 - General Fund	DR	CR
11500Property Taxes Receivable	7,019,186	
11510Allowance for Uncollectable Property Taxes		101,766
29940Deferred Current Property Taxes		6,917,420

To record subsequent year property taxes receivable based upon the Jan 1st lien date.




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Estimates for FYE Receivables and Revenues

- State Shared Revenues
- Business Tax
- Local Option Sales Tax
- Gas Tax
- Patient Charges- Ambulance Service

• Why do we need to post two months for receivables?

- The revenue collected by the State of TN that you earned in the current year will not be sent to you until next fiscal year.
- May collections- Received in July
- June collections- Received in August- May need to Estimate



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Slide 8

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General Fund 101					
Accounting Example - Estimate A					
				Debit	Credit
Current Assets	101	11430	Due from Other Governments	\$ 185,000	
Local Taxes	101	40210	Local Option Sales Tax		\$ 185,000
To post Local Option Sales tax for August 2022. Estimate based on August 2021 collections. (\$185,000)					
General Fund 101					
Accounting Example - Estimate B					
				Debit	Credit
Current Assets	101	11430	Due from Other Governments	\$ 200,000	
Local Taxes	101	40210	Local Option Sales Tax		\$ 200,000
To post Local Option Sales tax for August 2022. Estimate based on July 2022 collections. (\$200,000)					

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Account Receivable	Revenue Account	For Record	Actual Subsequent Receipt	Difference	Treasurer's Receipt Number
1119 - Accounts Receivable					
Employee Retirement - Apple Refund	2135	\$205.94	\$264.29	(61.05)	9143001 27251
Total 1119		\$205.94	\$264.29	(61.05)	
1149 - Due From Other Governments					
State of Tennessee					
Local Option Sales Tax - May	40210	\$186,538.43	\$186,538.43	\$0.00	7109001 27196
Local Option Sales Tax - June Est.	40210	\$186,538.43	\$186,463.20	\$75.23	8109001 27645
Mead Drink Tax (Fiscal Year)	40275	\$5.00	\$5.00	\$0.00	7109001 27196
Early Childhood Education State Funds	40515	\$7,489.92	\$7,489.92	\$0.00	8109001 27151
United States					
Payroll 941 - 2021 Quarter 2 Refund	Various	\$10,798.13	\$10,798.13	\$0.00	8109001 27154
80070 - June 2021	47461	\$6,618.56	\$6,618.56	\$0.00	7109001 27118
City of Memphis					
Mead Drink Tax (Fiscal Year 2021) Ref.	40275	\$6,242.22	\$6,242.22	\$0.00	5109001 27127
University of Tennessee					
Education Service - 4th Camp Bus Trip	44170	\$625.05	\$625.05	\$0.00	8109001 27150
Total 1149		\$413,239.45	\$413,553.81	\$321.87	
1141 - Due From Primary Government					
None		\$0.00	\$0.00	\$0.00	
Total 1141		\$0.00	\$0.00	\$0.00	

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Other Receivables and Revenues

When to record YE receivables as revenue for governmental funds?

- Revenue must be "earned"
- Legally spendable for current year budgeted expenditures (e.g. use for YE payables)
- Amount can be actual or reasonably estimated
- Period of availability shortly after FYE:
Current Property & State Shared Taxes = 30 - 60 Days
Reimbursable Fed/State Grants = 6 to 12 Months

Accounts Receivable

Due From Other Governments

Due From Other Funds

Due From Component Units

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Slide 11

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Capital Assets

Should be an ongoing process (monthly/quarterly or semi-annually)
Check with Finance Director on capitalization policy
Add fixed assets that exceed capitalization threshold
Tagged and asset information entered
Any assets traded/sold/scrapped need to be removed
If traded or sold need dollar amount/new asset information

Where to obtain information:
1. Minutes- County Commission, City Council, BOE, Highway Commission
2. Review all "700" object code (capital outlay) expenditures ex. 72710-718
3. Vendor invoices – Blue Bird, Ford, Caterpillar, etc.
4. Purchase orders issued over the capitalization threshold amount or bid limit
5. CY additions to insurance coverage
6. Discussion with elected officials and department heads

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Capital Assets (Cont.)

What Information should you include?

Asset #	VIN/Serial Number
Description (Make/Model)	Historical Cost or Donated Value
Manufacturer/Vendor	Estimated Salvage Value (if any)
Purchase Date	Date Placed into Service
Department/Function	Estimated Useful/Depreciable Life- Based upon
Invoice/PO #	Capital Asset Policy
Expenditure Code	

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Capital Assets (Cont.)

