

General Ledger Year-End Procedures 2016

Introduction	<p>As we approach the end of the year, it is necessary to prepare for the annual audit as well as finish up the year's work from an accounting perspective. There is much that you can do to facilitate a fast and orderly audit resulting in few adjustments.</p> <p>Look at the audit as a review and evaluation of internal controls, a determination of the accuracy of the council's accounting records, year-end balances, and accounting procedures. The objective is to obtain an "unmodified opinion" on the fairness and reliability of the financial records with as few corrections by the auditors as possible.</p> <p>Too many councils depend on their auditor to make the year-end adjustments and even to close their books. This is not necessary, nor is it the function of an auditor. A council should keep complete records, including preparing and posting all year-end closing adjustments to the General Ledger before closing the General Ledger for December.</p> <p>With proper preparation, councils should be able to close their books by the 10th working day in January. Do NOT keep the books open for audit adjustments. Audit adjustments can be made at any time during the year.</p>
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! Important	Make sure all transactions have been loaded and posted to the general ledger for the current year prior to beginning the reconciliation process . Fundraising should no longer post entries after the post mark on pledge payments reflect January 1 and after.
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Prepare Accounts for General Ledger Year-End Reports

Overview

As the council enters the 12th accounting period, you must prepare the General Ledger to close by doing the following:

- Make sure any project code that is to be deferred until next year is included in the Deferred Project Tree in December.
- Review your asset and liability accounts, checking for year-end adjustments that may be necessary. This document contains a list of these accounts and some suggestions on making adjustments.

Cash (1000 Series)

Balance all cash accounts and validate the balances shown in the general ledger cash accounts for all three funds.

General Checking Account (1001-1020)
Depository Account (1030-1039))
Payroll Checking Account (1048)

Transfers between bank accounts (1049). The balance of these accounts in all three funds should be zero.

Savings Account (1051-1059))
Camp Checking Account (1071-1079))
Petty Cash (1081)
Change Fund (1089)

Short-Term Investments (1100 series)

Balance the investment accounts with statements received and data from investment sources for all three funds.

Short-Term Investments (1101-1109))

General Ledger Year-End Procedures , continued

Accounts and Notes Receivable (1200 series)	<p>Recheck the files to ensure that any fees due from government agencies have been recorded (1201).</p> <p>Recheck the files to ensure that any grants due from government agencies have been recorded (1211).</p> <p>Validate that properly signed, notarized notes and invoices have been recorded in the following accounts:</p> <ul style="list-style-type: none">Notes Receivable—Units (1221)Notes Receivable—Other (1222)Notes Receivable—Employees (1234) <p>Check to see that credit extended to units has been recorded (1241).</p> <p>Check to see that credit extended to others has been recorded (1242).</p> <p>Examine your returned checks file to ensure that the value of all returned checks is reflected in your books (1243). Offset to cash (100X) in most cases. To write-off checks that the Scout executive has classified as uncollectible, debit account 9417 and credit account 1243.</p> <p>Check to see that credit extended to other councils has been recorded (1244).</p> <p>Ensure that employees and volunteers who have received cash advances have settled and the appropriate expenses have been charged. This account should reflect all cash advances not accounted for at year-end (1254).</p> <p>Credit extended to employees for supplies (uniforms, for example) and not fully repaid should be reflected in this account (1255).</p> <p>Deposits that are left with vendors (post office, postage machine lessor, etc.) should be recorded in this account (1261).</p> <p>Refunds and claims not yet returned are noted in this account (1262).</p> <p>In some councils, sales tax is charged for all council purchases and the council may file for a refund. Any refunds due that have not been received should be reflected in account (1263).</p> <p>In councils where use tax is charged by the state, the council may file for a refund. Any refunds due that have not been received should be reflected in account (1264).</p> <p>Allowance for Doubtful Accts. (1270)</p> <p>Many investment accounts do not coincide with the end of the accounting period. A calculated figure is booked to reflect income that is earned in the current year (1271). The offset is to the investment income account (6501, 6502, or 6503) in all three funds.</p> <p>Accounts Receivable Unrealized Gains/Losses (1272).</p>
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General Ledger Year-End Procedures , continued

Pledge Receivables (1300 series) Take the list of collectible pledges from the fundraising campaigns as edited by management and adjust the allowance and provision accounts for FOS, project sales, capital campaign, special events, and United Ways to match the uncollectible lists.

