FY 2020 YEAR-END TRAINING

Introduction

AUDITOR-CONTROLLER’S OFFICE
Presented By: Caroline Santos

YEAR-END PROCESS OVERVIEW

Objectives

Closing procedures are necessary to:
• Ensure uniformity and consistency in reporting financial year-end data

The financial year-end data is used to compile the Comprehensive Annual Financial Report (CAFR)
• Provide accurate, timely and reliable financial information to taxpayers, public officials and others who use financial reports
YEAR-END PROCESS OVERVIEW

- Submit schedules electronically via email to acoyearend@RIVCO.ORG
- Deadline is August 7, 2020
- Thresholds materiality $5,000
- All organizational units under the BOS governance are required to submit year-end schedules

YEAR-END PRESENTATIONS

<table>
<thead>
<tr>
<th>Schedule</th>
<th>Sub-Schedule</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intro</td>
<td></td>
<td>Intro/Budget control/IT preparation</td>
</tr>
<tr>
<td>A</td>
<td></td>
<td>Due To/From Other Funds</td>
</tr>
<tr>
<td>B</td>
<td>T-12</td>
<td>Due From Other Governments</td>
</tr>
<tr>
<td>C</td>
<td></td>
<td>Operating Accounts Receivables</td>
</tr>
<tr>
<td>E</td>
<td></td>
<td>Inventory</td>
</tr>
<tr>
<td>G</td>
<td>V-12</td>
<td>Due to Other Governments</td>
</tr>
<tr>
<td>H</td>
<td></td>
<td>Capital Leases</td>
</tr>
<tr>
<td>I</td>
<td></td>
<td>Accounts Payable Other</td>
</tr>
<tr>
<td>K</td>
<td>K-1</td>
<td>Encumbrances</td>
</tr>
<tr>
<td>L-1</td>
<td>S-12</td>
<td>Deferred Inflows of Resources (Advances/Unearned Revenue)</td>
</tr>
<tr>
<td>L-2</td>
<td>S-12</td>
<td>Deferred Inflows of Resources (Unavailable)</td>
</tr>
<tr>
<td>L-3</td>
<td>S-12</td>
<td>Advances from Grantees and Third Parties (Advance-Other)</td>
</tr>
<tr>
<td>M</td>
<td></td>
<td>Prepaid Expenditures</td>
</tr>
<tr>
<td>N</td>
<td></td>
<td>Transmittal Letter</td>
</tr>
<tr>
<td>P</td>
<td></td>
<td>Bank Accounts Controlled by a Department</td>
</tr>
<tr>
<td>Q</td>
<td></td>
<td>CIP (Construction in Progress)</td>
</tr>
<tr>
<td>R</td>
<td></td>
<td>Contingent Liabilities</td>
</tr>
<tr>
<td>W</td>
<td></td>
<td>Revolving Fund</td>
</tr>
<tr>
<td>Y</td>
<td></td>
<td>Pollution Remediation</td>
</tr>
</tbody>
</table>
AVAILABLE ONLINE RESOURCES

Year-End Manual, Schedules, and ACO Calendar can be found at:

http://www.auditorcontroller.org

ACO Calendar located here

- ACO Calendar
- Year-End Closing Manual
- Year-End Training
- Year-End Schedules

Reports & Publications
- GO Account: Governmental Accounting Standards Board - Presentation on Statements 23 & 24
- GO Account: Governmental Accounting Standards Board - Presentation on Statements 23 & 24
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YEAR-END BUDGET CONTROLS

✓ Pursuant to Government Code Title 3 Government of Counties §29120, budgetary units cannot exceed BOS-approved appropriations

✓ ACO cannot close fiscal year until appropriation budget deficits are eliminated pursuant to BOS-approved budget action

JOURNAL ENTRY (JE) GUIDELINES

✓ Accrual must be $5,000 or greater
✓ Submit one journal entry per accrual schedule
✓ Do not merge multiple yearend closing schedules into a single journal entry
✓ The accrual journal entry must tie to the corresponding schedule
✓ Upload supporting documents for the journal entry in PeopleSoft
✓ Email a copy of the JE with the YE Schedule & supporting documents to ACO Year-End (acoyearend@rivco.org)

(Simpler or PeopleSoft queries are not acceptable supporting documents)

✓ An accrual entry must include both the accrual and the reversal entry for posting
ACCRUAL ENTRY PREPARATION

Long Description: Year-end Schedule I. Accrued medical service claims were payment paid in July for the week ending 6/26/2020.

