



ShelbyNext General Ledger: Closing Procedures

(Course #F129)

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Objective

To review all necessary steps in closing out and beginning a new fiscal year in ShelbyNext | General Ledger. Also, to look at some best practices and tips/tricks in closing out a current year.

What You Cover in This Session

How to...

- Create a new fiscal year
- Enter budget numbers
- Import/Export budgets
- Run a year-end closing
- Operate in two fiscal years
- Maintain your Chart of Accounts
- Delete unused accounts in a new year
- Renumber Accounts
- Use the audit period for auditor adjustments
- Verify payroll liability accounts
- Close out “designated” accounts
- Delete “close-out” project codes
- Verify Balance Sheet

Create a New Fiscal Year

General Ledger > Modify > Year and Periods

Home > General Ledger > Year Period

Add New Year

* Begin Date 7/1/2017 * End Date 6/30/2018

* Number of Periods Include Audit Period? Close Year?

The number of periods is flexible to allow for more or less than 12 periods if adjusting fiscal year.

Home > General Ledger > Year Period

Set up account structure and accounts for 18-19

Copy From Year 17-18
 Another company or fiscal year
 Templates
 Do not copy. Create manually

Copy Budgets?

Update [Cancel](#)

- A new year can be created at any time.
- Choose the option to copy the previous year's chart of accounts.
- Choose whether or not to copy the previous year's budget.

Enter Budget

General Ledger > Modify > Budget Information

Home > General Ledger > Budget Information

Filters

Fund Church

Department Genl Operations

Account Range

Budget Revision

Select Department in the filter and click "Search".

Search **Reset or Cancel**

Home > General Ledger > Budget Information > Update

Account 52115 Advertising/marketing

Distribute Budget

Annual Amount

Column and Graph Options

Fund 1 Church
Department 30 Genl Operations

DETAILS ATTACHMENTS NOTE

Period	Current Budget	% of Budget	Prior 1 Budget
July	\$800.00	8.37	\$800.00
August	\$800.00	8.33	\$800.00
September	\$800.00	8.33	\$800.00
October	\$800.00	8.33	\$800.00
November	\$800.00	8.33	\$800.00
December	\$800.00	8.33	\$800.00
January	\$800.00	8.33	\$800.00
February	\$800.00	8.33	\$800.00
March	\$800.00	8.33	\$800.00
April	\$800.00	8.33	\$800.00
May	\$800.00	8.33	\$800.00
June	\$800.00	8.33	\$800.00
Totals	\$9,600.00	100.00%	\$9,600.00

Use the Column and Graph Options to create the column headers. Notice Prior 1 Budget displays the prior year budget for the specific period.

Done **Reset or Cancel** **Previous** **Next**

Enter Budget

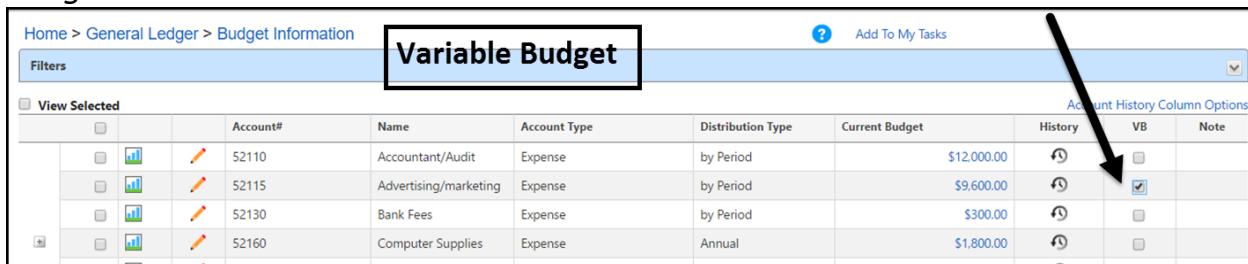
- Budget can be created at any time after the new year is created.
- Budget can be changed at any time.
- Budget distribution can be changed for each specific account.
- Use the Attachment option to attach supporting documents for specific budget line items.

