



FY 2022 YEAR-END TRAINING

Schedule E - Inventory

AUDITOR-CONTROLLER'S OFFICE
Presented By: Caroline Santos

ACO AUDITOR
CONTROLLER
COUNTY OF RIVERSIDE

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2022 YEAR-END TRAINING

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WHAT IS INVENTORY?

Materials and supplies held in the normal course of operations for future consumption.

Examples: office supplies, medical supplies, automotive parts, safety gear, and forms unique to a department's mission and purpose

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WHO NEEDS TO REPORT INVENTORY?

Departments with inventory values of \$50,000 or more in aggregate, are reportable.

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WHAT IS REQUIRED IF THE INVENTORY PROCESS APPLIES?

- Perform a physical inventory count on or as close to June 30 as possible
- Record the count result in PeopleSoft:
 - Inventory Management Module
 - Prepare Journal Entry (If adjustment is greater than \$5,000)
- Schedule E is required to document results of physical count

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SCENARIO

- The ABC Department, who operates as a governmental fund, has a beginning inventory on July 1, 2021 of \$600,000 and an ending inventory amount at June 30, 2022 of \$450,000.
- Inventory has decreased by \$150,000

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SCHEDULE E – INVENTORY (GOVERNMENTAL FUND)

County of Riverside County
Inventory of Materials and Supplies (Asset Account 170100)
As of June 30, 2022
Due July 22, 2022

SCHEDULE E

(Refer to YE Closing Manual, Chapter 7)

Fund No.: 10000 JE Number: 00017623000
Fund Name: General Fund JE Source: YE
DeptID: 1300100000 Business Unit: ACARC
Dept Name: Auditor-Controller Page: 1 of 3
Fund Type: G ← (Enter "G" for governmental or "P" for proprietary)

Ending Inventory Value, June 30* \$450,000
Less: Beginning Inventory Value, July 1 600,000
Inventory Adjustment Amount (JE MUST have an aggregate amount equal to or greater than \$5,000) (\$150,000)

Since the amount is greater than \$5,000, please prepare the entries as shown below

Journal Entry for Governmental Fund:

Note to user	Account	Description	Debit or (Credit)
	170100	Inventory Of Materials & Supp	(150,000)
(Enter applicable A/C)	523700		150,000
To adjust inventory and related expenditure account per YE inventory count.			
	370100	Unassigned Fund Balance	(150,000)
	315100	Nonspendable for Inventory	150,000
To reserve the portion of FB that is not available to finance current expenditures.			

Journal Entry for Proprietary Fund:

Note to user	Account	Description	Debit or (Credit)
	170100	Inventory Of Materials & Supp	-
(Enter applicable A/C)	52XXXX		-
To adjust inventory and related expense account per YE inventory count.			

* Date physical inventory count was completed: 06/29/2022

Prepared By: Donald Duck (Print name) Phone No.: 5-5555

Approved By: Mickey Mouse (Print name) Date: 07/02/2022

(Signature) **
** My signature above indicates this form is correct to the best of my knowledge and that a physical inventory count was performed to determine the ending value.

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JOURNAL ENTRY TO DECREASE INVENTORY (GOVERNMENTAL FUND)

Account Description	Debit	Credit
Inventory of Materials and Supplies		\$150,000
Applicable Expenditure Account	\$150,000	
Unassigned Fund Balance		\$150,000
Fund Balance - Nonspendable for Inventory	\$150,000	

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SCENARIO

- The ABC Department, who operates as a proprietary fund, has a beginning inventory balance on July 1, 2021 of \$56,280 and an ending inventory balance at June 30, 2022 of \$70,585.
- Inventory has increased by \$14,305

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SCHEDULE E – INVENTORY (PROPRIETARY FUND)

County of Riverside County
Inventory of Materials and Supplies (Asset Account 170100)
As of June 30, 2022
Due July 22, 2022