Adjusting Entry: Non-Adjusting Entry
Fiscal Year: 2020
Period: 12
ADB Date: 06/30/2020
INSTRUCTIONS

Submit Schedules and Supporting Documents via email to:

ACO Year-End
acoyearend@rivco.org

All yearend schedules are due **August 7th**

Questions?
Submit them by email to
acoyearend@rivco.org
FY 2020 YEAR-END TRAINING
Schedule N – Transmittal Letter

AUDITOR-CONTROLLER’S OFFICE
Presented By: Mary Yip

Schedule N – Transmittal Letter

<table>
<thead>
<tr>
<th>Schedule</th>
<th>Schedule Name</th>
<th>Schedule Applicable To</th>
<th>Schedule Not Applicable To</th>
<th>Internal Service Transfer</th>
<th>Supporting Documentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>CEO FROM OTHER FUNDS DUE TO OTHER FUNDS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>CEO FROM OTHER GOVERNMENTS (OPSEU)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>OPERATING ACCOUNT RECOGNIZED</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>INVENTORY OF MATERIALS AND SUPPLIES</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E</td>
<td>UNIFIED GOVERNMENTS (OPSEU)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>CAPITAL (COST)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G</td>
<td>ACCOUNTS PAYABLE - OTHER</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H</td>
<td>ACCOUNTS PAYABLE - OPERATING</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I</td>
<td>ACCOUNTS PAYABLE - GOVERNMENT</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>J</td>
<td>ACCOUNTS PAYABLE - OPERATING (OPSEU)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>K</td>
<td>ACCOUNTS PAYABLE - GOVERNMENT (OPSEU)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>L</td>
<td>ACCOUNTS PAYABLE - GOVERNMENT (OPSEU)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>M</td>
<td>ACCOUNTS Receivables (OPSEU)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>ACCOUNTS Receivables (OPSEU)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

check the appropriate boxes and attach schedules to document

Schedule submitted to EO for approval

Schedule K and K-1 Submit to EO for approval

Require from all Departments even if there are no closing YE schedules

New Changes

Summarize and inform all schedules
Schedule N – Transmittal Letter

Submit Schedule N and Applicable Schedules via email to:

ACO Year-End
acoyearend@rivco.org

Questions?
Submit them by email to acoyearend@rivco.org

FY 2020 YEAR-END TRAINING

Year End A/P Accrual Entry Process

AUDITOR-CONTROLLER’S OFFICE
Presented By: Ryan Pao
Overview

- Year End A/P Accrual Entry Process
  - Commonly Asked Questions
  - How to Determine the Invoice Date
  - Sample Invoice Exercise
  - Important Dates

What is the purpose of year end accruals for accounts payable?
Answer: To record vendors’ invoices that have not paid by June 30 for the goods and services received during the year.

What is the accrual entry based on? How do we know what invoices are going to be accrued?
Answer: The accrual entry is based on the invoice date that was entered for the A/P voucher.

What is the threshold for A/P accruals?
Answer: No threshold for the 1st accrual. The threshold for the 2nd and 3rd accruals is $5,000 and greater per voucher.
What is the most common mistake when processing old year vouchers in the PeopleSoft A/P module?  
*Answer: The invoice date entered was incorrect.*

How do we determine the invoice date?  
*Please refer to the next slide.*

### How to Determine Invoice Date

<table>
<thead>
<tr>
<th>Type of Invoice</th>
<th>Invoice Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>For Goods or Products</td>
<td>Date the goods or products were received</td>
</tr>
<tr>
<td>Service for the whole month</td>
<td>The last day of the month</td>
</tr>
</tbody>
</table>
| Service within a Date Range, overlapping between FY19/20 and FY20/21 (e.g., 6/8/20 – 7/9/20) | 6/30/2020 if most dates in FY19/20  
7/1/2020 if most dates in FY20/21                  |
Sample Invoice Exercise

INVOICE

Sports Equipment, Inc.
2000 Sports Street
Riverside, CA 92507
999-999-9999

Date: July 1st, 2021

Bill To:
Example Department
ABC Accounting
4000 Lemon Street
Riverside, CA 92507
555-555-5555

Description: Installation of 8 Full Court Wood Basketball Courts

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Installation of 8 Full Court Wood Basketball Courts</td>
<td>$14,000</td>
</tr>
</tbody>
</table>

SUBTOTAL: $14,000
SALES TAX: 7.75%

$1,012.50

TOTAL: $15,012.50

TAX: 7.75%
SALES TAX: $1,012.50

Total: $16,012.50

Thank you for your business.

Important Dates for YE AP Accrual Entry Process

- Jul 27 - 31: 1st AP Accrual Entry Process
- Aug 17 - 21: 2nd AP Accrual Entry Process
- Aug 24 - 28: 3rd AP Accrual Entry Process
Questions?
Submit them by email to acoyearend@rivco.org

FY 2020 YEAR-END TRAINING
Schedule I – Accounts Payable (Other)

AUDITOR-CONTROLLER’S OFFICE
Presented By: Ryan Pao
Schedule I – Accounts Payable (Other)

Transaction Type
- Wire Transfer Payments
- Accrued Liabilities By Estimate Only

Requirements
- Goods or services must be received as of June 30 but no payment until new fiscal year
- Threshold: $5,000 and greater

Supporting Documents
- Schedule I
- Journal Entry (Accrual & Reversal)
- Invoice, Wire Transfer Form, Contract, Form 11, Written Agreement

Scenario:
The Example Department owes $100,000 to Pacific Care Medical Group for medical service claims incurred during the Week of 6/22/2020. The wire transfer is prepared from the General Fund according to the payment instructions and submitted to County Treasurer for processing on 7/6/2020.
### Schedule I – Accounts Payable (Other)

<table>
<thead>
<tr>
<th>Account Number</th>
<th>Description</th>
<th>Amount (000s)</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>10120398</td>
<td>Medical Services Claims</td>
<td>100,000,000</td>
<td>7/1/2020</td>
</tr>
<tr>
<td>20120398</td>
<td>Accounts Payable</td>
<td>100,000,000</td>
<td>7/1/2020</td>
</tr>
</tbody>
</table>

**SCHEDULE TOTAL:**

$200,000,000

If the amount due is disputed, attach an explanation of the method of computation for approval.