Acq. Date	Description	Asset No.	Dept/Function	Value	Salvage	Method	Years	Vendor	Account Number	Invoice Number
County General										
7/21/2020	2020 Dodge Durango - SC4KD0F71LC443	588	Sheriff/Vehicle	31,547.25	1,000.00	SL	5	Columbia C100-56110-718		111117
10/12/2020	2020 Dodge Durango - SC4KD0F71LC443	589	Sheriff/Vehicle	32,248.25	1,000.00	SL	5	Columbia C100-56110-718		100993
10/12/2020	2020 Dodge Durango - SC4KD0F71LC443	590	Sheriff/Vehicle	32,248.25	1,000.00	SL	5	Columbia C100-56110-718		100993
9/22/2020	2018 Ford Explorer - 3FNSK8KH9DGC278	591	Sheriff/Vehicle	29,700.00	1,000.00	SL	5	Gold Regain 101-56110-718		91059
3/9/2021	2018 Ford Explorer - 3FNSK8KH9DGC442	592	Sheriff/Vehicle	29,155.00	1,000.00	SL	5	Liquidity SA 101-56110-718		152021
9/18/2020	Tandem Road - 6184 Miles	600	Highway/Vehc	59,645.86	0.00	SL	40	Rogers Grd 101-62000-402		0517056-01
9/18/2020	Tandem Drive - 22 Miles	601	Highway/Vehc	11,192.72	0.00	SL	40	Rogers Grd 101-62000-402		0517056-01
12/16/2020	White County Health Department Adm.	602	County/Buildg and Imp	300,278.68	50,000.00	SL	40	DTM Concr Fund 171 (From CIP)		
7/1/2020	Rissharts-Matthews Highway Bridge Over	603	Highway/Vehc	1,866,199.71	0.00	SL	40	Summers F Fund 176 (From CIP)		
12/1/2021	Maintenance Shed 2 (Rebuilt) 282 Mechs I	604	Highway/Vehc	40,256.96	25,000.00	SL	20	Vannoy Fund 131 (From CIP)		
Schools										
7/1/2020	2021 Blue Bird - Type C School Bus - 18A	606	School/Vehicle	93,750.00	1,000.00	SL	12	Central Sta 141-72710-729		30829620
7/1/2020	2021 Blue Bird - Type C School Bus - 18A	607	School/Vehicle	93,750.00	1,000.00	SL	12	Central Sta 141-72710-729		30829620
7/1/2020	2021 Blue Bird - Type C School Bus - 18A	608	School/Vehicle	93,750.00	1,000.00	SL	12	Central Sta 141-72710-729		30829620
7/1/2020	2021 Blue Bird - Type C School Bus - 18A	609	School/Vehicle	93,750.00	1,000.00	SL	12	Central Sta 141-72710-729		30829620
3/9/2021	2022 Blue Bird - Type C School Bus - 18A	610	School/Vehicle	93,750.00	1,000.00	SL	12	Central Sta 141-913-72710-729		30835320
9/1/2021	2022 Blue Bird - Type C School Bus - 18A	611	School/Vehicle	93,292.00	1,000.00	SL	12	Central Sta 141-913-72710-729		30866999
	Total			3,260,296.66	85,000.00					

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Slide 15

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Accounts Payables and Other Liabilities

Invoices to be paid after FYE for goods and services received before year end.
Types of Payables

Accounts Payable

Due to Other Funds

Due to Component Units

Payroll Liability Accounts

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Sample County, Tennessee
County General Fund
Accounts Payable
For the Year Ended June 30, 2023

Account Payable/Liability	Expnditure Account	Vendor Invoice Number	Per Record	Actual Subsequent Payment	Difference	Check/Warrant Date	Check/Warrant Number
21100 - Accounts Payable							
210 Medical Services Direct Care Program	53330-306	132	\$16,638.95	\$16,638.95	\$0.00	7/29/2023	306200
TNUSA - Junk Drug Court	53330-309	06352	\$6,507.12	\$6,507.20	(\$0.08)	6/10/2023	306315
TNUSA - Junk Drug Court	53330-309	0981728	\$1,646.67	\$1,646.67	\$0.00	6/9/2023	306247
Amulation Medical Billing - Junk Fees	52100-317	11801	\$9,918.06	\$9,918.06	\$0.00	6/10/2023	306250
Credit Review System - April-June 2020 Collections	52100-317	4651	\$262.20	\$262.20	\$0.00	6/10/2023	306260
Quality Commercial Health Care	54210-307	0561	\$14,448.89	\$14,448.89	\$0.00	6/9/2023	306244
The University of Tennessee - CTF Education	57101-160200201	777	\$20,434.88	\$20,434.88	\$0.00	6/9/2023	306246
Sample City Chamber of Commerce	50110-509	2	\$1,254.46	\$1,254.46	\$0.00	6/9/2023	306245
Total 21100			\$121,808.83	\$121,808.83	\$0.00		
21100 - Due to Other Funds							
None					\$0.00		
Total 21100					\$0.00		
21100 - Due to State of Tennessee							
State of TN - Division of TDCos	55110-309		\$1,664.94	\$1,664.94	\$0.00	6/9/2023	306239
State of TN - Dept. of Health	55110-309		\$19,168.00	\$19,168.00	\$0.00	6/9/2023	306249
Total 21100			\$20,832.94	\$20,832.94	\$0.00		
Total Payable/Liability			\$142,641.77	\$142,641.77	\$0.00		

