Pre-Year End Closeout / Housekeeping 2014

UNIFORM
ACCOUNTING
NETWORK

Dave Yost • Auditor of State

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Overview

Entities using the UAN system are required to review a number of year end "housekeeping" procedures when closing 2014 and advancing to 2015 in the effort to correct errors before closing the year. Housekeeping items in Accounting and Payroll should be performed throughout the year but are often left until year end. Putting off the correction of these items will slow down and complicate your year end procedures causing unnecessary stress and delay. We are providing this Pre-Close User Notes to assist you with handling Accounting and Payroll housekeeping items before year end so Year End Procedures focus on closing 2014 and advancing to 2015.

Review the Table of Contents and use the list of items to direct you to the sections you need.

ACCOUNTING HOUSEKEEPING

Common problems in accounting are the bank clearing a check for the wrong amount, posting a duplicate receipt, failing to post an electronic payment, posting an electronic payment for the wrong amount, a lost check or a check that hasn't cleared the bank. These items should be investigated and corrected as they occur, but they must be corrected prior to closing the year. Dealing with housekeeping items at this time, then continuing to correct items as soon as they are discovered, will simplify the year end procedures. UAN Support recommends that you always locate and correct any unreconciled difference before posting bank reconciliations to assure accurate financial statements throughout the year.

In order to be prepared for your next audit, clearly document that the corrections you post at this time relate back to the earlier bank reconciliation you are bringing into balance.

> For example: The June bank reconciliation was unreconciled by $52.25. You discover a Receipt from June for this amount was not posted and the amount was entered as an adjusting factor on the June Bank Reconciliation. Post the Receipt at this time to bring your software into balance and make a note on the June and on the current month Bank Reconciliation reports that Receipt #, posted on (enter date) corrected the Other Adjusting Factor from the prior month. It will be important for your auditor to see that you corrected the errors contained in earlier bank reconciliations and the reason for the receipt posting and clearing at this time on your current bank reconciliation.

Review the Table of Contents items under Accounting Housekeeping for the sections you need.

BANK RECONCILIATION – OTHER ADJUSTING FACTORS

Identify and correct errors that occurred in the current year and have been entered on the bank reconciliation **and carried forward** as Other Adjusting Factors. Other Adjusting Factors that began in the current year and those that were carried forward from a prior year and remain unresolved can be researched using the same process; however, procedures to correct the errors from the current year and a prior year are not the same. Please review the separate sections for

instructions on how to correct errors once they have been identified. Note that bank errors that have been corrected and Receipts not posted in UAN and Payments not posted in UAN that were later posted and cleared on the next bank reconciliation have already been identified and corrected. The adjusting factors that have continued to be carried forward and have not been identified and corrected must be addressed before year end.

You must first learn how to identify errors. UAN Support has provided a Simple and a Complicated Bank Rec Screencast Tutorial and a Bank Rec Worksheet within the UAN software to help you identify the errors posted in your UAN software. You will find the Bank Rec Worksheet and the Bank Rec Screencast Tutorials (Simple and Complicated) under the FAQs section when you are on the Bank Reconciliation form.

> Steps to Access: Accounting – Transactions – Bank Reconciliation. In the lower left portion of the screen under **FAQs** select:

- Simple Bank Rec Screencast Tutorial (click to watch screencast)
- Complicated Bank Rec Screencast Tutorial (click to watch screencast)
- Bank Rec Worksheet (click to open Excel spreadsheet)

The Bank Rec Worksheet is an Excel spreadsheet that contains formulas that will automatically calculate as you enter figures. It is intended to be used as an open document on your computer rather than as a printed page. (If you choose to work with a printed page select landscape as page orientation before selecting Print.) You will need the UAN Bank Reconciliation Reports and the monthly bank statements to complete the Bank Rec Worksheet.

Once you have learned how to use the Bank Rec Worksheet to identify errors you should begin researching all current year and/or prior year unresolved adjusting factors so you can be fully reconciled at year end.

CURRENT YEAR OTHER ADJUSTING FACTORS

If you have been carrying forward unresolved or unidentified adjusting factors that began in the current year, go back to the month the adjusting factor was first entered and view the bank reconciliation report.

> Steps to Access: Accounting → Reports & Statements → Bank Reconciliation Reports → Bank Reconciliation Report. Select a month from the list and click Print.

Use the Bank Rec Worksheet and the tips provided in the Bank Rec Screencast Tutorials to identify errors that need to be corrected before year end. Once you have found the error(s) refer to the adjustment instructions below to correct each item.

RECEIPTS OR PAYMENTS NOT POSTED IN UAN

If you discover an adjusting factor from an earlier month, that remains unreconciled, that was an Accounting receipt or payment that had cleared the bank was not posted in UAN at the time, **and has still not been posted in UAN**, simply post the item so it can be cleared on the next bank reconciliation. In most cases you will not be able to use the original post date as you cannot backdate an item before your last posted bank reconciliation. Clearly document the item is being posted at this time to correct the earlier mistake. Any manual warrant that was not entered in UAN (and the check number was skipped) must be entered as an electronic payment; note the check number on the electronic payment voucher.

ADJUST A RECEIPT

A Receipt or a combination of Receipts on one deposit ticket cleared the bank for a different amount on the bank statement. Review the receipt documentation to determine if you posted a receipt for the wrong amount or if the bank has made an error.

- If you made the error, adjust the Receipt to the correct amount using the Receipt Utility

    Steps to Access: Accounting → Utilities → Receipt Utility. When you are on the Receipt Utility Form refer to the **FAQs** at the bottom left of the screen to watch a Receipt Utility Screencast Tutorial or to open the "How To" items listed. Receipt Adjustments should be dated within the next bank reconciliation you will post if they cannot be dated on the original post date. The Receipt Adjustments must be check marked to clear on the Primary Adjustments tab in the Bank Reconciliation form.

- If the bank has made the error, contact the bank and request them to post the correction to your bank account. When the amount is posted to your account you will **NOT** post any correction to the UAN software; the bank is correcting their error, your receipt is correct.

ADJUST AN ACCOUNTING PAYMENT

Note: Paychecks and withholding payments posted through the Payroll Software cannot be adjusted using the methods outlined below. Refer to the Payroll Housekeeping Sections to address payroll items that cleared the bank for a different amount than posted in UAN.

An Accounting check appears on the bank statement for a different amount. Banks sometimes clear checks for a different amount than printed on the check. You will not reconcile until you correct the difference. *Contact the vendor to confirm the amount received; you may have a balance due or a credit on your account.*

- If the payment cleared the bank for less than the check amount. Adjust the accounting payment to the amount that cleared the bank. Follow the steps below to process a Payment Adjustment.

- If the payment cleared the bank for more than the original payment, contact the vendor to verify the amount they received.

  o If the vendor received the UAN posted payment amount, but not the additional amount: Contact the bank and request the correction to your account. When the bank posts the correction to your bank account you will **NOT** post any correction to the UAN software; the bank is correcting their error, your payment is correct.

  o If the vendor received the inflated amount as it appears on the bank statement: Adjust the accounting payment up to the amount that cleared the bank. If they haven't already done so, the vendor may need to issue you a refund or credit against your next invoice. Follow the steps below to process a Payment Adjustment. When increasing the payment a PO may need to be in place for the additional amount.

An Accounting electronic payment appears on the bank statement for a different amount. Sometimes online payments are made but the electronic payment is posted in UAN for the wrong amount. Contact the vendor to confirm the amount they received.

- If the payment cleared the bank for less than the Accounting electronic payment amount: Adjust the accounting payment to the amount that cleared the bank. Follow the steps below to process a Payment Adjustment.

- If the payment cleared the bank for more than the original payment, contact the vendor to verify the amount they received.

  o If the vendor received the UAN posted payment amount, but not the additional amount: Contact the bank and request the correction to your account. When the bank posts the correction to your bank account you will **NOT** post any correction to the UAN software; the bank is correcting their error, your payment is correct.

  o If the vendor received the inflated amount as it appears on the bank statement: Adjust the accounting electronic payment up to the amount that cleared the bank. If they haven't already done so, the vendor may need to issue you a refund or credit against your next invoice. Follow the steps below to process a Payment Adjustment.

Payment Adjustment: Steps to Access: Accounting - Utilities – Payment Utility. When you are on the Payment Utility Form refer to the **FAQs** at the bottom left of the screen to watch a Payment Utility Screencast Tutorial or to open the "How To" items listed. Payment Adjustments should be dated within the next bank reconciliation you will post if they cannot be dated on the original post date or the date they cleared the bank. Payment Adjustments must be check marked to clear on the Primary Adjustments tab in the Bank Reconciliation form.

PRIOR YEAR OTHER ADJUSTING FACTORS

If you have Other Adjusting Factors that have been carried forward from prior years go back to the month the adjusting factor was first entered and view the bank reconciliation report.

> **Current Software:**
> Steps to Access: Accounting → Reports & Statements → Bank Reconciliation Reports → Bank Reconciliation Report. Select the prior year from the drop down list. Select a month from the list and click Print.

To access the old software Prior Year Reports you must know your old software password. If you do not know old software password refer to the section Prior Year Reports and follow the instructions to request a password reset.

> **Old Software**:
> Steps to Access: From the UAN Tools icon on your desktop select Prior Year Reports then select the year and log into the software. Go to Accounting → Reports & Statements → Information & Status Reports → Cash Management → Primary Bank Reconciliation

Use the Bank Rec Worksheet and the tips provided in the Bank Rec Screencast Tutorials to identify errors that need to be corrected before year end. The bank reconciliation in the old software only reconciled the primary checking account.

If the prior year error was the failure to post, or the incorrect posting of investment interest receipts or investment transfers, you can identify the errors and review the section on Special Considerations: Investments & Secondary Checking for a better understanding of how to reconcile current investments to the correct balance.

If the error you found was in a prior year that has already been audited and you were required to post unbalanced audit adjustments (the total positive and negative fund balance adjustments were not equal to each other) you may need to contact your auditor to determine if the audit adjustment already included all or part of the error that you discovered. If you posted balanced fund balance adjustments (total positive and negative fund balance adjustments are equal to each other) then the error was not already corrected.

Once you have identified prior year errors you need to contact Local Government Services (LGS) 1-800-345-2519 for instructions on how the prior year error should be corrected in the current year. UAN Support personnel cannot advise you what method, fund, revenue and/or appropriation accounts to use in the correction procedures for prior year errors; be sure you get all the information you need when you discuss the matter with LGS.

At the next audit you will need to provide documentation for adjustments made in the current fiscal year for prior year errors. Print documentation and keep notes for your 2014 audit. It will be important for the auditor to understand you have already corrected the mistake so they don't include the amount in prior year audit adjustments.