Enter Budget

TIP: Use Budget Variable option

Clicking the budget variable option allows the user to run the **Budgeted Financial Statement** report and change the budget by a certain percentage.

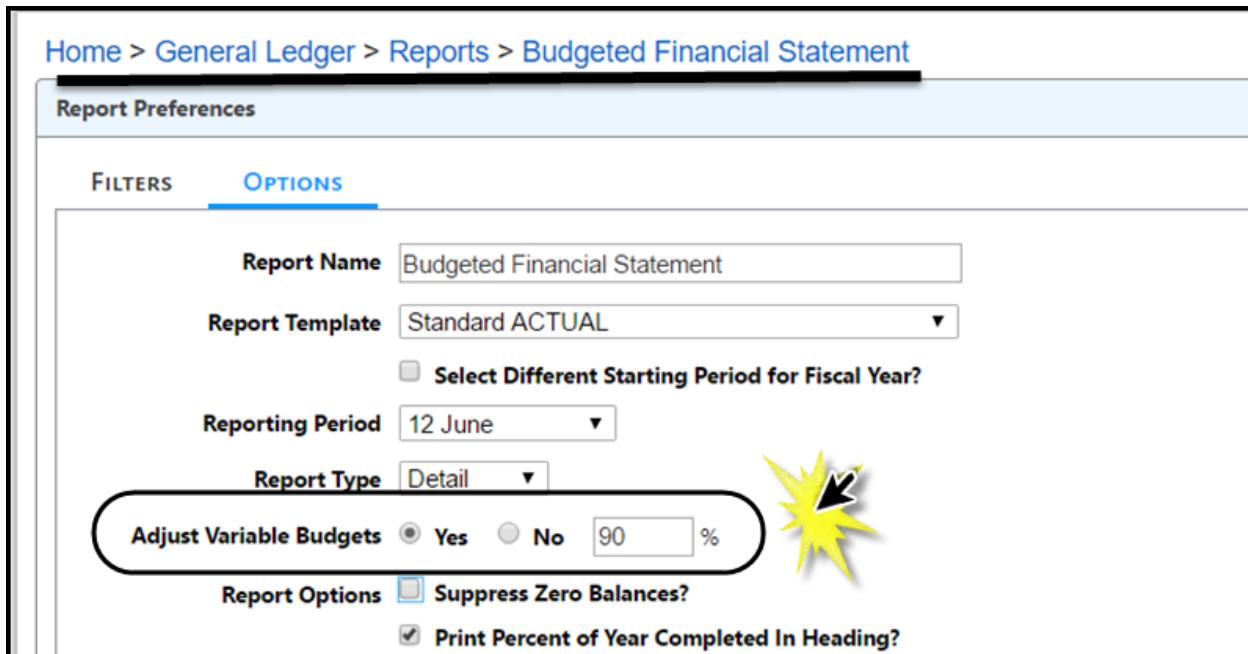
Example: The church is in a building program, and even though a budget has been approved by the church, the leadership desires to run at 90% of the budget. Therefore they need to manage the approved budget and also a “second” budget which is 10% less without using budget revisions or changing any of the actual budget numbers.



Home > General Ledger > Budget Information

Variable Budget

Account History Column Options								
	Account#	Name	Account Type	Distribution Type	Current Budget	History	VB	Note
<input type="checkbox"/>	52110	Accountant/Audit	Expense	by Period	\$12,000.00		<input type="checkbox"/>	
<input type="checkbox"/>	52115	Advertising/marketing	Expense	by Period	\$9,600.00		<input checked="" type="checkbox"/>	
<input type="checkbox"/>	52130	Bank Fees	Expense	by Period	\$300.00		<input type="checkbox"/>	
<input type="checkbox"/>	52160	Computer Supplies	Expense	Annual	\$1,800.00		<input type="checkbox"/>	



Home > General Ledger > Reports > Budgeted Financial Statement

Report Preferences

FILTERS OPTIONS

Report Name: Budgeted Financial Statement

Report Template: Standard ACTUAL

Select Different Starting Period for Fiscal Year?

