

WIP and Job Costing Checklist

The monthly routine that shows what each job is really making

Job costing set-up (do once, keep consistent)

- ◆ **One set of cost codes** on every job: labor, materials, subs, equipment, permits, other. Job costs live in the accounting system, not a spreadsheet beside it.
- ◆ **Estimate loaded per job:** budget by cost code plus the original contract amount. Without a budget you can't see a job going wrong.
- ◆ **Overhead handled on purpose:** decide what is direct job cost vs. general overhead so margins compare job to job.

Every month (before you look at the P&L)

- ◆ **Update estimated cost to complete** on each open job, from the field, not from the original bid.
- ◆ **Percent complete = cost to date / total estimated cost.** Revenue earned = percent complete x contract amount.
- ◆ **Over/under billings:** billed more than earned is a liability; billed less than earned is an asset. Watch big underbillings, since the cash may be a month away.
- ◆ **Change orders:** approved vs. pending, added to the contract amount only when approved.
- ◆ **Retainage** receivable and payable tracked per job and tied to the balance sheet.
- ◆ **WIP ties to the GL:** total over/under billings on the WIP equals the balance sheet entries.

What to do with it

- ◆ **Gross profit fade:** compare estimated margin to current margin on each job. A job that fades month after month needs a conversation.
- ◆ **Backlog:** contract value minus revenue earned. It tells you if you can take the next job and what a surety will think.
- ◆ **Taxes:** small contractors can often use cash or completed-contract methods if average gross receipts are under an inflation-adjusted threshold (about \$31M for 2025; verify 2026). Surety usually still wants percentage-of-completion.

Monthly close: tick before you review

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| ☐ All costs coded to a job | ☐ Change orders reconciled |
| ☐ Estimates to complete updated | ☐ Retainage ties to balance sheet |
| ☐ Percent complete calculated | ☐ Margin fade reviewed |
| ☐ Over/under billings booked | ☐ Backlog updated |

Questions? Book a free discovery call at nxtlevelcpa.com · info@sargiscpa.com · (704) 981-1191.