BANK RECONCILIATION – PRIMARY ADJUSTMENTS TAB

Payment Adjustments and Receipt Adjustments cannot be carried over into the new year. These adjustments should be cleared on the Primary Adjustments tab of the Bank Reconciliation form when the adjustments are required for reconciliation. Adjustments that have not been cleared on the Primary Adjustments tab will automatically be marked as cleared on the December 31, 2014 bank reconciliation. To avoid problems at year end you should review the Primary Adjustments tab in all your bank reconciliations.

CURRENT YEAR AGED OUTSTANDING ITEMS

Review your current outstanding payments and receipts. If you see current year outstanding items that should have cleared the bank by now follow the steps below to determine if the receipts or payments require attention.

OUTSTANDING PAYMENTS

If there are current year accounting payments that have been outstanding for many months you should contact the vendor to see if they received payment for the outstanding amount and why they haven't cashed the check. Review the Vendor/Payee Payment Register and the invoices that were paid to the vendor after the outstanding payment to make sure you weren't billed again and have already paid that amount on another payment.

> Steps to Access: General – Reports & Statements – Vendor/Payee Reports, from the drop down list select Vendor/Payee Payment Register, mark it for the relevant time period (year may be the best choice). From the list of payments to the vendor, review the invoice for the outstanding payment and the invoices or statements for the payments issued after the outstanding payment.

If the amount of the outstanding payment **has not been paid on another invoice** you should make contact with the Vendor to confirm if the amount is still due.

- If the Vendor did not receive payment, you can reissue.

  > Steps to Access: Accounting – Utilities – Payment Utility, mark the outstanding item and click Reissue. The reissue date should be the "today" date or your next meeting date when the payment will be approved. The software will void the outstanding payment and print the same detail and distribution on a new check to send to the Vendor. *UAN cannot advise you if you should officially "stop payment" on a lost check with your bank; discuss the matter with your bank and your governing board*
      .

- If the Vendor billed you on a later invoice and the amount has already been paid you can void the outstanding payment.

Steps to Access: Accounting – Utilities – Payment Utility, mark the outstanding item and click Void, confirm you are voiding the item and select the void date, click OK.

OUTSTANDING RECEIPTS

If there are current year receipts that should have cleared the bank review the Receipt reports to determine if the outstanding receipt is a duplicate of an already cleared receipt. If the outstanding receipt was posted in error it needs to be voided.

Steps to Access: Accounting – Reports & Statements – Receipt Reports - Receipt Detail. Mark the report ⊙Year. Use the Column Headings to sort the list to determine if you have duplicates. If you click the Receipt Amount column heading the list will be sorted by amounts from lowest to highest. Review the list for the amount of the outstanding receipt.

- If there is a cleared receipt for the same amount, investigate to see if the outstanding receipt is a duplicate of the cleared receipt. If so, you can void the outstanding receipt. Be careful to compare the original receipt documentation to the outstanding receipt; two receipts of the same amounts from different sources may not indicate a duplicate.

- If there isn't a cleared receipt for the same amount you may have posted the outstanding receipt for the wrong amount, posted a new receipt for the correct amount and forgot to void the incorrect receipt.

  o Sort the list again by clicking the column heading Receipt Source and the receipts will be grouped by the Receipt Source. Review the list for all receipts posted to the same source as the outstanding receipt. If there is a receipt for the same date (or a close date) as the outstanding receipt, compare the original receipt documentation to the outstanding receipt to determine if the outstanding receipt can be voided.

To void a receipt that you confirmed was posted in error follow the steps below:

Steps to Access: Accounting – Utilities – Receipt Utility, mark the outstanding item and click Void, confirm you are voiding the item and select the void date, click OK.

If you find that the receipt was not posted in error and the bank should have credited your account for the outstanding deposit you need to work with your bank to solve the problem. The receipt in the UAN software can be cleared when the bank credits your account.

PRIOR YEAR OUTSTANDING ITEMS

Review the last bank reconciliation report's list of outstanding payments and/or receipts. If you have items that were posted in a prior year that are still outstanding, the items need to be investigated. It will not be helpful to produce a prior year report of outstanding items because it will show items that were outstanding when the year was closed, not current outstanding items.

OUTSTANDING PRIOR YEAR PAYMENT

Once you have identified the outstanding prior year payments on your current bank reconciliation report, if possible, contact the vendor to see if they received payment for the invoice(s) paid on the outstanding payment. If they have received payment you should document your discussion and void the prior year warrant. When you cannot contact the vendor, compare all invoices and statements that were paid to the vendor using prior year vendor payment reports

> **Prior years closed in the current software:**
> Steps to Access: General – Reports & Statements – Vendor/Payee Reports, from the drop down list select Vendor/Payee Payment Register, select the prior year from the drop down list, mark it for the relevant time period (year may be the best choice), select the Vendor from the list and print. From the list of payments to the vendor, you see the payment numbers and can review the invoice(s) to see if the outstanding payment invoice(s) has already been paid.

> **Prior years closed in the old software:**
> Steps to Access: From the desktop click UAN Tools, Prior Year Reports – Select the year, log into the old software. Go to Accounting – Reports & Statements – Information & Status Reports – Payments/Charges – Payments – Payment Register Vendor, mark it for the relevant time period (year may be the best choice), select the Vendor from the list and print. From the list of payments to the vendor, you see the payment numbers and can review the invoice(s) to see if the outstanding payment invoice(s) has already been paid.

You may find that the check was never sent to the vendor and can be located in the records of the entity. If the check never left the control of the fiscal office or was returned, it can be voided in the software. If the vendor confirms another payment was received, the outstanding payment can be voided.

You must provide documentation for your next audit; keep the reports and physical records that document the payment can be voided.

If the prior year outstanding payment was not received by the vendor, is still due and you have located the vendor, void the prior year warrant and issue a new payment from the current year appropriations. You will be required to add a new PO.

If the prior year outstanding payment was not paid at a later date and remains due to the vendor but you cannot locate the vendor, you should void the prior year payment and follow the necessary steps to place the money in unclaimed funds. UAN Support cannot advise you on the

handling of unclaimed money, you may need to contact Local Government Services (LGS) 1-800-345-2519 for instructions after you void the prior year payment.

OUTSTANDING PRIOR YEAR RECEIPT

Once you have identified the outstanding prior year receipts on your current bank reconciliation report review the receipt reports to determine if the outstanding prior year receipt is a duplicate of a receipt that was posted and cleared or was posted in error and replaced by another receipt for the correct amount. Review the documentation with the outstanding receipt to determine if has been duplicated on another receipt and can be voided.

Prior years closed in the current software:
Steps to Access: Accounting – Reports & Statements – Receipt Reports, Receipt Detail, select the prior year from the drop down list, mark it for the relevant time period (year may be the best choice),

Prior years closed in the old software:
Steps to Access: From the desktop click UAN Tools, Prior Year Reports – Select the year, log into the old software. Go to Accounting – Reports & Statements – Information & Status Reports – Revenues – Receipt Register, mark it for the relevant time period (year may be the best choice) . Review the receipts to determine if the outstanding receipt is a duplicate of a receipt that was posted and cleared or if the outstanding receipt was posted in error and replaced by another receipt for the correct amount.

A receipt posted in a prior year increased the cash balance and fund balance of all the funds used on the receipt. Voiding a prior year receipt is handled in the current year software as a Fund Balance Adjustment. When you void a prior year receipt it reduces the cash balance of the fund or funds in the original posting and therefore reduces your **Resources Available for Appropriation**. You cannot reduce a fund balance unless the amount has not been appropriated. Your board may have to adopt legislation reducing appropriations to the fund prior to posting the fund balance adjustment.

HOW TO VOID A PRIOR YEAR RECEIPT OR PAYMENT

Outstanding items from a prior year cannot be voided through the current year receipt or payment utilities; they are posted as current year fund balance adjustments and will change your resources available for appropriation. The changes to your beginning of year fund balances will require an Amended Official Certificate of Estimated Resources (aka Amended Certificate) from your county auditor as follows:

- Void prior year payment: increases your current year fund balance
- Void prior year receipt: reduces your current year fund balance.

Your board **may** have to adopt legislation to reduce appropriations before you can void a prior year receipt. You should void any prior year outstanding payments first, and then if you have to

void prior year receipts, determine the amount of appropriations that must be reduced in order to void the prior year receipt. Once your board has adopted legislation to reduce appropriations and you have entered the negative supplemental appropriation budget amounts in UAN, you will be able to void the prior year receipt. After all necessary prior year items are voided, request an Amended Certificate from your county auditor.

You must know the account codes that were posted on the original receipt or payment to determine what fund(s) need adjusted. Fund balance adjustments are posted to the fund, not by the appropriation account. On the original item add all the accounts for each fund to determine the amount of each fund's adjustment.

When posting a fund balance adjustment for **voiding a prior year receipt** you must first verify you have an available balance (amount not appropriated) in each fund that will be reduced. Recommended report:

>Steps to Access: Accounting – Reports & Statements – Budgetary Reports, from the drop down list select Comparison of Budget and Appropriated. Select all the funds and click Print.

>In the far right column entitled Variance, there must be a balance of at least the amount you need for the negative fund balance adjustment.

>- If there is enough Variance you can post the fund balance adjustment to void the prior year receipt.

>- If there is not enough Variance for the negative fund balance adjustment your board must adopt legislation to reduce appropriations to the fund. You will enter that as a Supplemental Appropriation with negative entries to reduce the fund appropriations. Print the Comparison of Budget and Appropriated again and you should see enough in the Variance column to make the negative fund balance adjustment.

When you are ready to post the fund balance adjustments they will be done one item at a time and if an item had multiple fund postings the item will be adjusted for the amount posted to each fund until the entire amount of the item has been adjusted.

>Steps to Access: Accounting – Utilities – Fund Balance Adjustment Utility. On the Fund Balance Adjustment Utility form click the Add button. Click the [Need Help] button or FAQs menu links for more information or step by step instructions on posting fund balance adjustments. Once you post a fund balance adjustment and click Close, you will be offered the opportunity to print the fund balance adjustment reports; UAN recommends you print the reports and file them with the documentation for your next audit.

On the bank reconciliation that includes the posting date used above you must clear the prior year voided items in two places:

- On the Primary Payments and Primary Receipts tab the voided prior year items appear in the list with a void box on the right. Click in the void box to mark the items.

- On the Primary Adjustments tab all the fund balance adjustments you posted are listed. Mark all the items that correspond to the voided prior year receipts and/or payments.