Reporting Period: 12 June

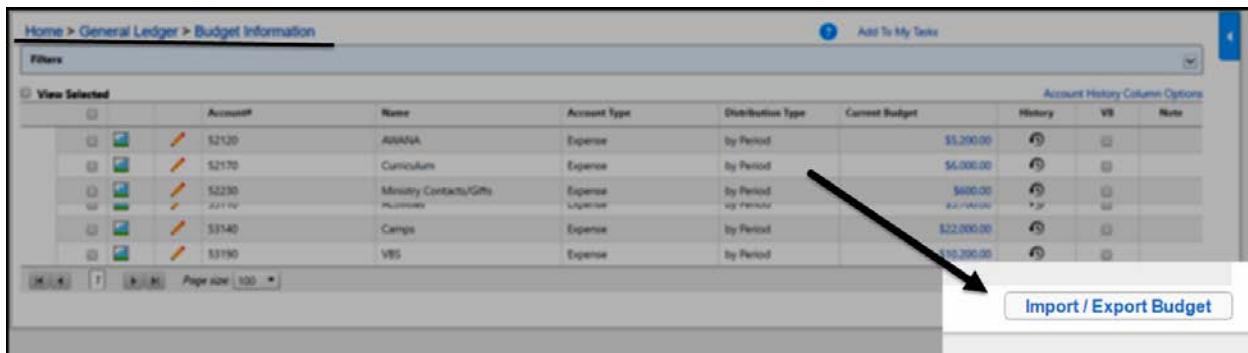
Report Type: Detail

Adjust Variable Budgets: Yes No 90 %

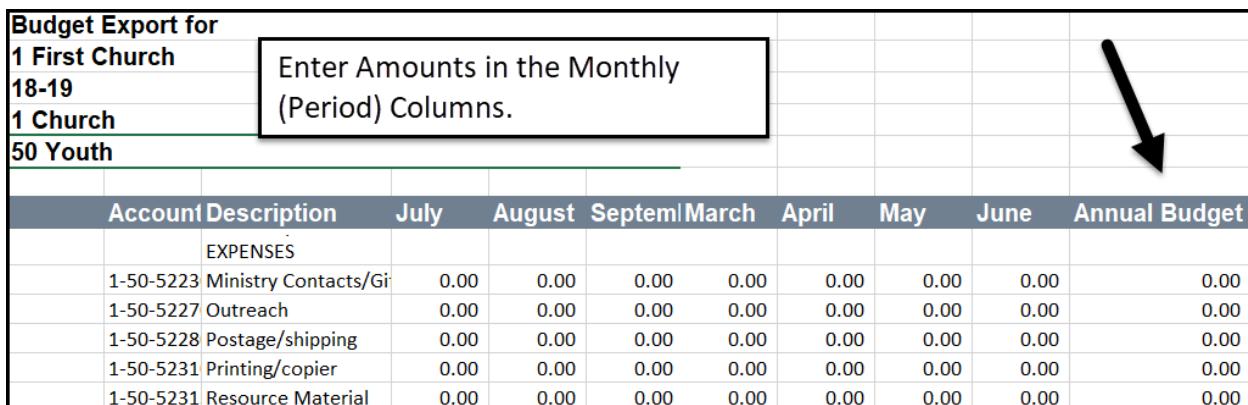
Report Options: Suppress Zero Balances? Print Percent of Year Completed In Heading?

Import/Export Budget

This is a great tool that is probably under-utilized. **Go to General Ledger > Home Base > Utility > Import/Export.** Here you can export the budget format into an excel spreadsheet (xlsx format). The caveat is that the spreadsheet has to be populated in this exact form and saved in the same xlsx format.



The screenshot shows a list of accounts in the 'Budget Information' screen. The columns include Account#, Name, Account Type, Distribution Type, Current Budget, and History, VBS, Note buttons. The 'Import / Export Budget' button is located at the bottom right of the screen.



Budget Export for
1 First Church
18-19
1 Church
50 Youth

Enter Amounts in the Monthly (Period) Columns.