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Other Governmental Fund Liabilities

- **Accrued salaries payable** is salaries owed to employees at FYE but not yet paid (pay period split between two FYs)
- **TCRS/pension employer** contributions payable at FYE but not yet paid
- **If there are Tax Revenue Anticipation Notes (TRANS) outstanding at year-end, they should be classified as an accounts payable**

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Long-Term Liabilities

- FYE accounting schedules for long-term liabilities will need to be **prepared but not recorded** in governmental funds such as:
 - Vacation Leave (most common)
 - Sick Leave
 - Comp Time Payable
 - Claims and Judgements Payable

Note: Consult with your HR department, or personnel policies for changes in benefits that could affect your calculations.

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Debt

What info do you need?

Debt Name Ex. Capital Outlay Note 2022- School Buses

Governing Body Resolution

Debt Issuance Documentation

TN Comptroller's Office LGF Debt Obligation Form CT-0253

Interest Rate

Debt Issued Date

Maturity Date

Loan Amortization Schedule – Principal and Interest

Where can you find this information?

Minutes

Management inquiry

Bond/Debt Documents

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Sample County, Tennessee
General Debt Service Fund
Debt Schedule
For the Year Ended June 30, 2021

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-20	Issued During Period	Paid and/or Retired During Period	Outstanding 6-30-21	Interest Paid
GOVERNMENTAL ACTIVITIES:									
BONDS PAYABLE									
Health Through General Debt Service Fund	\$ 1,000,000	4.0 to 4.1 %	6-15-05	6-15-20	\$ 325,000.00	\$ 0.00	\$ 60,000.00	\$ 275,000.00	\$ 11,520.00
Library Series 2007	\$ 10,500,000	3.175%	6-15-18	6-1-38	\$ 18,250,000.00	\$ 0.00	\$ 720,000.00	\$ 17,050,000.00	\$ 650,068.75
School GO Series 2018									
Total Bonds Payable					\$ 18,575,000.00	\$ 0.00	\$ 780,000.00	\$ 17,225,000.00	\$ 661,588.75

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Slide 21

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Year Ending	Library		School GO		Bonds		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2022	62,000	13,000	758,000	616,039	820,000	629,039	1,449,039
2023	66,500	10,000	793,500	548,493	860,000	588,493	1,448,493
2024	71,500	7,000	828,500	538,949	900,000	545,949	1,445,949
2025	75,000	4,000	875,000	497,369	950,000	501,369	1,451,369
2026			915,000	454,318	915,000	454,318	1,369,318
2027			940,000	432,588	940,000	432,588	1,372,588
2028			975,000	394,987	975,000	394,987	1,369,987
2029			1,005,000	365,738	1,005,000	365,738	1,370,738
2030			1,035,000	335,587	1,035,000	335,587	1,370,587
2031			1,065,000	304,538	1,065,000	304,538	1,369,538
2032			1,100,000	272,588	1,100,000	272,588	1,372,588
2033			1,130,000	239,587	1,130,000	239,587	1,369,587
2034			1,170,000	204,275	1,170,000	204,275	1,374,275
2035			1,205,000	167,713	1,205,000	167,713	1,372,713
2036			1,245,000	128,550	1,245,000	128,550	1,373,550
2037			1,285,000	88,087	1,285,000	88,087	1,373,087
2038			1,325,000	44,719	1,325,000	44,719	1,369,719
Total	\$ 275,000	\$ 34,000	\$ 17,650,000	\$ 5,634,125	\$ 17,925,000	\$ 5,698,125	\$ 23,623,125

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Governmental Fund Balance Classifications

- Non-spendable
- Restricted
- Committed
- Assigned
- Unassigned (only for 101 General Fund & 141 General Purpose School Fund)

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How to Record a Restricted Fund Balance

General Fund - 101 Accounting Example - Restricted Fund Balance Register of Deeds Data Processing			
	Account	Amount	
Beginning Balance 7/1		\$ 35,000	
Revenues/Increases	43392	\$ 27,000	
Expenditures/Decreases	51600-317	\$ (15,000)	
Ending Balance 6/30		\$ 47,000	
			Net change from increases and decreases \$ 12,000