PURCHASE ORDERS

There are four purchase order types: PO Regular, PO Then & Now, BC Regular, and BC Super. *The instructions below refer to all types as purchase orders*.

At year end, the Year End Checklist Tab 4F Purchase Orders is provided so that you can view the open POs that will carry over to the new year if not closed. This is useful information to review at year end so that you can close any open POs that are unneeded, or reduce any with balances in excess of what will be needed to pay in 2015. Although, if purchase orders are managed throughout the year, then there will be fewer items to deal with at year end.

There is always confusion at year end about carryover purchase orders. If an item was purchased, or a contract was entered into in 2014 but the invoice won't be paid until 2015, due to the board meeting dates or the invoice isn't received, then the PO should be carried over for payment in the new year. However, new purchases in 2015 should not be paid from the carried over Purchase Order. The expiration date of a PO indicates the last date new charges should be purchased against the PO.

- Example: BC 297-2014 was opened October 1 for $500.00 and expires December 31, 2014. To date $232.00 of payments have been posted against the BC leaving $268.00 available balance. On December 28, 2014 a purchase was made against the BC in the amount of $28.00. Since the board will not meet again for the approval of bills the invoice will be paid in the 2015. In 2014 you reduce the BC to $28.00 so only the necessary amount is carried over to the 2015. **It would be improper to carry over the full $268.00 and continue to post new charges against the BC that expired in 2014.**

Note: By law you cannot extend the expiration date of a BC past the last day of each fiscal year. The only BCs that should be carried over are those that have had purchases made against them that will be paid in the new year.

CLOSE PURCHASE ORDERS

Purchase orders that have zero available balance will automatically close when you close the year. However, you don't have to leave them open until year end; you can close the zero balance and the PO's that have a remaining balance you no longer need on an ongoing basis so you don't have so many to review at year end.

IMPORTANT: After a purchase order is carried over to fiscal year 2015 (*i.e. it is left open when you close year 2014*), closing it in 2015 will **not** increase the unencumbered balance available for appropriations in 2015 (see the FAQs below for details).

ADJUST (REDUCE) PURCHASE ORDERS AS NEEDED

Reduce carryover purchase orders as needed. Purchase orders with an available balance in excess of what will be necessary for the new year can be reduced to avoid excessive encumbrances.

P.O. FREQUENTLY ASKED QUESTIONS

When should I carry forward purchase orders?
Purchase orders for 2014 purchase commitments that have not yet been invoiced (or not yet completely paid) by December 31, 2014 may be carried forward for payment in 2015.

Reminder: Regular Blanket Certificates and Super Blanket Certificates expire at year end and the authority to make new *purchase commitments* against blanket certificates expires at that time; however, the authority to *make payments* against it legally continues until all outstanding commitments have been paid, even if that crosses into the next year.

How does a purchase order opened in 2014 get carried forward to 2015?

Purchase orders that were opened in 2014 (or before) – and are still open with an unspent balance at the time the year is closed – will automatically 'carry over' to the new year. **IMPORTANT**: Carryover balances are calculated when 2014 is closed, *not* when opening Temporary Mode. You CAN still close or reduce any carryover POs during Temporary Mode.

What effect will carryover purchase orders have on my 2015 budget?

Resources available for appropriation in the new year's budget will be reduced by the unspent balance of the carryover purchase orders. Closing a carryover purchase order will **not** increase the new year's resources available for appropriations – i.e. closing one does not increase the unencumbered fund balances for the new year's budget. Any remaining unspent balance of a closed carryover purchase order will not be available for appropriating until the *following* year.

Example:
PO 5-2014 opened in 2014 for $10,000.00 used an appropriation account in the General fund. By December 31st, $8,000.00 in payments had been charged against it (and an available balance of $2,000.00 remains). The General fund also has an end of year cash balance of $100,000.00.

Scenario #1: If the PO is closed in 2014:
- The resources available for appropriations for 2015 will include the entire $100,000.00 January 1st fund balance, plus estimated resources (*i.e. the revenue budget*).
- ➢ Budget Calculation:
  $100,000.00 fund balance + Revenue Budget = Resources Available for Appropriation

Scenario #2: If the PO is carried forward, a payment of $800 is posted in 2015, then it is closed:
- The resources available for appropriations for 2015 will **not** include the entire January 1st fund balance. The resources will be reduced by the $2,000.00 carryover PO balance.
- ➢ Budget Calculation:
  $98,000.00 (*$100,000.00 – $2,000.00*) + Revenue Budget = Resources Available for Appropriation

- Closing the carryover purchase order in 2015 WILL NOT increase the resources available for appropriation. Also note that the $800.00 payment has no effect on the 2015 budget – it was spent using carryover 2014 appropriations.

If you know ahead of time that the final payment on the PO in January will not exceed $800.00, then you should reduce the PO by $1,200.00 (*using the Purchase Order Utility*) before closing 2014, so that the additional $1,200.00 will be included in the new year's resources available for appropriations.

SPECIAL CONSIDERATIONS: INVESTMENTS & SECONDARY CHECKING

The following applies to all Non-Primary accounts that may be setup in UAN including investments and secondary checking accounts. The issues discussed are more common with bank accounts setup as investments so the focus will be on these. Examples of accounts typically setup as investments in UAN include certificates of deposits (CDs), Star Ohio accounts, treasury bills, some saving accounts, some money market accounts,…etc.

If you do not have investments or secondary checking accounts, SKIP this section

At all times, but most particularly by year end, investment and secondary checking account balances in UAN should match the bank statement balances for these accounts. The following sections should be reviewed before closing the fiscal year, but can also be reviewed earlier with the most current bank statements to identify errors.

INVESTMENTS

Some investment interest is received monthly or quarterly and should be posted in UAN with the same post date as on the bank statement. Other investment interest is not received until the

investment matures. Interest earned on certificates of deposit and other investments that have been received or credited to the bank account(s) or investment account(s) need to be posted <u>prior to closing the year</u>. <u>For example, if a certificate of deposit matures December 31st, the year must be kept open until the associated interest is posted for the certificate of deposit</u>. If the interest is posted to the investment account or primary checking account on or before December 31, then the interest receipt must be posted before the investment is closed or rolled over or the year is closed.

After all transactions are complete for the period covering the most current investment statement(s), compare the investment account balances in UAN to the latest investment bank statements to make sure they match. The ***Investment Listing and/or Investment Activity*** report will be useful for this purpose.

> Steps to Access: Accounting → Reports & Statements → Investment Reports and select report from the drop down menu. Compare balances to the bank statements to confirm the correct investment balance.

If the investment's current value does not match the statement's year end value, it is typically off **due to 4 possible errors:**

A. Interest earned in 2014 was not posted in UAN. *Note: Investment Interest that is not reinvested but is posted to the primary checking account does not change the Investment balance. The investment balance will not reveal if you have failed to post an interest receipt, but you will not reconcile with the bank when this occurs. The Investment Activity report for the year will show all posted receipts associated with the investment even if they were posted to the primary checking account.*

B. Interest earned was posted in UAN but not to the correct account; reinvested in error or posted to the primary checking account in error.

C. Charges and Fees that appeared on the investment bank statements were not posted against the investment account.

D. Investment balance was incorrect at the beginning of 2014; therefore, errors have occurred in prior years.

Confirm that the beginning of year Investment balance is correct. If the beginning of year investment balance is not correct refer to Section D to find and correct the prior year errors.

See detailed instructions below:

A.   Interest earned in 2014 was not posted in UAN.

Print the Investment Activity report year-to-date to confirm that all 2014 earned interest was posted.

The **Investment Activity** report will show all the receipts and transfers posted to the investments. Compare the posted interest receipts to the year to date bank statements to determine if any interest was not posted.

a) Interest that was received on the bank statement but not posted in UAN should be posted at this time.

b) Once the receipts are posted review the Investment Listing report and confirm the investment balance matches the last bank statement.

c) The new interest receipts must be cleared on the next bank reconciliation.

B.   Interest earned was either receipted into the primary checking account in error or reinvested in error.

a) First check your investment bank statements and answer this question: Does the investment interest increase the value of the investment account (i.e. is it reinvested?) or does it increase the balance of the primary checking account?

b) Verify that the default settings for interest receipts are setup accurately for the investment and correct if necessary.

c) Print the Investment Activity report year-to-date (see #1 above for steps to access). Review 3 columns: Interest Receipts, Reinvested Interest Receipt, and Investment Balance. Verify that the interest receipts on the bank statements were posted to the correct account (reinvested or primary).

- If an interest receipt was receipted to the primary checking account (no increase to the value of the investment) then the receipt amount will appear under the Interest Receipts column and there will be no amount under the Reinvested Interest Receipt column and the Investment Balance will not increase.

- If an interest receipt was receipted as reinvested (increasing the value of the investment) then the receipt amount will appear under both Interest Receipts and

the Reinvested Interest Receipt columns and the Investment Balance amount will be increased by the interest.

d) Errors in posting a receipt as reinvested or to the primary checking account place the amount of the interest in the wrong bank account; but the overall cash balance of the entity is correct. Do not post another interest receipt; this would falsely inflate the cash balance. Correct the mistake with an investment transfer.

Steps to Access: Accounting → Transactions →Investment Transfer. The warrant type must be – Transfer only (i.e. no warrant):

- If the interest receipt was supposed to increase the value of the investment, but it was posted to the primary checking account in error, then choose ⊙ Primary to Investment on the investment transfer form and enter the dollar amount of the correction. Enter the transfer date, and click Post. Click Close and click OK when prompted to print a report.

- If the interest received was supposed to post to the primary checking account but was posted as reinvested and incorrectly increased the investment balance, then choose ⊙ Investment to Primary on the investment transfer form and enter the dollar amount of the correction. Enter the transfer date, and click Post. Click Close and click OK when prompted to print a report.

e) Once the investment transfers have been posted, re-print the Investment Listing and/or Investment Detail report to confirm the current investment balance matches the last investment bank statement balance see steps to access above.

C.   **Charges and Fees not posted against the investment account.**

All charges and fees against investment accounts need to be recorded. Because fees cannot be posted directly to an investment, the amount of the fee is transferred from the investment to the primary checking then the fee is posted to the primary checking account and cleared from the Primary Payments tab on the bank reconciliation. This is accomplished in 2 steps, however you may find that neither step was performed or one step was performed. Only post the step or steps that haven't already been posted:

a) Posting an Investment Transfer from investment to primary in the amount of the charges and/or fees.

Steps to Access: Accounting →Transactions → Investment Transfer, a separate form will appear. For more information on this type of transaction, click the [Need Help] button on the UAN main menu immediately after the Investment Transfer form appears.

b) Posting an electronic payment for the charges and/or fees against a PO or BC.

