End of Year Checklist for QuickBooks

The End-of-Year for CES and bookkeepers is 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 **CES**.   End-of-Year Accounting review deadline is **typically mid February**.

County Engagement Specialist reviews EOY CES Checklist with Bookkeeper. The CES and one Council Officer will sign this document. The CES will send the scanned, signed document to the QuickBooks Administrator at hansenk@missouri.edu .

If you retain your current accounting data file, you can continue creating 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. Transactions for the new year may be entered at any time.

If you will not retain your current account data file because reports are slow to open, complete all accounting transactions for the current year.   Do NOT create accounting transactions for the new year. You will work with the QB Administrator in archiving data and re-establishing the data file. See procedure, Closing the Year.   Plan to accomplish this by January 15.

As needed, 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 CES and Council Officer.
> **Financial Report Distribution –** List of monthly and periodic financial reports.
> **Report Configurations –** how to configure reports mentioned in this document.

Reports due to MU Extension

> **Annual Revenue & Expense Summary Report** – **Due during End-of-Year Review**
> **Balance Sheet – Due during End-of Year Review**
> **Funds Class Balance Report as of December 31, 20xx** – **Due during End-of-Year Review**

> These reports will be exported and captured by the QuickBooks Reviewer at the conclusion of the end-of-year accounting review and placed on your County Share Drive under a QuickBooks folder.
> See Item N 2 and N 8 below**.**
> **√ CES scans and emails the signed EOY CES Checklist to hansenk@missouri.edu .**

> **√ Scan and email the signed Annual Revenue and Expense signature form to the fiscal office at Hansenk@missouri.edu.**

Annual Budget Reports – **Due late February**
Export report in **xlsx format to Excel.**
√ **Send budget report via email to QuickBooks Coordinator, Kevin Hansen.**

√ **Send scanned budget Signature Form to QuickBooks coordinator, Kevin Hansen.**
Review Budget details at http://extension.missouri.edu/acctmanual/budget.shtml

Signature documents mentioned above shall be scanned and attached in email.

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

A)   Record and Deposit all **receipts** and **credit card transactions** for the current year.

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.   Updated federal or state forms may be available – Federal 941 or 944 and W2/W3 forms, and Missouri forms.

E)   Pay Employer payroll **taxes** and employer withholding taxes, and State Unemployment taxes, and **Benefits**, 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.
<mark>**NOTE**</mark>: 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)   Deposit money from the **Undeposited funds account**, if appropriate.   These are dollars received from invoice or sales receipts or credit card payments but not yet deposited.

G)   Review **Receivables** report to determine if any receivables are to be declared "noncollectable," if appropriate.

H)   Review **Payables** report and resolve all unpaid bills, if appropriate.

I)   Update the Council's **Fixed Assets Inventory** for equipment and furniture.

J)   Review **CLASS balances** and initiate **transfers of revenues** or **balance transfers** to reflect **expected** end-of-year balances in appropriate spending CLASSES. CES or Council approval required.
If you wish to end the year with a **zero** balance in any CLASS or SUBCLASS, you will need to make **journal entries** 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.

K)   **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 for each bank account**.

CES or Council Officer must review and approve the Reconciliation report. See procedure, <u>Safeguarding Cash.</u>

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

L) **Reconcile the following reports and registers:**
   - ➤ Funds (Class) Balance Report as of December 31. Match the Funds (Class) Balance Report TOTAL with the Checking Register balance (and Savings accounts, when appropriate). Match to the Balance Sheet Report.
   - ➤ Balance Sheet (standard) as of December 31- Review bank account balances, outstanding liabilities, receivables, undeposited funds (if posting credit card transactions). Match to the Funds (Class) Balance Report as of December 31.
   - ➤ 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)
   - ➤ All Reports above should be on a cash basis

LI) **Review the Class Codes** to determine if all classes and subclasses have been named correctly. Review the <u>Restructure Class Code</u> procedure. It is important that the class structure be correct before generating the Annual Revenue and Expense Summary Report and the Annual Budget Report.
   Class codes should be assigned to all **savings and investment transactions**.

