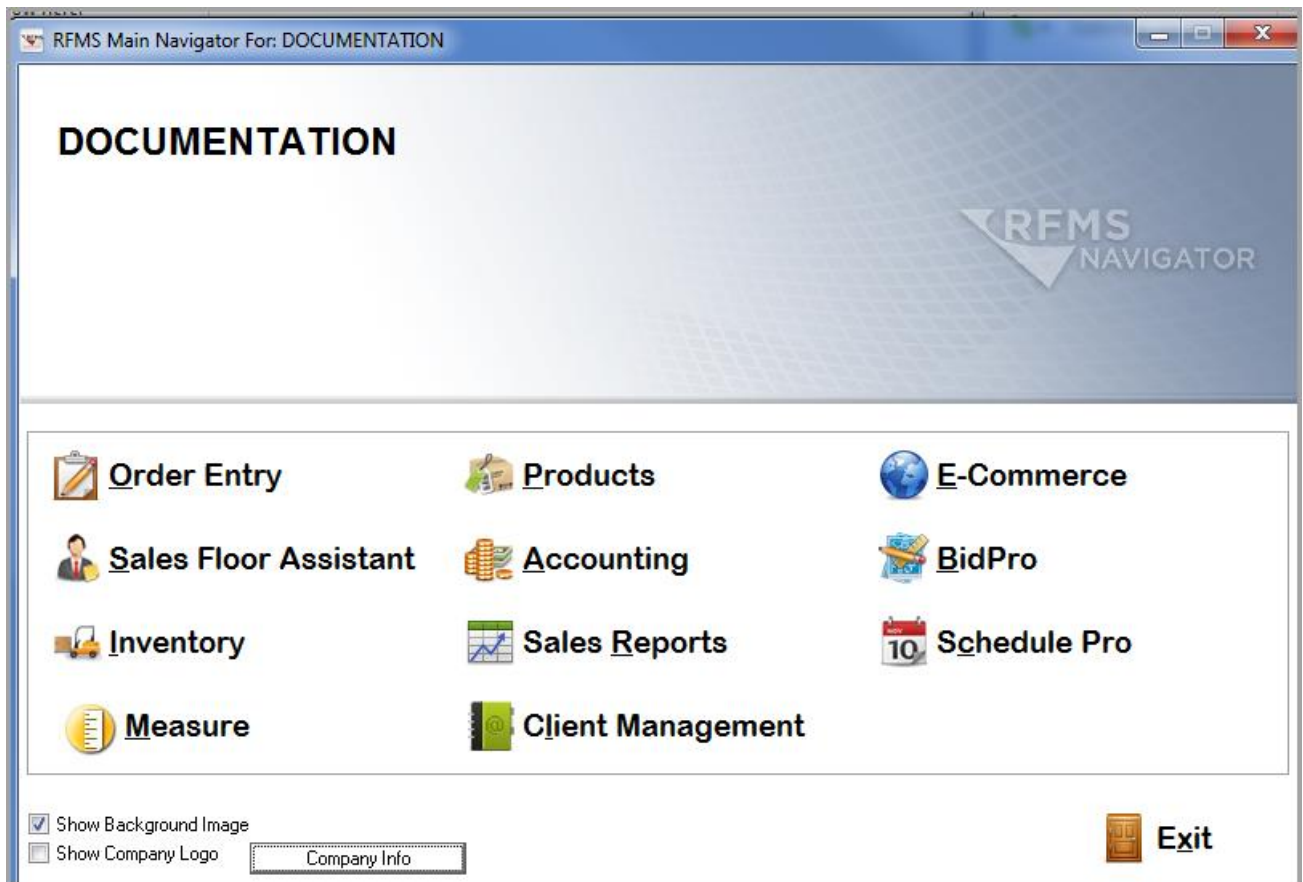


# How to Prepare for Year End

Presented by RJ Petersen



## Overview

Following a standardized list of year end closing procedures will facilitate the fiscal year end closing process in RFMS. Learn how to plan for a physical inventory by doing pre-counts, reconcile key control accounts through the current month, etc.

Areas to be covered include bank reconciliations, inventory costing, review of open orders for job costing, posting of expense payables, updating inventory receipts, posting employee and installer payroll and when to run key reports on the last day of the month.