Steps to Access: Accounting →Transactions →Payments, click Add and then from the drop down menu select Electronic. For more information on payments, click the [Need Help] button on the UAN main menu or the links in the FAQ menu on the left.

c) If your correction required the posting of a new electronic payment, clear the electronic payment on the next bank reconciliation.

D.   **Investment balance was incorrect as of the beginning of 2014.**

Check the Investment Activity report to review the investment beginning balance.

Steps to Access: Accounting → Reports & Statements → Investment Reports, and select the report from the drop down menu.

If the balance was incorrect as of the beginning of 2014, you must perform the same investigations as (outlined above) in your Prior Year Reports to determine if:

a) Interest receipts weren't posted.

b) Interest receipts were posted but to the incorrect account (reinvest or to primary checking used incorrectly).

c) Fees or Charges against the investment weren't posted or were posted but the amount wasn't transferred from the investment.

Prior year posting errors are not corrected by posting interest receipts or charges in the current year; prior year errors are corrected by Fund Balance Adjustments.

Note: When prior year investment posting errors are made your bank reconciliations **may or may not** have required an adjusting factor – it depends on the error.

a) If prior year interest receipts were never posted the overall cash balance and related fund balances are incorrect. Using the Fund Balance Adjustment Utility, increase the fund balances by the investment interest that should have been posted to these funds in prior years.

Steps to Access: Accounting → Utilities → Fund Balance Adjustment Utility. Click Add to record a FBA. The Adjustment Type should be 'Fund balance correction / adjustment'. For more information on this utility, click the [Need Help] button on the UAN main menu or the links in the FAQ menu on the left.

If the prior year interest adjusted in the previous step should have been posted as **reinvested** (adding to the balance of the investment) you will also have to perform a

second step - an Investment Transfer - in order to move the interest from the primary checking (placed there by Fund balance Adjustment) to the Investment.

Steps to Access: Accounting →Transactions → Investment Transfer, a separate form will appear. For more information on this type of transaction, click the [Need Help] button on the UAN main menu immediately after the Investment Transfer form appears. Transfer the amount of interest from ⊙Primary to Investment. Enter the transfer date, and click Post. Click Close and click OK when prompted to print a report.

b) If all the interest receipts were posted, but they were posted with the incorrect bank account setting (reinvest or primary checking) then the overall fund and cash balance is correct but the cash is in the wrong bank account. These errors only require an Investment Transfer posted in the current year to correct the bank balances of the primary checking and the investment.

Steps to Access: Accounting →Transactions → Investment Transfer, a separate form will appear. For more information on this type of transaction, click the [Need Help] button on the UAN main menu immediately after the Investment Transfer form appears. Transfer the amount of interest that was posted with the incorrect setting (reinvest or primary checking) to the correct account.

- If the interest receipt was supposed to increase the value of the investment, but it was posted to the primary checking account in error, then choose ⊙ Primary to Investment on the investment transfer form and enter the dollar amount of the correction. Enter the transfer date, and click Post. Click Close and click OK when prompted to print a report.

- If the interest received was supposed to post to the primary checking account but was posted as reinvested and incorrectly increased the investment balance, then choose ⊙ Investment to Primary on the investment transfer form and enter the dollar amount of the correction. Enter the transfer date, and click Post. Click Close and click OK when prompted to print a report.

c) If charges or fees appeared on the investment bank statement but **were not posted** in UAN in prior years your fund balance(s) and investment balance are not correct. You have to perform a negative Fund Balance Adjustment to reduce the fund balance(s) that were inflated in the prior year, and then post the transfer from Investment to Primary to correct the investment balance. See the steps below:

Note: If the charges or fees were posted in UAN but the investment balance was not reduced, the fund balance adjustment is not required – only perform the Investment transfer.

Steps to Access: Accounting → Utilities → Fund Balance Adjustment Utility. Click Add to record a FBA. The Adjustment Type should be 'Fund balance correction / adjustment'. For more information on this utility, click the [Need Help] button on the UAN main menu or the links in the FAQ menu on the left. If the charge or fees were never posted in UAN reduce the fund balance by the fees.

Steps to Access: Accounting →Transactions → Investment Transfer, a separate form will appear. For more information on this type of transaction, click the [Need Help] button on the UAN main menu immediately after the Investment Transfer form appears. Transfer the amount of fees from ⊙ Investment to Primary. Enter the transfer date, and click Post. Click Close and click OK when prompted to print a report.

Once all the investment posting errors are corrected your investment balances should match the latest investment bank statement. On your next bank reconciliation you may have several items that will have to be cleared on the following tabs of the Bank Reconciliation form:

Primary Receipts tab: Newly posted interest receipts (correcting current year errors)

Primary Payments tab: Newly posted charges (correcting current year errors)

Primary Adjustments tab: Fund balance Adjustments (correcting prior year errors)

Note: If investment interest was not posted to the investment (reinvested or to the primary checking) but were incorrectly posted selecting the Primary Checking instead of the Investment from the Add Interest Receipt form – none of the above steps outline how to determine if the correct interest has been posted for the year – the investment reports will not be useful when interest receipts are not posted using the investment. In such cases you will need to review all the interest receipts posted during the year and compare them to all the bank statements for the primary and investment accounts to determine if all interest for all accounts was posted.

Steps to Access: Accounting →Reports & Statements → Receipt Reports, Receipt Detail, mark ⊙Year, click on the Filters tab, and change the Type from All to Interest Receipts. Select all the items in the list and click Print.

Compare the printed list to your bank statements for the year, identifying each interest receipt and the account that generated the interest. If any interest appears on an investment bank statement but was not posted , it should be posted following the steps above for receipts.

SECONDARY CHECKING ACCOUNTS

The following section is only applicable if the entity has secondary checking accounts.

Skip this section if you do not have any secondary checking accounts

The UAN software does not directly post receipts or payments through a secondary checking account. The following standard procedures are used in UAN for postings directly made through a secondary checking account:

a) **Receipts directly deposited into the secondary checking:** When money is receipted directly into a secondary checking at the bank, (not a transfer from the primary checking) a receipt is posted in UAN to the primary checking account and a Checking Transfer from primary to secondary is posted in UAN for the amount of the receipt. When the receipt clears on the secondary checking account bank statement it is marked cleared on the UAN bank reconciliation form under Primary Receipts.

b) **Payments made directly from the secondary checking account**: When payments are made directly from a secondary checking account (not a movement of money from the secondary account to the primary checking) a Checking Transfer from secondary to primary is posted in UAN **and** an electronic payment is posted in UAN from the primary checking account representing the secondary checking account payment. When the payment clears on the secondary checking account bank statement it is marked cleared on the UAN bank reconciliation form under Primary Payments.

c) **Transfers of cash between primary checking and secondary checking:** When money is moved from the secondary checking account to the primary checking account or vice versa, a Checking Transfer for the amount must be posted in UAN. The post date of the transfer should reflect the date the transfer was made at the bank. Never post a receipt for the movement of money from one bank account to another when that money has already been receipted as in step a) above.

Note: Mayor's Court and other Agency fund postings that post equal receipt and payment amounts in and out of the fund leaving a zero balance in the secondary checking account do not require the transfers between bank accounts – the procedures above are used when an ongoing cash balance is maintained in the secondary checking account.

Following these procedures ensures the secondary checking account bank statement balance reconciles with the UAN secondary checking balance – note that outstanding items (receipts or payments) would need to be considered – but the overall cash balance of the secondary checking and primary accounts would collectively be correct when there are outstanding items. When the secondary checking accounts do not reconcile you must compare the secondary checking account bank statement transactions with those posted in UAN to determine what steps have been missed, either a posting or a transfer for the incorrect amount or the failure to post an item into UAN.

If your secondary checking accounts in UAN do not reconcile with the bank statements, review the Secondary Checking Account Ledger.

> Steps to Access: Accounting →Reports & Statements → Checking Account Reports, from the drop down list select Secondary Checking Account Ledger.

Compare the entries on the Secondary Checking Account Ledger to the items on the bank statements. Any item, receipt, payment or transfer that appears on the bank statement but not in UAN must be posted following the above standard procedures. Receipts to the bank statement should have receipts and transfers of the same value in UAN and payments to the bank statement should have an electronic payment and transfer of the same value posted in UAN. Transfer of money between bank accounts should have a transfer posted in UAN of the same value.

If transactions on the bank statements were posted in UAN (Receipt and/or Payments) but the amount of the transfer between primary and secondary wasn't posted correctly the overall cash and fund balances are accurate but the money is in the wrong account. This requires **only** a transfer between accounts to correct the error.

> Steps to Access: Accounting →Transactions →Checking Transfer, on the Post Checking Transfer form select the correct setting to transfer the cash to the correct bank account. For more information on this type of transaction, click the [Need Help] button on the UAN main menu immediately after the Post Checking Transfer form appears.

If the beginning of year secondary checking account does not balance with the UAN secondary checking account balance and the difference isn't one of the outstanding items from December that cleared in January, errors occurred in prior years. You must review the prior year reports and compare them to the secondary checking bank statements. Corrections for prior year errors are not posted in the current year transactions. Review the Checking Account Ledger in Prior Year Reports and compare the postings to the secondary checking bank statements.

If transactions on the prior year bank statements were not posted in UAN (Receipt and/or Payments) **and** the transfer amount wasn't posted in UAN you must first post a Fund Balance Adjustment (positive for a receipt and negative for a payment) in UAN then post the transfer between accounts at this time so the overall cash, fund and account balances are accurate.

> Steps to Access: Accounting → Utilities → Fund Balance Adjustment Utility. Click Add to record a FBA. The Adjustment Type should be 'Fund balance correction / adjustment'. For more information on this utility, click the [Need Help] button on the UAN main menu or the links in the FAQ menu on the left.

Once the fund balance adjustment has been posted, **only** if a transfer between accounts is necessary to place the money in the secondary checking account, perform a Checking Transfer as outlined above.

INTERFUND ADVANCE REPAYMENT ERRORS

The following is only applicable if the entity posted an Interfund Advance in the current fiscal year. ****Skip this section if there have not been (*and there will not be*) any interfund advances posted this fiscal year****

UAN Support recommends reviewing advance activity before closing the year to prevent reporting problems on year end reports and the year end balance certificate. Interfund advances are temporary loans to other funds which are ultimately going to be repaid. A common mistake occurs when repaying an advance: the user selects the wrong Advance Type on the Post Interfund Advance form. There are 3 possible "Advance Type" options when recording an advance under Accounting → Transactions → Interfund Advances:

- Initial Advance (Default)
- Repayment of advance
- Repayment of advance not posted in system

When an initial advance is posted in the software and then repaid later, the proper way to record the repayment is to select the "Repayment of advance" type. This activates a drop down menu where you can pick the initial advance to associate with the repayment. By making this selection and posting the repayment advance, the initial advance will be marked as '*repaid*' on reports. If the user accidently records the repayment of the advance with the default type "Initial Advance" then at year end *both* advance postings will appear incorrectly on reports as 'advances not repaid'.