Check the summary of campaign report for each campaign to see that the total pledges on the report are the same as those in the income and reclassification accounts on the General Ledger.
Check the Summary of Campaigns Report total against the total in the Pledge Receivables Accounts in the General Ledger.

FOS (1301) fund 1 only
Allowance for Uncollectible Pledges—FOS (1371) fund 1 only
Project Sales (1302)
Allowance for Uncollectible Pledges—Project Sales (1372)
Capital Campaign (1303) fund 2 only
Allowance for Uncollectible Pledges—Capital Campaign (1373) fund 2 only
Special Events (1304)
Allowance for Uncollectible Pledges—Special Events (1374)
Legacies and Bequests (1305)
Foundations and Trusts (1306)
Associated Organizations (1307)
United Ways (1308)
Allowance for Uncollectible Pledges—United Way (1378)
Unassociated Organizations (1309) Other Direct Other
Direct Contributions (1310)
Other Indirect Contributions (1311)
Contributed Service (1312)
United Way Donor Designated (1319)
Direct Mail CY (1346)

Allowance for Uncollectible Pledges—FOS—Next Year (1391) .

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General Ledger Year-End Procedures , continued

**Future
Pledge
Receivables
1300 series**

FOS Future Year (1331)
Project Sales—Future Year (1332)
Allowance for Uncollectible Pledges—Project Sales—Future Year (1392)
Special Events—Future Year (1334)
Allowance for Uncollectible Pledges—Special Events—Future Year (1394)
Legacies and Bequests—Future Year (1335)
Foundations and Trusts—Future Year (1336)
United Ways—Future Year (1338)
United Way DDesg FY (1339)
Other Dir Contri FY (1340)

Direct Mail FY (1348)
Allow Other Direct Contributions (1390)
Allow Unc Pldg United Way DDesg (1397)
Allow Unc Pldg United Way Alloc (1398)
Allow Unc Pldg Foundation & Trusts (1399)

Check to see that the **prior year** pledge receivables and allowance accounts are zero. If they are not, accounts should be closed and the remaining uncollectible pledges written off.

FOS—Prior Year (1321) fund 1 only
Allowance for Uncollectible Pledges—FOS—Prior Year (1381) fund 1 only
Project Sales—Prior Year (1322)
Allowance for Uncollectible Pledges—Project Sales (1382)
Special Events—Prior Year (1324)
Allowance for Uncollectible Pledges—Special Events—Prior Year (1384)
Legacies and Bequests—Prior Year (1325)
Foundations and Trusts—Prior Year (1326)
United Ways—Prior Year (1328)
United Way DDesg PY (1329)
Other Direct Contributions—Prior Year (1330)

Note: Prior year write-offs must be charged to account 9432.

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General Ledger Year-End Procedures, continued

Reconcile Accounts When the above accounts do not match, do the following:
In the General Ledger, the council may have an allowance account (for uncollectible pledges) and a pledge receivables account, which were not closed from the previous year's campaign. In this case, you must create a general ledger transaction for the following:

