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III Year-End Closing - Fiscal Month 13 Processing

This chapter discusses the entries and processes that agencies must complete after adjusting entries are posted. The automated year-end closing process is controlled by the Organization Control (OC) Table. See Volume 2, Chapter IV, Subchapter IV-OC, for a detailed explanation of the OC Table Indicators.

The new year OC Table is used for all FM 13 processes.

YEAR-END COST ALLOCATION OPTIONS

Any FM 13 accrual or adjustment entries that affect expenditures and encumbrances must be cost allocated and fund split. Before running cost allocation/fund split for FM 13, post all adjusting entries and other expenditure entries to FM 13.

See Exhibit III-1 for a summary of year-end cost allocation indicator options. Although four options are listed, most agencies select only **OPTION #3** for their FM 13 cost allocation process. Exhibit III-2 shows the various activities and the allocation base used.

EXHIBIT III-1
YEAR-END COST ALLOCATION RUN INDICATOR OPTIONS

To run the year-end cost allocation of accrued expenditures and/or encumbrances, one of the following combinations of run indicators must be set in the **new year** OC Table.

NOTE: Since multiple cost allocation processes may be run in one month, the Last Step Run Indicator must be set to **00** to start the current requested process.

<u>OPTION</u>	<u>SYSTEM ACTION</u>	<u>COST ALLOCATION RUN IND</u>	<u>COST ALLOCATION RUN TYPE</u>	<u>ENCUMB- ALLOC IND</u>
1	Allocate / Fund Split expenditures recorded as FM 13 activity only.	A, C, Y	A	N
2	^{1/} ^{2/} Allocate / Fund Split encumbrance year-to-date (including FM 13) balances (records this activity in GLA 6151 to keep separate from monthly encumbrance activity in GLA 6150).	A, C, Y	A	E
3	^{1/} ^{2/} Allocate / Fund Split both expenditures and encumbrances at the same time.	A, C, Y	A	Y
4	Allocate Variances (PCA Dist. Type 6) - only for those agencies that use standard costed PCA(s). Under the standard Costing Method, encumbrances are never allocated.	A, C, Y	Y	N

See Exhibit III-2 for the descriptions of the allocation base used.

^{1/} If your OC Table PCA Method = 2, do not allocate encumbrances more than once.

^{2/} Once the entry is made to adjust the allocated encumbrances credit from Administration to Distributed Administration, encumbrances cannot be reallocated.

EXHIBIT III-8

ENCUMBRANCE ALLOCATION IN ADMINISTRATION			
ADMINISTRATION Program 40.01 PCA 40001		DISTRIBUTED ADMINISTRATION Program 40.02 PCA 40002	
Q REPORT:			
<u>Object</u>	<u>Encumbrance</u>		
226	\$10		
243	12		
464	<u>13</u>		
TOTAL	\$35		
AFTER ENCUMBRANCE ALLOCATION:			
Q REPORT:			
<u>Object</u>	<u>Encumbrance</u>		
226	\$10		
243	12		
464	13		
912	<u>(35)</u>		
TOTAL	\$ 0		
ENTER TC 312: Index, PCA, Object 912 Override: Fund, FS, AS, Method		ENTER TC 316: Index, PCA, Object 912 Override: Fund, FS, AS, Method	
AFTER TC 312:		AFTER TC 316:	
Q REPORT:		Q REPORT:	
<u>Object</u>	<u>Encumbrance</u>	<u>Object</u>	<u>Encumbrance</u>
226	\$10		
243	12		
464	13		
912	<u>0</u>	912	<u>\$(35)</u>
TOTAL	\$35	TOTAL	\$(35)

ENTER SUBSIDIARIES FOR GLA 1390 AND GLA 1600

GLA 1600-Provision for Deferred Receivables is an offset account to:

- GLA 1315-Accounts Receivable Dishonored Checks;
- GLA 1316-Accounts Receivable Cash Shortages;
- GLA 1319-Accounts Receivable Other;
- GLA 1340-Accounts Receivable Audit Exceptions; and
- GLA 1380-Contingent Receivables.

At year end, agencies must report the amount of each GLA that is offset by GLA 1600. This is done by adding Subsidiary numbers to GLA 1600 to identify the amount of each offsetting account. During the year, GLA 1600 is not recorded with Subsidiary information. TC 593 is a special purpose transaction that allows agencies to add Subsidiary to GLA 1600. The numbering convention for the Subsidiary number is **nnnn0000**, where **nnnn** is the GLA being offset. All Subsidiary numbers must first be established in the D32 Subsidiary Descriptor Table.

To identify the amount of each account offset by GLA 1600, sum the G02 Report, Pre-Closing Trial Balance, amounts for the GLAs shown above. If the total equals the amount of GLA 1600 on the G02 Report, Pre-Closing Trial Balance, then these balances will be used to post the Subsidiary numbers. If they do not equal the GLA 1600 amount, further analysis is required to determine the amount by GLA that is offset. Look at the impact of the A-9, A-10 and A-12 adjusting entries. If further analysis is needed, research with the G03 Report, Trial Balance by Transaction Code. Make one summary entry for each offsetting general ledger account.

If GLA 1390-Allowance for Uncollectible Amounts is used, Subsidiary numbers must be added as described above, using TC 592.

The above entries (TC 592, TC 593) are reversed in the new year. Auto-reverse batches are recommended for these entries.

NOTE: After the TCs 592/TC593 are posted, review the G02 Post Closing Trial Balance to ensure that the total of the Debits column equals the total of the Credits column. If these entries are not made, the G02 Report, Post Closing Trial Balance, will display an out of balance message at the bottom of the report.