Account Description	July	August	Septem March	April	May	June	Annual Budget
EXPENSES							
1-50-5223 Ministry Contacts/Gifts	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1-50-5227 Outreach	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1-50-5228 Postage/shipping	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1-50-5231 Printing/copier	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1-50-5231 Resource Material	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Import/Export Budget

Click the **Import/Export Budget** button to access a page where you can specify the levels from your account structure that you want to export. After making your selections click the **Export** button to be prompted to download the **BudgetExport.xlsx** file or the **Cancel** link to return to the Budget Information page. To edit budget information, open the downloaded file and make your changes.

Enter the **Periodic** (monthly) amounts in each field corresponding to the period name. All budget figures import as "by Period" unless the amounts are evenly distributed across the periods. In that case, they import as an "Annual" distribution type. Any rounding should be added to the first period. For example, if you enter \$34.33 in each period and enter \$34.47 to the first period, this account imports as an Annual budget of \$412.

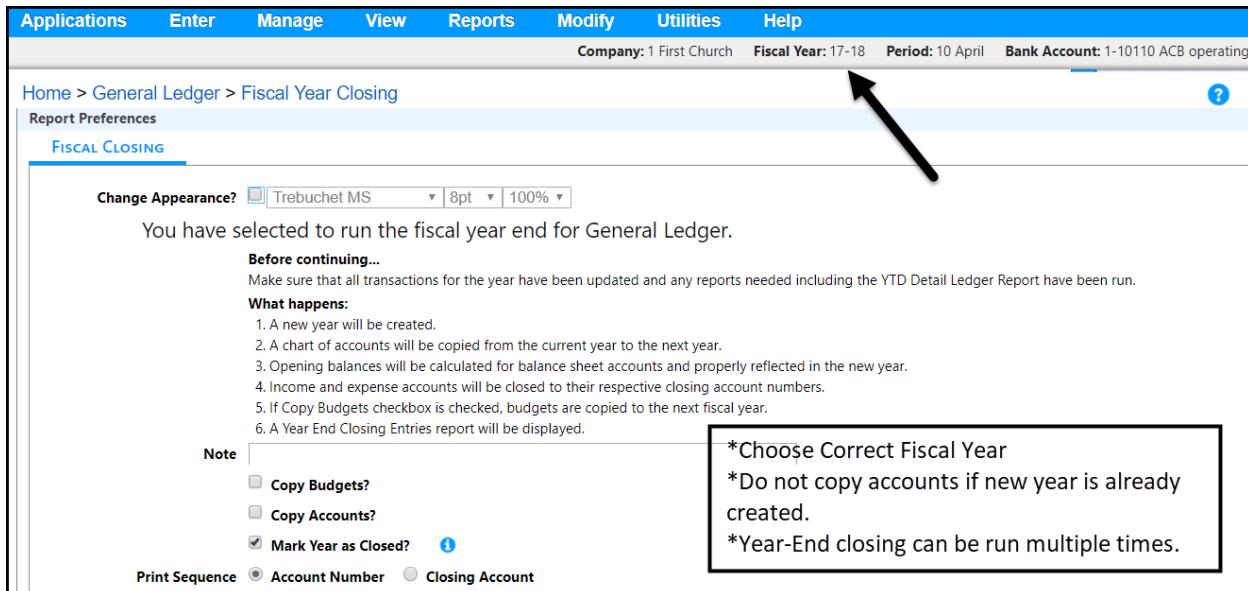
NOTE: Do not enter calculations in the Period fields, only numbers. The Annual Budget column is a calculated column and does not import.