1. Debit the allowance account.
 2. Credit the pledge receivables account.
 3. Place the difference in account 9432 (uncollectible pledges expense) or 4002 (contributions –prior year).
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Inventories (1400 series) **1401—Trading Post Inventory** After you have completed inventory (see SellWise year-end on the ScoutNET support site), adjust the trading post inventory (1401) to the actual shown on the inventory sheets. Indicate the offset in cost of goods sold (6351).
1402—Inventory Consigned to Employees At the end of the year, accumulate, count, refresh, and replenish all inventory assigned to employees.
1403—Inventory Consigned to Others At the end of the year, accumulate, count, refresh, and replenish all inventory assigned to others.
1404—Product Sale Inventory Count the inventory remaining after product sales and book the inventory value of the products in account 1404. The offset goes to cost of goods sold (6451).
1421—Camp Trading Post After the camp trading post inventory has been taken, extended, and totaled, adjust the total camp trading post inventory (1421) to the actual shown on the inventory sheets. Indicate the offset to cost of goods sold (6712).
1441—Inventory Donated Goods and Services for Resale This should be the value of any inventory remaining after an auction or other type of special event that depends on donated goods or services. Offset to 4261.
1451—Food Inventory After the camp food inventory has been taken, extended, and totaled, adjust the total food inventory (1451) to the actual shown on the inventory sheets. Indicate the offset to the food expense account (8104).

Interfund Loans (1600-1610 series) When the council temporarily borrows money from other funds, the transaction should be reflected in an inter-fund loan account. The balance in the inter-fund loan accounts for both the fund from which the money was borrowed and the fund to which the money was loaned should be equal but opposite in sign.
The sum of all the inter-fund loan accounts in all funds should **always equal zero**. If they do not, then the transactions from each fund must be examined to find the missing transactions.

General Ledger Year-End Procedures, continued

**Prepaid
Expenses
(1700
series)**

1701—Prepaid Insurance

or build a schedule of insurance policies, showing the amount of each policy that has been amortized (insurance expense accounts) and the balance to be amortized in the following year (1701). Adjust between insurance expenses and account 1701 until the prepaid account balances with the schedule.

1702—Prepaid Workers Compensation The amount of workers' compensation funds on deposit with the state or prepaid workers' compensation insurance should be reflected in account 1702.

1703—Prepaid Fundraising Expenses Check to see that prepaid fundraising expenses for contributions (1703) belong to a future period.

1704—Prepaid Special Event Expense Check to see that prepaid fundraising expenses for special events (1704) belong to a future period.

1705—Prepaid Interest Interest paid for a future period.

1706—Prepaid Rent Rent paid for a future period.

1707—Prepaid Taxes Taxes paid for a future period.

1708—Equipment Service Contracts that extend into a future period should be noted in account 1708. Offsets go to account 8502, 8503, 8504, 8505, 8507, 8509, or 8510.

1709—Prepaid Building Maintenance Expense The amount of building maintenance service contracts that extend into a future period should be noted in account 1709. Offsets go to account 8409.

1710—Prepaid Expenses Account 1710 is for other paid expenses for future events. Offset is usually account 9431.

1711—Office Supply Inventory After the office supplies inventory has been taken, extended, and totaled, adjust the total office supply inventory (1711) to the actual shown on the inventory sheets. Place the offset in office supply expenses (8106).

1712—Expendable Audiovisual and Training Supplies After inventory has been taken, extended, and totaled, adjust the total in account 1712 to the actual shown on the inventory sheets. Place the offset in audiovisual supply expenses (8107).

1713—Expendable Camp Equipment After inventory has been taken, Extended, and totaled, adjust the total in account 1713 to the actual shown on the inventory sheets. Place the offset in supplies—camp equipment expenses (8111).

1731—Other Materials and Supplies After the program supplies inventory has been taken, extended, and totaled, adjust the total other materials and supplies (nonsalable) inventory (1731) to the actual shown on the inventory sheets. Place the offset in program supplies expense (8103).

1751—Other Current Assets Make a detailed listing of other current assets (1751).

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General Ledger Year-End Procedures, continued

- Land, Building, and Equipment (1800 series, fund, 2 only)** Review all of your major purchases and identify any items that are at or above the council's Capitalization policy (typically \$500 to \$2,000). Any unfinished construction should be reflected in account 2-1841.
- All fixed assets need to be depreciated in the current year by the number of months, up to 12, that the asset has been in existence. new items should be depreciated only for the period they have been an asset to the council. Print a master list of fixed assets for the auditor and place it in a separate folder.

