

Archdiocese of Louisville
Finance Department

**END OF THE MONTH & FISCAL YEAR
CLOSING PROCEDURES**



PDS LEDGER

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**PDS LEDGER
END OF THE MONTH/FISCAL YEAR
CLOSING PROCEDURES**

Use this checklist to help with your monthly closing procedures for PDS Ledger.

1. **Check PDS for program up-dates**, to be sure that you are using the latest version of Ledger. This should be done routinely, to keep up with the newest revisions. Your program must be up to date when you transmit your date, in order for it to be compatible with the DioView version.
2. Run a **“Fix Data Discrepancies”** process before beginning. If, at any other time during your month-end close out, your Balance Sheet becomes “out of balance”, run a “Fix Data Discrepancies”. If the “Fix Data” warns that there were ‘errors’, in a “closed period from a prior fiscal year” and prompts you to correct them, then you will need to contact PDS. Once a period is closed, you cannot go back and make changes. PDS will need to make these corrections.
3. Run a General Ledger report for each individual department that has a restricted cash fund account attached to it. Be sure that the account is balanced by showing a zero balance on the last page. If it is not balanced, then you have failed to reimburse another cash account for income or an expense. Research and make the necessary journal entry to balance this fund.
4. Run a balance sheet.
5. Perform a reconciliation, to verify the accuracy and substantiate all balances on the balance sheet. These may include:
 - Checking and Imprest Account balances with bank statements. (See page 4 & 5 for details on bank reconciliation process).
 - Petty Cash account balances with actual petty cash funds and receipts.
 - All inventory accounts, i.e., cafeteria, script, etc.
 - Archdiocesan Savings balances with account statements (found on-line).
 - Loan balance with statement from lender.
 - Account Receivables balance with list of individual Accounts Receivables outstanding.
 - Capitalize assets over \$1,000. Calculate and apply any Depreciation. Create EOM journal entries to balance your restricted funds for “Land, Bldg., Furnishings, & Equipment, Net” (0579), to the “Fund Balance Invested/Parish Property” (821.10). This information is included under, Parish or School Property, (revised 07/0/10) on pages 42 & 43 of the **Archdiocese of Louisville Financial Policies and Procedures Manual**. Examples may be found under appendix IV-51.
 - Account Payables, liability account balances with employee withholdings for Medical/Dental/STD/401(k).
 - YTD net increase/decrease in unrestricted fund balance on the income statement (5199) with the unrestricted fund balance change (0815.10) on the balance sheet.
 - Restricted cash fund balances, less any liabilities with restricted Fund Balances.

6. If necessary, make the following journal entry adjustments to Balance Sheet Accounts.

- Accrued Liabilities for Payroll/Benefits, Vacation/Sick Time. (This may be done monthly or annually.)
- Any Deferred Revenues for Tuition/Fees.

MONTH-END FINANCIAL REPORTS

Upon completion of your bank reconciliation process, run a series of financial reports to be distributed to each parish organization. This may include but not limited to: Balance Sheet, Income Statement and General Ledger Report. These reports can be customized to the wants and needs of each organization.

For parish record retention, the following reports are recommended. Keep this grouping of reports, in a folder labeled with the month and year for future reference. This collective data represents every transaction initiated during the month.

- A copy of your bank statement
- Bank Reconciliation Summary
- Summary of Outstanding Checks
- All month end reconciliations
- Cafeteria related reports
- Balance Sheet
- Income Statement
- General Ledger
- Receipt Register
- Check Register
- Adjusting Journal Entry Report/Recurring J.E. Report

CLOSING OUT LEDGER AT FISCAL YEAR-END

You **can** print checks and enter transactions for the new fiscal year **before** you run EOY processing and setup the new fiscal year. Since you must receive all bank statements and perhaps make other adjustment before closing out the books, you can continue to pay invoices, enter deposits, and so on, for as long as necessary before doing the EOY processing.

Once you have balanced all funds, reconciled you bank accounts and run all necessary reports, proceed to close out PDS Ledger. **Important:** You will be prompted to make a backup from the **EOP & EOY** Ledger processing menu before processing begins. The Finance Department recommends that you use a new CD or Flash Drive for this process. Make two copies of the backup. Label and keep these backups permanently, in a secure location.

- At the top of your screen, click **Transactions...**
- **End of Period...**
- **Close Month for Ledger**, follow instructions
- **Close Fiscal Year for Ledger**, follow instructions.