Functionality is increased with all financial documents with the option to create .csv reports usable in Microsoft Excel or Crystal reports.

## Class Outline

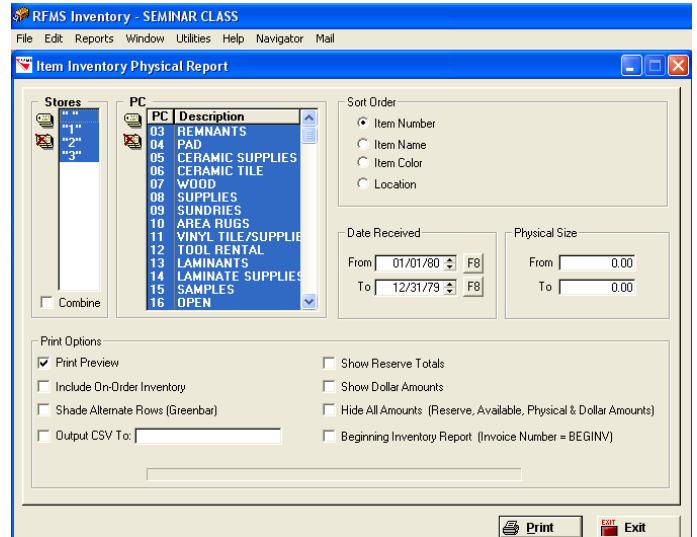
- Plan for physical inventory with pre-counts
- Bank reconciliations
- Uncosted Inventory reporting
- Posting employee and installer payroll
- Open Order Reporting
- General ledger dates
- Review of monthly journal closings including balancing of core account codes.
- General Ledger Year End procedure

## Prerequisites

- RFMS is being used completely from Order Entry, Purchase Orders, job costing of orders, Accounts Payable, and check writing.
- Monthly procedures through year end are completed (a checklist is also included at the end of this document)
- In addition: All vendor merchandise and expense invoices are entered, All open jobs have been reviewed and job costed as needed, Bank statements are reconciled to the RFMS GL bank balance, Monthly sales/use tax report is finalized, Commissions finalized and paid.

## Inventory Pre-counts

- Start precounting inventory to avoid shortages that arise during a complete physical inventory count.
- Use the Tricoder device to spot count commonly used items or items that are typically out of balance (pad, sundries, metals, glue)
- Use Physical Inventory Report to do blind counts by location, product code, etc.
- Complete Physical counts should be done at least 2x a year.

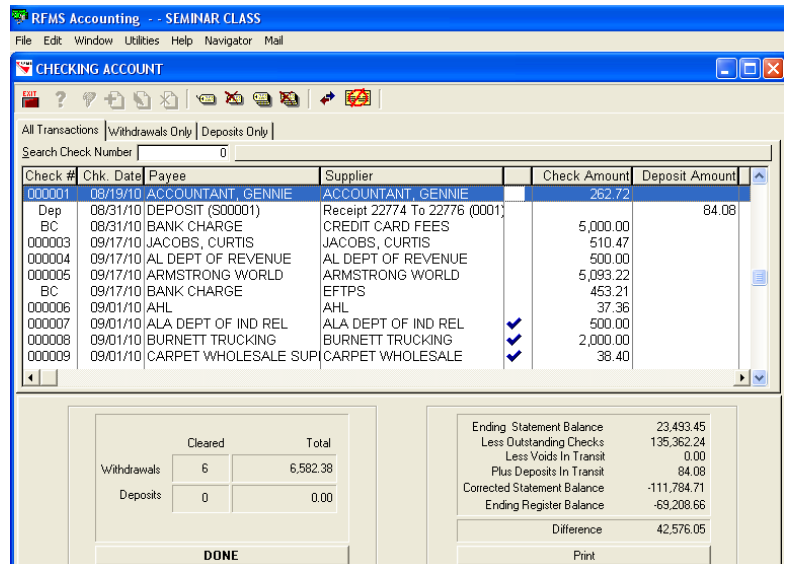


## Open Order Reporting

- Sales Reports – File – Open Orders This report returns all orders not yet job costed and includes all lines and line statuses
- Sales Reports – File – Orders/Quotes with Profit Report -This report can return all open orders in a summary format with profit, cost, etc. for each sale. Be sure to have checked “Uncosted Only” to only see open orders.