Accumulated Depreciation Account	Name	Expense Account	Usage Code
1856 or 1857	Land Improvements	9501	99 or 25
1861 or 1862	Buildings	9502	99 or 25
1866 or 1867	Leasehold Improvements	9503	99 or 25
1871 or 1872	Furniture	9504	99 or 25
1876 or 1877	Motor Vehicles	9505	99 or 25
1882	Aquatics Equipment	9506	25
1886	Capital Leases	9536	99 or 25

- Long-Term Investments and Other Non-Current Assets (1900 series)** All long-term investments (longer than one year) for each fund need to be recorded (1901-1930). If fixed assets are donated for the express purpose of selling the assets, then the value of the assets should be booked in the fund designated by the donor to benefit from the sale (1951). Offset is other direct contributions (4501). The total of unrealized gains or losses from assets should be recognized and booked in account (1953), unrealized gains or losses (noncurrent). Unrealized gains from endowments remain in the Endowment Fund.

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General Ledger Year-End Procedures, continued

Accounts (2000 series)	Review the Open Liability Reconciliation Report and compare the totals to all of the 2006 accounts in the general ledger. If there is a discrepancy, determine where the error is and credit or debit the appropriate account. Bring the general ledger in balance with the Open Liability Reconciliation report.
Accrued Expenses (2100 series)	The following accounts reflect expenses incurred in the current year but the council has not yet received an invoice. Additionally, accrued vacation pay and accrued payroll would be entered by a general journal entry in the general ledger.
	<ul style="list-style-type: none">2101 Accrued Insurance2105 Accrued Interest2106 Accrued Rent2107 Accrued Taxes—Real Estate and General2111 Accrued Payroll2112 Accrued Vacation Pay2121 Accrued Professional Fees2131 Accrued Expenses—Other
Payroll Taxes, Benefits, and Withholdings Payable (2200 series)	Payroll deduction accounts show the liability for taxes and other voluntary withholdings. The general rule is that the credit balances that should be showing on these accounts represent one payroll's taxes and one month's benefits. Once you receive an invoice and book these to accounts payable, they should net to a zero balance. If you are using the payroll option in the BSA's personnel support software, then the Social Security tax figure represents the withholding amount plus the employer's liability. All of these accounts need to be audited before the end of the year to make sure that the proper amount is showing. When appropriate, the offsets go to the matching expense account. <ul style="list-style-type: none">2201 Social Security Taxes (7201)2202 Federal Income Taxes2203 State Income Taxes2204 County Income Taxes2206 City Income Taxes2212 State Unemployment and Disability Taxes (7202)

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General Ledger Year-End Procedures, continued

Payroll	2213 Other Payroll Taxes
Taxes, Benefits, and Withholdings Payable	2220 Dependent Life Ins 2221 Group Accident (7101) 2222 Group Life (7102) 2223 Major Medical (7103) 2224 Retirement (7104) 2225 Thrift Plan (7105) 2226 Group AFLAC Ins (7106) 2228 Long-Term Disability (7108) 2227 Health Saving Account (HSA)(7107) 2228 LTD Ins 2229 Dental (7109) 2230 Vision Care (7110) 2231 Tax-Deferred Annuity 2232 Scout Executives' Alliance 2233 Credit Unions 2234 Other Group Insurance 2235 United Way 2236 Other Benefits 2237 FOS
(2200 series) (continued)	
Custodial Accounts (2300 series)	<p>Custodial accounts need to be audited as part of the year-end process. Depending on the accounts, there are various sources for doing this.</p> <p>2301—Registration fees need to be counted at the end of the year, and fees transferred and fees received need to be balanced. Registrations received at the council but not yet transferred to the national office as of the end of the month should balance with the figure in account 2301.</p> <p>2302—<i>Boys' Life</i> subscriptions need to be counted at the same time as registrations to balance account 2302.</p> <p>2303—Contributions to the World Friendship Fund not forwarded to the national office should be reflected in account 2303.</p> <p>2304—If the region has a courtesy fund, then contributions not forwarded to the region should be reflected in account 2304.</p> <p>2305—Money contributed to the Council Fellowship Fund and not spent on fellowship items should constitute the balance in account 2305.</p> <p>2306—Other custodial funds held by the council need to be audited from whatever sources are available 2306.</p> <p>2307—Direct <i>Scouting</i> magazine subscriptions not forwarded to the national office should match the balance in account 2307.</p>