Common Mistakes when importing a budget:

- Importing the budget to a wrong year
- Not entering income accounts as credit using the minus key
- Adding accounts to the Excel budget that have not been added to your Chart of Accounts

Run Year-End Closing Procedure

General Ledger> Utilities > Close Fiscal Year



The screenshot shows the 'Fiscal Closing' page with the following details:

- Header: Applications, Enter, Manage, View, Reports, Modify, Utilities, Help.
- Top bar: Company: 1 First Church, Fiscal Year: 17-18, Period: 10 April, Bank Account: 1-10110 ACB operating.
- Breadcrumbs: Home > General Ledger > Fiscal Year Closing.
- Section: Report Preferences, FISCAL CLOSING.
- Change Appearance: Trebuchet MS, 8pt, 100%.
- Message: You have selected to run the fiscal year end for General Ledger.
- Before continuing...: Make sure that all transactions for the year have been updated and any reports needed including the YTD Detail Ledger Report have been run.
- What happens: A numbered list of 6 steps describing the process.
- Note: Copy Budgets? (unchecked), Copy Accounts? (unchecked), Mark Year as Closed? (checked).
- Print Sequence: Account Number (radio button selected), Closing Account.
- Notes in a box:
 - *Choose Correct Fiscal Year
 - *Do not copy accounts if new year is already created.
 - *Year-End closing can be run multiple times.

This is a very simple procedure to run.

This process closes all income/expense accounts to their respective balance sheet closing accounts and rolls all balance sheet balances into the new fiscal year.

This process can be repeated whenever necessary. Many churches choose to run the procedure in the beginning of January so they have a January balance sheet. Later they have to repeat the procedure after making changes to the prior year.

Operate in Two Fiscal Years

It is possible and most likely necessary to operate in two fiscal years early in the new fiscal year. This requires attention to detail to ensure that all transactions are posted not only to proper periods but also to the proper fiscal year.

Make the new year the default year under **General Ledger > Modify > Company Year Information**.

Home > General Ledger > Company Information

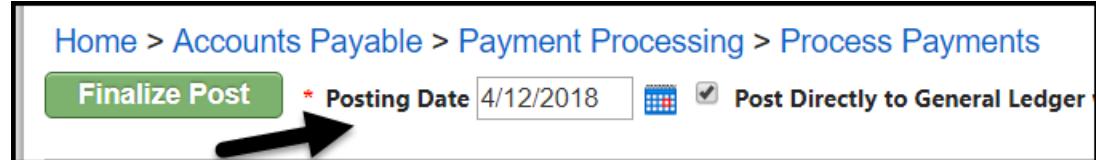
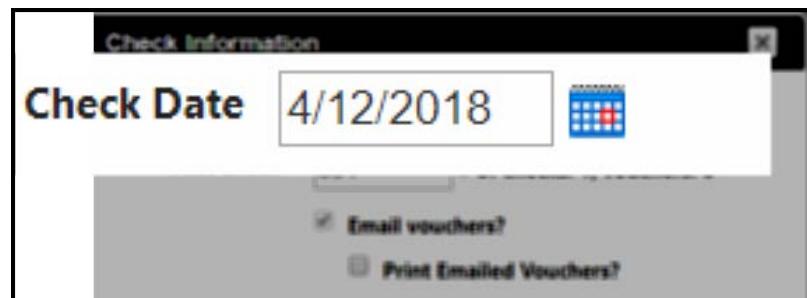
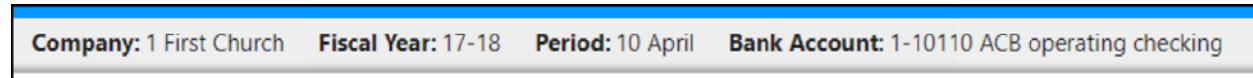
Add New Company

Company #	1		
Name	First Church		
Address Line 1	7345 Goodlet Farms Parkway		
Address Line 2			
Postal Code	38016	Note: Enter postal code to auto-fill the City and State.	
City	Memphis		
* State / Province	Tennessee		
Federal Tax ID Number	12-3456789		
Default Year	7/1/2018	Default Period	July
<input checked="" type="checkbox"/> Send Entry to Bank Account Management?			
<input type="checkbox"/> Create Separate Bank Items For Each Detail Line?			
<input checked="" type="checkbox"/> Require the Posting Date and the Period to match on all Journals?			



Operate in Two Fiscal Years

When posting journal entries from the financial sub-modules such as Accounts Payable, Payroll, Contributions, etc., ensure the transaction date, period, and date of entry match the correct period and fiscal year.