- The end of the fiscal year process performs the following functions:
 - Verifies that the current month is the last month of this fiscal year. If it is not, a warning message will appear. If it is the last month, the **Close Fiscal Year** process will close this month as its first step.
 - Posts the Net Increase/Decrease total on the Income Statement (5199) to the Unrestricted Fund Balance – Change During Year (0815.10). It then adds this to the Unrestricted Fund Balance-End of Year (0819.10). Finally, it adjusts the Unrestricted Fund Balance – Beginning of Year to reflect this change.
 - Advances the “**Current**” column to the new fiscal year on the COA Actuals and Budgets screens for each account and creates a new “**Future**” column for the rest.
 - For income and expense accounts, the new “**Actuals**” are set to zero. For assets and liabilities, the first month of the new fiscal year will have the ending balance from prior year as the total.
 - Advances the fiscal year on **System Processes/Initial Startup**.

BANK ACCOUNT RECONCILIATION PROCESS

- It is helpful if you have on-line access to your checking accounts. It will enable you to check your account/s daily for updates, so that you are not playing catch up at the end of each month.
- Check your Bank statement to be sure that you have received notification and have recorded all:
 - EFT transactions. Verify that the amount charged to your account by the bank, is the same amount billed on your statement from the company.
 - Interest earned, service charges and bank fees.
 - Bank initiated, deposit debit or credit adjustments to your account.
 - Non-Sufficient Funds (NSF) returned checks and other returned checks.
 - Charges for deposit slips or other products ordered through your bank.
- Run a “Receipt Register” report. (The following procedure is a suggestion only.)
 - If you have only one bank account, verify this total to the deposits listed on your bank statement.
 - If you have other separate checking accounts, i.e., Cafeteria, Charitable Gaming, or accounts which may have additional departments, run an individual Receipt Register for each department, i.e., .82, Cafeteria, etc. and verify the balance to the bank statement.
- The Bank Reconciliation process is located under, “End of Period”.
 - Fill in first screen fields containing account number/s, statement date, cut-off date and statement ending balance.

- The next screen contains your deposits and journal entry credits. Proceed to mark J/E & deposits, listed on your statement.
- The next screen contains your checks and journal entry debits. Proceed to mark J/E & cleared checks, listed on your statement.
- The next two screens are for “Bank Charges Paid” and “Bank Interest Earned”. You can either use these screens for your entries or post them with a journal entry.
- The sixth screen contains the Total Balances for your reconciliation.
 - Statement Balance, Outstanding Checks & Deposits, Other Adjustments, Ledger Balance, Bank Interest Earned, Bank Charges Paid and the Adjusted Total.
 - The two columns for the Adjusted Total, toward the bottom of the screen should balance.
 - If an “Un-reconciled Difference” is displayed, then you need to click “Finish Later” and go back to find the discrepancy.

➤ **FINDING YOUR ERROR/S**

There are only three types of transactions that create the data in your PDS Ledger for the Bank reconciliation. The “Un-reconciled Difference” will be found by reviewing the following:

- **Deposits/EFT**: For accuracy before posting always compare the “Deposit Form” paperwork, against the actual deposit slip date and amount printed by the bank. Timing difference may occur.
- **Checks/Disbursements/EFT**: Be sure, especially in the case of hand-written checks (disbursements), that the amount on the face of the check matches the back-up paperwork which you used to enter this disbursement. Also, on rare occasions the bank’s posting of a check amount is different from the amount printed on the face of the check. (This is usually only cent amounts.)
- **Journal Entries**: Human error may account for an improper debit or credit when creating a journal entry. Journal Entries are most often where errors are made. Check for the duplication of a bank debit or credit.
 - Run an Adjusting Journal Entry Report/Recurring J.E. Report. These reports will list all of the J/E that you have created during the month.
 - Review them for accuracy in the proper use of your COA numbers within the transactions.
 - Be sure that your Journal Entries are valid. Attach substantiation, to back up the need for the transaction. Check for duplications.

➤ **COMPLETION OF BANK RECONCILIATION PROCESS**

When you have balanced you Adjusted Totals, print the “Outstanding Checks”. Then Reconcile your account and run a “Reconciliation Summary Report”, and/or “Reconciled Checks/Deposits” if needed. Make sure you can read the complete date on the “Outstanding Checks” report. If needed change the detail font to a smaller font.