Prepared By: [Signature]  Date: 7/8/2020

### Schedule I – Accrual Journal Entry

**Journal Entry Detail Report**

<table>
<thead>
<tr>
<th>Date</th>
<th>Debit</th>
<th>Credit</th>
<th>Description</th>
</tr>
</thead>
</table>
| 6/30/2020 | 100,000,000 | 100,000,000 | Medical Services Claim

**Journal Entry**

<table>
<thead>
<tr>
<th>Journal</th>
<th>Total Debit</th>
<th>Total Credit</th>
<th>Total Debit Other</th>
<th>Total Credit Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>10000</td>
<td>100,000,000</td>
<td>100,000,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Schedule I – Reversal Journal Entry

INSTRUCTIONS
Submit Schedule I and all Supporting Documents **electronically** to:

acoyearend@RIVCO.org

Questions?
Submit them by email to acoyearend@rivco.org
A contingent liability is a liability or potential loss that may or may not occur depending on the outcome of a future event.

Examples: pending lawsuits, judgments under appeal, loan guarantees, Federal audit disallowances for reimbursed expenditures and uncompleted contracts.
Schedule R – Contingent Liabilities

Scenario:

Just before the end of the fiscal year, the State of California has filed a lawsuit claim against the Example Department. The estimated claim amount is $500,000 and the date the lawsuit is projected to be resolved is October 2020. The Department lawyers claim the State will succeed in the lawsuit at the time of resolution.

Question: Should the Department recognize and report the liability at year end?

Answer: Yes
## Schedule R – Accrual Journal Entry

<table>
<thead>
<tr>
<th>Entry</th>
<th>Account</th>
<th>Fund</th>
<th>Dept</th>
<th>Class</th>
<th>Signt</th>
<th>Stat</th>
<th>Subledger Inv</th>
<th>Description</th>
<th>Reference</th>
<th>Debit Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>100400</td>
<td>1000</td>
<td>1002</td>
<td>20000</td>
<td></td>
<td></td>
<td></td>
<td>Liability Judgment</td>
<td>350,000.00</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>2001100</td>
<td>1000</td>
<td>1020</td>
<td>20000</td>
<td></td>
<td></td>
<td></td>
<td>Accounts Payable</td>
<td>-500,000.00</td>
<td></td>
</tr>
</tbody>
</table>

## Schedule R – Reversal Journal Entry

<table>
<thead>
<tr>
<th>Entry</th>
<th>Account</th>
<th>Fund</th>
<th>Dept</th>
<th>Class</th>
<th>Signt</th>
<th>Stat</th>
<th>Subledger Inv</th>
<th>Description</th>
<th>Reference</th>
<th>Debit Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>100400</td>
<td>1000</td>
<td>1002</td>
<td>20000</td>
<td></td>
<td></td>
<td></td>
<td>Liability Judgment</td>
<td>350,000.00</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>2001100</td>
<td>1000</td>
<td>1020</td>
<td>20000</td>
<td></td>
<td></td>
<td></td>
<td>Accounts Payable</td>
<td>-500,000.00</td>
<td></td>
</tr>
</tbody>
</table>
INSTRUCTIONS

Submit Schedule R and all Supporting Documents electronically to:

acoyearend@RIVCO.org

Questions?
Submit them by email to acoyearend@rivco.org

FY 2020 YEAR-END TRAINING

Schedule Y – Pollution Remediation Questionnaire

AUDITOR-CONTROLLER’S OFFICE
Presented By: Ryan Pao
Schedule Y – Pollution Remediation Questionnaire

**Background:**

- A pollution remediation obligation refers to a government entity’s responsibility to address the current or potential detrimental effects of existing pollution through activities such as environmental assessments or cleanups.

**Purpose:**

- To assess and determine whether a liability should be reported for pollution remediation obligations in the County’s annual CAFR.

- Must be completed by all Departments and signed by the Department Head and/or Administrative Manager

- If answer to Question 1 plus any one of the Questions from 2 to 9 is yes, please provide the following information:
  - Nature or Source of Obligation
  - Amount of Estimated Liability
  - Method and Assumptions Used for the Estimate
  - Potential for Changes in the Estimate
  - Estimated Amount for Recovery, if any
INSTRUCTIONS

Submit Schedule Y and all Supporting Documents electronically to:

acoyearend@RIVCO.org

Questions?
Submit them by email to acoyearend@rivco.org