> **To verify that all repayments were posted correctly:**
> Steps to Access: Accounting → Reports & Statements → Interfund Advance Reports, mark the ⦿ Year radio button and choose Interfund Advance Detail. Checkmark all items listed and Print. Any Initial Advance type that is not fully repaid will be listed with a status of "open". If the full repayment was posted properly, then the initial advance will be listed with a status of "repaid in full".

If you find that any repayment was recorded improperly as an additional Initial Advance type, then the error must be corrected by voiding and re-posting it properly.

> **To void interfund advance repayment errors:**
> Steps to Access: Accounting → Utilities → Interfund Advance Utility. For more information on voiding the advance click "How to void an interfund advance" under the FAQs menu.

Then re-post the advance properly.

Steps to Access: Accounting → Transactions → Interfund Advances, click Add and choose the Advance Type ⦿ Repayment Advance. For more information on posting a repayment advance click "How to repay an advance" under the FAQs menu.

Other errors that may occur include omitting an initial or repayment advance all together, posting a duplicate advance, or posting an advance for the wrong amount. Such errors can be discovered by reviewing the Interfund Advance Detail report and corrections can be entered using the Interfund Advance Utility and/or Interfund Advance transaction depending on the nature of the error.

PRIOR YEAR REPORTS

The UAN software retains five prior years of reports. All years that were closed in the old UAN software are accessed from UAN Tools, Prior Year Reports, **requiring the use of the old software password***. All years that have been closed in the new software will be accessible within the new software by selecting the year from the report menu.

When you close a year, there is a short period of time before the oldest prior year reports will be removed. At year end we remind you when the oldest prior year reports will be removed from your computer and that if you haven't already printed the year end reports you must do so before they are removed from your computer. This reminder is for those who were not in office at that time and do not know if the year end reports were printed by the previous fiscal officer.

If you were in office at the time and **you know you printed the reports at year end, you do not need to re-print those reports.** However, if you weren't in office at the close of year of the oldest prior year reports on your UAN computer you should check your files to determine if you need to print them. UAN highly recommends you take the time now to verify whether you must print the year to date reports from your oldest prior year. Verification and printing at this time will save you time at year end.

Verification of the printing of prior year records should not be limited to only the oldest prior year on your computer. If you were not in office for any of the prior years you can take the time now to verify the records have already been printed and if not print them now so you will not have to do this in the future.

The 2009 prior year reports will be removed from your computer upon the installation of **2015.2** which will be issued at the end of March or beginning of April in 2015.

*Call volume on the support line is high at year end and when a new release is issued. Waiting until year end or the installation of 2015.2 to have your prior year password reset will delay your procedures. If you do not know your prior year reports password follow the procedures below to get your password reset now:

- Email: Send an email request to <u>UAN_support@ohioauditor.gov</u> from an email address in your UAN profile (see next section Profile Login on UANLink to see how to update your email address) Identify your entity name and county and request a prior year

password reset. Please include the telephone number and time frame when we can reach you at the computer.

- Fax: Prepare a letter, on your entities letterhead, requesting password reset. Please include the telephone number and time frame when we can reach you at the computer. You must **sign** the letter and fax it to 1-877-727-0088. Faxed requests for password reset without the signature are not accepted; they must be signed and faxed again. Faxed requests for password reset that are not on entity letterhead are not accepted, even when signed. Fax requests must be on the entity letterhead.

UANLINK PROFILE LOGIN

The Profile Login on UANLink is used when you want to register for upcoming classes, to download patches, update entity contact information and to upload the year end report. We often receive calls requesting the username and password for UANLink when we issue training opportunities and at year end.

Call volume on the support line is high when many clients are ready to upload their year end report on the UANLink website. Waiting until year end to confirm your Username and Password for UANLink will delay your procedures. Please take the time to go to the UANLink website, go to Profile Login and make sure you know how to log in. The Username and Password for UANLink does not change from year to year, it is as follows:

Username: The 4 digit UAN entity ID
Password: The Auditor of State customer number found on all AOS invoices.

Throughout the year many entities change their email address. Contact telephone numbers may have changed, especially with laptop users who may be best contacted via cell phone. You should take this time to update your contact telephone numbers, email address(es), and to add an assistant's name, contact number and email address. It is very inconvenient for UAN clients that need a password reset and they find that the email address we have on file is out of date and not accepted. Always make sure we have your most up to date information in your entity profile by logging into UANLink Profile Login and clicking on Update Entity Information. Review the information and make the necessary changes so your entity contact is correct.

PAYROLL HOUSEKEEPING

Unresolved problems in the current year payroll may result in incorrect W-2s, penalties and interest levied for unpaid withholdings, and will adversely affect your accounting budget when issues are carried into the next year. Unresolved problems from a prior year must be researched and resolved before year end so they don't continue to adversely affect your accounting budget. **UAN urges you to research and resolve all of these items now**. Depending on the problems you have, once the calendar date has advanced past December 31, your choices for resolution will be more limited.

Please review this section carefully and follow the instructions to ensure the accuracy of your current year payroll and the resolution of prior year problems. Retain documentation for your next audit.

Review the items in the order presented below so you don't have to repeat any housekeeping procedures.

PAYROLL EFT BATCH ITEMS

Step 4A of the Year End Checklist contains items that are payroll related. You cannot close 2014 until all 2014 items are removed from batch; either by posting or deleting as appropriate. This is relevant as a Pre-Close item for entities that process EFT-Wages but do not upload an electronic file to their bank. EFT batch items not processed throughout the year must be processed, one at a time, before you will be able to close 2014.

Even if you do not upload the EFT wage electronic file to your bank it would benefit you to process the EFT batch file each pay period. Processing the EFT batch file will group the EFT wages with a batch number that can be used to clear the batch EFT wages as one item on the bank reconciliation form and allows you to generate a report that will assist you with entering the correct wages on your bank's website with a total for the batch. This report is very useful at audit to verify the breakdown of the amount that cleared the bank.

If you post wages as EFT (direct deposit) but you do not upload the electronic file to your bank, you may have left the EFT batch items unprocessed. You <u>must</u> process the outstanding EFT batches in order to remove the items from the Year End Checklist and close 2014.

You should process all the year to date EFT batch wages at this time to save you time at year end. Once all year to date EFT batches are posted you should process the new EFT batch with each pay period to stay current.

Steps to Access: Payroll → Transactions → EFT. The date defaults to the oldest unprocessed EFT batch with all items selected.

- Click File. You will receive a system message cautioning you that the deposit date does not meet the 2-day advanced notice banks typically require for EFT. This message is not relevant when posting old EFT batch wages.

- Click OK; you will receive a System Message with the name of the electronic file that has saved successfully in C:_UAN_EFiles.

- Click OK to close the message. It is recommended you print the EFT batch report for your records.

- Repeat these steps until all EFT batches have been processed. Moving forward, if you process the EFT batch items on a regular basis following these instructions, you won't have to do this at year end.

Recommendation: The EFT batch files in the _UAN_Efiles folder **are not encrypted**. UAN recommends that you regularly delete any sensitive files from _UAN_Efiles folder and Recycle Bin. Another option would be to move all sensitive files from the _UAN_Efiles folder to another folder or device that is protected by a safety measure e.g. password protected.

OUTSTANDING PAYROLL PAYMENTS

Review the payroll outstanding payments on your last posted bank reconciliation and determine if long outstanding items should be reissued or voided. *UAN cannot advise you if you should officially "stop payment" on a lost check with your bank; discuss the matter with your bank and your governing board.*

CURRENT YEAR OUTSTANDING PAYROLL PAYMENTS

Problems resulting from long outstanding payroll paychecks and withholding payments:

- If 2014 paychecks **that should be voided** are left outstanding, the W-2s, tax and retirement reports and payments will be incorrect.

- If 2014 withholding payments have not been received, penalty and interest will be applied until the late payments are made.

2014 lost paychecks and withholding payments can be easily reissued prior to December 31, 2014, but are not as easily handled after December 31, 2014. Lost payments from a prior year must be handled as a Fund Balance Adjustment in the current year, and repaid in Accounting from your current year budget.

Review your outstanding payroll payments to determine if you have any problems:

Steps to Access: Payroll → Utilities → Payroll Payment Utility: Change the Status to Outstanding; review the list for items below:

2014 PAYCHECKS LOST BY EMPLOYEE

Make contact with the employee to determine if the check was lost. If they didn't lose the check but the bank will no longer cash it due to its age, they should give you the old check for your records.   If lost or no longer negotiable you can easily **Reissue** the payment prior to December 31, 2014.   **Reissue preserves tax and retirement associations** with the original payment and will not report them again for the new check.

- To reissue: On the Payroll Payment Utility (steps to access above) select the payment and click Reissue, the system message appears, you are about to void and reissue 1 item, click OK. On the print form, select the post date (today or an upcoming meeting date in 2014, never backdate a warrant), verify the correct next check number, load the check in the printer, and click Print.

2014 PAYCHECKS POSTED IN ERROR - NOT GIVEN TO THE EMPLOYEE

Paychecks that were posted in error and were not given to the employee **must** be voided or they will be included on the W-2, tax and retirement reports and payments.

- To void: On the Payroll Payment Utility (steps to access above) select the paycheck and click Void, a system message appears confirming you are about to void 1 item, click OK. Select the void date and complete the process.

Note: If you select a void date that cannot be used the software will show you the earliest date you can use, change the date to a useable date and complete the process.

Note: If you have accidently paid withholdings on this paycheck you will receive a system message that you will create withholding overpayments. **Display then Print the report to see the overpaid withholdings**. The software requires an active account 1000-990-990-0000 with available appropriations to cover the overpayments. If the account and/or unencumbered balance are not available the report will show you the amount you need to reallocate to account 1000-990-990-0000.   **You should follow the steps to void the payment and create the overpayments in order to correct these payroll errors!** Once you have voided the payments you can amend your tax and/or retirement reports for the period to receive a refund or apply the overpayment credit.