## Bank Reconciliation

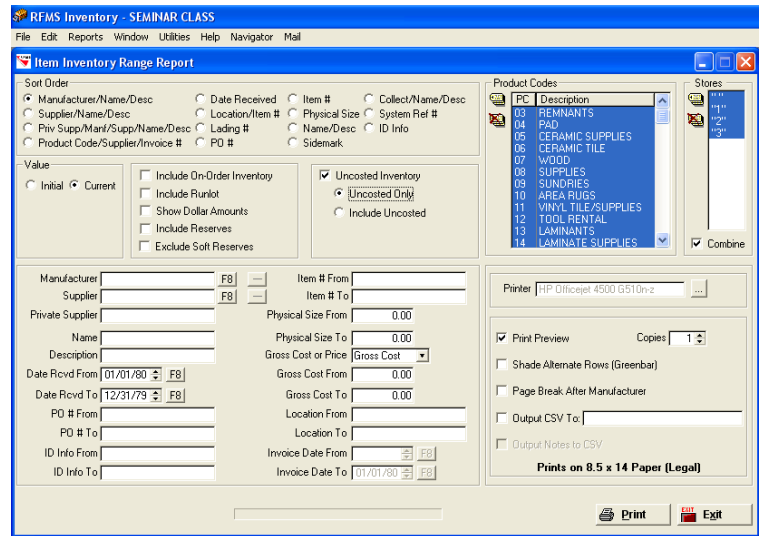
- Click on Accounting, Click on Banking, Reconcile Register.
- Select the register you are reconciling and enter the statement date and ending balance.
- Highlight a transaction and click on the Mark icon. Or, you may double-click on the transaction to auto mark.



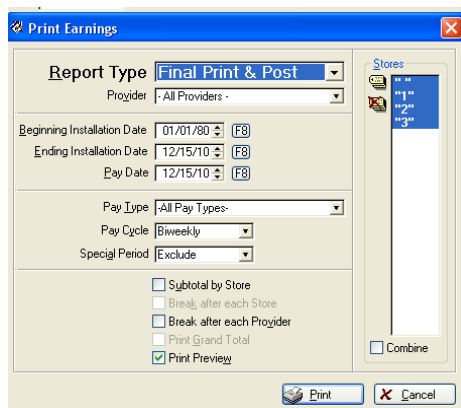
- Click on the Done icon when you are satisfied with the reconciliation. This will finalize the reconciliation and change the status of the marked records to "R" – reconciled. After a transaction is marked as "Reconciled," it will no longer show up on future reconciliation's.

## Uncosted Inventory Reporting

- Using the Inventory Range Reports, select to run for Uncosted Only. A separate report will need to be run for Rolls and Items.
- These reports should be reviewed monthly and any old inventory should be costed with the vendor's invoice. You should contact the vendor and inquire about any missing invoices.



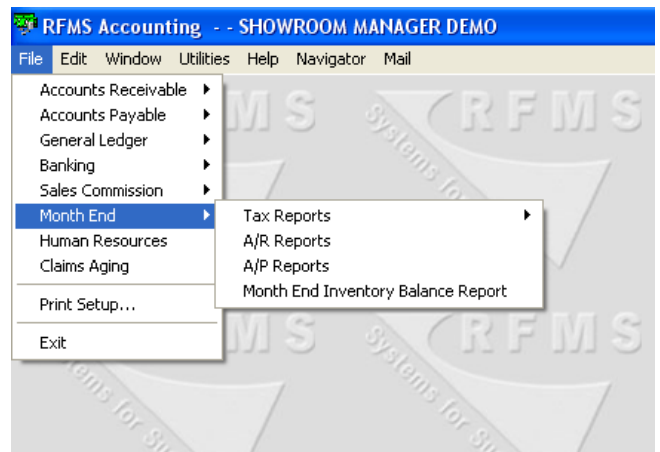
## Post Installer and Employee Payroll



- Providers Earnings reports in Order Entry should be posted at least yearly to keep the file small.
- Ideally this report would be posted prior to running payroll. The earnings on this report CAN be imported into Human Resources for easy check writing.
- Report type allows user to change the functionality of this report.