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General Ledger Year-End Procedures, continued

Custodial Accounts (2300 series) (continued)	<p>2341—An audit of the unit deposit records should tally with the balance being carried by account 2341. The point-of-sale software should provide a detailed listing to balance this account.</p> <p>2351—Money received from volunteers for national training courses but not yet forwarded to the national office should show in account 2351.</p> <p>2352—Money received from volunteers for regional training courses but not yet forwarded to the region should show in account 2352.</p> <p>2361—Money received from volunteers for national meetings but not yet forwarded to the national office should show in account 2361.</p> <p>2362—Money received from volunteers for regional meetings but not yet forwarded to the region should show in account 2362.</p> <p>2371—All Order of the Arrow transactions should show in account 2371.</p> <p>2372—All transactions of the National Eagle Scout Association should be in account 2372.</p>
Notes Payable (2400 Series)	All council short-term borrowing (less than one year) from either notes or mortgage notes should be checked, and the balance owed as of the end of the year should be reflected in accounts 2401 and 2451.
Deferred Income (2600 series)	All deferred income, with one exception, consists of revenues that are for a future period. The exception is special events when there are contributions (2604) and expenses (2654). Activities Next Year (2629) Camping Next Year (2630) Other Income (2631) 2741 —If the council puts aside money for auto lease or repair expenses, the balance of unused funds should be reflected in 2741.
Current Liabilities (2700 series)	<p>2761—If the council is collecting sales tax from customer transactions, the balance in account 2761 reflects all money owed to the state or city.</p> <p>2764—If the council is responsible for collecting use taxes, the balance in account 2764 reflects all money owed to the state</p>

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General Ledger Year-End Procedures, continued

**Other
Current
Liabilities
(2700
series)
(continued)**

2782—All funds retrieved from inactive unit accounts at local financial institutions should be reflected in account 2782. All dollars shown in this account should be supported by a schedule showing the chartered organization from whom the money was received and the date and amount of the transfer. It should also show all disbursements and where the money was disbursed.

2783—If, for some reason, someone does not cash a regular or camp payroll check, the unclaimed wages should be moved to account 2783 for delivery at a later date.

2784—Garnishments not yet forwarded to the courts.

2785—Child support payments not yet forwarded to the courts.

2786—Scout bucks issued and not yet redeemed.

2787—Gift certificates issued and not yet redeemed.

2789—Other current liabilities.

**Long-Term
Indebtedness
(2800 series)**

All long-term borrowing (more than one year) by the council from either notes or mortgage notes should be checked, and the balance owed as of the end of the year should be reflected in accounts 2801 and 2851.

All these adjustments should be made in December before the General Ledger is closed for the year.

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General Ledger Year-End Reports

Overview After making all adjustments and posting journals, run the following reports:

- Trial Balance
- Detailed Statement of Financial Position
- Detailed Statement of Operations
- Statement of Activities and Change in Net Assets
- Statement of Cash Flows

Examine these reports and make sure they show the correct deferred income and expense.

Reports Once all corrections are made, run the following reports prior to closing the year.

! Important: Save these reports for the auditor.

- Trial Balance for All Funds
- Statement of Financial Position
- Statement of Activities and Change in Net Assets
- Statement of Cash Flows
- Statement of Functional Expenses
- Statement of Budgeted Operations
- Project management reports for all Activities, Camps, and Special Events
- Working Trial Balance

Close the Year in the General Ledger

Refer to Chapter 7 of the PeopleSoft Users Guide to Close December and to Close the Year

Refer to APP – 8 to Submit your JTE Data for Year End.