ACO AUDITOR
CONTROLLER
COUNTY OF RIVERSIDE

SCHEDULE E
(Refer to YE Closing Manual, Chapter 7)

Fund No.: 40200	JE Number: 0091762301
Fund Name: Enterprise Fund	JE Source: YE
DeptID: 4500100000	Business Unit: WMARC
Dept Name: Pollution Management Department	Page: 1 of 3
Fund Type: P	(Enter "G" for governmental or "P" for proprietary)

Ending Inventory Value, June 30* \$70,585
 Less: Beginning Inventory Value, July 1 56,280
 Inventory Adjustment Amount (JE MUST have an aggregate amount equal to or greater than \$5,000) \$14,305

Since the amount is greater than \$5,000, please prepare the entries as shown below.

Journal Entry for Governmental Fund:

Note to user	Account	Description	Debit or (Credit)
	170100	Inventory Of Materials & Supp	-
(Enter applicable A/C)	5233300		-
	<i>To adjust inventory and related expenditure account per YE inventory count.</i>		
	370100	Unassigned Fund Balance	-
	315100	Nonspendable for Inventory	-
	<i>To reserve the portion of FB that is not available to finance current expenditures.</i>		

Journal Entry for Proprietary Fund:

Note to user	Account	Description	Debit or (Credit)
	170100	Inventory Of Materials & Supp	14,305
(Enter applicable A/C)	527106		(14,305)
	<i>To adjust inventory and related expense account per YE inventory count.</i>		

* Date physical inventory count was completed 06/29/2022

Prepared By: Donald Duck Phone No.: 5-5555
(Print name)

Approved By: Mickey Mouse Date: 07/02/2022
(Print name)

(Signature) _____
 My signature above indicates this form is correct to the best of my knowledge and that a physical inventory count was performed to determine the ending value.

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JOURNAL ENTRY TO RECORD INCREASE (PROPRIETARY)

Account Description	Debit	Credit
Inventory of Materials and Supplies	\$14,305	
Applicable Expenditure Account		\$14,305

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QUESTION

- Multiple choice
 - Department “Y” performed an inventory count at year end, and it determined the value to be \$45,000 with a beginning inventory of \$15,000. Is Department “Y” required to prepare Schedule E?
- A. Yes
- B. No

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ANSWER

- Multiple choice
 - Department “Y” performed an inventory count at year end, and it determined the value to be \$45,000 with a beginning inventory of \$15,000. Is Department “Y” required to prepare Schedule E?
- A. Yes
- B. No**

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SCHEDULE E – INVENTORY

- Submit Schedule E and Supporting Documents via **email** to:



- ACO Year-End

acoyearend@rivco.org

Schedules are due **July 22, 2022**

- Submit any questions via email to: acoyearend@rivco.org



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FY 2022 YEAR-END TRAINING

Schedule M – Prepaid Expenditures

AUDITOR-CONTROLLER'S OFFICE
Presented By: Mary Yip

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SCHEDULE M – PREPAID EXPENDITURES

✓ Amount paid for a product or service that has not been fully used up as of fiscal year-end



- Insurance premiums paid in advance
- Rents that are paid in advance

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SCHEDULE M – PREPAID EXPENDITURES

✓ Schedule M allocates the total amount paid between current fiscal year expense and amount amortized for future fiscal year expense



- ✓ Journal entry is required to amortize amount of expense not used (*1st step*)
- ✓ Journal entry is also required to reserve an equity amount for the prepaid (*2nd step require for governmental funds only*)

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SCENARIO

- Department XYZ paid Accrual World Inc. a total of \$427,000 on June 1, 2022 for professional services for the month of July 2022. The full amount was recorded in Account 525440 under General Fund.

