

Contents:

Other Procedures

Prepare for End of Year

New Year – Benefit Changes

End of Year Payroll Tips

End of Year Checklist for QuickBooks



The End-of-Year for county program directors and bookkeepers is both a time to clean-up and close-out the old year and prepare for the new year. Therefore, as you complete the last month of the current year, ask yourself the question, "**What ending Class balances do I expect to have at the end of this year?**" Review this Checklist with your **County Program Director**.

If you retain your current accounting data file, you can continue to create prior-year accounting transactions in early January until you have completed all of last year's transactions and reports. Remember to use a **December** date and the **prior year** for transaction dates.

Review the following procedures to assist you with the end-of-year processing.

Transfer Funds– information on transferring class balances or bank account balances.

Safeguarding Cash. – financial responsibilities for CPD and Council Officer.

Financial Report Distribution – List of monthly, quarterly and periodic financial reports.

Report Configurations – how to configure reports mentioned in this document.

Clean-up - Preparing for End-of-Year Closing

- A) Deposit all current **receipts**.
- B) Create transactions for December **Interest** or **Bank Service Charges**. Determine if you have reported **all monthly interest/charges** during the year for all bank accounts – checking and savings and money markets.
- C) Pay all current **bills** or expenses that relate to this fiscal year.
- D) Update your Payroll Tax Table, if you subscribe to the Tax Service. Updated federal or state forms may be available.
- E) Pay Employer payroll **taxes** and employer withholding taxes, and State Unemployment taxes, if any. **The last paycheck(s) and the last payroll liability checks should be dated as the same year as the tax-reporting year.** Prepare all necessary monthly, quarterly, and/or annual **tax reports**. Review **End-of-year Payroll Tips** at end of this document.
Note: Avoid printing paychecks or liability checks with date of January 1 or any early January date. Use December 31 of the correct tax year.
- F) Review **Receivables** report to determine if any receivables are to be declared "uncollectible."
- G) Review **Payables** report and remove any transactions which are no longer valid to carry over into next year.
- H) Update the Council's **Fixed Assets Inventory** for equipment and furniture.
- I) Review **CLASS balances** and initiate **transfers of revenues** or **balance transfers** to reflect **expected** end-of-year balances in appropriate spending CLASSES.

If you wish to end the year with a **zero** balance in any CLASS or SUBCLASS, you will need to make an **Internal Transfer** BEFORE closing your accounting year.

See **Transfer Funds** procedures for instructions on transferring between Bank Accounts, between Classes, between Income Accounts, or between Expense Accounts.

- J) **Reconcile your Checking and Savings bank statements**, verifying all deposits and checks, and verify the bank balances to the QuickBooks Checking and Savings registers. Print a **QB Reconciliation Report** as of December 31.

CPD or Council Officer must review and approve the Reconciliation report. See procedure, Safeguarding Cash.

Note: You can close the year even if there are outstanding checks and deposits from the prior year !

- K) **Reconcile the following reports and registers:**

- Funds (Class) Balance Report as of December 31.
- Match the Funds (Class) Balance Report with the Checking Register balance (and Savings accounts, if using class codes for savings transactions)
- Unclassified Transactions Report as of December 31 – difference between debits and credits should be ZERO, unless there are outstanding liabilities or receivable. (See Balance Sheet report)
- Balance Sheet (standard) as of December 31



- L) **Print Reports.** We recommend that you print and file the following reports. Other reports can be printed at your discretion.

- 1) All necessary **Monthly Reports** required by your Extension Council. See financial report distribution.
- 2) **Quarterly Revenue and Expense Summary** required by UME Admn.
- 3) Print and file **Ledger Reports** of all funds for the full year (01/01/year to 12/31/year - where year is the current year). This detailed report is beneficial for future reference and is requested by Auditors.
- 4) Print or type the last quarterly **941 or 944** form.
- 5) Print W2, W3, or 1099 forms from QuickBooks, if you are a **Payroll Subscriber**. **Non-Payroll Subscribers and Basic A Subscribers** can review special procedures for preparing federal and state tax forms at <http://extension.missouri.edu/acctmanual/payroll.shtml>
- 6) **Income and Expense Report** summarizes all Revenues and Expenses for current calendar year for each class and subclass.
- 7) **Annual Income and Expense Report** summarized all revenues and expenses for current calendar year for all classes combined..
- 8) Print the **Balance Sheet Report**. This report illustrates the current **net worth** or council equity. It includes cash balance, savings account balances, receivables, payables, and net cash reserves earned during the year.
- 9) Update the Council's **Fixed Assets Inventory Report** on all equipment and furniture. This information may be entered in QuickBooks, in a Fixed Assets database in Microsoft Access, Word, or Excel.
- 10) **BackUp your accounting data**
Perform a QB Backup to diskette or CD, label it, and retain storage disk.
Do not overwrite this data!

CHECK WITH YOUR REGIONAL DIRECTOR TO DETERMINE WHICH REPORTS ARE TO BE SENT TO THE REGIONAL OFFICE AND THE DEADLINE DATE.

Review the Closing Year Procedure to decide how you will close your current fiscal year's financial records.

New Year

Payroll Benefit changes (Lists, Payroll item list)

- If your office received a Missouri unemployment rate change notification, edit the **Mo Unemployment Tax payroll item** BEFORE preparing payroll checks for the new year.
- If health, vision, dental or retirement benefits changed effective the beginning of the year, edit the appropriate payroll items BEFORE preparing payroll checks for the new year.

End-of-Year QuickBooks Tips for Payroll Subscribers

Information is available for Non-payroll subscribers, Basic A Subscribers, and Enhanced A and B Subscribers. Go to the payroll web site at <http://extension.missouri.edu/acctmanual/payroll.shtml>

1. **Download Payroll Updates Before Preparing Tax Forms.**

Before preparing federal forms 941, 944, W2, 1099 obtain the most recent IRS changes.

- a. Employees from menu bar.
- b. Get Payroll Updates.

Be certain that the year that appears on the federal forms denotes the correct tax year.

2. **The Correct Tax Tracking Type on Payroll Benefit items ensures that the amounts appear in the correct box on the W2 form.**

If a payroll benefit amount ends up in the wrong box on the W2 forms, usually it is because the payroll item was set for the wrong tax tracking type. The Payroll item should be edited.

- a. **Lists** from menu bar.
- b. **Payroll Item list.**
- c. Right click appropriate payroll item.
- d. Left click **Edit payroll item.**
- e. Navigate to the Tax Tracking screen and select appropriate tax tracking type.
Note: New Pre-tax medical, dental, and vision plans are effective 2008. Review procedure, **Payroll Benefits-Tax Tracking**, for details.

3. **The last paycheck and the last payroll liability check of the year should include the same year as the tax year.**

If tax year is 2008, then the last paycheck(s) and payroll liability checks should be dated December 31, 2008 or before. For example: if you write payroll checks on January 2 of the new year, remember to **backdate** the checks to December 31 of the previous year.

4. **Employee W2 forms can be printed onto blank or perforated paper or onto red preprinted forms.**

Read carefully the options available in the print screen before printing the W2 forms

5. **Use Form 1099 for Independent contractors.**

If the extension council paid an instructor or paid for contractual services with annual amount exceeding \$600, a 1099 form must be completed. The individual who was paid should have been setup as a vendor and not as an employee. Review procedure, **1099 Tax Form Setup**, for details.

For assistance, contact your regional QuickBooks Trainers or the QB Administrator.