## Balancing core account codes to the journal and general ledger

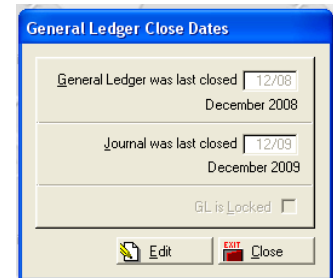
- Certain account codes are recommended to be balanced at the time of journal closing. Account codes necessary to balance including: accounts payable, accounts receivable, inventory, customer deposits, sales, and cost of goods sold.
- Reports necessary to run are located in the Accounting module, File, Month End.
- See month end checklist provided at the end of this document.



## **Differences between the journal and general ledger closings**

- *Journal closing must be performed prior to general ledger closings and should be performed monthly usually between the 10<sup>th</sup>-20<sup>th</sup> of the following month.*
- *Journal closings lock the system down so that job costing, bank transactions, and accounts payable can no longer be input using closed month(s) dates.*
- *General journal (batch) entries can still be input into closed months in which only the journal has been closed.*
- *General ledger closing takes place after the journal close. Typically we recommend to leave the general ledgers open until the adjusting year end entry from your account has been run.*
- *Once the general ledger has been closed, general journal entries can no longer be dated into a closed month.*

**General Ledger dates** – Accounting, File, General Ledger, GL Dates. This option allows users to easily view their last journal and general ledger close dates.



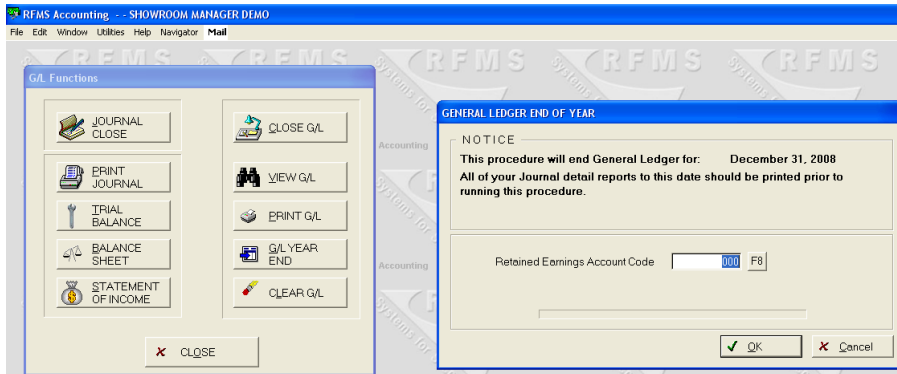
**General Ledger Year End Procedure** - The general ledger year end procedure should only be run after:

- All 12 months of journals have been closed, core account codes balanced and reviewed.



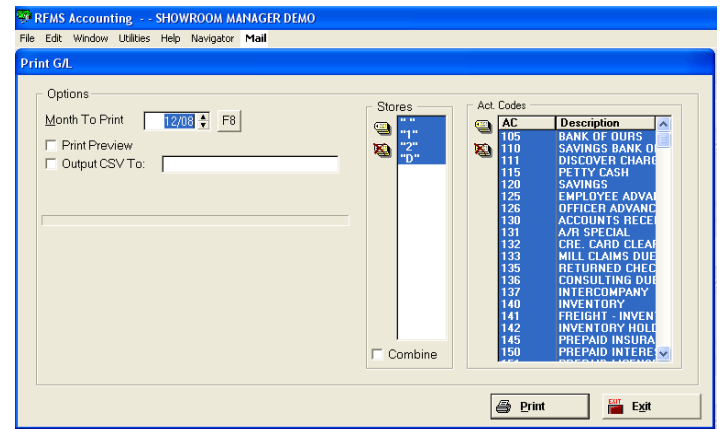
Each month must be closed in the General Ledger. The last month closed is the Year End. When the Year End button is clicked, it will close the year at the point the last month of the General Ledger was closed.