Note: If you have posted the withholding payments that included the paycheck you need to void, but those withholding payments haven't left your control (you didn't mail the check or

make the online (or telephone) payment represented by the withholding voucher) you should cancel this process and void the withholding payments before voiding the paycheck. Once the withholding payments that haven't left your control have been voided, void the paycheck. Then you should add new withholding payments that will not include withholdings from the voided paycheck.

PRIOR YEAR OUTSTANDING PAYROLL PAYMENTS

Outstanding payroll payments issued in prior years and remain outstanding at this time are handled differently. If you have prior year issued paychecks or withholding payments on your last posted bank reconciliation please review the following steps. Note that it is not unusual early in the new year to have outstanding items from the prior year. As a general rule items should have cleared the bank within 90 days of being issued. Don't take premature action on items at the beginning of each year.

PRIOR YEAR PAYCHECKS

Review and verify whether the paycheck was:

- **<u>Lost by the employee</u>**, or in their possession but not cashed. **Make contact with the employee to determine if the check was lost**. (If they didn't lose the check but the bank will no longer cash it they should give you the old check for your records.)

    o Follow the steps under Accounting Housekeeping – How to Void a Prior Year Receipt or Payment to void the prior year warrant.

    o Then Add and post an Accounting payment to the employee for the **net** amount from your current year appropriations. You may need to add the employee as a Vendor/Payee available in Accounting Purchases and payments. (All prior year taxes and retirement have been reported and paid on this wage; do **not** add the payment in payroll.)

- **<u>Posted in error but not given to the employee</u>**. Confirm that the paycheck was posted in the software but was not issued to the employee. Prior year outstanding paychecks would have been included on the withholding payments, tax reports, retirement reports and W-2 <u>unless manually edited out by the fiscal officer</u>. Review the prior year payroll reports and compare them to the prior year W-2 to determine if the check was reported as income by mistake. You may have to amend the prior year tax and retirement reports. Do **not** issue another payment to the employee.

      o Follow the steps under Accounting Housekeeping – How to Void a Prior Year Receipt or Payment to void the prior year warrant.

2014 WITHHOLDING PAYMENTS THAT HAVE NOT CLEARED THE BANK

Outstanding 2014 withholding payments that should have cleared the bank indicate a problem that needs addressed. If the software has been used properly it indicates that your withholding payment has not been received. Contact the tax or retirement payee and discuss the payment to determine whether the payment was received or is still due. The pro-active nature of your contact **may** defer penalties for late payment.

- If an outstanding withholding **warrant** was not received by the payee, but should have been paid and it is determined that the payment was lost, it should be reissued using the Payroll Payment Utility

  - o To reissue: On the Payroll Payment Utility (steps to access above) select the payment and click Reissue, the system message appears, you are about to void and reissue 1 item, click OK. On the print form, select the post date (today or an upcoming meeting date in 2014, never backdate a warrant), verify the correct next check number, load the check in the printer, and click Print.

- If an outstanding withholding **electronic** payment was posted in UAN but the online (or telephone) payment **was not made**, the UAN withholding voucher indicates the amount you should have paid and is still due.

  - o Make the online (or telephone) payment for the amount of the posted voucher. Document that the online (or telephone) payment was already posted in UAN and be sure to select the correct tax or retirement period when making an online (or telephone) payment for a prior period.

- If the outstanding withholding payment was posted in Payroll and **also posted and cleared from Accounting**, the payroll payment is a duplicate of the accounting payment. (Accounting and Payroll payments for the same period that are not the same amounts require further investigation and amendments than the steps below.)

  - o **Void the payroll withholding payment**
    Steps to Access: Payroll → Utilities → Payroll Payment Utility select the Outstanding payment and click Void, Void 1 selected item, click OK, select the void date, click OK, **and**

  - o **Clear the unpaid withholding using the Payroll Unpaid Withholding Clear Utility**.

Steps to Access: Payroll → Utilities → Unpaid Withholding Clear Utility. Only clear the withholding from the voucher you voided in the previous step.   You do **NOT** need to create an accounting payment. *If you fail to clear the unpaid withholding it will carry over into the new year, adversely affecting your budget!*

PRIOR YEAR WITHHOLDING PAYMENTS

Outstanding withholding payments from a prior year should have cleared the bank by now. If the outstanding withholding payment was posted in Payroll and **also posted and cleared from Accounting**, the payroll payment is a duplicate of the accounting payment. (Accounting and Payroll payments for the same period that are not the same amounts require further investigation and amendments than the steps below.)

Review the accounting payments in the prior year to determine if a cleared accounting payment is a duplicate of the outstanding payroll withholding payment.

- If the payroll withholding payment was also posted and cleared from accounting:

    o Follow the steps under Accounting Housekeeping – How to Void a Prior Year Receipt or Payment to void the prior year warrant.

- If the outstanding payroll withholding payment was not received by the payee but should have been paid, it should be paid at this time to avoid further penalties. Contact the tax or retirement payee and discuss the payment to determine whether the payment is due. The pro-active nature of your contact **may** defer penalties for late payment. You may need to add the penalty to the payment.

    o Follow the steps under Accounting Housekeeping – How to Void a Prior Year Receipt or Payment to void the prior year warrant, **and**

    o Issue a new payment from Accounting current year appropriations for the prior year withholdings that were not paid and any penalty that is due to bring your account up to date.

WAGE ADJUSTMENT CREDITS AND/OR PAYMENTS

Wage Adjustment: If you used the Wage Adjustment utility to refund a withholding or swap withholdings, you must complete the process by either incorporating the credit and/or payments into your next payment to the withholding payee prior to December 31, 2014. You can print a report of these items to review:

Steps to Access: Payroll → Reports & Statements → Withholding Reports, from the drop down list select Withholding Adjustments Unpaid. Select the items listed, click Print. Use this report to determine the exact amounts that should be incorporated into your next withholding payment or the items that should be cleared using the Unpaid Withholding Clear Utility.

Steps to Access: Payroll → Utilities → Unpaid Withholding Clear Utility, be careful to select only the year, month, withholding and employees represented on the Withholding Adjustments Unpaid report. Other unpaid withholdings you may see listed are addressed later in this section.

Note: Prior year wage adjustments posted in the old software that have not been cleared will not show on the Year End Checklist 4A Batch Transactions page, but they will **not** stop you from closing 2014. The Payroll Adjustments reports only list adjustments posted in the current year.

YEAR END CHECKLIST TAB 4G-CARRYOVER WITHHOLDINGS

On the Year End Checklist, Tab 4G shows you the list of unpaid withholdings that **will be** carried over to the new year. *This step is automatically completed for Accounting-Only UAN clients since it is not applicable to them.*

When there is an old unpaid or overpaid withholding the UAN software reminds you with a System Message each time you add a withholding payment and the withholding payment always defaults to the oldest unpaid withholding for the payee. These are intended to remind you to investigate and resolve the problem.

The purpose of Tab 4G at year end is to confirm all unpaid withholdings on the list **should be carried over** to be paid in 2015. All withholdings left unpaid when closing 2014 will carry over to be paid in 2015. Resources available for appropriations in 2015 will be reduced by the carryover unpaid employee and fringe benefit withholdings. **Warning!** Clearing an unpaid withholding after it is carried over will NOT increase the new year's available resources (just like carryover Purchase Orders).

The important Pre-Close take-away point of Tab 4G: Before year end you should have taken care of any problems that were carried forward into 2014 and any problems that have occurred in. 2014.

Waiting until year end to address old issues will disrupt and delay your year end procedures. You should be reviewing your unpaid withholdings on a regular basis. Problems should be addressed quickly to avoid late penalties on your tax and retirement payments. Especially if you inherited unpaid withholding issues from a previous fiscal officer, UAN recommends you investigate and resolve these problems at this time to relieve stress at year end.

The sections below are provided for those who would like more detailed instructions on how to identify and resolve withholding problems.

UNPAID WITHHOLDINGS

Print the 2014 Withholding Summary (unpaid is the default for the report)

The withholdings listed are unpaid. If you see both State Retirement (OPERS/OP&FPF) and Regular (all withholdings that are not OPERS/OP&FPF), you need to print the report with two different settings.   The report defaults using the Original Post Date which is useful in determining tax liability periods for Regular withholdings, but the setting must be changed to Pay Period End Date to view withholdings for State Retirement. Use the setting below for each type; you will use these reports in another step:

a. Regular withholdings (everything except OPERS and OP&FPF) need to be reported with the Original Post Date setting. Select only the Regular withholdings from the list (no State Retirement OPERS/OP&FPF), click Print.
b. State Retirement withholdings, OPERS and OP&FPF need to be reported with the Pay Period End Date Setting. Select only the OPERS and OP&FPF withholdings from the list then click Print.

The Withholding Summary – Unpaid shows all unpaid (positive) and overpaid (negative) withholdings listed by withholding name and the month (see Withholding Overpayments below for a more complete understanding). If there are amounts listed under Prior Year Withholdings you have problems to resolve that will continue to affect your accounting budget if they are carried forward to the new year.

If there are only zeros listed under the Prior Year Withholdings column, **and** the only 2014 unpaid withholdings amounts are current unpaid withholdings that will be paid before December 31, 2014 **or** will be carried over and paid in 2015, you do not have any unpaid withholding problems. You can skip to the next section: Withholding Overpayments.

If there are items listed in the 2014 earlier months that should had been paid**, they must be corrected prior to closing 2014 or printing the W-2s.** Review these items closely to determine if you need to make amendments to your 2014 reports and payments. If you already made the payment from the accounting module, you need to clear the unpaid withholding from payroll.

Examples of why withholdings remain unpaid:

- You made the withholding payment from accounting but failed to clear the unpaid withholding from payroll.

  o If you can verify the withholding was paid in accounting, you need to clear the unpaid withholding from payroll using the Clear Unpaid Withholding Utility. Steps to access below.

- An employee's paycheck was incorrect and was returned to the fiscal officer and a new paycheck was generated, but the first check was not voided and is still outstanding. However, the tax and retirement reports and payments were already submitted for the first paycheck. Or an employee was issued a paycheck after all wages and taxes for the

period had already been reported and paid. Or withholdings were reported and paid before the last wages were posted in the period.

- o In these examples, the reports and payments for the period must be corrected. You must review the wages paid and reports submitted for the time period in question in order to determine if you need to file amended reports and issue the payment. **Errors of this type generate penalties and interest until they are corrected!**

- A paycheck has not cleared the bank **because it was not given to the employee**; 1) the withholdings were never reported or paid and the check should have been voided at the time or 2) the withholdings were included in the tax and retirement reports.

  - o If the paycheck was issued in 2014, it should be voided (Payroll – Utilities – Payroll Payment Utility) prior to closing 2014 and printing the W-2.