Journal Entry Example			Debit	Credit
Fund Balance	101	34510	Restricted for General Government	\$12,000
Fund Balance	101	39000	Unassigned	\$12,000

To record restricted fund balance for Register of Deeds data processing

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Slide 24



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Analytical Review

Monthly, quarterly and yearly reviews
 Compare differences between expected and reported amounts
Use data for trending analysis
 Identify adjustments that may need to be made
Better understand the reasons for significant dollar amount differences between actual vs. budget and current vs. prior year
Find and correct material errors in recording/classifying transactions
 Determine if budget estimates need revising
 Final step before closing

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Template Name: Standard
 Created by: LGC
 Sample Co Finance
 Statement of Expenditures and Encumbrances
 February 2023
 User: [blank]
 Date/Time: 2/2/2020 10:23 AM
 Page 1 of 6

Fund: 114 Sub-Fund:

Object	Cost Center	Sub Object	Original Budget/ Amendments	Total Budget	YTD Expenditures/ Encumbrances	Funds Available	% Used	MTD Actual/ Encumbrance
9600	Libraries							
961			(1,000.00)	(1,000.00)	0.00	(1,000.00)	0.00%	0.00
		Rentals	0.00		0.00			0.00
432			(12,200.00)	(12,200.00)	14,803.53	2,603.53	121.75%	695.23
		Library Books/Media	0.00		0.00			0.00
435			(400.00)	(400.00)	0.00	(400.00)	0.00%	0.00
		Office Supplies	0.00		0.00			0.00
799			(15,000.00)	(15,000.00)	18,000.00	3,000.00	120.00%	0.00
		Other Capital Outlay	0.00		0.00			0.00
Total 9600	Libraries		(28,600.00)	(28,600.00)	32,853.53	4,253.53	114.87 %	695.23
			0.00		0.00			0.00

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Other FYE Items and Summary

1. Have a copy of insurance policies and elected official bond information, salary agreements for the fiscal year
2. Search HR/personnel policy for benefit changes to vacation, sick leave, comp time, etc.
3. **Interfund Receivables (Due From) and Payables (Due To), Operating Transfers In and (Out) must net to \$0**
4. **Record the PY auditor's AJE's and compare your BOY fund balance amounts to your final audited financial statements**
5. Review FYE accounting schedules and compare to Trial Balance
6. BOE's Stabilization Reserve Trust entry for Hybrid TCRS
7. Perform analytical review before close
8. After audit is completed, have a follow meeting with staff to review

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CTAS Contact Information

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 226 Anne Dudley Blvd., Suite 400
 Nashville, TN 37219
 615-532-3555
<https://www.ctas.tennessee.edu/>



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County Technical Assistance Service
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County Government Consultants

<p>Miko Galay (731) 534-5489</p> <p><small>Blount, Bradley, Clay, Davidson, Hamilton, Lincoln, Madison, Meigs, Morgan, Putnam, Rhea, Sevier, Wayne, Washington</small></p>	<p>Wesley Robertson (931) 787-6474</p> <p><small>Franklin, Gibson, Hickman, Humphreys, Jackson, Madison, Montgomery, Robertson, Rutherford, Smith, Stewart, Warren, Weakley, Williamson, York</small></p>	<p>Rick Hall (423) 612-5326</p> <p><small>Cannon, Clay, Davidson, DeKalb, Greene, Hamilton, Hancock, Harpeth, Hickman, Humphreys, Jackson, Madison, Meigs, Morgan, Putnam, Rhea, Sevier, Wayne, Washington</small></p>
<p>Kelsey Schweitzer (731) 536-3576</p> <p><small>Blount, Bradley, Clay, Davidson, Hamilton, Lincoln, Madison, Meigs, Morgan, Putnam, Rhea, Sevier, Wayne, Washington</small></p>	<p>Melissa Kelton (615) 968-5558</p> <p><small>Franklin, Gibson, Hickman, Humphreys, Jackson, Madison, Montgomery, Robertson, Rutherford, Smith, Stewart, Warren, Weakley, Williamson, York</small></p>	<p>Heather Duncan (931) 275-1080</p> <p><small>Cannon, Clay, Davidson, DeKalb, Greene, Hamilton, Hancock, Harpeth, Hickman, Humphreys, Jackson, Madison, Meigs, Morgan, Putnam, Rhea, Sevier, Wayne, Washington</small></p>
<p>Kaley Walker (865) 898-0321</p> <p><small>Blount, Bradley, Clay, Davidson, Hamilton, Lincoln, Madison, Meigs, Morgan, Putnam, Rhea, Sevier, Wayne, Washington</small></p>		

Learn more at www.ctas.tennessee.edu Rev. 05.27.2024




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CTAS Resources

[Year End Closing](#)



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