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SCHEDULE M - PREPAID EXPENDITURES

County of Riverside
PREPAID EXPENSE: ASSET ACCOUNT 140200
As of June 30, 2022
Due July 22, 2022

SCHEDULE M
(Refer to Year-end Closing Manual, Chapter 9)

Fund No.: 10000 Fund Name: General Fund JE Number: 0002294688 / 00R2294688
Business Unit: XYARC JE Source: YE
DeptID: 1300100000 Dept Name: Department XYZ Page: 1 of 1

Note: Line items MUST have an aggregate amount equal to or greater than \$5,000

a	b	c	d	e	f	g		h	
						Current / Old Fiscal Year Expenditures / Expenses	New Fiscal Year Expenditures / Expenses	CL Balance in Account #316100	NSB for Prepaid Items
Vendor / Contractor Name	Total Amount Paid	Date Paid	Expenditures/ Account Code	Description of Purchase Goods / Services	Consumption Period of Goods / Services Purchased *				
Accrual World Inc.	\$ 427,000	6/27/2022	525440	Professional Services	July 2021		\$ 427,000		\$ 427,000
SCHEDULE M TOTAL						\$ -	\$ 427,000	\$ -	\$ 427,000

Important:
Consumption period (column f): Service period or useful life of goods.
Total Amount Paid (column b) must equal Allocation of Expenses (columns g and h).
If this form is not applicable, indicate its omission on Schedule N (Transmittal Form).

Prepared By: Steve Austin Phone No.: 5-5555 Approved By: Dwayne Johnson Date: 7/6/2022

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SCHEDULE M – JOURNAL ENTRY

Report ID: GLC7501
PeopleSoft Financials
JOURNAL ENTRY DETAIL REPORT
Page No. 1
Run Date 3/14/2022
Run Time 7:45:10 AM

Unit: RIVCO	Ledger Group: ACTUALS	Reference Number: XYARC
Journal ID: 0002369864	Source: YE	Accounting Period: 12
Date: 6/30/2022	Reversal: N	Fiscal Year: 2022
Description: Schedule M - Accrual World Inc. provided professional services for the month of July 2021 to Department XYZ	Reversal Date:	Operator ID: E252544

Line #	Account	Fund	DeptID	Prog	Class	Pri/Grant	Stat	Stat/Amnt	Description	Reference	Base Amount
ACTUALS											
1	140200	10000	1300100000						Prepaid Expense		-427,000.00
2	525440	10000	1300100000						Professional Services		-427,000.00
3	370100	10000	1300100000						Unassigned Fund Balance		427,000.00
4	316100	10000	1300100000						Nsb For Prepaid Items		-427,000.00

Journal ID	Total Lines	Total Base Debits	Total Base Credits
0002369864	4	854,000.00	854,000.00

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SCHEDULE M – REVERSAL JOURNAL ENTRY

Report ID: GLC7501
PeopleSoft Financials
JOURNAL ENTRY DETAIL REPORT
Page No. 1
Run Date 3/14/2022
Run Time 7:52:13 AM

Unit: RIVCO	Ledger Group: ACTUALS	Reference Number: XYARC
Journal ID: 00R2369864	Source: YE	Accounting Period: 1
Date: 7/1/2022	Reversal: N	Fiscal Year: 2023
Description: Schedule M - Accrual World Inc. provided professional services for the month of July 2021 to Department XYZ	Reversal Date:	Operator ID: E252544

Line #	Account	Fund	DeptID	Prog	Class	Pri/Grant	Stat	Stat/Amnt	Description	Reference	Base Amount
ACTUALS											
1	140200	10000	1300100000						Prepaid Expense		-427,000.00
2	525440	10000	1300100000						Professional Services		427,000.00
3	370100	10000	1300100000						Unassigned Fund Balance		-427,000.00
4	316100	10000	1300100000						Nsb For Prepaid Items		427,000.00

Journal ID	Total Lines	Total Base Debits	Total Base Credits
00R2369864	4	854,000.00	854,000.00

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SCHEDULE M – SUPPORTING DOCUMENT