LII) **Print Reports**. As with all reports, these reports should be presented to the CES who will decide which reports should be presented to the Extension Council. 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 <u>financial report distribution</u>.

2) **Annual Revenue and Expense Summary, separated by class**, required by MU Extension Administration. This report will be captured by the QuickBooks Reviewer during the end-of-year accounting review. <u>Report configuration</u>

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 **Payroll Summary Report** for all employees for the 12-month calendar year. Go to Reports, Employees and Payroll, Payroll Summary.

5) Print the last quarterly Federal **941 or 944** form, **Missouri 941 form, and Missouri Unemployment tax form.** All 4 quarterly 941 forms for the year should be on file. Extension offices who qualify for the annual 944 form should file the one 944 form at the end of the year. <mark>All quarterly forms should be signed by a Council Officer.</mark>

6) Print W2, W3, or 1099 forms from QuickBooks.

7) 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 or net loss during the year.

8)   Print the **Funds (Class) Balance Report**. Date range from the oldest transaction date to 12/31/fiscal year.   See section L above. The class balances from this report will be used as carry-over class balances for the annual budget report for the new year. This Report will also be captured by the QuickBooks Administrator during the end of year accounting review.

9)   Print the **Missing Checks Report** for the 12-month calendar year. Go to Reports, Banking, Missing Checks.   This report can be saved as a memorized report.

10)   Print the **Voided/Deleted Transactions Summary report** for 12-month calendar year. Go to Reports, Accountant & Taxes, Voided/Deleted Transactions Summary. Save report as a memorized report.

11)   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.   Contact the QB Administrator if you need assistance.

12)   **BackUp your accounting data**
       Perform a QB Backup to an external data source, label it, and retain storage disk. **Do not overwrite this data!**

Refer to page 1 for Report Distribution for Annual Revenue and Expense Report, and Annual Budget Report.

Other Recommend Reports (optional)
- **Annual Income and Expense Report** summarized, all revenues and expenses for current calendar year for all **classes combined**. See Report configuration.
- **Budget vs. Actual Report for fiscal year.**   Compare actual data with budget.
- **Undeposited Funds Report –** for counties posting credit card transactions**.**

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

End-of-Year QuickBooks Tips for Payroll

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.
   941 or 944 tax form may be mailed to IRS or submitted online.

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. **Payroll Item list**.
   b. Right click appropriate payroll item.
   c. Left click **Edit payroll item**.
   d. Navigate to the Tax Tracking screen and select appropriate tax tracking type.
      Note: Pre-tax medical, dental, and vision plans.   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 2017, then the last paycheck(s) and payroll liability checks should be dated December 31, 2017 or before.   For example: if you prepare 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. (For Payroll Plan Subscribers)**
   Read carefully the options available in the print screen before printing the W2 forms.
   W2/W3 forms may be either mailed to the IRS or submitted online.

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.

Preparing for the New Year

Payroll Benefit changes   (Lists, Payroll item list)   **BEFORE preparing payroll checks** for the new year, ….
- If appropriate, adjust approved salary rate in the employee's data file.
- Determine if employee wants to change federal or state tax withholdings. New W4 form is needed if this is the case.
- Federal and Missouri tax tables may have changed.
   o Update your employee payroll.
   o If you choose to double check tax tables online, you can go to these sites for reference.
      ▪ http://www.irs.gov/pub/irs-pdf/p15.pdf

      ▪ http://dor.mo.gov/business/withhold/
- If your office received a Missouri unemployment rate change notification, edit the **Mo Unemployment Tax payroll item**.
- If health, vision, dental or retirement benefits changed effective the beginning of the year
   o Edit the appropriate **payroll items**.
   o Edit the appropriate **employee data file** and enter the new benefit amount.

Class Code – Structure Change
Review the list of Class Codes to determine if newly-created class codes are structured correctly.