



Administrative Regulation 3434 FISCAL YEAR-END PROCESSING AND ANNUAL AUDIT

Responsible Office: Office of Business and Finance

PURPOSE

The Superintendent has adopted this Administrative Regulation to establish guidelines for the fiscal year-end close process, preparation of the Annual Comprehensive Financial Report (ACFR) for the District, and the annual audit of the ACFR for Washoe County School District (District).

DEFINITIONS

1. "Annual Comprehensive Financial Report" refers to the annual report containing the audited financial statements for the fiscal year, which is prepared in accordance with Nevada Revised Statute (NRS) 354.624.
2. "External auditor" refers to the certified public accounting firm selected by the District to conduct an audit of its financial statements.
3. "Other post employment benefits" (OPEB) refers to retirement benefits other than a pension including life, accident or health insurance, or any combination of such benefits, as established by the District.

REGULATION

1. The following provisions will govern the fiscal year-end close-out process of the District for purposes of external financial reporting.
 - a. Accounts Payable Disbursements – Invoices for goods received or services performed during the previous fiscal year will be processed by schools and departments and provided to the Accounts Payables Department by July 31 and will be recorded as a liability as of June 30.
 - b. Accruals will be recorded as needed to ensure that revenues and expenditures are reported in the appropriate accounting period:
 - i. Payroll-related Accruals
 - 1) Costs of hourly personnel paid after June 30 for services performed during the previous year will be recorded as expenditures/salaries payable at June 30. The amount will be based on hours worked during the fiscal year multiplied by the employee's hourly rate. Additional consideration will

be made for FICA taxes, retirement benefits, health insurance, and related employee benefits;

- 2) Salaried teachers and other employees working during the academic year only may elect to receive their annual salary over the course of the academic year or over the course of the 12 months ended July 31 of each year. The difference between the total salary and the amount paid through June 30 will be recorded as expense/salaries payable at June 30 since the period of service is complete at that time. Additional consideration will be made for FICA taxes, retirement, health insurance, and related employee benefits;
 - 3) Payroll accruals will be prepared and documented by the Controller's Office; and
 - 4) All vacation and sick leave payouts for the prior year, as well as year-end Early Separation Incentive Payments (ESIP) and other payouts earned during the prior fiscal year, will be recorded as expenditures/benefits payable at June 30.
- ii. Receivables – General – Revenues received after year-end for which a good or service was provided during the previous fiscal year will be recorded as accounts receivable. This includes per-pupil revenues and other State support for the prior fiscal year, interest earnings earned prior to June 30, and other applicable revenues. All such adjustments will be supported by appropriate documentation. General receivables shall be completed by August 31.
 - iii. Receivables – Grant – After all year-end expense accruals have been recorded, an entry will be recorded for the difference between grant expenditures and related grant receipts as of June 30 as revenue/grants receivable. Grant receivables will only be recorded to the extent that sufficient amounts remain in the grant award. Expenditures that will not be reimbursed through grant awards due to lack of available funding will be transferred to a non-grant account. Grant receivables shall be completed by August 31.
- c. Prepaid payments – Payments made prior to year-end that cover goods or services to be received in a future period will be recorded as prepaid items as of June 30.
 - d. Inventory – A physical inventory of school building supplies and vocational education program materials will be performed no later than June 30.

Amounts will be valued at cost and provided to the Business Office for review and adjustment in the general ledger. Certain inventories may be stored at third-party locations. In order to appropriately account for these items, the District may contact the third-party at year-end for verification of the quantity of product on hand.

- e. Construction contracts payables and the fixed assets reconciliation will be completed by August 15.
 - f. The Accounts Payables Department will review all outstanding encumbrances as of June 30 and will work with departments to identify purchased orders that should be closed out, thus allowing for the encumbrance to be deleted. For goods and services ordered but not received by June 30, the Accounts Payables Department will establish a list of encumbrances that will carry over to the next fiscal year by August 31.
 - i. The District may choose to make an assignment for all, some or no encumbrances that carry over to the next fiscal year based on the financial situation of the District; and
 - ii. The assignment of fund balance will determine carry-over funding for encumbrances to the following fiscal year.
 - g. Actuarial reports for internal service funds, pension costs and OPEB will be received in a timely manner, when possible. The District will work with its actuarial consultants to complete reports by August 31 for the preparation of work papers and final posting of entries for the fiscal year.
2. Preparation of the financial statements for the fiscal year is a work-intensive process that involves numerous departments in addition to the Office of Business and Financial Services. The following guidelines shall be followed for the preparation of financial statements.
- a. A schedule of all items necessary for completion of the financial statements and due dates shall be prepared at the beginning of the process and shared with affected departments.
 - b. Preliminary financial expenditures and draft financial information regarding the federal compliance audit will be provided to the external auditor in May and June. The District will collaborate with the external auditor to identify information needed for this phase of the process.
 - c. Work papers will be prepared by the Controller's Office for major accruals, including monies due to/from other funds and due/to other governments;

reporting of investments; pension costs, OPEB and other long-term liabilities; long-term indebtedness; and major receivables. These work papers will be prepared and reviewed by separate management employees in the Office of Business and Financial Services. Adequate documentation of calculations and supporting documentation when an external consultant was used is required for all work papers.