Always make sure the check date or transaction date for postings in other modules matches the period and posting date. The Enforce Dates and Period option described next does not verify the transaction date. This is important for bank reconciliation.

Operate in Two Fiscal Years *Enforce Dates and Period*

A General Ledger feature allows an option to require the subledger journal entry to match the post-to period and date of entry on the journal entry box.

To enforce the setting, go to **General Ledger > Modify > Company Information**

Home > General Ledger > Company Information

Add New Company

* Company #	1		
* Name	First Church		
Address Line 1	7345 Goodlet Farms Parkway		
Address Line 2			
Postal Code	38016	Note: Enter postal code to auto-fill the City and State.	
* City	Memphis		
* State / Province	Tennessee ▼		
Federal Tax ID Number	12-3456789		
Default Year	7/1/2017 ▼	Default Period	June ▼
<input checked="" type="checkbox"/> Send Entry to Bank Account Management?			
<input type="checkbox"/> Create Separate Bank Items For Each Detail Line?			
<input checked="" type="checkbox"/> Require the Posting Date and the Period to match on all Journals?			



Chart of Accounts Maintenance – delete or deactivate unused accounts in new fiscal year

A new fiscal year is a great time to delete unused accounts in the chart of accounts. An account can be deleted as long as no transactions are posted to the account in that fiscal year. In **ShelbyNext** there is now a feature to deactivate an account that is not used.

General Ledger > Modify > Chart of Accounts

Filters									
		Account Number	Usage	Account Type	Name	Budget	Closing Account	Active	Note
<input type="checkbox"/>	<input type="checkbox"/>	40000 - 59996		Income	NET INC/(EXP)			<input checked="" type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	40000 - 49995		Income	INCOME			<input checked="" type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	43110		Income	Activities	(\$3,600.00)	30110	<input checked="" type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	43140		Income	Camps	(\$29,500.00)	30110	<input checked="" type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	43210		Income	Youth Trips	(\$12,500.00)	30140	<input checked="" type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	50000 - 59995		Expense	EXPENSES			<input checked="" type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	52230		Expense	Ministry Contacts/Gifts	\$1,800.00	30110	<input checked="" type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	52270		Expense	Outreach	\$2,200.00	30110	<input checked="" type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	52280		Expense	Postage/shipping	\$900.00	30110	<input checked="" type="checkbox"/>	

Choose the account for deletion and click the red X. It is deleted in the current fiscal year so past history is not impacted.

To deactivate, open the account and de-select the active button.

Edit Account

* Account # <input type="text" value="52270"/>	Fund 1 Church Department 40 Children
* Name <input type="text" value="Outreach"/>	
<input type="checkbox"/> Active? <input type="checkbox"/> Prevent Use of Manual Journal?	

Renumber Account numbers

In some cases it may be necessary or desired to move accounts from one department to another in the chart of accounts. Beginning a new fiscal year is a good time to perform this maintenance step.

General Utilities > Modify > Chart of accounts

Open the selected account and change the account number.

The screenshot shows the 'Edit Sub-Account' dialog box. The 'Account #' field is highlighted with a yellow box and has a black arrow pointing to it from the left. The dialog contains the following fields:

- * Account #: 52341
- * Name: Supplies
- Active? Prevent Use of Manual Journal?
- Account Type: Expense
- Closing Account: 30110 General operations
- GAAP Restriction Type: None
- Functional Expense Type: None

On the right side of the dialog, there are additional details:

- Fund: 1 Church
- Department: 50 Youth

The new account number is created at this point. This is not a merge of two accounts.

Use Audit Period for Auditor Adjustments

End-of-year audit adjustments may not be made until sometime after the new year begins. Audit adjustments may affect fund balances, reversing accrual entries, fixed assets adjustments, etc.

Period “13” audit period is designed for these types of adjustments. The prior year can be opened and journal entries posted to period 13. The advantage is that all reports run through period 12 of that fiscal year reflect numbers that most likely have already been reported. However, with the period 13 adjustments made, year-end procedure re-run, the current year balance sheet is updated to reflect any prior year changes.