INVOICE	
Accrual World Inc. PO Box 247148 Riverside, CA 92501 951-555-1234	DATE: June 25, 2022 INVOICE #: [1000] CUSTOMER ID: [ABC12345]
BILL TO Department XYZ County of Riverside 4080 Lemon St. Riverside, CA 92501 555-555-7894	SHIP TO Department XYZ County of Riverside 4080 Lemon St. Riverside, CA 92501 555-555-7894
DESCRIPTION	AMOUNT
Professional Services July 2022	\$45,000.00
Professional Services July 2022	\$68,250.00
Professional Services July 2022	\$147,000.00
Professional Services July 2022	\$158,000.00
Professional Services July 2022	\$2,000.00
Professional Services July 2022	\$6,750.00
TOTAL	\$427,000.00
Make all checks payable to Accrual World Inc. Thank you for your business!	
PO Box 247148, Riverside, CA 92501	

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QUESTION

- If we receive an invoice at the end of April 2022 and make payment at the beginning of May 2022 for services provided in June 2022, do we fill out a Schedule M?

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ANSWER

- No schedule is needed since the prepayment is made in May for services provided in June, the same fiscal year.

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Schedule M – Prepaid Expenditures


- Email Schedule M and Supporting Documents to:
 - acoyearend@rivco.org

Questions?

- Submit them by email to acoyearend@rivco.org



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FY 2022 YEAR-END TRAINING

Schedule D, H, and J

AUDITOR-CONTROLLER'S OFFICE
Presented By: Caroline Santos

ACO AUDITOR
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YEAREND SCHEDULES

- Schedule D – Leases, *Lessor*
- Schedule H – Financed Purchases
- Schedule J – Leases, *Lessee*

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WHAT IS A LEASE AS DEFINED BY GASB 87?

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction.

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CRITERIA FOR LEASES – (SCHEDULES D & J)

To determine if a contract conveys control of the right to use the underlying asset, a government should determine whether the contract meets both of the following criteria:

- The right to obtain the present service capacity from use of the underlying asset as specified in the contract
- The right to determine the nature and manner of use of the underlying asset as specified in the contract.

If a lease does not meet any of the above criteria it will most likely be classified as a financed purchase (Schedule H) or short-term lease (No Schedule).

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GASB 87 LEASE EVALUATION TOOL

You will need to complete the GASB 87 Lease Evaluation Tool for any lease contract or contract with a lease component.

- GASB 87 Lease Evaluation Tool for Lessee
- GASB 87 Lease Evaluation Tool for Lessor

The tool has been emailed several times to the FAMM/MAM community.

If you need a copy of the lease evaluation tool and the instructions, reach out to acoyearend@rivco.org. After completing the evaluation tool, you must submit to the ACO for review with a copy of the contract.

GASB 87 LEASE EVALUATION TOOL

If your contract falls within the scope of GASB87, the ACO will work with you to calculate the present value of the lease payments and to create an amortization table.

FINANCED PURCHASES – SCHEDULE H

A lease is classified as a financed purchase if the underlying asset transfers ownership to the lessee by the end of the contract and does not contain termination options.

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SHORT-TERM LEASES

Short-term leases are defined as leases that have a maximum possible term of 12 months or less, including any options to extend, regardless of their probability of being exercised.

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HOW TO COMPLETE SCHEDULE D, H, AND J

Purpose of Each Schedule:

- Schedule D – To record a lease receivable and a deferred inflow of resources. A YE journal and a corresponding new year reversal entry needs to be submitted.
 - Use the following accounts:
 - 160300 – GASB87 Lease Receivable
 - 260125 – Def Infw GASB87 Lease Revenue
- Schedule H – To record a liability for the financed purchase. You will not submit a YE journal with this schedule. For Governmental funds, the liability is recorded in the Government-Wide Financial Statements not in the fund financials. For Proprietary Funds, you will record the liability same way you have before, during the clean up of the “non-applicable accounts”. The accounts you will use are the same accounts you have used in the past. However, we have changed the name from Capital Lease to Financed Purchase.
 - Use the following accounts:
 - 250100 – Financed Purchase - Current
 - 283100 – Financed Purchase LT
- Schedule J – To record a GASB 87 Lease liability
 - Use the following accounts:
 - 250240 – GASB 87 Lease Payable-Current
 - 283200 – GASB 87 Lease Obligation

No YE Journal is needed with Schedule J. Follow the same format as Schedule H, except use the appropriate liability accounts.