    - o If the paycheck was posted in a prior year, it should be voided. Prior year warrants are voided in the current year as a Fund Balance Adjustment (Follow the steps under Accounting Housekeeping – How to Void a Prior Year Receipt or Payment to void the prior year warrant.) The prior year W-2 generated by UAN included the wages and withholdings, however; the fiscal officer may have manually edited the amounts out of the W-2. You may be required to amend the prior year tax or retirement reports for the period and/or issue a W-2c to the employee. Contact the IRS, the tax districts and/or OPERS/OP&FPF for instructions.

      - ▪ **Note**: If other withholdings were paid from this paycheck, voiding the check may reveal overpayments in other taxes or retirement withholdings, but you should still void the payment, correct the reports and resolve the overpayments (see below for withholding overpayments)

The 2014 Withholding Summary lists prior year unpaid withholdings that have carried over to the current year but does not reveal the posting date of the withholdings that you will need to investigate to correct these issues. ***See below for a shortcut using the 2014 software to reveal the paycheck details of prior year unpaid withholdings.**

FAQ: How do you determine if there are unpaid withholdings that should be cleared?

Payroll withholdings paid through the Accounting module should be cleared out of the payroll module. This only applies to entities that – under unusual circumstances – paid payroll checks in the Payroll module (which result in withholding deductions from those checks), but paid the withholding agencies using the accounting module *instead of* the payroll module. Under this type of circumstance, an adjustment needs to be posted in the payroll module to remove duplicate payroll encumbrances so that an unnecessary encumbrance is not carried over to the new year and accurate financial information is reported at year end.

IMPORTANT NOTE: If you cannot demonstrate through entity records that withholding deductions have been paid through either through the Accounting or Payroll modules, you should not clear the withholdings. In such cases, you should investigate to determine if the withholdings are still owed to the agency and should be paid, or if there is some other explanation.

Clear Unpaid Withholdings When Necessary

If you find that the entity has paid some withholdings through the accounting module, they can be cleared in payroll:

Steps to Access: Payroll → Utilities → Unpaid Withholding Clear

Once you open the utility, you will be able to access instructions under the FAQs section in the lower left-hand corner of the main UAN screen. Under FAQs, click "How to clear unpaid withholdings" to view step by step instructions in the Payroll Manual or to watch video instructions click "Unpaid withholdings clear screencast tutorial". After clearing, the Withholding Clear Detail can be printed to retain with your records:

Steps to Access: Payroll → Reports & Statements → Withholding Reports, then select Withholding Clear Detail

WITHHOLDING OVERPAYMENTS

Print the 2014 Withholding Overpayments Report.

Steps to Access: Payroll → Reports & Statements → Withholding Reports, select Withholding Overpayments from the drop down list. Year is the default selection. Select all withholdings listed and click Print. The 2014 report will show you the Employee, payment number, employee and employer share, total overpayment and the overpayment date. Once the Overpayments have been resolved with a credit or a refund the details of corrections will appear on the report for the auditor to review.

Prior year overpayments will not appear on the 2014 Withholding Overpayment Report but the amounts are included as negative amounts on the Withholding Summary (unpaid) report (See Unpaid Withholdings above for instructions how to print the reports). If you had prior year unpaid withholdings and overpayments you must log into prior year reports to review the overpayment details by year. ***See below for a shortcut using the 2014 software to reveal the paycheck details of prior year withholding overpayments.**

Example of withholding overpayments
- When a paycheck is voided after withholdings are paid, it creates a withholding overpayment. The wage and associated taxes were reported and paid in error. The payroll software retains the overpayment history until it is resolved. The overpayments **should** be handled within the fiscal year so your monthly and quarterly reports balance with the W-2s. Unresolved withholding overpayments carry forward to the new year and automatically generate a revenue budget figure that must be incorporated into the

Amended Official Certificate. This indicates there is money due to the entity.

- o The fiscal officer is responsible for correcting the tax or retirement reports in order to generate a refund or credit.

- o If you have already received a credit and applied it to a current year payment or received a refund and posted a receipt in accounting, you need to use the Payroll Overpayment Utility to post each resolution of the Withholding Overpayments.

All 2014 withholding overpayments **must be resolved prior to closing 2014 and issuing W-2s or W-3s.** Review these items to determine if you need to make amendments to your 2014 reports and payments and to resolve the overpayment by applying the credit or refund.

Prior year withholding overpayments must be investigated in the year they occurred, and then resolved in the current year software. Log into prior year reports to find the initial payments so you can investigate the overpayment. ***See below for a tip to use the 2014 software to reveal the paycheck details of items carried forward from prior years.**

SHORTCUT – REVEAL PRIOR YEAR UNPAID/OVERPAYMENT DETAILS

The 2014 software will allow you to generate a report with the paycheck details of these prior year items, making it much easier to locate the dates of the errors, if you first create a batch payment for the prior year unpaid withholdings and overpayments. **You must delete the batch payments once the report is printed**. Follow the steps below to reveal the paycheck details on unpaid and overpaid prior year items:

1) On the Withholding Summary reports (*printing instructions are above in the Unpaid Withholdings section*) highlight the Taxes (Regular) or State Retirement withholdings that have an amount listed in the Prior Year Withholdings column. These items will appear in withholding payments as Regular (*anything that isn't a State Retirement*) by Original Post Date or State Retirement (*OPERS & OP&FPF*) by Pay Period End Date. They must be printed correctly for these steps to work properly.

2) Go to Payroll →Transactions → Withholding Payments, Click Add. If you have Regular items highlighted in Step 1 select "Regular – Electronic". If you don't have any Regular items highlighted on the Withholding Summary skip to Step 6

3) On the Add Withholding Payment form select today as the post date. Click the drop down arrow for Payee. Review the Oldest Unpaid column and select the first withholding that contains a **prior year** oldest unpaid date.

4) The Year and Month will automatically default to the oldest unpaid for this payee, you **must** mark ⊙ Selected Period, leave the Start date as it defaulted and change the end date to 12/31/20xx (last prior year). Mark all of the employees in the list. Click Save

5) Repeat Step 3 and 4 until the Regular payments for all payees with oldest unpaid withholdings dates prior to 2014 have been added. Click Close.

6) If you have State Retirement items highlighted on the Withholding Summary, Click Add and select "State Retirement – Electronic". *If you don't have State Retirement items skip to Step 9.*

7) On the Add Withholding Payment form select today as the post date. Click the drop down list for Payee. Select the first withholding from the drop down list that contains a **prior year** oldest unpaid date.

8) The Year and Month will automatically default to the oldest unpaid for this payee, you must mark ⦿ Selected Period, leave the Start date as it defaulted and change the end date to 12/31/20xx (last prior year). The employee list populates with unpaid withholdings. Mark all employees Click Save

9) Repeat Steps 7 and 8 until you have created State Retirement payments for all payees with oldest unpaid withholdings dates prior to 2014. Click Close.

10) The batch items **WILL NOT BE POSTED!** Verify that the batch list contains all of the items that you highlighted on the Withholding Summary Reports. Click Close.

11) Go to Payroll → Reports & Statements → Batch Reports – Withholdings. Select all of the withholding batch items listed and click Print. Click Close.

12) Go to Payroll →Transactions → Withholding Payments; select all the items in the batch and **CLICK DELETE! Do NOT post the batch payments! Do NOT skip this step!**

The reports printed in Step 11 reveal the Employee name, Payment Date, Pay Period Dates Withholding Name, Gross Wages, Employee and Employer Amounts, and various totals. On the last page of the report there is a Report Total for Selected Payments. This amount should match the Withholding Summary prior year withholdings column (*combining the Regular and State Retirement reports*). You now have a list of all unpaid and overpaid prior year withholdings. Overpayments appear as negative numbers (*indicating a paycheck was voided after the withholdings were paid*). The batch report will show the month, year and withholdings you must review.

REVIEW PRIOR YEAR REPORTS

You must log into prior year reports to determine where these items should have been reported and paid and if the overpayment credits or refunds were received. Payroll reports prior to 2013 can be accessed by exiting the UAN software and following the steps below:

1.		Double-click on the UAN Tools icon on your computer's Desktop
2.		Double-click on the Prior Year Reports icon
3.		Double-click on the prior year icon for the year you need

Now that you have the dates of the unresolved issues you need to compare the actual monthly and/or quarterly reports that were filed and payments made for the period against the wages that were posted and should have been reported and paid. For example, if the unpaid withholding is OPERS from March 2012, review the March 2012 OPERS report and verify that all the employee wages and withholdings were reported; or if the difference is the gross wage and employee and employer share that are associated with the unpaid withholding. You may need to request assistance from the tax district and/or OPERS/OP&FPF. *See below for some recommended reports and the paths to access:

Steps to Access: **Payroll – Reports - General Payroll Reports**
–Withholding – Unpaid - Withholding Detail
–Wages - Payroll Register – Detail and/or Summary

Steps to Access: **Payroll – Reports - Information & Status Reports**
– Tax Reports – Ohio State Tax
– Tax Reports – School Tax
– Tax Reports – Local Tax
– Monthly Reports – OPERS-G/OPERS-L
– Monthly Reports – OP&FPF
– Quarterly Reports – 941

Also review accounting payment reports to see if a withholding was paid in accounting and accounting receipts reports to determine if a refund of an overpayment was received. Keep in mind items may have been paid or received in accounting in the next fiscal year. In addition, credit received for an overpayment may have been applied to a payment in that year. Review monthly/quarterly reports and payments to see if a credit was applied to the next payment. *Recommended accounting reports and path to access:

Steps to Access: **Accounting - Reports & Statements - Information & Status Reports**

- Payments/Charges – Payments - Payment Register Vendor (Mark the Report for the year) Review the list of vendors carefully, looking for the name of the taxing district or retirement system names.   Keep in mind there may be multiple vendor names for an item (e.g. OPERS, and Ohio Public Employees Retirement System or State of Ohio and Treasurer State of Ohio). Review the entire list and mark all the vendors from the list of unpaid withholdings. You may have to find the physical copy of the payments to determine if they represent the unpaid withholdings.

- Receipt Register (Mark the report for the year) Review the list of receipts to see if a refund was received for the overpayment.

*The lists above are not a complete list of all the reports you may need. While you are logged into the prior year you may need to print Wage reports, OPERS/OP&FPF, Withholding Overpayment/Underpayment reports or tax reports for the period to determine if the report that was filed was completed before all wages were paid or after a wage was voided for the period.