*****Use Attachments to link supporting documents to the journal entry.***

Home > General Ledger > Unposted Journals > Update

	Journal Number not assigned	<input type="text" value="4/12/2018"/> * Date	<input type="text" value="13 Audit"/> * Period	<input type="text" value="JE Miscellaneous Journal Entry"/> Journal Type	<input type="text" value="Auditor Adjustments"/> * Description
<input checked="" type="checkbox"/> Send Entry to Bank Account Management? <input type="checkbox"/> Create Reversing Journal in Next Period?					

	Journal Number not assigned	<input type="text" value="4/12/2018"/> * Date	<input type="text" value="13 Audit"/> * Period	<input type="text" value="JE Miscellaneous"/> Journal Type	<input type="text" value="Auditor Adjustments"/> * Description
<input checked="" type="checkbox"/> Send Entry to Bank Account Management? <input type="checkbox"/> Create Reversing Journal in Next Period?					

DETAILS ATTACHMENTS NOTE

Add New Attachment

Verify Liability and “Designated” (Restricted) Accounts

Review the balance sheet Net Asset accounts and verify all negative (debit balances) on closing accounts. These may be board designated, events/trips, etc. that have finished the year with a negative balance. If indeed the negative balance is correct, consider a transfer from unrestricted expense/income account to the “designated” account to close out the year with at least a zero balance.

For example, many churches use a ministry activity closing account with ministry income and ministry expense accounts that close to that specific account. At the end of the year there may be a negative (debit) balance due to not raising/charging enough fees to cover all the expenses. In this case there may be a budget expense account to debit for the expense and credit the activity income account to clear this negative balance. If the negative balance rolls forward, it just continues to grow until the balance is corrected.

If there is a positive balance, it can remain and become “seed” money for the next trip or event.

If there is a positive (credit) balance in restricted accounts, remember to pay out the balances if required. End-of-year missions offerings would be a good example.

	<u>Opening Balance</u>	<u>YTD Receipts</u>	<u>YTD Disbursements</u>	<u>Ending Balance</u>
TEMP RESTRICTED				
31110 Benevolence	\$7,378.00	\$1,500.00	\$0.00	\$8,878.00
31130 Missions-home	\$5,633.02	\$850.00	\$0.00	\$6,483.02
31150 Missions-oversea	\$1,653.85	\$1,600.00	\$0.00	\$3,253.85
31170 Missions-trips	\$9,811.25	\$61,570.00	\$550.00	\$70,831.25
31190 Emergency relief	\$4,620.00	\$1,670.00	\$0.00	\$6,290.00
31200 Memorials	\$360.00	\$165.00	\$0.00	\$525.00
31780 Building Fund	\$202,811.10	\$116,175.00	\$0.00	\$318,986.10
TOTAL TEMP RESTRICT	\$232,267.22	\$183,530.00	\$550.00	\$415,247.22

Verify Balance Sheet

This should be done on a monthly basis. If it is not, ensure that you make all updates and verify all balances on the balance sheet at the end of the year.

- ***Reconcile all bank accounts.***
- ***Verify all payroll liability accounts.***
- ***Update Fixed Assets accounts with purchases that were expensed during the year.***
- ***Update loan principal payments if they were expensed during the year. Reconcile with bank loan statements.***
- ***Verify all Net Asset (closing) accounts....make adjustments/payments/etc. as needed (as mentioned above).***
- ***Reconcile to sub-ledgers.***

These are just a few key items to check to help close out the year properly and also to help prepare for an audit.

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Mark Fisher has been a Shelby Independent Trainer since 1998 and currently serves Shelby customers as a Shelby Consultant training in Shelby v.5, Arena, and ShelbyNext. He was previously the Business Administrator at Shandon Baptist Church in Columbia, SC where he gained valuable experience with Shelby software programs. Mark's unique blend of skills and experience allows him to bring practical knowledge to the ministry organizations he trains full time.