TO COMPLETE SCHEDULE D, H, AND J

You will need:

- ✓ An amortization schedule

For Schedule D and J, you will work with the ACO to measure the present value of the lease payments during the lease term and to create an amortization table.

For Schedule H, the amortization table can be found in the contract/agreement.

Lease Payment Schedule					
Payment #	Date	Principal	Interest	Total Payment	
1	7/1/2021	\$ 7,099.20	\$ -	\$ 7,099.20	
2	8/1/2021	7,088.04	11.16	7,099.20	
3	9/1/2021	7,088.75	10.45	7,099.20	
4	10/1/2021	7,089.46	9.74	7,099.20	
5	11/1/2021	7,303.15	9.03	7,312.18	
6	12/1/2021	7,225.80	8.30	7,234.10	
7	1/1/2022	7,304.60	7.58	7,312.18	
8	2/1/2022	7,305.33	6.85	7,312.18	
9	3/1/2022	7,306.07	6.11	7,312.18	
10	4/1/2022	7,306.80	5.38	7,312.18	
11	5/1/2022	7,307.53	4.65	7,312.18	
12	6/1/2022	7,308.26	3.92	7,312.18	
13	7/1/2022	7,308.99	3.19	7,312.18	
14	8/1/2022	7,309.72	2.46	7,312.18	
15	9/1/2022	7,310.45	1.73	7,312.18	
16	10/1/2022	7,311.18	1.00	7,312.18	
17	11/1/2022	2,680.85	0.29	2,681.14	

HOW TO COMPLETE SCHEDULE D, H, AND J

(2)		(3)					
		YEAR ENDING 2021/2022			YEAR ENDING 2022/2023		
Lease SCHEDULE #	Acquisition FY	PRINCIPAL	INTEREST	PAYMENT	PRINCIPAL	INTEREST	PAYMENT
#001254	FY19	86,733	83	86,816	31,921	9	31,930
DEPARTMENT TOTAL		86,733	83	86,816	31,921	9	31,930
LEASE REVENUE (74100) FROM GENERAL LEDGER		\$ 86,733					
Variance		\$ 0					

ANALYSIS/RECAP	
Beginning Principal Balance FY2022	-
Adjustment (-)	118,654
Adjusted Balance	118,654
Additions (+) During FY2022	-
*Less (-) Principal Payments Applied During FY	(86,733)
Ending Principal Balance FY2022:	31,921

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NEW REVENUE AND EXPENSE/EXPENDITURE ACCOUNTS

Old Guidance

Operating Leases

741XXX - Rents and Concessions

5265XX - Rent and Leases Equipment
5267XX - Rent and Leases Bldgs and Imp

New Guidance

GASB 87 Leases

741010 - Lease Revenue-GASB 87
740040 - Interest-Other

532690 - GASB 87 Lease Principal Pmt
533750 - GASB 87 Lease Interest Payment

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SUPPORTING DOCUMENTS

- Schedule D
 - A copy of the Amortization Table
 - A copy of the YE Journal and the corresponding new year reversal journal entry
- Schedule H
 - A copy of the Amortization Table and
 - A copy of the AM-5 Form
- Schedule J
 - A copy of the Amortization Table and
 - A copy of the AM-9 Form

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SCHEDULE D, H, AND J

- Submit the YE Schedule and Supporting Documents via email to:
 - ACO Year-End
 - acoyearend@rivco.org
 - **Schedule D, H, and J is Due July 22, 2022**

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



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QUESTIONS ?

- If you have any general questions you can type them in the Chat box. Any department specific questions please email them to acoyearend@RIVCO.ORG