- You have posted any adjusting year end entry from your CPA or financial advisor
- Your CPA or financial advisor has filed your corporate taxes.
- When the general ledger year end procedure is run
  - You will be asked for the account code for Retained Earnings, select F8 to find the account code in your list.
  - The general ledger year end procedure resets your income statement beginning balances to zero.
  - Posts any profit/loss to retained earnings.



## Output to CSV option

- Most reports in RFMS can be output to a CSV file.
- To create a CSV file, check the box, then type in the file name you wish to use followed by .csv.
- The default path is your RFMS directory.



# RFMS JOURNAL CLOSING

**MONTH ENDING \_\_\_\_\_ 20\_\_\_\_**

<i>On Last Day of Month To Be Closed</i>
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- Balance Petty Cash by cutting check to cash, coded to the receipts to bring petty cash back to balance
- Deposit all outstanding checks and cash and credit card transactions

<i>First Week of Next Month</i>
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- Reconcile Check Book with the bank statement
- Ensure all outstanding AP for month to be closed is entered
- Ensure all outstanding Jobcosting for month to be closed is entered
- Run report of prior month's inventory adjustments. Inventory – Reports – Inventory Adjustments Report for the date of the month to be closed. Review the report and look for false adjustments. Delete any adjustments which were not true gains/loss/devalue/increased value to inventory.

<i>At Journal Closing Time (usually the 10<sup>th</sup>-20<sup>th</sup> of the next month)</i>
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1. Accounting - File – General Ledger – General Ledger Functions – Journal Close - Preliminary Close Journal, enter sales tax liability, and include inventory adjustments
2. Print journal for select account codes (Bank, AP, AR, Customer Deposits, Sales, Cost of Goods Sold, Inventory)
3. Save journal close
4. Print the following reports
  - a. Accounting – File – Banking – Add/Edit Checks – Printer – Change dates to current month
  - b. Accounting – File - Month End - Month End AR (Change month and select AR Report and Customer Deposits Reports)
  - c. Accounting – File – Month End - Month End AP Report (by Supplier Open Only for current month)
  - d. Accounting – File – Month End - Month End Inventory Report back dated to the last day of the month closing.
  - e. Sales Reports – File - Job Cost Analysis - Run the report detail abbreviated report for the current month
5. Compare the journal ending balance numbers to the report numbers by using chart below

	<b>Balance Amounts</b>	<b>Difference</b>
<input type="checkbox"/> Compare journal to Asset Accounts		
<input type="checkbox"/> Cash in Bank _____		
<input type="checkbox"/> Journal Ending Balance _____		_____
 <input type="checkbox"/> Compare journal to Accounts Receivable		
<input type="checkbox"/> Month End AR Report _____		
<input type="checkbox"/> Journal Ending Balance _____		_____
 <input type="checkbox"/> Compare journal to Accounts Payable		
<input type="checkbox"/> Month End AP Report _____		
<input type="checkbox"/> Journal Ending Balance _____		_____
 <input type="checkbox"/> Compare journal to Customer Deposits Ending Balance		
<input type="checkbox"/> Month End Customer Deposits _____		
<input type="checkbox"/> Journal Ending Balance _____		_____

- Compare journal to Inventory Value Report Ending Balance
  - Month End Inventory Bal Report \_\_\_\_\_
  - Journal Ending Balance \_\_\_\_\_
  
- Compare Sales to the Job Cost Analysis Invoice Total
  - JC Analysis Invoice Total \_\_\_\_\_
  - **Journal Credit Amount** \_\_\_\_\_
  - \_\_\_\_\_
  
- Compare cost of materials debits to the Job Cost Analysis Gross Material column
  - JC Analysis Material Cost \_\_\_\_\_
  - **Journal Debit Amount** \_\_\_\_\_
  - \_\_\_\_\_

<i>Optional steps</i>
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These steps are optional and are recommended to reconcile these accounts in addition to the RFMS core accounts.

- Compare Assets to Depreciation Schedule/Balance Sheet (i.e. Furniture, Autos, Displays, etc.), Accrued Wages and Commissions, Prepaid Expenses, Jobs in Progress, Notes Receivable, Note Payable, Depreciation Expense