



ENTRIES MADE PRIOR TO CLOSING

There are a few entries that should be done before the end of the fiscal year that will make the closing process a little smoother. Included are some examples for your reference.

Prepaid Expenditures

Object 9330 - Payments made in advance of the receipt and use of services.

STEP 1 Reverse (or adjust) any prior year closing entries.

Insurance premiums paid in the Prior Fiscal Year for the Current Fiscal Year of \$1,500.

Account	Resource	Goal	Function	Object	Debit	Credit
Prepaid Expense	XXXX			9330	\$1,500	
Insurance	XXXX	XXXX	XXXX	5400		\$1,500

Account	Resource	Goal	Function	Object	Debit	Credit
Insurance	XXXX	XXXX	XXXX	5400	\$1,500	
Prepaid Expense	XXXX			9330		\$1,500

STEP 2 Establish *Current Fiscal Year* accrual. This will be done after June 30 with 06/30/XXXX (*Current Fiscal Year*) date.

Insurance premiums paid in the Current Fiscal Year for the Subsequent Fiscal Year of \$2,000.

Account	Resource	Goal	Function	Object	Debit	Credit
Prepaid Expense	XXXX			9330	\$2,000	
Insurance	XXXX	XXXX	XXXX	5400		\$2,000

Unearned Revenue

Object 9650 - Revenue which has been received, but is unearned, as of June 30. Complete the FORM CAT to determine amount of unearned revenue.

GASB 65 - The use of the term “Deferred” should be limited to items reported as deferred outflows of resources or deferred inflow of resources. Thus, when discussing activity in 9650 we will use the term “unearned.”

- STEP 1** Reverse any remaining prior year closing entries. This reversal must be posted with a journal entry before June 30. Please remember to use the correct resource numbers when reversing the prior year’s closing entries.

Example: Title I revenues exceeded expenditures on Form CAT for the Prior Fiscal Year causing the unearned revenue to be recognized in the Current Fiscal Year.

The unearned revenue entry in the Prior Fiscal Year was:

Account	Resource	Goal	Function	Object	Debit	Credit
All Other Federal Revenue	3010			8290	\$3,000	
Unearned Revenue	3010			9650		\$3,000

The reversing entry in the *Current Fiscal Year* is:


Account	Resource	Goal	Function	Object	Debit	Credit
Unearned Revenue	3010			9650	\$3,000	
All Other Federal Revenue	3010			8290		\$3,000

- STEP 2** Establish the *Current Fiscal Year* closing entry. Use a journal with a June 30 date (*Current Fiscal Year*) to post this entry.

Example: Title I revenues exceeded expenditures on Form CAT for the Current Fiscal Year so excess revenue must be deferred to the Subsequent Fiscal Year.

Account	Resource	Goal	Function	Object	Debit	Credit
All Other Federal Revenue	3010			8290	\$3,500	
Unearned Revenue	3010			9650		\$3,500

Section 9 of the Financial Accounting Manual provides additional guidance on categorical programs including grants, entitlements and other financial assistance received by a school district from governmental or other entities.



Establishing Due To/Due From Accounts

STEP 1 Make sure that all expenditures are accounted for in the proper fund. If one fund owes another fund at year-end, establish a due to/due from account.

Object 931X - DUE FROM - (Asset) amount due from another district fund.

Object 961X - DUE TO - (Liability) amount due to another district fund.

The Due To (9611) in one district fund must equal the Due From (9311) in another district fund or the district general ledger will be out of balance. A tip when establishing Due To/Due From is to use sub-accounts.

STEP 2 EC 42603 requires that prior fiscal year due to/due from accounts must be repaid the same fiscal year, or in the following fiscal year if the transfer takes place within the final 120 calendar days of a fiscal year.

Posting and Clearing “Due To/Due From” Transaction

Example 1: Interfund payroll adjustment (transfer that cross funds).

The district completes the following Journal Entry in PeopleSoft using source "PAJ."

Payroll adjustment from fund 01 to fund 11.

Account	Fund	Resource	Goal	Function	Object	Debit	Credit
Certificated Salaries	0100	XXXX	XXXX	XXXX	1XXX		\$100
Benefits	0100	XXXX	XXXX	XXXX	3XXX		\$20
Due from other funds	0100	XXXX			93XX	\$120	
Certificated Salaries	1100	XXXX	XXXX	XXXX	1XXX	\$100	
Benefits	1100	XXXX	XXXX	XXXX	3XXX	\$20	
Due to other fund	1100	XXXX			96XX		\$120

Example 2: Clear due to/ due from by creating an Auditor's Transfer (cash movement).

The district completes the following Journal Entry in PeopleSoft using source "AT."

Clear due to/due from.

Account	Fund	Resource	Goal	Function	Object	Debit	Credit
Due from other funds	0100	XXXX			93XX		\$120
Due to other fund	1100	XXXX			96XX	\$120	