- d. Draft financial statements include government-wide financial statements, the fund financial statements, and the notes to the financial statements. The government-wide financial statements and the fund financial statements should be prepared and reviewed by separate management employees in the Office of Business and Financial Services.
 - i. Draft fund financial statements will be prepared and submitted to the external auditor by the first week of September;
 - ii. Draft government-wide financial statements will be prepared and submitted to the external auditor by September 30;
 - iii. Budgetary information in the ACFR will be reviewed by the Budget Department; and
 - iv. Notes provide the reader with context and further explanations regarding material financial matters contained in the financial statements. These notes may be prepared either by the District or the external auditor.

- e. Other components of the ACFR include:
 - i. A transmittal letter signed by the Superintendent and Chief Financial Officer, which provides basic profile information about the District and information that is useful in assessing the District's financial condition, including relevant financial policies, the local economy, and major initiatives. The transmittal letter should also include forward-looking or other matters that may affect the District's financial condition in the future;
 - ii. Management Discussion and Analysis, which is intended to provide readers with a narrative introduction, overview, and analysis of the financial statements; and
 - iii. Statistical Section, which include financial trends, historical revenue data, demographic and economic data, debt metrics and operating data. These shall be prepared and reviewed by separate

management employees in the Office of Business and Financial Services.

- f. The Chief Financial Officer will determine any restrictions, commitments and assignments of fund balances, which shall be reported in the Notes section. Commitments require formal Board of Trustee (Board) action. In addition, the value of non-spendable items shall be reported.
3. The District shall provide for an annual audit of all funds as required by NRS 354.624.
 - a. The annual audit must be concluded and the audit report must be submitted to the Board no later than four months after the close of the fiscal year for which the audit is conducted. An extension may be granted by the Department of Taxation by making application for an extension as needed.
 - b. The audit must be made by a public accountant certified or registered or by a partnership or professional corporation registered under the provisions of NRS Chapter 628.
 - c. The external auditor shall be selected and designated no later than three months before the close of the fiscal year for which the audit is to be made.
 - d. The annual audit shall cover the business of the district during the full fiscal year. The audit will be conducted in accordance with generally accepted auditing standards, including comments on compliance with statutes and regulations, recommendations for improvements, and any other comments deemed pertinent by the auditor, including the auditor's expression of opinion on the financial statements.
 - e. The recommendation and the summary of the narrative comments contained in the audit report must be read in full at a Board meeting held not more than 30 days after the report is submitted.
 - f. The entire audit report must be filed as a public record with:
 - i. The Clerk or Secretary of the Board;
 - ii. The County Clerk;
 - iii. The Department of Taxation; and
 - iv. The State Department of Education.

- g. The Board shall act upon the audit recommendation within six months following receipt of the audit report, except as prompt action is required concerning violations of law or regulations, but setting forth in the minutes its intentions to adopt the recommendations, to adopt them with modifications, or to reject them for reasons shown in the minutes.

LEGAL REQUIREMENTS AND ASSOCIATED DOCUMENTS

- 1. This Administrative Regulation reflects the goals of the District’s Strategic Plan, and aligns/complies with the governing documents of the District, to include:
 - a. Board Policy 3125, Budgetary Compliance and Periodic Financial Reporting; and
 - b. Board Policy 3100, Financial Services.
- 2. This Administrative Regulation aligns with Nevada Revised Statutes (NRS) and Nevada Administrative Code (NAC), to include:
 - a. Chapter 354, Local Financial Administration, and specifically:
 - b. NRS 354.603, Separate accounts in bank, credit union or savings and loan association for school district, county hospital, consolidated library district and district library; and
 - c. NRS 354.624, Annual audit: Requirements; designation of auditor; scope and disposition; dissemination; prohibited provision in contract with auditor.

REGULATION HISTORY

Date	Revision	Modification
9/25/1984	1.0	Adopted
5/12/1992	2.0	Revised
11/11/1997	3.0	Revised
3/15/2022	4.0	Revised: added definitions, clarified language, changed name from Periodic Audits.