Use the Payroll Report Crosswalk and Accounting Report Crosswalk on UANLink for a more extensive list of reports you may need in the old software.

http://uanlink.auditor.state.oh.us/uan_win_software/release_documentation.htm

Select Accounting then Accounting Report Crosswalk,
Select Payroll and Payroll Report Crosswalk

If the correct employee wages and withholdings were reported to the taxing district and the payment can be proven to have been made in Accounting, then prior to closing 2014 you can clear the unpaid withholding or apply the overpayment credit/refund. Keep the printed reports and documentation for your next audit.

UAN Support cannot assist you in determining if an item should be cleared or paid, however if you do the research and find the answer UAN Support can assist you with the correct use of the software utilities. The research outlined above will have to be done to determine how to correct the prior year items. You may need to hire a tax consultant to review the prior year wages and withholding payments and work with the tax districts and retirement systems to resolve these issues. These items will remain a negative impact on the resources available for appropriation until they are resolved.

Remember: Prior year 2009 will only be available until the UAN software is updated to **2015.2**.

EXPLANATION OF WITHHOLDING ENCUMBRANCES

This section is provided for those who would like a detailed explanation of the background process behind payroll withholding encumbrances in UAN.

When wages are posted and printed, the gross amount of the payroll warrant is encumbered. Only the net amount of the check is subtracted from your cash balance, because the withholdings are not paid. **When withholding payments are posted, the employer's withholding share (if any) is encumbered** (a*ll employee shares and fringe benefit credits were already encumbered as part of the gross wage*) and the entire withholding payments are subtracted from your cash balance.

When a withholding that includes an employer share is carried over into the new year for payment, the entire withholding, employee and employer share, remain available as an unpaid withholding payment in the payroll software. However, only the employee withholdings have carried over with the prior year appropriation encumbrance. The employer share is encumbered at the time a withholding payment is posted and will require appropriations to be in place in the new year for the accounts and amounts of the employer share on the withholding payment.

Example – Typical Operations:

The following is an example of the system process under normal circumstances:
Joe Smith is paid $1,000 gross salary each pay period. Of that $1,000, $250 is deducted in various withholdings, so Joe's net check is $750. Later, the $250 plus any applicable employ**ER** share contributions are paid to the various withholding payees through withholding payments.

This is what happens in the background:
When Joe's paycheck is posted, the entire $1,000 gross is encumbered, but the entity's cash balance will only be reduced by the $750 paycheck at that time. Later, when the separate withholding payees are paid in Payroll, the the entity's cash balance will be reduced by the previously encumbered employ**EE** withholdings ($250 total). In addition, the employ**ER** share (if any) will now be encumbered, and also reduce the entity's cash balance.

For example, assume $100 of Joe's total deductions were for OPERS-G Regular. His employee share of $100 was encumbered at the time his paycheck was posted, but it did *not* reduce your cash balance. Since OPERS-G Regular currently requires an employer matching share of 14%, the payroll system keeps track of an additional $140 liability, but that amount is not encumbered or spent until later. When the OPERS payment is posted in Payroll, that $140 is then encumbered and the entity's cash balance is reduced by the $240 total ($100 employee + $140 employer).

Example – An Atypical Situation:

Assume every detail from the previous example except that, for whatever reason, one or more of the withholding payments for Joe's deductions are paid ***through the Accounting module***. This means that the employ**EE** share is encumbered twice – first when the payroll wage is posted, and then again when the withholding payment(s) are paid from Accounting.

The additional encumbrance must be cleared from the Payroll module; otherwise that extra encumbrance will carry over to the next year. Remember: carryover encumbrances reduce the resources available for appropriations in the new year, even if they are later cleared through an adjustment in the new year. So it is best to clear any duplicates before advancing to a new year.

UAN version 2015.1 (*the year end update)* will include Temporary Mode that includes **both** the Accounting and Payroll modules. In order to prepare for the use of this enhancement, please carefully review all of the important information provided in this document.

Temporary Mode allows you to work in both fiscal years 2014 and 2015 **before** closing fiscal year 2014, which provides many potential advantages. Opening Temporary Mode is a **required** step in the year end process, but working in 2015 before closing 2014 is **completely optional**. During Temporary Mode, you may select the work year upon login. See below:

This document is organized into four parts:
> **Part A** - Advantages of Temporary Mode
> **Part B** - Dating Rules in Temporary Mode
> **Part C** - Accounting in Temporary Mode
> **Part D** - Payroll in Temporary Mode

Important definitions:
> **Fiscal year** -   The fund accounting budgetary year
> **Calendar year** - The year of the actual live date / computer date
> **Work year** -   The fiscal year you have selected to work in (see picture above)

Please install 2015.1 as soon as you receive it in late December. Note that installing it does not **automatically** open Temporary Mode or advance your software to 2015.

PART A - ADVANTAGES OF TEMPORARY MODE

Temporary Mode is available for sixty days after December 31, 2014 and includes both the accounting and payroll modules. You must manually initiate the opening of Temporary Mode, but it will close automatically when you close 2014.

While the calendar year is still 2014, not only can you continue with your typical day-to-day work for December 2014, you may **also** log into work year 2015 where you can enter:
- Revenue budgets for fiscal year 2015
- Temporary appropriations for fiscal year 2015

- Purchase Orders that apply to the fiscal year 2015 appropriations
- Payroll maintenance changes (*employee setup or withholding rates*) that will apply to the first wages posted in January 2015

While the calendar year is 2015, you will be able to perform your typical day-to-day work for 2015, *and* also log into work year 2014 where you can enter:
- Final 2014 interest receipts from checking accounts or investments
- Any electronic payments made before the end of calendar year 2014
- ***Most utility adjustments or other corrections that should apply to fiscal year 2014***
- The December 31st bank reconciliation (*after receiving your final bank statement*)

!WARNING!

You **CANNOT** "undo" Temporary Mode after it has been opened.

PART B – DATING RULES IN TEMPORARY MODE

The rules that have governed post dates throughout 2014 still apply during Temporary Mode:
- Just as before, you can never *backdate* printed warrants in the UAN software; therefore you cannot print warrants with a 2014 post date after the calendar date has passed December 31, 2014. However, remember that receipts and electronic payments *may* be backdated to reflect the actual calendar date that online (or phone) transactions were made, in order to be cleared on the correct bank reconciliation.
- Also just as before, you can *forward* date any payments up to thirty days beyond the calendar date **within the work year**. Consequently, in order to post transactions in fiscal year 2015, you must be logged into work year 2015.

The only dating restriction specific to Temporary Mode is that 2015 transactions cannot be dated beyond the Temporary Mode period (i.e. sixty days after December 31, 2014). In other words, in order to post transactions dated March 1, 2015 or later, you must first close fiscal year 2014.

Warning! All online or phone payments that you make in calendar year 2015 must be posted in work year 2015; do not improperly backdate such 2015 payments into fiscal year 2014.

PART C - ACCOUNTING IN TEMPORARY MODE

1. **Temporary Appropriations**
   Be prepared! Your governing board should adopt 2015 temporary appropriations by December 31, 2014 in order to authorize encumbrances and expenditures on and after January 1, 2015. Temporary appropriations should include all expenses you may incur throughout the *first* quarter of the year. In Temporary Mode, you may enter temporary appropriations for fiscal year 2015 prior to closing fiscal year 2014.

2. **Permanent Appropriations**

The new Temporary Mode functionality does not change the proper legal procedures for adopting permanent appropriations. This means that your governing board should adopt permanent appropriations only *after*:

    A. Fiscal year 2014 has been reconciled *and closed*
    B. Fund balances and carryover encumbrances have been certified to the county auditor
    C. The Amended Official Certificate of Estimated Resources has been received

After you add your revenue budgets into UAN (*verifying that they balance, by fund, with the sum of the Taxes and Other Sources columns on your Amended Certificate*), then you can add your permanent appropriations into the software. You must enter revenue budgets before entering the permanent appropriations - otherwise your appropriations will be limited to your unencumbered January 1, 2015 fund balances.

Warning! Do **NOT** enter permanent appropriations for fiscal year 2015 prematurely, i.e. prior to reconciling and closing fiscal year 2014 (*since you would not yet be able to accurately certify your fund balances and carryover encumbrances*). If you *do* enter appropriations prematurely, and subsequently post new payments in fiscal year 2014, you could potentially reduce the resources available for fiscal year 2015 below what you had appropriated. *This is a violation of the Ohio Revised Code.*

PART D - PAYROLL IN TEMPORARY MODE

1. You **CANNOT** "undo" Temporary Mode after it has been opened.

2. 2015 Wage Appropriations
As mentioned previously, you **MUST** enter 2015 appropriations before you will be able to post any 2015 payments (*wages, withholding, or accounting payments*). Therefore your governing board must adopt temporary appropriations if you will need to post a 2015 payroll prior to the adoption of permanent appropriations.

3. Payroll Maintenance
Payroll setup changes that are entered while logged into work year 2014 **WILL ALSO** update the 2015 setup. For example: if you add a new school tax while logged into work year 2014, that withholding will also be available when you log into work year 2015. However, an important distinction is that maintenance changes entered while logged into work year 2015 **WILL NOT** apply backwards to 2014. **Warning!** As always, when updating any employee, be mindful of the effective date of the change; i.e. do not prematurely edit your employee setup. Also be mindful of any changes in tax rates that will apply to the first wages posted in fiscal year 2015 (regardless of the pay period).

4. Calendar Year 2014
If you open Temporary Mode while the calendar date is still in 2014, you can continue to work in fiscal year 2014 to post wages and withholding payments due to be paid that year. You may also log into work year 2015 to make any necessary changes to employee earnings

or withholdings applicable to the first payments to be posted in fiscal year 2015 (and, if required for your payroll schedule, begin posting the first 2015 payments).

5. **Calendar Year 2015**
   After the calendar date is January 1, 2015 or later, any remaining unpaid 2014 withholdings will carry over for payment in fiscal year 2015. However, you will still be able to log into work year 2014 to post any electronic payments that you paid during calendar year 2014 but neglected to post in UAN at that time. Such items must be posted in work year 2014 in order to be cleared on your December 31 bank reconciliation. **<u>Warning!</u>** All online or phone payments that you make in calendar year 2015 must be posted in work year 2015; do not improperly backdate such 2015 payments into fiscal year 2014.

6. **Withholding Liabilities and Reporting** (*Reminder*)
   OPERS and OP&FPF reporting and remittance months for wages are determined by *pay period end dates*, while Federal, State, School and Local tax liabilities are instead determined by *paycheck post dates*. Example: Wages with December 2014 pay period end dates posted in January 2015 will be included on the OPERS and/or OP&FPF reports for December 2014, but also correctly recognized as 1st quarter 2015 Federal, State, School & Local tax liabilities.