

# Year-end close: a financial snapshot

**(Editor's note: This article is another in a series exploring Western's enterprise resource planning system.)**

Although most employees think of September as the end of the fiscal year, each July financial staff members in Western's regional offices start budget work in preparation for the year-end close.

Western Fiscal Accounting Manager **Rollie Erickson** describes the year-end close as a financial snapshot used to develop reports and statements that provide users of our financial information a consistent financial picture. The final product provides a basis for our rate structure to customers and the Federal Energy Regulatory Commission.

## Getting to the close

Information collected is based on a 12-month period, called a fiscal year, which ends each Sept. 30th. All accounting transactions must be reported as if they ended on that date. That is why Western's regional offices start verifying obligations and projecting expenses as early as July. The months of July, August and September are an important period (4th quarter) where Western's Budget staff ensure the budget is accurately recorded in the accounting records. The budget obligation

process, or earmarking funds to be spent in the future, is vital to closing the books on Sept. 30.

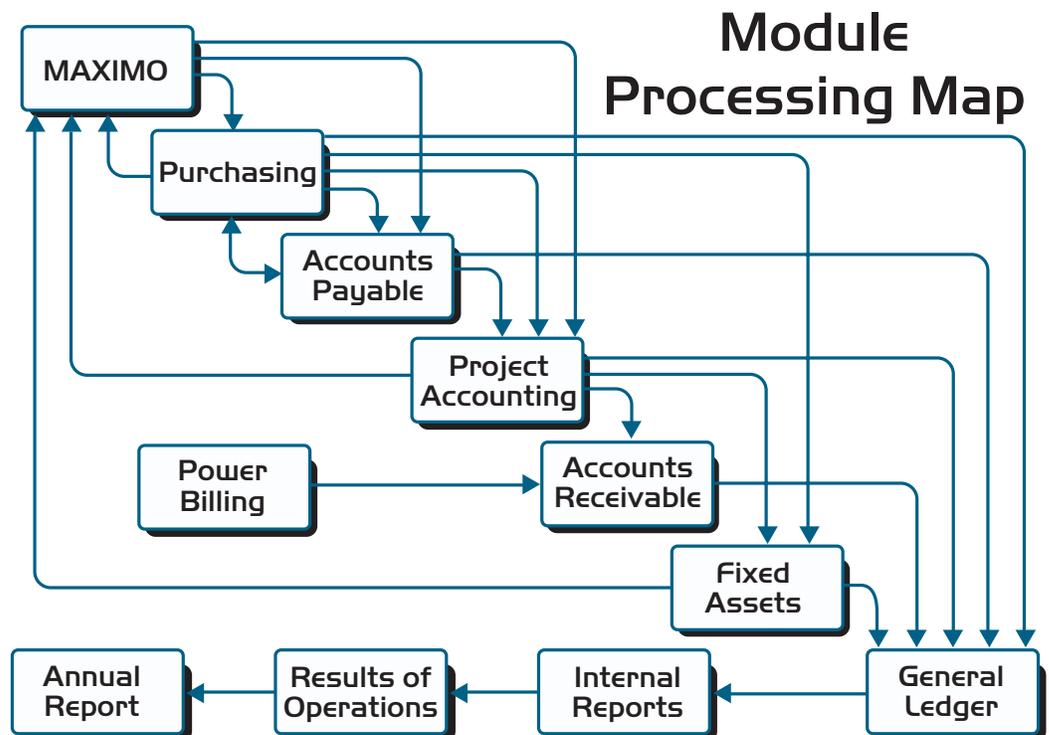
Meanwhile employees in Accounts Receivable and Power Billing have a double workload during September when they are charged with booking their normal August activity plus estimating/accruing September service month sales and purchases.

Employees in Accounts Payable also perform this double duty as they ensure accruals are booked for September activity that won't be billed until October. Purchasing staff work hard to clear up outstanding purchase orders and enter last minute buys into the accounting system.

CSO Project Analyst **C. J. McNichols** said, "The year-end process is a finely-tuned annual process that brings the regions and CSO together to form a team that closes the accounting period in an extremely efficient manner."

Offices are required to make sure all budget and accounting activities are included in the right year, revenue and expenses are accrued, purchase orders are closed out and costs are charged to the correct office and project. Finally, the Chief Financial Officer

**(See next page)**



personally certifies that all outstanding obligations are proper and necessary.

Erickson said, "In order to make the year-end close come together in a timely and efficient way, accounting system modules are closed out in structured, finely-tuned sequence allowing users to ensure that revenue, expenses and other accounting activity places costs in the correct accounting 12-month period."

### **The reporting cycle**

Once the year is closed out, the work begins for employees in the Cost Accounting

office. Their fiscal year work doesn't end until all Western's reports and financial statements have been tied in with our partners, the Army Corps of Engineers, International Boundary Waters Commission (State Department) and Bureau of Reclamation.

Once finalized, financial statements are submitted to auditors who examine our records, study our statements and prepare an opinion. The highest opinion a corporation or organization can get is "unqualified."

Erickson is proud of Western's record of unqualified opinions. "We take great pride in obtaining an unqualified opinion year after year. Until recently, most Federal agencies couldn't even get an opinion, much less an unqualified one," Erickson said.

"Western has adhered to accounting standards published in Generally Accepted Accounting Principles or GAAP for many years. Federal agencies must now comply with the Federal Accounting Standards Advisory Board. So we prepare two sets of financial statements, one for FERC and our annual report, and one for FASAB," he added.

Western's Annual Report is the final product in the year-end process. It captures the results of the entire reporting cycle and substantiates the basis for our rates. What started out as a snapshot evolved into one of the most comprehensive financial documents available in the Federal system. ✍

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***—Rollie Erickson***

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